

Healthcare Information Technology Market Outlook

August 2010



Bourne Partners



Healthcare Financial Advisory

Bourne Capital Partners, LLC

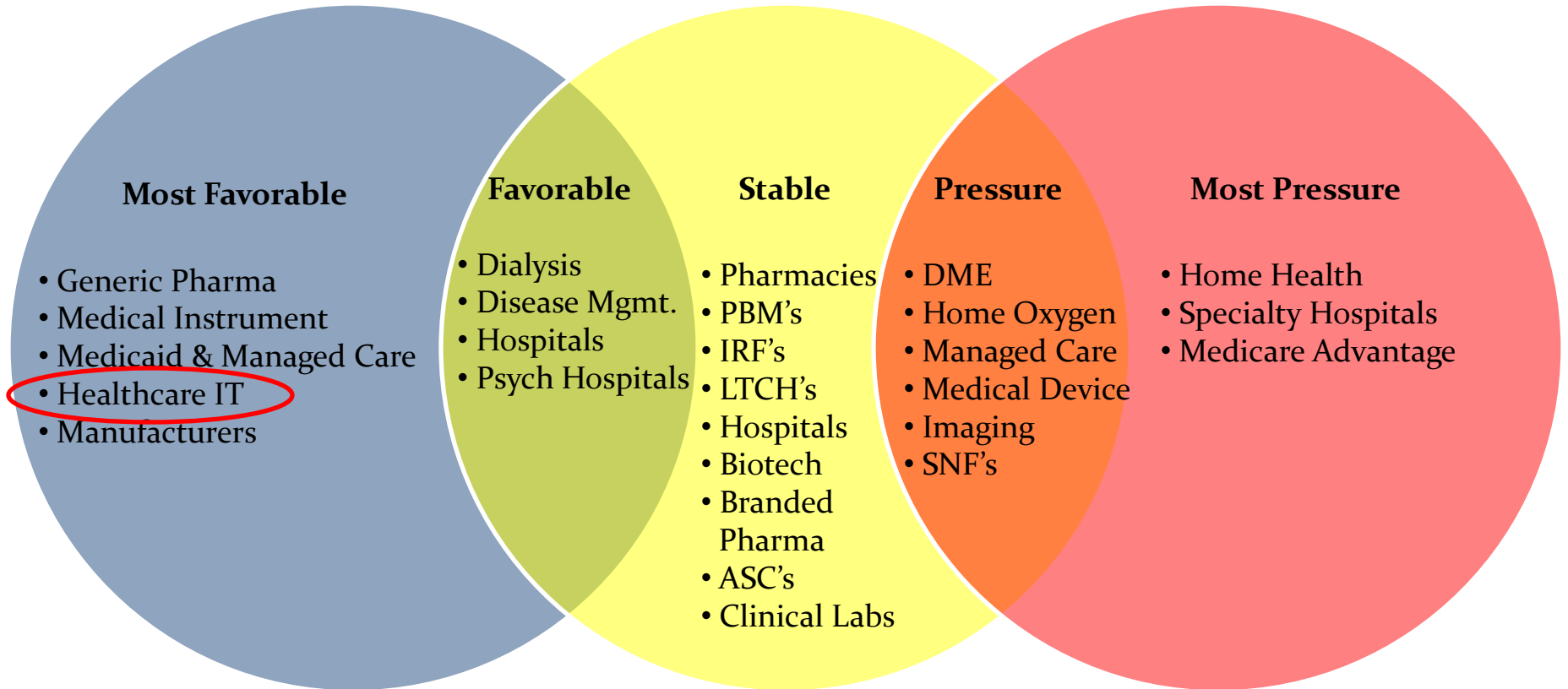
Healthcare Merchant Banking & Financial Advisory

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Healthcare Information Technology Overview

- Definition of Healthcare IT
 - ❖ Refers to “the application of information processing involving both computer hardware and software that deals with the storage, retrieval, sharing, and use of healthcare information, data, and knowledge for communication and decision-making” as defined by the National Coordinator for Health IT
- American Recover and Reinvestment Act of 2009 (ARRA)
 - ❖ On February 19, 2009, President Obama signed the bill which contains incentives that accelerate the use of electronic health record (EHR) systems and promote the implementation of healthcare information technology
 - ❖ The law provides approximately \$19 billion in health information technology funding
 - \$2 billion in discretionary funds
 - \$17 billion in Medicare and Medicaid incentives for the meaningful use of EHR systems
 - ❖ Beginning in 2011, physicians will be paid between \$44,000 and \$64,000 over five years to implement EHR systems for their patients
 - ❖ According to a Congressional Budget Office review, the bill will encourage up to 90% of US physicians to adopt EHRs in the next decade

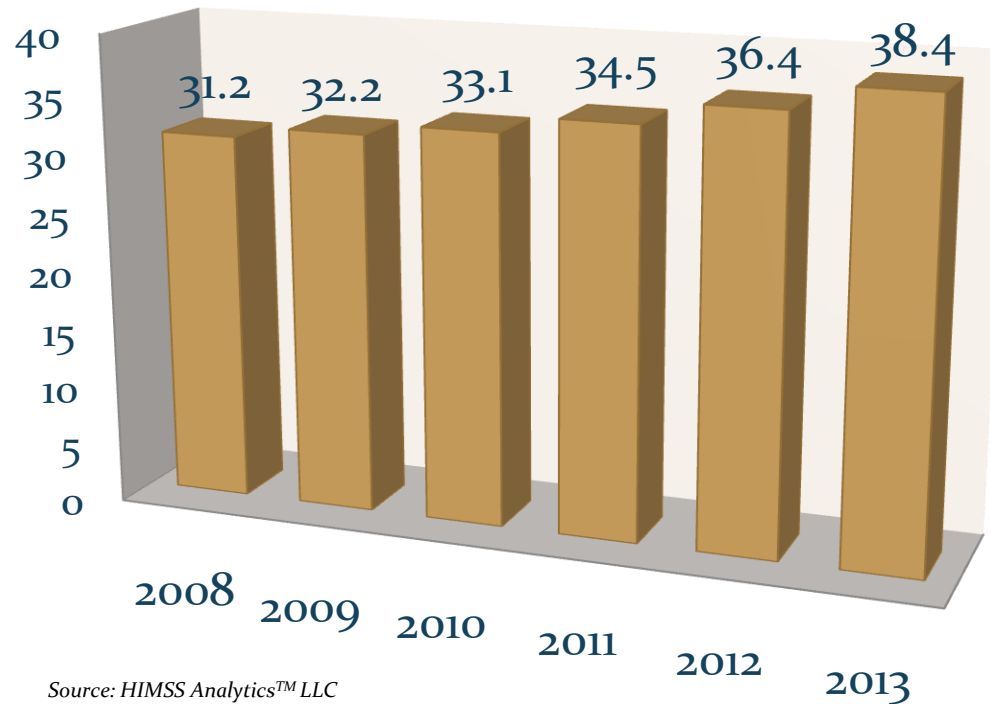
Healthcare Policy Outlook – US



Source: Harvard Medical School presentation Nov. 2009 and Bourne Partners

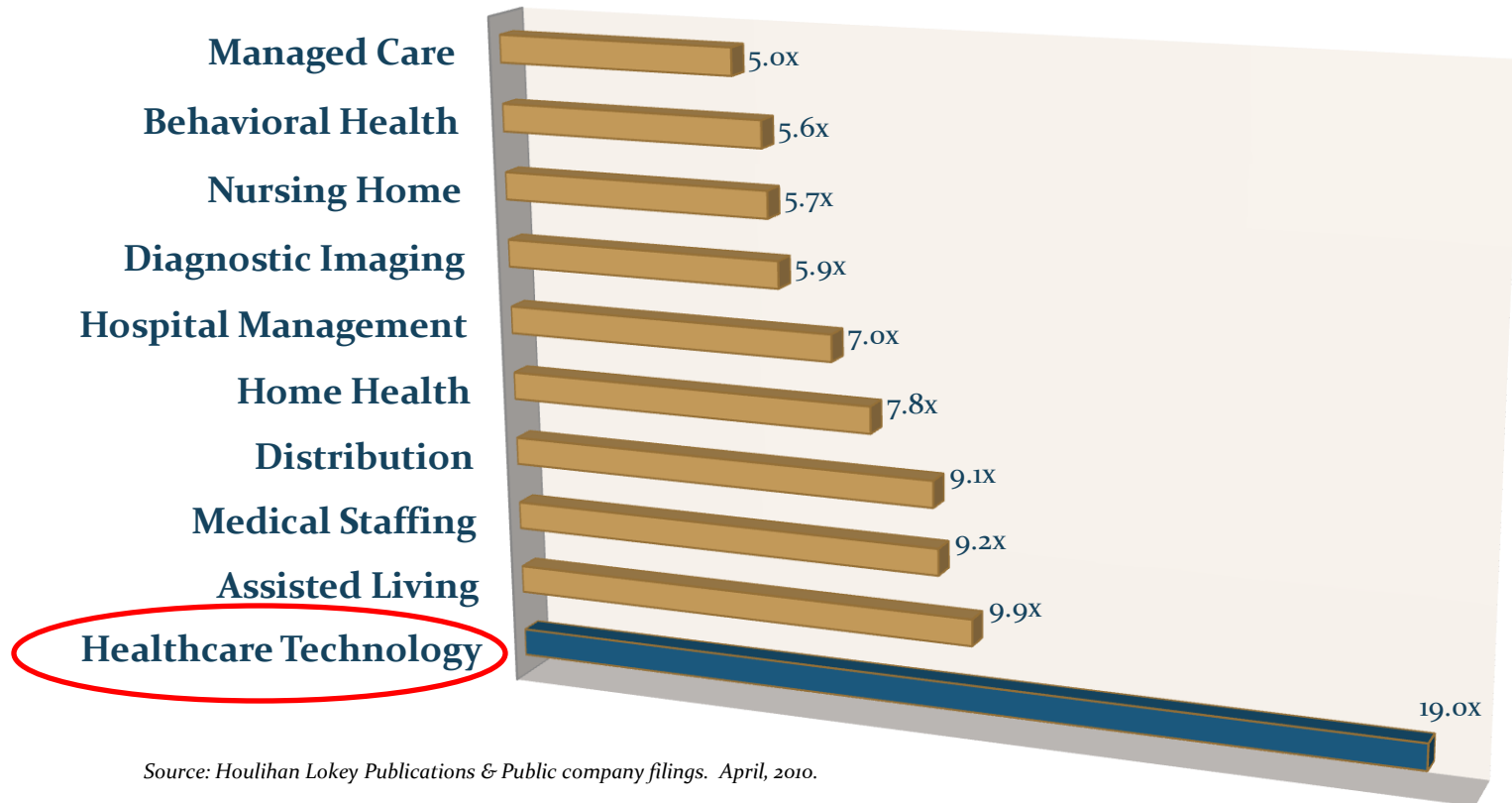


Healthcare IT US Market Sales Outlook (In US\$ Billions)



- ❖ The Healthcare IT market in the US is forecast to grow to \$38 billion by 2013
- ❖ From 2008-2013, the market is forecast to have a CAGR of 4.2%

Median LTM EV/EBITDA Multiples by Service Sector



- ❖ Healthcare technology companies are trading a significant premium compared to other healthcare related businesses

Healthcare IT Comparable Trading

\$ in millions, except for per-share amounts

Company	Ticker	Share Price	Shares Out	Equity Value	Net Debt (Cash)	Enterprise Value	LTM				2010E		CYE EPS	CYE+1 EPS	Book Value
							Sales	EBITDA	EBIT	EPS	Sales	EBITDA			
Allscripts-Misys Healthcare Solutions, Inc.	NasdaqGS:MDRX	\$16.63	146.5	\$2,436.6	(\$141.1)	\$2,295.5	\$704.5	\$125.3	\$104.6	\$0.4	\$786.7	\$198.4	\$0.77	\$0.89	\$148.6
Athenahealth, Inc.	NasdaqGS:ATHN	26.24	34.1	895.9	(77.8)	818.2	214.9	24.1	15.4	0.3	243.5	38.0	0.47	0.82	88.4
Eclipsys Corporation	NasdaqGS:ECLP	19.61	57.6	1,129.2	(159.9)	969.3	522.0	64.2	27.9	0.2	559.5	93.7	0.71	0.84	247.0
Emdeon Inc.	NYSE:EM	12.31	90.6	1,115.5	633.0	1,748.5	954.6	220.8	108.8	0.3	1,001.1	261.8	0.91	1.06	(938.9)
Mediware Information Systems Inc.	NasdaqCM:MEDW	9.19	7.9	72.5	(21.3)	51.2	45.0	5.4	3.9	0.2	47.4	0.0	0.40	0.41	15.2
Merge Healthcare Inc.	NasdaqGM:MRGE	3.16	83.3	263.1	(15.2)	247.9	71.5	17.6	11.2	0.1	132.2	38.8	0.04	0.11	20.1
SXC Health Solutions, Corp.	TSX:SXC	74.46	30.4	2,263.8	(352.6)	1,911.2	1,758.4	108.8	92.0	1.6	1,949.8	112.9	2.00	2.63	279.1

Company	Ticker	FYE	Data as of	Margin Analysis			Enterprise Value/				P/E		Price to Book	
				Gross Profit	EBITDA	EBIT	Sales	EBITDA (a)	EBIT (b)	Sales 10E	LTM	CYE		CYE+1
Allscripts-Misys Healthcare Solutions, Inc.	NasdaqGS:MDRX	31-May	5-Aug	55.2%	17.8%	14.8%	3.3 x	18.3 x	21.9 x	2.9 x	37.3 x	21.6 x	18.8 x	16.4 x
Athenahealth, Inc.	NasdaqGS:ATHN	31-Dec	5-Aug	58.7%	11.2%	7.2%	3.8 x	34.0 x	53.2 x	3.4 x	77.2 x	55.3 x	31.8 x	10.1 x
Eclipsys Corporation	NasdaqGS:ECLP	31-Dec	5-Aug	45.9%	12.3%	5.3%	1.9 x	15.1 x	34.8 x	1.7 x	128.8 x	27.8 x	23.3 x	4.6 x
Emdeon Inc.	NYSE:EM	31-Dec	5-Aug	38.9%	23.1%	11.4%	1.8 x	7.9 x	16.1 x	1.7 x	47.6 x	13.5 x	11.6 x	NA
Mediware Information Systems Inc.	NasdaqCM:MEDW	30-Jun	5-Aug	67.0%	12.1%	8.7%	1.1 x	9.4 x	13.0 x	1.1 x	45.1 x	23.0 x	22.4 x	4.8 x
Merge Healthcare Inc.	NasdaqGM:MRGE	31-Dec	5-Aug	75.0%	24.7%	15.7%	3.5 x	14.1 x	22.1 x	1.9 x	30.4 x	86.2 x	28.7 x	13.1 x
SXC Health Solutions, Corp.	TSX:SXC	31-Dec	5-Aug	11.6%	6.2%	5.2%	1.1 x	17.6 x	20.8 x	1.0 x	45.5 x	37.3 x	28.3 x	8.1 x

* All estimates from Capital IQ

NA - not available

NM - not meaningful

Median	55.2%	12.3%	8.7%	1.9 x	14.6 x	20.8 x	1.7 x	45.5 x	27.8 x	23.3 x	9.1 x
Mean	50.3%	15.3%	9.8%	2.3 x	13.7 x	18.8 x	2.0 x	58.8 x	37.8 x	23.6 x	9.5 x
Min	11.6%	6.2%	5.2%	1.1 x	7.9 x	13.0 x	1.0 x	30.4 x	13.5 x	11.6 x	4.6 x
Max	75.0%	24.7%	15.7%	3.8 x	18.3 x	22.1 x	3.4 x	128.8 x	86.2 x	31.8 x	16.4 x

(a) Athenahealth, Inc. is excluded from EBITDA Enterprise Value multiple analysis

(b) Athenahealth, Inc. and Eclipsys Corporation are excluded from EBIT Enterprise Value multiple analysis

Select Comparable Transactions

(\$ in millions)

Closing Date	Target	Buyers	Transaction Value	Implied EV	Revenue	EBITDA	EV/Revenues	EV/EBITDA
03/22/2010	Starlims Technologies Ltd	Abbott Laboratories (NYSE:ABT)	\$119.8	\$88.5	\$29.0	\$5.5	3.1x	16.1x
03/08/2010	Ortivus, Inc.	TriTech Software Systems, Inc.	10.7	10.7	NA	NA	NA	NA
03/02/2010	Cerrus Ltd.	Advanced Computer Software plc (AIM:ASW)	0.6	0.6	NA	NA	NA	NA
02/10/2010	Opus Healthcare Solutions, Inc.	NextGen Healthcare Information Systems, Inc.	24.8	24.8	NA	NA	NA	NA
12/23/2009	Bitplane AG	Andor Technology plc (AIM:AND)	13.3	13.3	4.7	1.04	2.9x	12.8x
12/11/2009	Healthcare Automation, Inc.	Mediware Information Systems Inc. (NasdaqCM:MEDW)	4.5	4.5	NA	NA	NA	NA
12/04/2009	Safety Information Systems Limited	Tracsis Plc (AIM:TRCS)	0.9	0.9	0.5	NA	1.6x	NA
11/27/2009	Cegedim SA (ENXTPA:CGM) ¹	Fonds Stratégique d'Investissement SA	131.7	1,472.6	1,281.0	264.1	1.1x	5.6x
11/16/2009	Healthy Software Limited	Advanced Computer Software plc (AIM:ASW)	1.5	1.5	1.7	NA	0.9x	NA
07/14/2009	Merge eClinical Inc.	Merge Healthcare Incorporated. (NasdaqGM:MRGE)	23.0	14.0	15.6	NM	0.9x	NM
06/23/2009	eResearchTechnology, Inc., Electronic Data Capture Business	OmniComm Systems Inc. (OTCBB:OMCM)	3.2	2.0	5.9	NA	0.3x	NA
06/18/2009	SciHealth, Inc.	Mediware Information Systems Inc. (NasdaqCM:MEDW)	8.2	8.2	NA	NA	NA	NA
06/08/2009	IMS Maxims plc, Substantially All Assets	Integrated Medical Software Limited	16.9	16.9	NA	NA	NA	NA
05/08/2009	MediSolution Ltd. ²	Brascan Asset Management Holdings Limited	14.9	37.3	37.0	4.3	1.0x	8.6x
04/30/2009	SlidePath Ltd.	Genetix Group plc	5.0	5.0	1.7	NA	2.9x	NA
04/22/2009	Waban Software, Inc.	Phase Forward Inc. (NasdaqGS:PFWD)	14.0	14.0	4.0	NA	3.5x	NA
02/19/2009	Ascribe, Ltd.	ECI Partners LLP	55.6	48.9	26.8	6.71	1.8x	7.3x
02/02/2009	Toshiba Medical Visualization Systems Europe, Limited	Toshiba Medical Systems Corporation	33.8	33.8	NA	NA	NA	NA
01/27/2009	Visage Imaging, Inc.	PRO Medicus Ltd. (ASX:PME)	3.0	3.0	8.7	NM	0.3x	NM
12/16/2008	Shared PET Imaging, LLC	Alliance Healthcare Services, Inc. (NYSE:AIQ)	45.2	45.2	29.0	NA	1.6x	NA

NM - Not Meaningful

NA - Not Available

Notes:

1. Acquired 15% stake in Cegedim SA

2. Acquired 40% stake in MediSolution Ltd.

Median	1.6x	8.6x
Mean	1.7x	10.1x
High	3.5x	16.1x
Low	0.3x	5.6x

Bourne Partners Overview

- Investment banking and strategic business development support services
- Healthcare focus
- Client segmentation
 - ❖ Specialty Pharmaceuticals
 - ❖ OTC/Nutraceutical
 - ❖ Medical Device
 - ❖ Healthcare services
 - ❖ Distribution
 - ❖ Biotechnology
- Over \$2.5 billion in debt and equity capital raised in the healthcare sector
- Over \$2.5 billion executed in financial advisory (M&A) assignments in the healthcare sector
- Since 2004, Bourne Partners has advised on deals in 8 different countries:
 - ❖ U.S., Germany, Canada, Ireland, Sweden, Denmark, Brazil, and Italy

Where Bourne Adds Value

M&A Specialist Group

- ❖ Concentrate on acquisition, sale and going private assignments
- ❖ Focus on \$25-\$250 million transactions or licensing collaborations with product sales expectations of \$20 million and above
- ❖ Strong private equity and venture capital relationships
- ❖ Focus on serving middle market companies
- ❖ Company and product M&A

Depth of Resources & Relationships

- ❖ Significant industry relationships; access to key decision makers
- ❖ Deal team depth and experience
- ❖ Extensive international coverage
- ❖ Bankers and healthcare executives within the firm

Experienced in Maximizing Value

- ❖ Directly relevant experience
- ❖ Professionally structured process
- ❖ Deal team staffing a proper mix of junior and senior resources
- ❖ Memorandum and material preparation of the highest quality
- ❖ Sensitive to confidentiality issues

Healthcare Industry Expertise

- ❖ Healthcare focus
- ❖ Relationships with over 500 healthcare companies worldwide
- ❖ Dedicated industry research coverage
- ❖ Dedicated internal analyst coverage
- ❖ Significant transaction record

Professionals to Contact

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 - ❖ Founder and managing partner of Bourne Partners, LLC
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 - ❖ 9 years of life sciences M&A and licensing experience
 - ❖ B.S. from Georgetown University