



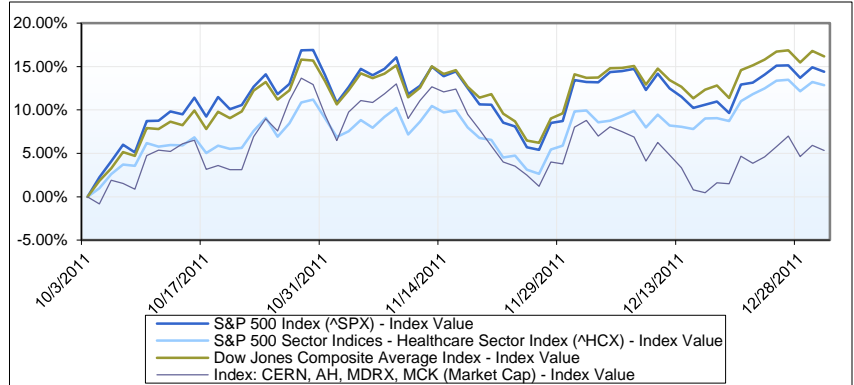
Q4-2011 HEALTHCARE IT INDUSTRY UPDATE

Deal Highlight

Within the very active revenue cycle management (RCM) sector, the joint acquisition of Emdeon Business Services by Hellman & Friedman group with The Blackstone Group stands out. Emdeon is a leading provider of revenue and payment cycle management and clinical information exchange solutions, connecting payers, providers and patients in the U.S. healthcare system. Blackstone will pay \$19 per share which is a 17% premium on the Wednesday close price and a 44% premium on the July 26th price (before the WSJ broke the "advanced discussions" rumor). The deal also represents an exit in the company by private equity firm General Atlantic who bought a 52% stake in the firm in 2006 and should see "a strong return" on their initial \$485 million dollar investment according to GA spokeswoman Pat Hedley. A spokesperson for Blackstone stated that they were comfortable with the investment because of the tenure and strength of the management team as well as the possibility of using the company as a platform for expansion over the next few years.

TOP STRATEGIC PLAYERS TO WATCH

- **Accretive Health, Inc.** (NYSE: AH)
- **Affiliated Computer Services, Inc.**
- **AllScripts Healthcare Solutions** (NASDAQ: MDRX)
- **Cerner Corporation** (NASDAQ: CERN)
- **eClinicalWorks, LLC**
- **McKesson, Corporation.** (NYSE: MCK)



SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
December 2011	iMedX	Abacus Transcriptions	iMedX has completed the acquisition of Abacus Transcriptions. Abacus Transcriptions develops and implements end-to-end document processing and delivery solutions. Abacus offers dictation, and medico-legal and miscellaneous transcription services to physicians and clinics in the United States and the United Kingdom. Financial terms for the deal were undisclosed.
November 2011	Bluff Point Associates	Connexin Software	Bluff Point Associates has provided growth capital for Connexin Software. Connexin Software develops and provides electronic health record and practice management software solutions for use in pediatric clinical settings. Additional terms for the minority stake investment were undisclosed.
November 2011	Ebix	HealthConnect Systems	Ebix acquired HealthConnect Systems from Agency Solutions.Com. HealthConnect Systems operates an online network for buyers and sellers of health insurance and employee benefits in the United States. The deal was completed in cash, the rest of the terms for the transaction were undisclosed.
November 2011	Vista Equity Partners	Sage Software	Vista Equity Partners has completed the acquisition of Sage Software from The Sage Group. Sage Software, The Sage Group's Software Healthcare Division, offers practice management and electronic health-record offerings. The division generated \$112 million in revenue in the 6 months prior to March, 2011. The acquisition was priced at \$320 million, resulting in a \$108 million loss for The Sage Group. This translates roughly into a 1.3X multiple on LTM revenues.
November 2011	Millennium Healthcare	Premier Technology Resources	Millennium Healthcare has completed the acquisition of Premier Technology Resources. Premier Technology Resources develops medical billing and collection solutions and provides technology consulting and implementation services to the healthcare community. Terms of the transaction were undisclosed.
November 2011	Hellman & Friedman and The Blackstone Group	Emdeon Business Services	Hellman & Friedman and the Blackstone Group completed the acquisition of Emdeon in a take-private acquisition. Emdeon was formerly backed by General Atlantic and Hellman & Friedman. Emdeon provides revenue and payment cycle management solutions that connect payers, providers, and patients in the United States healthcare system. The Implied Enterprise Value was \$3.306 billion, trading at an LTM EBITDA multiple of 13.1x at the time of closing.
October 2011	iMedX	National Medical Transcription	iMedX has completed the acquisition of National Medical Transcription, a healthcare technology company that provides transcription solutions for hospitals, clinics, and physicians. National Medical Transcription offers full-service medical transcription designed to improve efficiency and optimize reimbursements. The terms of the transaction were undisclosed.
October 2011	MedData	Data Management	MedData has acquired Data Management. Data Management is a leading provider of physician billing services to pathologists and emergency departments. The combined company provides medical billing, coding, collection, reimbursement, and data management services to physicians, hospitalists, and staffing firms. Terms for the deal were undisclosed.
October 2011	Bruker Corporation	Center for Tribology Research	Bruker Corporation has acquired Center for Tribology Research, a testing and consulting services company. CETR is a worldwide leader in nano-mechanical and tribological test instrumentation. The deal was completed for \$13 million in cash with the potential for up to \$4 million additional in cash from an earnout. The EBITDA was estimated to be around \$2m placing the total multiple at 8.5X.
October 2011	Netsmart Technologies	Sequest Technologies	Netsmart Technologies completed the acquisition of Sequest Technologies, a provider of clinical solutions for health and human services organizations in the U.S. Sequest provides software and services solutions focused on helping healthcare providers elevate patient care, while at the same time maximizing profitability. Terms of the transaction were undisclosed.