

Investor Overview

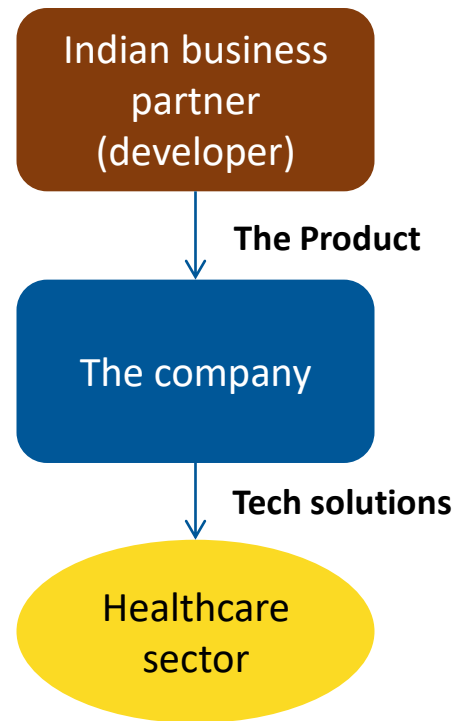
*Tech solutions for
healthcare sector &
medical insurance claiming*

November 2021



Business overview (1/2)

- This is an equity investment opportunity in a B2B tech solutions provider for medical and healthcare sector (the “Company”).
- EMR solution offered by the company (the “Software”) provides an end to end tech solution for hospitals and medical service providers integrating EMR (electronic medical records) seamlessly.
- The Software has been developed by an Indian development company and it is operationally used in India at the moment.
- The Company will exclusively promote the same product in Sri Lanka.
- The Company will acquire the software as a white labeled product and seek consistent tech support from the Indian company for a fee sharing arrangement



Business overview (2/2)

- Although the developed software provides a holistic solution, the Company will be mainly focusing on integrated medical insurance claiming, since it drastically simplifies the present practice for medical insurance claiming in Sri Lanka.
- The founder of the project is experienced in the relevant industry for more than 9 years and he has been a part of the development of the product with the Indian software development company.
- The company will be newly formed upon the incorporation once the funding round is successfully completed.



Problem

The key to an efficient insurance claim management involves many steps starting with preauthorization, preparation of claim, claim reconciliation and submission, follow ups and collection. At present the preauthorization and claim submission is done in paper documents, through fax or by email.

Present problem with medical insurance claiming

- Paper based preauthorization and claim submission process.
- Communication between the insurance companies and hospitals is only through telephone and email.
- Incomplete preauthorization and claim forms cause a number of denials delaying the service to patients.
- The insurance companies are supposed to visit hospitals each time when there is a claim.

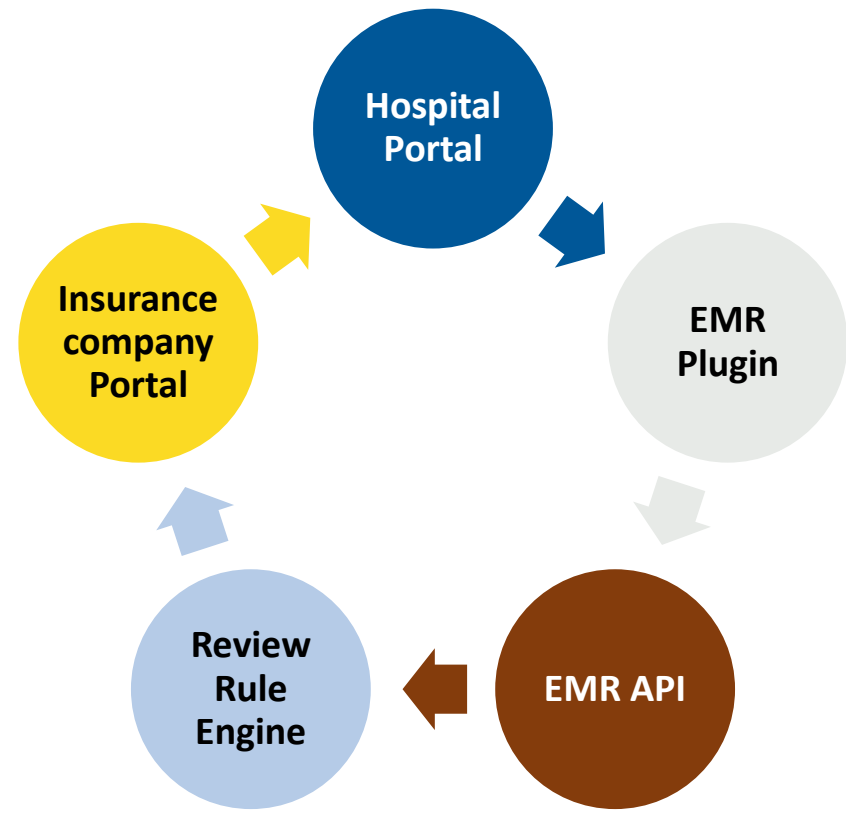
Solution

This portal is designed to connect Insurance companies with hospitals in a single platform and help insurance companies to manage insurance preauthorization and claim process easily and efficiently.

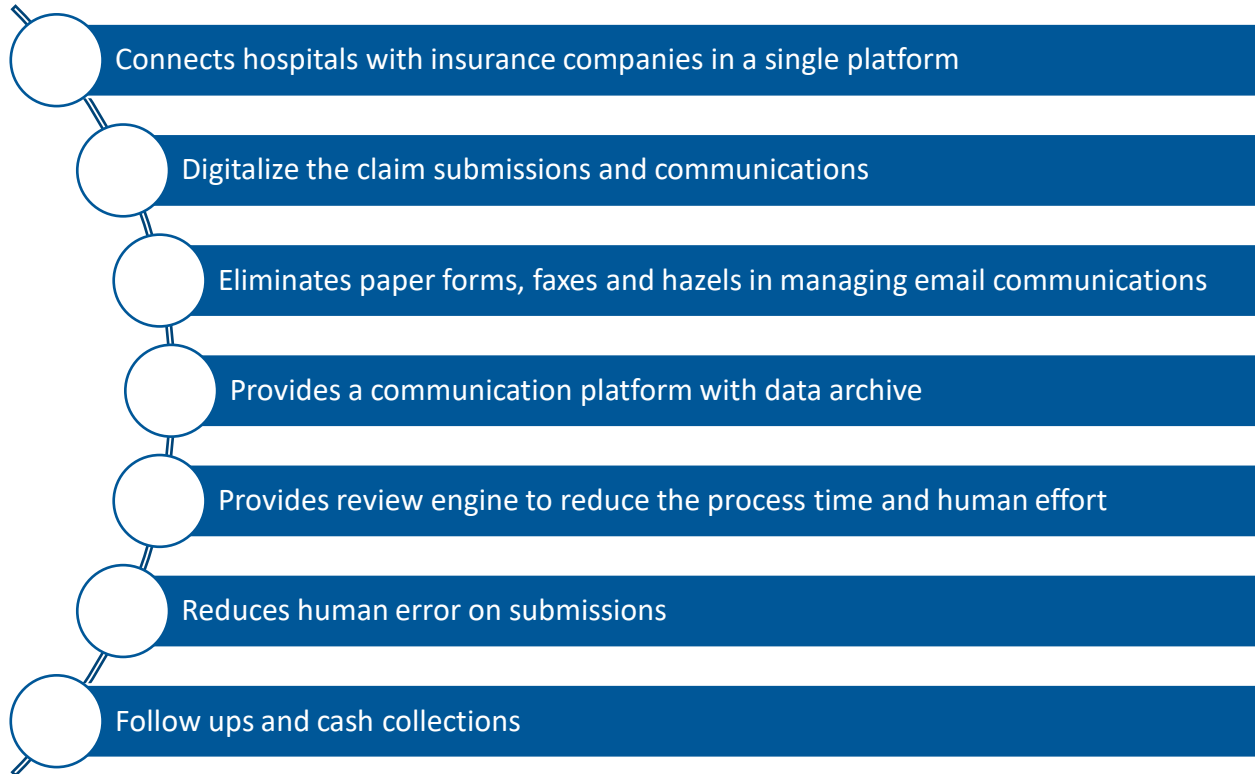
Solution offered by the Company

- A single platform to link hospitals and insurance companies together.
- Hospitals can submit their preauthorization and claim forms electronically, uploading relevant documents.
- The insurance companies will receive all the preauthorization and claim forms electronically in the portal.
- There will be a rule engine which will scan or review the submissions from the hospital and send an automated feedback electronically in case of incomplete submissions and errors.

Product components



Benefits of using insurance portal



Financial overview

Normalized financial performance

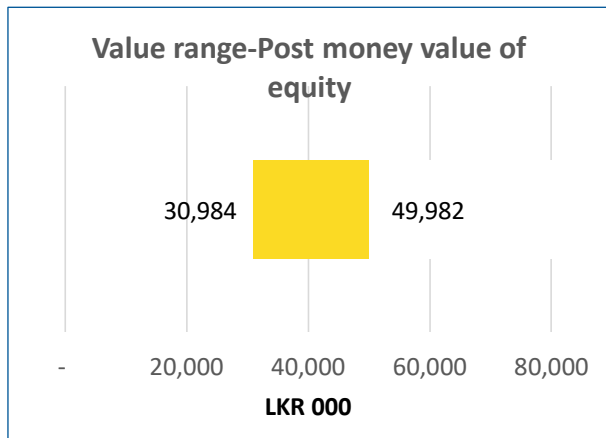
LKR 000	Per month	Per annum
Revenue	2,283	27,390
Operating cost	(724)	(8,690)
EBIT	1,558	18,701
Income tax - 0%	-	-
Net Income	1,558	18,701

- The revenue consists of two main streams,
 1. Setting up fee
 2. Processing fee (charged on each claim)
- The operating cost mainly consist with the staff cost.
- The Company has a potential to generate a net income of LKR 18.7 Mn per annum.

Revenue

LKR 000	
Number of client additions per month	0.5
Installation fee	440
Onboarding revenue per month	220
Target number of customers	5
Claims per customer	2,500
Price per claim	0.55
Attributable to Company	30%
Processing revenue per month	2,063
Total revenue per month	2,283

Valuation and investment opportunity



Valuation - Post money value of equity (LKR 000)

Min	Base	Max
30,984	39,480	49,982

Capital requirement

Description	Amount (LKR 000)
Working capital	4,340
Capex	4,160
Total	8,500
Theoretical ownership transfer	21.5%
Current offer	35.0%
ROI	77.0%

- The Company's current financial requirement is LKR 8.5 Mn.
- According to Earnings Capitalization Methodology, The Company's post money equity value ranges between LKR 31.0 Mn to LKR 50.0 Mn.

Investment opportunity

Required rate of return

Beta	1.51
Risk free rate	10.8%
Market risk premium	11.0%
Alpha	20.0%
Cost of equity	47.4%

Return on investment

LKR	
Investment	8,500
Offered stake	35.0%
Attributable earnings	6,545
Return on investment	77.0%

- Considering the market factors, industry risk factors, company specific factors and the startup risk, the required rate of return of the investment can be estimated to be 47.4%.
- The equity stake attributable for the above investment (LKR 8.5 Mn) is 35%.
- The potential investment is expected to have an internal rate of return of 77.8%.
- Minimum investment is LKR 1.7 Mn.

Key investment considerations

Strong founder credentials

- Years of hands-on experience healthcare, BPO and call centers

Marketable value proposition

- Convenience offered to medial insurance claiming process.

Scalability and tested product

- Availability of extendable features which could offer a holistic solution to integrate electronic medical records.
- The product is already in commercial use in India

First mover advantage

- Non existence of a similar competitive solution will be an added advantage to penetrate the market.

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