

Comparison of the years ended December 31, 2019 and 2018

Revenue

(Dollars in thousands)	Year Ended December 31,		Period-To-Period Change	
	2019	2018	2019 vs. 2018	
	Amount	Amount	Amount	Percentage
Software-as-a-service related	\$ 72,831	\$ 65,646	7,185	10.9 %
Software and hardware related	8,015	4,534	3,481	76.8 %
Maintenance	10,519	9,834	685	7.0 %
Total software-related revenues	91,365	80,014	11,351	14.2 %
Sequencing and molecular analysis	1,733	3,129	(1,396)	(44.6)%
Home health care services	2,863	6,321	(3,458)	(54.7)%
Total net revenue	\$ 95,961	\$ 89,464	\$ 6,497	7.3 %

Comparison of the years ended December 31, 2019 and 2018

Total revenue increased \$6.5 million, or 7.3%, from \$89.5 million for the year ended December 31, 2018 to \$96.0 million for the year ended December 31, 2019. Our total revenue growth was driven primarily by growth in our SaaS, software and hardware, and maintenance categories partially offset by decreases in our home health care services and sequencing and molecular analysis revenue categories.

SaaS revenue was \$72.8 million for the year ended December 31, 2019, an increase of \$7.2 million, or 10.9%, from \$65.6 million for the year ended December 31, 2018. This growth was due to a \$4.0 million increase from Eviti platform solutions related to the combination of new customers and increased covered lives on existing customers and a \$3.2 million increase in NaviNet SaaS revenue, largely from the higher value of professional services projects being completed in 2019.

Software and hardware revenue increased \$3.5 million, or 76.8% from \$4.5 million in the year ended December 31, 2018 to \$8.0 million in the year ended December 31, 2019. The main contributing factor for this increase was the timing of a large DCX customer contract completed and recognized in the current year. Our software and hardware related revenue results experience fluctuations due to the timing of implementation completions for our DCX customers and our revenue recognition for those arrangements.

Maintenance revenue increased \$0.7 million, or 7.0%, from \$9.8 million in the year ended December 31, 2018 to \$10.5 million for the year ended December 31, 2019. This increase was due to the timing of DCX customer contracts and post contract support maintenance services completed and recognized in the current year period.

Sequencing and molecular analysis revenue decreased \$1.4 million, or 44.6% from \$3.1 million for the year ended December 31, 2018 to \$1.7 million for the year ended December 31, 2019. This decrease reflected lower volume of GPS samples sequenced and recognized as revenue in the current year resulting from deliveries for patients covered by contract and non-contracted payers. Currently, we recognize revenue from clients with executed contracts, and from clients without a contractual agreement where we recognize revenue on a cash basis given the uncertainty over reimbursement. As we gain additional insurance coverage, including coverage under government insurance programs, we expect to be able to reduce the portion of sequencing and molecular analysis revenue which is recognized on a cash basis.

We continue to focus efforts to enhance reimbursement from plans when profiles are ordered and there is no payer contract in place. We are actively engaging plans with detail which supports a physician's reason for ordering. Our utilization of pre-authorizations and supporting documentation assists in the overall billing and appeal process, optimizing payment with payers, who do not have a formal agreement with us.

In parallel with the private payer activities described above, we are also making extensive efforts to explore approval pathways for our test capabilities (including the FDA in-vitro medical device clearance we received in November 2019), which we believe will facilitate coverage from governmental programs such as Medicare. Those activities are ongoing but have uncertainty on the timelines as to formal approval. Lastly, we have implemented an increase in the patient financial responsibility which is collected prior to testing to ensure that at least a partial payment is received for every test performed, we expect unpaid and partial paid orders to decline, which will likely result in a decline in total GPS orders and revenue in the short-term.