

**Net Medical Xpress is focused on the High Profile, Fast Moving and Fast Growing
“Telemedicine” Segment of the Health Care Industry and Providing Picture
Archiving Communication Systems (PACS) designed to be used by
Doctors and Radiologists when Evaluating Patients**

**Healthcare
Technology Services
(OTCBB:NMXC)**

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**Dick Govatski
CEO**

**BIO:
+Richard F. Govatski, CEO and
President**

Govatski founded *New Mexico Software (NMS)* in 1995 after identifying market inefficiencies in how intellectual property owners managed their image assets. Prior to *NMS*, Govatski spent 18 years in systems integration and publishing, both in sales management and software development. Govatski led the sales teams for Popular Electronics, Computer Shopper, Shutterbug, and MacWeek. He sold numerous solutions for vendors,

including Kodak, Apple Computer, and Sun Microsystems. Govatski also spent several years in systems development as President of Media Publishing Group and built graphic applications for companies including Ferrari Color, Time Magazine, New York Daily News, and Getty Images. After creating the enterprise applications and e-commerce strategy at *New Mexico Software*, Govatski took the company public in August 1999. Govatski holds a Bachelor's of Science Degree in Communications from Butler University, Indianapolis, Indiana, and is an active private pilot.

Company Profile:

Net Medical Xpress, a trade name of *New Mexico Software, Inc.* (OTC Bulletin Board NMXC), is a medical services company that provides clinical and diagnostic programs using advanced telemedicine solutions for rural hospitals. The company also develops FDA 510(k) cleared all-inclusive PACS products for the medical market.

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

CEOCFO: Mr. Govatski, what is the basic idea at Net Medical Xpress?

Mr. Govatski: Net Medical is focused on the high profile, fast moving, and fast growing “Telemedicine” segment of the health care industry. The company provides FDA 510(k) cleared PACS (Picture Archiving Communication Systems) designed to be used by doctors, radiologists and other medical personnel to view, and evaluate

patients. The system allows the display of medical views of images such as x-rays, CT's, MRI's, ultrasounds and other modalities, so that we can get better information to clinicians for the critical health care segments.

CEOCFO: Would you tell us about the state of telemedicine today and where Net Medical fits and will continue to fit in?

Mr. Govatski: Modern telemedicine really started about ten years ago. Earlier, there was the concept of the AT&T Video Phone going back to the sixties and seventies. Technologists were working on ways that people could think about developing telemedicine from the standpoint of having a doctor in one location and a patient and their local doctor in another location. This was initially facilitated by that “video phone” concept.

Technology has progressed much faster in the last decade; in the sense that we see it as more than just a videophone. Net Medical views telemedicine as a way data needing to be sent from a patient's medical health record (required by a specialist) can be done with a combination of digital systems beginning with a “PACS System”. A PACS is a Picture Archiving Communications System.

A “PACS” is something that allows you to be able to exchange information from one hospital system to another medical system, so that both doctors at each end will be able to see the specific information about the patient and to determine what is happening to the patient. At the same time, we still have the videophone

concept in terms of cameras that are located at each end so that the patient can see the doctor and the doctor can see the patient.

Today we go beyond a single point connection to one that includes hundreds or even several hundreds of connections for many different hospitals and many doctors. We have an intelligent switching system that is able to manage the connections including user permissions so that a psychologist does not get to see what a cardiologist is doing at a hospital that he isn't even credentialed with, for example.

Once we have a video/audio connection between a specialist and a patient, the patient is diagnosed and information about that patient is simultaneously put into a report. The report has to go back into the medical record and that happens through a number of different interfaces that are all digitally interconnected. It's all quite different as to how telemedicine's concept was thirty or forty years ago when all you started with was a "video phone" and a yellow pad. That is the difference between what is happening in terms of telemedicine today.

Another concept to consider is that there are a variety of telemedicine definitions that are used. One definition is in a clinical setting, and another definition is how telemedicine is used in an emergency situation. These are two different kinds of telemedicine concepts; one that requires emergency room use for the ER or the ICU. This is the kind of telemedicine that is happening immediately, within five or ten minutes, and the other example is telemedicine in which you are scheduling a physician for appointments next Tuesday between 2 pm-5 pm for diabetes management. At Net Medical we are expressly interested in dealing with the emergency type of telemedicine. We look at what I think of as the "three scary modalities". I use that term because it has to do with how you deal with the heart, how you deal with the brain and how you deal with behav-

ioral medicine, the psychological kinds of emergency issues.

CEOCFO: What is the role that Net Medical is playing in the emergency room setting?

Mr. Govatski: In the emergency room setting we are dealing with a complete clinical medicine management solution. We have our own physicians. We have our own technology. We have our own operations center to handle specific medical issues. The call center allows us to be able to answer calls from our hospitals and we are setting up the required procedures for dealing with emergency ER and ICU cases.

CEOCFO: How long has Net Medical been providing these kinds of services?

Mr. Govatski: Net Medical has been providing teleradiology services for eight years, after we developed our

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- Dick Govatski

XR-XPRESS medical PACS. We are building our specialist program, which is patterned after our diagnostic radiology service, for which we now do approximately 1,500 to 2,000 cases a day in 48 states. The specialist program is the clinical part of our business. We only launched it on February first of this year. But we have actually been working on the development of this process for nearly two years. We had our first pilot at Alta Vista Regional Hospital in Las Vegas, New Mexico. The program went extremely well. We continue to service this rural hospital. Now we are beginning to market our specialist program, not only throughout New Mexico, but we are going into California, Texas, Arizona, Missouri, Utah, Wyoming and several other states.

CEOCFO: When you approach a hospital do they understand the concept easily? What is the biggest objection that you face and what is the most compelling selling point?

Mr. Govatski: I think that many times executives and doctors in rural hospitals are not as familiar with how the new technology works. It's not something that is widely used so the administrators and medical personnel are not going to understand the telemedicine concepts as easily as they would be in working with PCs, for example. Furthermore, they need to think about the ramifications of how to implement this kind of system. It's one of the reasons why we developed our telemedicine management solutions, where we help hospitals to understand the concepts much better. It's one of the things that has helped us market to the ER directors and the administrators of these hospitals. We are helping them understand how this technology can help and assist them in terms of providing better patient care for their local communities and most important having them keep their patients in the rural hospital instead of transferring them to a large urban hospital at great expense to the hospital, the patient and the patient's family.

CEOCFO: It would seem, to me, intuitively that if you can have access to experts quickly, why wouldn't you? It seems like a simple concept. Why not?

Mr. Govatski: I think the answer to your question is that some of this new technology; the smart phones, the video cameras, are associated in the past with very expensive costs. It was only in the past few years that a camera system was a \$50,000 expense. Today we can find high-resolution Internet cameras for as little as \$300. It has not been translated in terms of, "Yes, we can afford this, we can do this, and we do not have to send the patient out to a trauma center two hundred miles away in a helicopter that is going to cost \$40,000." I think administrators and doctors will begin to make this happen in many of the rural areas as more and more people start to look at telemedicine scenarios. It almost reminds me of when the Internet started. If you remember back 15 years ago, people said "why would you ever use the Internet? It is never going to last." However, tele-

medicine is going to be here to stay. It'll be growing very quickly.

CEO CFO: Has the medical community, overall, started to embrace telemedicine in general? Has it just not filtered down to the smaller hospitals or is it still a concept that is not quite mainstream?

Mr. Govatski: I don't think it's mainstream thinking yet, but it is getting closer every day.

CEO CFO: What, more specifically, are you providing to hospitals now?

Mr. Govatski: Let's take an example of this past weekend. We had a case in one of the hospitals where a seven-year-old girl fell off a horse in a rural community. She hit her head on a fence. To make matters worse, the horse was a bit nervous and kicked her in the head. When this young girl was brought into the hospital with her parents we were able to provide a consultation from a doctor located 250 miles away from where she had her accident. The result of the examination by the emergency room doctor was not enough, because in most cases ER doctors only have about two weeks of medical training on significant neurological issues during their entire medical training. They are trained in a different area of medicine. However, the ER doctors can call up our specialists, a neurologist in this case. The neurologist had a chance to talk to the little girl, her parents and the ER doctors and be able to satisfy them that she was going to be okay, that the girl had a concussion involved but that there was no bleeding in the brain after examining the Cat Scan (CT image). There were no serious ramifications, but it was certainly a relief and scary episode for that family. The family did not have to transport their daughter to a level one trauma center 250 miles away and to go through the expense of uprooting the child to arrange transportation to the trauma center, locate remote housing and find a way to deal with the medical emergency outside of their immediate local area. This helped the community hospital provide better patient care. Armed with the information that allowed that child to be able to stay at the rural facility and mend over the next couple of

days and to have a follow up from the same specialist a few days later, it was a tremendous relief to her parent to be able to know "everything is looking good, your daughter is safe, she's going to be okay." That's the important thing that we have to look at in how our service helped in this one example.

CEO CFO: How do you attract doctors to work with you?

Mr. Govatski: We have a medical staff headed up by Dr. John Tanner, M.D., our chief medical officer, and Dr. David McCraney, M.D., our chief neurologist, who help us to talk to their colleagues and their friends in the medical area and have them sign up with us to provide these types of specialty examinations from a remote location. We train them on the technology; how to use it, how to figure out the complexity of going from one camera to another camera, to be able to do the reports and work with our PACS and EMR systems. Our physicians can do this from their office or from their home. We have even had a patient examined while the doctor was traveling in his car. The doctor pulled over to the side of the road and with today's smart tablet technology, he was able to sign on and be able to view the patient in the remote hospital and do the diagnosis while stopped on the side of the road.

CEO CFO: What is the competitive landscape for you? Are there many companies that have ventured into this field with the amount of time and experience of Net Medical Xpress?

Mr. Govatski: There are many companies beginning to get involved in this market. There are companies like the Mayo Clinic, Banner Institute, universities and other companies that provide these types of services. They have their own approach. The methods that Net Medical has developed are more scalable. We can deal with thousands of patients at hundreds of hospitals at the same time. In addition, we think we'll be able to expand to other countries to provide the U.S. quality of care, which is still the best in the world.

CEO CFO: How do you reach potential customers?

Mr. Govatski: Word of mouth. That seems to work from the standpoint of reaching the hospitals that we are in at the present time. People from other hospitals visit; people then learn about Net Medical from our existing customers and the customers talk to them and say "you have to go get in touch with this company because they have a pretty good approach when it comes to telemedicine." Secondly, and of course I do not want to minimize this, is the fact that we have developed our own sales staff that is able to deal with contractual issues and questions in the field. We've got two different approaches; word of mouth and our sales department that talks to customers and prospects on a regular basis.

CEO CFO: What is the financial picture like for Net Medical Xpress today?

Mr. Govatski: The financial picture is really doing better. We have had an interesting time over the last 14 years as an OTCBB publicly traded company, as well as the last 17 years since we have been in business. It has not always been that way, but it is getting better every day. We are focused on our products, we've got a terrific staff, we understand how it works to provide service 24/7/365. I like to say to our investors, "let's not look in the rear view mirror at what has happened in the past. Focus on what is happening now and take a look at a growing and fast moving market place. It's best to look forward as to what this company is now able to do." This is a pretty exciting area for us. We are less than eight months into the specialist program, which we think is the biggest area of growth that the company will see over the next several years.

CEO CFO: Why should investors and people in the business community look at Net Medical Xpress? What should people realize that is often overlooked?

Mr. Govatski: What I would say to an investor is that it is most important to look beyond our current balance sheet. Look at several other areas. Look at the fact that the telemedicine business is going to be a very, very big growth area in the future, from

what we have seen happening with the new customers signing on to our service. Second, do an analysis of our product, call and ask for a demonstration of what the product looks like. We can do demos on a "net meeting." We

can provide that to investors, so they can begin to see why we are so excited with this emergency telemedicine concept. The affordable health care act is going to affect hospitals. They are going to have to provide

better patient care at a lower cost especially with the reduction in reimbursements for Medicare and Medicaid. Telemedicine is the recipe for a phenomenal growth area for Net Medical.



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