

Quarterly Industry Update

As of September 30, 2013

Industry: Healthcare Software



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Healthcare Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since September 30, 2012, the median 52-week share price return of the Healthcare Software industry has increased by 26.4%. In the last quarter, the median price-to-earnings multiple increased from 32.8x to 37.8x.

Comparable Public Company Key Statistics

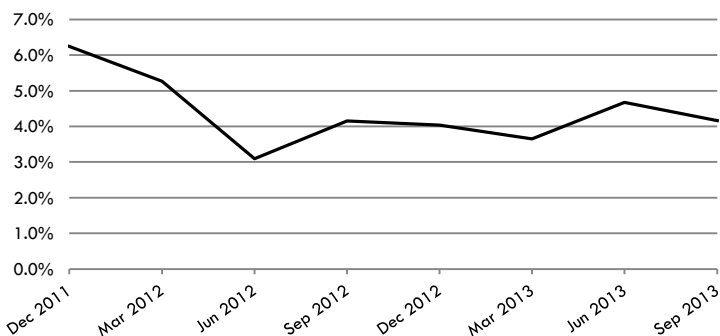
Median 52-Week Return	26.4%	Median EV/Revenue Multiple	3.4x	Median Price/Earnings Multiple	37.8x
Median 3-Year CAGR Return	16.5%	Median EV/EBITDA Multiple	14.1x	Median EV/Gross CF Multiple	40.1x

Comparable Public Company Market Price Returns (As of September 30, 2013)

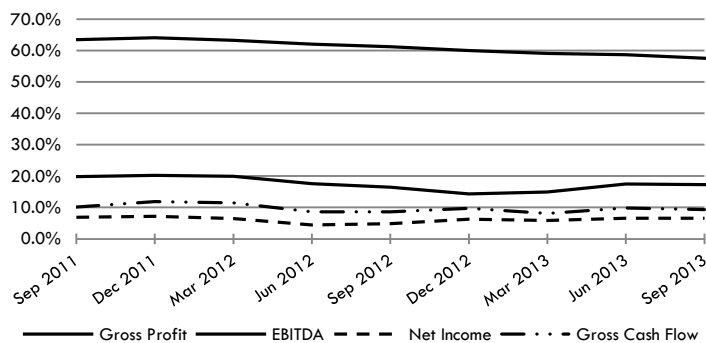
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Allscripts Healthcare Solutions, Inc.	57.9%	14.9%	19.7%	-9.2%	-7.0%	N/A	-50.3%	-1.7%	-4.7%	103.9%	N/A
MedAssets, Inc.	51.6%	43.3%	42.8%	62.6%	6.5%	8.1%	81.3%	-54.2%	-4.8%	45.3%	-39.0%
Quality Systems Inc.	25.2%	16.1%	17.3%	-33.1%	-13.1%	0.6%	-53.1%	6.0%	11.2%	44.0%	43.1%
athenahealth, Inc.	48.2%	28.2%	18.3%	35.0%	48.7%	26.7%	49.2%	19.9%	-9.4%	20.3%	4.5%
Omnicell, Inc.	59.2%	15.2%	70.4%	31.1%	21.9%	12.5%	-10.0%	14.3%	23.6%	-4.3%	-54.7%
Merge Healthcare Incorporated	5.7%	-27.5%	-31.7%	-34.5%	-3.5%	20.9%	-49.1%	30.0%	11.0%	162.5%	7.6%
Computer Programs & Systems Inc.	16.2%	19.0%	5.3%	-6.0%	11.2%	15.1%	-1.5%	9.1%	1.7%	71.8%	17.9%
Healthstream Inc.	55.8%	49.6%	33.1%	71.8%	92.4%	72.8%	31.8%	129.5%	103.5%	69.5%	-33.4%
Streamline Health Solutions, Inc.	33.6%	15.7%	36.4%	114.0%	84.5%	32.0%	231.2%	4.8%	-29.6%	17.7%	8.8%
Aspen Technology, Inc.	25.0%	20.0%	33.7%	50.4%	49.4%	22.2%	59.3%	36.6%	29.6%	32.1%	-54.3%
Medidata Solutions, Inc.	152.5%	27.7%	138.4%	145.3%	72.7%	N/A	80.1%	-8.9%	52.9%	N/A	N/A
Quality Systems Inc.	25.2%	16.1%	17.3%	-33.1%	-13.1%	0.6%	-53.1%	6.0%	11.2%	44.0%	43.1%
Median of Industry Public Companies	40.9%	17.6%	26.4%	33.1%	16.5%	18.0%	15.1%	7.5%	11.1%	44.0%	6.0%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Healthcare Software Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Healthcare Software Industry

Date:	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
EV/Revenues Multiple	3.4x	3.0x	3.2x	3.3x	3.2x	2.9x	3.1x	2.8x	3.4x
EV/EBITDA Multiple	17.0x	16.0x	15.3x	13.2x	13.7x	16.9x	12.8x	19.1x	14.1x
Price/Earnings Multiple	37.8x	48.9x	38.3x	28.9x	32.7x	29.4x	31.6x	32.8x	37.8x
EV/Gross Cash Flows Multiple	33.9x	24.4x	30.4x	26.5x	33.2x	30.8x	36.5x	30.5x	40.1x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for more information or questions in connection with this research report.

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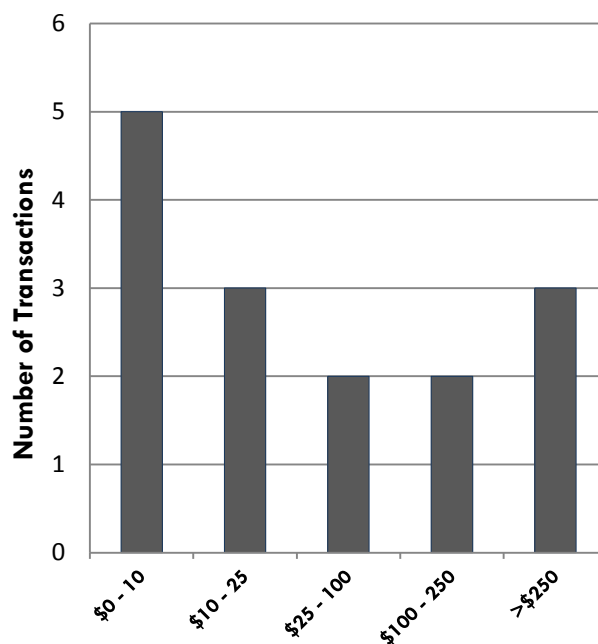
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
3/20/2013	Model N, Inc.	\$15.50	6.7	\$104.5	\$42.2	\$5.3	\$88.5	(\$3.3)	(\$6.3)	(\$1.6)
10/11/2012	Workday, Inc.	\$28.00	22.8	\$637.0	\$267.2	\$16.1	\$199.1	(\$75.8)	(\$90.3)	(\$62.7)
6/24/2009	Medidata Solutions, Inc.	\$14.00	6.3	\$88.2	\$77.4	\$20.8	\$118.3	\$3.9	(\$8.0)	\$11.7
12/19/2007	NetSuite Inc.	\$26.00	6.2	\$161.2	\$55.9	\$8.0	\$97.0	(\$25.4)	(\$28.7)	(\$22.5)
12/12/2007	MedAssets, Inc.	\$16.00	13.3	\$212.8	\$410.7	\$329.3	\$171.6	\$52.0	\$8.4	\$58.9
9/19/2007	athenahealth, Inc.	\$18.00	6.3	\$113.2	\$44.3	\$32.0	\$86.9	\$1.5	(\$10.8)	\$6.3
8/7/2007	Masimo Corporation	\$17.00	11.9	\$202.6	\$174.1	\$37.1	\$241.9	\$77.2	\$42.9	\$81.5
Median of All IPOs		nm	nm	\$161.2	\$77.4	\$20.8	\$118.3	\$1.5	(\$8.0)	\$6.3

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
10/9/2013	WISEMAN Co.	NM Holdings Co.	\$82.9	100%
9/16/2013	Ascribe, Ltd.	EMIS Group PLC	\$88.7	100%
3/12/2013	Epocrates, Inc.	athenahealth, Inc.	\$307.2	100%
12/17/2012	Plumtree Group Limited	Ideagen PLC	\$4.0	100%
11/9/2012	Mediware Information	Thoma Bravo, LLC	\$193.4	100%
9/12/2012	Strand Technology Limited	Advanced Health	\$3.2	100%
8/22/2012	Sunquest Information Systems,	Roper Industries Inc.	\$1,390.0	100%
8/16/2012	Meta Health Technology, Inc.	Streamline Health, Inc.	\$16.0	100%
1/20/2012	OptiLink Inc.	Kronos Incorporated	\$8.9	100%
10/11/2011	Healthscreen Solutions Inc.	Optimed Software	\$5.8	100%
8/18/2011	Multimodal Technologies, Inc.	MedQuist Holdings Inc.	\$132.6	100%
8/12/2011	Zircadian Ltd.	Allocate Software plc.	\$11.3	100%
7/29/2011	Salar, Inc.	Transcend Services, Inc.	\$11.0	100%
7/19/2011	iSOFT Group Limited	CSC Computer Sciences	\$433.6	100%
7/6/2011	iMedConsent, LLC	The Standard Register	\$7.6	100%
Median of All Transaction Targets			\$16.0	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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