



**ICSGlobal Limited**

**and**



**The Health Industry Clearing House**

**Business Update July 03**

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# **ICSGlobal Limited**

<b>Ordinary Shares on issue</b>		<b>64.7 million</b>
<b>Staff Options on issue</b>		<b>3 million</b>
<b>Medibank Shares &amp; Options</b>		<b>12 million</b>
<b>12 month Price Range</b>		<b>31.5c - 84c</b>
<b>Current market cap (38c)</b>		<b>\$25 million</b>
<b>Top 10 Shareholders</b>		<b>approx 50%</b>
<b>No. of staff</b>		<b>20 (one office)</b>
<b>Board</b>	<b>Dean Pritchard</b>	<b>N-E Chairman</b>
	<b>Geoff Lambert</b>	<b>N-E Director</b>
	<b>Tim Murray</b>	<b>Managing Director</b>

# ICSGlobal Chronology

- ◆ **ICS founded in 1990 by Tim Murray as a consultancy**
- ◆ **By 1999, 220 people / \$20m sales / \$5m EBIT**
- ◆ **THELMA concept emerged during Y2K consultancy to hospitals in 1999**
- ◆ **IPO in late 1999 as “e-commerce enabler”**
- ◆ **THELMA announced as “new direction” in April 2000**
- ◆ **THELMA “LIVE” by Dec 2001**

# Business Overview

- ◆ **ICS's core business is the ownership and operation of the health industry clearing house THELMA (Transactional Health Exchange Linking Multiple Applications).**
- ◆ **Health funds, hospitals and doctors use THELMA to execute transactions electronically that traditionally have been carried out manually**
- ◆ **There are hundreds of millions of these transactions**
- ◆ **THELMA's business model is like a telephone service, with revenue coming mainly from transaction fees**
- ◆ **Other successful examples of automation systems like THELMA include ATMs, electronic banking and CHESS**

## Business Overview (ctd)

- ◆ **Market penetration is increasing rapidly; critical mass reached on health fund side**
- ◆ **THELMA generating cash; rising by the month, albeit from a low base, demonstrating technical risks have been overcome**
- ◆ **Initially focus on roll out of 2 transaction types; focus widening now to additional product / service rollout**
- ◆ **Largest player, Medibank Private, backed THELMA through User Agreement and options over 19% of ICS**
- ◆ **ICS has flat running costs of \$3.3m**
- ◆ **Australian e-health transaction market at least \$100m pa**
- ◆ **No visible competitor in the marketplace**

# THELMA's Customer Base

## 9 Health Funds (44% of Market)

- ◆ Medibank Private
- ◆ NIB
- ◆ Australian Unity
- ◆ Aust Health Management Group
- ◆ CBHS Friendly Society
- ◆ Teachers' Union Health - Qld
- ◆ Lysaght Peoplecare
- ◆ Grand United Health Fund
- ◆ Grand United Corp Fund

## Approx 120 Hospitals:

20% of national privates

31% of NSW publics

19% of VIC publics

6% of QLD publics

1,000+ Specialists (5% market) via Hospitals & Simplified Billing Agents

## **Customer Base Targeted for 31 Dec 03**

**23 Health Funds:**

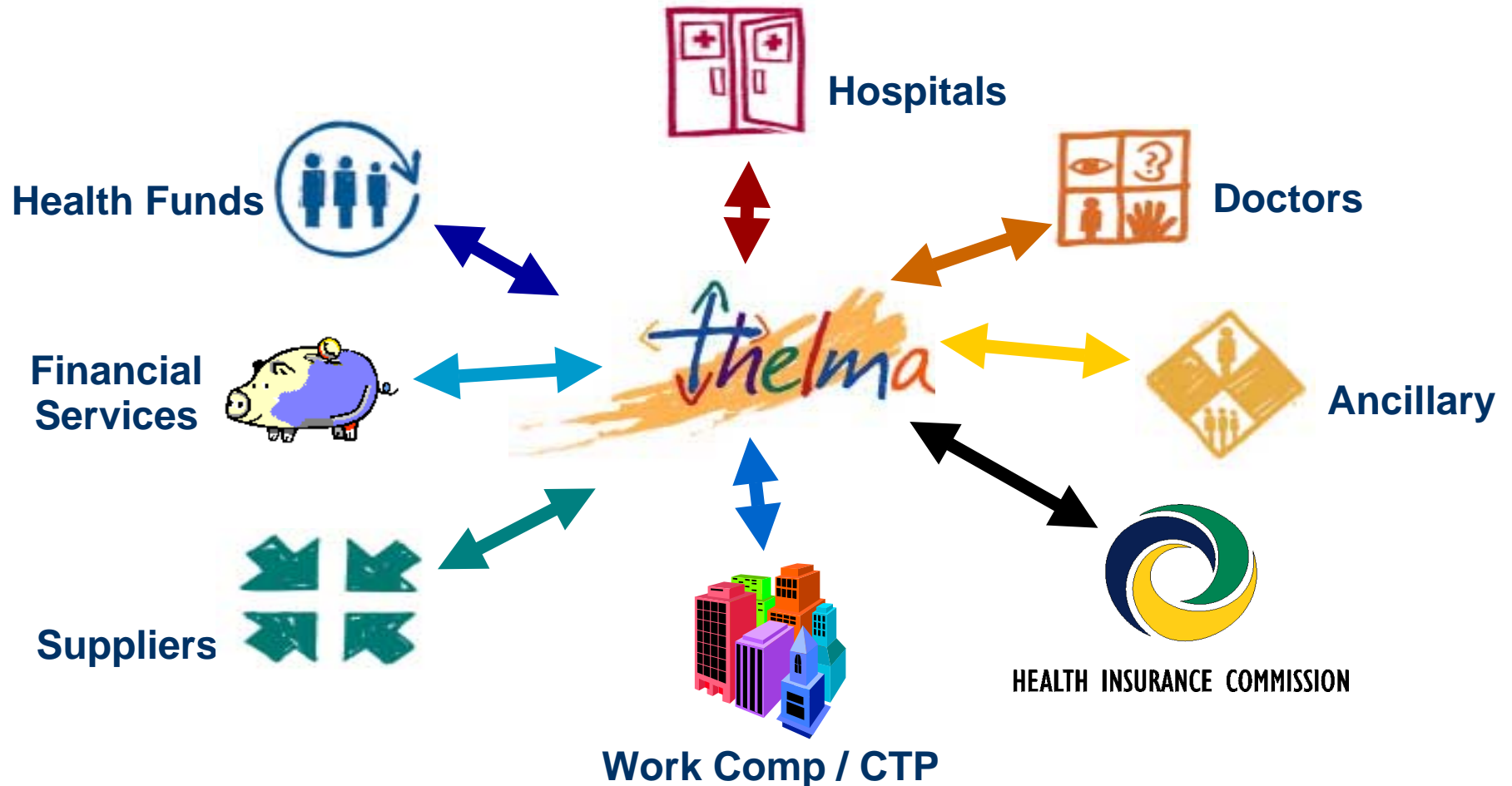
**71% of Market**

**Hospitals:**

**50% of private  
patients**

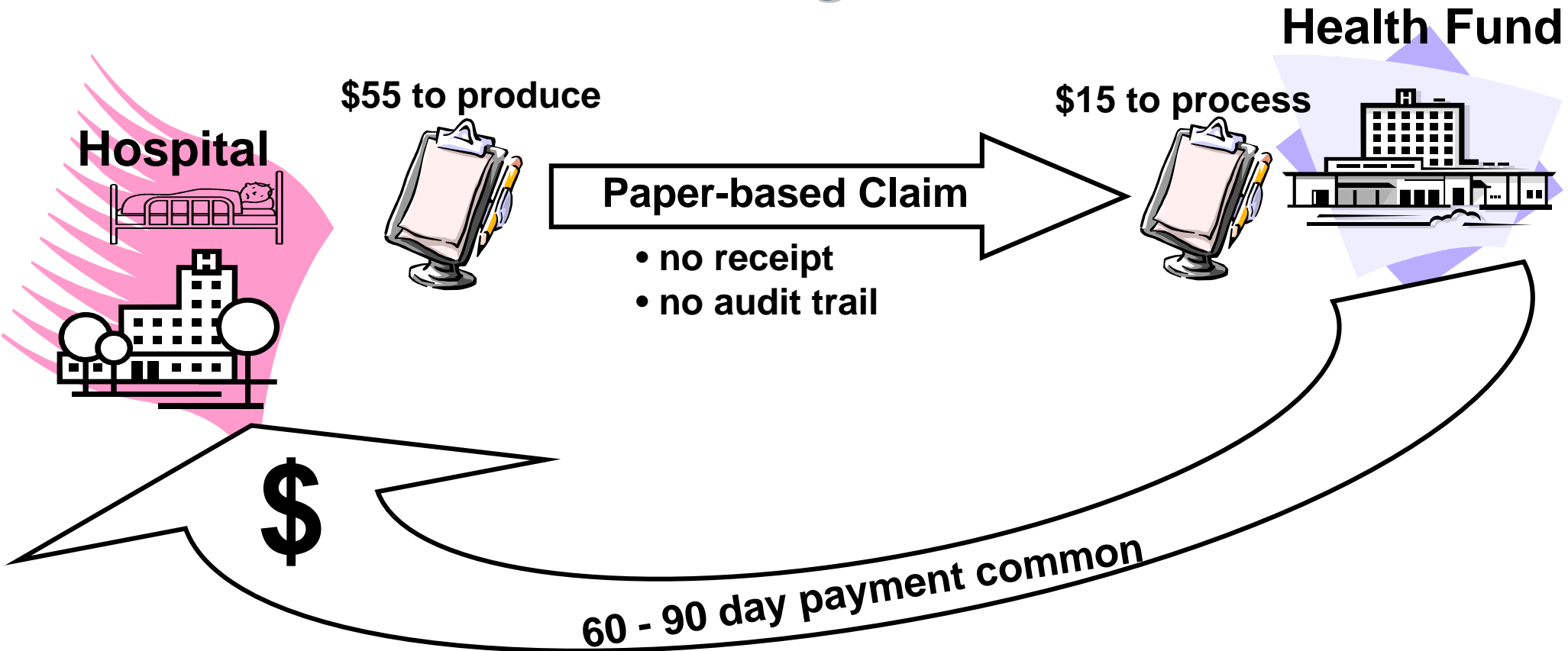
**2,500+ Specialists (12.5% market)**

# THELMA Connects the Health Industry With “Clearing House” Type Functionality



# Transaction Example: Hospital Claims

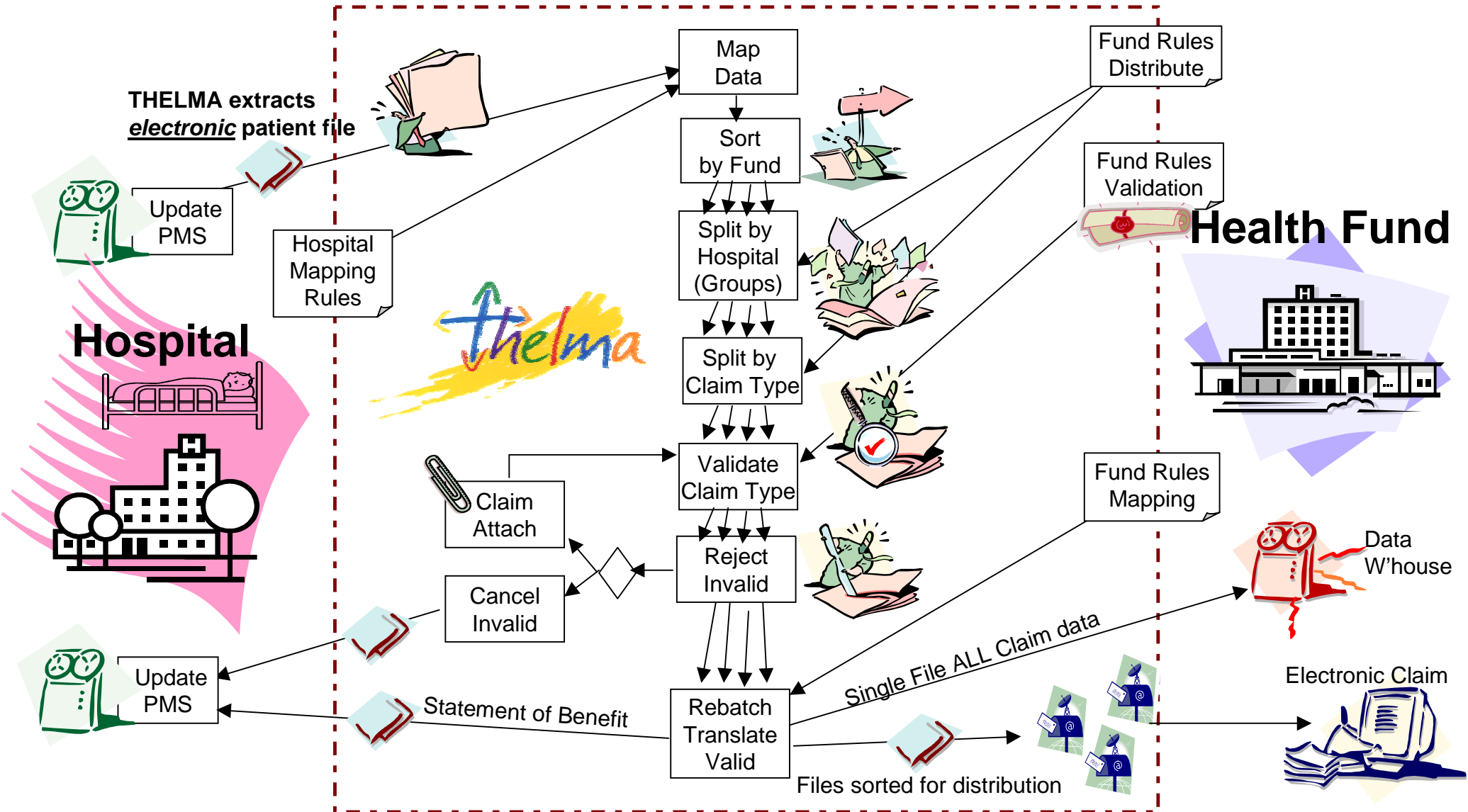
## The Existing Problem



# Hospital Claims: The THELMA Solution

- ◆ **THELMA connects to existing hospital IT infrastructure**
- ◆ **Extracts the claim electronically**
- ◆ **Checks the content of the claim against fund rules**
- ◆ **If any problems, returns claim to hospital for correction**
- ◆ **When “valid”, appends information off paper certificate into electronic claim**
- ◆ **Translates the claim into whatever electronic format the fund wants and delivers it**
- ◆ **Provides immediate receipt**
- ◆ **Delivers an electronic statement of benefit back to hospital after assessing**

# THELMA's Hospital Claims Transaction





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[Archive](#) [Cancel Transaction](#)

[Refresh](#) [Search](#)

<input type="checkbox"/>	Status	Thelma ID	Split Id	Reference ID	Type	Date/Time	Sender	Sent By	Receiver	Actioned By
<input type="checkbox"/>		<a href="#">40053</a>	40049	00441	IHCSEB	23/06/2003 11:20:55	DEMOH	Rose White	MBP	
<input type="checkbox"/>		<a href="#">40052</a>	40049	00441	IHCSEB	23/06/2003 11:20:55	DEMOH	Rose White	AHMG	Rob Buj
<input type="checkbox"/>		<a href="#">40051</a>	40049	00441	IHCSEB	23/06/2003 11:20:55	DEMOH	Rose White	NIB	
<input type="checkbox"/>		<a href="#">40050</a>	40049	00441	IHCSEB	23/06/2003 11:20:55	DEMOH	Rose White	AUF	
<input type="checkbox"/>		<a href="#">40049</a>		00441	IHCSEB	23/06/2003 11:20:55	DEMOH	Rose White	THELMA	
<input type="checkbox"/>		39877		00399	HCP	20/06/2003 15:25:55	DEMOH	Sarah James	MBP	Simon Free

## Claims then appear in an electronic mailbox:

- date stamped
- electronic audit trail
- powerful tracing and analysis tools

## Revenue & Business Model

- ◆ Annual subscription fees (\$1M)
- ◆ Transactional fees:
  - Fees 22c - \$2.79 (weighted average about 50 cents)
  - Hundreds of millions of transactions in market
  - Estimate \$100M revenue in market
- ◆ Non-traditional business model due to flat running costs:
  - \$3.3m revenue = Break Even
- ◆ Market penetration produces a “Revenue Matrix”

## Initial Transactions Focused on:

- ◆ Hospital Eligibility
- ◆ Hospital Claims
- ◆ Subscription revenue

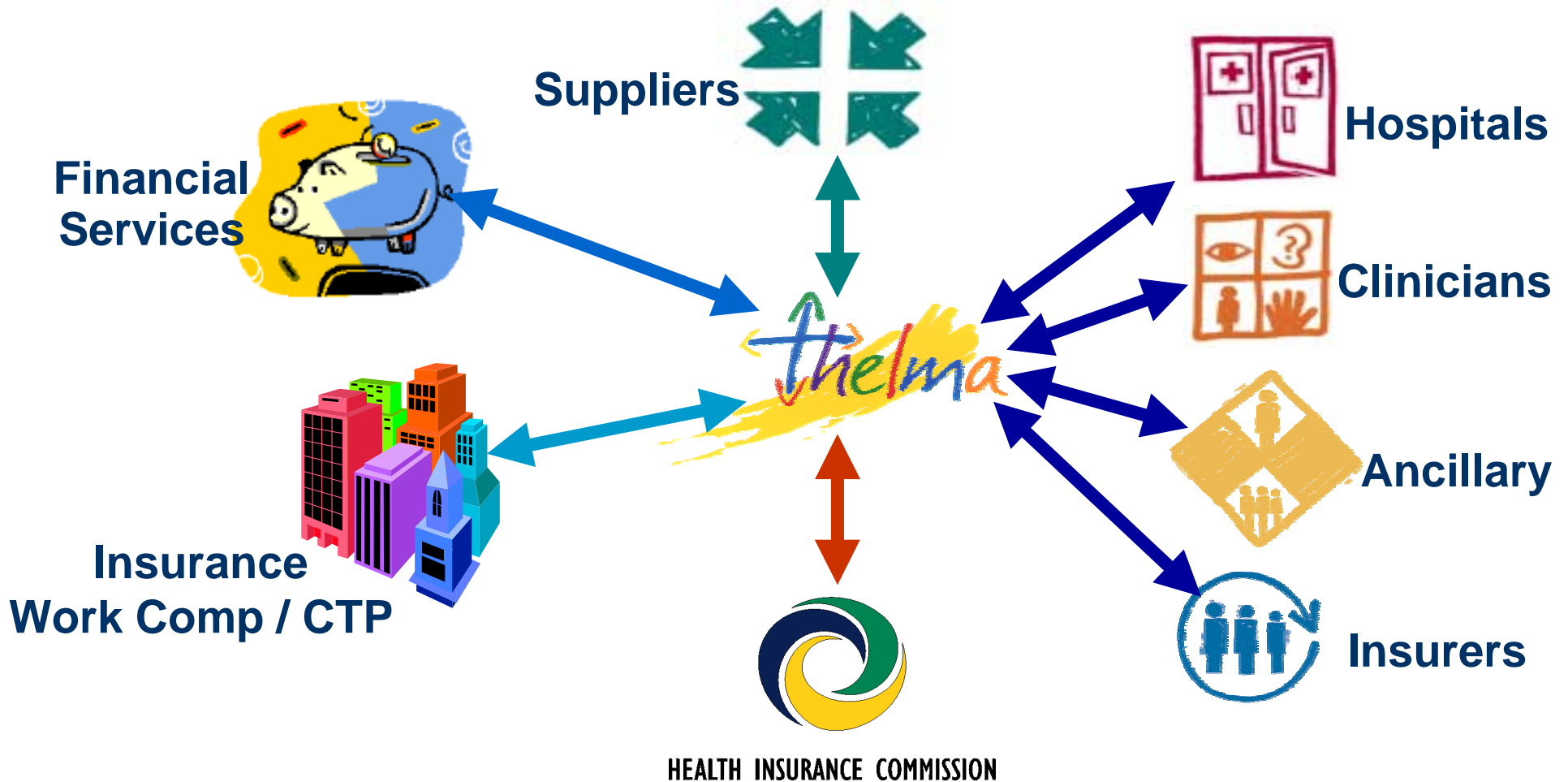
## + others ready now:

- ◆ Medical Claims
- ◆ Pathology Claims
- ◆ eProcurement

## Plus Transactions in the Pipeline:

- ◆ **Medical Eligibility (ie specialists):**
- ◆ **Radiology Claims:**
- ◆ **Pharmacy Claims:**
- ◆ **Ancillary Claims:**
- ◆ **Hospital Booking & Discharge Notices**

# Other Revenue Streams to Feed Into the Matrix: Leveraging the “Connected Community”





## ICS A Defensive Growth Stock:

- ◆ The need for electronic health transactions is now critical
- ◆ THELMA technology proven and operating
- ◆ Significant first mover advantage & still the only player
- ◆ THELMA's multi-transaction platform a powerful defense against competition
- ◆ Medibank Private
- ◆ Non traditional cost model makes for strong profitability
- ◆ Australian e-health market large, lucrative, huge growth:
  - eg proposed changes to Medicare add 5 transactions /GP visit
  - Electronic Health Records: retrieving, updating clinical information
  - Government / Insurance backed revenue

## Key Announcements Going Forward:

- ◆ **Medibank switching on new transactions**
- ◆ **Transaction volumes**
- ◆ **Signing up of remaining large funds and hospitals**
- ◆ **Large funds and hospitals going live**
- ◆ **New transactions going live**



**Thank you.**

**Questions.**