**FollowApp**
*Scalable Remote Triage & Personalized Patient Care*

**Investment Offering**

Up to $2M Series A Preferred convertible debt ($500K remaining) to fund initial paid deployments in Q1-Q2 2020. ~$5M Series A target: Summer 2020. Over $1.5M invested by HRT's executive leadership and Board.

**Business Model**

FollowApp is a platform as a service (PaaS) used by healthcare providers to remotely manage, monitor, and triage patients in their homes. Remote monitoring technologies like FollowApp enable clinicians to deliver better quality care to more patients more efficiently, increasing revenue and net margins. Commercial opportunities exist with practices providing care to large Medicare populations and with health networks managing fixed-payment contracts where reducing the cost of care increases their profit (i.e., ACOs, capitated patient populations, and bundled payment models).

**Product-Market Fit**

Payers and providers have encountered challenges in delivering scalable, affordable, and effective hospital-quality care remotely. FollowApp is a "unifying platform" designed to streamline both remote data collection *and the remote triage process*. Connected devices from nearly any manufacturer can be integrated into customized monitoring programs for any patient population. The platform includes (1) Android and iOS patient mobile applications, and (2) a proprietary patient monitoring portal designed for clinical efficiency with digitized remote triage processes which help ensure quality control and patient safety *at scale*.

FollowApp delivers two in-demand value propositions:

1.  <u>Access to New Reimbursement Coding</u>: The Centers for Medicare and Medicaid Services (CMS) has released new reimbursement codes for remote patient monitoring in each 2019 and 2020. FollowApp enables providers to access this new revenue stream and provide better care to more patients.

2.  <u>Increased Margins in Fixed-Payment Models</u>: In fixed-payment models where margins are improved by driving down the cost of care for individual patients and across the broader population, FollowApp's remote triage capabilities can be used to reduce total inpatient days by preventing unnecessary admissions, shortening in-hospital length of stay, and reducing rehospitalizations following discharge.

**Value Proposition**

HRT's proprietary system architecture, long-term regulatory strategy, and prohibitively high-switching costs for enterprise customers makes the FollowApp platform nearly "future-proof." Three competitive platforms have paved the way for FollowApp over the last decade: Vivify Health, Care Innovations, and Philips Healthcare. While each has its own strengths and weaknesses, FollowApp sets itself apart with its superior patient experience, platform flexibility (device selection and patient-specific customization), and a regulatory approach building to the implementation of AI for scalability by automating clinical decision-making as a central element of the FollowApp remote triage process.

In Q4 2019, Vivify was acquired by Optum Health (United Healthcare), thus validating the market for PaaS remote monitoring *and* the acquisition model from which HRT will ultimately benefit. Notably, these three companies' platforms were developed before the FDA released guidance for AI in mobile medical applications – guidance which has informed the regulatory strategy and design and development process for FollowApp since Day 1, and positions FollowApp ahead of the field to lead in the use of AI for RPM and remote patient triage.

**ARR/Sales Pipeline**

HRT is currently contracting with AdventistHealth and North Bay Cardiology in California for deployments in Q2. AdventistHealth is a 26-hospital network with locations throughout CA, OR, WA, and HI. They are deploying initially in the 5-hospital Northern California Region with the goal of reducing total inpatient days for a capitated population encompassing nearly 50,000 lives. North Bay Cardiology is a high-volume practice catering to nearly 80% Medicare patients. They are the largest biller of Medicare in California and are enthusiastic about adding RPM services and revenue with FollowApp for their heart failure patients. We expect to exceed 1,200 monthly active patients ($1.2M ARR) within 12 months, and project a growth opportunity of ~$5M ARR within 3-years.

HRT's BD team has cultivated a qualified sales pipeline of over a dozen health networks and physician practices for 2020, however an accelerated path to scale exists in the form of channel partnerships with established digital health companies looking to enhance transitional care management and Telehealth offerings to include RPM as a competitive differentiator. To this end, HRT is integrating our platform with Geneva Health Solutions' (acq. BioTelemetry, 2019). Geneva offers cardiologists a single portal through which to remotely monitor patients' implanted cardiac devices from different manufacturers. The integrated Geneva-HRT platform will automate billing and ensures provider adherence with the requirements for reimbursement under new RPM CPT codes, forming an unparalleled offering for the management of cardiac populations. We expect this integration to be complete in the second half of 2020, at which point it will begin rolling out to Geneva's 100+ existing customers. HRT has identified opportunities and initiated conversations with three other companies to scale this model.

**Exit Strategy**

As previously mentioned, the acquisition of Vivify Health by Optum validates the exit strategy anticipated for HRT. Though Payers stand to achieve the greatest value by offering remote monitoring directly to their members, it is most likely that a cardiovascular device company like BioTelemetry, Medtronic, or Edwards Lifesciences will acquire HRT as they position themselves for the future of connected care.

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*Additional information:*

- Executive leadership with 3 prior exits

- Software developed and documented according to 21 CFR 820, the FDA's quality regulation system for medical devices. FDA Class II clearance expected in 2020 (prerequisite for Class III clearance for the future use of AI for automated clinical decision-making).

- IP portfolio including:
  - Issued patent #US10307110B2, *"Systems, devices, and methods for performing breathing exercises, improving lung function, performing pulmonary monitoring, and/or determining lung capacity and peak expiratory flow"*
  - Provisional patent protecting FollowApp's unique, HIPAA-compliant account access process (zero instances of "forgot password/ User ID" through nearly 3,000 patient-days of remote monitoring)