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e-health

The View from Wall Street

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e-health 101

What e-health was:

Pure play start-up companies with business plans and large valuations

- **Connectivity & Services (Healthon/WebMD; Pointshare; NaviMedix)**
- **Content, Community & Care (drkoop.com; Mediconsult.com; HealthGate)**
- **Commerce (Neoforma; drugstore.com; PlanetRx)**

e-health 101

What e-health is now:

Companies that use the Internet as an enabling technology to connect and share health information among providers, employers, consumers and ancillary organizations. This includes legacy system vendors (IDX Systems, McKessonHBOC, InfoCure) as well as pure-plays.

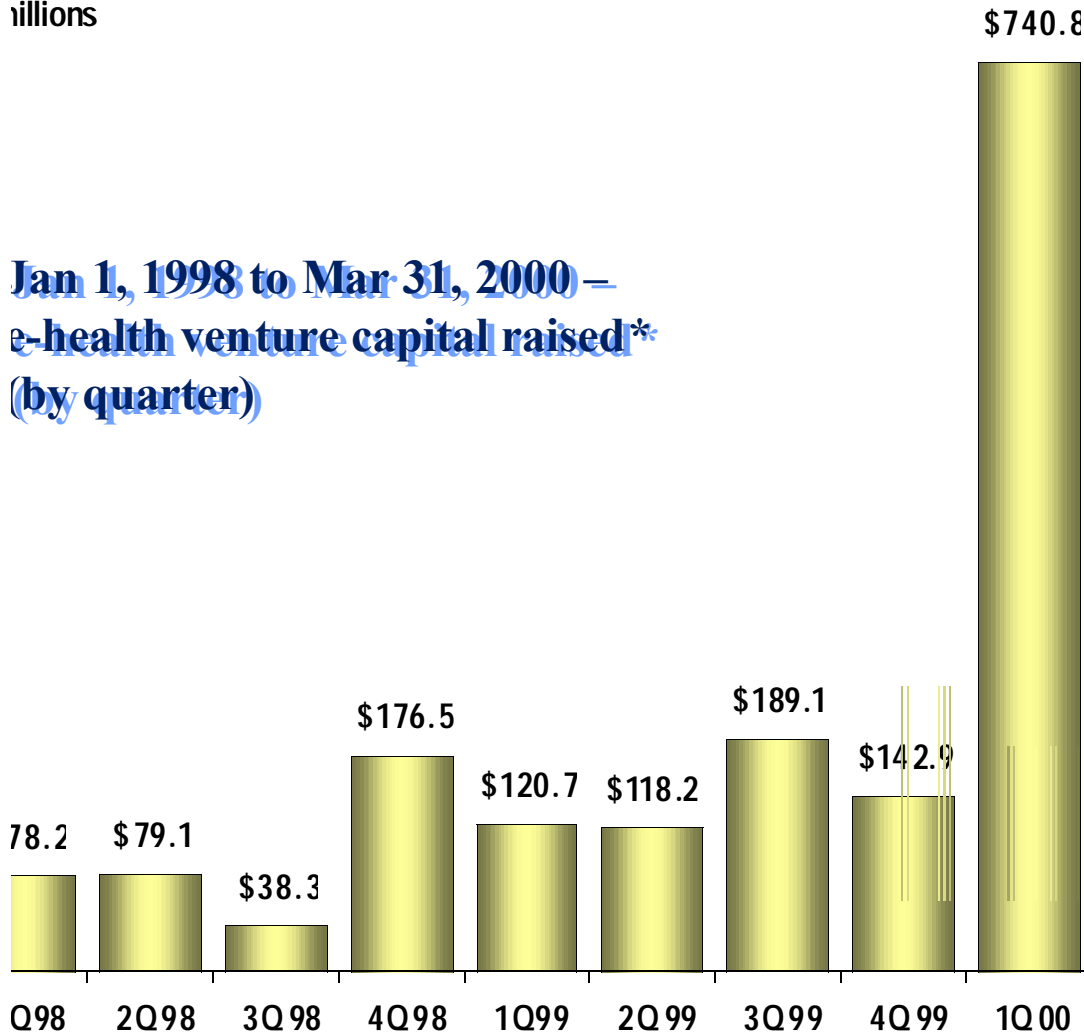
Why is Wall Street Excited? (January 1999)

- ◆ **Huge Opportunity**
- ◆ **First Mover Advantage**
- ◆ **Stock Prices Going Up**

Investors Rush into e-health

Billions

Jan 1, 1998 to Mar 31, 2000 –
e-health venture capital raised*
(by quarter)



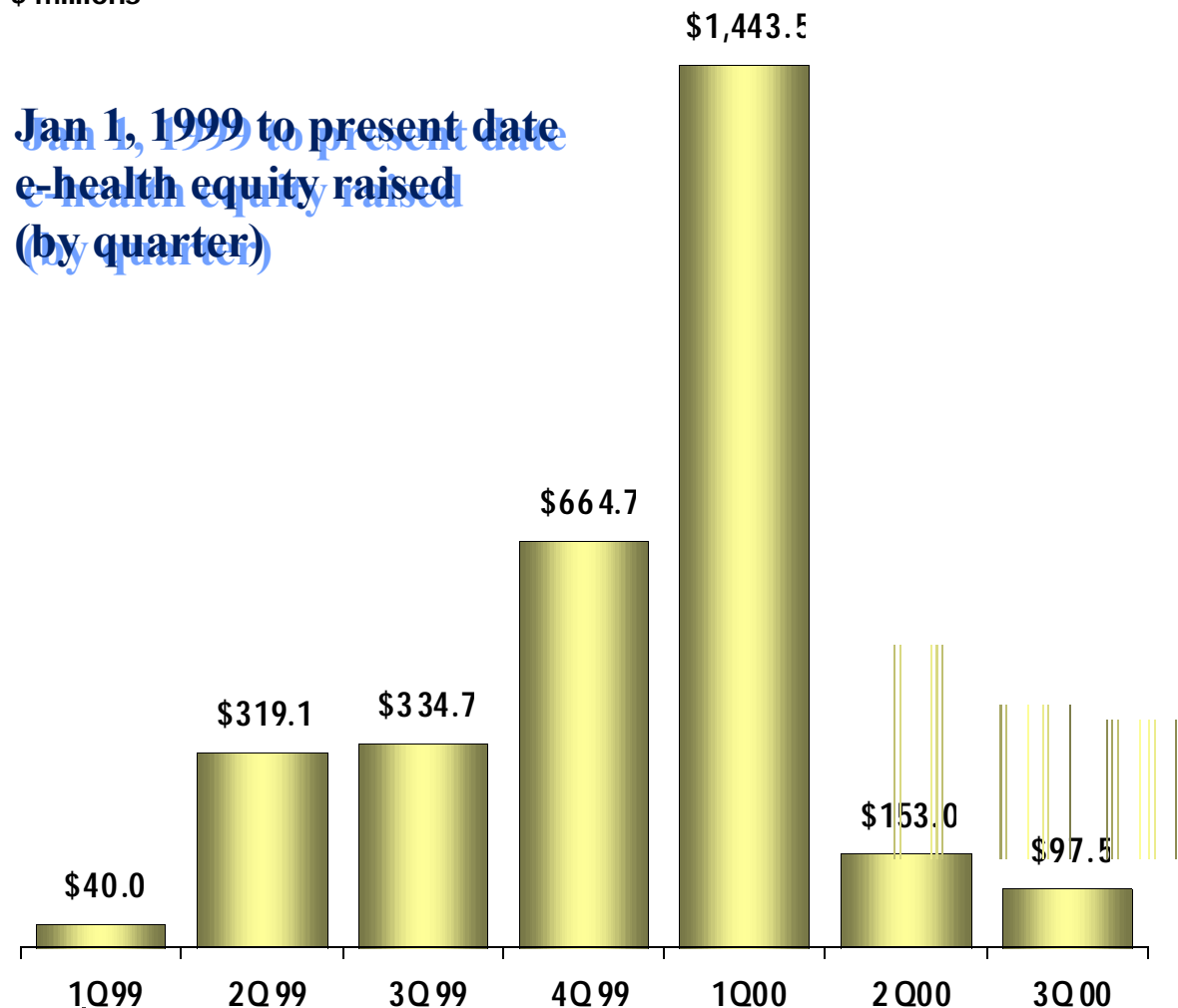
Over \$816 million of private equity raised

- 123 deals in two years
 - 55 in 1998 (\$328 m)
 - 68 in 1999 (\$448 m)

Investors Rush into e-health

\$ millions

Jan 1, 1999 to present date
e-health equity raised
(by quarter)



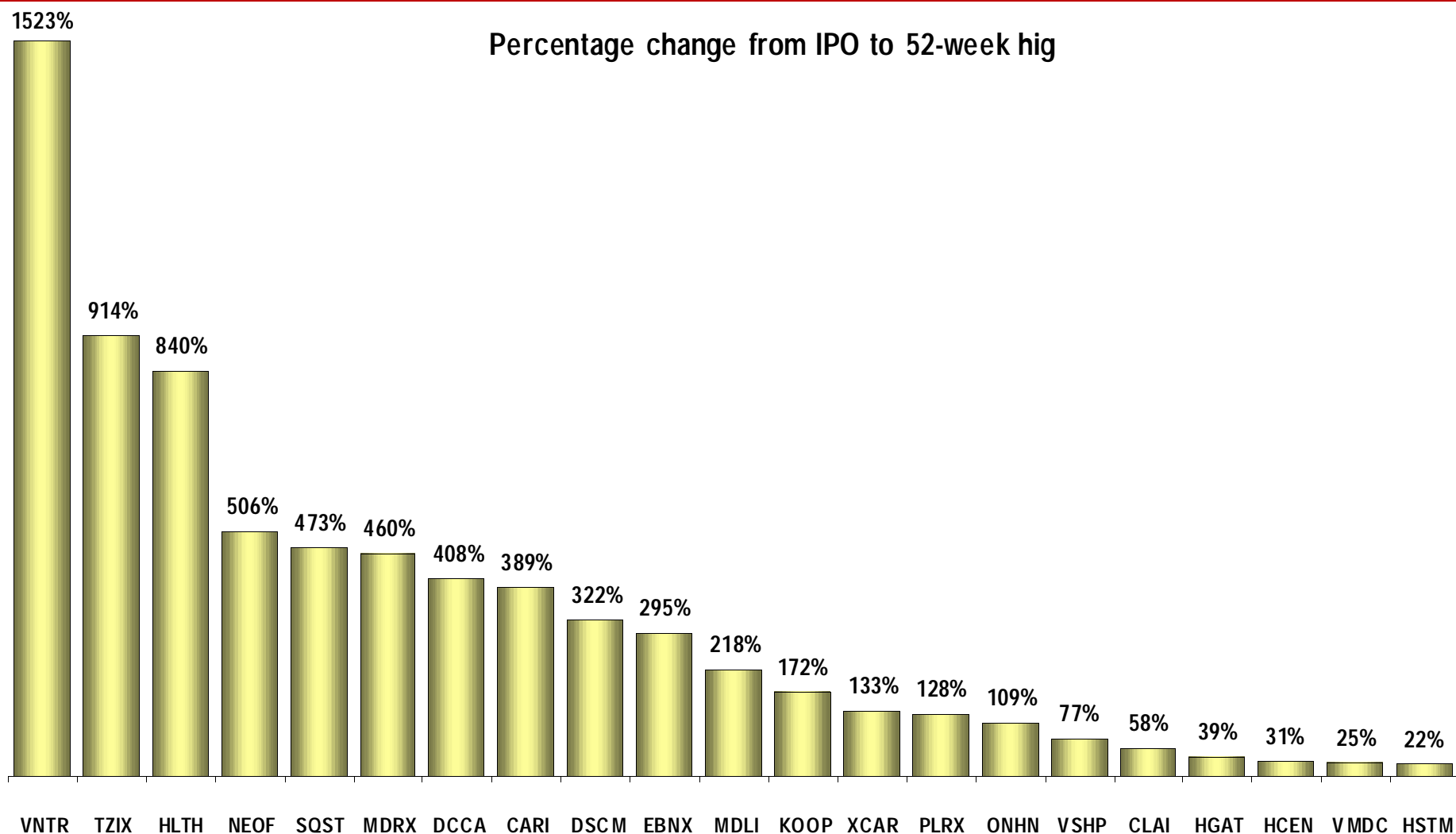
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Over \$3.0 billion of public equity raised

- 25 IPOs (\$1.73B)
 - 16 in 1999 (\$1.22B)
- 6 Follow-ons (\$1.32B)
 - Includes Janus' investment of \$930 million in HLTH.
 - 3 in 1999 (\$0.13B)

Source: Securities Data Corporation

Stock Prices in e-health Rose Dramatically



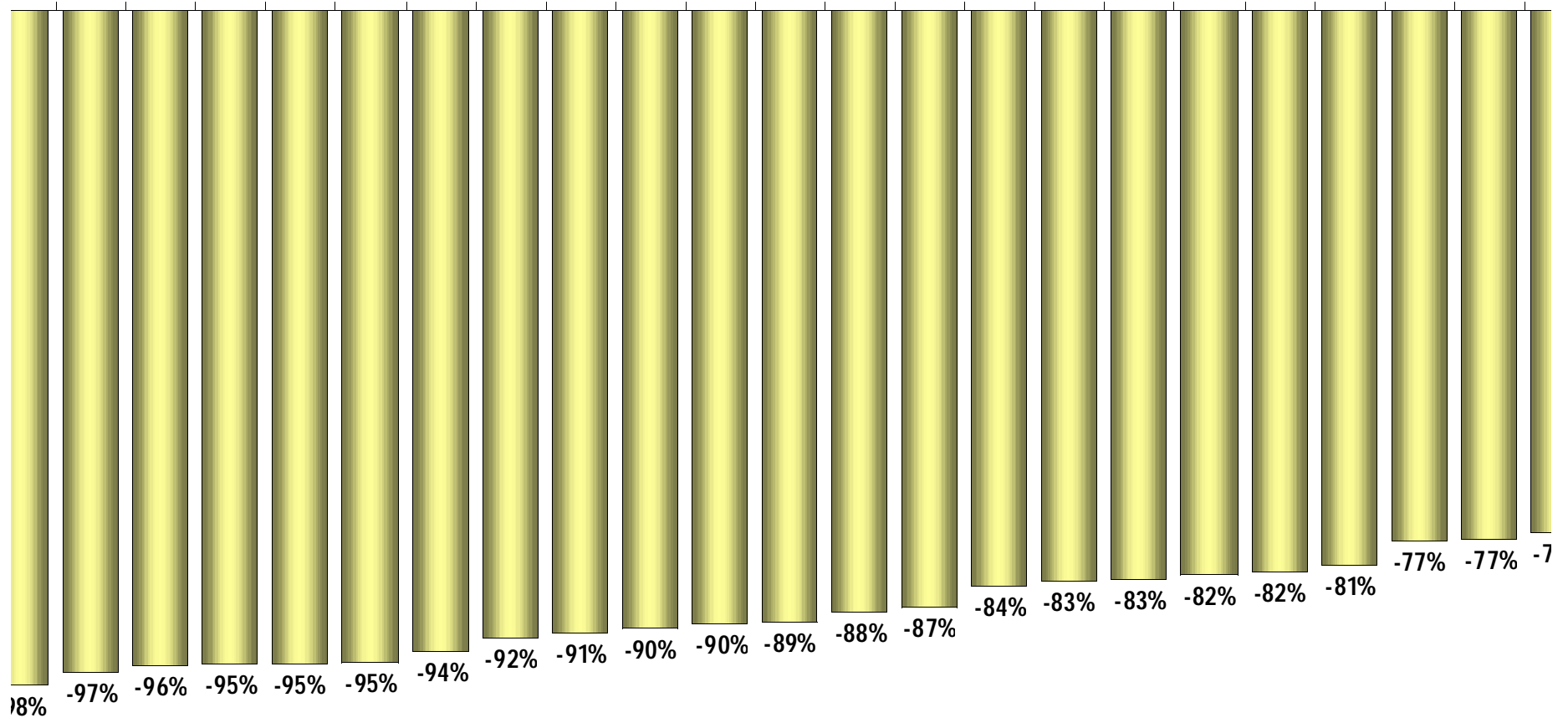
Why Is Wall Street Disappointed?

- **Realization that e-health will be evolution, not revolution**
- **Current public e-health companies have no traction**
- **Stock prices going down**

Why is Wall Street Disappointed? (continued)

Percentage change from 52-week high to 8

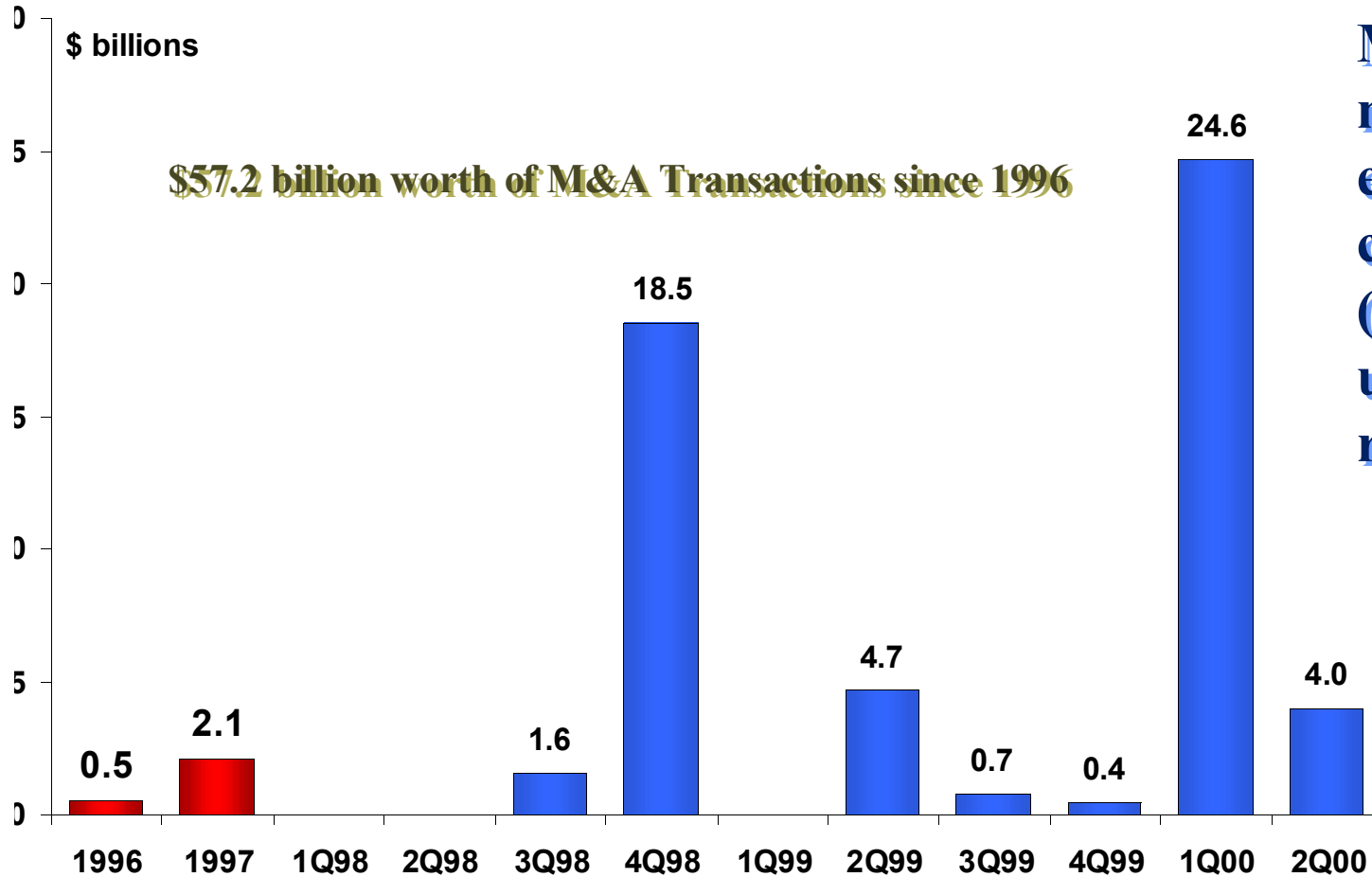
LRX NEOF MCNS VNTR KOOP MTHR VSHP XCAR DSCM MDLI SQST HGAT VMDC TZIX CLAI DCCA ONHN HLTH EBNX CARI HCEN HSTM C



Will They Be Here Tomorrow?

Ticker	Company Name	Price 8/18/00	Cash (\$ million)			Qtrly EBITDA	Qtrs of cash remain	
			MRQ	MRQ(-1)	\$ Change		MRQ Cash/ \$ Change	MRQ C Qtrly EBI'
MCNS		1.16	23.9	35.7	-11.8	-20.6	2.0	
PLRX	PLANETRX.COM	0.59	50.6	76.4	-40.4	-28.3	1.3	
HCEN	HEALTHCENTRAL.COM	3.25	41.7	57.5	-20.2	-16.9	2.1	
TZIX	TRIZETTO GROUP							
NEOF	MEDICONSULT.COM (B)	\$0.50	\$6.6	\$7.1	-\$15.2	-\$7.9	0.4	
NEOF	NEOFORMA.COM	2.69	81.2	113.8	67.0	-19.8	N/A	
KOOP	DRKOOP.COM							
MDLI	MEDICALOGIC	5.25	100.6	117.7	-21.1	-23.6	4.8	
SQST	SCIQUEST.COM	9.56	89.4	108.9	-13.5	-11.1	6.6	
HLTH	HEALTHEON/WEBMD (H)	13.25	645.2	1160.7	869.4	-69.6	N/A	
MDRX	ALLSCRIPTS	11.88	88.4	115.5	9.3	-6.1	0.9	
CARI	CAREINSITE	24.75	114.2	142.4	86.8	-6.9	N/A	
FBIX	FBENX	16.75	68.6	66.5	2.1	-16.5	N/A	
FBIX	FBENX	14.31	103.3	109.7	11.1	-2.2	N/A	
FBIX	FBENX	6.33	133.3	171.7	15.0	-15.7	N/A	

M&A



Many companies are not viable stand-alone entities but have created some value (i.e. customers, users/installed base, revenues).

Is e-health Still a Good Place to Invest?

CSFB Believes e-health Makes Sense

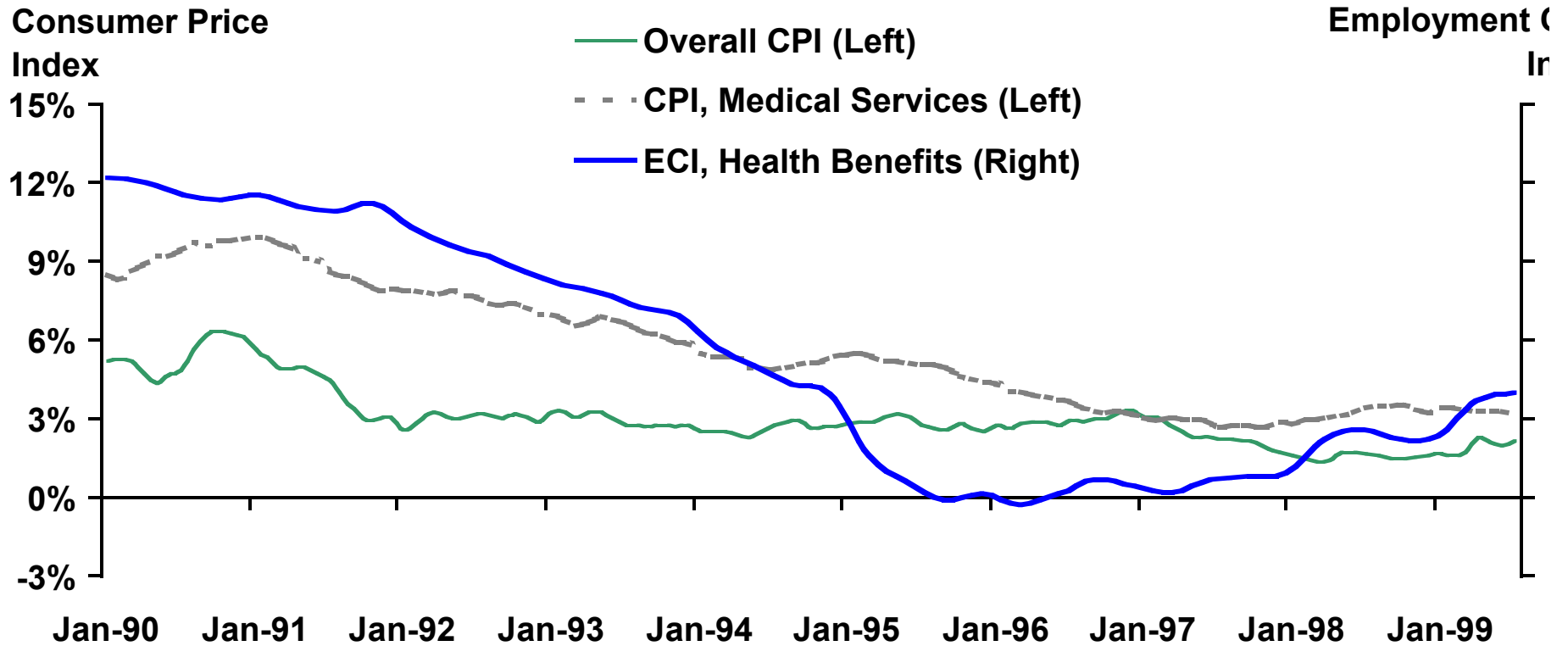
Why?

- Health care is information based
- Health care is transaction based

The health care industry still under-invests in technology and is largely inefficient.

Next Round of Medical Cost Inflation Must Be Fought with Technology

Health Care Costs Are on the Rise Again



Source: Bureau of Labor Statistics (ECI: unpublished data)

The Industry Says Yes!

- ◆ **Payer Consortium**
- ◆ **Medical Manufacturers Consortium**
- ◆ **Distributors Consortium**

Where to Invest

◆ Niche Focus

- Companies creating solutions to fulfill market need

◆ Handhelds

- Only 550,000 MDs.... and they will use them

◆ Connectivity

- Need is overwhelming

Did we Learn Anything?

1999

- First mover advantage
- Value creation through press release
- Concept sells the deal

2000

- Substance over concept
- Value creation through execution
- Can't ignore marketplace realities (legacy systems, HMOs)
- Heavy emphasis on management

What Do Institutional Investors Want?

- ◆ **Path to profitability**
- ◆ **Traction (including some revenues)**
- ◆ **Competitive advantage**
- ◆ **Management team (assembled and seasoned)**

Questions & Answers
