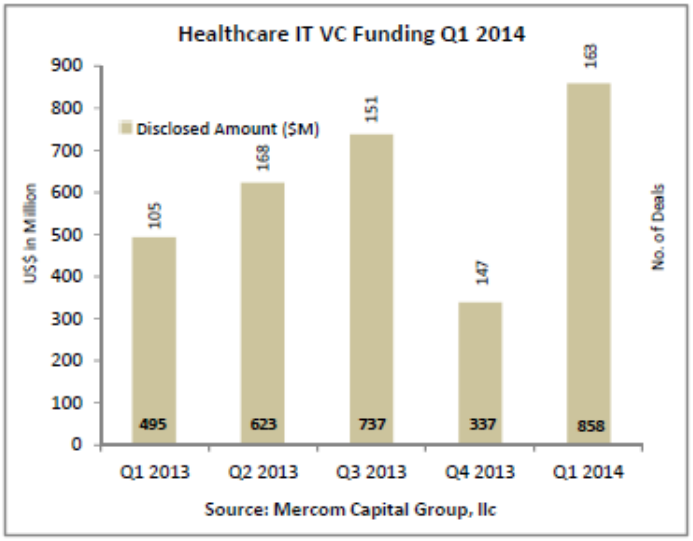
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Healthcare IT registers highest VC funding ever in Q1

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Mercom Capital Group, llc, a global communications and consulting firm has released its report on funding and mergers and acquisitions (M&A) activity in the Healthcare Information Technology (IT) sector for the first quarter of 2014. Mercom's comprehensive report looks at deals of all sizes in Healthcare IT across the globe.

Venture capital (VC) funding in the sector continued at a record pace with $858 million raised in 163 deals, a 154 percent increase compared to the $337 million raised in Q4 2013. This was the highest dollar amount raised by the sector in a single quarter to date.

"Funding into the Healthcare IT sector continues at an astonishing pace. Venture capital funding in Healthcare IT has reached almost $5 billion in about 1,000 deals since 2010," commented Raj Prabhu, CEO and Co-Founder of Mercom Capital Group.

Healthcare practice-focused technology companies received half of all VC investments in the first quarter of 2014, with $460 million in 60 deals. Areas that received the most funding under this category were Practice Management with $124 million in eight deals, Health Information Exchange with $78 million in two deals, and Data Analytics with $43 million in seven deals.

Consumer-focused companies received $398 million in 103 deals, with the majority of the funding going into the Mobile Health category ($198 million in 61 deals). Telehealth companies received $79 million in 14 deals and Scheduling, Rating & Shopping companies received $66 million in six deals

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There were 65 early-stage deals under $2 million, including 29 accelerator/incubator deals in Q1. Investments going into early-stage deals (< $2 million) were more consumer-focused compared to deals of over $2 million, which were going towards practice-focused technology companies.

The top VC funding deal in Q1 2014 was the $89 million raise by Dedalus Group, a Healthcare IT systems company providing software solutions for clinical, general practices, and hospitals, from Hutton Collins and other investors. Other top deals included the $77.5 million raise by MedHOK, a provider of a single platform for care, quality and compliance for health plans, pharmacy benefits managers and other risk-bearing entities by facilitating real-time information sharing, from Bain Capital Ventures and Spectrum Equity; MINDBODY, a provider of scheduling and business management software for health and wellness companies, which raised $50 million from investors including Bessemer Venture Partners, Institutional Venture Partners, Catalyst Investors, W Capital Partners, and Montreux Equity Partners; the $41.4 million raise by Clarity Software Solutions, a provider of on-demand document management and communications delivery solutions for the health insurance industry, from North Bridge Growth Equity; and Health Catalyst, a provider of healthcare data warehousing, which raised $41 million from Sequoia Capital, Norwest Venture Partners, Kaiser Permanente Ventures, Sorenson Capital, CHV Capital, and Partners HealthCare System.

There were 188 VC investors and eight accelerators/incubators that participated in Q1 2014. There were 19 investors that participated in multiple rounds; Khosla Ventures was the most active with three deals.

U.S.-based Healthcare IT companies accounted for 87 percent of all deals. However, we are seeing more Healthcare IT activity globally, with 15 other countries recording at least one funding deal.

Within the United States, California continued to be the most active state accounting for 42 deals, followed by New York with 13, Maryland with 10, Massachusetts with nine, and Florida with six. Among cities, San Francisco led with 13 deals followed closely by New York with 11. In terms of dollars, Tampa led with $78 million, followed by San Luis Obispo with $50 million and New York with $44 million.

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Mergers and acquisitions (M&A) activity in the Healthcare IT sector was at its highest level, totaling 53 transactions, only six of which were disclosed for a combined total of $4.7 billion, compared to 44 transactions in Q4 2013. Health Information Management companies saw the most M&A activity this quarter with 18 transactions, followed by Service Providers with 13, and Mobile Health companies with eight.

The largest disclosed transaction was the $4.4 billion acquisition of MultiPlan, a company that manages claims processing and provides healthcare cost management solutions through its network and analytics-based technology platform, by Starr Investment Holdings, an investment firm focused on long-term investments, and Partners Group, a private markets investment management firm. This was followed by the $130 million divestiture of HealthTronics, a provider of EHR for urology practices,

from specialty healthcare company Endo Health Solutions to Altaris Capital Partners, an investment firm focused on the healthcare industry. Semiconductor chip maker Intel Corporation acquired Basis Science, a provider of wearable device technologies for health and wellness applications, for nearly $100 million. Other disclosed transactions were the $16.15 million acquisition of Health Care Compliance Strategies, a company providing online compliance training for healthcare organizations, by HealthStream, a provider of workforce development and research/patient experience solutions for the healthcare industry, followed by the $6.5 million acquisition of Unibased Systems Architecture, a provider of patient access solutions including enterprise scheduling and surgery management software, by Streamline Health Solutions, a provider of enterprise content management and business analytics solutions for healthcare organizations. Vocera Communications, a provider of point-of-care communication solutions, acquired mVisum, a provider of alarm management technology solutions for health systems, for $3.5 million.

Announced debt and public market financing in Healthcare IT amounted to $343 million in six deals in Q1 2014, compared to $36 million in seven deals in Q4 2013.

Two Healthcare IT IPOs in Q1 2014 raised a combined $304 million. Castlight Health, a provider of healthcare transparency solutions, brought in $204 million through its IPO in March and Everyday Health, a provider of digital health and wellness solutions launched an IPO that raised $100 million.

Total corporate funding in the Healthcare IT sector, including VC, accelerator/incubator, debt, and public market financing in Q1 2014 came in at $1.2 billion.

There were a total of 464 companies and investors mentioned in this report.