

## Shareholder Update from Mike Jackman, CEO



June 29, 2018

I am delighted to present you with an update on the goals and strategies that were detailed when I joined the company 10 months ago including:

- Developing innovative new solutions
- Strengthening the commercial strategy
- Growing the sales opportunity pipeline
- Ensuring our customers' success

We strive to forge the path for a new generation of enterprise imaging, one in which a reliable healthcare data services platform enables a connected healthcare network, improved care coordination, and the deployment of artificial intelligence into workflows, all with the goal of improving provider efficiency and the lives of clinicians and patients.

### **Innovative Solutions**

To that end, our development team has been hard at work on our new Data Services Platform, called Sage, which will commercially launch later this year. Designed for an evolving healthcare IT market, our Data Services Platform opens data access to emerging artificial intelligence (AI) algorithms and seamless interoperability with clinical workflows. In addition to our own AI algorithms, which focus on operational outcomes, we will make it easy for our customers to access 3<sup>rd</sup> party AI applications through our Analytic Studio.

### **Commercial Strategy: *Strategic Partnerships and New Applications***

The scalability and interoperability of our Data Services Platform is the foundation for an ecosystem of solutions focused on connected healthcare, enterprise imaging and artificial intelligence. We've attracted the interest of dozens of innovative companies including Client Outlook, SirenMD, Zebra Medical Vision and Leben Care Technologies, and we are jointly delivering solutions to the market. We are enabling data access so that our customers can leverage the latest technology to save costs, improve efficiencies and drive better patient outcomes. Our Data Services Platform vendor neutral application interface empowers our customers to use the applications and technology tools of their choice. As part of our strategy, Mach7 and the application partners are signing co-marketing agreements to sell into each other's install base.

### ***New Markets and Distribution Channels through Reseller Partnerships***

We have augmented our sales team with advisors and reseller partnerships across the globe including the US, the Middle East, Europe and Latin America. These resellers have established business, local presence and long-standing customer relationships in which they can promote our complementary solutions. To see a list of all our partners, please visit our partner webpage [here](#).

## ***Pipeline Expansion***

The US market for healthcare imaging is the world's largest and in 2018 was our primary focus for the commercial team. Our opportunity pipeline has seen a 50%+ growth of both net new opportunities and upsell opportunities within our existing customer base. Mach7 market awareness and consideration has increased, as indicated by a 50% increase in the number of enterprise imaging tenders in the first 6 months of this year as compared to last year. Tradeshows continue to be our greatest source of qualified leads and in the past 10 months we have participated in the RSNA, HIMSS, Radiology Asia, SIIM and the Reverse Expo, which have resulted in hundreds of new leads and new vendor partnerships.

## **Ensuring Customer Success**

We remain focused on ensuring our customers achieve their goals, the first step of which is solution implementation and reaching "go-live" status. We've reached a number of implementation milestones in recent months including:

- RAPA in Arkansas, USA
- Vietso Petro in Vietnam
- Goshen Community Hospital, in Indiana, USA (our first cloud-based implementation)
- Royal Veterinary College (RVC) in the UK
- Adventist Health West in California, USA
- Michigan State University in Michigan, USA

I am super excited to announce that we have won yet another major customer contract: Raleigh Radiology, a large imaging center and radiology reading group with 35 radiologists and 6 locations in North Carolina, USA. This contract is expected to generate at least \$1 million for Mach7 over the next five years, 50% of which is annual recurring revenue, meaning that we now have at least \$5.2 million in

contracted annually recurring revenue (CARR). Raleigh was very impressed with our user-friendly solution that will enable them to establish and maintain their unique workflows in a matter of mouse clicks. Our solution is the foundation for Raleigh's growth and with time, our partnership has the potential to grow in scope as Raleigh's business grows and Mach7's functionality expands. Raleigh's decision further validates our belief that Mach7 is uniquely positioned to meet to the needs of the most demanding clinical environments.

## **Ongoing Communication Plan**

While Mach7 is in its growth phase, we will continue to provide quarterly updates to keep you informed of our progress and report on commercial material wins as well as partnerships and marketing events as they happen. I also invite you to follow us on our website and various social media platforms (links below).

I am proud of the Mach7 team and our progress in building a long-term, valuable and sustainable business. We thank you for your continued support and we are excited about our role in leading change in the healthcare ecosystem.

Yours Sincerely,



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CEO

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