



Q&A with Brett Reed, CEO of Cohealo, Inc. providing a Platform that allows Healthcare Facilities to Schedule, Track, and Share Medical Equipment in the Perioperative Suite allowing Hospitals to Collectively Purchase Equipment



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CEOCFO: *Mr. Reed, what is the concept behind Cohealo?*

Mr. Reed: The healthcare industry is spending 140 billion dollars every year on medical and surgical equipment, which often sits idle for 58% of its usable life. Cohealo is a platform that allows healthcare facilities to schedule, track, and share medical equipment in the perioperative suite. With actionable insights into equipment utilization, healthcare facilities can proactively increase the usage of these resources, thereby ensuring a greater return on their capital investment. Cohealo handles all the logistics and

transportation for sharing equipment between healthcare facilities, further reducing redundant equipment purchases and allowing hospitals to collectively purchase equipment.

CEOCFO: *Are you talking about in one hospital or facility or across three, four or five facilities that might be owned by the same company or in the same geographic region? What is the area it would encompass for each customer?*

Reed: Cohealo's technology is relevant for any facility where inpatient or outpatient procedures are being conducted. Partners HealthCare in Boston or Kaiser Permanente on the West Coast are good examples of health systems. Cohealo also works with single facilities, including ambulatory surgery centers, medical office buildings, outpatient clinics, and diagnostic imaging centers. If healthcare facilities want to share equipment, we usually recommend that they exchange with sister facilities within 200-miles of their site.

CEOCFO: *How is the equipment moved from one facility to the other? What testing might be done to make sure nothing happened during the movement?*

Mr. Reed: When we first started the company, we really focused on operationalizing that entire process of sharing, developing technology that creates an airtight chain-of-custody. Through these efforts, we realized it wasn't necessary for us to handle the actual moving of the equipment itself. Instead, we work with highly-specialized logistics companies, who are trusted in the industry to move delicate equipment. When a third-party logistics driver shows up and picks up a piece of equipment from a loaning facility, they use the Cohealo platform to "check-out" the equipment, track the equipment throughout the moving process, and capture photos of the equipment at pickup and drop-off. Drivers will work with a clinical engineering resource at the healthcare facility, who verifies the functionality of the equipment. The clinical

engineers will handle various checks on the equipment, which happens with all equipment before a procedure, whether it is borrowed or owned.

CEOFCO: *What types of equipment and for what types of procedures is Cohealo most effective?*

Mr. Reed: Right now, we are primarily focused in the perioperative suite and surgical equipment. In this space, it runs the gamut from diagnostic and imaging equipment such as C-Arms, portable x-ray machines, and ultrasounds, all the way down to specialty instrumentation kits. We've handled surgical navigation systems, lasers and specialty orthopedic tables. Anything you find in the surgical suite is where we focus our attention today.

CEOFCO: *How can we trust in the ability of the facility personnel to get it right when there are often challenges in a medical facility?*

Mr. Reed: One of the biggest challenges that we have encountered is the entire process around scheduling equipment, which is very opaque and disparate across hospitals, sometimes even between departments. Our team spent a lot of time on advancing our technology to make the process of scheduling equipment completely seamless and fully automated. Cohealo leverages electronic medical records, without capturing any patient information, to understand when various procedures are being conducted. We can then assign equipment based off the preferences of the attending physician performing the surgery. It can take time to find the right solution, and healthcare does often move slower than other industries, but the whole process can be a big learning opportunity that results in a better product overall.

"We have spent years building trust in our brand and diversifying our product based off feedback from the market. We know that Cohealo can deliver multi-million-dollar savings, and we work closely with our prospects to forecast the tangible ROI they can expect from increasing utilization on even just a few pieces of equipment." - Brett Reed

CEOFCO: *How do you get the hospital to understand that you need to be in the loop if the procedure is cancelled?*

Mr. Reed: We get a near real time data feed from the electronic medical record, so when a case is cancelled, our platform can adjust accordingly. Equipment is usually scheduled a few days before a procedure and can be shared with 24-hour notice. If the procedure is cancelled before that 24-hour notice, we will simply not move the equipment. The Cohealo customer success team is usually in close contact with the client's clinical team and are prepared for these types of unexpected cancellations.

CEOFCO: *Would you tell us about your different solutions?*

Mr. Reed: Cohealo has three solutions, all of which build upon one another to deliver increasing levels of savings to our clients. Cohealo Track assists healthcare facilities in understanding the utilization of their equipment. The platform captures equipment case volume, time in use, usage by day, and other metrics that help administrators to use their equipment more efficiently. Cohealo Track can be implemented at a single hospital, or across multiple facilities. Cohealo Budget is a capital expense planning tool, which uses data from Cohealo Track to identify redundant purchases and generate recommendations around whether to purchase, replace, or sell certain equipment. Cohealo Share enables healthcare facilities to share equipment between sites. With all three solutions, a client can create a baseline for equipment utilization, share equipment with excess capacity, and identify the resulting capital expense savings across their network.

CEOFCO: *When you move the equipment to a location, does it then stay at that location until it is needed somewhere else?*

Mr. Reed: It depends. It is a decision that can be made between facilities or by a health system network. The goal of Cohealo Share is to maximize equipment utilization. We've previously seen that hospitals have over-purchased equipment and don't get as much use out of these assets when compared to other facilities in their network. In those situations, a facility can request to keep borrowed equipment permanently. Cohealo can also make multiple moves with the requested equipment to different borrowing facilities before ultimately returning them to the owning facility. Alternatively, we can return equipment immediately after it has been used. It really depends on the client's preferences.

CEOFCO: *What is involved in training for the people on the ground?*

Mr. Reed: Nurses, doctors, and supporting clinical staff have a lot riding on their shoulders in terms of what they are providing as a service. The trust and credibility of the Cohealo platform is critical. The way we build that trust is twofold. Firstly, we start small in our scope when beginning an engagement. We do not come into a hospital and add every piece

of equipment to the platform. We start narrow in our approach to build that trust, assigning a dedicated customer success manager that serves as an extension of the operating room team.

Secondly, in terms of the training and implementation, we leverage a lot of the existing processes and protocols that the nurses and doctors are doing today. For instance, there is an existing process to build a physician preference card and for setting up a procedure with the correct supplies, equipment, patient positioning, etc. We focus very specifically on the equipment portion of that physician preference card and use their electronic medical record to automate labor-intensive scheduling. If our implementation goes as planned, clinical staff should have to make very minimal changes in their existing workflow, while being able to tap into a much wider pool of equipment for their procedures.

CEOCFO: *How do you get a foot in the door these days?*

Mr. Reed: In healthcare, it will inherently take longer to get a foot in the door due to the complexities of the current systems in place, but we have been leveraging our existing customer base as references. We have spent years building trust in our brand and diversifying our product based off feedback from the market. We know that Cohealo can deliver multi-million-dollar savings, and we work closely with our prospects to forecast the tangible ROI they can expect from increasing utilization on even just a few pieces of equipment.

CEOCFO: *What types of information would an organization share so that you can come up with a strategy for them and is there any trepidation about letting you know how they are using what they have now?*

Mr. Reed: There isn't trepidation around sharing data on equipment utilization – the issue is that most healthcare facilities don't have accurate record keeping in that respect. It comes to the point where a prospect becomes a self-fulfilling prophecy that they need Cohealo. They have trouble providing our team even the most basic information on their equipment utilization. A hospital can share their equipment database, which is an inventory of all their surgical equipment, and they can provide the procedure-level data from their medical record, but they usually can't merge those two data sets with any accuracy. That's where Cohealo comes in.

CEOCFO: *When you are talking with an organization, is there an aha moment when they understand the value?*

Mr. Reed: With Cohealo Track, it is primarily around the data being generated from our platform. Typically, most of the insights that finance teams receive about equipment usage is anecdotal information from front-line clinical staff. Both clinical and financial teams are excited when they learn about Cohealo's capabilities, because it means they can allocate resources where they are needed most. Sometimes this means sharing or selling equipment that has been over-purchased, but it could also mean buying more equipment because there is a justifiable patient volume.

With Cohealo Share, the "aha" moment is when healthcare administrators think strategically about how they can provide services to other facilities if they are no longer limited by the location of their equipment. For instance, taking the services of a specialty surgeon to suburban areas. Without Cohealo they would need a million dollars' worth of new equipment to support that expansion. Cohealo enables them to share equipment they already own without having to spend the corresponding capital. That becomes an immense value driver.

CEOCFO: *How is business today at Cohealo?*

Mr. Reed: Business is growing. We have seen over 300 percent growth in the last twelve months and we are projecting to increase our client base even further in 2018.

CEOCFO: *What are the challenges in handling the rapid of growth?*

Mr. Reed: The biggest challenge is to ensure we do not lose sight of the surprise and delight factor for our customers. We never want our platform to forget the end user: the nurses, doctors and patients that are at the other end of what we provide. Revenue growth and customer count growth is fantastic, but at the end of the day, we want our service to have an impact on healthcare delivery and the provider experience. That remains core to our mission.

CEOCFO: *Is there competition?*

Mr. Reed: There are no direct competitors today. I believe that will be a great marker of our success when the first direct competitor pops up. There are logistics companies that we partner with and maybe a few hospitals who have partnered with the logistics companies to move equipment on an ad hoc basis. The biggest competitor is just the slow-moving nature of the healthcare industry to adopt new technologies, although this is changing.

CEOCFO: *Why is Cohealo an important company and concept?*

Mr. Reed: There is enormous pressure in the healthcare industry today to be efficient and do more with less. Historically, cutting costs would have a direct impact on the quality of care. Today, we are pushing towards providing outstanding care

at a much lower cost whether through value based care or population health management. Cohealo supports this vision. Our goal is to provide access to the best possible surgical technology without having to spend the corresponding dollars to access that technology redundantly across facilities.

Additionally, over the last ten years, there has been a substantial push towards adoption of electronic medical records. These have been multi-billion-dollar installments in many cases and are the center of the universe for these broader healthcare institutions. Now these institutions are seeking ways to leverage the data generated from their electronic medical records and to enhance the value of that technology. Cohealo absolutely fits that mold.

