TECH MAHINDRA ACQUIRES THE HCI GROUP

CLEARSIGHTADVISORS

Transaction Summary

On March 7, 2017, Tech Mahindra Limited (NSEI:TECHM) ("Tech Mahindra") signed a definitive agreement to acquire CJS Solutions Group, LLC, (aka "The HCI Group"), a leading healthcare information technology consulting company. The deal values The HCI Group at an enterprise value of $110mm. Tech Mahindra will make an upfront payment of $89.5mm for an 84.7% stake in the company, the remaining 15.3% will be acquired over the next three years. The transaction is expected to close by April 2017, subject to regulatory approvals.

TARGET **The HCI Group**

- Consistently recognized as one of the fastest growing private companies in the U.S., The HCI Group offers healthcare technology consulting services to healthcare service providers primarily in the U.S. and U.K.
- The company provides end-to-end implementation of Electronic Health Records (EHR) platforms
- While the company focuses on IT system implementation and training, it also has several specialty service lines focused on integration, testing, go-live, clinical adoption, optimization, and cyber security

BUYER **Tech Mahindra Limited**

- Tech Mahindra is an Indian multinational provider of IT Services and Business Process Outsourcing, including:
  — Integrated portfolio services for telecommunications providers
  — Application and infrastructure outsourcing
  — IT enabled services
  — Cloud computing
  — Digital enterprise services

Transaction Details

Announced Date	7-Mar-2017
Deal Type	Acquisition
Deal Value	$110.0mm
EV / Revenue Multiple	~1.0x
Target Information	
Revenue	$114.0mm
# of Employees	500+
Year Founded	2009
Headquarters	Jacksonville, FL
# of Offices	2
Acquirer Information	
Revenue	$4.0bn
# of Employees	~117,000+
Year Founded	1986
Headquarters	Pune, India

EHR Vendors Supported By The HCI Group

Epic   McKESSON   Allscripts   NEXTGEN   Cerner   MEDITECH

Deal Analysis

- Digitalization is a major pillar of Tech Mahindra's future growth strategy (DAVID[1]), whereby the Company has set a goal of growing revenue from $4bn to $10bn by March 2020
- Healthcare and Life Sciences has been a focus area for Tech Mahindra globally:
  — The HCI Group's end-to-end integrated solutions for healthcare providers enhance the efficiency for a wide range of stakeholders in the healthcare industry including physicians, hospitals, and public health organizations.
  — The acquisition positions Tech Mahindra as a significant player in the healthcare provider space and provides an opportunity to expand its EMR implementation and related services.
- "I truly believe that Tech Mahindra is the right partner for us to improve the healthcare industry through a combination of disruption, innovation and cost reduction. What better way to support our customers than by joining with the global leader in digitalization and connected technologies," said Ricky Caplin, CEO of The HCI Group.