
Evolve Capital Partners

# Finance & Technology Market Update

Q2:2017 Issue

## Financial Technology

Insurance Tech | Wealth Management Tech | Healthcare Tech

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

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# Executive Summary

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# Executive Summary

## Summary of Newsletter

### SUMMARY

- This newsletter provides insight into the financial technology capital markets. We seek to provide a snapshot of market activity and detailed analysis of trends.
- This issue focuses on **Insurance Tech**, **Health Tech**, and **Wealth Management Tech**.
- Our sector coverage includes companies at the intersection of financial services and technology, and we have observed increased activity in the Insurance Tech, Health Tech, and Wealth Management Tech space.
- The key observations we made over the second quarter of 2017 are alongside.

### KEY OBSERVATIONS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 60% | Of insurance policy sales will originate via PC's, phones or tablets in 2017 | $59 trillion | Of wealth is expected to be handed down by baby boomers from 2006 to 2061 | 50% | Of total AUM is expected to be in passive investments by 2024 | $104.5 billion | Global healthcare tech market expected by 2020 |

| | |
|---|---|
| **Analytics and Digitization Revolutionizing Insurance** | The Insurance industry, despite being an old industry with several cash-rich players, has been slow in adopting technology. This has resulted in significant pent-up demand for solutions to problems such as customer experience optimization, operational efficiencies, cost effectiveness, and product innovation. Incumbents are beginning to realize the importance of adopting new technologies, particularly analytics and digitization. A major reason for this is the disruption by online insurance distributors and other tech players. Since developing technologies internally is challenging for incumbents, they are increasingly acquiring, funding or partnering with insurance tech startups. |
| **Skyrocketing Demand for Wealth Services from GenX to Drive Wealth Tech Adoption** | Wealth managers have traditionally operated within a relatively low-tech Infrastructure, but with $36 trillion expected to be passed on to millennials between 2006 and 2061, tech-intensive customer needs, the shift towards passive investing, intensifying market competition, and more stringent reporting requirements are forcing wealth managers to technologically reinvent themselves. They need to embrace technology to drive customer engagement, operational efficiency, data mining for information on clients and potential clients, and regulatory and tax reporting. Wealth tech companies in spaces like digitization, software applications, and online service platforms have seen a huge demand for their products and services in the last few years. This high demand has led to several marque M&A transactions in the wealth tech segment. |
| **Customer Experience Optimization Driving Healthcare investments** | Technology adoption has increased in the healthcare space as a consequence of intensified competition and customers expecting better levels of service. With an increase in both, the reach of healthcare services and the range of services, customers service optimization will be a major determinant of who leads the market in the coming years. As such, healthcare facilities have been aggressively acquiring new technologies that help enhance customer experience and limit the need to visit a facility (e.g. value based care). Many healthcare companies have started their private corporate venture arms and have been actively investing in startups in the data analytics space. |

# Executive Summary

## Summary of Newsletter

**We are initiating interviews of key companies in our space and below are several emerging companies profiled in this issue:**

| | | |
|---|---|---|
| STRATiFi |  | ▪ Akhil Lodha is CEO and Co-Founder of StratiFi<br>▪ The company offers a financial technology platform built for advisors offering option-based risk management and portfolio hedging strategies to enhance client portfolios<br>▪ Go to page 39 for a detailed interview profile |
| TheGuarantors |  | ▪ Julien Bonneville is CEO and Co-Founder of TheGuarantors<br>▪ The company provides rental lease guarantee for securing leases for landlords and renters<br>▪ Go to page 45 for a detailed interview profile |
| Vestwell |  | ▪ Aaron Schumm is CEO of Vestwell<br>▪ The company offers a white-labeled turnkey online platform which provides automated retirement investing options for RIA's<br>▪ Go to page 50 for a detailed interview profile |

# Firm Qualifications

# Firm Qualifications

## 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 are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is 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 also provide structured finance advisory services — our investment banking practice provides a comprehensive suite of solutions.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We have completed over $250 million of transactions since inception and our bankers have advised on billions of M&A and financing transaction globally.
- We were founded in 2012 and are based in New York, NY.

### FINANCIAL ADVISORY SERVICES

***Few investment banks have transaction experience across both corporate and asset finance.***

#### *Our Clients*

- Corporates
- VC & PE Backed Companies
- Management Teams
- Independent Directors / Boards

#### *Investment Banking Advisory*

- M&A
- Capital Raises and Asset Finance
- Strategic Alliances
- Financial Restructurings

#### *Industry Focus*

- *Finance and Technology Firms*

| | | | |
|---|---|---|---|
| ***BPO*** | ***Specialty Finance*** | ***Payments*** | ***Securities*** |
| ***IoT*** | ***Enterprise Software*** | ***Lending*** | ***Financial Services*** |
| ***B2B*** | ***Analytics*** | ***InsuranceTech*** | ***Financial Management*** |

Evolve Capital Partners

# Fintech Coverage Universe

## We Focus Exclusively On Finance And Technology Related Firms

**Financial Management Solutions**

**Payments**

**Bank Technology / Solutions**

**Analytics / IoT**

**Evolve Capital Partners — Our Expertise and Capabilities**

**Specialty Finance / Alternative Lending**

**M&A Advisory**

- Sales / Recaps
- Acquisitions
- Divestiture
- Strategic Advisory

**Financing**

- Private Placements
- Debt Capital
- Restructuring

**Healthcare Tech**

**Securities**

**BPO**

**Insurance**

# Firm Qualifications

## LeaseDimensions M&A Sell-side Case Study

### Transaction Overview & Rationale

*Overview of the Transaction*

- LeaseDimensions (the "Company") engaged Evolve Capital Partners (ECP) to advise on the sale of the 25 year old firm.
- The Company can be categorized as a Business Process Outsourcing (BPO) firm, with considerable operating history and generating above average margins. The Company provides lease and loan servicing to banks, large corporations and emerging growth companies across North America.

*Significance of the Transaction*

- The buyer, Genpact, is a large international BPO with a $5 billion market capitalization. The acquisition of LeaseDimensions allows Genpact to effectively provide onshore servicing capabilities, and represents an ongoing consolidation of third party independent servicing companies.
- LeaseDimensions will remain a standalone company and will receive significant support to rapidly expand operations and expand into ancillary asset classes.

*Evolve Capital Partners Role in the Transaction*

- ECP served as the exclusive strategic and financial advisor to LeaseDimensions.
- ECP developed a detailed and comprehensive set of marketing materials to highlight the unique value proposition of the Company and to enable efficient and thorough buyer diligence.
- ECP drafted tailored selling script in the form of brief presentations that specifically articulated strategic fit, rationale and directly addressed questions from interested parties.
- We leveraged our relationships to understand each party's interest level and concerns throughout the process and informed them on the Company's attributes and quality of its servicing offerings.
- ECP generated qualified indications of interest from numerous strategic and financial buyers and was able to generate a significant increase in the final valuation from the initial indications of interest through a negotiated process.

**Financial Advisor**
February 2017

LeaseDimensions

*has been acquired by:*

GENPACT
GENERATING IMPACT℠

*Exclusive financial advisor to LeaseDimensions*

BPO
Strategic
M&A

# Industry Landscape

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# Analytics and Digitization Set To Revolutionize Insurance

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

- The insurance industry is a multi-trillion dollar industry with several large, cash-rich players, however, it has yet to be significantly disrupted by new-age technologies.
- Industry incumbents have been lackadaisical in making innovation-related investments, resulting in significant pent-up demand for solutions to problems such as operational efficiencies, cost effectiveness, and product innovation. Several up-and-coming insurance tech players that seek to address these are profiled on the right.
- Several big insurance companies, such as AXA, have launched private corporate venture arm since 2015. These arms actively invest in insurance tech startups, across the spectrum, including startups that are trying to leverage capabilities like data analytics, digitization, and automation for use in the insurance industry.
- Investments in insurance tech account for 17% of deals made by insurers, while 83% are in startups from outside the insurance tech space, but often with a strong tech focus that holds synergies for the insurance industry.[1]
- Growth could be accelerated further as these startups continue to be funded by VCs and venture arms of large insurance companies.

Source: [1]CB Insights

| KEY MARKET TRENDS |
|---|
| Insurance companies realizing the need for a technological overhaul, and choose the inorganic route to access this technology |
| Incumbents forming corporate venture arms to invest in tech startups and perform the overhaul inorganically |
| PE/VC deal volumes continue to rise, while valuations stabilize |
| Startups and software companies lured into the insurance tech space by increasing investor interest |
| Insurance tech expected to grow at 10% CAGR between 2016 and 2020 |

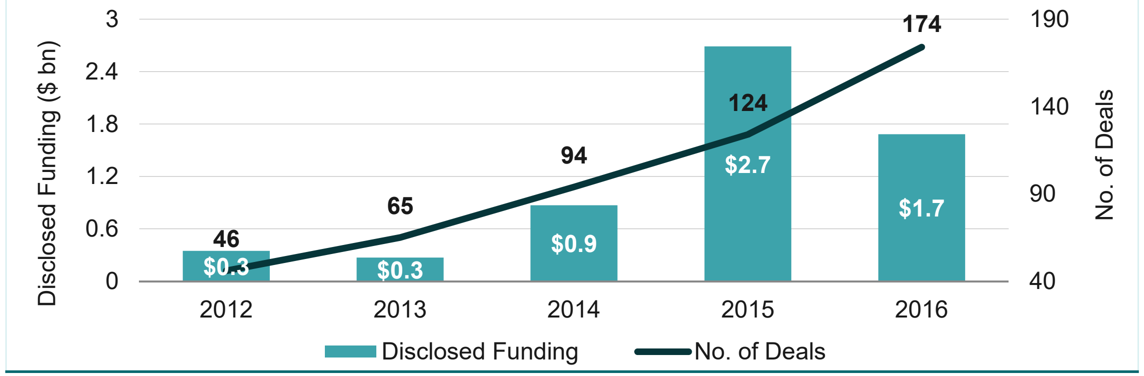
### Key New Players Across Sub-Segments

| | |
|---|---|
| ZENEFITS | Software-enabled health insurance broker |
| Lemonade | Online peer-to-peer home and renters insurance platform |
| oscar | Tech-driven health insurer |
| Clover | Analytics-driven health insurance model for Medicare Advantage members |

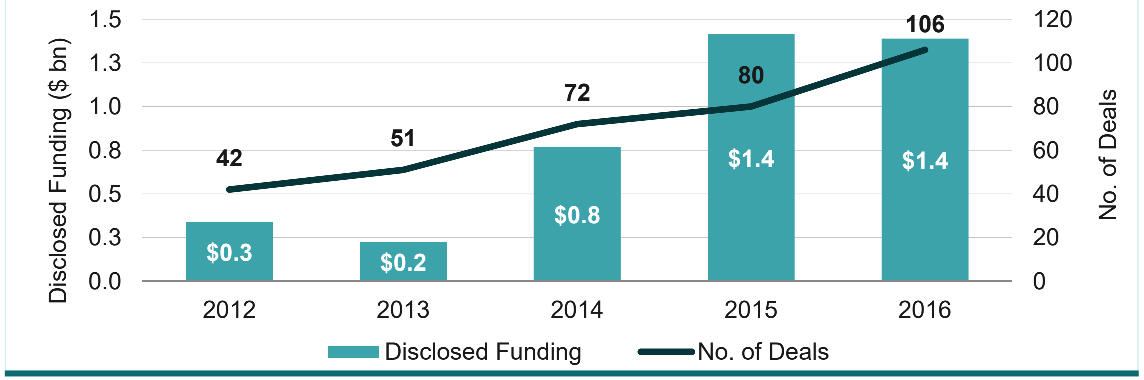
# Industry in Numbers

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

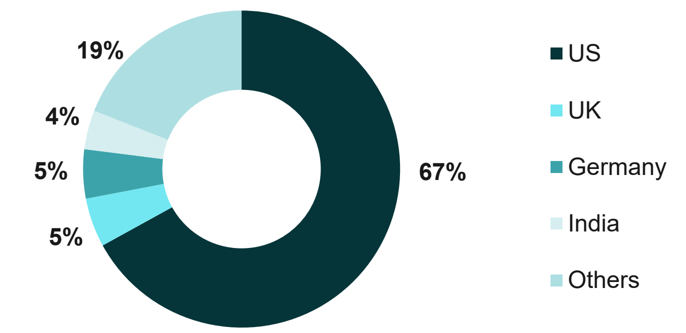
### Global Annual Insurance Tech Financing



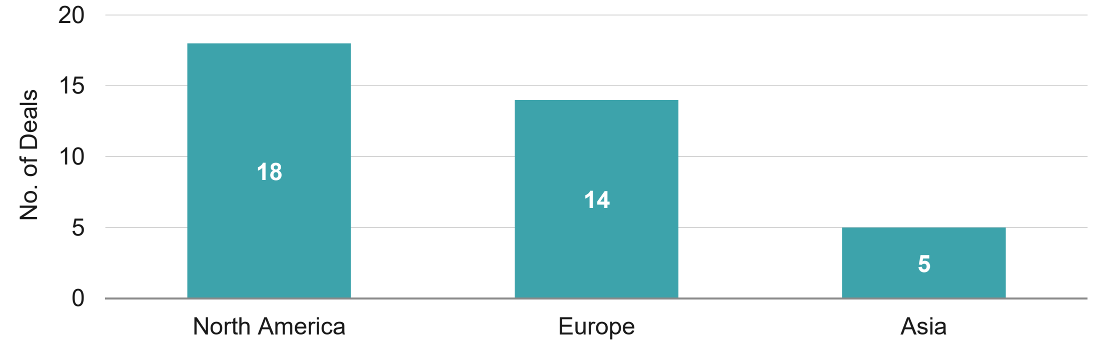

### US Annual Insurance Tech Financing




### Insurance Tech Financing Breakdown by Country[1]




### Insurance Tech Financing Breakdown by Continent[2]




Source: CB Insights

Note: [1]Based on number of deals between Q1'12 to Q1'17, [2]Based on number of deals in Q1'17

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# Key Segments Snapshot

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

### Claims Tech

ClaimKit
Manage claims & litigations

riskgenius
Leverages patent pending Policy Analytics technology

trōv
On-demand insurance platform provider

coverwallet
Commercial Insurer

EMBROKER
On-demand insurance platform provider

Quilt
Life insurer& Renters insurer

### Insurance Software

DXC.technology
End-to-end platform, policy administration, claims tools, telematics etc. provider

GUIDEWIRE
Property & Casualty Insurance provider

EBIX
P&C Insurance, Health & Employee Benefits & Life Insurance provider

SAPIENS
P&C, General Insurance, Life & Pension and Reinsurance software provider

Pega
P&C Insurance and Life Insurance provider

fadata
Health, Life & Non-life insurer

### Online Distributors

Lemonade
Peer-to-peer insurance provider

TrueMotion
Smartphone usage-based Insurance provider

oscar
Tech-driven health insurer

insurity
P&C insurer

Goji
Online auto insurer

Freebird
Online travel insurer

# Key Segments – Claims Tech

**Insurance Tech**, Wealth Management Tech, and Healthcare Tech

- Claims form the single largest cost component to insurers with up to 80% of all premiums spent on claims' payment and associated handling charges.
- Insurers are using innovative, risk-based decision-making techniques to recognize the value in taking greater control of the claims process. LexisNexis, for instance, uses a smoker model in the US to determine the probability of individuals being smokers.
- P&C insurers and life insurers are seeking to differentiate themselves in their competitive environments with their products, designed to streamline operations, reduce process complexity and costs, manage compliance with new regulations, and increase customer satisfaction.
- The next five years will bring fresh changes to the claims tech industry, including new models and predictive analytics.
  - Software publishers are expected to continue shifting toward cloud computing, a technology that will expand software capabilities previously limited by hardware.
  - Furthermore, companies will strive to make data more accessible and are expected to invest heavily in new security measures.
  - The race to find an analytical tool that predicts the likelihood of individual claims to cause financial loss to insurance companies will stimulate industry growth.

Source: Deloitte

**Addressing Five Key Areas**

| | |
|---|---|
| **Leveraging Advanced Analytics** | Identifying and effectively forecast outcomes for the most complex individual claimants, thereby improving the allocation of claim resources, increasing efficiency, improving the estimates of claim severity, and reducing claim cycles. |
| **Supplier Management** | Increasing costs of third-party suppliers for claims because of high insurers' reliance on outsourcing (due to increased specialization and technology-based delivery models) has shifted focus to developing enterprise-wide supplier strategies, investing in procurement and sourcing functions, etc. |
| **Legal Cost Management** | Using data-driven analysis to develop a streamlined, reusable process for firm selection, case governance, and traditional cost management to efficaciously manage litigation costs. |
| **Technology Enablement** | Technology enablement, employed with proper training, can curtail claims adjusting expenses and increase productivity levels by 20-25%. Technological developments with the greatest impact on claim processes include improved core claims management system (CMS), process automation, and advanced data analytics and performance management. |
| **Fraud Detection** | Adopting advanced, sophisticated tools to identify claims with the high propensity for fraud and reduce the cost of fraudulent claims. Innovative techniques include advances in data mining, better implementation of rules engines, and predictive modeling. |

# Key Segments – Insurance Software

## **Insurance Tech**, Wealth Management Tech, and Healthcare Tech

- The insurance customer landscape is changing with the younger generation, who are extensively relying on new insurance business models and modes of engagement suiting their digital lifestyle.

- This is compelling insurers to rapidly upgrade their complex system of legacy technology to drive their business strategy and sharpen their competitive edge. TIA Technology, for instance, is aiming to streamline and standardize all processes in insurance value chain using their complete core insurance software platform, TIA.

- Global insurers like Salesforce and Oracle are harnessing their powerful insurance administration software to expand to new markets, streamline front and back-office processes, closely manage their risks, and maintain regulatory compliance.

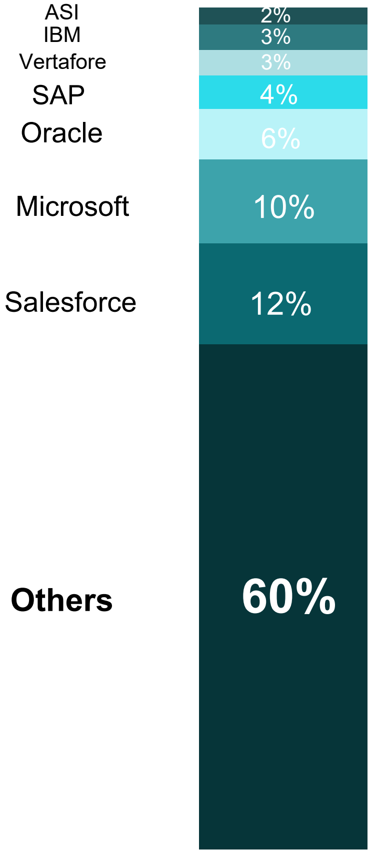
- There has been a rapid influx of new insurance software policy products and with rapid growth in already established product suites like A1 Tracker, ISI Enterprise, and Jenesis Software, there has been an elevation in channel production, which is fueling growth in insurance software segment.

- The industry is expected to reach $12.1 billion by 2020, compared with $10.8 billion in 2015, growing at a CAGR of 2.3%. The growth is expected to be dominated by smaller players, who dominate niche spaces. Many new niche players are expected to enter the market over the coming years, and M&A activity could grow sharply as larger players look to grow by acquiring niche leaders.

*The insurance software market is a highly fragmented market, with no player accounting for more than 12% of the market.*

*Mixed-play players held close to 40% of the market share in 2015.*

*The remaining market share was split amongst several pure-play players that dominated small niches.*



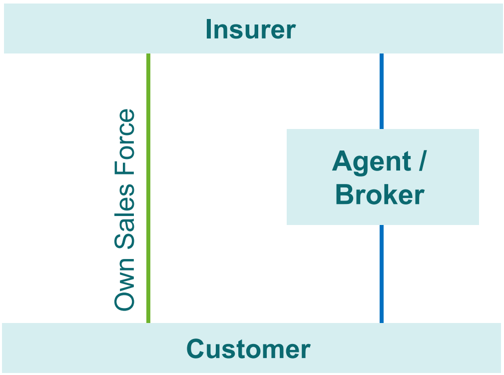

Source(s): Apps Run The World, as quoted in "Top 10 Insurance Software Vendors and Market Forecast 2015-2020"

# Key Segments – Online Distributors

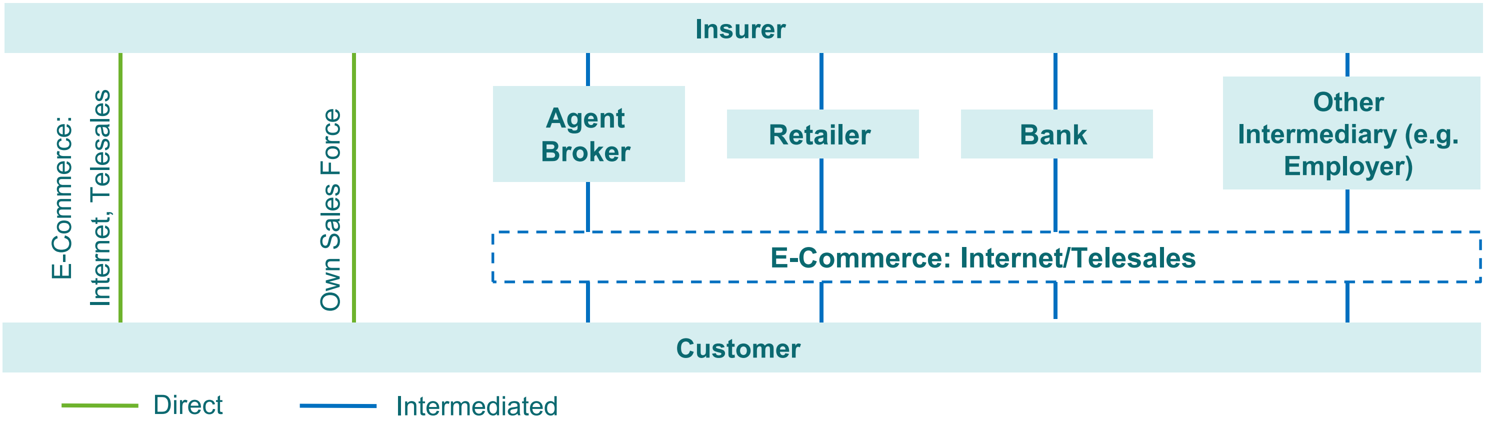
## **Insurance Tech**, Wealth Management Tech, and Healthcare Tech

- Local agents have been the primary source of information regarding the product, price discovery, and coverage of the insurance product. However, this dynamic is constantly changing as connectivity through mobile devices and changing demographic patterns are transcending a shift towards online market channels.
- Digital distribution in insurance has been a quiet revolution. Online Distributors now cater to a mass segment with insurers like Progressive, GEICO, and Esurance becoming valuable online brands in their own right.
- Technological innovations are breaking up the traditional insurance distribution process and reconfiguring standard intermediary functions.
- Top insurance companies are heavily investing in both digital and traditional advertising to drive traffic to their digital storefronts. Insurers are recognizing the shift and have established online direct channels in parallel with their agency channels.
- The growing popularity of digital distribution channels is expected to spearhead the growth of insurance retail sales. Total insurance retail sales in the US are expected to reach $3.6 trillion in 2017. 60% of these sales ($2.1 trillion) would originate via PCs, phones, or tablets (i.e. policies would either be directly bought through these devices or will be researched on these devices before being bought at brick and mortar branches).

### Traditional Model




### Modern Multi-Channel E-Commerce Model




Source(s): Forrester Research, Inc., Swiss Re Economic Research & Consulting

# Case Study – *Lemonade* Disrupting Renters Insurance

## **Insurance Tech**, Wealth Management Tech, and Healthcare Tech

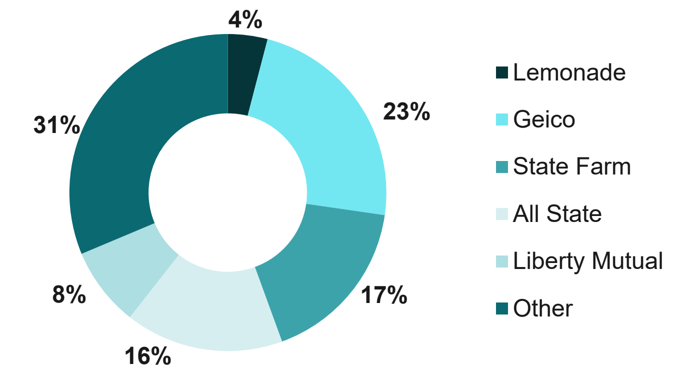
Lemonade

- Lemonade Inc. provides an online peer-to-peer platform for renters insurance and home Insurance. The Company uses an AI bot, Maya, to design and offer customized insurance plans at very low premiums. The Company's technology enables it to complete the insurance process within 90 seconds and settles claims within 3 minutes.
- Lemonade's ability to accelerate the policy purchase and claims settlement processes, and its lower-than-market premiums; have helped the Company rapidly become one of the leading insurance companies in New York.
- The Company captured over 1% of the New York renters insurance market within the first few months of its operations. As of April 2017, Lemonade's market share in the state rose to 4.2%.
- Lemonade competes primarily with the 'exclusive club' of insurance companies that includes companies like Allstate, GEICO, Liberty Mutual, and State Farm. Companies in this bracket have been in the home insurance business for 104 years on an average. As such, they have a huge head start over Lemonade.
- A better metric to gauge Lemonade's rapid growth would be the Company's market share among policyholders who bought their first renters policy after the Company entered the home insurance industry. Lemonade sold **27.6% of all renters insurance policies sold since January 1, 2017**. This is higher than any other company's market share of policies sold since Lemonade's entry.

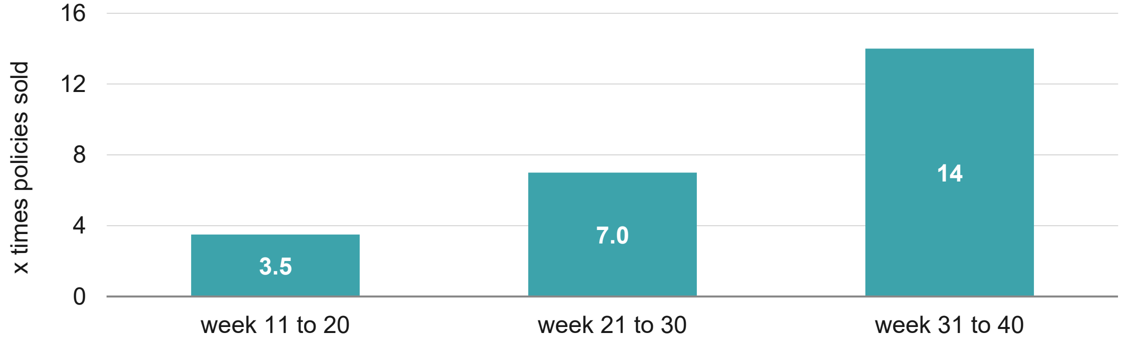
**27.6%**

*of all renters insurance policies sold in New York since January 1, 2017 have been sold by Lemonade. This is the highest percentage of policies sold by any company over this period.*

### NY Renters Insurance Market Share




### Growth in Policies Sold by *Lemonade* Compared to it's First Ten Weeks




Source(s): surveys conducted by Lemonade, as posted on Lemonade's blog

# Unprecedented Wealth Transfer Driving Demand for Wealth Tech

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

- The period from 2006 to 2061 is expected to see a total of $59 trillion[(1)] being transferred from the baby boomers to the millennials, charities and the federal tax system. With such large amounts of wealth being created and transferred, the wealth management industry is set for an extended period of growth.
- $36 trillion out of this $59 trillion is expected to be passed on to millennials, and represents a significant change in client profile for wealth managers.[(1)] Wealth managers will have to cope with client need for greater transparency, more control over investments, digital access, and customized service.
- Wealth managers have traditionally operated with relatively low-tech Infrastructure, but new-age customer needs, intensifying market competition, and more stringent reporting requirements require wealth managers to technologically reinvent themselves.
- The high demand for products and services of wealth tech companies, in spaces like digitization, software applications, and online service platforms, has led to several M&A transactions. Acquisitions have also been inspired by traditional wealth managers looking for ways to stay ahead of robo-advisors and other tech disruptors by bolstering their own tech capabilities.
- The wealth tech space is highly attractive for VC and PE investors, as they see huge revenue growth for wealth tech companies and a potential for them to be eventually acquired at a high valuation.

Source(s): [(1)]Boston College study, [(2)]CB Insights

### Large Players

| | |
|---|---|
| China Finance Online | Digital Brokerage and Advisor |
| EZTD Inc. | Online Trading Platform |
| scalable capital | Digital Brokerage and Advisor |
| TrueLayer | Financial Services Software |

### Emerging Players

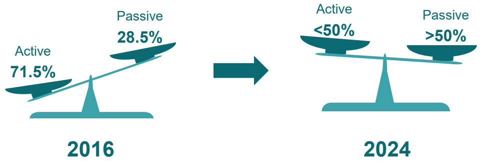
| | |
|---|---|
| Personal Capital | Robo-Advisor |
| motif | Digital Brokerage |
| Betterment | Robo-Advisor |
| nerdwallet | Investing Tools |
| investcloud | Financial Services Software |

# Passive Investing Overhauling Active Investing

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *ETFs and Index Funds, Smart Beta and Multifactor Funds Gain Popularity*

The popularity of passive investment options, such as ETFs and index funds, has been outpacing active investment options, and is expected to continue doing so at least until 2024. Smart beta and multifactor funds could be future magnets for investor wealth, given their better return profiles and cost advantages.




### *Passive Investments to Capture 50% AUM by 2024*

Passive investments account for $6 trillion of assets globally and 28.5% of assets under management (AUM) in the US. Their share of AUM is expected to increase to more than 50% between 2021 and 2024. The growing popularity of passive investment products could put pressure on traditional asset managers that have high fee structures, especially because many of them cannot generate long-term alpha for their clients.

### *Underwhelming Penetration of Passive Investment Options Outside the US*

The growth numbers for passive investing are relatively underwhelming outside the US, where only passive investing currently has a penetration of 5-15%, The lower penetration has mainly been due to lower investor awareness about passive investment products, which is largely due to an insubstantial sales push given to these products by investment managers.


### *EU and Asia to Lead Growth of Passive Investments Outside US*

The growth in popularity of passive investment products outside the US, especially in EU and Asia, could resemble their increasing popularity in the US, as these markets mature, investor awareness increases, and financial and investment technology improves in the coming years.

Source(s): Moody’s Investor Services, PwC

# Key Segments Snapshot

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### Robo-Advisors

Automated investment platforms that leverage technology to lower account minimums, and reduce annual advisory fees.

***Key Players:***

PERSONAL CAPITAL, WEALTHFRONT, AdvisorEngine, Betterment

### Digital Brokerage

Alternative brokerage platforms for retail investors to invest in stocks, bonds, and alternatives asset classes that are typically only available to accredited investors.

***Key Players:***

motif, eToro, scalable CAPITAL, ARTIVEST

### Robo-Retirement

Automated wealth management platforms, specifically targeting retirement savings accounts.

***Key Players:***

forusall, blooom, nextcapital

### Investing Software and Tools

Software tools and services businesses that provide comparison tools, research, and access to network of advice. Specialized software that supports adoption of a digital wealth management and investing strategy. Strictly B2B.

***Key Players:***

nerdwallet, KENSHO, PLAID, investcloud

### Mirco-Investing

Specialized investment platforms that flip traditional investment practices by increasing investment frequency and lowering minimum contribution amount.

***Key Players:***

acorns, STASH

### Portfolio Management

Software that helps investors and advisors centralize investment portfolios in one platform, analyze and forecast performance, and make portfolio allocation decisions.

***Key Players:***

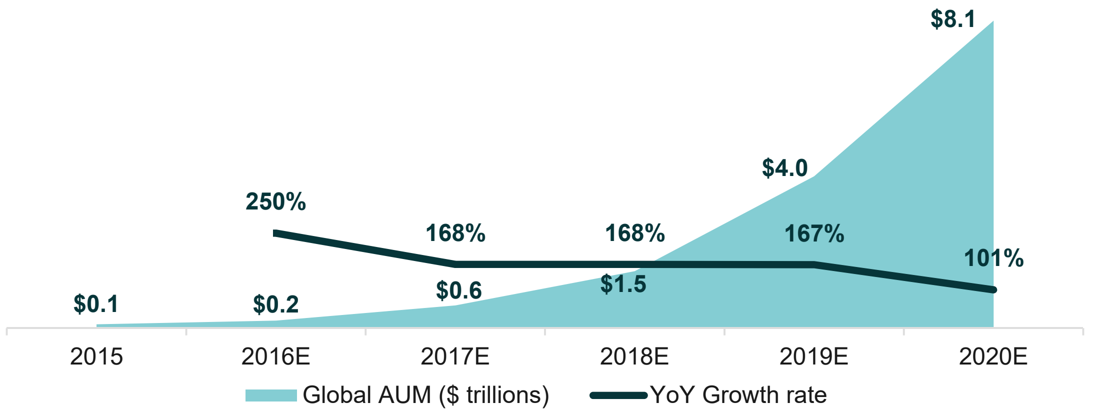
Quovo, RISBEE, ADDEPAR

# Key Segments – Robo-Advisors

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

- Assets managed by a robo remain below $100 billion in the US, compared to the wealth management industry's total AUM of $20 trillion in the country. The robo-advisory space remains highly fragmented, as the top two robo-advisors – Betterment and Wealthfront – only manage around $5 billion of client assets each.[(2)]
- Low awareness has been the main reason for the low market penetration of robo-advisors, with less than 10% of affluent clients having heard of even the biggest players.[(2)]
- Robo-advisors have also been attractive M&A targets for traditional wealth managers, who view the technology as complementary to their current platforms. Robo-advisors, on their part, have actively sought deals and partnerships with incumbents, to get more visibility and address the lack of awareness about their services.

### Forecast: Global Assets Under Management by Robo advisors[(4)]




Source(s): [(1)]CB Insights, [(2)]McKinsey, [(3)]Capital IQ, [(4)]BI Intelligence

### KEY TRENDS

| KEY TRENDS |
|---|
| Robo-advisors offer better analytical capabilities, quicker response times, and greater customization capabilities; at lower costs |
| They currently account for only a marginal share of the US wealth management industry, mainly due to low awareness among clients |
| Despite this, they continue to attract heavy investments from early stage investors, indicating strong investor confidence in their long term potential |
| They have been attractive M&A targets for wealth managers who are aggressively looking to hold on to their turf. |

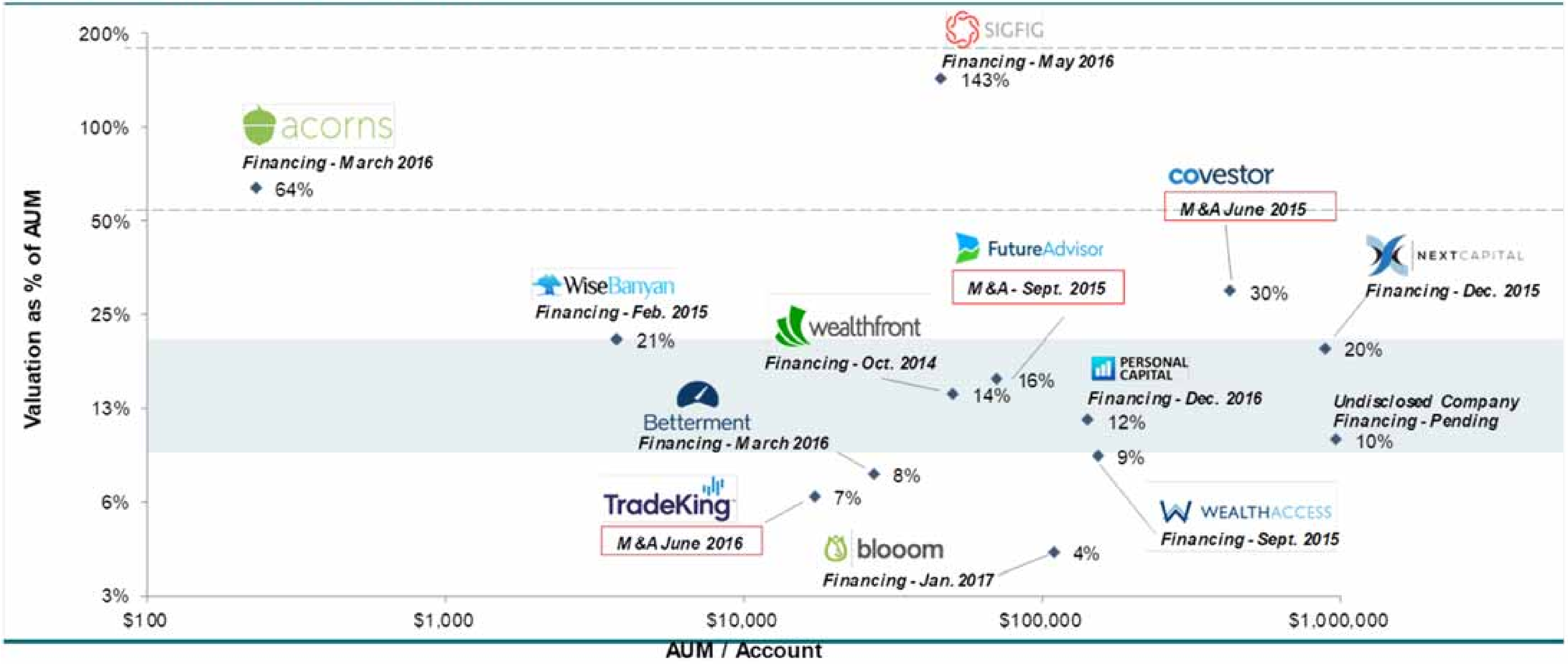
### Robo-Advisory in Numbers

| | |
|---|---|
| 124.4% | CAGR of the Assets Under Management (AUM) of robo-advisors between 2012 and 2015 |
| 638.2% | CAGR of the number of retail accounts managed by robo-advisors between 2012 and 2015 |
| 30% | Of the total Wealth Tech funding was received by the robo-advisory sub-segment, the largest amongst the segments |
| $334.7 million | Of funding received till date by the two largest robo-advisors – Betterment and Wealthfront, valuing both of them at over $700 million in March 26, 2017. [(2)] |

# Tech-Enabled Advisors' Enterprise Value AUM Correlation

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

**Comparison of Valuations Relative to AUM(4)**




*High growth advisors are "growing into" valuations due to smaller starting account amounts*

*WealthTech advisor valuations range between 10-25% of AUM*

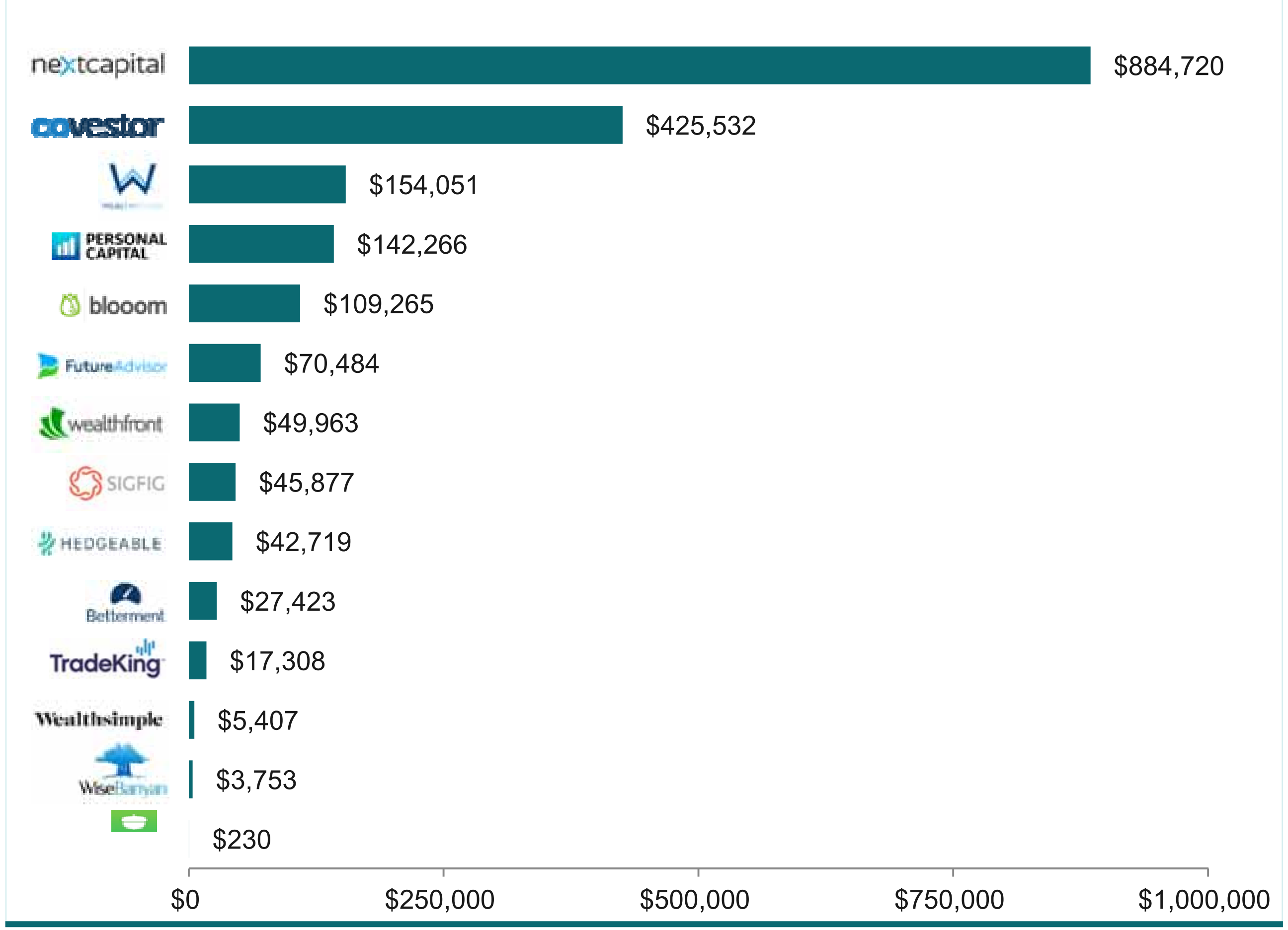
[1]$45 B AUM includes TradeKing's RIA and Brokerage Accounts.

Source(s): Company Website, Press Releases, SEC Filings, Capital IQ

# Tech-Enabled Advisors' Enterprise Value AUM Correlation

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### AUM / Account of Key Companies




Source(s): Company Website, Press Releases, SEC Filings, (1)Form ADVs, Capital IQ

- The huge differences in the AUM / Account numbers for the selected Robo-Advisors is attributed to their very different clientele.
- Next Capital's $884,720 AUM / Account makes sense, considering that it was founded in 1999, and 76-99% of its client base falls under the category of 'High Net Worth individuals'. 75% of Next Capital's regulatory AUM is attributable to them.
- Similarly, Covestor was founded in 2006, and 10% of Covestor's client base falls under the 'High Net Worth Individuals' category. Up to 50% of Covestor's regulatory AUM is attributed to them.
- Acorns on the other hand, was founded in 2012 and targets the everyday individual by allowing them to invest 'spare change', resulting in relatively high EV/AUM, but low AUM/Accounts as the assets grow.
- Acorns client base is made up of 76-99%[1] 'Individuals' (other than high net worth individuals), who account for more than 75% of Acorns AUM.
- For companies like this, by putting millennial participation ahead of sheer assets, they seem to be striking a positive tone with prominent VC investors resulting in their high EV/AUM, but low AUM/Accounts.

# Summary of Tech-Enabled Advisors

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *Select Recent Transactions (1/4)*

| Company | Event | Most Recent Transaction Date | Key Investor(s) / Acquirer(s) | AUM (mm) | Company Description |
|---|---|---|---|---|---|
| covestor | M&A | 6/30/2015 | Commerce Ventures, QED Investors | $58 | Covestor, Inc. operates as a registered investment adviser that provides an online investment marketplace for investors, advisers, hedge funds, and money managers. It offers a range of portfolios and investment advisory services. Its platform and technology matches self-directed investors with portfolio managers; delivers specialized active and passive investing solutions; and gives investors access to institutional style investment strategies. |
| FutureAdvisor | M&A | 9/2/2015 | Route 66 Ventures | $969 | FutureAdvisor provides investment advisory services. The company offers personalized and data-driven recommendations to optimize clients' 401(k) and IRA. It also provides financial projections; and personalized diversification plans for investments. |
| TradeKing | M&A | 6/1/2016 | Ally Financial | $18 | TradeKing Group, Inc. provides online brokerage services for stock and options in the United States. It offers online trading services in the areas of options, stocks, ETFs, mutual funds, fixed incomes, and forex funds; brokerage accounts that include account funding, account management, gain/loss, Maxit tax manager, and records and sharing; and manages diversified portfolios. |
| | Financing | 4/21/2016 | Paypal, Kaplan, Point72, Rakuten | $257 | Acorns is a online wealth management platform that allows individuals to invest their money in Acorns investment portfolios comprised of six ETFs. It provides Round-Ups service which allows individuals to track their spare change from transactions and invest it. |

Source(s): Company Website, Press Releases, SEC Filings Capital IQ

# Summary of Tech-Enabled Advisors

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *Select Recent Transactions (2/4)*

| Company | Event | Most Recent Transaction Date | Key Investor(s) / Acquirer(s) | AUM (mm) | Company Description |
|---|---|---|---|---|---|
| Betterment | Financing | 3/29/2016 | Kinnevik, Bessemer Venture Partners, Globespan Capital Partners, Anthemis Group, Menlo Ventures, Citi Ventures, Francisco Partners | $9,058 | Betterment LLC provides financial products and advisory services in the United States. Its portfolio includes stock exchange traded funds (ETFs) and bond ETFs. The company also provides financial planning; retirement planning; 401(k), traditional individual retirement accounts (IRA), Roth IRA, or SEP IRA; trust accounts; and tax loss harvesting services. |
| blooom | Financing | 1/31/2017 | Commerce Ventures, QED Investors | $865 | Blooom, Inc. provides online investment advisory services in the United States. It manages individual participant accounts at an employer sponsored retirement plan, such as a 401k, 403b, or TSP. |
| HEDGEABLE | Financing | 5/15/2014 | Route 66 Ventures | $70 | Hedgeable, Inc. operates an online platform that provides investment advisory services. The firm invests in public equity, fixed income, and alternative investment markets across the globe. It primarily invests in stocks of small-cap, mid-cap, and large-cap companies. The firm employs fundamental and technical analysis to create its portfolios. Hedgeable, Inc. was founded in 2009 and is based in New York, New York. |
| nextcapital | Financing | 12/17/2015 | Alliance Bernstein, Manulife, Route 66 Ventures | $631 | Next Capital Management, LLC is an employee owned investment manager. The firm also provides consulting services. It primarily provides its services to individuals, typically high net worth individuals, business entities, trusts, and pension and profit sharing plans. It employs fundamental and quantitative analysis to make its investments. |

Source(s): Company Website, Press Releases, SEC Filings Capital IQ

# Summary of Tech-Enabled Advisors

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *Select Recent Transactions (3/4)*

| Company | Event | Most Recent Transaction Date | Key Investor(s) / Acquirer(s) | AUM (mm) | Company Description |
|---|---|---|---|---|---|
| PERSONAL CAPITAL | Financing | 3/29/2016 | IGM Financial | $4,344 | Personal Capital Corporation provides financial advisory services and financial software to individuals. The company offers wealth management services for investors. Its software enables to monitor and control the income, spending, and performance of investments on a single screen, as well as analyses mutual funds. The company also provides investment checkup tools, personalized financial plans, risk assessments, and other tools through its software. |
| SIGFIG | Financing | 1/31/2017 | Eaton Vance, New York Life, Santander InnoVentures, UBS, Bain Capital Ventures, DCM Ventures, Nyca Partners and Union Square Ventures | $119 | SigFig Wealth Management, LLC, an online investment advisory company, provides fee-based portfolio management services to individuals. The company offers managed accounts that provide a portfolio of low-cost and commission-free exchange-traded funds (ETFs) from Vanguard, iShares, and Schwab. SigFig Wealth Management chooses ETFs that invest in stocks, bonds, international developed and emerging markets, and real estate; and tailors investments to an individual based on the person's age, income, savings, and risk tolerance. |
| **Undisclosed** | Financing | Pending | Pending transaction (***proprietary ECP information***) | $210 | The company helps investment advisors to deliver better investment outcomes to their clients through certain strategies (*redacted due to confidentiality*). It manages various assets on behalf of other wealth managers. |
| Vestmark | Financing | 12/17/2015 | Summit Partners | $39 | Vestmark, Inc. develops and markets wealth management technology solutions for individual and institutional investors. It offers VestmarkONE, a real-time technology platform that enables broker dealers, investment managers, RIAs, bank trusts, and other financial firms to deliver wealth management and a range of advisory solutions. |

Source(s): Company Website, Press Releases, SEC Filings Capital IQ

# Summary of Tech-Enabled Advisors

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *Select Recent Transactions (4/4)*

| Company | Event | Most Recent Transaction Date | Key Investor(s) / Acquirer(s) | AUM (mm) | Company Description |
|---|---|---|---|---|---|
| Wealth Access | Financing | 9/22/2015 | Cultivation Capital, Holton Capital Group and T-REX | $102 | Wealth Access, Inc. offers personal financial management tools to registered investment advisors and their high net worth clients. It provides Wealth Access, a proprietary and diagnostic cloud-based wealth reporting and investment monitoring software platform. |
| wealthfront | Financing | 10/28/2014 | Spark Capital, Dragoneer Investment Group, Index Ventures, DAG Ventures, Greylock Partners, Ribbit Capital and the Social+Capital Partnership | $5,006 | Wealthfront Inc. is a privately owned investment manager. The firm primarily provides its services to individuals. The firm invests in the public equity and fixed income markets across the globe. It also invests in mutual funds and exchange traded funds. The firm benchmarks the performance of its portfolio against the S&P 500 Index. It conducts in-house research to make its investments. |
| Wealthsimple | Financing | 5/11/2017 | Power Financial | $2 | Wealthsimple Financial Inc. provides digital based investment advisory services. The company offers on-demand financial planning solutions. It also provides Wealthsimple, an application for Canadian customers to invest their savings and build diversified portfolio of exchange traded funds. |
| WiseBanyan | Financing | 2/4/2015 | InnoSpring, VillageCapital, Sorenson Legacy Foundation, Galvanize, Battle Born Venture, Galvanize Ventures and VegasTechFund | $94 | WiseBanyan Holdings, Inc., through its subsidiary WiseBanyan, Inc., provides financial advisory services to individuals and institutions through its online portal. |

Source(s): Company Website, Press Releases, SEC Filings Capital IQ

# Key Segments – Asset Management Tech

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

- Technology disruptions have contributed to lower fee structures, greater automation, and a larger base of asset management clients. This shift has put consumers, rather than assets, at the center of the asset management universe, and is gradually moving the bargaining power from traditional asset managers to consumers.
- Asset managers continue to embrace new technologies at each phase of the investment management cycle, revolutionizing the major functions – product development, marketing and sales, relationship management, and client service.
- Despite many asset management firms adopting digital technologies, few have effectively integrated them into the investment management lifecycle. In order to effectively ride the digi-tech wave, asset managers need to combine a well-thought out operating model with a flexible IT and data infrastructure, providing the foundation for effective use of technology at every phase of the investment lifecycle.
- The sector has been in a consolidation phase for the past three to five years and there have been few credible new entrants. As such, there are few major players in the industry and industry revenues are concentrated among them.
- High growth can be expected by outsourcing players providing middle-office solutions, as front and middle-office functions converge. Outsourcers recognize the opportunity to provide front-office services that include middle-office elements, and to drive the evolution of the middle office through investments in their own platforms.

**Digi-tech is transforming all phases of the investment management cycle**

***Developing products***

Asset managers are beginning to use big data to monitor social media and track investor sentiment in order to support new product development. Analytics helps pinpoint changing demographics and demands within specific population segments and can be used to test ideas.

***Generating demand and selling to clients***

Once client-focused products are ready, the firm can analyze data to segment the market. For example, a model targeting clients from middle and upper-middle income brackets would focus on self-service and low-cost options. A model targeting the top income bracket would focus more on customization and higher levels of customer service.

***Growing the relationship***

In order to maintain established relationships, investment managers turn to social media and big data analytics as well. Firms are able to track general sentiments that may affect investment decisions, prices, and trade volumes. Robust predictive analytics supporting “what-if” analysis help forecast the impact of different combinations of strategies or fund managers on fund performance.

***Servicing the client***

To optimize the potential of digital technologies, asset managers should concentrate on end-to-end solutions that streamline and automate as many processes as possible.

Source(s): Citisoft, Accenture, Investopedia

# 'Customer Experience' is the Buzzword in Healthcare Tech

## Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

- Global health care spending is projected to reach $8.7 trillion by 2020.[1] This growth in expenditures is expected to be driven by rising health care expenditures in emerging countries and expansion of healthcare services in developed countries.

- With an increase in both, the number of people seeking healthcare services and the range of healthcare services, healthcare facilities have been embracing technology more actively. Technology adoption has also increased as a consequence of intensified competition in the healthcare space due to the emergence of several new players.

- There is greater focus on improving diagnoses through IT-based data capturing and analyzing systems, especially those that can generate intelligence on what happens before the patient enters a healthcare facility.

- With continued innovation in in-facility technologies and a sharpening focus on pre-and post-treatment technologies, the global healthcare tech market is expected to record explosive growth in the coming year. The global healthcare tech market is projected to reach a size $104.5 billion by 2020[2].

- This growth will be driven by increased adoption of software solutions, increased efforts to prevent and cure chronic diseases, and greater technology investments by healthcare facilities.

| EXPECTED MARKET TRENDS IN THE COMING QUARTERS |
|---|
| Better access to actionable intelligence through new use cases of ***specialized AI*** |
| Greater adoption of ***telehealth***, even for the elderly |
| Explosive growth in ***healthcare cloud computing***, especially to bridge the gaps between the technologies that are already in use at an organization. |
| New initiatives in ***consumer-facing technologies*** are focused on generating 'quality health data' and reduce need for traditional visit to doctor's office. |
| Increased pressure on ***EHR vendors*** to deliver on promises |
| ***Big data solutions*** for population health management |
| More ***data management technologies***, helping them further shorten time to market |
| New Initiatives in ***mobile, predictive analytics, machine learning, and new data-driven applications*** are expected to help healthcare companies better orchestrate customer engagement to achieve commercial and R&D goals |

Source(s): [1]Deloitte, [2]Grand View Research, Health Data Management, Modern Medicine Network

# Growing Shift Towards Value-Based Care

## Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

- The Affordable Care Act (ACA) has helped move the health-care system towards paying for value. Value-based care (VBC) is an emerging solution to address three focus areas: lower health care costs, increase clinical efficiency, and improve population health in the United States.
- Value-based Health Care supports health management, clinical management, and health decision making. Value-based models change incentives by rewarding better outcomes and lower spending. Instead of being paid by the number of visits and tests they order (fee-for-service), providers' payments are now based on the value of care they deliver.
- Doctors and hospitals are paid for helping keep people healthy and for improving the health of those who have chronic conditions in an evidence-based, cost-effective way.
- For patients, this means safe, appropriate, and effective care with enduring results, at a reasonable cost. But for providers and health systems that can't achieve the required scores, the financial penalties, and lower reimbursements can create a significant financial burden.
- The value-based model is expected to reverse the longstanding trend of lower life expectancy, greater prevalence of chronic disease, and overall poorer health outcomes in the US.

**Healthcare providers are rapidly moving towards VBC[1]**

| | |
|---|---|
| 59% | Of healthcare payments are expected to be value-based by 2021[1] |
| 94% | Of providers are on a path for some form of value-based care[2] |
| 41% | Of providers and payers implemented value-based care by the end of 2015[3] |
| 35% | Of healthcare providers are participating in early efforts or pilot programs for value-based care[2] |
| 50% | Of hospitals are in the process towards full value-based care[1] |

Source(s): [1]Survey of more than 465 payers conducted by ORC International and commissioned by McKesson Health Solutions in June 2016
[2]HealthLeaders Media Value-Based Readiness Survey, August 2016
[3]Survey conducted by the Health Care Transformation Task Force in 2015

# Electronic Health Records Being Rapidly Adopted

## Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

- Medical errors cost are estimated to cost $19.5 billion a year. When accounting for lost productivity, this figure increases to $1 trillion a year. Medical errors are the third leading cause of death in the United States, after heart disease and cancer. As a result, there is a pressing need for health records to go electronic.
- Healthcare providers are increasingly realizing this need, and with more providers adopting EHR, the EHR market is booming.
- Despite a large number of EHR providers, the quality of EHR products is not very satisfactory at present. More than 40%[4] of hospital executives are either indifferent or dissatisfied with their current EHR system, while 67% [2] of providers report not liking the functionality of their EHR systems.
- Several new players are expected to emerge in the coming years, and M&A transactions are to increase as smaller, unprofitable players are acquired by larger ones. With new players and the consolidation process removing the underperformers, VC and PE activity in the industry is also expected to increase.
- EHR systems are expected to become more tech-driven, resulting in heavy investments in R&D and the acquisition of tech capabilities.

**EHR adoption is going through the roof**

| | |
|---|---|
| **$1** trillion | Annual cost of making medical errors, including the cost of lost productivity |
| **3rd** | Leading cause of death in the US is medical errors |
| **67%** | Of all providers reported using EHR in March 2017, up from 40% in 2012 [1] |
| **45%** | Of all providers spent more than $100,000 on EHR systems [2] |
| **1,100** | EHR vendors, double the number 4 years ago [3] |
| **40%** | Of hospital executives are either indifferent or dissatisfied with their current EHR system, calling for more R&D spending among EHR players. |

Source(s): [1]SKA; [2] MPI Group; [3]Practice Fusion; [4] Healthcare Trends from the C-suite, Premier Inc., 2014

# Key Segments Snapshot

## Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

### Payments Tech

Valence Health
Value-based care solutions

remedy partners
Bundled payment programs

Lumeris
Cloud-based ADS and Value-based care solutions

evolent HEALTH
Healthcare delivery and payment solutions

Healthcare Bluebook
Patient healthcare cost estimation website

HEALTHSPARQ
SaaS-based health cost estimation solutions

### Revenue Cycle Management

experian health
Revenue Cycle Management

GeBBS HEALTHCARE SOLUTIONS
Medial Coding & Billing RCM

SOURCEMED
Software, analytics, RCM

agshealth
Healthcare RCM

SSI
Software, analytics, RCM

accesshealthcare
Revenue Cycle Management

### Data Analytics

DataSmart SOLUTIONS
Data warehousing and analytic

CLOUDMEDX
Cognitive computing based predictive analytics

Greenway Health
Customized analytics solutions and tools

HealthCatalyst
Analytics applications and services

inovalon
Data analytics and targeted interventions

MILE HIGH HEALTHCARE ANALYTICS
Risk adjustment, quality measurement, and population health analytics

# Key Segments – Payments Tech

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

- Savvy insured hospital patients are asking for self-pay and prompt pay discounts. This has given rise to partnership between healthcare payments network InstaMed and Apple Pay, allowing customers to pay medical bills with the swipe of their phones or watches.
- Aetna members are managing and paying their medical bills online with Citi's Money2 for Health. Likewise, Banner Health patients are receiving one bill for all of the care they receive.
- Electronic payment is gaining rapid traction with companies like Preferred Health Technology offering their e-payment solution, 'A-Claim', enabling users to verify insurance eligibility, settle claims, and offer them with various payments options. At the same time, payments are becoming are becoming more mobile, cloud-based real-time and digital.
- In order to transcend toward a payment system for a New Health Economy, many improvements are to be made in the near-term, from offering consumers cost and payment information before they arrive for service to aggregating their medical bills on a simple online site.
- In the longer term, the system will have to be re-engineered to accommodate the millions of consumers paying cash for care.

### KEY MARKET TRENDS

The U.S. health care market covers about 20% of its economy, representing $3 trillion in value. The ***healthcare market, marred by gross inefficiencies, is currently under-performing*** largely due to lack of technological prowess, given lack of economic incentive.

The health care sector ***lacks a modern payment system due to increasing complexity*** of health care transactions, with transactions moving in batches, long after patients have left their doctor's office. Further, providers have a limited ability to estimate their patient's liabilities at the point of service.

The paradigm, however, is in the phase of shifting dramatically. The transitioning of the term 'patient' is now changing to 'consumer', making health sector's ***billing and payment system pushed and pulled toward a business-to-consumer model***.

Source(s): Apps Run The World, as quoted in "Top 10 Insurance Software Vendors and Market Forecast 2015-2020"

# Key Segments – Revenue Cycle Management

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

- According to a report by Grand View Research, Inc., the global Revenue Cycle Management (RCM) market is expected to reach $65.2 billion by 2025.
- Services are expected to experience high growth, at a CAGR of more than 11.0%. Denial management and accounts receivable services are expected to be highly outsourced during the forecast period. Integrated solutions are anticipated to be the fastest growing segment.
- Hospitals and other end-users are expected to be the most lucrative segments over the next few years. Physician offices are also expected to contribute stable revenue, promoting overall market growth and further supporting the segment.
- RCM software solutions have become increasingly important to the healthcare industry as they reduce time spent on administrative tasks and free up resources to focus on delivering better patient care.
- The development of value-added services, i.e., integration of RCM system with other healthcare IT solutions, such as practice management, Electronic Health Record (EHR), and Computerized Physician Order Entry (CPOE); is anticipated to propel demand over the next few years.

Source(s): Grand View Research, Technavio

### KEY MARKET TRENDS

The healthcare system is witnessing a paradigm shift, primarily due to the changing dynamics of the business models. These changing dynamics of the hospital industry in developed regions is expected to involve ***centralization and digitalization of the back-end processes***, hence demanding the implementation of RCM, which is anticipated to positively affect the market growth.

The growing government and private insurance ***shift from volume to value-based healthcare***, demand to reduce billing errors and implementation of big data analytics is expected to drive the healthcare RCM market.

***Private equity buyers are showing*** interest and have been active in this segment, as RCM technology promises to be a mainstay for the foreseeable future.

### Select Transactions

| Date | Target | Acquirer | Value ($mm) |
|---|---|---|---|
| 6/15/16 | navicure | BainCapital | NA |
| 5/4/16 | DocuTAP | Warburg Pincus | NA |
| 2/22/16 | brightree | ResMed | 800 |
| 1/25/16 | MedAssets | Pamplona Capital Management | 2,750 |

Evolve Capital Partners

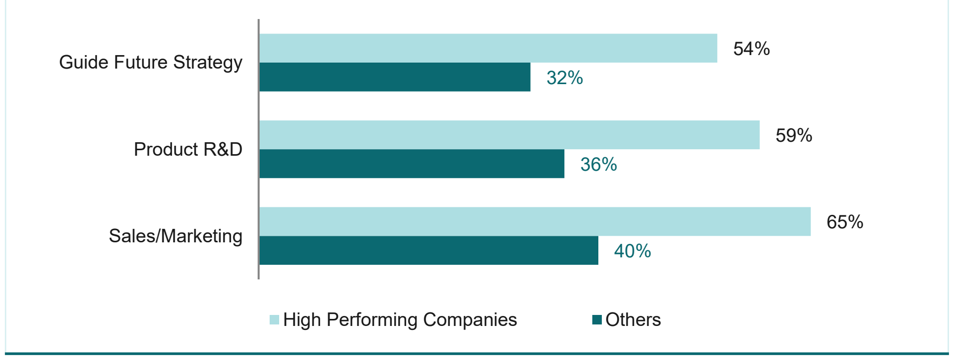
# Key Segments – Data Analytics

## Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

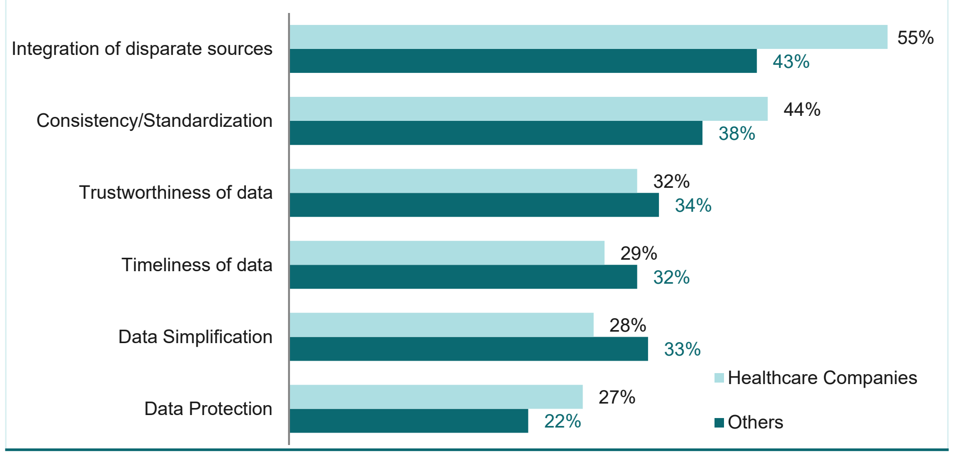
- Companies are using analytics to understand customer requirements, both in terms of required treatment and service expectations, and to design their services based on the insights generated from their data.
- Data analytics allows companies to identify inefficiencies throughout the patient care process, and reduce financial drain. Top-performing healthcare organizations use analytics in three areas: strategy formulation, product research and development, and sales & marketing.
- Over 90% of healthcare CIOs for top-performing organizations and 65% of healthcare CIO's for underperforming organizations cite insight and intelligence as a key focus for their organizations over the next three to five years.
- The addressable market in the healthcare industry has lured large technology companies such as IBM, GE, and Apple. These are examples of companies that have recently acquired healthcare analytics businesses, either directly or through their corporate venture arms.
- As healthcare companies look at increased use of data to create a more consumer-savvy and a more efficient organization, they are expected to continue building and strengthening their analytics capabilities. This could result in several more M&A and corporate venture transactions in the healthcare tech space over the coming quarters.
- Going forward, the three main data priorities for healthcare companies would be integrating disparate organizational sources, creating organization-wide consistencies (standardization), and making data more trustworthy. Many healthcare tech deals are expected to happen here.

Source(s): IBM, McKinsey, [1]IBM Global CIO Study

### Use of Analytics by Healthcare Companies




### Data Priorities – Healthcare Companies vs Other Industries



# Deal Activity

Evolve
Capital Partners

# Deal Activity

## Key Industry Transactions in Q2 2017

We monitor the financial technology space from all angles, this includes Insurance Tech, Healthcare Tech, Wealth Management Tech and related M&A transactions. Over the last few months, we have seen some of the large players in these markets, as well as in related markets make significant moves to acquire new capabilities, to increase their operating efficiency, improve their customer relationship management, and reduce their costs. PE and VC funds have also made several major investments in early stage companies in these areas, as they see several profitable exit opportunities in the near future.

### *Highlighted Transactions*

| Date | Target | Acquirer(s) | Value (mm) | Comments |
|---|---|---|---|---|
| 5/15/17 | Hamilton | AIG | $110.0 | Hamilton uses powerful data analytics and risk assessment models to provide superior risk underwriting services. The acquisition follows AIG's joint investment in SME insurance platform, Attune, along with Hamilton and Two Sigma Insurance Quantified. It will support AIG's commitment to transforming the process of underwriting, with the use of data analytics and technology. |
| 6/20/17 | scalable capital | BlackRock | $33.7 | Scalable Capital is a digital investment manager that provides personalized, globally diversified portfolios for its clients to invest in. Blackrock is the world's biggest asset manager, with an AUM of over $5.4 trillion. The funding will give Blackrock exposure to Europe's robo-advisory market and help Scalable expand its robo-advice business with financial institutions and corporates. |
| 6/1/17 | bright health | Greenspring Associates; Cross Creek Advisors | $160.0 | Bright Health Inc, provides health insurance that connects users to various physicians and healthcare services. The company provides its health insurance plans directly, via broker partners, and through public and private health insurance exchanges. The Company raised $160 mm in Series B funding from a consortium led by Greenspring Associates and including investors like Cross Creak and Redpoint Ventures. The Company will use the funds will to develop solutions to drive down healthcare costs, improve clinical outcomes, and enhance consumer and provider satisfaction. |
| 3/24/17 | next insurance | American Express; Markel; Munich RE | $29.0 | Next Insurance provides an online insurance platform that targets small to medium-sized businesses. The company raised $29 mm in Series A funding from a consortium comprising American Express, Markel and Munich Re's investment arm. The proceeds will help Next Insurance develop new products and expand into new sectors. |
| 3/7/17 | e4e | nthrive | NM | e4e is a healthcare services outsourcing company that provides a wide range of provider and payer solutions. nThrive provides patient-to-payment healthcare solutions to health care organizations. The acquisition will help nThrive expand its service capabilities in the patient-to-patient and billing and coding solutions segments. |

Source(s): Press releases, Capital IQ

# Company Interviews

# ECP Newsletter Overview

## Company C-Suite and Investors - Bios

STRATiFi

- Akhil Lodha is CEO and Co-Founder of StratiFi
- Prior to StratiFi, Akhil co-founded Sliced Investing, the first online hedge fund investing platform for individuals
- He holds a B.Tech. in Computer Science and Engineering from IIT Bombay and an MS in Computational Finance from Carnegie Mellon University

TheGuarantors

- Julien Bonneville is CEO and Founder of TheGuarantors
- Prior to TheGuarantors, Julien was a consultant at IMS Consulting Group
- He holds an MBA from Columbia Business School and an MSc from EESEC Business School

Vestwell

- Aaron Schumm is CEO of Vestwell
- Prior to Vestwell, he Co-Founded FolioDynamix, which was sold to Actua in 2014
- He holds an MBA from Duke University’s Fuqua School of Business and a BS in Finance from the University of Illinois

# StratiFi Overview

## Company Profile

STRATiFi

**Headquarters: San Francisco, CA**
**Founded: 2016**

Akhil Lodha
CEO & Co-Founder

Ralph Drybrough
Co-Founder & CIO

Prior to StratiFi, Akhil co-founded Sliced Investing, the first online hedge fund investing platform for individuals. Akhil was also a core member of the Investment Products and Analytics team at Motif Investing and he started as a quantitative trader on an automated options market making desk at Citigroup in New York. He holds a B.Tech. in Computer Science and Engineering from IIT Bombay and an MS in Computational Finance from Carnegie Mellon University.

Ralph manages the strategic direction of StratiFi, and has nearly 20 years of experience advising clients on the use of OTC options to mitigate risk and enhance returns. Prior to StratiFi, Ralph co-founded LOGe Risk Advisors, an investment management firm specializing in using option overlays for risk management; and Fort Point Capital Partners, a traditional wealth advisory firm. Before this, Ralph was a principal and financial advisor with Presidio Capital Advisors and before that, a financial advisor with Merrill Lynch & Co. He began his career in the financial industry at UBS/PaineWebber in Chicago, Illinois. Ralph received a B.A. in Journalism/History from Indiana University, Bloomington, Indiana.

### STRATIFI OVERVIEW

- StratiFi offers a financial technology platform built for advisors offering option-based risk management and portfolio hedging strategies to enhance client portfolios.
- The Company's proprietary risk scoring system ('PRISM') allows advisors to analyse and identify hidden portfolio risk.
- The company offers a platform designed to assist investment advisors and wealth managers in managing their portfolios in real time, to achieve targeted risk outcomes through option overlays and machine learning.
- This powerful web-based platform can help clients manage volatility in portfolios, hedge concentrated stock positions, prepare for tail risk events, reduce the impact of market drawdowns, and increase the longevity of the portfolio.
- Advisors have trusted StratiFi with over $300 million in client assets.

Source(s): Stratifi Website, CapIQ, Pitchbook

# StratiFi Overview

## Interviewee Profile and Company History

### PROFILE

PRATIK OSWAL
Associate, Strategy & Business Development

- Pratik focuses on Strategy and Business Development at StratiFi
- Prior to this, Pratik launched various strategic initiatives at one of India's largest financial services company where he worked in Investment Banking, Private Equity, Proprietary Trading and Wealth Management
- He is passionate about 'fintech' and how it can be leveraged to simplify and deliver financial services more effectively to all segments of the population
- Pratik graduated from Emory University, and holds an MBA from London Business School

### HISTORY

| | |
|---|---|
| **Over 50 Years of Experience** | The team has over 50 years of experience working with options, trading, systematic investment management, and software development. |
| **VC Backed** | khosla ventures, Y Combinator, Great Oaks Venture Capital, Maiden Lane, TriplePoint Venture Growth, Data Collective |
| **Experience from Top Companies** | Merrill Lynch, The Carlyle Group, citigroup, Focus Financial Partners, motif, Morgan Stanley, Quantopian, Palantir |
| **Merger** *January 1, 2016* | StratiFi was formed through the merger of Sliced Investing and LOGe Solutions in 2016. |

Source(s): Stratifi Website, CapIQ, Pitchbook

# StratiFi Overview

## Q&A with Pratik Oswal and Akhil Lodha, Stratifi

PRATIK OSWAL
Associate

AKHIL LODHA
CEO & Co-Founder

**Q: Please describe StratiFi's business to us in your own words.**

A: StratiFi is the first intuitive, low cost and scalable investment portfolio hedging service that allows wealth advisors to identify hidden risk in portfolios and use option overlays to protect them against downside to deliver better investment outcomes.

Our proprietary risk scoring system, 'PRISM', quantifies the hidden risk in client portfolios and delivers actionable insights by automatically identifying clients that would most benefit from an options overlay. The StratiFi Advisor Platform then provides easy access to a suite of overlay solutions at the click of a button. We leverage technology to reduce costs, remove complexity and systematically manage option overlays within client accounts providing an end-to-end solution for wealth advisors.

Our venture backed team has over 50 years of experience working with options trading, wealth advisory, systematic investment management, and software development. Currently, StratiFi manages ~$300mm across 450+ overlay accounts.

**Q: Why is now the right time for StratiFi's solutions?**

A: The hard truth is that large market loss events can and do occur. They happen in a variety of ways, differing in severity and length of time. We do not know when the next crisis will occur, but we believe the next crisis is unlikely to give investors fair warning, so preparation is key. We strongly believe that downside protection via a systematic hedging strategy is a more effective way of portfolio outperformance compared to chasing alpha.

How? Avoiding even a portion of a large loss event can greatly increase the compounding power of a portfolio. By losing less during downturns, a hedged portfolio can recoup its losses more quickly once the market rebounds. Thus, the hedged portfolio, having lost less than an unhedged portfolio, enables the investor to begin enjoying more of the positive benefits of compounding.

**Q: What is StratiFi's revenue model?**

A: StratiFi charges fees as a % of AUM. Our pricing ranges from 0.50%-0.75% depending on strategy selection.

# StratiFi Overview

## Q&A with Pratik Oswal and Akhil Lodha, Stratifi (Continued)

PRATIK OSWAL
Associate

AKHIL LODHA
CEO & Co-Founder

**Q: What new technologies have enabled StratiFi to launch its service?**

A: StratiFi is a complete end to end solution built for Investment Advisors. Some of our technologies include:

- **PRISM:** Our proprietary risk scoring system(‘PRISM’) allows advisors to analyze and identify hidden portfolio risk. We also offer recommendations on investment overlays based on risk scores from PRISM.
- **Proposal Generation:** StratiFi has built one of the first option strategy back testing solution. This allows investment advisors to back test and generate PDF reports as business development and education tools for end clients. We feel options are tremendously complicated and we help advisors break it down and assess its long-term impact via our proposal generation tool.
- **Reporting Solution:** We have built a tool optimized for options performance reporting. The performance reports can be customized, white-labelled and can be shared with clients.
- **Unified Managed Account (UMA) platform:** The StratiFi UMA platform allows us to access end client accounts without the need to move assets. Along with multi-custodial integrations, we make client onboarding seamless and non-disruptive.
- **Sophisticated Trading System:** Our trading infrastructure allows us to automate, scale and trade in thousands of client accounts with ease. We currently execute, manage and monitor over 500+ overlay strategies.

**Q: How big is the market opportunity?**

A: We believe every investor with a long-term investment portfolio benefits from an option overlay. Financial Advisors have over $2 trillion invested in equity markets. In the past, due to complexity in trading and execution, option overlays were only available to institutional investors. StratiFi aims to make it commercially available to all.

In addition, reduction in trading costs, increasing liquidity and automation in investment management makes it viable to manage portfolio risk via an options overlay.

# StratiFi Overview

## Q&A with Pratik Oswal and Akhil Lodha, Stratifi (Continued)

PRATIK OSWAL
Associate

AKHIL LODHA
CEO & Co-Founder

**Q: What are the key hurdles / challenges that StratiFi faces?**

A: Option education and awareness is one of our biggest challenges. As a result, a huge proportion of advisors are still wary of using options in their client portfolios. Its one of the reasons why our business is sales intensive as opposed to marketing intensive.

In addition, portfolio protection is a relatively new concept in financial services. Most advisors fail to understand the value of capturing downside movement in stock portfolio and how powerful it could be for effective long-term performance. Lastly, a huge proportion of advisors see options as instruments of speculation. They fail to see that options are also the most widely used risk management tools used by all global financial institutions.

**Q: What are your key growth drivers?**

A: Our distribution strategy of targeting investment advisors has huge scaling benefits. We believe we can leverage relationships built between advisors and clients over generations.

Financial Advisors could leverage StratiFi's white-labelled platform to differentiate their offerings from traditional RIA's. Lastly, changing demographics such as aging has led to Investment Advisors focusing on capital preservation. Our strategies not only provide this but also reduce volatility in investment portfolios. At the end of the day, our clients cannot control or predict if they are going to retire in a Bear or a Bull market.

**Q: How is StratiFi differentiated against potential competitors? Who are your closest competitors right now?**

A: Historically, portfolio hedging have been expensive and underperform indexes due to investors giving up upside participation during bull markets. StratiFi's unique approach and proprietary investing strategy enables investors to get downside protection without the need to give up upside equity participation.

Almost all of our competitors are smaller boutique firms which provide similar solutions but are not technology enabled and hence not scalable.

# StratiFi Overview

## Q&A with Pratik Oswal and Akhil Lodha, Stratifi (Continued)

PRATIK OSWAL
Associate

AKHIL LODHA
CEO & Co-Founder

**Q: What industry trends are providing tailwinds for StratiFi?**

A: Three major industry trends provide tailwinds for StratiFi:

1. **Movement to passive investing:** High investment management fees along with poor long-term performance over benchmarks has led to a movement towards passive investing. Investors believe low-cost index ETF's deliver most value. StratiFi's overlays strategies are complementary to a long-term passive investment portfolio.
2. **RIA's fastest growing category:** RIA assets have more than doubled over the last five years, representing the highest growing category of asset managers. This is driven by advisors leaving banks and wirehouses to set up their independent practice.
3. **Tech enabled advisors:** The RIA industry is currently in transformation as most advisors are looking for complete technology enabled solutions. These solutions enable advisors to focus on their relationships and outsource all administrative, back-office and execution.

**Q: Are there any other industries that can make use of StratiFi's technology platform, beyond advisors?**

A: Although our platform is built for advisors, we are currently exploring multiple partnerships with other platforms focussed in the RIA space. We are also in the process of building a suite of API's which allow quick and efficient integration for companies that offer Account Aggregation, Reporting Systems, Robo-Solutions, Rebalancing solutions and Data Aggregators.

**Q: What do you think the future of investment management holds? Will the direction shift towards machine learning, data science and automation?**

A: Despite various headwinds and advancements made in automated wealth advisory, we feel that personal relationships are here to stay in the medium-term. However, technology adoption has been strong with advisors leveraging technology to outsource and automate all administrative and execution responsibilities.

With active investing becoming scarce as advisors move to adopt low-cost passive investing strategies, we feel portfolio protection is going to be increasingly important as advisors feel the need for differentiation and as change in demographics increase focus on wealth preservation.

**Thank you Pratik and Akhil.**

# TheGuarantors Overview

## Company Profile

**Headquarters: New York, NY**
**Founded: 2014**

Julien Bonneville
CEO & Founder

Prior to TheGuarantors, Julien was a consultant at IMS Consulting Group. He was also the Founding Partner for Sanisphere, a consulting and market data firm providing health and pharmaceutical intelligence in developing countries. He holds an MBA from Columbia Business School, and a MSc from ESSEC Business School.

Bob Schmidt
Co-Founder & Managing Director

Prior to TheGuarantors, Bob was a leasing manager at TF Cornerstone, where he managed the East Coast Leasing project in Long Island City. He was also the Founder of Rentassure Agency, a rental warranty insurance company, and Donnin Publishing, a company that published online and print products. He holds a BA from Bryant University.

### THEGUARANTORS OVERVIEW

- TheGuarantors provide a rental lease guarantee service for landlords and renters, and provides the same security as a lease prepayment for landlords at no additional cost.
- Through its tech-enabled lease guarantee platform, TheGuarantors connects renters who cannot secure a lease on their own, due to insufficient credit, income or credit history, with an insurance-backed co-signer through The Hanover Insurance Group, a Worcester, Mass., based holding company for several property and casualty insurance companies.
- Potential tenants that don't meet landlord requirements without a lease guarantee can submit a free application online and upload supporting documents through the website, allowing applicants to secure approval within 12 hours of submission.
- Cliff Finn, executive vice president of new development at Douglas Elliman in New York, said 10% to 30% of the tenants in buildings he is leasing are now insured through TheGuarantors.

Source(s): TheGuarantors Website, CapIQ, Pitchbook, Wall Street Journal, LinkedIn

# TheGuarantors Overview

## Interviewee Profile and Company History

### PROFILE

LARRY SOLOMON
Managing Director

- Larry is Commercial Director at TheGuarantors
- Prior to TheGuarantors, Larry was Chief Operating Officer at Exceed Investments
- He previously held senior positions at UBS, Barclays, and McKinsey
- Larry graduated from Cornell University, and holds an MBA from Columbia Business School

### HISTORY

| | |
|---|---|
| **Residential Lease Guarantee** | The product is currently profitable after 8 months with a $500 million market potential. |
| **VC Backed** | PARTECH VENTURES, Eastbridge, WHITE STAR CAPITAL, SILVERTECH VENTURES, residence ventures, Alven capital, kima ventures |
| **Experience from Top Companies** | McKinsey&Company, TFCORNERSTONE, UBS, ims consulting group |
| **Financing** *November 23, 2015* | The company raised an undisclosed amount of seed funding from Kima Ventures, 50 Partners and Alven Capital. DTH Capital, Arnaud Achour, Fides+Ratio, Partech Ventures, Residence Ventures and White Star Capital also participated in the round. |

Source(s): TheGuarantors Website, CapIQ, Pitchbook, LinkedIn

# TheGuarantors Overview

## Q&A with Larry Soloman and Julien Bonneville, TheGuarantors

LARRY SOLOMON
Managing Director

JULIEN BONNEVILLE
CEO & Founder

**Q: Please describe TheGuarantors' business to us in your own words.**

A: We are an Insurtech startup with two main lines of business - the first is our residential business and the second is our newly developed commercial group. Our core product offering within the residential space is a Lease Rental Guarantee that helps tenants qualify for apartments that would otherwise be beyond their reach, while also protecting landlords against default risk. In New York (and elsewhere), there are many creditworthy people that simply don't meet the tough requirements of New York landlords. These include students, foreign nationals, freelancers and others that typically lack traditional credit profiles and don't meet the high approval threshold required by many rental buildings (e.g., income greater than 40x rent, credit score greater than 700, etc.). That's where we come in. The Guarantors uses underwriting and industry experience to mitigate the landlord's fear of the unknown by insuring -- or guaranteeing -- the tenant's rental payments.

Within the commercial space, we have developed an innovative new insurance product that helps to optimize risk allocation between commercial tenants and landlords. We expect to launch our new commercial offering very soon, along with several new products within adjacent markets, so stay tuned for more updates!

**Q: Why is now the right time for TheGuarantors' solutions?**

A: The real estate and insurance industries are two historically conservative markets that are undergoing rapid transformation as they embrace new technology. A number of Insurtech startups have come into play over the last few years (i.e. Oscar, Lemonade), changing the mindset of these relatively mature industries and helping pave the way for new startups offering niche insurance products. As Insuretch continues to reshape the industry, the timing could not have been better for us to offer our innovative products and solutions in a space ripe for disruption.

**Q: What new technologies have enabled TheGuarantors to launch its service?**

A: We have built a platform that automates 85% of our processes while allowing for critical human judgment during underwriting. Our focus on smart automation allows us to be incredibly agile and build features to serve our customers' future needs. This also enables us to provide data and insights to landlords and partners to accelerate the overall flow of landlord-tenant negotiations.

# TheGuarantors Overview

## Q&A with Larry Soloman and Julien Bonneville, TheGuarantors (Continued)

LARRY SOLOMON
Managing Director

JULIEN BONNEVILLE
CEO & Founder

**Q: What is TheGuarantors' revenue model?**

A: Renters that apply for our Lease Rental Guarantee pay a one-time up-front fee, around 5-10% of the total annual rent amount. The renter is purchasing a surety bond from us, with the landlord as beneficiary. These premiums account for our revenue and incentivize us to do our diligence to reduce claims. We're good at that, so the model works well.

**Q: How big is the market opportunity?**

A: For our core residential lease guarantee product, the NYC market is around $200 million in premium per year. Nationwide, we will be prioritizing our expansion efforts in 8-10 U.S. cities with a combined market size of over $500 million in premium per year. For our commercial product, we're excited about entering a market that is exponentially larger than that of our residential business, with initial research suggesting a market opportunity upwards of $10 billion in untapped premiums.

**Q: What are the key hurdles / challenges that TheGuarantors face?**

A: We were the new kid on the block. We had to convince landlords to accept our product in a space with a low appetite for change and innovation. It required a leap of faith at first, plus persistence, flexibility and stellar sales and execution. Relationship development and trust is paramount in the real estate industry and we were very fortunate to have established real estate partners who believed in our value proposition and understood the benefits of our product. At the end of the day, trust is something that you earn -- we take that notion very seriously.

**Q: What are your key growth drivers?**

A: This really goes back to our distribution strategy of building strong relationships within the real estate community. We use a B2B2C distribution model, and our partnerships with brokers and landlords have been key to our successful growth in the NYC market. We also take client feedback seriously and are continually implementing new changes to improve the experience of our users. This has helped us further solidify trust from stakeholders, increase usage, and ultimately drive business growth.

# TheGuarantors Overview

## Q&A with Larry Soloman and Julien Bonneville, TheGuarantors (Continued)

LARRY SOLOMON
Managing Director

JULIEN BONNEVILLE
CEO & Founder

**Q: How is TheGuarantors differentiated against potential competitors? Who are your closest competitors right now (Insurent etc.)?**

A: No one can compete with our level of service and coverage. Our main competitive advantages include (a) our distribution strategy consisting of strategic partnerships and referrals, (b) our technology platform allowing for smart automation of applications, underwriting and claims, and (c) our seamless and responsive user experience. It also doesn't hurt that our prices are competitive and we are consistently heeding customer feedback as we roll out new products and expand into untapped markets.

**Q: Please describe your relationship with The Hanover Insurance Company.**

A: The Hanover Insurance Company is an A-rated insurance carrier that backs all our policies and carries all the risk in the case of tenant default. Our relationship with Hanover is very unique in that they really trust us to manage all aspects of the product, even though Hanover ultimately bears responsibility for claims. For example, we hold the underwriting pen, manage claims, design the insurance products from end to end, and are responsible for all the marketing. Hanover is our balance sheet provider, but we do all the rest.

**Q: Are there other rental markets that you intend to expand to, beyond New York City and New Jersey?**

A: We plan to roll out our product across the 10 largest metro markets over the next year or so. We are also working on several new products in both the residential and commercial space that will be a huge win for us and our stakeholders. Although our current product is great for NYC, we are very excited for our national rollout and product line expansion.

**Q: What do you think the future of insurance needs for landlords holds? What other products are you looking into?**

A: Landlords have traditionally lacked visibility and access to the insurance industry. At the same time, insurance can be opaque and highly complicated, making it difficult for an insured to understand what is actually covered in their insurance policy. This has created a real market need to simplify policy information and provide a higher level of transparency across insurance processes. Consumers want to better understand their options and what they are covered for, and our technology and products have enabled that to happen.

**Thank you Larry.**

# Vestwell Overview

## Company Profile

**Headquarters: New York, NY**
**Founded: 2016**

Aaron Schumm
CEO

Prior to Vestwell, Aaron Co-Founded FolioDynamix, a financial services company, that was sold to Actua in 2014. He has over 15 years of FinTech, FinServ and wealth management experience, including positions held previously at Northern Trust, Citigroup and Fiserv. He holds an MBA from Duke University's Fuqua School of Business and a BS in Finance from the University of Illinois.

Joshua Keay
Chief Product Officer

Joshua also Founded Magnetism Studios, a New York based App Studio, and created over 20 apps. He was also Founder and CEO of Spontaneously, a venture-backed company that built consumer social products. He previously worked for Apply, Airbnb and IAC. Joshua has over 10 years of software product design experience focused on consumer applications. He holds a BA from Massachusetts College of Art and Design.

### VESTWELL OVERVIEW

- Vestwell offers a white-labeled, unbundled turnkey online platform which provides automated retirement investing options for RIA's depending on the latest rules and regulations of 401(k), 403(b), and other defined contribution & benefit solutions to companies and their employees.
- The company's full product suite includes investment services, trading, administration, custody, record-keeping, and trustee services, where the company takes over the fiduciary responsibilities on behalf of the financial advisor and plan sponsor.
- Vestwell's digital platform allows for seamless plan design, automated on-boarding, and low-cost investment strategies, making it easier for employers to offer a retirement plan. Vestwell becomes an extension of the financial advisor's services, acting in everyone's best interest, while scaling through technology and allowing financial advisors to focus on clients.
- Vestwell believes that low fees lead to more savings, and Vestwell's fees are lower than the industry average. This means that their clients' employees can keep more money in their accounts and save more money for retirement.

Source(s): Vestwell Website, CapIQ, Pitchbook

# Vestwell Overview

## Interviewee Profile and Company History

### PROFILE

AARON SCHUMM
CEO

- Aaron already Co-Founded and sold one financial services company, FolioDynamix
- His first working experience in the financial advice industry in Chicago was focused on retirement plans and managed accounts, which set the tone for his career
- Aaron has also been active with various charitable organizations, including being a mentor in a program for inner city, high school students that encourages them to participate in skateboarding, surfing and snowboarding
- Their sole intent is to help people save for the future and help people make better decisions in that process, to take themselves to the next level

### HISTORY

| | |
|---|---|
| **$4.5 million**<br>September 9, 2016 | The company raised $4.5 million of seed funding in a deal led by FinTech Collective on September 9, 2016. F-Prime Capital Partners, Primary Venture Partners, Commerce Ventures and William Maw also participated in this round. |
| **VC Backed** | FINTECH COLLECTIVE, PRIMARY VENTURE PARTNERS, F-PRIME, CV COMMERCE VENTURES |
| **Experience from Top Companies** | citigroup, fiserv., airbnb, COLUMBIA THREADNEEDLE INVESTMENTS, J.P.Morgan Asset Management, Goldman Sachs, NORTHERN TRUST, Apple, UBS, pwc, BLACKROCK |

Source(s): Vestwell Website, CapIQ, Pitchbook, InvestmentNews

# Vestwell Overview

## Q&A with Aaron Schumm, Vestwell

AARON SCHUMM
CEO

**Q: Please describe Vestwell's business to us in your own words.**

A: Vestwell is a full-service, unbundled turnkey retirement platform. Vestwell is not a traditional recordkeeper, a third-party administrator, or an asset manager. We are an independent firm and this independence allows us to create solutions that truly address the needs of advisors, plan sponsors, and participants separate from other corporate or business goals.

We built a single, scalable digital platform to assemble a network of retirement vendors, and, more importantly, act as a single point of contact for the advisor and plan sponsor. This platform enables us to offer advisors flexibility and personalization, so they can create a plan that best meets the needs of his/her clients.

**Q: Why is now the right time for Vestwell's solutions?**

A: 75% of Americans rely on their 401(k) or 403(b) as their only source of invested assets. We all know that Americans are drastically unprepared financially for retirement. We are helping to change that, specifically through financial advisors. Upwards of 90%+ of plans with less than $50M in assets are sold through financial advisors. However, most of the platforms and services advisors have had at their disposal to date are not going to help their plan sponsor and participant clients save as much as possible for retirement. Vestwell is trying to change that, doing what's right by everyone in the equation.

**Q: What new technologies have enabled Vestwell to launch its service?**

A: Being that Vestwell is in an highly regulated industry, from an SEC, ERISA, DOL and IRS perspective, it is of the utmost importance to us and our clients that all of our technology is rock solid. We use Node.js, Scala, RDS/PostreSQL, within Docker containers, and hosted at AWS with portability to multiple environments.

# Vestwell Overview

## Q&A with Aaron Schumm, Vestwell (Continued)

AARON SCHUMM
CEO

**Q: What is Vestwell's revenue model?**

A: In a full-turnkey offering, where we offload as much of the the fiduciary responsibility as possible on behalf of the advisor and plans sponsor, we typically charge a basis point fee. For tech-only offerings, we have varying pricing models. All-in, our fees are generally 1/3 the cost of the traditional providers, AND we include more technology, servicing and scalability.

**Q: How big is the market opportunity?**

A: ~$24T+

**Q: What are the key hurdles / challenges that Vestwell face?**

A: We service retirement plans in a highly regulated environment. To that extent, there will always be challenges. As a quick example, broker-dealers are currently trying to revamp their revenue models in the wake of the new DOL fiduciary rule, which went into effect on June 9th, 2017. They are in a more challenging position than their independent RIA counterparts.

We at Vestwell stand by the credence to do what is right by everyone in the equation from advisors to plan sponsors to participants. Unfortunately, shifting a long-standing model for a broker-dealer, in that regard can be a challenge. However, we do see a lot great, positive progress on all fronts of the industry.

From the Vestwell position, we are perfectly aligned with firms who choose to do what's in the best interest of their clients.

# Vestwell Overview

## Q&A with Aaron Schumm, Vestwell (Continued)

AARON SCHUMM
CEO

**Q: What are your key growth drivers?**

A:  The key drivers are locking up channel partners that translate to plans, participants and assets on the platform.  We have been very fortunate to lockup some massive channel partners that are already bringing clients onto the platform, along with a few others that will be announced shortly

**Q: How is Vestwell differentiated against potential competitors? Who do you consider your closest competitors right now?**

A: Four key differentiators (1) we are recordkeeper agnostic, meaning we can sit across one or more RK's at any given moment.  (2) primarily try to leverage ETF's and trade intra-day, keeping cost down and best execution in the forefront.  (3) The platform is white-labeled and driven by financial advisors vs. the newer entrants trying to disintermediate advisors.  (4) We allow third party asset managers strategists, and DCIO's and plug in, manage and distribute their retirement services.

A: Competitively, this industry has been around for 40 years, so it's been slice many ways.  Primarily, we find advisors bring us plans that would typically go to a large traditional provider, or a payroll provider.

**Q: What industry trends are providing tailwinds for Vestwell?**

A: Obviously, the DOL Fiduciary Rule is great.  We are huge fans, and excited here at Vestwell to help advisors reengage their client interactions on a level that helps everyone save as much as possible for retirement, while removing the confusion, cost and liability that typically come with it.

# Vestwell Overview

## Q&A with Aaron Schumm, Vestwell (Continued)

AARON SCHUMM
CEO

**Q: Are there other segments that can make use of Vestwell's technology platform, beyond retirement investments?**

A: Our platform is built to service independent RIA's, broker-dealers, bank/trust custodians, asset managers, MF/ETF strategists, DCIO's, companies and employees. Our focus is on retirement investing currently, with their being such a need for our solution. But, we will be expanding into other market segments. So, stay tuned!

**Q: What do you think the future of retirement investment management holds? Will the direction shift towards algorithms and automation?**

A: Technology will continue to enhance and enrich our lives, whether it be at the end consumer level or further upstream. My background is in working with financial advisors for nearly all of my career. I'm a huge advocate of what they do and how they do it. Even though the vast majority of retirement plans are sold through advisors, we have to make sure they are equipped to help change their end client conversations. I want financial services to refocus on *services*. And financial advisors to provide *advice*. If Vestwell can give tools to advisors to grow, scale and manage their businesses, while providing the best advice and services possible to their plan sponsor and participant clients, in addition to mitigating fees and risk… then I will feel we have done our part to help Americans save properly through Vestwell.

**Thank you Aaron.**

# Transaction Themes

Evolve
Capital Partners

# Transaction Themes – Insurance Tech

**Insurance Tech**, Wealth Management Tech, and Healthcare Tech

- M&A activity in the insurance tech segment has been strong in recent quarters, as industry incumbents are realizing the importance of a technology revolution in the insurance industry. with several new startups coming up in the insurance tech space. While warm to the idea of a tech-based business overhaul, most insurance companies are uncertain on how to go about this overhaul internally. This is mainly because the insurance value chain has several components, all of which require a technological transformation. Investing in the in-house transformation of such a fragmented business can be expensive and hard to manage. To overcome these challenges, companies are picking and choosing young insurance tech businesses that focus on individual components of the insurance value chain.

- Although these businesses hold great promise, being young, many of them can be acquired at reasonable valuations. As a result, incumbents are finding acquiring tech capabilities inorganically more efficient than developing them in-house. Consequently, deal volumes in the insurance tech space have increased and insurance tech accounts for 17% of all deals made by insurers. According to CB Insights, deal activity involving insurance tech startups rose 518% between 2012 and 2016.

## *Relevant Recent Transactions (1/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 5/8/17 | OneDigital Health and Benefits | NMC New Mountain Capital LLC | M&A | $560.0 | New Mountain Capital, a leading growth-oriented investment firm based in NYC, acquired OneDigital Health and Benefits, the nation's largest employee benefits-only company from Fidelity National Financial Ventures. New Mountain will provide strategic guidance and industry expertise to help drive OneDigital's continued growth. |
| 5/5/17 | policy genius | Norwest Venture Partners; Karlin Ventures; revolution | Financing | $30.0 | PolicyGenius, a leading consumer insurance startup, announced today that it closed a $30 million Series C funding round led by Norwest Venture Partners. The company puts financial protection within reach for consumers through instant, accurate online quoting and smart digital advice tools for life, health, renters, long-term disability and pet insurance. |
| 5/3/17 | BrightClaim | GENPACT Generating Impact | M&A | $55.0 | Genpact, a global professional services firm focused on delivering digital transformation for clients, has acquired BrightClaim and its associated company National Vendor, both leading providers of integrated claims solutions to the U.S. property and casualty (P&C) insurance market. The acquisition marries domain expertise with advanced technologies to fundamentally change how insurers manage the claims process, allowing carriers to create a seamless claims experience for their customers. |

Sources: Press Releases, Capital IQ

# PE/VC Financing Themes – Insurance Tech

**Insurance Tech**, Wealth Management Tech, and Healthcare Tech

### *Relevant Recent Transactions (2/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 4/27/17 | Automatic | SiriusXM | M&A | $115.0 | SiriusXM, the world's largest radio company by revenue has acquired Automatic Labs Inc., a leader in connected vehicle data and analytics. The acquisition deepens and expands SiriusXM's connected vehicle offerings for drivers nationwide and automakers. |
| 3/24/17 | next insurance | Nationwide, Markel, Munich RE | Financing | $29.0 | Next Insurance provides an online insurance platform that targets small to medium-sized businesses. The company raised $29 million in Series A funding from a consortium comprising American Express, Markel and Munich Re's investment arm. The proceeds will help Next Insurance develop new products and expand into new sectors. |
| 1/26/17 | Valen Analytics | insurity | M&A | NM | Insurity, Inc., an industry leading provider of core insurance processing and data integration, and analytics solutions, acquired Valen, a provider of proprietary data, analytics and predictive modeling for P&C insurers. The acquisition strengthens Insurity's existing portfolio of products while adding new, key capabilities. Valen benefits from the additional resources provided by Insurity |
| 1/23/17 | Arium | Verisk Analytics | M&A | NM | Verisk Analytics, Inc., a leading data analytics provider, acquired Arium, an independent company specializing in liability risk modeling and decision support. Arium will become part of AIR Worldwide catastrophe property risk management division, a Verisk Analytics business, and will enable AIR to provide its clients with additional modeling solutions and analytics for the casualty market. |

Sources: Press Releases, Capital IQ

# Transaction Themes – Wealth Management Tech

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

- On a quarterly basis, investments to wealth tech has been on a general upward trend in the last 5 quarters. 2016 set a new record for wealth tech deals globally with 98 deals worth $796 mm being announced during the year. 2017 has already seen over 40 investments worth approximately $315 mm, with 65% of these being early stage deals (i.e. seeds and Series A deals). Financing activity is projected to intensify this year, with both, transactions volumes and values surpassing 2016's aggregates. The year is projected to end with 115 deals and a total funding amount of $905 mm.
- A high percentage of funding and M&A deals have occurred in the robo-advisory and machine learning spaces. As a result of the growing demand for robo-advisory and machine learning capabilities, both wealth managers and tech companies have been lining up to acquire early-stage wealth management tech companies.
- VC and PE funds too have been lining up to fund wealth management tech companies, as they see the opportunity of highly profitable exits in the future. As a consequence of high VC/PE interest in this space, valuations of select wealth management tech companies have skyrocketed. Robo-advisors received over $1.3 bn in financing globally between 2012 and YTD 2017 (till April 17, 2017), and 57% of these deals involved US-based companies.

### *Relevant Recent Transactions (1/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 6/20/17 | scalable .CAPITAL | BlackRock | Financing | $33.7 | Scalable Capital is a digital investment manager that provides personalized, globally diversified portfolios for its clients to invest in. |
| 5/25/17 | Prumentum Group | fremont; The Cynosure Group | Financing | $25.0 | Financing. $25 mm Series A. Prumentum Group is coming to market with a unique value proposition, looking to combine the technology chops of a roboadvisor with the human touch of a registered investment advisor. To do so, the company has built a tech platform, raised $25 mm in funding, and acquired a minority stake in a financial advisory firm. |
| 5/11/17 | Wealthsimple | Power Financial Corporation | Financing | $37.0 | Financing. $37 mm Series B. This brings their total investment in Wealthsimple to $74 mm to date. The two-year old company has over $750 mm in assets under administration and more than 30,000 clients in the US and Canada. |

Sources: Press Releases, Capital IQ

# Transaction Themes – Wealth Management Tech

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

### *Relevant Recent Transactions (2/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 5/23/17 | FASTMATCH | EURONEXT | M&A | $153.0 | Euronext is to acquire FastMatch and expand into global FX markets. The transaction is to strengthen Euronext's product and geographic diversification and accelerate growth profile by combining FastMatch's leading-edge technology, entrepreneurial spirit and talent with Euronext's network, brand, neutrality and industry positioning. |
| 4/27/17 | KREDIBLE | AdvisorEngine | M&A | NM | AdvisorEngine Inc., a digital wealth management platform, has acquired the assets of Kredible Technologies, Inc. ("Kredible"), a technology-enabled, research-driven firm. The acquisition grants AdvisorEngine the ability to attract more prospects and win more business by optimizing their digital presence, such as their social profiles and organic search rankings; access to relevant content and analytics; a behavioral, research-based online property for each advisor that helps fill a void in most financial advisors' online presence. |
| 4/20/17 | KCG | VIRTU FINANCIAL | M&A | $1,400.0 | Virtu Financial Inc. agreed to acquire high-speed trading rival KCG Holdings Inc. for $1.4 billion, tying up two giant market makers as industry profits shrink. Although New York-based Virtu and KCG compete in markets including stocks, futures, currencies and bonds, the deal pushes Virtu into business lines it has shied away from. That new terrain includes carrying out trades for big money managers and filling individual investors' trades on behalf of retail brokerages such as E*Trade Financial Corp. and TD Ameritrade Holding Corp. |

Sources: Press Releases, Capital IQ

# Transaction Themes – Healthcare Tech

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

- Tightening regulations and greater market pressures have driven hospitals to consolidate and to seek tech-based ways to improve their diagnostic capabilities, patient experience, and health management processes. This has resulted in several health tech deals in recent years, where hospitals have acquired digital health care, high-tech medical devices, and diagnostic companies.
- 33% of all funding and M&A deals done by hospitals since 2012 were with digital health companies. Several hospitals have formed investment vehicles to scout attractive tech investment opportunities in mid stage companies. Healthcare companies and tech companies outside the hospital and nursing home space have acquired tech capabilities like revenue cycle management and healthcare payments processing.
- PE funds like Temasek, Warburg Pincus, and Sequoia have also been active in the healthcare tech space.

### *Relevant Recent Transactions (1/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 5/17/17 | GHX Global Healthcare Exchange | TEMASEK | M&A | $1,800.0 | Temasek, the sovereign wealth fund of Singapore, acquired Global Healthcare Exchange, LLC (GHX), a provider of connected, intelligent healthcare supply chains. The addition of Temasek to GHX's ownership will fuel its growth and commitment to drive improved efficiency and results in healthcare. |
| 5/3/17 | ZirMed | KoanHealth | M&A | NM | Koan Health, a leading health care analytics and advisory firm, has acquired ZirMed Inc.'s, value-based care analytics business. The acquisition greatly expands Koan's core capabilities in clinical data integration, quality analytics and quality measure management. |
| 4/24/17 | Forecast Health | Lumeris | M&A | NM | Lumeris, a leading provider of Value-Based Care Managed Services, has acquired Forecast Health, an advanced analytics and predictive modeling company. |
| 3/13/17 | eliza. | hms | M&A | $170.0 | HMS Holdings Corp., a leading provider of coordination of benefits, payment integrity and care management solutions for payers, acquired Eliza Corporation a leading healthcare engagement management solutions provider. The acquisition grants HMS the ability to position itself as a one-stop source for cost containment initiative. |
| 1/26/17 | covermymeds | McKesson Empowering Healthcare | M&A | $1,400.0 | McKesson, a healthcare services and information technology company has acquired covermymeds. The acquisition will strengthen McKesson's technology products to pharmaceutical manufacturers, clinicians and payers |

*Sources: Press Releases, Capital IQ*

# Transaction Themes – Healthcare Tech

Insurance Tech, Wealth Management Tech, and **Healthcare Tech**

## *Relevant Recent Transactions (2/2)*

| Date | Target | Acquirer(s) | Type | Value (mm) | Transaction Details |
|---|---|---|---|---|---|
| 5/11/17 | Clover | GV; WTI; Palm Drive Ventures | Financing | $130.0 | Clover Health, provider of an online health insurance platform and services for Medicare patients, raised $130 million in financing led by Greenoaks Capital Management. Participants include Alphabet Inc.'s venture arm GV and other investors. This latest round of financing brings Clover's valuation up to $1.2 billion. |
| 5/10/17 | Modernizing Medicine | Warburg Pincus | Financing | $231.0 | Warburg Pincus, a global private equity firm focused on growth investing, made a substantial investment of $231 million into Specialty-specific health information technology leader Modernizing Medicine, Inc. Funds will be used by the company to provide liquidity to existing shareholders, fund further expansion and support future strategic endeavors. |
| 4/19/17 | Solv. | Benchmark Capital | Financing | $6.5 | San Francisco-based Solv Health, which is developing an app that allows people to find and book same-day doctor's appointments at urgent care clinics, has raised $6.25 million in Series A funding. The investment round was led by Benchmark Capital and the new funding will be used to expand testing to more users around the state. |
| 4/4/17 | HealthEngine | Sequoia; GoCapital | Financing | $26.7 | Medical appointment booking business HealthEngine raised $26.7 million of Series C funding led by Sequoia India. The latest capital injection will go toward advertising and marketing efforts. |
| 3/30/17 | decisely | Two Sigma Private Investments; EPIC Insurance Brokers & Consultants | Financing | $60.0 | Decisely, a HR and benefits platform for small businesses, received a $60 million funding commitment from Two Sigma Private Investments and EPIC Insurance Brokers and Consultants. The funding will be used to make HR, benefits insurance and employee administration simple and painless for small businesses in the US. |

Sources: Press Releases, Capital IQ

# Public Comparables

# Public Trading Comparables

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

*(All figures in $. Figures in millions, except per share data, as of June 30, 2017)*

### Online Distributors

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| Moneysupermarket.com Group PLC | $4.58 | 100.0% | $2,424 | $2,479 | $391 | $135 | 6.0x | 17.3x |
| Bankrate, Inc. | $12.33 | 100.0% | $1,216 | $1,103 | $459 | $96 | 2.6x | 12.4x |
| iSelect Limited | $1.49 | 91.2% | $286 | $339 | $133 | $19 | 2.0x | 14.3x |
| eHealth, Inc. | $18.27 | 94.8% | $269 | $337 | $192 | $7 | 1.4x | 38.0x |
| QuinStreet, Inc. | $3.93 | 84.9% | $137 | $179 | $297 | ($3) | 0.5x | NM |
| **Mean** | | | | | | | **2.5x** | **20.5x** |
| **Median** | | | | | | | **2.0x** | **15.8x** |

### Insurance Software and Services

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| Guidewire Software, Inc. | $69.32 | 98.6% | $4,678 | $5,156 | $474 | $25 | 9.7x | NM |
| Ebix, Inc. | $55.65 | 85.5% | $1,953 | $1,755 | $306 | $111 | 6.3x | 17.4x |
| Crawford & Company | $8.98 | 62.5% | $691 | $505 | $1,099 | $101 | 0.6x | 6.3x |
| Sapiens International Corporation N.V. | $11.80 | 73.8% | $584 | $579 | $223 | $23 | 2.6x | 25.5x |
| Patriot National, Inc. | $2.41 | 24.2% | $211 | $65 | $233 | $32 | 0.9x | 6.9x |
| Majesco | $4.88 | 77.6% | $179 | $178 | $122 | $4 | 1.5x | 39.9x |
| Symbility Solutions Inc. | $0.32 | 76.8% | $72 | $77 | $27 | NM | 2.7x | NM |
| **Mean** | | | | | | | **3.5x** | **19.2x** |
| **Median** | | | | | | | **2.6x** | **23.4x** |

Source: Capital IQ

# Public Trading Comparables

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

*(All figures in $. Figures in millions, except per share data, as of June 30, 2017)*

**Diversified Insurers**

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| Allianz SE | $194.60 | 97.7% | $102,584 | $88,555 | $113,874 | $12,261 | 0.9x | 8.8x |
| AXA SA | $26.79 | 92.7% | $100,747 | $64,870 | $134,098 | $10,369 | 0.7x | 9.3x |
| American International Group, Inc. | $62.95 | 93.3% | $76,401 | $58,047 | $52,093 | $6,129 | 1.7x | 14.3x |
| Zurich Insurance Group AG | $293.75 | 96.7% | $47,910 | $44,160 | $70,830 | $6,157 | 0.7x | 7.6x |
| American National Insurance Company | $114.02 | 86.4% | $2,510 | $3,070 | $3,243 | $266 | 0.9x | 8.8x |
| Aviva plc [1] | $6.73 | 92.6% | ($5,781) | $27,293 | $49,574 | $2,839 | NM | NM |
| **Mean** | | | | | | | **1.0x** | **9.8x** |
| **Median** | | | | | | | **0.9x** | **8.8x** |

Source: Capital IQ
Notes:
(1) Aviva has a large cash balance of $33 billion

# Public Trading Comparables

## Insurance Tech, **Wealth Management Tech**, and Healthcare Tech

*(All figures in $. Figures in millions, except per share data, as of June 30, 2017)*

### Trading Software / Solutions

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| SS&C Technologies Holdings, Inc. | $38.83 | 99.1% | $10,256 | $7,921 | $1,565 | $556 | 6.5x | 18.4x |
| SimCorp A/S | $61.02 | 90.3% | $2,357 | $2,407 | $329 | $79 | 6.8x | 28.6x |
| Brady Corporation | $34.40 | 84.9% | $1,774 | $1,765 | $1,106 | $156 | 1.6x | 11.4x |
| IRESS Limited | $9.46 | 99.2% | $1,712 | $1,600 | $282 | $75 | 5.8x | 21.9x |
| Fidessa group plc | $30.71 | 90.1% | $1,064 | $1,181 | $410 | $74 | 2.5x | 13.8x |
| First Derivatives plc | $37.81 | 92.8% | $965 | $948 | $189 | $23 | 5.0x | 40.3x |
| Linedata Services S.A. | $62.48 | 98.3% | $493 | $451 | $176 | $46 | 2.7x | 10.3x |
| StatPro Group plc | $1.48 | 85.9% | $108 | $96 | $46 | $5 | 2.3x | 19.8x |
| **Mean** | | | | | | | **4.2x** | **20.6x** |
| **Median** | | | | | | | **3.8x** | **19.1x** |

Source: Capital IQ

# Public Trading Comparables

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

*(All figures in $. Figures in millions, except per share data, as of June 30, 2017)*

### Wealth Management Software / Solutions

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| MSCI Inc. | $104.72 | 95.8% | $10,851 | $9,473 | $1,173 | $587 | 9.3x | 18.5x |
| SS&C Technologies Holdings, Inc. | $38.83 | 99.1% | $10,256 | $7,921 | $1,565 | $556 | 6.5x | 18.4x |
| Broadridge Financial Solutions, Inc. | $76.44 | 98.0% | $9,985 | $8,988 | $3,771 | $660 | 2.6x | 15.3x |
| Computershare Limited | $10.93 | 93.7% | $7,195 | $5,969 | $2,030 | $436 | 3.4x | 15.9x |
| LPL Financial Holdings Inc. | $40.56 | 92.6% | $5,142 | $3,668 | $4,080 | $523 | 1.3x | 9.8x |
| Financial Engines, Inc. | $37.55 | 82.1% | $2,223 | $2,361 | $446 | $80 | 5.0x | 28.0x |
| Envestnet, Inc. | $39.00 | 94.0% | $1,955 | $1,709 | $604 | $51 | 3.2x | 39.5x |
| Sanne Group plc | $8.08 | 85.3% | $1,056 | $1,117 | $79 | $29 | 13.0x | 34.9x |
| Bravura Solutions Limited | $1.19 | 95.2% | $238 | $255 | $133 | $22 | 1.7x | 10.2x |
| **Mean** | | | | | | | **5.1x** | **21.2x** |
| **Median** | | | | | | | **3.4x** | **18.4x** |

Source: Capital IQ

# Public Trading Comparables

## Insurance Tech, Wealth Management Tech, and Healthcare Tech

*(All figures in $. Figures in millions, except per share data, as of June 30, 2017)*

### Revenue Cycle Management

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| athenahealth, Inc. | $145.86 | 97.5% | $5,996 | $5,810 | $1,112 | $112 | 5.5x | 54.3x |
| R1 RCM Inc. | $3.72 | 85.1% | $424 | $391 | $327 | $29 | 1.3x | 14.9x |
| Craneware plc | $16.40 | 68.3% | $397 | $442 | $54 | $16 | 7.2x | 23.5x |
| ServiceSource International, Inc. | $3.66 | 58.6% | $272 | $324 | $250 | ($7) | 1.1x | NM |
| Streamline Health Solutions, Inc. | $1.00 | 47.5% | $30 | $19 | $26 | ($3) | 1.2x | NM |
| **Mean** | | | | | | | **3.2x** | **30.9x** |
| **Median** | | | | | | | **1.3x** | **23.5x** |

### Healthcare Software Solutions

| Company Name | Day Close Price | % of 52-Wk High | Total Enterprise Value | Market Capitalization | LTM Total Revenue | LTM EBITDA | TEV/Total Revenues LTM | TEV/EBITDA LTM |
|---|---|---|---|---|---|---|---|---|
| Cerner Corporation | $68.25 | 98.5% | $22,570 | $22,552 | $4,827 | $1,351 | 4.6x | 16.5x |
| Allscripts Healthcare Solutions, Inc. | $12.85 | 84.7% | $3,995 | $2,332 | $1,618 | $153 | 2.5x | 26.7x |
| CompuGroup Medical Societas Europaea | $58.08 | 98.2% | $3,228 | $2,888 | $618 | $114 | 4.9x | 27.0x |
| Quality Systems, Inc. | $17.30 | 99.4% | $1,063 | $1,085 | $510 | $59 | 2.1x | 18.0x |
| EMIS Group plc | $12.01 | 89.0% | $761 | $755 | $196 | $51 | 3.8x | 14.3x |
| Computer Programs and Systems, Inc. | $33.10 | 78.8% | $593 | $448 | $262 | $28 | 2.3x | 20.9x |
| **Mean** | | | | | | | **3.3x** | **20.6x** |
| **Median** | | | | | | | **3.1x** | **19.5x** |

Source: Capital IQ

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