PatientPoint Healthcare IT Business Plan

Business Plan
& Investment Presentation

Researched & Prepared By

Eighteen Ventures
PO Box 694286
Miami, FL 33269
www.Eighteenventures.com

PatientPoint Healthcare IT Business Plan

TABLE OF CONTENTS

PatientPoint Healthcare IT Business Plan

Executive Summary

Company Description

PatientPoint Healthcare IT is a service and software development firm. In particular, the company specializes in helping office-based physician practices incorporate and cost-effectively utilize electronic health records (EHRs) systems.

The company was formed to provide EHR deployment services to small physician practices. Through this experience, the firm's leadership discovered an opportunity to assist physicians on how to benefit from data mining.

Business Opportunity

With the shift towards value-based reimbursement, the demands of using EHRs, the desire for better patient outcomes, and the necessity to make continual practice management improvements, small physician practices can utilize data mining to meet these needs.

Service Solution

PatientPoint Healthcare IT's data-mining cloud-based service helps small physician practices analyze operational and patient data contained in their EHRs. More importantly, the service helps to (1) determine precise treatment plans for patients, (2) reduce healthcare delivery service costs, (3) track payments from private and government insurers, and (4) improve overall practice management.

The firm uses a proprietary data-mining software, Info-Health Documents™ , designed to filter through EHR data and detect patterns that will assist physicians with clinical decisions making. It also helps small physician practice owners identify care gaps and recognize operational inefficiencies. Provided through the cloud, it will be offered as a Software-as-a-Service (SaaS).

Product Development & Product Intellectual Property Status

Info-Health Documents™ is at the product prototype development stage. The company filed a provisional patent with the United States Patent and Trademark Office (USPTO) to protect its intellectual property (IP) rights of Info-Health Documents™.

Target Buyers

PatientPoint Healthcare IT offers its data-mining service to office-based, non-hospital owned, small physician practices, with one to five physicians, using a basic EHR system that captures patient history and demographics, patient problem lists, physician clinical notes, comprehensive lists of patients' medications and allergies, computerized orders for prescriptions and laboratory and imaging results.

Market Size

The US Bureau of Labor Statistics indicates that are approximately 230,187 physician practices in the US. Among these physician practices, 52.8% consist of only one office-based physician. Physician practices with 2-5 physicians make up 37.1% of physician offices in the US.

The Global EHR Market is expected to reach $33,294 million by 2023. The Data mining tools market size is expected to reach $1,039.1 Million by 2023, up from $591.2 Million in 2018.

PatientPoint Healthcare IT Business Plan

Market Analysis

Since 2008, office-based physician adoption of an EHR has nearly doubled, from 42% to 87%. Physician specialties with the highest adoption rates are internal medicine / pediatrics (76%), nephrology (75%), family practice (75%) and urology (74%).   As of 2017, nearly 9 in 10 (86%) of office-based physicians had adopted any EHR, and nearly 4 in 5 (80%) had adopted a certified EHR

According to a 2015 National Electronic Health Records Survey (NEHRS), 87% of physicians reported using an EHR system and 78% reported using a Certified EHR system.

The Office of the National Coordinator for Health Information Technology (ONC) figures from 2017 show that most physicians – or 64% -- use one of seven major vendors; Epic Systems Corp. and Allscripts lead the way with about 33% of the physicians as customers. Tens of thousands of physicians use EHRs from other vendors, from well-known makers such as Practice Fusion and eMDs to dozens of niche companies that cater to the unique needs of medical specialists or small independent practices.

Potential Competitors

PatientPoint Healthcare IT competes against a fragment industry of small, medium and large size firms offering EHR and data mining services. Leading data mining software developers include SAS, IBM, Symbrium, Coheris, Expert System, Apteco, Megaputer Intelligence, Mozenda, GMDH, University of Ljubljana, RapidMiner.

Amazon's Comprehend Medical software service is a major, direct competitor. The service aims to help physicians scour unstructured data in EHR and offer insights for better patient treatments.

Marketing & Promotion

PatientPoint Healthcare IT marketing program seeks to maximize resources, time and efforts in order to attract new clients, retain existing clients, generate consistent revenues and gain market share.   The foundation of the company's marketing program includes a sound price structure, a unique competitive advantage, a proactive promotional strategy, and a reliable, efficient service delivery process.

Leadership and Management Team

A group of seasoned professionals possessing a combined 40 year in the healthcare IT industry leads the company.   In particular, Robert Dibble, the firm's founder, President & Chief Executive Officer, has been directly involved in the healthcare IT arena for twenty four years; while the vice-president for operations has fifteen years of direct industry experience and the director of marketing and business development has six-teen years of direct industry experience.

Financials

PatientPoint Healthcare IT is seeking $1.3 million in equity financing, from either a business angel, venture capital firm, health system venture fund or a corporate venture capital fund, for a 20% position in the firm. The firm will use buy-back as an exit strategy. The investment funding will be used to hire additional staff, such as a nurse informaticist, and implement the marketing & promotional strategy.

PatientPoint Healthcare IT Business Plan

Market Analysis

Since 2008, office-based physician adoption of an EHR has nearly doubled, from 42% to 87%. Physician specialties with the highest adoption rates are internal medicine / pediatrics (76%), nephrology (75%), family practice (75%) and urology (74%). As of 2017, nearly 9 in 10 (86%) of office-based physicians had adopted any EHR, and nearly 4 in 5 (80%) had adopted a certified EHR

According to a 2015 National Electronic Health Records Survey (NEHRS), 87% of physicians reported using an EHR system and 78% reported using a Certified EHR system.

The Office of the National Coordinator for Health Information Technology (ONC) figures from 2017 show that most physicians – or 64% -- use one of seven major vendors; Epic Systems Corp. and Allscripts lead the way with about 33% of the physicians as customers. Tens of thousands of physicians use EHRs from other vendors, from well-known makers such as Practice Fusion and eMDs to dozens of niche companies that cater to the unique needs of medical specialists or small independent practices.

Data Mining Industry Profile

The data mining tools market size is expected to grow from USD 591.2 Million in 2018 to USD 1,039.1 Million by 2023, at a Compound Annual Growth Rate (CAGR) of 11.9% during the forecast period. The data mining software major players include IBM, RapidMiner, GMDH, Apteco, University of Ljubljana, Salford Systems, SAS Institute, Oracle, Salford Systems and Lexalytics.

EHR Industry Profile

The Global Electronic Health Records Market was valued at $23,592 million in 2016, and is expected to reach $33,294 million by 2023, growing at a CAGR of 5.0% from 2017 to 2023.

The EHR industry is characterized by medium to high level of market share concentration. While many industry operators control a large share of either the ambulatory or inpatient software market, few companies command a large share of the EHR software market across all healthcare providers, overall. There are approximately over one thousand companies offering EHR systems or solutions.

Based on delivery mode, the electronic health record market has been categorized into web-based/cloud-based server, and on-premise. Among these, web-based/ cloud-based server held the largest share in this market, with 50.9% contribution in 2017. This is attributed to its increasing number of benefits that include low licensing and start-up cost, low maintenance and infrastructure requirements, and wider accessibility. In addition, a web based EHR system provides enhanced productivity and faster and smoother implementation.

Potential Competitors

PatientPoint Healthcare IT competes against a fragment industry of small, medium and large size firms offering EHR and data mining services. Leading data mining software developers include SAS, IBM, Symbrium, Coheris, Expert System, Apteco, Megaputer Intelligence, Mozenda, GMDH, University of Ljubljana, RapidMiner.

Amazon's Comprehend Medical software service is a major, direct competitor. The service aims to help physicians scour unstructured data in EHR and offer insights for better patient treatments.

PatientPoint Healthcare IT Business Plan

Marketing Program

Market Drivers

Data Mining- According to the Global Data Mining Software Market study report, "Strong demand for advanced business intelligence tools, the move towards artificial intelligence and machine learning, technological developments, rising need amid companies to gain valuable intelligence into the data generated from different business processes, the increasing use of cloud-based solutions are expected to drive the growth of the data mining software market."

Electronic Health Records (EHRs)- According Global Insights Report, "Increasing government expenditure and funding for the development of healthcare IT solution for better understanding of diagnosis and treatment pattern will contribute to considerable EHR market growth over projected timeframe. Additionally, rising internet penetration and campaigns conducted to increase awareness about the importance and benefit of EHR among the doctor community will significantly expand the business size. Thus, growing awareness of EHR in hospitals and healthcare settings will accelerate the demand for electronic medical record systems over forthcoming years."

Value Proposition

PatientPoint Healthcare IT's data mining EHR service helps small physician practices improve patient care, reduce operational costs and produce profits.

Competitive Advantage

The competitive advantage is the company's skilled, experienced personnel with past accomplishments working within the healthcare industry and working successfully with small physician practices to deploy EHR systems. More importantly, the company's customer satisfaction rating is nearly seventy-five percent (75%).

Customer Segment

<u>Target Customer Profile</u>

Type of Business:	Small Physician Practice
Size of Operation:	1 – 5 Physicians
Medical Specialty	Family Medicine, Internal Medicine, Pediatrics & Obstetrics
Ownership Type:	Independently Owned
Owner's Age Range:	50 - 65
Estimated Annual Revenues:	$250,000 - $5 million
Years in Business:	2 - 12 years
Geographical Area(s):	Maine To Florida, United States

PatientPoint Healthcare IT Business Plan

Competitive Advantage

The competitive advantage is the company's skilled, experienced personnel with past accomplishments working within the industry and working successfully with physician practices.

Barriers to Entry

The barrier to entry is very low.   At the same time, the industry is consolidating rapidly and very few large EHR vendors offer data-mining services to the company's target clients. Thus, the company has an opportunity to acquire and dominate a sizable marketshare within its targeted market segment.

Promotional Activities

Marketing & Promotion Activities

In order to educate, inform, and communicate with potential customers, the company utilizes a variety of promotional activities. The activities include:

Promotional Activities	Approach
Direct Mail	Educating and informing physicians about the benefits of using data mining for EHRs.
Guest Speaking	Sharing knowledge and expertise on the use of data mining EHRs.
Public Relations	Issuing Media Releases regarding new client signings, service developments and industry awards.
Advertisement	Placing ads in targeted physician and Healthcare Information Technology (HIT) trade publications.
Networking Events	Attending and developing contacts at industry conferences.
Conference Exhibits	Hosting a booth and providing information at industry conferences.

Management Team & Organizational Structure

Management Team

Chief Executive Officer & President	Robert Dibble
Vice President Of Operations	Jack Sanata
Vice- President Marketing & Business Development	Tina Jones

Professional Staff

Chief Technical Officer	Mary Armstrong
Software Engineer	Ben Jetta
Information Technology Specialist	Trisha McDonald

Appendix A contains a detailed profile of the company's management team and professional staff.

Outside Professional Assistance

PatientPoint Healthcare IT has engaged the services of an attorney and an accountant as professional representatives for legal and financial/tax advice.

PatientPoint Healthcare IT Business Plan

Financials

PatientPoint Healthcare IT currently generates one hundred per cent (100%) of its revenues from EHR deployment and technical assistance service. The company earned less than one per cent (1%) of revenues from federal new health technology developments grants from the Small Business Innovation Research (SBIR) program.

The company anticipates earning nearly thirty percent (30%) of its future revenues from the EHR data-mining service.

PatientPoint Healthcare IT is seeking $1.3 million in equity financing, from either a business angel, venture capital firm, health system venture fund or a corporate venture capital fund, for a 20% position in the firm. The firm will use buy-back as an exit strategy. The investment funding will be used to hire additional staff, such as a nurse informaticist, and implement the marketing & promotional strategy.

Expense Structure

The company's operating expenses include salaries with benefits, office space, taxes, office equipment, information technology services, travel, promotions, office utilities, and professional services.

Revenue Structure

Revenue Source	Percentage of Annual Revenues
EHR Deployment Consulting Service	100%

EHR Deployment Consulting Service

For the EHR deployment service, which involves installing an electronic health record system, the company uses a fee-for-service pricing structure.   The service price depends on what is required to start and complete the assignment. Generally, the company's typical service charges range from $25,000 to 40,000 dollars.

Data-Mining Service Pricing Strategy

PatientPoint Healthcare IT data-mining service pricing model is based on software-as-a-service (SaaS).   Small physician practices will pay a monthly subscription fee, which includes software licensing, support and report preparation fees.

History Performance

PatientPoint Healthcare IT generated consistent revenues during the first six years of operation. The company broke even in year three and earned profits in the last three years.

PatientPoint Healthcare IT Business Plan

Current Company Shareholders

Owner	**Percentage Ownership**
Robert Dibble	100% Preferred Stock

Investment Amount/Funding Amount Needed and Usage

PatientPoint Healthcare IT is seeking $1.3 million in equity financing, from either a business angel, venture capital firm, health system venture fund or a corporate venture capital fund, for a 20% position in the firm. The firm will use buy-back as an exit strategy. The investment funding will be used to hire additional staff, such as a nurse informaticist, and implement the marketing & promotional strategy.

Use of Capital Investment Funds	Amount
Staffing (New Hires) Salaries/Benefits	$600,000
Computer/Electronic Equipment	$150,000
Marketing & Promotion	$250,000
Product Launch	$300,000
TOTAL	$1,300,000

Income Statement

	2015	2016	2017	2018
EHR Data Mining	480,000	520,000	560,000	600,000
EHR Deployment	120,000	130,000	130,000	140,000
SBIR Grants	1,400	1,400	1,400	1,400
TOTAL REVENUES	601,400	651,400	691,400	741,400
Office Lease	24,000	26,000	28,000	30,000
Utilities	4,800	4,800	6,000	6,000
Business Insurance	1,500	1,500	1,500	1,500
IT Services	2,000	2,500	2,500	2,500
Banking	400	400	400	400
Promotional	20,000	20,000	15,000	15,000
Salaries	350,000	400,000	430,000	480,000
Office Equipment	70,000	40,000	30,000	30,000
Travel	25,000	25,000	25,000	25,000
Professional Services	10,000	10,000	10,000	10,000
Taxes	25,000	25,000	30,000	40,000
TOTAL EXPENSES	532,700	555,200	578,400	640,400
PROFITS	68,700	96,200	113,000	101,000

Appendices

PatientPoint Healthcare IT Business Plan

Appendix A: Management Team & Staff Profiles

Management Team

Robert Dibble, President & Chief Executive Officer

With over twenty years as a professional in the healthcare IT industry, Mr. Dibble founded X to provide innovative software and RFID technology solutions for medical centers.   Mr. Dibble earned a B.S. in mechanical engineering and a M.S. in mechanical engineering from the University of Michigan, and a MBA from Ohio State University.

Jack Sanata, Vice-President of Operations

Mr. Sanata, who has a B.S. in accounting and an MBA from Boston College, has held a number of positions with both large and small companies focused on operational budgets and accounting matters.   Mr. Sanata served as the Chief Financial Officer for two start-up software firms.

Tina Jones, Vice- President Marketing & Business Development

Starting her professional career in the Public Relations arena, Ms. Jones, over a ten-year period, expanded her knowledge, experience and skills to become an expert in both marketing and business development.   Ms. Jones possess over 10 years of experience in healthcare sales, 5 of which have been in key leadership and management roles directly associated with providing RFID enterprise solutions to the Acute and Sub-Acute Healthcare facilities.

Ms. Jones earned a B.A. in English Literature from Fairleigh Dickinson University and an MBA from New York University.

Professional Staff

Mary Armstrong, Chief Technical Officer

Ms. Armstrong has 15 years experience in health care information technology management. She previously worked for a software vendor and a national IT consulting firm. She received a BS and a MS in Computer Science from North Carolina State University and an MBA from Duke University.

Ben Jetta, Software Engineer

He has over 17 years of embedded systems, software, and hardware design and development experience, and has been active in relevant standards working groups. Mr. Jetta holds a BS in Mechanical Engineering from American University.

Trisha McDonald, Information Technology Specialist

Ms. McDonald earned an associates degree, in Computer Science, from Staten Island Community College, City University of New York and a BS in Computer Science from the University at Albany, State University of New York.

Appendix B: Data Mining EHR Software Product

Product Description

Info-Health Documents™ is a predictive analytics software product designed to sift through electronic health records (EHRs) data to detect patterns and improve patient care.

Product & Service Benefits

With the use of the product and the service, the client benefits in the following ways:

- Improvement of practice protocols and quality of care delivery
- Identification of trends and recognition of best practices for different disease treatments
- Pay-for-performance programs
- Meet eligible incentive payment requirements under meaningful use

Product and Service Implementation

In applying the product and implementing the service, the company uses the Cross-Industry Standard Process for Data Mining (CRISP-DM). This process includes: 1) identifying the project's objectives, 2) collecting the initial data, 3) building a dataset, 4) analyzing the data, 5) evaluating the project's objectives and achievements and 6) presenting the data-mining results.

Product Uniqueness

The product is unique because it is designed to accept a wider range of data formats. In addition, the product can capture complex patterns about patients' genetic, clinical, and socio-demographic characteristics.

PatientPoint Healthcare IT Business Plan

Appendix C: Implementation Plan & Milestone

Activities	03/09	02/12	03/13	11/13	2/14 – 11/ 16	Responsible
SBIR NIH Phase I Awarded	√					President/Grant Writer
SBIR Phase II Awarded		√				President/Grant Writer
Market Strategy Implementation			√			Marketing Director
Partnership Agreements Signed				√		Marketing Director
Product Launch						Marketing Director
Personnel Addition					√	CEO & Executive Staff