

## From a 10% Adoption Rate in 2003 to 50% Adoption Rate in North America in 2010, Nightingale Informatix Corporation is Leading the Way in Providing Information Technology to Physicians

**Healthcare  
Services and Software  
(NGH-TSXV)**

**Nightingale Informatix Corporation**

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**Sam Chebib  
President and CEO**

### **BIO:**

Sam Chebib has been the President and Chief Executive Officer of Nightingale since April 2002. During his tenure with Nightingale, he has led the company to be a market leader in the North American market. Nightingale has achieved the number 1 spot on the Deloitte Fast 50 in Canada and number 10 on the Deloitte Fast 500 in North America. Nightingale was also named in Canada's Profit100 magazine 2 years in a row, and has been recognized as the third largest Healthcare IT Pure Play Company by the Branham300.

Prior to founding Nightingale, Mr. Chebib was the President and Chief Operating Officer, from April 2000 to September 2001, of MedcomSoft Inc., a public healthcare information com-

pany listed on the TSX, specializing in physician practice management systems in Canada and the United States. Mr. Chebib held a number of positions between 1988 and April 2000 with Toromont Industries Ltd., a public company listed on the TSX specializing in construction equipment, energy and industrial equipment. His last position with Toromont Industries Ltd. was as Vice-President & General Manager of Energy Toromont, a division of Toromont Industries Ltd. from January 1996 to April 2000. In 1996, he instrumented the acquisition of the medical and dental assets of Medifirst, a private healthcare delivery company, as part of a family business. Mr. Chebib holds a Bachelor of Science Degree and became a professional engineer in Ontario in 1992.

### **Company Profile:**

Nightingale is one of the fastest growing health care service and software companies in North America. It is recognized as an industry leader in Web-based (ASP) clinician and community based electronic medical records (EMR) serving the needs of small primary care practices, multi-physician outpatient clinics, and large scale regional health organizations and networks. Coupled with integrated practice management, transcription and revenue cycle management, Nightingale's comprehensive service offering allows customers to enhance patient care, increase revenue opportunities and optimize operations. Nightingale is continuously innovating and enhancing its services to meet the needs of its growing and diverse customer base. Nightingale - Health-

care connected.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Chebib, what was your vision when you founded Nightingale, and where are you today?

**Mr. Chebib:** The opportunity within healthcare appeared so clear back in 2003 when we founded Nightingale. We felt that the adoption of information technology among physicians was so low, at about 10%, that there was no way Canada and the U.S. would sustain that low adoption rate. Therefore, we founded the company with the vision of being a market leader in information technology among healthcare providers, delivering ASP (or, internet-based) products and services. Fast-forward seven years, we are now considered the largest provider in Canada - this market has been very kind to us in terms of adoption. We have also made very good progress in the U.S. market albeit it is a much larger market. The vindicating or satisfying turn of events is that about three years ago the industry as a whole turned the corner. We believe we have hit the inflection point as an industry and we are approaching 50% adoption right now and well on our way to full adoption.

**CEOCFO:** How are doctors utilizing Nightingale's technology?

**Mr. Chebib:** If you think about the clinical information that is gathered, approximately 80% is generally in an out-patient setting, in a physician-based practice versus approximately 20% gathered in the hospital setting. Our technology at the core has physi-

cians document the clinical data regarding their patients in an intelligent format that can be shared in the future EHR environment. The other very important thing is the ability to provide physicians with a business management platform to manage their workflow, claims submissions, insurance information, and scheduling for their practice. Nightingale's application is a fully integrated business management/clinical management platform.

**CEOCFO:** Do your clients typically take advantage of all of your services at one time or do they typically start with one piece and then add another piece to it?

**Mr. Chebib:** When the market began to emerge, physicians would start with the business management component of the software and then grow into using the clinical side. What we have seen in the last three or four years however, is a trend toward integrated adoption; today well over 95% of our clients use the full scope of our map.

**CEOCFO:** Have there been any government mandates in Canada?

**Mr. Chebib:** Not yet, but I have to qualify that. What they have done to encourage adoption is used the "carrot and stick" approach. The "stick" has been privacy and security legislations in Canada. In the U.S. they are basically suggesting that you have to protect patients' privacy and that it is virtually impossible to do so using a paper-based format. The carrot (in Canada) is that they are actually paying physicians to adopt EMR technology in the form of incentive funding. In the U.S., funding is based and that translates to somewhere between \$30,000 and \$40,000 per physician. However, the whole privacy and security discussion is a bit of a big elephant that the market has not fully responded to. According to the Canadian and U.S. privacy laws, it is the right of every patient to tell their healthcare provider who can actually view and edit their clinical information. In other words, if you are in a clinical practice that has multiple physicians you could basically tell your

physician that you don't want the office staff to see your clinical data and you don't want the massage therapist next door to look at your mental health issues or whatever the case may be. With a paper-based environment, it is virtually impossible to segregate charts to say who can and who cannot see the data. Therefore, you have to migrate to a digital world to be able to enforce such privacy and security. That I think is going to be the biggest driver for the adoption of technology, beyond the financial incentives that are available.

**CEOCFO:** How do you respond to the somewhat common feeling that if it is available through the internet, in some ways it is more available to people rather than less?

**Mr. Chebib:** First of all, at the core, when you have hosted technology

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platforms our ability as a provider to invest in security goes way beyond the ability of a single client to make a similar investment. Look at internet banking for example, and its evolution. Online banking started in the late 1990s/early 2000s with P.C. banking where you had to download software on your desktop to be able to access data from your bank, but that model didn't survive very long. Today almost everything that we do in commerce, in banking, is actually using secure internet lines to be able to access the data. Therefore, the myth of the internet being less secure than having your own server is totally flawed. The level of physical security you would have in a clinic is so minimal. Someone could easily break in and grab a server and walk away with it, whereas our model utilizes the secure data centers that will even withstand earthquakes and hurricanes.

**CEOCFO:** You have clients in Canada and the United States; how do you break these down and where do you see the most growth?

**Mr. Chebib:** The Canadian market was somewhat ahead of the U.S. market up until a few months ago. With approximately \$60 billion in incentives that are now available in the U.S. we are starting to see a major shift in this market. Canada and the U.S. overall still lag behind the rest of the world in terms of adoption by an extremely wide margin, so the growth in both countries is going to be quite substantial over the next four to five years. From our perspective, we see more growth coming out of the U.S. in absolute dollars, but on a percentage basis I think they tend to follow one another quite closely.

**CEOCFO:** What is the competitive landscape?

**Mr. Chebib:** It is a very fragmented market as it is with most emerging industries. A number of competitors have emerged, some are more legitimate than others and the key is to try and isolate the noise and rise above the crowd with a very clear differentiator and a very clear method. This is what we have done over the last few years. We have stuck to our core value propositions and have been able to achieve our market share in a predictable way, but it is still a fairly crowded market. We will see consolidation as have seen in other industries, and some of that consolidation has already started, with the big guys gobbling up the smaller guys.

**CEOCFO:** What sets your system apart, or what makes it easier to use?

**Mr. Chebib:** You can talk about products for hours, but I really think that the application is the by-product of the corporate culture and the corporate vision. We believe that in order to succeed in the EMR marketplace, you must have a very clear brand promise, where you can bridge the gap and help physicians solve the problem of transition. The biggest hurdle in this marketplace is how to allow physicians to drop their paper and pens to adopt technology. Where we differen-

tiate ourselves is by constantly listening to our clients to give them technologies that they can use. We are fanatic about customer service, which I think this is a much needed industry approach. Nightingale has raised itself above the rest by being fanatic about serving its customers, having highly ethical and knowledgeable people that can look after our clients from the beginning of a sales cycle right through to the delivery. The fact that we are ASP (internet-based) goes a long way, but in the absence of having that strong brand promise and delivering on that promise, we would be just like any other company. The technology becomes a spin-off of the corporate culture that we have built over the years.

**CEOCFO:** What is the financial picture like today for Nightingale?

**Mr. Chebib:** We have been consistently named one of the fastest growing companies in Canada. We were number one on the Deloitte Fast 50 in 2008 and we have made the Fast 50 every year ever since. From a revenue perspective our run-rate is about \$18 million, we have had eight quarters of EBITDA positive, six quarters of cash flow positive. We continue to see profitable top line growth, so we put ourselves in a unique position where we have a relatively strong balance sheet compared to our com-

petitors and we are trying to take advantage of that to look at opportunities to consolidate the market.

**CEOCFO:** What is the plan going forward?

**Mr. Chebib:** Our plan is to continue to grow organically at a faster rate and to continue our market leadership. We are also keeping our eyes open to opportunities on the acquisition side. There will be opportunities that emerge. We have made some acquisitions in the past and the plan is to be a market leader in North America.

**CEOCFO:** Why should potential investors pay attention Nightingale Informatix?

**Mr. Chebib:** The market is still in its infancy. We are in the dark days of the healthcare IT market, but we have established ourselves as a highly credible player. We are cash flow positive and we have actually mitigated our risk. The majority of our revenue is recurring. Then there is really the upside that the Canadian and U.S. markets are positioned for rapid growth, which is a substantial upside as an industry and as a player.

**CEOCFO:** What surprised you most about the development of the product and the development of the industry?

**Mr. Chebib:** What surprised me most was the intervention of government. Even though it has been in good faith because they wanted to accelerate adoption, I think it has gone a little bit overboard. They are not creating a real market, and they are spending billions of dollars in the form of incentives. Those incentives should be given on a performance basis only, not as handouts to physicians. It is important for government to step back a little bit. On the positive side, I think the degree to which the industry has turned the corner, even though it took a long time, is surprising everyone as is the level of adoption that we are going through right now.

**CEOCFO:** Final thoughts, what should people remember most when they read about Nightingale Informatix?

**Mr. Chebib:** Nightingale Informatix emerged as an innovative technology company back in 2003. We set out a vision and executed on that vision. The key message to the market is that we are a market leader, and we are going to build on that leadership. We have more innovation on the horizon, but we are going to be the apple of this industry. It is just a matter of time for this to come together.



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