

Q&A WITH MANAGING DIRECTOR KATE QUIRKE

Q: WHAT ACHIEVEMENTS ARE YOU MOST PROUD OF IN FY2020?

I am very proud of the manner in which Alcidion has come together as one cohesive company, unifying our operations across three markets. Although the integration of the MKM Health and Patientrack businesses commenced in FY2019, it has really been during FY2020 that the real value and potential of the new Alcidion has been evident.

The combination of our strong product offerings and the technical, commercial and implementation skills of the team have enabled us to create a highly differentiated offering in digital health.

Building on this solid foundation, we have commenced implementing our growth strategy, investing in scaling up the business so we can capitalise on the escalating opportunities in digital enabled healthcare. I was pleased with the strong level of support for our capital raise which was completed in late 2019 to fund this strategy.

We have moved quickly to put these funds to use. In the UK, we followed the appointment of Lynette Ousby as UK GM with a restructuring and expansion of our sales team, ensuring we now have the resources required to successfully grow our market share across the National Health Service (NHS). We signed a number of new contracts and renewals in this market.

We have a brand that is trusted and a strong heritage in the UK market thanks to the dominant position of our Patientrack solution which continues to attract new NHS trust customers each year. This year, our ongoing work with NHS trusts that are pioneering the shift to digital healthcare along with our swift response to COVID-19 – working in partnership with our customers – has further confirmed our positioning as an important partner for customers as they push forward with adoption of digitally enabled models of care.

In the Australian market, I am very proud of the work we've done with Murrumbidgee Local Health District. This work began with rolling out Miya Precision at Wagga Wagga Base Hospital as part of eHealth NSW's Proof of Concept innovation challenge. It was here that Miya Memory (MEMRe)



went live for the first time and it has received much praise for its ability to deliver meaningful notifications, alerts and test results direct to doctors' handheld devices. Murrumbidgee LHD has since signed an initial 12-month contract, including a dashboard implemented to support COVID-19 monitoring, as well as Miya Memory being rolled out to 200 clinicians. This shows that we are working at the forefront of a changing healthcare industry, evolving our product offerings in close partnership with our customers to meet critical clinic needs that are not being satisfied by big EMRs or other available clinical software.

Building on work done in the eHealth NSW Proof of Concept, we have also been able to partner with Sydney LHD to meet an immediate need they had to enhance their virtual hospital so that it could meet the challenge of effectively monitoring COVID-19 patients. As well as welcoming Sydney LHD as a new customer it has been great to work with them to understand how the broader Miya product set could assist Sydney LHD achieve its broader strategy to utilise technology to implement new models of care and drive improved patient outcomes. Our work with these NSW Local Health Districts, one a rural LHD and the other being

one of the largest metropolitan LHDs, will enable us to more effectively position our solutions for adoption more broadly across NSW.

Finally, I am also proud of how the Alcidion team has seamlessly transitioned to remote working across the world in response to the COVID-19 pandemic and how we are finding different ways to connect with our customers, partners and prospects in this new operating environment.

Q: HOW DOES ALCIDION'S PLATFORM DELIVER EFFICIENCIES FOR HOSPITALS?

Whilst there is a global trend toward electronic medical records (EMRs), these are not designed to support the workflows and decision-making processes of a busy clinician.

Our unique Miya Precision platform is designed to bring together patient related data from all systems, including EMRs, delivering real-time information to identify risks, support decision-making and manage notifications directly to clinicians, in a format that is easy to interpret. Our solution applies artificial intelligence (AI) and clinical decision support (CDS) algorithms to real-time events to present filtered actionable patient data relevant to clinical workflows, delivering substantial productivity improvements.

With Miya Flow, ward staff can better manage the patient journey, ensuring precious hospital resources are efficiently used and reducing average length of stay. Our Patientrack bedside monitoring solution also reduces the time patients can spend in hospital, quickly alerting clinicians to deteriorating patients, so they can intervene earlier, thereby avoiding prolonged hospital stays and demand on ICU beds that results from a delayed response.

Q: CAN YOU DESCRIBE THE SALES PROCESS IN EACH MARKET?

The sales process in all markets begins in much the same way, with identifying which healthcare providers are planning to invest in new digital healthcare solutions over the next year or two. What follows is often six to twelve months of sales interactions during which we seek to understand how our solutions can be best positioned to satisfy the customer's needs. Our solutions are used by frontline staff across the organisation – doctors, nurses, managers, allied health professionals – and this is who we engage with initially. No matter what geography we are selling in, it's important for us to have the hearts and minds of the people who will use our system and for them to recognise the benefits it can deliver. After we have secured the support of frontline staff, we then engage with the customer's technical teams to understand their data streams and what current systems are in use. With support from frontline and technical support staff, we also engage with hospital management to support the development of the business case that will be required internally within the customer to secure the required investment. The end of this initial sales phase is when we are invited to formally propose our solution to the customer through a procurement process.



In Australia, procurement in the public sector – which is our largest market – predominantly focuses around responding to requests for tender. This is followed by evaluation of the solutions and then contract negotiation. In the UK market, procurement also involves a tender process, but it is typically conducted through what are known as framework agreements. In this model a central government agency (e.g. on behalf of the NHS) appoints qualified suppliers to a specific framework to supply designated types of goods and services for a certain period of time under fixed contractual terms and conditions. NHS trusts are then able to purchase approved offers from these frameworks via a contracted mini-tender process which takes significantly less time to progress through to selecting a supplier and placing an order. Being appointed to appropriate procurement frameworks is therefore one of our priorities in the UK market.

In all markets the public sector procurement process could be considered to be lengthy but they are generally seeking contracts that whilst initially may be 3-5 years, they are of a significant size and can span 10-20 years of use.

Q: HOW DO YOU RECOGNISE REVENUE FROM YOUR SOFTWARE AND SERVICES?

Generally, our product contracts are structured in two ways. The first approach is a subscription based model. In these contracts we roll up licensing, support and hosting into a monthly or quarterly charge. These contracts typically span three to five years, with revenue recognised on a monthly basis. The other approach is based on selling a product license for up to five years, with the value of the software license recognised upfront, with associated support and maintenance and any hosting revenues recognised over the life of the contract as the service is delivered to the customer. Under this model the support and maintenance and any hosting revenue is considered recurring but the licence fee is categorised as non-recurring revenue.

Services revenue can be related to the implementation of our products or for other technical services provided to a customer through our data and analytics or integration services stream.

Where the services contract exceeds 12 months, it is considered recurring revenue if it relates to an ongoing service that is delivered for an annual fee otherwise, it is considered non-recurring revenue.

Q: WHAT IS THE TOTAL ADDRESSABLE MARKET FOR EACH GEOGRAPHY?

The UK is our largest addressable market and presents us with a strategically important opportunity. They are an adopter of best of breed and hybrid solutions to a larger extent than Australia which has tended to implement large scale EMRs. In this market we have a substantial existing Patientrack customer-base which presents cross-selling opportunities. Over the past year, we have seen government funding committed to the NHS to achieve digital maturity. The market size for all Alcidion products and services is \$1.1 billion.

In Australia, our total addressable market is \$450 million. Our value proposition in this market is offering Miya Precision as a platform to draw data from disparate IT systems or large EMRs and turn this data into powerful insights supporting clinical decision making.

In New Zealand, our addressable market is \$75 million. We have a strong market penetration with Patientrack in both North and South Islands. We also have an important reference site at MidCentral District Health Board, where Miya Access, Miya Command and Miya Flow are implemented. Smartpage is also implemented in a number of District Health Boards.

Q: HOW HAS COVID-19 CHANGED THE OPERATING ENVIRONMENT FOR ALCIDION?

The COVID-19 pandemic has created significant challenges for healthcare organisations, as providers around the globe have been forced at short notice to adopt new measures as quickly as possible to deal with the impact of the virus.

As a result of this, we did see some delays in contract signings in the final quarter as our customer's short-term focus shifted and all available staff were re-deployed to direct patient care. However, the pipeline has still grown during this time as our news sales team came on board and created new ways to connect with potential customers.

New opportunities have also arisen due to recognition of our solutions' value in supporting COVID-19 management. Alcidion moved quickly to build new capabilities into our solutions to support our customer base to assess and monitor COVID-19 cases. One of these solutions is a monitoring dashboard for Miya Precision, which allows clinical staff to monitor the vital signs of COVID-19 positive patients who are either in hospital or isolating remotely. We are pleased to report the solution is being used at Murrumbidgee Local Health District for both in and out of hospital monitoring, as well as at rpavirtual in Sydney for remote monitoring.

Q: YOU HAVE MENTIONED AN INTEREST IN ACQUISITIONS AFTER THE CAPITAL RAISE. IS THIS STILL A PRIORITY?

Alcidion has demonstrated we can acquire businesses and successfully integrate them, delivering value to our customers and shareholders. As such, we remain interested in businesses that align strategically with our purpose and will expand our capabilities and market share in a way that increases value. Since the capital raising in late 2019 we have been actively searching for and assessing potentially suitable acquisition opportunities and we will continue to do so with an emphasis on acquiring quality products and customers that could enhance our overall customer proposition and marketing positioning.

Q: WHAT ARE YOU LOOKING FORWARD TO IN FY2021?

I am really looking forward to seeing us drive further uptake of our complete product suite across all markets, particularly in the UK. We already have an important reference site for this in Dartford and Gravesham NHS Foundation Trust, but what's also important is that we have now repositioned

our product offering by consolidating our products under the Miya Precision banner. This approach is a natural progression and will greatly help us not only communicate our value proposition to potential customers but for the customer it also makes adding Miya Precision modules easier and more compelling.

We also expect to be able to leverage the work we have been doing in partnering with customers to better equip them to meet the ongoing challenges presented by COVID-19. Improved models of virtual care will not only deliver immediate benefits in dealing with the pandemic but will also position our customers with strategic new capabilities that deliver ongoing benefits post pandemic in the care of patients with chronic conditions.

We are favourably positioned for further growth going into FY2021. In all markets we now have a Miya Precision customer reference site, as well as a strong pipeline of opportunities and a greatly enhanced sales team. I am looking forward to updating the market throughout the coming financial year as our solutions continue to support healthcare transformation and further growth is achieved.



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