



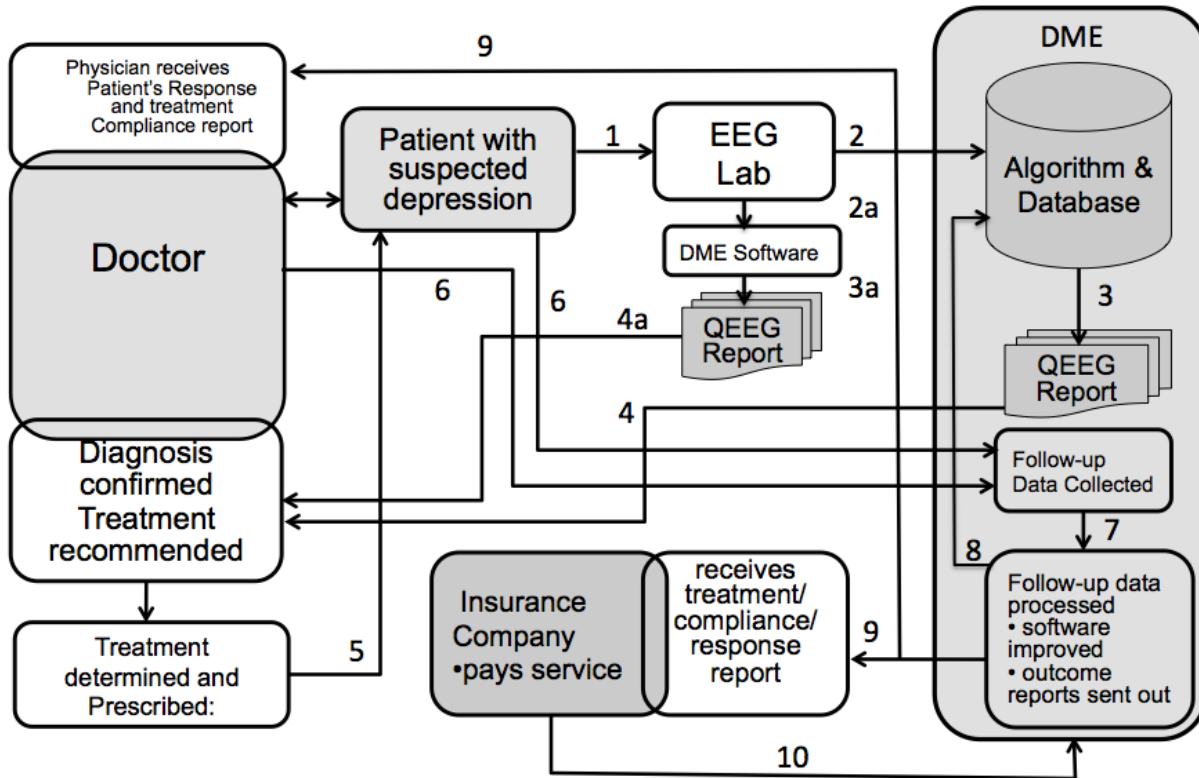
## Work Flow and Value Proposition

### Our Technology

Our main product is a set of computer programs that render a psychiatric diagnosis and predict response to a variety of treatments with accuracy levels that greatly exceed current clinical standards. These programs accomplish this task by analyzing brain wave activity measured using an inexpensive, readily available laboratory technology called electroencephalography (EEG). Our software is trained to look for complex, multidimensional patterns that we have discovered which correlate very closely with certain diagnoses and treatment response profiles. At this time the **Digital Medical Experts Inc. (DME)** is focused it's efforts on antidepressant medication treatment of MDD, but we have pilot data indicating that the same approach can be used to very accurately predict the response to clozapine, a drug used for the treatment of schizophrenia, schizoaffective disorder and bipolar disorder. We are also currently testing the utility of our method as a means to predict response to Cognitive Behaviour Therapy, a form of psychotherapy used for MDD and other psychiatric conditions.

Our product will be marketed to the depressed patient, the physician and the insurance provider as an assistive technology that will enhance treatment efficacy and reduce medical and disability costs. The work-flow pathway used by our system is depicted in Figure 1. A patient with a suspected depression is sent to a community laboratory for an EEG (1). Within minutes of the EEG data are uploaded to our server (2) or transferred to an on site computer (2a) for analysis either at a central server (3) or by on site computer running our software (3a). The software generates a report listing the most likely diagnosis and a range of potential treatment options, each with an associated response probability. This report is sent, electronically, to the physician (4 or 4a). The physician reviews the recommendations and prescribes treatment (5). DME contacts the physician and the patient to assess treatment adequacy, adherence and response (6). These data are entered into our training set and used to refine and update our predictive algorithms (8). These valuable follow-up data are forwarded to the physician and the insurance provider (10) to guide further interventions and to assure that medical resources are being optimally deployed.

FIGURE 1: Work Flow



## Target Users

Our product is designed to meet the needs of the care network created when a patient presents with sad mood in a primary care (family) physician's office. The principle stakeholders are: i. the patient , ii. the physician , iii. the laboratory that can perform the test and iv. the insurance company (public or private) that will pay the costs involved.

The value proposition, service advantages and savings are depicted in figure 2 with calculation details in Table 1. Table 1 calculations are based on data showing that with traditional treatment methods (option 1) only 37% of depressed patients will achieve remission with the first treatment chose and 63% will not. Our pilot data suggest that our technology (option 2) can improve the first treatment response rate to 85%. Pathways for family doctor and psychiatrist are illustrated.

FIGURE 2: Value Proposition

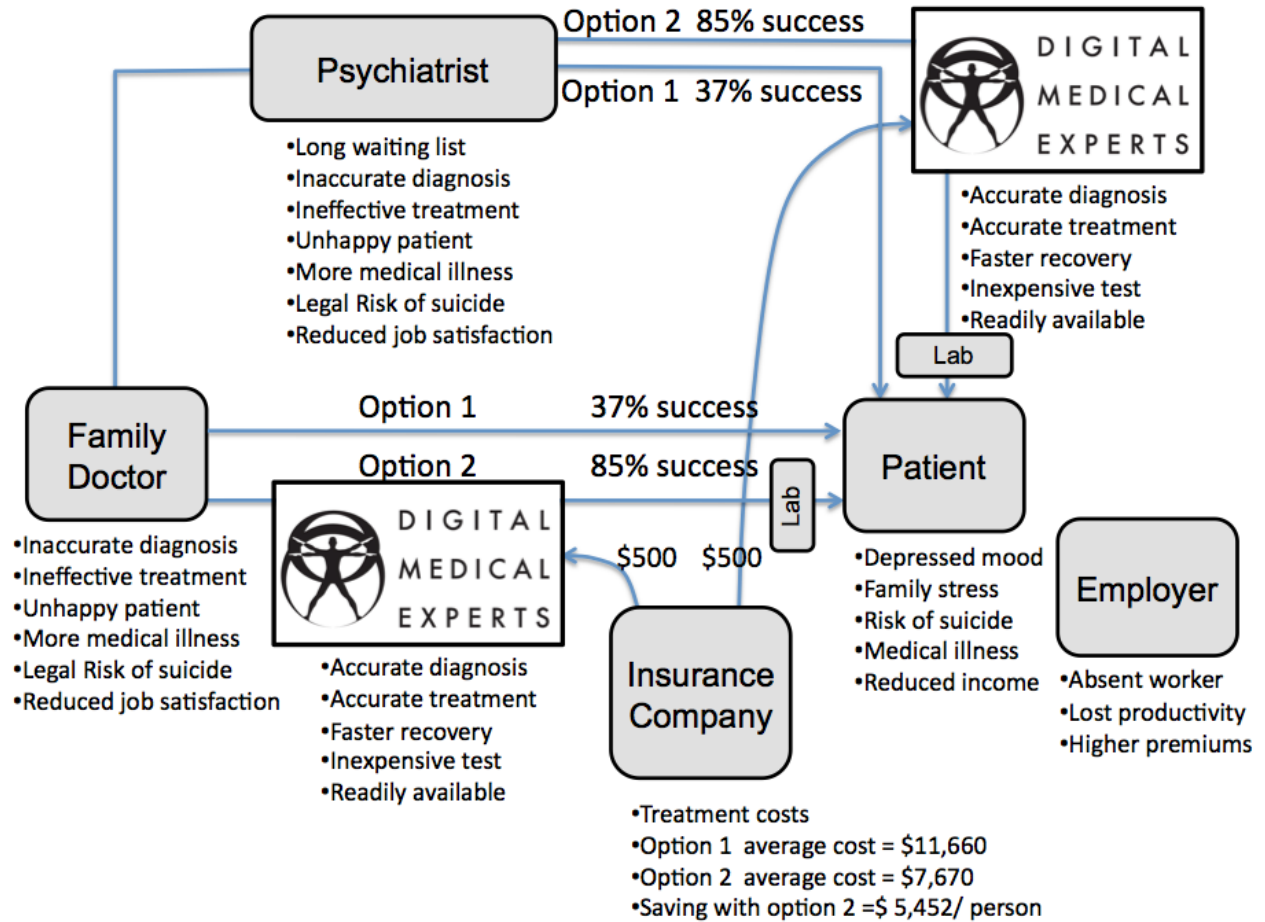


Table 1

| <b>Traditional Treatment Approach</b>                              |         |                  |                                  |
|--|---------|------------------|----------------------------------|
| treatment outcome  | success | stage cost       | cost/hundred depressed employees |
| early responder  | 37%     | \$3,600          | 37 X \$3600=<br>\$133,200        |
| late responder   | 63%     | \$16,000         | 63 X \$16000=<br>\$1,008,000     |
| Average cost per depressed patient                                 |         |                  | \$11,412                         |
| <b>ML-EEG Protocol</b>   |         |                  |                                  |
| treatment outcome  |         |                  |                                  |
| early responder  | 85%     | \$3,600 + \$500  | 85 X \$3600=<br>\$348,500        |
| late responder   | 15%     | \$16,000 + \$500 | 15 X \$16,500=<br>\$247,500      |
| Average cost per depressed patient                                 |         |                  | \$5,960                          |
| <b>With <u>DME</u> method average saving per depressed patient</b> |         |                  | <b>\$5,452</b>                   |