



**Evolve**  
Capital Partners

# Finance & Technology Market Update

Q3:2019 Issue

## Financial Technology



Crowdfunding | Medical Billing | InsurTech

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**SPECIALIZED INVESTMENT BANKERS AT  
THE INTERSECTION OF FINANCE & TECHNOLOGY**

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# 1. Executive Summary

# Executive Summary

## Summary of Evolve's Q3:2019 Newsletter

### SUMMARY

- Our newsletter provides insight into the financial technology capital markets. We offer a snapshot of market activity and a detailed analysis of trends.
- This issue focuses on **the “crowded” crowdfunding market, rising opportunities in medical billings (specifically, the dental space), and the maturing InsurTech space (continuation).**
- Our sector coverage includes companies at the intersection of financial services and technology. While these three sectors are unique, medical billing and InsurTech will likely have some convergence overtime.
- The key observations we made over the first part of 2019 are included.
- We have resumed our detailed quarterly newsletters with a regular cadence going into effect.

### KEY OBSERVATIONS



#### Crowdfunding

- Crowdfunding is become a more crowded space as new players continue to enter the sector. However, what was trendy three years ago is now commonplace as investors have dozens, if not many dozens of options.
- Expected increase in corporate profit and aggregate household debt will drive increased loan activity over the five-year period, which translates into more investment opportunities for “accredited” and “retail” investors into these platforms.
- Fierce competition with a consolidation trend through M&A is the biggest threat to smaller crowdfunding platforms. We believe a potential rollup is likely of best-in-class target platforms.



#### Medical Billing

- Medical billing is a highly fragmented sector with many small businesses offering various services across the chain value. Within the space, one area we have identified being a potential front-runner is dental billing.
- The industry is turning toward data analytics and seeking algorithms to reveal meaningful patterns, predict outcomes and make profitable decision based on summarized information.



#### InsurTech

- InsurTech is seeing the maturation of firms and transactions. The sector is no longer to be marginalized, as a slew of transactions (M&A and strategic investment) continue at a strong pace. Prudential's recent acquisition of Assurance for a cool \$3.5 billion is a strong indicator.
- There are still a lot of players entering the space, but companies with solid product offerings (MyHippo, Bold Penguin, Swyft, Spot, The Zebra, etc.) are thriving and rising.





## 2. Overview of Evolve

# Evolve Capital Partners Overview

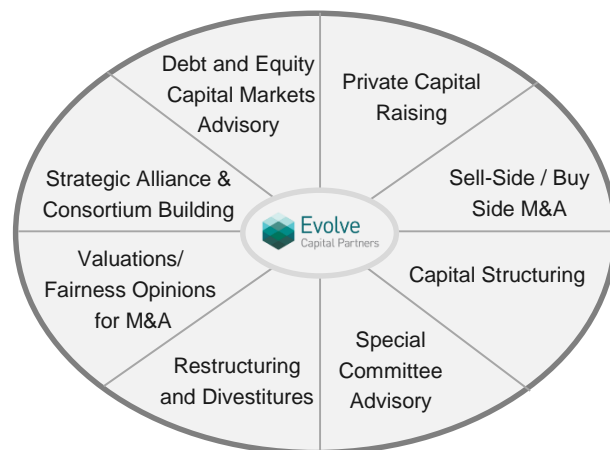
We Focus Exclusively On Finance and Technology-Related Firms

## ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY, the financial capital of the world. Our location provides unparalleled access to numerous strategic and financial partners who participate in and shape the sector.
- Since inception, we have completed over \$450 million of transactions. Professionals at our firm have advised on over \$3 billion of M&A and financing transactions globally.



## Our Services



**In-Depth Industry  
Research Reports**

**Quarterly FinTech  
Market Analysis**

**FinTech M&A / Financing  
Transaction Profiles**

## FINANCIAL ADVISORY SERVICES

- We are a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We produce industry-leading research on transaction trends across the Finance and Technology sector.
- Few investment banks have transaction experience across both corporate and asset finance.



## Our Clients

- Corporations
- Management Teams
- Venture Capital & Private Equity Funds
- Independent Directors / Boards



## Industry Focus

- We are exclusively focused on Finance and Technology firms

BPO  
IoT  
B2B

Specialty Finance  
Enterprise Software  
Analytics

Payments  
Lending  
Insurance Tech

Securities  
Financial Services  
Financial Management

# Fintech Coverage Universe

We Focus Exclusively On Finance And Technology-Related Firms

## Financial Management Solutions



## Payments



## Bank Technology Solutions



## BPO



## Evolve Capital Partners Our Expertise and Capabilities

### M&A Advisory

- Sales / Recaps
- Acquisitions
- Divestiture
- Strategic Advisory

### Financing

- Private Placements
- Debt Capital
- Restructuring

## Specialty Finance / Alternative Lending



## Healthcare Tech



## Securities



## Enterprise Software / Data & Analytics



## Insurance



# Fintech Coverage Universe

## Our Finance and Technology Sector Coverage Details

### Payments

- Payments Core Banking
- Payment Infrastructure
- POS Products
- Networks
- Prepaid / Money Transfer
- Payment Processing
- Closed Payment Network
- eCommerce / Internet Payments

### Bank Technology Solutions

- Blockchain
- Core Processing
- Credit Scoring / Data
- Mortgage / Real Estate Tech
- Software Solutions / Services

### Financial Management Solutions

- Accounting / Expenses
- Business Analytics
- Enterprise Management
- Human Capital Management

### BPO

- Customer Experience
- Healthcare Industry
- HR / Payroll
- IT / Consulting
- Operations

### Specialty Finance / Alternative Lending

- Consumer Lending
- Commercial Lending
- Online Lending
- Collections / Servicing
- Leasing
- Mortgage & Related

### Healthcare Tech

- Core Solutions
- Health Insurance Solutions
- Healthcare IT / Analytics
- Medical Bill Servicing

### Securities

- Asset Managers
- Alternative Trading Systems & Market Makers
- Diversified FIS
- Exchanges
- Financial Content Providers
- Online Brokers
- Outsourced Financial Solutions
- Software & Solutions
- Brokerage
- Investment Banks
- Investment Management

### Insurance

- Title Insurance
- Traditional / Life Insurance
- Multi-Line Insurance
- P&C Specialty
- Data & Analytics Solutions
- Insurance Brokers
- Online Platforms
- P&C Insurance
- Benefits Administrators
- Software Solutions

### Enterprise Software / Data & Analytics

- Analytics Software Solutions
- Consumer IoT
- Enterprise Software
- Outsourced Analytics Solutions





## 3. Industry Landscape

# Crowdfunding is Still Growing but Differentiation is Key

**Crowdfunding is Getting Crowded**; In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

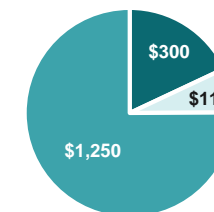
- Online platforms are showing its advantages against traditional lenders, from its appeal to a wider borrower pool to lower operation costs and the broad variety of loans. Revenue opportunity is expected to reach \$105B in 2025, from the current \$15B, a 7x increase!
- Crowdsourcing remains largely consumer-focused with 90.9% revenue coming from consumer lending. However, small enterprise lending is gaining ground with a few platforms starting to offer business lending with amount up to \$300,000.
- **As the space is getting hotter, competition is expected to be high and continue rising with pressure from a fast-increasing number of platforms with lower pricing, quicker adoption of technology and more extensive marketing campaigns.**
- P2P lending is also attracting large technology companies, further raising industry competitiveness. Google already owns stakes in LendingClub and Upstart, two of the biggest players in the field.
- Another theme in P2P lending is the adoption of blockchain technology. P2P lending platforms, which eliminate the need for intermediaries and encourages transparency, will make the process more reliable for both lenders and borrowers.
- **While general trends are supportive, crowdfunding platforms seeking to raise platform funding or go through a M&A event must standout and be highly differentiated.**

Source: Wall Street Research

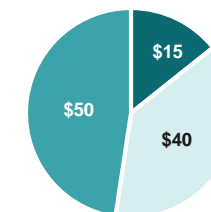
## Annual Lending Opportunity by 2025 by Volume and Revenue

(All figures in millions of USD)

- Consumer Credit
- SMB
- Mortgage



Annual Lending Opportunity by 2025



Annual Revenue Opportunity by 2025

## KEY HIGHLIGHTS



Expected increases in corporate profit and aggregate household debt will drive increased loan activity over the five-year period.



P2P lending will prove to be attractive to small businesses as the prime rate is anticipated to climb.



Investor uncertainty over economic conditions is increasing, reducing level of investment and spending and thus, posing a potential headwind for the industry.



With over 600 platforms globally, fierce competition with a consolidation trend through M&A is the biggest threat (or opportunity) for smaller platforms.



Consumers are continuing to adopt online banking and financing as they grow accustomed to e-commerce. This increasing acceptance lays the ground work for the growth of P2P through expansion of customer base.

# Dashboard of Key Platforms by Assets Served in the Space

**Crowdfunding is Getting Crowded**; In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

The crowdfunding space is filled with companies of all sizes, each has expertise in a unique aspect of the alternative asset class. Platforms which source capital from accredited and those from non-accredited investors have different set of regulatory and investor hurdles to address. This will be an opportune time for a group to conduct a rollup. As an example, in late 2018, Goldman-backed Circle closed its acquisition of crowd-funding platform SeedInvest.

## Real Estate



## Equity



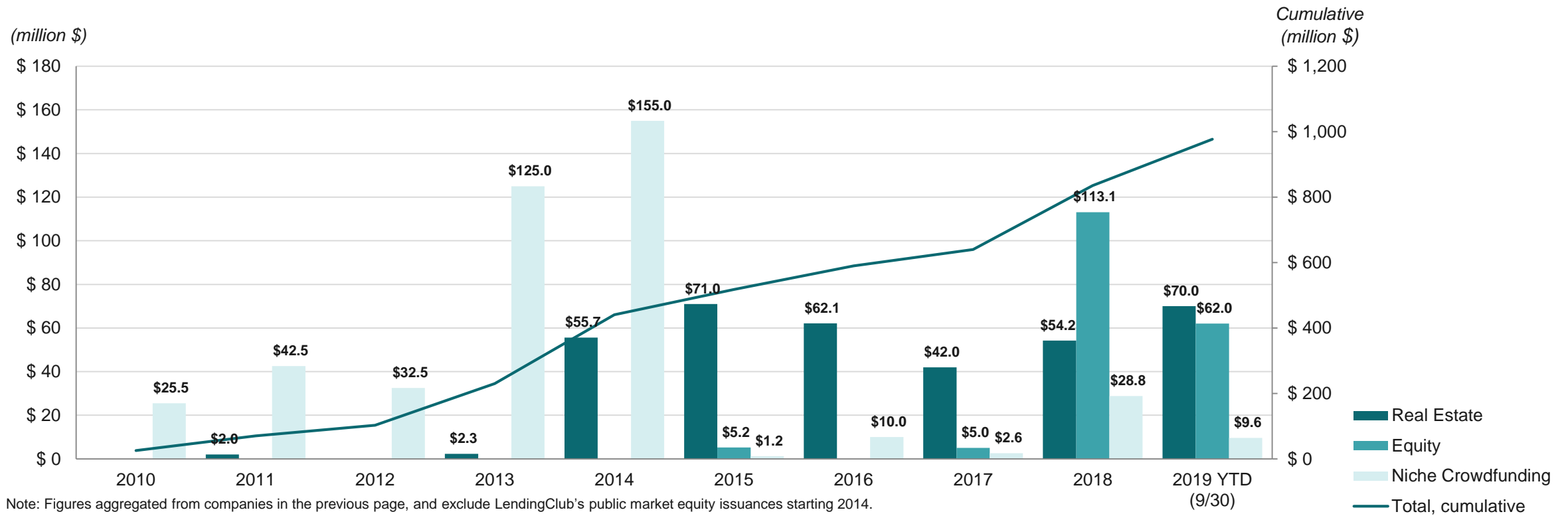
## Niche Crowdfunding



# Total Equity Raised by Crowdfunding Platforms

**Crowdfunding is Getting Crowded;** In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

The below chart displays the amount of capital invested into the platforms (not the loans / investments). In the “early years” significant investment went into the niche crowdfunding platforms but pulled back significantly in 2017 as the platforms retooled. Platforms catering to alternative investments, such as real estate, gained traction in 2015 as they geared up and raised capital to buildout platforms. We believe the legacy platforms have started to mature and work through growing pains.



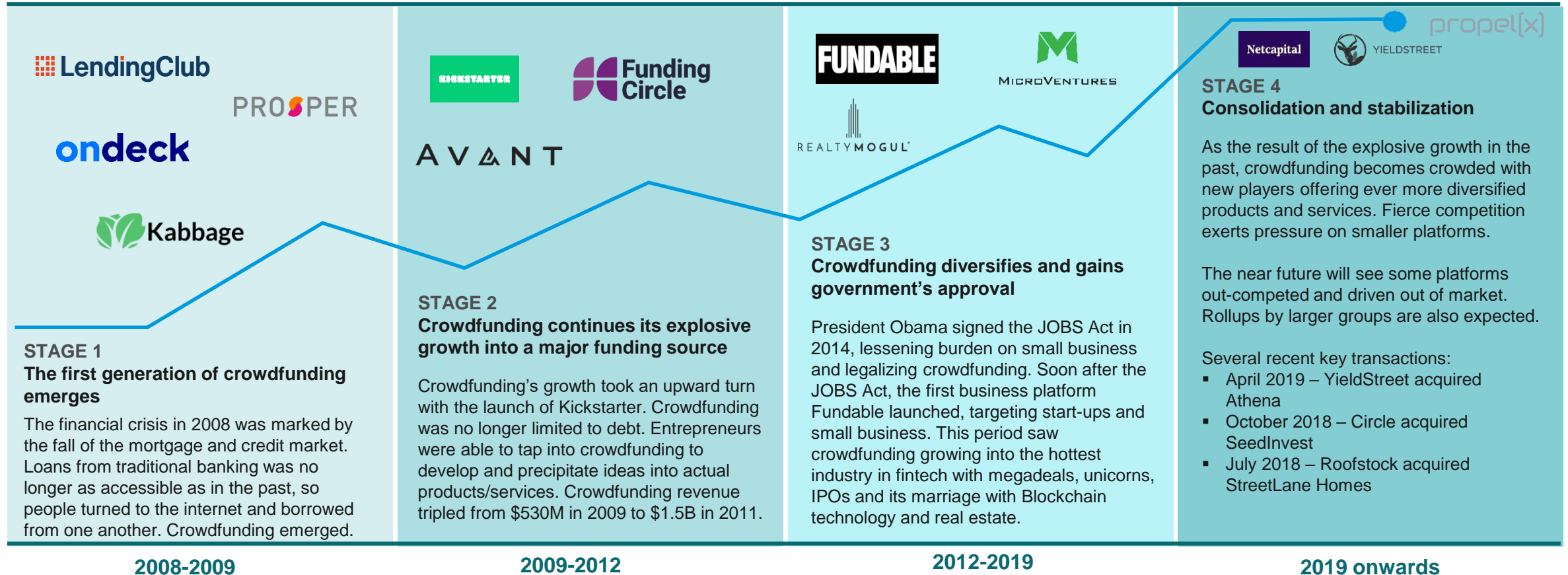
Note: Figures aggregated from companies in the previous page, and exclude LendingClub's public market equity issuances starting 2014.

Source: PitchBook

# The Stages in the Evolution of Crowdfunding

**Crowdfunding is Getting Crowded;** In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

Fuelled by the hesitance of financial institutions to give out consumer loans in the 2008 financial crisis, crowdfunding emerged. Since then, the industry has grown into a major competitor of traditional lending and diversified into a vast variety of asset classes.



Source: A Brief History of Crowdfunding by Startups.com



# Dental Billing is Shining

Crowdfunding is Getting Crowded; In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

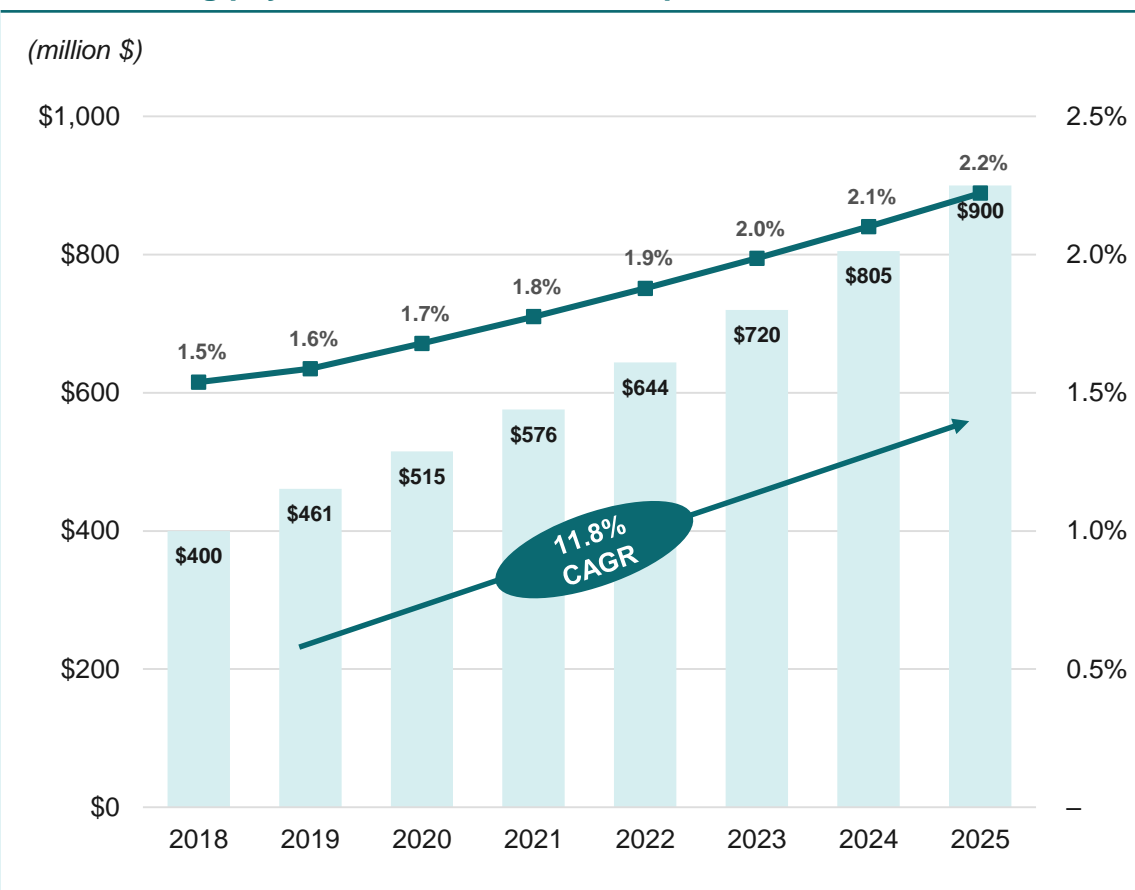
- The population is aging with an increasing percentage of people older than 45. Dental services expenditure is expected to increase as a result.
- There is also a growing demand for new technologies that can help boost productivity of dentists, driven in the U.S. by the lower reimbursement rates of insurance. Furthermore, dental insurance coverage is expected to increase.
- The increasing dental expenditure and the digitization trend have synergetic effect in boosting the demand for medical billing. Cloud-based platforms and technologically advanced solutions are released to help increase dentists' productivity, saving time and costs.
- **Payment processing and billing services market size is valued at \$400M in 2018, accounting for about one third of dental practice management software revenue. This segment will see about 12% CAGR from 2019 to 2025, reaching \$900M by the end of forecast period.**

## Select Transactions

Date	Target	Investor	Rationale	Value
5/17/19	JPMORGAN CHASE & CO.	InstaMed	Acquisition utilization of acquirer's scale and payment capability in developing healthcare payment solutions	\$600
1/30/19	aprima	eMDs	Acquisition for integration of product and solution portfolio	NA
2/27/18	maestro health	Equitable Holdings	Strategic acquisition to penetrate into U.S. market	\$155
10/2/17	McKESSON	Allscripts	Acquisition for integration of product and solution portfolio	\$185

Source: Henry Schine 2018 Annual Report; Global Market Insights Report; Wise Guy Reports; ECP Analysis

## Dental billing/payment market size and as percent of the dental market



# Medical Billing/RCM Market Trends: Outsourcing and Consolidation

Crowdfunding is Getting Crowded; **In Medical Billing, Dental Billing is Pearly White**; The Surviving InsurTech's are Maturing

- **The global medical billing outsourcing industry is expected to grow past \$16B by 2024 with a 11.4% CAGR from 2018 to 2026.**
- Competitive pressure from offshore vendors is considerable. Among billing companies that utilize third-party services, 60% choose offshore outsourcing. The figure is even higher for large billing companies (>100 providers) – 72%.
- In-house segment accounted for the largest market share, but outsourced medical billing is quickly catching up and expected to be the largest and fastest-growing segment starting 2019.
- Middle-end services are taking over front-end services in terms of market share with a CAGR of 12.4% from 2018 to 2026.
- RCM only accounts for 15% of total healthcare technology M&A activity in 2018, but two of the largest deals in this space target RCM companies (Athenahealth, Cotiviti).
- **Consistent with the healthcare industry, RCM sees a consolidation trend with buyers seeking acquisitions to reduce costs, create more tailored end-to-end solutions and acquire Core Administration Processing Systems.**

## Key Statistics

**> 50%**  
hospital CEOs want easier report creation, better dashboard and visuals

**25.2%**  
cost associated with emergency department comes from billing activities

**73%**  
providers report taking a month or longer to collect from patients

**68%**  
consumers prefer electronic payments for medical bills

**80%**  
consumers prefer online payments for health plan premiums

**20%**  
online healthcare payments are from a mobile device

**90%**  
providers consider payment security very important

**59%**  
consumers concern about the security of making payments for medical bills

**\$620B**  
uncompensated care provided by hospitals since 2000

**99%**  
hospital bills totalling >\$3,000 were not paid in full

Source: Healthcare IT Report by Capstone Headwaters; Global Medical Billing Outsourcing Market Size, Share & Trends Analysis Report by ResearchAndMarkets.com; MedData 2019 Medical Billing Statistics

# Medical Billing: Increasing Reliance on Outsourcing and Data Analytics

Crowdfunding is Getting Crowded; **In Medical Billing, Dental Billing is Pearly White**; The Surviving InsurTech's are Maturing

- The medical billing industry is turning toward data analytics and seeking algorithm to reveal meaningful patterns, predict outcomes and make profitable decision based on summarized information.
- Data companies are realizing potential revenues from medical billing outsourcing. Billing solution products are introduced with an exponential increase in quantity and quality, ranging from services to software solutions and infrastructure.
- According to a recent research by OSPLabs, the most beneficial applications of data analytics include fraud detection, costs and expenses management, predictive analysis for reimbursement cuts and prescriptive analysis for rectification.
- Clinical, financial and operational waste across the U.S. healthcare system add up to more than \$1 trillion, leaving a total addressable market of approximately \$8B.
- In the U.S. approximately 26% of hospitals have yet to adopt a viable revenue cycle in their business, leaving large potential opportunities for expansion of the RCM market. Key challenges for this untapped market include hesitations toward the high price and training staff to fully realize the software's potential.

## KEY HIGHLIGHTS



RCM services are expected to grow at an annual rate of 20%, outgrowing the software segment for the first time.



Medical billing outsourcing is the new growing front. One third of practitioners in a recent survey indicated strong consideration for outsourcing medical billing. One third of medical billing companies outsource some of their service offering.



Small- and medium-sized businesses are choosing specialty providers to differentiate themselves.



Patient payments are a promising source of revenue with rising deductibles but accounting for only 23% of collection portfolio on average.



Key risks include first, consolidation of hospitals and clinics and second, growing competition that exerts downward pressure on billing commissions/fees.

Source: Healthcare IT Report by Capstone Headwaters; How use of Data Analytics is becoming an authority in Medical Billing Industry by OSP Labs; Medical Billing Industry Report by Kareo; Wall Street Research

# HIG Invests into Medusind

## Financing Case Study – April 2019

### Target Company Overview



- Medusind is a leading outsourcing company that provides technology solutions and revenue cycle management services to clients in the healthcare industry.
- The company generates \$23.3M revenue and \$4.8M net income (data as of March 2018).
- Medusind's over 2000 dedicated employees are located across Los Angeles, Orlando, Oklahoma City, Fort Worth, Miami, Newark, Roanoke, Mumbai, Chennai, Ahmedabad and Coimbatore.
- The company was founded in 2002 and is headquartered in Orlando, Florida.

### Solution Offerings

Medusind offers outsourced solutions offerings in the following categories:

#### For Medical Practices & Groups

- Medical Billing
- MedClarity PM
- PracticeGenie EHR

#### TPA Solutions

- Medical Bill Review
- Physical Therapy Case Tracking
- Refunds Management

#### For Dental Group

- Eligibility & Billing
- Medical & Sleep Apnea Billing
- Call Center Solutions

#### Healthcare Analytics

- Spend Analytics Solution
- Data Mapping & Validation
- Contract Digitization & Scanning Services

### Acquisition Details



- H.I.G. is a global private equity and alternative assets investment firm with over \$30 billion of equity capital under management.
- The company was founded in 1993 and since then has invested in over 300 companies worldwide.
- H.I.G announced its strategic investment on Medusind on April 11, 2018.
- Transaction value and stake were not disclosed.

### Transaction Rationale





- Medusind has an established track record of successfully serving blue-chip healthcare providers, resulting in 15 years of uninterrupted growth.
- H.I.G is an experienced healthcare investor with solid experience in the RCM space.
- H.I.G will serve as a vital extension of Medusind's client base to support practice optimization and facilitate growth.
- With the newly raised capital and H.I.G's expertise, Medusind pledges to continue to invest in their robust operating platform, develop innovative, value-creating solutions, and seek to accelerate growth, organically and through add-on acquisitions.

Source: Capital IQ, Pitchbook, DnB, Press Release(s)

# The Inevitable Digitization of Insurance

Crowdfunding is Getting Crowded; In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

- The emergence of insurtech is a result of the need to reap the benefits of a digital and information-focused environment.
- According to KPMG, the progression of insurtech is clearly defined and divided into two phases, first focusing on digital distribution and data, second focusing on sales and marketing.
- **The insurtech space, currently in the first phase, sees an increasing trend of utilization of APIs and microservices architecture to first, replace the existing transactional legacy systems, and second, enable interconnectivity with other systems.**
- Data collection and analytics is increasingly executed by robotic process automaton to more accurately determine what customers truly desire, thereby optimize customer interaction.
- **The industry focus is shifting from traditional manufacturing and marketing to becoming a customer-centric industry – companies are either self-creating or outsourcing for innovative solutions, enabled by biometric security, to make transactions less burdensome.**

Date	Target	Investor	Rationale	Value
In Process	 trōv	NA	New funds to pursue B2B strategy.	NA
7/24/2019	 Hippo	BOND	The funding will enable Hippo to expand its business geographically.	NA
7/16/2019	 riskgenius	 HUDSON STRUCTURED	Raise to continue improving its software platform.	\$100

Source: Insurtech 10: Trends for 2019 by KPMG

## KEY HIGHLIGHTS



Digitization is a disrupting force in the insurance industry, forcing companies to adopt business process transformation.



Digital solutions are increasingly adopted by companies, either through self R&D or outsourcing.



Utilization of fitness tracking data in determination of risk. There is a greater-than-ever relevance of wearable tech in the insurance industry.



Like ecommerce, insurers are starting to digitally engaging with customer more effectively and meaningfully with the aid of machine learning and artificial intelligence.



Data is emerging as the single most important asset in the insurtech business.



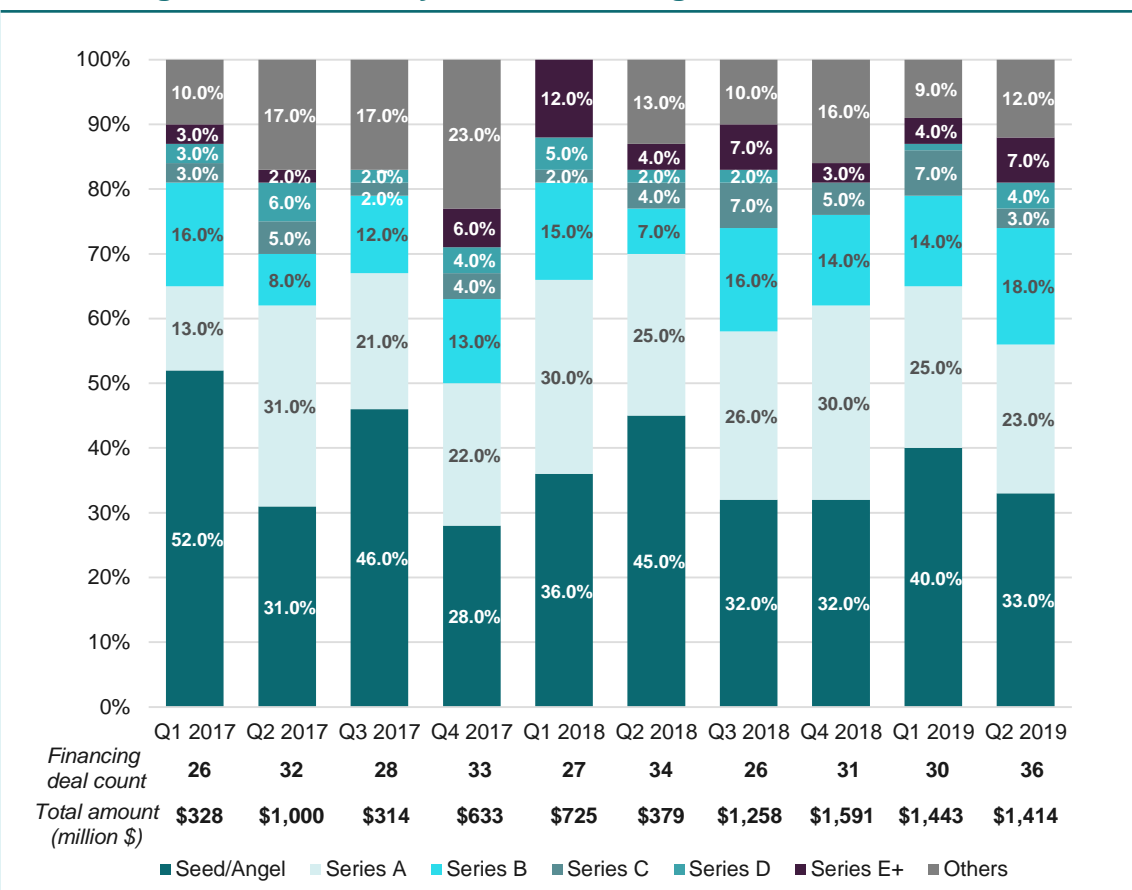
# InsurTech Market: Shifting toward Later-stage and Technology

Crowdfunding is Getting Crowded; In Medical Billing, Dental Billing is Pearly White; The Surviving InsurTech's are Maturing

- Q2 2019 is a fourth consecutive quarter with over \$1.2B of investments in insurtech. However, this quarter also experienced a 2% drop in total global investment to \$1.41B, compared to the previous quarter.
- **Investments are trending toward later-stage, with the lowest early-stage investment since Q3 2017.** Seed rounds and Series A investments only scooped \$147M, 59% of which targeted distribution companies.
- Strategic investments by issues on private technology companies is record-high with 36 investments this quarter, up from 30 in Q1 2019. There were fewer deals than Q2 2018 (71 vs 69), but significantly higher aggregate funding (up 273%).
- We have experienced the rise of the insurtech “unicorns”: Chinese insurtech Zhong An was valued over \$1B upon IPO, and US-based Lemonade over \$2B.

Date	Target	Investor	Rationale	Value
9/9/2019	<b>Root</b> Insurance Co	COATUE	Capital raise for expansion of the car insurance business.	\$350
7/24/2019	<b>Hippo</b>	BOND	Capital raise for geographic expansion of business.	\$100
7/16/2019	<b>riskgenius</b>	HUDSON STRUCTURED	Capital raise to fund improvement of software platform.	NA
7/15/2019	<b>BriteCore</b>	WARBURG PINCUS	Capital raise for development of new products.	\$48

Percentage transactions by investment stage








Source: Quarterly InsurTech Briefing Q2 2019 by WillisTowersWatson

# How Firms are Seeking Partners

Crowdfunding is Getting Crowded; In Medical Billing, Dental Billing is Pearly White; **The Surviving InsurTech's are Maturing**

- While financial partnerships are essential for smaller insurtech business to grow, strategic partnerships are also favorable in the space. **Bigger firms are channeling funds into smaller ones to differentiate themselves and sustain their relevance in the quickly evolving market.**
- **On the other hand, start-ups and smaller businesses are seeking partnership with established companies in the insurance industry to gain contracting speed and access to historical user data (e.g. Trov, Hippo).**
- Customer experience is central in insurtech, an industry heated with competition. Carriers are seeking artificial intelligence to get a better idea of customers' needs to cater their product offerings. Around 70% of carriers are considering big technology firms with strong AI platforms such as Amazon, Google as potential business partners.
- Partnerships between insurance providers and technology companies are becoming a norm. Around 180 such partnerships have been announced. Partnership establishment grows quarter by quarter, from 20 in 2017Q1 to 30 in 2018Q4. Including non-public partnerships, these figures are anticipated to be significantly higher.

Company	Initiatives
	AXA partners with the UK-based start-up Brolly. Brolly is an online insurance platform that utilizes artificial intelligence to provide its customers with personalized insurance guides.
	Tokio Marine partners with US-based insurtech Metromile to utilize the latter's Connected Intelligence platform, which gathers real-time customer insights to accelerate claim processing.
	Allianz partners with UK-based law firm Keoghs to develop AI-driven solutions to automate the processing of injury claims that could be prone to legal action. This platform also automates data collection and claims processing.
	Chubb has a partnership with Hartford Steam Boiler to take advantages of Internet-of-Things sensors to optimize business processes. The company believes it can potentially save \$500m by 2023 through the implementation of AI and robotics.
	QBE considers its partnership with insurtech startups, machine learning and AI-forward companies the top priority. Recently the company partners with HyperScience to implement computer vision to automate data capturing from paper documents.












Source: Partnerships Are Vital To Insurers' Big AI Ambitions by Accenture; Maximizing InsurTech Partnerships by KPMG; Chubb to cut \$500m in cost through AI, robotics by Intelligent Insurer

## 4. Deal Activity in Sectors Evaluated

# Deal Activity

## Key Industry Transactions

### Highlighted Crowdfunding Transactions










Date	Company	Acquirer / Investor	Type	Value (\$ mm)	Comments
9/4/2019		 	Financing	\$25.5	Even Financial is a New York-based provider of supply side platform for the P2P lending market. The company received \$25.5M in its Series B, co-led by Citi Ventures and Mass Mutual Ventures. The company plans to use the funding on developing marketplaces for student loans, mortgage and insurance.
8/21/2019		 edisonpartners	Financing	\$11	Fund That Flip is a New York-based residential real estate crowd funding platform. The company secured \$11M in equity funding from Edison Partners. The fund will be used to scale distribution of the company's core offerings.
8/4/2019			Acquisition	\$371	Credible Labs is a online platform that enable consumers to receive funding from financial institutions in the US. The company sold 67% of its stake to Fox Corporation for a total of \$371M. Credible can tap into Fox's expertise and innovation for growth and expansion.
6/19/2019		Private	Financing	\$5	Realty Mogul is a California-based online market place for real estate investments. The company received \$5 in its Series B1 in June 2019. Investors and deal rationale remain private.
4/8/2019		 HOOPP Healthcare of Ontario Pension Plan  First National Bank of Omaha	Financing	\$50	Upstart is a California-based provider of online lending marketplace. The company received \$50M in its Series D, led by Healthcare of Ontario Pension Plan and First National Bank of Omaha. The fund will be used to expand Upstart's AI lending business.

Source: Capital IQ, Press Releases

# Deal Activity

## Key Industry Transactions

### Highlighted Medical Billing Transactions

Date	Company	Acquirer / Investor	Type	Value (\$ mm)	Comments
7/29/2019	 WAYSTAR	  CPP INVESTMENT BOARD	Acquisition	\$2,700	Waystar is a Georgia-based provider of healthcare revenue cycle management solutions. The company was acquired by EQT Partners and CPP Investment Board. The newly raise fund will help Waystar continue its growth and innovations.
7/17/2019	 Phreesia	NA	IPO	\$167	Phreesia is a New York-based provider of healthcare payment solutions. The company commenced at an IPO of 7,812,500 shares of its common stock at \$18 per share.
6/27/2019	 WageWorks <small>everyone benefits</small>	 HealthEquity <small>Building Health Savings</small>	Acquisition	\$2,000	WageWorks is a California-based provider of employee benefit administration. The company was acquired by Health Equity for \$2B. The acquisition turns Health Equity into the leader of the health saving accounts and consumer-directed benefits space.
6/24/2019	 EQUIAN	 UnitedHealthcare	Acquisition	\$3,200	Equian provides payment processing services to the healthcare industry. The company was acquired by United Healthcare for \$3.2B. United Healthcare will merge Equian into its Optum health services.
5/17/2019	 InstaMed <small>Healthcare Payments Simplified</small>	JPMORGAN CHASE & CO.	Acquisition	\$500	Instamed operates as a healthcare payment network. The company was acquired by J.P. Morgan for \$500. The transaction enables J.P. Morgan to expand further into the \$3.5 trillion market for U.S. healthcare spending.







Source: Capital IQ, Press Releases



# Deal Activity

## Key Industry Transactions

### Highlighted InsurTech Transactions

Date	Company	Acquirer / Investor	Type	Value (\$ mm)	Comments
8/30/2019	 sedgwick	<u>THE CARLYLE GROUP</u>	Acquisition	NA	Sedgwick Claims Management Services provides a cloud based platform for claims and business productivity management solutions. The company recently sold an undisclosed stake to The Carlyle Group.
8/15/2019	 PROTECHT	Private	Financing	\$5	Protecht provides online insurance for live events. The company announced its receipt of \$5M in funding on August 15, 2019. The sponsor and rationale of the transaction remain private.
7/24/2019	 Hippo	BOND	Financing	\$100	Hippo is an internet insurance broker. The company recently raised \$100M in its Series D funding round led by Bond. The funding will enable Hipo to expand its business geographically.
7/16/2019	 riskgenius	 HUDSON STRUCTURED	Financing	NA	Riskgenius provides an AI-enabled platform for insurance policies. The company raised its series B led by Hudson Structured Capital Management. It plans to use the fund to continue improving its software platform.
6/21/2019	 insurity	GI PARTNERS	Acquisition	NA	Insurity is a software provider for the specialty, personal and commercial insurance market. The company was acquired by GI Partners for an undisclosed amount. The acquisition is expected to accelerate Insurity's growth.

Source: Capital IQ, Press Releases

## 5. Public Comparables

# Public Trading Comparables

Crowdfunding | Medical Billing | InsurTech

(All figures in US Dollars. Figures in millions, except per share data, as of October 1, 2019)

## Online Brokers

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
						Revenue		Earnings		CY 2019		CY 2020	CY 2019		
				Revenue	Net Income	CY 2019	CY 2020	LT		CY 2019	CY 2020	CY 2019	CY 2020		
Charles Schwab & Co.	\$37.76	72.0%	\$49,359	\$10,502	\$3,582	2%	5%	24%	34%	4.9x	4.6x	15.4x	14.3x	2.6x	21%
Interactive Brokers	\$48.72	54.9%	\$21,749	\$1,902	\$163	1%	1%	17%	9%	11.3x	11.2x	21.4x	21.7x	15.3x	88%
TD Ameritrade	\$34.67	67.1%	\$19,017	\$5,721	\$2,112	(1%)	1%	22%	37%	3.4x	3.4x	12.0x	9.5x	2.3x	25%
MarketAxess Holdings	\$325.01	67.1%	\$12,271	\$464	\$185	(0%)	14%	22%	40%	28.2x	24.7x	71.1x	62.4x	19.4x	30%
E*Trade	\$36.51	59.9%	\$8,756	\$2,895	\$1,020	0%	1%	35%	35%	3.0x	3.0x	9.4x	9.1x	1.4x	18%
Virtu Financial	\$15.70	73.8%	\$2,993	\$950	\$56	(26%)	(2%)	NA	6%	3.0x	3.0x	5.6x	25.8x	2.9x	26%
Matsui Securities	\$8.56	53.8%	\$2,198	\$217	\$72	NA	NA	(12%)	33%	NA	8.1x	NA	19.0x	2.5x	10%
Futu Securities	\$10.59	59.1%	\$1,176	\$98	\$28	NA	NA	NA	29%	NA	10.6x	NMF	51.6x	3.8x	12%
Plus500	\$9.23	16.5%	\$1,031	\$403	\$169	(0%)	(50%)	14%	42%	1.4x	2.9x	2.8x	7.3x	3.7x	59%
Monex Group	\$2.91	54.6%	\$746	\$466	\$8	9%	(1%)	(32%)	2%	1.4x	1.4x	36.5x	15.5x	1.0x	1%
Swissquote Bank	\$40.46	71.3%	\$602	\$216	\$41	0%	2%	32%	19%	2.6x	2.6x	13.1x	14.4x	1.7x	12%
UP Fintech Holding	\$3.93	42.7%	\$522	\$41	(\$10)	(0%)	105%	NA	(24%)	15.5x	7.6x	NMF	NMF	2.7x	(6%)
CMC Markets UK	\$1.30	77.9%	\$377	\$218	\$8	NA	11%	(28%)	4%	2.1x	1.9x	17.8x	18.1x	1.4x	3%
Yintech Investment Holdings	\$5.03	64.1%	\$360	\$191	(\$110)	12%	36%	NA	(57%)	1.9x	1.4x	NMF	9.6x	0.9x	(3%)
Gain Capital Holdings	\$5.06	77.1%	\$189	\$300	(\$18)	6%	(27%)	NA	(6%)	0.5x	0.7x	8.4x	NMF	0.7x	(4%)
MEAN						0%	7%	9%	13%	6.1x	5.8x	19.4x	21.4x	4.2x	19%
MEDIAN						0%	1%	19%	19%	3.0x	3.0x	13.1x	15.5x	2.5x	12%

LTM = Latest Twelve Months

Enterprise Value = (Market Value) + (Debt + Preferred Stock + Minority Interest) - (Cash & Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NMF = Not meaningful

Source: Pitchbook, SEC filings

# Public Trading Comparables

Crowdfunding | **Medical Billing** | InsurTech

(All figures in US Dollars. Figures in millions, except per share data, as of October 1, 2019)

## RCM & Payment Integrity

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	Revenue:		Earnings	Gross	EBITDA	LTM	EV / Revenue		LTM	EV / EBITDA	
							CY 2019	CY 2020	LT				CY 2019	CY 2020		CY 2019	CY 2020
Cerner	\$67.46	88.2%	\$21,479	\$21,564	\$5,527	\$1,413	5%	6%	(0%)	82%	26%	3.9x	4.0x	3.8x	15.3x	13.7x	13.0x
Hms Holdings	\$33.95	83.5%	\$2,966	\$2,961	\$626	\$161	15%	10%	49%	36%	26%	4.7x	4.9x	4.5x	18.4x	18.2x	15.8x
AMN Healthcare Services	\$55.83	84.8%	\$2,605	\$3,361	\$2,123	\$230	8%	3%	7%	33%	11%	1.6x	1.6x	1.5x	14.6x	12.4x	12.4x
ExlService Holdings	\$66.19	94.5%	\$2,262	\$2,366	\$949	\$134	16%	12%	(9%)	34%	14%	2.5x	2.7x	2.4x	17.6x	16.1x	14.3x
Change Healthcare	\$12.18	78.6%	\$1,521	\$1,517	–	(\$88)	NA	NA	NA	NA	NA	NA	NA	NA	NMF	NA	NA
Craneware	\$30.78	68.9%	\$822	\$774	\$72	\$21	11%	7%	19%	94%	29%	10.8x	11.2x	10.5x	36.8x	34.6x	31.6x
<b>MEAN</b>							<b>11%</b>	<b>8%</b>	<b>13%</b>	<b>56%</b>	<b>21%</b>	<b>4.7x</b>	<b>4.9x</b>	<b>4.5x</b>	<b>20.5x</b>	<b>19.0x</b>	<b>17.4x</b>
<b>MEDIAN</b>							<b>11%</b>	<b>7%</b>	<b>7%</b>	<b>36%</b>	<b>26%</b>	<b>3.9x</b>	<b>4.0x</b>	<b>3.8x</b>	<b>17.6x</b>	<b>16.1x</b>	<b>14.3x</b>

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# Public Trading Comparables

Crowdfunding | Medical Billing | InsurTech

(All figures in US Dollars. Figures in millions, except per share data, as of October 1, 2019)

## Insurance

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
					Revenue	EBITDA	Revenue:		Earnings	Gross	EBITDA	LTM	EV / Revenue		LTM	EV / EBITDA	
							CY 2019	CY 2020	LT				CY 2019	CY 2020		CY 2019	CY 2020
Marsh & McLennan Companies	\$98.30	95.1%	\$49,770	\$64,198	\$15,636	\$3,047	7%	13%	(3%)	42%	19%	4.1x	4.3x	3.8x	21.1x	18.7x	15.8x
Aon	\$189.72	95.5%	\$44,744	\$52,588	\$10,868	\$2,610	8%	3%	7%	NA	24%	4.8x	4.9x	4.7x	20.1x	18.4x	16.6x
Willis Towers Watson	\$187.93	93.5%	\$24,242	\$29,162	\$8,591	\$2,000	4%	6%	21%	41%	23%	3.4x	3.4x	3.2x	14.6x	14.3x	12.6x
Arthur J. Gallagher & Company	\$87.94	94.8%	\$16,363	\$20,624	\$7,025	\$1,161	9%	6%	18%	30%	17%	2.9x	3.0x	2.9x	17.8x	18.8x	15.8x
Brown & Brown Insurance	\$35.42	95.2%	\$9,963	\$11,171	\$2,228	\$688	8%	18%	15%	47%	31%	5.0x	5.6x	4.7x	16.2x	18.2x	15.5x
Goosehead Insurance Agency	\$44.62	85.8%	\$1,619	\$1,551	\$73	\$19	42%	40%	NA	NA	26%	21.2x	25.5x	18.3x	79.9x	105.5x	68.0x
<b>MEAN</b>							<b>7%</b>	<b>9%</b>	<b>12%</b>	<b>40%</b>	<b>23%</b>	<b>4.1x</b>	<b>4.2x</b>	<b>3.9x</b>	<b>18.0x</b>	<b>17.7x</b>	<b>15.3x</b>
<b>MEDIAN</b>							<b>8%</b>	<b>6%</b>	<b>15%</b>	<b>41%</b>	<b>23%</b>	<b>4.1x</b>	<b>4.3x</b>	<b>3.8x</b>	<b>17.8x</b>	<b>18.4x</b>	<b>15.8x</b>

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