

# Magnus Health Portal

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## QUICK FACTS

### Management

Chas Scarantino, President  
Will Pittman, Vice President  
Erkang Zheng, Chief Developer  
Dr. Charles Scarantino, Chairman

### Number of Employees

Five

### Amount of Financing Sought

\$900K October 2007

### Use of Funds

- Continued growth of technology and IP portfolio
- Expansion of business development team
- Support working capital requirements

### Current Investors

\$100K May 2007 (closed)  
Founders – \$105K

### Customers

- Insurance brokerage firm using Magnus Collection Services (MCS) for life insurance underwriting.
- Multinational corporation designed to transport patients overseas for medical care.

## Primary Business Description:

**Problem / Opportunity:** At a time when information is generated and processed at an astonishing pace, there is still no recognized and comprehensive record of personal or corporate healthcare information. Privacy laws, disparate technical interfaces, lack of ROI for hospitals and physicians, and an increasing volume of paper records are all factors that continue to compound the problem. Additionally, as healthcare costs rise at rates three times higher than inflation, consumers are frustrated and employers struggle to contain their costs. The opportunity now exists for Magnus Health Portal (MHP) to establish a coordinated information technology platform that targets the right driver, sells to the right payer and delivers real benefit to both consumers and businesses.

**Solution:** Magnus Health Portal has created a coordinated software platform that consolidates thousands of points of healthcare information. Our proprietary Msense™ software package imports information from disparate medical information systems, Internet connected PC's, and paper records. These secure tools then search the records in a Google fashion, analyze them to provide current health status and active medical recommendations, and can generate real-time reports with the click of a button. Leveraging exclusive online user interfaces, the corporate or individual user can better understand and manage their own health information to meet their respective needs in a way that provides value and efficiency. Consumers and businesses both gain, while MHP generates multiple revenue streams from one proprietary software platform.

## Markets:

**Self Insured Employers** are generally companies consisting of 350 employees and greater. For these employers, every dollar saved on healthcare spending goes directly to their bottom line. They have seen their healthcare costs rise by three times inflation and they are poised to reduce that spending. Magnus Health Portal allows them to analyze the health of their workforce and implement targeted programs designed to lower high dollar health care expenditures. The product also provides each employee with a long term healthcare management solution both for inside and outside the work environment. *Size: 50M Employees      Market Value: \$5 Billion*

The **retail or individual market** will be focused initially on chronically ill individuals. These are individuals who have at least one chronic illness, and our primary focus within this market will be on cancer survivors, children, and caretakers. This market suffers from poor to no flow of medical information between their various medical providers. Magnus Health Portal allows them to collect, consolidate, and distribute their entire medical record.

*Size: 125M Chronically Ill      Market Value: \$18.75B*

**Third-party users of health information** represents any company that needs to gather health or medical data on behalf of an individual for studies, data mining, or insurance underwriting. Navigating the system and dealing with regulations, releases, and paper issues can bottleneck this market from performing their desired tasks. Magnus Health Portal can leverage our back-end solution for the collection and distribution of health information and collect this information on behalf of the third-party user. With our primary focus on life insurance underwriters, we help bring organizational and analytical technology to a niche market.

*Size: 5M Life Policies Sold Annually      Market Value: \$375M*

**Business Model:** Each market represents a different motive for purchasing each respective product. For employers, the revenue model is based on a three year contract consisting of an annual license fee plus a monthly per-user fee. Once Magnus matures as a firm, we will have the option to charge employers a license fee plus a percentage of the health care cost savings. This model represents tremendous up-side opportunity for the firm. For the retail / individual market, there is an annual subscription fee of approximately \$150 per year. Third-party users of health information will pay us to assist in the collection of medical information. We will then provide the individual a “pre-paid” subscription and be able to follow up in a business-to-consumer role to renew their subscription, thus providing us a great source of leads.

**Products and Services:** Our competitive advantage originates with our platform which allows us to import information from disparate medical systems, as well as Internet connected PC’s and even paper records. We can then search the records in a Google fashion, analyze them to provide preventative medical recommendations, or distribute them with the click of a button. The beauty of our proprietary organizational and analytical processes is that they require little to no user interaction. The platform is fully encapsulated and the products are delivered within an Internet browser so when information is viewed, analyzed, or distributed, no extra programs on the local PC have to be executed. This allows users all over the world running different systems to view and utilize the information. The various products can be categorized as collection, analysis, and distribution. The listing of each group is below.

*Collection:*      Medical Records, Legal Documentation, Digital Clipboard, Personal Health Trackers, DICOM Image Collection

*Analysis:*      Health Risk Assessment, Personal and Group Health Initiative, Prescription Analyzer, Corporate Economic Evaluation, Corporate Environmental Evaluation, Corporate Change Initiative

*Distribution:*      Proxy Access for Emergency users, Physicians, HR, and Third-Party Users

#### **Management Team:**

*Dr. Charles Scarantino, Chairman* – M.D. Bowman Gray School of Medicine, Ph.D. Cell Physiology St. John’s University, M.S. Biology St. John’s University and 35 years of clinical practice and research as a Radiation Oncologist. Successfully started a biotech company, Sichel Technologies, gained two patents and FDA approvals, and raised over \$20 million in investment capital.

*Chas Scarantino, President* – BA in Business Administration, Kenan-Flagler Business School, University of North Carolina at Chapel Hill. Extensive Fortune 500 management experience and demonstrated expertise in business development, sales, product acquisition, and marketing management.

*William Pittman, Vice President* - Master of International Business Studies (MIBS), University of South Carolina. BA in English from the University of North Carolina at Chapel Hill. Extensive background of financial and operational experience ranging from Fortune 500 companies to startup companies, including healthcare and small practice operations and management expertise.

*Erkang Zheng, Chief Technical Officer* – M.S. in Computer Science at North Carolina State University and has served as CTO of P4 Technologies, Chief Security Architect of Stonewall Networks, and CIO of Institute of Marine and Architecture Research. He has an extensive technology background and relevant experience in software development, on-line security and new product launches.

#### **Advisory Board:**

*Kathy Blum* is currently the SVP of Customer Operations at Misys Healthcare Systems. Previously she was the President and CEO of TriVirix International a marketing and engineering company servicing the medical device market.

*Frank Mascia* was the CEO of United HealthCare of North Carolina from 1996 to 2006. Frank was the first employee of Physicians Health Plan (PHP) and later CEO. He orchestrated the \$140 million acquisition from United Health Care in 1996.

**Competition:** Corporate programs focus on analyzing population, demographics, and health of employees to reduce costs. However, they focus little or no attention on helping users utilize personal information to create long term lasting effects, and they do not allow companies to push confidential information to users as Magnus does (e.g. SimplyWell). Personal health record companies focus on patient entered information, but few use actual medical records or provide analytical tools, and most require a piece of hardware such as a flashdrive (e.g. Capmed). Health information collection services is a niche market based on service. Competitors currently do not have medical or search intelligence built into their products or have a way to generate revenues by selling subscriptions to the end user (e.g. TAMS).

#### **Key Participation Considerations:**

*Revenues* – we began generating income in August 2007. Our platform allows for a portfolio of revenue generating opportunities.

*Milestones* – raised \$100K with the goal of completing phase I development; we are now well into phase II with same money. *Scaleable* - employee to customer ratio is very high.

*Exit potential* – ours is an acquisitions-rich market of emerging health information technology companies. *IP* - Patent pending technology.

*Other* – Management is focused on rapid growth of the company and a successful exit for investors.

**Capital Investment Sought:** To accelerate its growth path, Magnus Health Portal is actively seeking to complete its initial \$1 million round of equity investment. Anticipating the conversion of \$100K from its initial seed investors, the Company is now seeking an additional \$900K of growth capital from angel sources to expand its business and accelerate a successful exit.

<b>Financial Projections:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Sales (in 000s):	1,041	3,135	9,426	22,572	45,244
COGS:	985	1,790	2,323	3,601	5,482
EBITDA:	77	1,376	7,151	19,327	40,081