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Australian Securities Exchange
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Buzza interview on the Finance News Network

Alcidion Group Limited (ASX: ALC) Executive Director, Nathan Buzza presented an update to shareholders on the medical technology market, the benefits that hospitals and healthcare providers can expect from The Company's products and The Company's direction and goals, at the ASX and Finance News Network (FNN) CEO Sessions on 6 December 2016.

The Finance News Interview may be viewed from here:

<http://www.finnewsnetwork.com.au/MediaCenter/AsxMediaCenter.aspx?Site=FNN854>

The Presentation at the ASX may be viewed from here:

[http://www.finnewsnetwork.com.au/MediaCenter/AsxMediaCenter.aspx?site=FNN854&gareport=Alcidion-Group-\(ASX---ALC\)----Presentation%2c-CEO-Sessions-Sydney&LNID=125147&ntype=News](http://www.finnewsnetwork.com.au/MediaCenter/AsxMediaCenter.aspx?site=FNN854&gareport=Alcidion-Group-(ASX---ALC)----Presentation%2c-CEO-Sessions-Sydney&LNID=125147&ntype=News)

A transcript of the interview is provided below.

Transcript of Finance News Network Interview with Mr Nathan Buzza, Alcidion Group Ltd (ASX:ALC) Executive Director, discussing the Miya platform and the company's innovative medical technology solutions.

Alcidion just listed on the ASX in February 2016 as Alcidion Group Limited (ASX:ALC). Alcidion was formed by the former Chief Executive of the South Australian Health Commission, Ray Blight and Professor Malcolm Pradhan to resolve the quandaries within the health sector.

Healthcare, is at a breaking point. In the United States, last year, they spent 17.80% of GDP on healthcare - \$3.5 trillion dollars; that's going to 37% by 2050, that's about \$USD54 billion they've spent last year on healthcare IT. But iatrogenic errors -- preventable errors in hospitals -- were the third largest killer of people in the United States last year. Cardiovascular disease was number one, oncology was number two, and then preventable errors within healthcare. Alcidion's was formed to resolve this, through the development of a health informatics platform.

The Miya platform integrates all the disparate clinical information systems in an acute care hospital. So pathology systems, cardiovascular systems, patient admission systems, emergency department systems are bound together, into a single unified platform. The clinicians can have a look at a holistic view of what's happening with the patients. And then it 'risk rates' that data and notifies the clinicians that need to know where the problems are for the patients, and what they need to do to resolve that.

The way our hospitals manage patients today, depending on how evolved they are technologically, start with a traditional manual system. These are the clipboards at the end of the bed that people start writing on. Obviously this information is out-dated and it's not real time and prone to errors. There's a gradual rollout of computerisation across the continuum of health called the EMR adoption model. This is a seven-layer model, which details the rollout of clinical information systems.

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In the United States, all 8,000 hospitals must upgrade their clinical IT systems. If they're unsuccessful by the 1st of January this year, punitive damages start – Medicare and Medicaid reimbursements are gradually reduced for non-compliance. If you look at the benefits of running the Alcidion platform, fundamentally the business is about driving efficiency in health. The healthcare system is littered with dilemmas. You've got 40% of lab tests that get ordered in a hospital, are never actually viewed by anyone. I was saying before that the third largest killer of people is the preventable errors in hospitals.

What Alcidion does is combine all the information together and provides for the checks and balances, to make sure that the correct lab results are being ordered. Makes sure that when the results come back, they are actually viewed by the right person, so things are not missed. It just streamlines the patient experience, from when they've arrived at hospital through the Emergency Department or through an inpatient admission. And just optimises things to make sure that they're in and out of the hospital, as quickly and as clinically safe as what they can.

At the moment, the Alcidion platform is at paid beta deployment across Western Health. This is Sunshine, Footscray and Williamstown in Melbourne. It's deployed across Tasmania and also deployed across the Northern Territory. Now the Alcidion product route is pretty broad and different products, within that suite at various stages of that commercialisation. It's terrific to see that Western Health in Melbourne just signed a \$AUD2.35 million memorandum of understanding, to deploy the platform into live operation across their three campuses.

I've been involved in the health industry for all my professional career and I've never seen all the stars align in this space simultaneously. We've just had the Obama administration; they introduced the Patient Care Protection Affordability Act, which was the catalyst for Health Information Technology Act. The HITECH Act mandates that all 8,000 hospitals have to deploy and upgrade their clinical information infrastructure, by the 1st of January this year.

They spent \$USD56 billion in the sector. So you've had a huge amount of Government stimulus. We've just formed the digital health agency in Australia in January this year. We've had State Governments like Queensland allocate \$AUD1.3 billion, to upgrade their core clinical infrastructure. We've had the Northern Territory allocate \$AUD186 million; we've had the NHS allocate £4 billion. In addition to the Government stimulus, you've got punitive damages. If hospitals do not comply with the stimulus and upgrade the clinical IT systems, their Medicare and Medicaid reimbursements, are gradually reduced.

We've also had the regulatory bodies step in. The FDA has now provided guidance as to what is a medical device and, therefore, requires to be approved. And what is a straight medical software. By having both the Government stimulus and punitive damages and also regulatory framework, this has provided a huge level of acceleration. About 22% compound annual revenue growth rates, within the segment, on huge dollar amounts.

By this time next year, at the moment we have 11 paid ED deployments at large tertiary hospitals. So at Royal Melbourne's Emergency Department, probably one of the busiest Emergency Departments, the platform is being used continuously. We'd really like to get from those 11 paid beta deployments, up to 20 paid commercial sites that transition us to be cash flow positive. And then accelerate that to get to 40 paid deployments, and that'll generate substantially positive EBITDA. And then use the retained earnings to then accelerate the launch, into the United States.

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About Alcidion

Alcidion Group Limited (ASX:ALC) is a publicly listed, innovative health informatics company that specializes in clinical products that improve productivity, safety and efficiency. Alcidion's solutions target key problems for Emergency Rooms, Inpatient Services and Outpatient Departments and are built upon a next generation health informatics platform, which incorporates an intelligent EMR, Clinical Decision Support Engine, Data Integration Capability, Smartforms, Terminology Support and Standards Based Web Services.

Alcidion's focus is on delivering solutions that enable high performance healthcare and which assist clinicians by minimising key clinical risks, tracking patient progress through journeys and improving quality and safety of patient care.

www.alcidion.com

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