

**26 July 2016**

Australian Securities Exchange  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

## **Buzza to present at BioShares Biotech Summit**

**Alcidion Group Limited** (ASX:ALC) is pleased to announce that Executive Director, Mr Nathan Buzza, will present a paper on “Opportunities for Investment in Digital Health” at the Bioshares Biotech Summit on July 29<sup>th</sup> 2016 in Queenstown, New Zealand.

A copy of the presentation, inclusive of presentation notes is included with this announcement.

### ENDS ###

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### **About Alcidion**

**Alcidion Group Limited** (ASX:ALC) is a publically listed, innovative health informatics company that specializes in clinical products that improve productivity, safety and efficiency. Alcidion's solutions target key problems for Emergency Rooms, Inpatient Services and Outpatient Departments and are built upon a next generation health informatics platform, which incorporates an intelligent EMR, Clinical Decision Support Engine, Data Integration Capability, Smartforms, Terminology Support and Standards Based Web Services.

Alcidion's focus is on delivering solutions that enable high performance healthcare and which assist clinicians by minimising key clinical risks, tracking patient progress through journeys and improving quality and safety of patient care.

[www.alcidion.com](http://www.alcidion.com)

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# Opportunities for Investment in Digital Health

July 2016



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## BIOGRAPHY

- 25 years' experience in medical technology.
- CEO & Founder of CommtechWireless.
- CEO & Founder of Allure Capital.
- Executive Director of Alcidity Group Ltd (ASX:ALC).
- Previously second largest shareholder of Azure Healthcare Ltd (ASX:AZV).

## AWARDS

- EY "Entrepreneur of the Year".
- Overall "40 Under 40" Winner.
- WAITTA Lifetime Achievement Award.
- BRW Fast 100 Fastest Growing Private Companies.
- Telstra Small Business of the Year.



With 25 years' experience in software, electronics and medical technology, Nathan is recognized as a technology pioneer in the evolution and implementation of specialized medical technology. Having founded Clinical Middleware provider CommtechWireless in 1992, Nathan grew this business into a successful multinational with offices in Perth, Sydney, Jacksonville, Hong Kong, Shenzhen, Vejle and London deploying the technology across 8000 locations worldwide.

In 2008 Nathan negotiated the trade sale of CommtechWireless to Amcom Software and continued as General Manager for eighteen months post acquisition. Prior to the acquisition, Nathan was the principal shareholder, CEO and Chief Technologist of the company and was responsible for strategic planning, technology development and administration of the company's affairs. In 2010, Amcom Software was acquired by USA Mobility (now [Spok](#)) for \$163.8m.

The business was listed by [Business Review Weekly](#) as one of the fastest growing privately held companies in Australia for three consecutive years and the recipient of numerous accolades including: The [Telstra Small Business of the Year Award](#), The Department of Industry & Resources "CY O'Conner Award for Excellence in Engineering" as well as the Australian Telecommunications Users Group "Best Communication Solution".

In 2006, Nathan's accomplishments were recognised by [Ernst & Young](#), where Nathan was awarded the "Entrepreneur of the Year" as well as the Western Australian IT & Telecommunications Life Time achievement Award for contribution to the IT community.

Nathan judged the [Innovator of the Year Awards](#) and the [Curtin](#) and [Cambridge Universities Ignite Programmes](#) in 2010.

Prior to Alcidity, Nathan's Private Equity firms were the second largest shareholder of [Azure Healthcare](#) (ASX:AZV) and during Nathan's tenure, the company share price increased 1200%.

Nathan is a member of the [NiQ Healthcare](#) Advisory Board and a General Partner in Private Equity Firm, [Future Health](#).

Nathan studied a Bachelor of Commerce at [Curtin University](#), majoring in Information Systems.

What exactly is Digital Health ?

Why does Digital Health represent an exciting investment opportunity?

What are the risks ?

What to look out for investment opportunities.



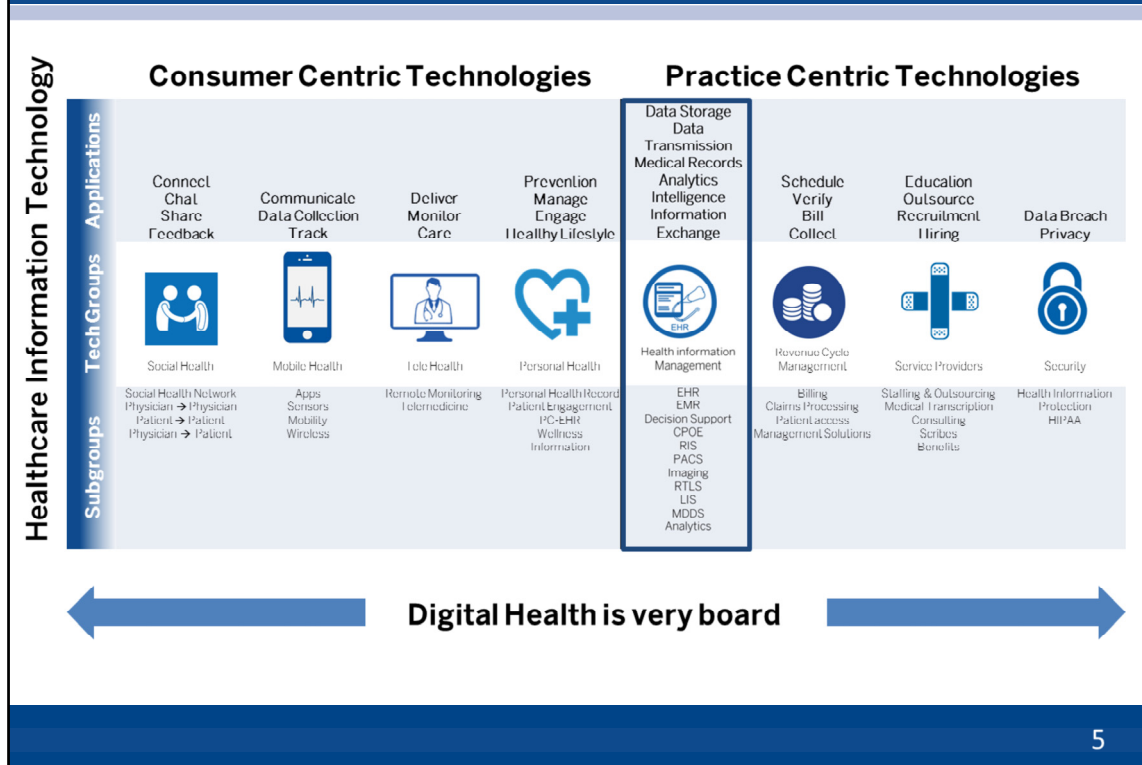
The convergence of the healthcare system with digital technology, is rippling across healthcare and providing compelling investment opportunities for investors, particularly in public markets. Best of all, it's only in its early stages.

Digital healthcare attracted \$4.5 billion in venture capital funding in 2015, more than 4-and-a-half times the investment total of five years ago and a second consecutive annual record, according to investment firm and market watcher **Rock Health**.

Moreover, digital health is no longer a novelty. Late-stage deals accounted for nearly a quarter of deal volume and M&A activity nearly doubled in volume last year to 187 deals with \$6 billion of disclosed activity. Five IPOs also raised \$1.4 billion.

This growth produces heightened healthcare efficiency, long overdue in a U.S. healthcare system mired in a malaise of mediocrity despite world-class physicians and technology. According to a report by **The Commonwealth Fund**, a private U.S. foundation focused on the healthcare system, the quality of U.S. healthcare in 2014 ranked dead last among 12 nations studied, including Australia, Canada, France, Germany and the United Kingdom.

With the advent of digital health, there is realistic hope for substantial improvement. And along the way there will be huge market implications. **Goldman Sachs** forecasts a near-term digital health market exceeding \$32 billion annually. Of this, 45 percent will come from remote patient monitoring (mostly for chronic disease management), 37 percent from telemedicine and 18 percent from behavioral modification



The healthcare information technology (IT) market is swelling, thanks to the federal government's legislative and financial incentives for technological progress. While most industries have adopted technology much earlier, the healthcare industry is really just now catching up.

These changes are coming in waves. The first wave encouraged digital infrastructure and electronic health records adoption, a market which is now mature. This wave was initiated in 2009, when Congress passed the Health Information Technology for Economic and Clinical Health (HITECH) Act, which offered healthcare providers a carrot and stick approach to adopting meaningful use of this technology. This act incentivized hospitals, medical groups and doctors' offices with more than \$30 billion to change from paper patient medical records to electronic medical records (EMRs), and use them in a meaningful way.

The push was successful, overall. As of April 2015, 95% of all eligible and critical access hospitals have demonstrated meaningful use of certified Health IT. Office-based physicians are lagging behind, with only 54% doing the same.

The Affordable Care Act (ACA) in 2010 set the stage for the second wave of technology, which builds on EMR adoption by adding performance and quality reporting metrics into the mix. The ACA changes the payment paradigm in healthcare by tying revenue to value and outcomes, versus volume of patients seen. Thus, new technologies are necessary for gathering, sharing and analyzing vast amounts of data to manage the health of an entire patient population. Other technologies are addressing connectivity and interoperability issues, since moving to a value-based outcomes model requires better care coordination.

Another factor currently influencing the healthcare IT market is the Centers for Medicare and Medicaid (CMS) announcement in early 2015, which stated that 90% of Medicare fee-for-service payments will be linked to quality and value metrics by 2018, with smaller goals starting right away. Also by 2018, the CMS will tie 50% of all traditional Medicare payments to alternative payment models. It's not just Medicare: Of the largest private payers, 70% have the same

payment goals, as do more than 50% of state governments.



- The global population is aging, resulting in a dramatic and unparalleled increase in population, complex patients with multiple co-morbidities.
- The United States spends 18% of GDP on Healthcare, representing over \$USD3.0 trillion dollars annually, which is set to grow to 37% by 2050.
- Global expenditure on Healthcare IT is \$USD40.4b, growing to \$USD56.7b by 2017.
- Mobile Health technology is growing from \$USD6.9b market to \$USD23b market by 2017.
- The Obama Administration introduced the Patient Protection & Affordable Care in 2010, mandating that all US hospitals upgrade their Clinical Information Systems.
- This Act stipulates that healthcare providers must demonstrate the meaningful use of health IT by 2016 or face a reduction in Medicare reimbursements.

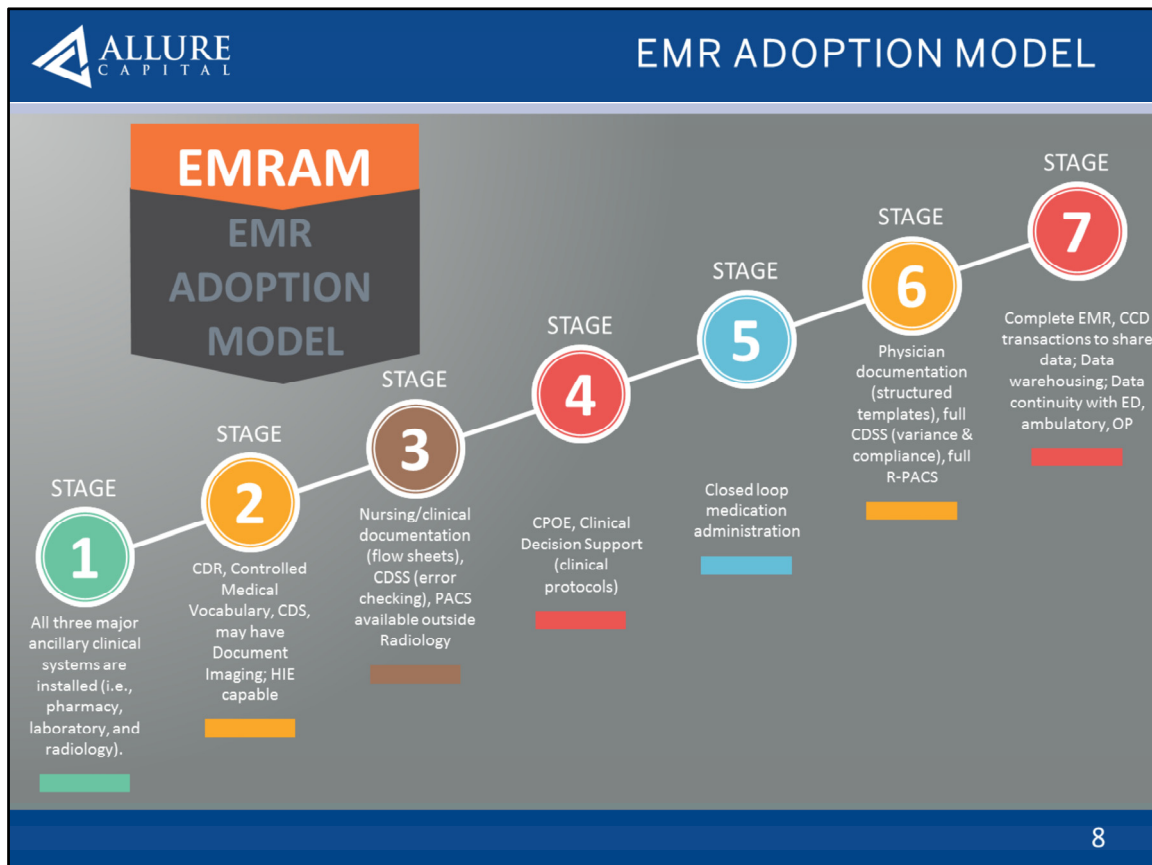


President Obama's administration has pledged to give every American an electronic health record within five years, arguing that this is "fundamental to reforming" the entire healthcare system.



- Global adoption of the “Electronic Medical Records Adoption Model (EMRAM)”, supported by government funding.
- The rise of interoperability and global standards.
- Apple introducing HealthKit and Research Kit, coupled with the launch of powerful mobile tablets.
- FDA Regulating the environment.
- Global Government allocating funds to Digital Health:
  - The United States government has set aside more than \$USD20 billion in stimulus funds to implement Electronic Health Records nationwide
  - The United Kingdom has allocated £4 billion to transition the National Health Service into a paperless environment (7<sup>th</sup> Feb 2016).
  - Australian Digital Health Agency formed 27<sup>th</sup> Jan 2016.
- The adoption of Digital Health encourage the adoption of Digital Health – a self fulfilling prophecy.





**Stage 0:** The organization has not installed all of the three key ancillary department systems (laboratory, pharmacy, and radiology).

**Stage 1:** All three major ancillary clinical systems are installed (i.e., pharmacy, laboratory, and radiology).

**Stage 2:** Major ancillary clinical systems feed data to a clinical data repository (CDR) that provides physician access for reviewing all orders and results. The CDR contains a controlled medical vocabulary, and the clinical decision support/rules engine (CDS) for rudimentary conflict checking. Information from document imaging systems may be linked to the CDR at this stage. The hospital may be health information exchange (HIE) capable at this stage and can share whatever information it has in the CDR with other patient care stakeholders.

**Stage 3:** Nursing/clinical documentation (e.g. vital signs, flow sheets, nursing notes, eMAR is required and is implemented and integrated with the CDR for at least one inpatient service in the hospital; care plan charting is scored with extra points. The Electronic Medication Administration Record application (EMAR) is implemented. The first level of clinical decision support is implemented to conduct error checking with order entry (i.e., drug/drug, drug/ food, drug/lab conflict checking normally found in the pharmacy information system). Medical image access from picture archive and communication systems (PACS) is available for access by physicians outside the Radiology department via the organization's intranet.

**Stage 4:** Computerized Practitioner Order Entry (CPOE) for use by any clinician licensed to create orders is added to the nursing and CDR environment along with the second level of clinical decision support capabilities related to evidence based medicine protocols. If one inpatient service area has implemented CPOE with physicians entering orders and completed the previous stages,

then this stage has been achieved.

**Stage 5:** The closed loop medication administration with bar coded unit dose medications environment is fully implemented. The eMAR and bar coding or other auto identification technology, such as radio frequency identification (RFID), are implemented and integrated with CPOE and pharmacy to maximize point of care patient safety processes for medication administration. The "five

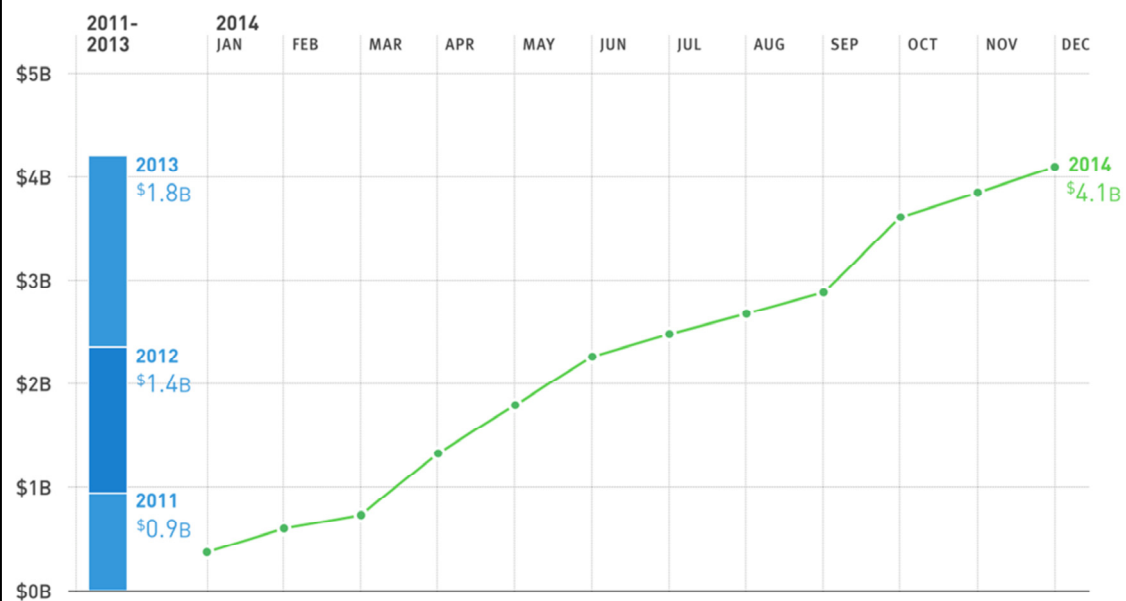
rights" of medication administration are verified at the bedside with scanning of the bar code on the unit dose medication and the patient ID.

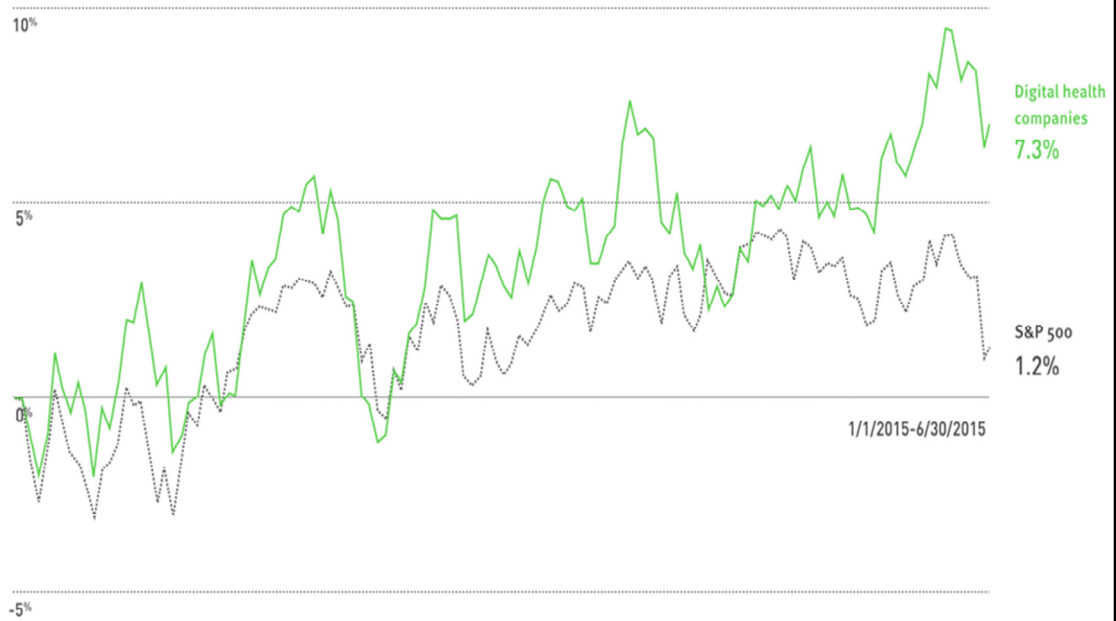
**Stage 6:** Full physician documentation with structured templates and discrete data is implemented for at least one inpatient care service area for progress notes, consult notes, discharge summaries or problem list & diagnosis list maintenance. Level three of clinical decision support provides guidance for all clinician activities related to protocols and outcomes in the form of variance and compliance alerts. A full complement of radiology PACS systems provides medical images to physicians via an intranet and displaces all film-based images. Cardiology PACS and document imaging are scored with extra points.

**Stage 7:** The hospital no longer uses paper charts to deliver and manage patient care and has a mixture of discrete data, document images, and medical images within its EMR environment. Data warehousing is being used to analyze patterns of clinical data to improve quality of care and patient safety and care delivery efficiency. Clinical information can be readily shared via standardized electronic transactions (i.e. CCD) with all entities that are authorized to treat the patient, or a health information exchange (i.e., other non-associated hospitals, ambulatory clinics, sub-acute environments, employers, payers and patients in a data sharing environment). The hospital demonstrates summary data continuity for all hospital services (e.g. inpatient, outpatient, ED, and with any owned or managed ambulatory clinics).

Stage	Asia Pacific	Middle East	United States	Canada	Europe
Stage 7	0.4%	0.0%	3.7%	0.2%	0.3%
Stage 6	3.2%	11.5%	22.2%	0.8%	3.1%
Stage 5	7.4%			0.9%	28.3%
Stage 4	1.7%			3.3%	6.8%
Stage 3	0.5%			31.4%	2.7%
Stage 2	3.2%			30.6%	32.7%
Stage 1	4.6%			14.2%	8.6%
Stage 0	48.2%			18.7%	17.6%

96.30% of the  
8,000 Hospitals in  
the United States  
are yet to reach  
EMRAM Stage 7

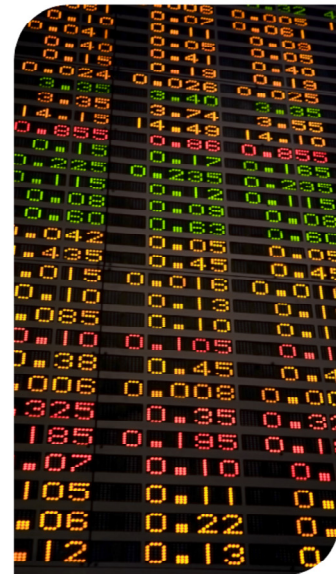




I have reviewed approximately 100 proposals across the technology space, primarily with a healthcare technology focus and invested in three.

I evaluate the business against the following criteria:

- **Criteria 1 :** Capable and Experienced Management Team with a strong track record of commercializing healthcare software.
- **Criteria 2 :** Proven Technology Platform, that is operational and installed at "live" sites.
- **Criteria 3 :** A Technology Platform that is disruptive.
- **Criteria 4 :** Strong Growth Opportunities.
- **Criteria 5 :** Fully Funded until planned exit time.
- **Criteria 6 :** The investment is undervalued.
- **Criteria 7 :** Exit within 36 months.





- Hospitals are built upon a complex eco-system of disparate Clinical Information Systems (CIS).
- Alcidion's Miya platform integrates disparate Clinical Information Systems to identify emerging clinical risk and push this clinical intelligence to the care team via a continuum of devices.
- Under the stewardship of our CMO, Professor Malcolm Pradhan and CEO Ray Blight, the former Chief Executive of the SA Health Commission, Alcidion has invested over \$15m in the development of the Miya Platform.
- The technology is already deployed and operational at Western Health, Northern Territory Health Department, Tasmania Health and the Royal Melbourne.
- The company enjoyed \$5m in revenues in FY15 from the deployment of the platform into beta sites.





