

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 11, 2020

HEALTH CATALYST, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-38993
(Commission File Number)

45-3337483
(IRS Employer
Identification No.)

3165 Millrock Drive #400
Salt Lake City, UT 84121
(Address of principal executive offices, including zip code)

(801) 708-6800
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value \$0.001 per share	HCAT	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 3.02. Unregistered Sales of Equity Securities.

On August 11, 2020, Health Catalyst, Inc. ("Health Catalyst") entered into an acquisition agreement to acquire all of the equity interests in Vitalware, LLC, a Delaware limited liability company ("Vitalware"), for an aggregate purchase price of approximately \$120 million, plus a potential earnout described below of up to \$30 million (the "Acquisition"). As a portion of the consideration for the Acquisition, Health Catalyst has agreed to issue 1,487,210 shares of Health Catalyst's common stock, \$0.001 par value ("Common Stock"), valued at the closing reference price of \$33.62, which is equal to the average trading price of the Common Stock on the Nasdaq Global Select Market for the 35 consecutive trading day period ended August 7, 2020, to the equityholders of Vitalware upon consummation of the transactions contemplated by the acquisition agreement, subject to certain closing conditions. Health Catalyst also agreed pursuant to an earnout provision to issue additional shares of Common Stock if certain earnout performance targets are met during an earnout period ending on March 31, 2021. For purposes of the earnout, the Common Stock will be valued based on the average trading price of the Common Stock on the Nasdaq Global Select Market for the 35 consecutive trading day period ending March 31, 2021. The actual number of shares that will be issued under the earnout, if any, will depend on the extent of fulfillment of the earnout performance targets at the time of calculation of the earnout. The parties expect the Acquisition, which is subject to customary closing conditions, will close in the third or fourth quarter of 2020.

The issuance of shares of Common Stock in connection with the Acquisition will be made in accordance with the terms and subject to the conditions set forth in the acquisition agreement and in reliance on the private offering exemption of Section 4(a)(2) of the Securities Act of 1933, as amended, and/or the private offering safe harbor provision of Rule 506 of Regulation D promulgated thereunder. The issuance and sale is not being conducted in connection with a public offering, and no public solicitation or advertisement will be made or relied upon in connection with the issuance of the shares.

Item 8.01. Other Events

On August 11, 2020, the Company issued a press release regarding the Acquisition. A copy of the press release announcing the Acquisition and the investor presentation related to the Acquisition are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are each incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Health Catalyst, Inc. on August 11, 2020
99.2	Investor Presentation

Cautionary Note Regarding Forward-Looking Statements

This Form 8-K contains forward-looking statements relating to expectations, plans, and prospects including expectations relating to our ability to close, and the timing of the closing of, this transaction and the benefits that will be derived from this transaction. These forward-looking statements are based upon the current expectations and beliefs of Health Catalyst's management as of the date of this Form 8-K, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, without limitation, the risk of adverse and unpredictable macro-economic conditions and risks related to closing this transaction and integration of the companies. All forward-looking statements in this Form 8-K are based on information available to Health Catalyst as of the date hereof, and Health Catalyst disclaims any obligation to update these forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HEALTH CATALYST, INC.

Date: August 11, 2020

By: _____ /s/ J. Patrick Nelli
J. Patrick Nelli
Chief Financial Officer



Health Catalyst Announces Agreement to Acquire Vitalware, a Revenue Workflow Optimization and Analytics SaaS Technology Solution

SALT LAKE CITY, UT, August 11, 2020 — Health Catalyst, Inc. (“Health Catalyst,” Nasdaq: HCAT), a leading provider of data and analytics technology and services to healthcare organizations, today announced that it has entered into a definitive agreement to acquire Vitalware, LLC, a Yakima, Washington-based provider of revenue workflow optimization and analytics SaaS technology solutions to healthcare organizations.

Vitalware’s flagship offering is a Best in KLAS chargemaster management solution that delivers results for the complex regulatory and compliance functions needed by all healthcare provider systems. Additionally, Vitalware brings to bear newer product suites in Revenue Integrity, to help health systems capture lost revenue, and Price Transparency, to support compliance with expanding pricing transparency regulation. Importantly, Vitalware offers Health Catalyst a strategic anchor technology in the revenue space, expanding its CFO offering and value proposition. Vitalware’s solutions support all major EMRs and act as a key integration point for health systems with multiple EMRs.

Health Catalyst CEO Dan Burton said, “We are excited to welcome the Vitalware team to support our shared mission to be the catalyst for massive, measurable improvements. In addition to adding a best in KLAS technology solution from Vitalware, this acquisition is another powerful example of Health Catalyst’s ability to integrate and scale software on top of our DOS™ platform. Ultimately, DOS, our cloud-based data platform, will further enhance the analytics insights made available by Vitalware’s technology by integrating charge and revenue data with claims, cost, and quality data.”

“Vitalware, since inception, has been about delivering solutions that provide critical insights and better financial outcomes to health systems,” said Vitalware CEO and Co-founder, Kerry Martin. “We have a great team committed to our clients and their success, and adding the expertise and solutions from the Health Catalyst team will allow Vitalware to deliver even more innovative solutions. Our number one priority continues to be to create positive outcomes for our clients, and we’re confident the combination of our resources with Health Catalyst will only accelerate that effort.”

Health Catalyst expects to fund the transaction using a mix of stock and cash. The parties expect the transaction, which is subject to customary closing conditions, to close in the third or fourth quarter of 2020. Further details regarding the acquisition will be reported on a Form 8-K filing that will be filed with the Securities and Exchange Commission today.

About Health Catalyst

Health Catalyst is a leading provider of data and analytics technology and services to healthcare organizations, and is committed to being the catalyst for massive, measurable, data-informed healthcare improvement. Its customers leverage the cloud-based data platform—powered by data from more than 100 million patient records and encompassing trillions of facts—as well as its analytics software and professional services expertise to make data-informed decisions and realize measurable clinical, financial and operational improvements. Health Catalyst envisions a future in which all healthcare decisions are data informed.

About Vitalware

Vitalware is the leading mid-cycle revenue SaaS solutions provider, specializing in Health-IT applications aimed at making the business of healthcare easier through its intuitive cloud-based technologies and regulatory content expertise. With nearly 1,000 hospitals on its client roster, Vitalware’s product portfolio is the healthcare industry’s best solution for providing visibility and continuity in chargemaster management, pricing transparency, charge capture, and regulatory code references. Beyond providing tools, and healthcare regulatory and compliance resources, Vitalware offers professional services designed to support organizations’ need of coding guidance, process improvement, education, and financial impact solutions. Vitalware is recognized as a 2020 Best in KLAS software for its VitalCDM® platform. Visit our website, www.vitalware.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements relating to expectations, plans, and prospects including expectations relating to our ability to close, and the timing of the closing of, this transaction and the benefits that will be derived from this transaction. These forward-looking statements are based upon the current expectations and beliefs of Health Catalyst's management as of the date of this release, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, without limitation, the risk of adverse and unpredictable macro-economic conditions and risks related to closing this transaction and integration of the companies. All forward-looking statements in this press release are based on information available to the Company as of the date hereof, and Health Catalyst disclaims any obligation to update these forward-looking statements.

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Vitalware Overview & Strategic Rationale for Acquisition



- Offers a **revenue workflow optimization and analytics** SaaS technology solution
- Flagship offering is a **best-in-KLAS Chargemaster workflow solution**
- Also offers newer product suites in:
 - **Revenue Integrity** to capture lost revenue
 - **Price Transparency** to support compliance with expanding pricing transparency regulation
- Founded in 2011; based in Yakima, WA

Strategic Rationale

- Strategic anchor technology in the revenue space to expand our **CFO value proposition**
- **DOS will further enhance analytics insights** by integrating charge and revenue data with **claim cost**, and **quality** data
- Flagship offering is a **best-in-KLAS Chargemaster workflow solution** that solves a complex regulatory and billing function
 - Taking **meaningful market share** from competitors
- Meaningful **upsell opportunity** with newer product suites in Revenue Integrity and Price Transparency
- Vitalware currently integrates billing, claims, pharmacy, and supply data, leveraging its robust **pr built rules-based content**
- **Compelling financial profile**
- Strong **cultural alignment**



Transaction Overview & Vitalware Financial Profile

Transaction Overview

- **\$120M purchase price:**
 - \$70M in cash
 - \$50M in HCAT common stock
 - Potential earnout based on ARR targets
- Estimated to **close in Q3 or Q4 2020**

vitalware Financial Profile

- **+90% recurring SaaS technology** revenue
- ~\$19M 2020E standalone full-year recurring revenue with **20%+ annual historical revenue growth**
- **20%+ long term revenue growth target**
- 150+ hospital and health system customers, presenting **cross-sell opportunity**
- 100%+ historical Dollar Based Net Retention
- **~75% gross margins**
- **Adj. EBITDA breakeven**
- Historical and projected **operating leverage**
- Timing of close and purchase accounting impact of deferred revenue write-down will impact 2020 and 2021 GAAP revenue and EBITDA contribution. Additional details will be incorporated into guidance once the transaction is closed
- **Incremental to Health Catalyst TAM**, primarily at the high-margin 'Analytics Application' layer of our offering

Health Catalyst Solution

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Proprietary and Conf

3 Services Expertise: Analytical, clinical, financial, and operational experts facilitate and accelerate measurable improvement



2 Analytics Applications: A robust set of applications, built on top of DOS, that generate meaningful insights for improvement

Foundational Software Applications



Domain-Specific Software Applications



Tailored Analytics Accelerator



1 The Data Operating System (DOS™): A healthcare-specific, open, flexible, scalable platform for analytics, application development, and interoperability



