

**CEO
CFO**



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Using a Web-Based Dermatology Platform, NoviMedicine is Providing Remote Diagnosis and Treatment Solution for People with Skin Conditions Such as Acne for a Fraction of the Cost of a Doctor's Visit

**Healthcare
Dermatology
Health IT
(Private)**

Novimedicine

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**Joshua Spanogle, MD, FAAD
Co-Founder acting CEO and
Chief Medical Officer**

BIO:

Dr. Spanogle is a board-certified dermatologist and currently a fellow in dermatologic surgery at the University of California, Irvine. He completed his dermatology residency at the Mayo Clinic in Rochester, Minnesota, and has been the recipient of multiple grants and scholarships in dermatologic surgery. He received his MD from Stanford and his undergraduate degree from Yale. He co-authored multiple basic science and clinical research articles in peer-reviewed journals. While at medical school, he published two best-selling novels set in the biotechnology industry.

Company Profile:

NoviMedicine has developed a web-based platform that allows a dermatologist to diagnose and treat skin conditions remotely. Currently, NoviMedicine focuses on acne only. NoviMedicine's platform is efficient for both patients and physicians, and can offer full acne evaluation and treatment for a fraction of the cost of an in-office visit. Furthermore, NoviMedicine offers patients unparal-

leled convenience (no time off work, no driving to an in-office appointment). For dermatologists, NoviMedicine offers convenience, flexibility, and the chance to boost income substantially.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Dr. Spanogle, what is the concept behind Novimedicine?

Dr. Spanogle: The general concept is to deliver high quality, low cost dermatologic care over the Web or mobile devices. Basically, NoviMedicine provides a "virtual office visit" complete with a diagnosis, treatment plan, and prescriptions if necessary. We are going to start with acne—ubiquitous, easily diagnosable, low risk, acne.

"Teledermatology" both as a concept and a practice has been around for many years. However, there were—and to some extent, still are—barriers to widespread adoption. First, the technological hurdle. Until recently, high quality digital imaging, bandwidth, and data storage were all quite expensive. However, relatively recently, these costs have come down. Second, there is what is known as "the reimbursement problem", that is, there wasn't really any framework for paying for teledermatology. This is changing slowly—too slowly for our tastes—but it is changing.

CEOCFO: Why the choice of dermatology as a start for you?

Dr. Spanogle: There are some areas of medicine that lends themselves particularly well to remote evaluation

and management. Radiology is the first one that comes to mind. Dermatology, which is mostly a visual specialty, can do much of its diagnosis with limited information sets: images and the answers to a few important questions. The images are key; for us [dermatologists], images really are worth a thousand words. All of this—data, images—is very transmissible electronically. Furthermore, the conditions we seek to diagnose and treat are not emergent, so our turnaround time doesn't have to be immediate. This has enormous benefits for us in terms of workflow and risk. It's why we're starting with acne.

CEOCFO: Why is this the time for the strong push, and how much of the medical community or the dermatology community is really on board with the concept?

Dr. Spanogle: Why now? There are a couple reasons. First, and most importantly, is that the technology for capturing high-quality images has become cheap. And the images—from an iPhone, for example—are good enough that a dermatologist can make accurate diagnoses for many conditions. In fact, there are a number of studies that show teledermatology has a diagnostic accuracy on par with in-office visits for many conditions.

Regarding how much the dermatology community is on board with this concept, the simple answer is that we don't really know yet. There are, of course, people who will never embrace the concept and who will feel that the only way to diagnose and treat skin disorders is in-person. And then there's the regulatory uncertainty around all of telemedicine. The law is

somewhat unclear, and currently it's a state-by-state issue. This ambiguity and fragmentation is going to hinder the development of telemedicine in general and teledermatology in particular.

CEO CFO: Obviously, you think it is the hurdle that you can surmount. What gives the confidence others may lack?

Dr. Spanogle: Perhaps it's just that we don't know any better. Seriously, though, a lot of folks are doing just fine in practice, and might not see a reason to change. We [NoviMedicine] might have a little bit more of an appetite for risk and for pushing the status quo. We may or may not be a little ahead of our time. I, of course, think we are at the perfect time, and will be able to seize an enormous opportunity.

CEO CFO: Who is likely to use your service and why should they?

Dr. Spanogle: The "who" is primarily young adults, who have high co-pays and who lack access to a dermatologist. The "why" is convenience, savings, and access. In terms of convenience, a patient can access our services anytime from anywhere. No taking off work for an office visit. No drive to the doctor, no pulling your kids out of school, no waiting in the waiting room for a 5 minute visit. Furthermore, because our platform (built by my brother and CTO, Seth Spanogle) is so efficient, we can offer the visit for very low prices. Finally, access. 42% of the US population lives in areas underserved by dermatologists. Our goal is to make dermatologic care available to everyone.

CEO CFO: In this case, reimbursement would not matter anyway.

Dr. Spanogle: Exactly! We are going around the traditional insurance

model at this point. Certainly, we would love to take insurance, and I imagine we will be able to before too long. However, right now we can offer it cheaply enough to a patient that we are within striking distance of some of the higher co-pays.

CEO CFO: What is the process and how would a patient interact with you?

Dr. Spanogle: Say you have acne. You come to Novimedicine, register, go through our questionnaire (which consists of the same questions I would ask you in the office). You would provide us with images of the condition. The images and data would be routed to one of our dermatologists, who would provide diagnosis and treatment within 24 hours. But at this point, we do not manage complex medical issues.

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CEO CFO: There is tremendous population with simple conditions that can go with a simple answer!

Dr. Spanogle: You said it better than I could have.

CEO CFO: How do you get patients to buy into the concept?

Dr. Spanogle: These waters are somewhat uncharted. Likely, there will be gradual acceptance of online or remote diagnosis and treatment. As patients become comfortable treating low-risk conditions, we feel we will be able to "walk them up" to comfort with more complex conditions.

CEO CFO: What has been the reac-

tion for the people that you present the concept to in general?

Dr. Spanogle: It has been extremely positive so far. My co-founder and brother, Seth, is the software developer, so we've been able to do quite a lot and keep it in the family, so to speak. We have been hunkering down and developing, but we had a great debut at Health 2.0, a big health IT conference. I can say, almost unequivocally, the support has been tremendous and we are thrilled by it. The execution to this point has been very well received.

CEO CFO: Do you think the reception is a function of being so clear-cut and simple that everyone can understand it as opposed to some of the other ideas that take more imagination?

Dr. Spanogle: I'll give you a simple answer: yes. [Laughs]. That, and the execution thus far. And the team.

CEO CFO: Why should investors pay attention to Novimedicine today?

Dr. Spanogle: People should be paying attention today for a number of reasons. First, this is going to be an incredibly fast moving and growing industry within the next twelve to eighteen months. We are not seeing too many stories about it now, but in eighteen months, there is going to be a great deal of buzz about telemedicine. Second, our product offers efficiencies beyond other teledermatology solutions out there. Third, we have a working prototype that is both modular and extremely scalable. Lastly, we have been very lean and very fast. Part of this comes from us [the founders] being brothers. We share an apartment. We live and breathe this right now, so we have an intimate familiarity with our product, and with the teledermatology and telemedicine market as we see it.

