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Bringing to market their Smart Pillbox, Tricella, Inc. is focused on Solving the Medication Adherence Problem in the Healthcare Industry

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“It is an opportunity to potentially make each private practice four hundred thousand dollars per year in new revenue as well as improve patient outcomes.”- Daniel Weng

CEOCFO: *Mr. Weng, what is the focus behind Tricella, Inc, today?*

Mr. Weng: At Tricella, we are a digital health startup and what we are trying to focus on is solving the medication adherence problem in the healthcare industry. In the US alone, about 70% of patients do not adhere to the prescribed regimen, resulting in a \$300 billion avoidable cost burden to the healthcare system each year. The way we are trying to solve the problem is with a smart pillbox that we that we created. What makes it smart is that it has sensors inside that could detect when a patient takes their pills. Not only does it remind a patients when to take their pills, if let us say, that they have not taken after an hour that it was scheduled, a caregiver, such as a family member, would get notified. We designed out experience to be caregiver centric.

CEOCFO: *Is this primarily for older patients or patients that are not aware enough all the time to take their medication?*

Mr. Weng: Not at all, because about 49% of the adult population has at least one chronic disease and people forget to take their pills for various reasons. Sometimes they are busy at work. Asides from forgetfulness, some patients stop taking their pills because they feel like they have gotten better. But with chronic disease states, this is detrimental to their long term health.

CEOCFO: *How do you know someone took the pill?*

Mr. Weng: We detect whether the specific compartment for that timeslot has been opened and then the pillbox connects to the smartphone over Bluetooth, then the data is transmitted to our servers.

CEOCFO: *Where are you in the development process?*

Mr. Weng: We have been in the market since 2014 and based on customer feedback we continue to reiterate our solution to better meet the demands of our customers. Our pillboxes have been sold through Target as well as Amazon.com

CEOCFO: *Would you explain the technology? What is inside the pillbox that allows the connectivity?*

Mr. Weng: We embedded sensors in each of the pill drawers to detect the opening of the pillbox. It connects to smart devices over Bluetooth 4.0, whether it is IOS or Android. We work with both operating systems. The user enters in what time they need to take their pills and which days of the week. They can also invite caregivers to “follow” them to receive relevant notifications.

CEOCFO: *Would there be separate pillboxes for each type of pill or are you able to combine some of them?*

Mr. Weng: Thank you for that question. We try to stick with the most familiar form factor people use, which is the seven day pillbox. Our smart pillbox has seven compartments that reflect a specific time and the day of the week. Let us say, if the patient needs to take their pills twice a day, they would actually use two pillboxes, one for the morning and one for the

evening, just like they would with a traditional pillbox. We try to minimize behavior change from the initial introduction of new technology.

CEO CFO: *Can you put four or five pills in each compartment?*

Mr. Weng: Yes. Let us say that you have to take five different pills, a prescription pill with four different vitamins at eight am. You would put all five pills into the Monday compartment. Our pill drawers have extra large capacity. Compared to an extra large capacity arthritis friendly pillbox, our pillbox can hold more pills with a smaller footprint.

CEO CFO: *You had different iterations based on feedback. What has changed from your original concept?*

Mr. Weng: The general concept is relatively the same. We have always designed this to be caregiver centric where we leverage the patients most intimate social network to drive adhere rates. However, we have improved on that user experience. From the user interface, we made the time to take your pills more prominent. It used to be in smaller fonts and in a circle which didn't work well for various screen sizes. Some users communicated that it was too hard for them to see or that we did not communicate the status well enough when they needed to take their pills, whether they were late, or if they had to skip the dose. Therefore, we changed the layout and color coded everything. By doing this we provided very strong visual cues, so at just a glance without reading any of the text on the screen, the user knows exactly what to do. As well as on the caregiver's side, when they get notifications, there are three simple "call to action" buttons. With a simple tap you can send a text, an audio message or call them directly without leaving your app. It really helps the caregiver to stay engaged and be proactive with the patient. We try to reduce the friction as much as possible. What we really focus on is reducing the number of taps to tasks completions. Based on user feedback, we understand which features they use more, which features they use less and we would move that from a user experience and user interface standpoint on areas that they are more likely to see and more likely to touch.

CEO CFO: *How does your smart pillbox compare with some of the other products out there to help people remember to take their pills?*

Mr. Weng: We have actually been one of the first players in the market. And from the beginning we focus on the caregivers, whereas the newer competitors that are starting to pop up; they will focus more on the patients. The challenge with that is that if the patient can be adherent with simple reminders then an alarm would suffice. They would not even need a smart pillbox for that matter. History has proven itself – it does not work. Therefore, we focus on the caregivers and provide escalated notifications, while reducing, what we call, notification fatigue. Instead of pinging the caregivers every fifteen minutes, we ping them at the one hour mark and the one hour and forty five minute mark, so they will not just dismiss any alerts that come in.

CEO CFO: *How do you reach out to potential customers?*

Mr. Weng: We reach out in various ways. Our primary was is through Facebook advertisements. Then we also go with a very traditional route, which is using media outreach and trade shows. We get pretty decent coverage from many of the major news networks as well as tech blogs and other online news like Fox, ABC, Huffington Post and so on.

CEO CFO: *Why did you decide to use the color green?*

Mr. Weng: We wanted to design a product that was approachable that did not look like a medical product. Green is a very calm color. It also symbolizes vitality. With humans, our animalistic behavior is to hide our vulnerabilities. That also has an indirect impact on drug adherence, because if you are in a public setting and it is time to take your pills, you will naturally hide that vulnerability and not want to take out a traditional pillbox, because it shows that you are sick. However, with our modern looking device people will be less ashamed to take it out. It is a very subconscious decision. Additionally it almost becomes a conversation piece. Therefore, just the form factor itself encourages people to take their pills.

CEO CFO: *How did you decide on the price point? What went into that decision?*

Mr. Weng: It was not taken lightly. We did many focus group studies. We priced it based on what the consumer told us they were willing to pay. That is because we presented a solution to about four hundred perspective users and we asked them, "If we can help you solve the adherence problem within your family, how much is it worth to you." The average range that we got was one hundred forty nine dollars and that they would buy it for their parents or maybe buy one for themselves. Then we asked, "How much are you willing to pay to buy this, not only for your parents, but also for your aunts and your uncles or your husband or give it away as a gift." It settled around the \$80 price point. Therefore, we decided on seventy four dollars and ninety nine cents, so it was more approachable by a broader demographic. That is how we decided on that price.

CEO CFO: *We came upon Tricella as you were at the recent HIMSS Conference. How do you stand out in a conference as large as that, with so many people, so many products and so many ideas?*

Mr. Weng: We were very successful at HIMSS (Healthcare Information and Management Systems Society) and we really appreciated the opportunity to exhibit there. We stood out pretty well, because most of the products and services that people are offering are a different version of an electronic health record integration or a security product, or more of an IT infrastructure. There were very few companies that provided hardware solutions and even fewer that provided consumer facing solutions. In regards to solving the problem with adherence, I think we were the only one. The drug adherence problem has been one of the biggest challenges that the healthcare industry has been trying to solve for the past couple of decades.

CEO CFO: *How is business today?*

Mr. Weng: It is great! We are doing really well. I believe we are the market leader. We do not really have data to back that up, but just judging from the number of those downloads on the app site, ours versus our competitors, I think we are doing significantly better. We are also getting ready to push out a new service that provides practitioners a way to do remote patient monitoring through digital health. That is because starting January first of this year, the CMS (Center for Medicare & Medicaid Services) has provided a few new CPT (Current Procedural Terminology) codes that allow doctors to bill Medicare and Medicaid for remote patient monitoring. It is an opportunity to potentially make each private practice four hundred thousand dollars per year in new revenue as well as improve patient outcomes. That is because one in five patients will return to the hospital due to non adherence and the challenge there is that physicians in hospitals, when a patient is readmitted for the same thing within thirty days, they might not get paid or they will get reduced payments. In some cases, they will get penalized.

CEO CFO: *How do you approach the market differently when you are going to be talking with doctors rather than with patients or caregivers? What are you learning? What have you learned about not only developing the product, but selling the product, as that is the end result?*

Mr. Weng: It is a very different challenge, albeit I think selling to people in the healthcare industry, practitioners, is much easier. That is because many times when we start approaching them and telling them about our solution the general response is "Why could you not have done this sooner." It is a problem that they face in their practices on a daily basis, that they have not really had a good solution for. Of course there are software only solutions and we know that persistence of software is very low and it is relatively ineffective. They love the fact that we leverage the patients' most intimate social network to drive the adherence rate, so we are offloading much of the heavy lifting to people that really care about the patients without increasing any financial burden on the healthcare industry. We are not trying to get the doctors to remind the patients to take their pills, because doctors hardly have enough bandwidth to see their patients face to face as is. The last thing that they want is to have, is pinging them every few minutes, requiring them to call and remind their patients to take their pills. Therefore, they are ecstatic that we have a solution that reduces their burden as well as improves their patient's outcomes.

CEO CFO: *Are you seeking funding, partnerships or investment of any kind as you grow?*

Mr. Weng: We are. That is now currently something that we are currently exploring. We definitely believe we are only as successful as the partnerships we develop, so we are looking to partner with all facets of healthcare; the payer side, managed care, the practice side, group practices, hospital groups, as well as pharmaceutical companies that just want find a better way to make sure that the patients are taking their pills so they can realize the full benefits of what their drugs are designed to do.

CEO CFO: *Why people pay attention to Tricella -the patient, the doctor and the investor?*

Mr. Weng: From the patient side, we are laser focused on trying to improve people's quality of life and help them maintain their independence as long as possible and keep them out of the hospital. For the doctors, we want to impact their practice by helping them improve their patient outcomes, so the doctors can have more bandwidth to see more patients with new diagnosis as opposed to treating patients that are only getting worse because they are just not being adherent. On the investor side, what we have is a very exciting way of realizing revenue from various mechanisms. We make money off of the pillbox. We are also a Software as a Service and we have other pretty exciting recurring revenue models that we will activate when we are ready.

I am very excited with the direction of CMS providing the new reimbursement codes for digital health services that doctors can take advantage of and not only improve patient outcomes, but also realizing revenue. However, I think there needs to be more activity in the adherence space, more innovation, because many of the companies, device makers that have smart blood pressure monitor cuffs or glucose monitors; the data the consumer collects at home is not actionable. Let us

say, if I have high blood pressure and I have a blood pressure monitor cuff at home. If I measure it and it is high there is nothing I can really do, especially if I already took my pills. However, what we are doing is we are correlating drug adherence with the measurements, so at the next follow up visit, the doctor can understand whether the blood pressure is not being controlled because the patient is not adherent or because that drug is not right for them, so they can make adjustments. This is an enabling technology for personalized healthcare. In my father's case; he has high blood pressure and high cholesterol as well as HP diabetic, so the blood pressure medication was lowering his blood pressure to unsafe levels. We can provide more comprehensive insights so a doctor can see his daily adherence and can rule out whether the issue is due to non adherence, or the medication having a negative impact on the patient. Therefore, the doctor was easily able to adjust the potency of my Dad's hypertension drugs, so he would not run the risk of having blood pressure that is below the normal value.