



CEO CFO

Interviews & News!

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With A Motto Of 'More Services To More Doctors', Healthscreen Seeks To Be More Than Just A Medical Records Company



**Healthcare
Enhancement Of Medical Practices
(MDU-TSXV)**

**Healthscreen Solutions Inc.
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**Justin Belobaba
President and CEO**

BIO:

Justin Belobaba, President & CEO

Justin gained his financial experience in the investment banking department of HSBC Securities Inc. In 2001, he founded toMarket Inc., a company that provided wireless payment terminals and administrative software to the Canadian transportation industry.

In 2004, Justin co-founded Medical Telecom Corporation (MTC). As CEO of MTC, he led the company to 1,000% year-over-year growth in both 2005 and

2006, while developing the CallerMD product, and securing endorsements from the Ontario Medical Association and the Coalition of Family Physicians. In May 2007, Medical telecom merged with Healthscreen Solutions, and Justin took over as President and CEO of the newly-formed entity.

Justin is a magna cum laude graduate of Harvard University, with a degree in Economics, and is a member of the academic honours society Phi Beta Kappa.

Company Profile:

Healthscreen Solutions offers a comprehensive suite of practice enhancing products and services designed to increase physician revenues, reduce costs and improve patient care. The Company's robust OHIP billing and patient scheduling software is used by over 4,000 full-time physicians and handles more than \$1.5 billion in healthcare transactions a year.

Healthscreen's Electronic Medical Record (EMR) software supports digitalization and network connectivity for community specialists and family physicians plus a growing list of research groups. The Company's broader goal of Continuous Practice Enhancement is being further realized with a growing list of revenue-generating services such as CallerMD, which assists doctors in managing a range of uninsured medical services and PrevCareMD which allows doctors to maximize government-funded preventive care bonuses.

**Interview conducted by:
Lynn Fosse, Senior Editor**

CEO CFO: Mr. Belobaba, what is your vision for Healthscreen and how has it changed under your leadership as CEO?

Mr. Belobaba: "Healthscreen historically was just focused on medical software for the Canadian health system: scheduling software and electronic medical records. My view on the medical software space is that on its own it is not and will never be a great business. A lot of our competitors seem to disagree, but I think that the historical numbers speak for themselves in that regard. However while medical software is not a great business on its own, it *is* a great platform for building a great business. My vision for Healthscreen is to be a leader in medical software and use that position as a market leader to deliver a number of high-revenue, high-margin services to our physician clients. Simply stated, 'more services to more doctors'. We will deliver an uninterrupted flow of new services that will generate increased revenue, reduce cost and increase patient care for our physician clients while also consolidating a highly fragmented Canadian medical software industry."

CEO CFO: Who is using your services, what particular type of group or practice?

Mr. Belobaba: "There are 4,000 physicians using one of our products located in the province of Ontario. They are with very few exceptions community-based doctors, so we are not focused on academic settings or on hospitals. We are focused on the 85 to 90% of physicians that operate their own clinics in the community, general practitioners, family physicians, and pediatricians; those are our main clients."

CEO CFO: Would you like to go beyond Ontario?

Mr. Belobaba: "Absolutely! We have gone through our first clinic running in Alberta using a billing service for non-

provincially funded medical services. Our plans are to begin aggressively acquiring companies outside Ontario in the next three to six months.”

CEOCFO: Is consolidation in the industry a trend?

Mr. Belobaba: “Not really. Everyone seems to believe that you can by developing the best medical software and grow organically. No one has ever been able to do that. You look at examples like Nightingale, MedComSoft and Xwave, all of these companies have had enormous financial resources invested into what they believe is a great piece of medical software. None of them have the customer base to support a return on that investment. We believe that doctors like to stick to whatever software platform that they are using. Our approach to building a customer base has been one of acquisition. We have done in our history, thirteen different acquisitions of medical software companies, so while the prevailing trend is to grow organically with success, our strategy is one of consolidation, I think that is pretty unique in the industry.”

CEOCFO: What other services will you be offering to doctors?

Mr. Belobaba: “In addition to our medical software, we offer two main services to doctors, and one directly to patients. The first doctor service is called CallerMD, which is an outsource billing service for medical services that are not covered by the provincial health plan, telephone advice, prescriptions over the phone and missed appointment. Typical physician provides \$40 thousand a year in uninsured medical services in Canada and for the most part do not get paid for it. We take the administrative burden out of the doctors’ hands and out of their staff hands. We do the billing for them, generate from \$10 to \$80 thousand a year in additional revenue for the doctor and we keep roughly 20% share of that. Another service that we offer is called PrevCareMD, which is designed to help physicians capture what are called preventive care bonuses. It is an \$11 thousand per physician government program

where if for example 80% of a physician’s seniors get a flu shot, the doctor gets \$2200. If 75% of female patients between the ages of 50-70 get a mammogram, the doctor gets \$2200. There are five categories, \$11,000.00 total bonus available, but because doctors have never been very good at collecting data, they have never had the time or the resources to call patients and schedule appointments for them. Most doctors are not obtaining these bonuses; we happen to be really good at collecting data and calling patients through our call center to schedule these services for them. Again, the doctor outsources that administrative headache to us and we keep about 20-25% of the bonus that we have obtained for the physicians. Those are the two services that we offer to doctors now. In October, we introduced a new service called ReminderMD, where we provide remind-

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ers directly to patients and all members in their household on health matters such as childhood immunizations, preventive care screening tests, drug recall information, and annual check-ups.

We have an excellent pipeline of additional value-added services that make use of our call center and existing infrastructure. For example, we are going to be introducing a service in the next coming months that will help patients manage their prescription drugs.”

CEOCFO: How do you get doctors to pay attention?

Mr. Belobaba: “This is the exact argument for acquisition and consolidation of the market. Doctors are incredibly busy and focused on providing medical care, not focused on managing their business. I know from personal experience how difficult it is to get them to pay attention to you when they do not know you and they are not using one of your products al-

ready. That said, once they are using for example your billing software to bill the government, they do pay attention and you do have the opportunity to up-sell them on any number of additional value-added services. That is why our plan is to acquire these medical software companies, because it gives us credibility and tremendous access to physicians that we would otherwise have a lot of trouble getting in front of. For example, when I send one of our sales reps out on a cold call, they get meetings with about 25% of the physicians that they approach. When I send them to call on one of our customers, we get in front of them 100% of the time so by acquiring we make our sales reps four times as efficient as trying to grow organically as some of our competitors have.”

CEOCFO: You are obviously doing something right, you placed first in the Eight Annual Profit Hot 50 Ranking Of Canada’s Fastest Growing Companies; please tell us about your financial position.

Mr. Belobaba: “The Profit Magazine article was for the company that I started three years ago called, Medical Telecom, which was acquired by Healthscreen. Since then as I have taken over as CEO of Healthscreen, we have continued a pretty impressive growth trend and has increased our revenues by 15% since February. This trend has continued through the summer and fall and something that we can expect to continue going forward. We have a very young dynamic, energetic team and that is unique in a relatively sleepy medical software industry.”

CEOCFO: You announced an alliance with ZoomMed; please tell us about that.

Mr. Belobaba: “That partnership is extremely exciting for us. ZoomMed provides electronic prescribing PDAs and they have had tremendous traction in the province of Quebec. They got almost 1,000 physicians using these PDAs for the prescriptions. Their business model is to give the device away for free. Along with printers and wireless routing and internet, they give all of that stuff to the physician for free and make money from pharmacies that pay them for not having

to read the physicians handwriting. In the agreement with ZoomMed, we will brand their device a Healthscreen product in Ontario and will be their exclusive distributor in the province of Ontario. We will be able to go to our customers with yet another value-added product and up-sell them on this device. The reason this make sense for us, as I mentioned we are very interested in running prescription drug management programs particularly for seniors. The more of these devices that we get into the hands of our customers, the more data that we will have access to and the better we will be able to run these programs.

The two things we are focused on is an area. The first called drug-compliance, which means making sure people are taking the drugs that they are prescribed. Without exaggeration, you could double the size of the pharmaceutical industry by achieving perfect compliance. You take Lipitor for example; a cholesterol drug, and the biggest selling drug in the world, after one year less than 50% of people that should be taking that drug are still taking it. What we do now that we have an electronic prescription and a call-center is we remind patients when it is time for them to renew their drugs through their pharmacy. In pilot studies, we have been able to take compliance on cholesterol and hypertension drugs and asthma and antidepressants from 40 to 60% to over 95%. For pharmaceutical companies that has tremendous value on the order of \$100 thousand of increased drug sales per physician. That is a huge opportunity for us. Also, now that we have electronic prescriptions, another

opportunity is being able to offer the patient the option of having their prescription delivered via mail to their home. We can either outsource that service and share revenue with a mail-order pharmacy or bring that in-house. Either way, the potential of this new opportunity is huge and dwarfs any service that we offer today.”

CEOCFO: I would imagine there are some challenges in the tremendous amount of growth and opportunity you have ahead; how do you handle it all?

Mr. Belobaba: “I think it starts with being very focused on the products doctors want. We are focused on adding value to community based physicians; there are 30,000 of these individuals and that is who we are addressing. I am approached all of the time by medical supply companies who want to use our distribution channel to sell their products, so it is about saying no more times than you say yes. We are not about to get outside of that with so many opportunities that are directed to the call center in our pipeline. I think it is being focused on understanding which business you are in, understanding whom you are selling to, and staying clear on that with your leadership team. You also need to have great people. I have a fantastic management team in place that can keep us focused on the vision that I am providing.”

CEOCFO: Is the investment community starting to take notice?

Mr. Belobaba: “They really are. Medical software is a story that everyone has heard before through the MedComSofts and Nightingales that have come before

us and there is quite a bit of disappointment in the investment community with how these companies have performed. The reason why investors have been receptive to Healthscreen, is medical software isn't a great business on its own, but a great platform for building a great business and that is a fresh approach that the investment community has not heard before. We have also demonstrated over the last six months the sales traction to support that vision. In fact, over the past few months, two very well-respected Canadian brokerage firms have launched analyst coverage on Healthscreen.”

CEOCFO: In closing, why should potential investors be interested, and what might they miss about the company that they should realize?

Mr. Belobaba: “I think that investors should be interested in our story because we are delivering something truly unique to Canadian physicians. There is a huge amount of inefficiency in our healthcare system and we are the only company that is really providing practical solutions to address those inefficiencies. We have an enormous customer base that we are aggressively growing. We have already four different products that demonstrate five times the revenue of any of the other medical software providers that are in the industry. We have a pipeline of services that have potential to generate up to \$100 thousand of revenue per doctor and we are undervalued because few people know our story.”



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