

FOR IMMEDIATE RELEASE

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**Bain-Funded MedeAnalytics Sued by 10-Year Partner
for Lost Revenue Over \$30 Million; Claims Include Breach of Contract,
Unfair Business Practices, Poaching Employees**

*Lawsuit Details Predatory Pursuit of Highly Skilled Company Engineers;
Sets Up Claim for Injunctive Relief to Prevent Business Loss, Ruin*

SAN FRANCISCO, Calif. – Stella Systems, LLC, a Kharkiv, Ukraine based company and provider of sophisticated software and engineering services for the U.S. health care industry, announced today that it has filed a lawsuit in the United States District Court in the Northern District of California against MedeAnalytics, Inc., headquartered in Emeryville, Calif. for breach of contract, breach of the covenant of good faith and fair dealing, promissory estoppel, intentional interference with contract, negligent interference with prospective economic advantage, intentional interference with prospective economic advantage, and unfair business practices in violation of California's Unfair Competition Law, Business & Professions Code Section 17200.

The suit claims lost revenue of at least \$30 million and permanent damage to the Stella Systems business. It sets up a claim for injunctive relief to halt the predatory poaching practices of MedeAnalytics, a portfolio company of Bain Capital Venture Partners, Palo Alto, Calif. The suit alleges that despite its declared intent to continue its 10-year relationship with Stella Systems, MedeAnalytics began making plans more than 10 months ago to hire Stella software engineering teams that were critical to the success of the services MedeAnalytics was providing to some 850 clients in the U.S. health care industry. MedeAnalytics continued to make false promises about extending the contract up until three days before the Feb. 28 expiration date.

“With the 10-year agreement ending on Feb. 28, 2014, MedeAnalytics continuously indicated that the contract would be extended until a meeting to talk about that extension on Feb. 25 when it announced suddenly that Stella Systems services were no longer needed,” said David Nied, of the law firm of Ad Astra Law Group, LLP, which filed the suit on Wednesday, Feb. 26, in San Francisco. “Ironically, MedeAnalytics filed a similar action against another company in 2011 to prevent them from stealing Stella Systems employees who were so critical to its success.”

Given the long lead-time necessary to recruit and train highly educated team members to handle the requirements of its clients, MedeAnalytics couldn't perform without Stella's engineering expertise. In 2013, it began violating the non-solicitation agreement with Stella that has been in force since 2004. By February 2014, MedeAnalytics agents recruited almost 20 former Stella highly skilled engineers who left Stella and now work for MedeAnalytics in Kharkiv, doing the same work they had done at Stella.

"MedeAnalytics is doing everything it can to drive Stella out of business and steal its employees for its own long-term benefit," said Nied. "The suit sets up a claim for injunctive relief to prevent further poaching of Stella employees, loss of revenue for Stella, and loss of future economic opportunities. We will be asking the court to preserve the status quo and extend the contract on a month-to-month basis while the court determines the respective rights of each entity."

In 2004, Stella Systems and MedeAnalytics entered their first five-year contractual agreement for Stella to provide information technology services for MedeAnalytics' customers, hospitals, payers, and other large health care organizations. Bain Capital Venture Partners began investing in MedeAnalytics (formerly named MedeFinance) in 2008, acquiring a minor position in the company. The Stella contract was extended another five years in 2009, with a new expiration date of Feb. 28, 2014. Stella employees have provided complex and sophisticated information technology support, serving MedeAnalytics customers through the agreement.

In the last two years, Bain Capital has been more involved with the company, providing strategic and operational support and exercising dominion and control over MedeAnalytics, its management team, and employees. In 2012, the relationship between Stella Systems and MedeAnalytics began deteriorating, the suit alleges. The MedeAnalytics management team, influenced by Bain, attempted a takeover of Stella in 2013. When the offer to exchange MedeAnalytics stock to purchase Stella was refused, MedeAnalytics began engaging in the unfair business practices and other misconduct alleged in the suit, according to Nied.

MedeAnalytics continuously indicated throughout 2013 that it would extend the contract. Instead, the suit alleges, MedeAnalytics began hiring former Stella Systems employees as independent contractors in violation of Ukrainian law. It then began soliciting current employees to join MedeAnalytics and engage in the same work, thus breaching its non-solicitation agreement with Stella Systems with the intention to sever its collaboration with the company and prepare MedeAnalytics for acquisition, Nied said.

"Stella Systems is taking this action to protect its long-term viability and its unique team of more than 170 employees which it has developed over the last decade," said Nied. "We will be asking the court to issue an injunction to stop these predatory practices that are aimed at ruining the business of what has been a long-term, incredibly valuable partner to MedeAnalytics."

Stella Systems issued the following statement regarding the lawsuit:

"Our lawsuit is intended to protect our company and our employees, including the long-term investment we have made to train and develop our teams to serve MedeAnalytics and its customers whom we value and respect. It is particularly sad to face such misconduct of our

partner in the United States that we in Ukraine have always set the highest standards in terms of ethical behavior and fair business practices,” said Oleksiy Stepanovskiy, the CEO of Stella Systems. “We have proposed continuing the agreement for one year to ensure that those customers don’t suffer damages to their business from being handed off to incomplete teams without the skills we developed specifically for those customers. We took every step we could to avoid the lawsuit and ensure these clients don’t suffer any repercussions. Unfortunately MedeAnalytics did not leave us any choice.”

The complaint mentions the following MedeAnalytics employees: Andrew Hurd, Sal DeTrane, Ping Zhang, Henry Dai, Vitaliy Gavrylenko, Denys Grozenok, and Andrii Khorin.

Ad Astra Law Group, LLP of San Francisco is representing Stella Systems in the complaint filed on February 26 in the U.S. District Court for the Northern District of California. Further background on all claims and parties involved may be found in the file, case number 4:14-cv-00880.

About Stella Systems – Healthcare Information Technology Services Provider

Stella Systems provides sophisticated and complex software and engineering services to U.S. customers in the health care industry. It was founded in 2004 and is among the biggest employers in its home city of Kharkiv, Ukraine, its employees being primarily well-educated and highly specialized engineers. Stella Systems helps American companies manage healthcare data in compliance with U.S. regulations. Oleksiy Stepanovskiy, the CEO and founder, has lead the company for almost 10 years.

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Media Contacts: Gable PR – 619-284-1714

Tom Gable
Cell: 619-251-3881
tom@gablepr.com

Emily Forgeron
Cell: 858-692-0505
emily@gablepr.com