

"I can't see anyone moving in that direction," he adds. "Our view is that this is a strong venue and it's the audience vendors want. We are doing anything we can to deliver a rich audience."

Lieber is also optimistic that Cerner may return to HIMSS after a year away from the conference. Microsoft decided not to participate and then returned the following year, he points out. Although Cerner's departure represents the loss of a vendor that has had a significant presence at HIMSS, he considers this an isolated incident.

"I haven't even closed the book on Cerner's participation in the conference in Chicago," Lieber says. "There is definitely an openness and a willingness to communicate on our part. We certainly welcome them and we will try to do everything we can to convince them."

Inside Healthcare Computing contacted several Cerner customers to gauge their response to the company's announcement. Most did not return phone calls and representatives from four providers declined to comment on the vendor's decision. ■

— Correspondent Maureen McKinney

Making the Venture Capital Pitch: One Small Company's Experience at the HIMSS Health IT Venture Fair

To an outsider, growing a business from good idea to thriving enterprise appears straightforward. A determined founder creates a product, builds a company, and, with a little luck along the way, reigns over a successful and ever-growing organization.

That isn't usually how business works, however.

We followed one small company in its search for investors at the Health IT Venture Fair at the HIMSS Annual Conference in Orlando, FL, on February 24, 2008. We interviewed the founder, observed his pitch to investors, got a reaction from one of them, and followed up to see how it all turned out.

CareNav Offers Internet-Based Health Management Tools

CareNav Health Solutions of Rahway, NJ is an early-stage, six-employee company that has developed Internet-based chronic health management tools. Those include a personal health record, after-visit summary, chronic condition self-management modules, and health messaging.

"It's a patient portal for chronic care," explains President and Founder Bill MacLaney. CareNav's tools create an after-visit summary in plain language and merge that information with patient teaching topics.

"Patients are self-managed between visits," MacLaney explains. "We have assessments, test compliance, and medication compliance."

CareNav's founders were contractors on a Blue Cross Blue Shield project. They spun the company off in 2003 and retooled its products for individual physicians and walk-in clinics.

The company's system can import data from a physician's electronic medical records system, but otherwise serves as an "EMR lite," MacLaney tells *Inside Healthcare Computing*. "We have one to two pages that doctors can enter about patients. Not necessarily on the clinical side, but more lifestyle focused, such as when did you weigh yourself. We've scaled up to 1.5 million total users with 20,000 on it at a given time."

MacLaney was involved in a venture capital deal in the dot-com era. A trained psychologist, he has also owned a graphic design company and a restaurant. He has written business plans for a banking audience, but found that venture capitalists want something different. "The VC wants growth while the bank wants cost control," he explains.

CareNav has ambitious goals. With pilot implementations and study groups behind it, MacLaney wants to grow. "We need to go out and sell this. We have a pipeline and are looking for three hospitals by the end of April."

CareNav owns its source code, claims a six-week implementation time, and offers subscription model pricing.

CareNav... continued from page 3:

MacLaney is clearly nervous. He's about to stand in front of an unknown number of no-nonsense investors, making an appeal for money that could determine his tiny company's future.

Companies Fine-Tuned Business Plans, 20-Minute Spiel

The Health IT Venture Fair brings together growth-seeking healthcare IT companies and the investment community. Thirty to 40 companies pay \$350 for the chance to make a pitch to attendees involved in venture capital, private equity, investment banking, and mergers and acquisitions.

Law firm Blank Rome LLP, a sponsor of the event, prepped the showcased companies beforehand. Presenters got help with fine-tuning their business plans, squeezing their company information and prospects to fit a two-page standard document template, and preparing for a brisk, 20-minute presentation in front of an audience ranging from intense young analysts for big investment houses to casual angel investors.

"It helped us treat our business like a business," MacLaney says. "It forced us to predict. We didn't think venture capital was available for companies as small as ours. It's important to hear whether my story is tight."

\$3 Million Needed

We asked MacLaney what a good outcome from his presentation would be. "A single contract could make us profitable," he said. "Venture money would let us build a marketing plan and expand our self-management modules. These guys can open doors."

The bottom line for CareNav is that MacLaney needs a \$3 million infusion. The founding partners already invested \$500,000 of their own seed money. He predicts an annual revenue stream of \$5 million within the next three years, followed by a potential merger or buyout by a larger company.

The 20-minute pitches were run four at a time in separate rooms, starting at 9:35 a.m. and ending at 5:15 p.m. on that Sunday in Orlando. CareNav's room slot followed that of Medseek, an established portal company with a strong financial history.

Before MacLaney took the podium, we asked an experienced attendee and venture capitalist who asked to remain anonymous how we could assess the audience's interest in CareNav.

"The first read is the number of attendees," he explained. "Second is the number of cards exchanged and podium visits afterward." He did not seem surprised that Medseek's fairly large audience dwindled to around 25 who came to hear CareNav's presentation, especially after noticing that the company described itself in its write-up as a "home-based corporation." That was one of several phrases he circled.

MacLaney gave a low-key presentation that was long on detail. Despite extensive practice, his PowerPoint content was too long for his allotted 20 minutes. Toward the end, his co-presenter tried to push him to go faster by flipping the slides ahead. Audience members were mostly heads-down, reading the summaries of other companies yet to present. When CareNav's time was up, the audience quietly filed out to attend their next sessions.

Our venture capitalist shook his head.

VC Opinion: Sell the Technology

We asked the venture capitalist to critique CareNav's pitch. ★

"On the positive side, the disease management market is hot," he told us. "He's a nice guy, but no venture capitalist in America is going to give him \$3 million. He has limited executive talent. Investors don't bet on the horse, they bet on the jockey. He needs to bring in some senior executives. He has no track record."

We asked him what advice he would give MacLaney.

"He should sell the technology to a large strategic firm," he said immediately. "It's a classic story of a tech guy starting a company. If you ask a question about the exit strategy and the answer is, 'I'll run it and it will be large,' that's the wrong answer. From zero to two million in revenue, it's a founder with a good idea. From two to 10 million, you bring in a new team. And when you hit 10 million, you bring in another team."

MacLaney: Fair Was Educational, But Investors Weren't Interested

We contacted MacLaney several days after the conference. "It was educational and well worth the effort as an early stage company, although it didn't help us get the capital," he told us. "I got nothing back at all from the presentation. Mild lip service and a lot of business cards, but nobody's banging on my door to offer money. I understand that the courting has to happen, but we didn't get to the second date," he admitted.

He thinks HIMSS should have differentiated between early-stage and middle-stage companies. "Medseek is in a different place – they're not an early-stage company. Everybody had the expectation of an incubator atmosphere, but the VC guys went after Medseek. They're the easy fruit. We're the difficult fruit."

MacLaney had hoped to at least find a mentor among attendees, but that didn't pan out either. He would like to see HIMSS offer a mentor scholarship.

What happens to CareNav without the funds MacLaney hoped to raise? "We'll stay on the path and lower the expectations of partners who expected a windfall of cash coming in. Not getting a sale is easier to deal with. Having a VC encounter and having it not amount to much isn't something I can announce to the troops."

MacLaney's not sure CareNav will return to next year's fair. "I think we'll do it next year if we make it, but the next step is private equity instead," he says. ■

Parkland's ED Kiosks Eliminate "Barbaric" Triage Wait Times

It wasn't long ago that the first thing patients did when entering Parkland Hospital's emergency department was to stand in line for two to four hours. That wasn't to actually receive medical attention – it took that long to simply give their name and visit reason to the triage nurse at the Dallas, TX hospital, who would then prioritize treatment.

Administrators have eliminated that wait by providing self-service kiosks for patient check-in.

"We didn't use a sign-in list because of HIPAA issues and because we see over 300 patients a day," explains Jamie Ensminger, a Parkland RN who managed the kiosk system's implementation. "You can't see everyone when they come in the door, so we had a line for patients to stand in like at Six Flags, if you can imagine being sick and waiting in line for three hours. It was pretty barbaric."

ED Patients Can Sit After One-Minute Data Entry

Parkland, the primary teaching hospital for the University of Texas Southwestern Medical Center and a Level I trauma center, sees more than 146,000 ED patients per year.

Standing in line is a thing of the past, Ensminger tells *Inside Healthcare Computing*. "Today, when patients come in the door, they go to one of three kiosks and enter their name and date of birth and use a touch-screen body diagram to describe their problem. Then, they sit. It's very intuitive and takes about a minute."

The kiosk sends the patient's information to the main computer system, where triage nurses perform assessments and prioritization. Two or three nurses will typically monitor the patient information at any one time.

Parkland used a UT Southwestern grant to contract with Maitland, FL-based Galvanon to customize a self-service kiosk solution suitable for ED patient use. "The system was originally used in clinics and urgent care centers and included extensive demographic information," says Ensminger. "We needed strictly name, age, and chief complaint, so we had to tweak it."

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