



ChartWorks
Health Intelligence

Investor Presentation

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Health Intelligence

Agenda

- Team
- Background & Problem
- Solution
- Market
- Direction
- Financials & Summary

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ChartWorks: Management Team

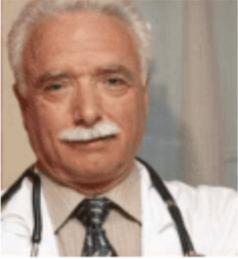
- Michael Zalis MD: founder, chairman of MAB, board member
 - Associate Professor, HMS, Interventional Radiology MGH
 - Director QPID Informatics MGH
 - BA: Biophysics, U. Penn; MD: U. Virginia; Visiting Prof, Stanford
 - Mitchell Harris PhD: founder, chief scientist
 - Chief Architect, QPID Informatics MGH
 - BA: CS, Cornell; PhD: CS, U. Illinois, Champagne-Urbana
 - TBH:
 - CEO
- ChartWorks [REDACTED]
- VP Engineering
 - VP Sales

Background & Market Opportunity

- Electronic Record (EHR): 1st Wave Digital Infrastructure
 - Key element: the health record data silo
- ACO model: promotes efficiency & quality as revenue drivers

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Background & Market Opportunity

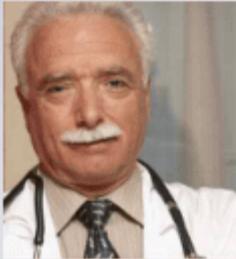
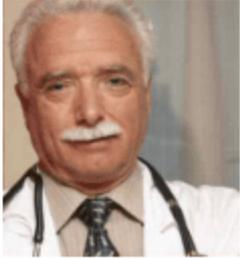


- But for EHR users, hard to find “*What I need to know now*”
- Problems with EHR systems:
 - Primitive search
 - Passive data
 - Difficult navigation
- Leads to:
 - Underutilization of information
 - Error and inefficiency



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Background & Market Opportunity



Clinicians seek:
• Better integration of information into work

How?

- programmable, conceptual search
- automation & awareness
- improved navigation

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ChartWorks Solution: QPID™

- Enterprise health intelligence platform
 - Decision support software for exception handling & screening
 - Trainable based on input from user base
 - Suite of department-specific configurations
- Consists of:
 - EHR search engine, scalable library of HIPAA-compliant concept queries
 - programming system for app development
 - Anonymous capture of user activity stimulated by information presentation
- What distinguishes QPID:
 - 'in the trench' clinical focus; configurable information retrieval; ease of integration into workflow
- Business Model: initially software product; will evolve to data product
 - Software product decreases cost and improves revenue for customer
 - Data capture valuable for benchmarking, continuous quality improvement
- customers: hospitals and affiliated group practices (ACO's)

ChartWorks Solution: QPID™

Key Features:

'No-click'
navigation



EHR data silo

Improve
quality,
revenue, &
efficiency of
care
Record
users'
clinical
insights
Automated
semantic
search

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ChartWorks Solution: QPID™

Key Features:

- | | | |
|---------------------------------|---|--|
| Record users' clinical insights | → information retrieval by concept associations | Improve quality, revenue, & efficiency of care |
| Automated semantic search | → tap entire EHR (from notes to codes) | |
| 'No-click' navigation | → dramatically improve utility of EHR | |

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ChartWorks Solution: QPID™

Testimonial:

"I've died and gone to QPID heaven. ■■■
serious...can I share this with my colleagues?"

C. Kotton MD, ID attending, MGH

"I consider QPID to be the Google of the
EHR"

J. Noga, CIO Partners Healthcare Inc.

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→ dramatically
improve utility of
EHR

QPID™ data Value: Activates EHR

- Focus is clinical: workflow improvement, risk reduction
 - Emergency: PMH overview for “don't miss” issues & meds
 - Gastroenterology: Pre-procedure screening
 - Anesthesia: O.R. and pre-sedation management
 - Imaging: MRI safety, utilization management, procedure intake
- Additional Benefits: administrative efficiency & revenue gain
 - Coding optimization
 - Global QA/QI: palliative care, Imaging utilization, PQRI, MU
- QPID™ data capture:
 - Saved queries reflect what clinicians are thinking
 - Action buttons on applications capture activity that reflects
 - Value of information to user & patient

ChartWorks QPID™: ROI

- Clinical
 - Palliative care: 3X screening MGH; \$750K new revenue 2009
 - Interventional Radiology MGH: 8X reduction in-take time
 - Imaging Utilization: 5% decrease un-necessary CT / MRI
 - Diabetes Management, MGH: 93+% accuracy; all MGH OR's
 - ED: 80-100+% PPV for PMH summaries; all ED patients
- Administrative
 - Coding optimization: 165% increase claim processing; decrease claims receivable
 - PQRS: 1st Q 2011: \$200K revenue gain, MGH [REDACTED]
- Data
 - GI: 50% benchmark engagement; 10 practice modification

ChartWorks QPID™: Origin & Status

- Conceived in 2005, launched 2007 at MGH
 - With partner, Mitchell Harris PhD
 - Funded internally
- Grown virally, used by clinicians and administrators
 - ~40% engagement MGH, with version 1 product
 - 2M clinical search requests per month
 - 6,000 patients touched per day
 - Generating revenue: ~\$300K FY 2011
- Strong financial commitment
 - MGH admin: \$ 2M investment over 3 years

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Testimonial:

“QPID is AWESOME”

B. Monash MD, chief resident, med-peds

“I’m ready to buy the whole [QPID] car”

E. Mort MD, MGH Center for Quality and Safety

“You all are clearly ahead on this”

J. Halamka, CIO HMS / BIDMC

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→ dramatically
improve utility of
EHR

ChartWorks: Market

- Customer Categories by size:
 - Integrated Delivery Networks (IDN's):
 - Large hospitals (300+)
 - Community based hospital
 - Affiliated large group practice
- Identify initial customer targets based on:
 - Size (clinical volume)
 - Degree of EHR implementation
 - Similarity of EHR platform
- Five key clinical expansion areas within customer base:
 - Imaging, GI, Emergency, Oncology, Cardiology

→ dramatically
improve utility of
EHR

ChartWorks: Go-to-Market

- Sales Approach
 - Direct Sale
 - Clinical Focus (CMO, department heads)
 - Regional approach
- Initial Business Development
 - Partnerships with EHR vendors
 - Value to ChartWorks: qualified lead generation
 - Value to partner: enhances customer experience
 - ChartWorks complements existing data silos & software
 - Allscripts, Athena, Cerner, eClinical, Epic and Meditech

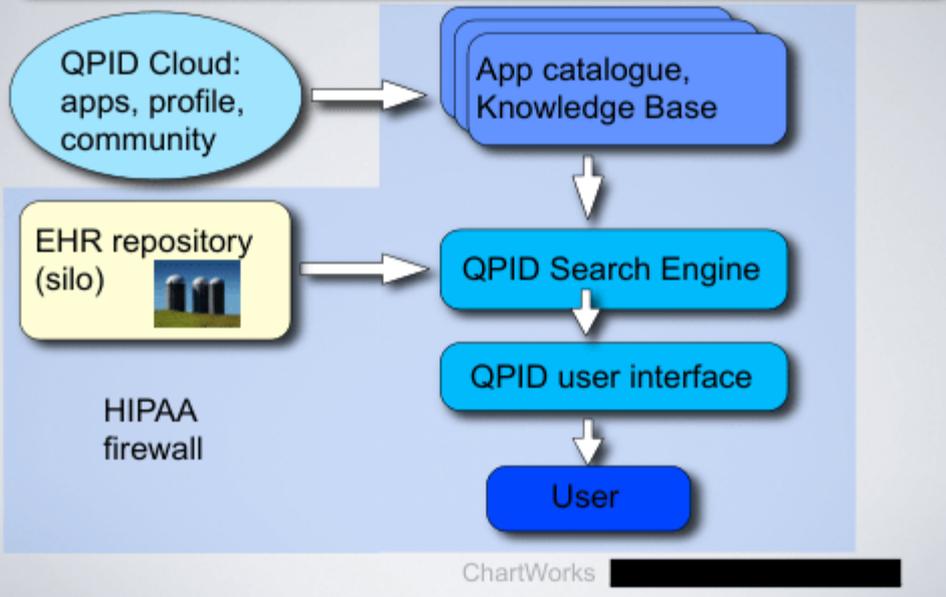
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ChartWorks: Competition

- EHR vendors
 - Allscripts, Cerner, GE Medical, IBM, Meditech, McKesson, eClinicalWorks, Epic, and Eclipsys
- Consumer Search Application
 - Autonomy, Microsoft
- Direct Competitors
 - Healthcare Informatics companies
 - MedVentive, Zynx Health, Apixio
 - Share of wallet

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ChartWorks QPID™: Architecture



ChartWorks: Short Term Roadmap

	These are features that were added in 2010	2011	2012
Features	virtualization complete indexing, database upgrades GI, IR, Emergency products coding optimization product	complete coding, In-patient medicine, cardiology, Radiology produce products complete 'Consult Hub' product technical updates: autosuggest and spell check; UI improvements throughout product line complete MU application write back to silo	deploy online authoring system AI support for improved search accuracy roll-out trust and user-rating system for modules

ChartWorks: Longer Term Roadmap

- Evolve from SaaS software to Contributed Data Model
 - Initially sell: software to improve efficiency & revenue
 - Move to: capturing data for benchmarking, efficiency and quality improvement
 - Use cloud infrastructure to permit aggregation of data capture and benchmarking across sites
- Analytics & search insights become valuable to customers
 - Substrate for customer CQI
 - Works with ACO model: improve revenue by efficiency
- Analytics product may attract advertiser interest

ChartWorks: Financial Assumptions

- Customers: target size hospitals

New Customers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
300+ beds	3 cust	4 cust	4 cust	4 cust	4 cust	6 cust
200-299 beds	3 cust	5 cust	6 cust	8 cust	10 cust	15 cust
100 - 199 beds	0 cust	2 cust	6 cust	10 cust	25 cust	35 cust
< 100 beds	0 cust	0 cust	5 cust	20 cust	75 cust	150 cust

- Products: Base installation; focus on clinical products for each customer type; add-on dep't-specific clinical applications over time
- Pricing: SaaS pricing for each customer and for each product type

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ChartWorks: Financial Assumptions

Initial Install

	Initial Pricing		Step-up Pricing		Step-up Timing
	Subscription	Install	Subscription	Install	
100+ beds	\$150,000	\$35,000	\$200,000	\$50,000	Month 10
200-299 beds	\$75,000	\$20,000	\$100,000	\$25,000	Month 10
100 - 199 beds	\$40,000	\$10,000	\$50,000	\$15,000	Month 10
< 100 beds	\$20,000	\$7,500	\$30,000	\$10,000	Month 10
Annual Pricing Increase					
700+ beds	10.0%				
< 200 beds	5.0%				

Add-on Apps

	Initial Pricing		Step-up Pricing		Step-up Timing
	Subscription	Install	Subscription	Install	
100+ beds	\$80,000	\$15,000	\$100,000	\$15,000	Month 10
200-299 beds	\$40,000	\$7,500	\$50,000	\$7,500	Month 10
100 - 199 beds	\$30,000	\$5,000	\$40,000	\$5,000	Month 10
< 100 beds	\$25,000	\$2,500	\$30,000	\$2,500	Month 10
Clinical Specialty					
100+ beds	\$40,000	\$10,000	\$50,000	\$10,000	Month 10
200-299 beds	\$30,000	\$7,500	\$35,000	\$7,500	Month 10
100 - 199 beds	\$25,000	\$5,000	\$30,000	\$5,000	Month 10
< 100 beds	\$20,000	\$2,500	\$25,000	\$2,500	Month 10
Annual Pricing Increase					
700+ beds	10.0%				
< 200 beds	5.0%				

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ChartWorks: Financial Assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenue:						
Subscription	\$192,917	\$2,705,375	\$9,614,802	\$20,147,988	\$36,522,765	\$65,206,819
Installation	190,000	776,250	1,366,250	1,846,250	3,246,250	5,180,000
Total Revenue	\$382,917	\$3,481,625	\$10,981,052	\$21,994,238	\$39,769,015	\$70,386,819
COGS	9,000	60,000	381,272	689,017	1,874,513	4,109,407
Gross Profit	373,917	3,421,625	10,599,780	21,305,221	37,894,502	66,277,412
SG&A						
Salary & Benefits	1,713,000	3,294,090	5,746,129	6,777,935	7,273,944	7,419,423
Non-Salary Expense	760,750	1,088,905	1,766,399	2,136,985	2,632,902	3,521,825
Total SG&A	2,473,750	4,382,995	7,512,528	8,914,921	9,906,846	10,941,248
EBITDA	(2,099,833)	(961,370)	3,087,252	12,390,300	27,987,655	55,336,164
Depreciation & Amortization	\$21,251	\$74,420	\$172,330	\$299,025	\$434,879	\$557,949
EBIT	(\$2,121,085)	(\$1,035,789)	\$2,914,922	\$12,091,275	\$27,552,776	\$54,778,215
Interest Expense (Income)	(57,118)	(28,991)	(39,641)	(109,659)	(322,038)	(789,387)
Pre-Tax Income	(\$2,063,967)	(\$1,066,798)	\$2,954,562	\$12,200,934	\$27,874,814	\$55,567,603
Tax Expense	0	0	726,844	4,880,374	11,149,925	22,227,041
Net Income	(\$2,063,967)	(\$1,066,798)	\$2,227,718	\$7,320,561	\$16,724,888	\$33,340,562

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ChartWorks: Financial Assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Summary Financials						
Subscription Revenue	\$192,917	\$2,705,375	\$9,614,802	\$20,147,988	\$36,522,765	\$65,206,819
Implementation Revenue	190,000	776,250	1,366,250	1,846,250	3,246,250	5,180,000
Total Revenue	\$382,917	\$3,481,625	\$10,981,052	\$21,994,238	\$39,769,015	\$70,386,819
COGS	9,000	60,000	381,272	689,017	1,874,513	4,109,407
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SG&A:						
Salary Expense	1,713,000	3,294,090	5,746,129	6,777,935	7,273,944	7,419,423
Non-Salary Expense	760,750	1,088,905	1,766,399	2,136,685	2,632,992	3,521,825
EBITDA	(\$2,099,833)	(\$961,370)	\$3,087,252	\$12,390,300	\$27,987,655	\$55,336,164
CapEx	234,850	329,550	624,100	665,900	727,500	779,800
EBITDA - CapEx	(\$2,314,683)	(\$1,290,920)	\$2,463,152	\$11,724,400	\$27,260,155	\$54,556,364
Cum. Cash Burn ^(a)	(\$2,314,683)	(\$3,710,973)	(\$3,770,691)	(\$3,770,691)	(\$3,770,691)	(\$3,770,691)
Cum. Cash Burn w/ Working Cap.	(\$2,385,962)	(\$4,299,163)	(\$4,457,551)	(\$4,457,551)	(\$4,457,551)	(\$4,457,551)
Customers						
New Contracts:						
300+ beds	0 cust.					
200-299 beds	3 cust.	5 cust.	6 cust.	8 cust.	10 cust.	15 cust.
100 - 199 beds	0 cust.	2 cust.	6 cust.	10 cust.	25 cust.	35 cust.
< 100 beds	0 cust.	0 cust.	5 cust.	20 cust.	75 cust.	150 cust.
Cumulative Live Customers:						
300+ beds	2 cust.	6 cust.	10 cust.	14 cust.	18 cust.	23 cust.
200-299 beds	2 cust.	7 cust.	12 cust.	20 cust.	28 cust.	42 cust.
100 - 199 beds	0 cust.	2 cust.	7 cust.	15 cust.	37 cust.	65 cust.
< 100 beds	0 cust.	0 cust.	5 cust.	24 cust.	89 cust.	215 cust.
Headcount						
Total	18.0 FTEs	32.0 FTEs	56.0 FTEs	60.0 FTEs	67.0 FTEs	73.0 FTEs

(a) Excludes working capital requirements, interest income / expense, and Taxes.

ChartWorks: Proposal

- Series A raise: \$4.5 million
 - Build out senior management team
 - Continue product road map
 - Commercial product launch
 - Hire initial sales executives & team
- The exit:
 - EHR partner
 - Healthcare-focused software/consulting vendor (IBM)
 - Healthcare information exchange vendor (Microsoft)

ChartWorks [REDACTED]

ChartWorks: Thanks!

- Michael Zalis MD
- email: [REDACTED]
- Tel: [REDACTED]

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