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Interview with Dr. Sam Hupert, CEO Pro Medicus [ASX: PME]

- **\$18m – 5 year MedStar Health contract**
- **LMU Klinikum \$10M - 5 year deal announced in October**
- **New, single vendor offering**
- **Visage in the Cloud**

Q: The deal with MedStar Health – A\$18 million over five years – is a significant announcement. Where do you place it when compared to the recent deals you have announced, in particular Munich-based Ludwig-Maximilians University announced in October and NYU Langone Health announced in September?

A: All three deals are material but different in their own way. NYU is a large American tier1 academic similar to a number of other contracts that we have announced such as North Western, Mayo, Mass General Brigham (Partners) and others. These clients have opted for an on-premise solution whereby we install our Visage 7 Viewer on their hardware in their data centres and we interface to a 3rd party archive and/or worklist.

With MedStar, we will be providing them with a complete, single-vendor solution comprised of all three Visage modules, the Visage 7 Viewer, Visage Open Archive and our Workflow manager which is a first for us and a model we think will appeal to others. In addition, it will be based on our Visage in the Cloud offering and will arguably be the industry's first, large scale fully cloud- based enterprise PACS implementation.

LMU Klinikum is somewhere in the middle in that it will use our Visage 7 Viewer and Visage Open Archive in an on-premise configuration and of course it is European based.

So there will be a range of Visage configurations which we will deploy across the three organisations not to mention that two of them, NYU and LMU Klinikum are predominantly academic whereas Medstar is a large regional health system or IDN (Integrated Delivery Network) that has an academic site in Medstar Georgetown University Hospital.

Q: Your announcement says that the contract with MedStar Health is for PME's complete solution – Visage 7 Viewer, Open Archive and Workflow Manager. How important is this to PME and what does it say about your ability to provide both best-in-breed and single-vendor solutions?

A: The key message is the flexibility of our product offering. With our recently announced Workflow Manager we have the capability of providing a highly modular, single-vendor solution in addition to best-in-breed offering where Visage 7 Viewer and our other offerings can be integrated into a large range of third-party archives or worklist products so we can cater for the entire gamut of client requirements.

Having the three products is also important for our Visage in the Cloud offering particularly for those that are looking for a fully managed SaaS imaging solution. Finally, there is potential for cross sell opportunities for both Open Archive and Workflow Manager modules to existing Visage 7 Viewer clients, so it is important from multiple perspectives.

Q: The agreement with MedStar Health is for PME's Visage in the Cloud offering. What does this mean and what will the impact to PME and its clients – both current and in the future?

A: Traditionally, healthcare providers have preferred to use their own data centres rather than the public cloud because of concerns about privacy. However, the pendulum is starting to swing in the other direction with more and more healthcare institutions considering public cloud infrastructure especially after organisations like Mayo Clinic announced a long-term Cloud-based deal with Google.

Unlike competitor's systems, Visage 7 with its streaming platform has been engineered from the ground up for cloud deployment. So, not only will MedStar benefit from the scale, security and flexibility of the Cloud, we think we will as well. With cloud, implementation times can be reduced by up to 4 to 5 months, a typical hardware purchase time frame for a large organisation, to a few days for an instance of Visage in the Cloud. And then there is the ongoing management which is more streamlined for us if it is cloud based as there are fewer touch points than there are with an on-premise solution.

We also think Visage in the Cloud could open up new segments of the market for us especially for those smaller and mid-sized groups that haven't got the IT infrastructure to host their own systems as well as those larger institutions that are keen to transition to cloud so we think we will see a growing percentage of opportunities that will be cloud based.

Q: Tell us a little about the A\$10M, 7-year contract with Munich-based Ludwig-Maximilians-Universität (LMU Klinikum) that you announced on 15 October. What were the key dynamics behind this deal?

A: This is our second major deal in Germany and is different in as much as LMU was using Visage in pockets of the hospital, but not in radiology. Initially it was used by their cardio-thoracic department to view pre and post-operative imaging and from there it morphed it being used in their new state of the art operating theatres, where they used Visage for viewing high-definition videos of operations as well as for point of care ultrasound. It was only a number of years later when they were looking to replace their legacy PACS that we got a look in at radiology and as you would expect from a government owned institution, they conducted a competitive process which we subsequently won.

Traditionally, these large German hospitals used to buy their technology from imaging equipment vendors, which were pretty much a one-stop shop. Our deal with LMU has in a sense has broken that mould and hopefully will unlock other such opportunities in Germany and the broader European market.

Q: Most of your recent deals have been in North America. How important is it for PME that you have completed another important deal in Europe? Is it only a matter of time before European health networks, and radiologists, discover what American health networks have discovered about PME's imaging solutions?

A: The US is the world's largest market and is also the most active in terms of sales opportunities. US healthcare institutions are also the most progressed when it comes to healthcare IT, with most hospitals having an enterprise EHR. Our technology is a natural fit in this environment. Europe on the other hand is not one country but an amalgamation of countries, each with its own separate health systems and funding challenges. However, things are slowly changing as hospitals in Europe are starting to look to the US in terms of healthcare IT. Our recent deal with LMU is a good case in point. While it may take some time, and while the European market may not be as large as the US market, we think Europe and in particular Germany will provide further opportunities for us.

Q: Is it merely a coincidence that you have made three significant announcements in the space of a few months? What do these multiple deals say about the strength of your pipeline and has there been a drop-off in inbound activity as a result of COVID?

A: Each deal has its own "cadence" or timing, and the fact that we were able to finalise three in a short space of time was great but was to a degree circumstantial. Having said that, we have seen increased

momentum over the past 12 to 18 months and have opportunities at various stages of the sales cycle that are progressing through the pipeline. Pleasingly, we have seen a good influx of new RFPs in the last few months despite the backdrop of COVID. So, while there is no set timing as to when these contacts are finalised, we believe the recent announcements and the network effect that they create is definitely having a positive effect in terms of the number and range of opportunities that are looking at our technology.

Thank you, Sam
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Authorised by the Board of Pro Medicus Limited.