

Confidential Executive Summary

Leading Healthcare Database and CRM/E-Mail Lead Generation System

Profile:

The “business” is a division of a parent holding company (“Company”), and has the potential to become a leading healthcare data provider (with over 1.5 million contacts), customer relationship management (CRM), e-mail lead generation, and market awareness system.

Used and licensed by over 100 customers since 2008, the database and CRM represent a unique lead generation and web-based e-mail marketing solution with an extensive reach to healthcare industry executives. A proprietary eCRM and personalization engine create a customized marketing library targeting millions of healthcare/medical provider contacts and doctors that can be segmented based on specialization or other variables. Benefits include the ability to quickly create e-mail marketing content, automate daily lead generation, and create and maintain ongoing market awareness. Leads are identified by recipients who open e-mails, visit the customer web site, or contact the customer directly, with an average annual lead response of close to two percent (2%). The database/CRM solution is fully compliant with the Can Spam Act of 2003.

Market Need:

Businesses targeting the healthcare industry struggle with market awareness (research shows 7% market awareness on average). The database/CRM solution can easily double or triple that average. For businesses having difficulty generating new business opportunities, the product can help them easily extend their reach from hundreds of thousands to millions within the healthcare industry. The solution includes an integrated campaign product that generates an average of 10 leads per month when using a targeted list of 10,000 names.

Current eCRM solutions provide extremely limited capabilities for lead generation. E-mail marketing returns the highest ROI of any marketing activity. However, it either requires a dedicated, knowledgeable marketing resource, which many healthcare businesses lack or cannot allocate, or outsourcing to a service provider. Renting lists or outsourcing e-mail campaigns can be costly and yield limited results.

Utilizing software from e-mail providers is only feasible for customer-based communications because the providers require permission-based lists to minimize or eliminate spamming complaints. Customer-based e-mail campaigns feature heavy HTML content, which triggers filtering, blocking, and spam complaints when directed to non-permission lists. Other than the Company’s database/CRM product, there is no other e-mail solution for new business lead development targeting healthcare executives.

Competitive Overview:

International Data Corporation identified 2.01 million businesses targeting the healthcare industry. The leading list vendors focused on this market are Dr. Lists, MMS, and SKAinfo. E-mail vendors focused on this market include Constant Contact and Exact Target, with approximately 5,000+ customers each. However, all of these options have rigid policies that either don't allow customers to e-mail for business development purposes or only allow customers to use their software for permission-based e-mail communications. Again, there is no e-mail competition in the market for new business lead generation within the healthcare industry.

Investment Considerations:

With proper funding for growth, current management projects that the database/CRM product can achieve revenues of \$10 million in three years (2013), with a 50% after-tax profit margin. Management has identified the following areas for growth funding to attain or exceed projected revenues:

- develop a global sales and customer service team
- enhance marketing activities and accelerate product development, to include .net platform finalization, a new user interface, web services, e-mail engine performance optimization, automated database list integration and updating, advanced analytics, and lead scoring.

Management believes that successful execution of these initiatives will enable penetration of new markets such as CRM/ERP customer bases, franchise/reseller markets, and mid- to large-size accounts. Together, these markets represent hundreds of thousands of additional customer opportunities.

Financial Summary:

(\$000)	2008 Actual	2009 Actual
Revenue	\$ 397.1	\$ 1,009.7
Operating Expense	212.2	402.2
Net Profit After Tax	75.4	252.4
Net Profit Margin (%)	19%	25%

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