

ESTTA Tracking number: **ESTTA371761**

Filing date: **10/05/2010**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91196246
Party	Defendant TerraMedica LLC
Correspondence Address	RICHARD A. ARRETT VIDAS, ARRETT & STEINKRAUS, P.A. 6640 SHADY OAK RD STE 400 EDEN PRAIRIE, MN 55344-7700 rarrett@vaslaw.com
Submission	Answer and Counterclaim
Filer's Name	Richard A. Arrett
Filer's e-mail	rarrett@vaslaw.com,mail@vaslaw.com
Signature	/Richard A. Arrett/
Date	10/05/2010
Attachments	14988US01_AnswerToOpposition_20101005.pdf (16 pages)(190318 bytes) 14988US01_Answer_Exhibit_001_TerraMedica_Whols.pdf (2 pages)(55183 bytes) 14988US01_Answer_Exhibit_002_20000403_TerraMedica Business Plan.pdf (29 pages)(190311 bytes) 14988US01_Answer_Exhibit_003_TerraMedica_WayBackMachine_Summary.pdf (1 page)(70836 bytes) 14988US01_Answer_Exhibit_004_TerraMedica_WayBackMachine_20010421.pdf (2 pages)(115827 bytes) 14988US01_Answer_Exhibit_005_TerraMedica_WayBackMachine_20010421_CostSavingsCalculatorPage.pdf (1 page)(38735 bytes) 14988US01_Answer_Exhibit_006_TerraMedica_WayBackMachine_20010421_MDGs.pdf (1 page)(49447 bytes) 14988US01_Answer_Exhibit_007_TeraMedica_AboutUs.pdf (1 page)(109397 bytes) 14988US01_Answer_Exhibit_008_DandB_Teramedica_HistoryAndOperations.pdf (2 pages)(132779 bytes) 14988US01_Answer_Exhibit_009_20010714_TeraMedica_Story_JS Online.pdf (2 pages)(145596 bytes) 14988US01_Answer_Exhibit_010_ExperianRecord_Teramedica.pdf (5 pages)(64398 bytes) 14988US01_Answer_Exhibit_011_TeraMedica_Whols.pdf (2 pages)(27579 bytes) 14988US01_Answer_Exhibit_012_WayBackMachine_Summary.pdf (1 page)(73456 bytes)

Registrations Subject to the filing

Registration No	2678899	Registration date	01/21/2003
Registrant	Teramedica, Inc. 10400 Innovation Dr. Suite 200 Milwaukee, WI 53226 UNITED STATES		
Grounds for filing	The registration was obtained fraudulently.		

Goods/Services Subject to the filing

Class 010. First Use: 2002/06/18 First Use In Commerce: 2002/06/18
All goods and services in the class are requested, namely: COMPUTER HARDWARE AND SOFTWARE FOR PROCESSING MEDICAL IMAGING FOR USE BY HOSPITALS AND DOCTORS

Registration No	3585921	Registration date	03/10/2009
Registrant	TeraMedica, Inc. Suite 200 10400 Innovation Dr. Milwaukee, WI 53226 UNITED STATES		

Goods/Services Subject to the filing

Class 009. First Use: 2004/10/12 First Use In Commerce: 2004/11/18
All goods and services in the class are requested, namely: Software that manages the storing and serving of digital images

Class 042. First Use: 2004/10/12 First Use In Commerce: 2004/11/18
All goods and services in the class are requested, namely: Computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others

Registration No	3585922	Registration date	03/10/2009
Registrant	TeraMedica, Inc. Suite 200 10400 Innovation Dr. Milwaukee, WI 53226 UNITED STATES		

Goods/Services Subject to the filing

Class 009. First Use: 2000/08/25 First Use In Commerce: 2000/11/01
All goods and services in the class are requested, namely: Software that manages the storing and serving of digital images

Class 042. First Use: 2000/08/25 First Use In Commerce: 2000/11/01
All goods and services in the class are requested, namely: Computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

<i>Ser. No. 77/948212 and 77/948424</i>)	
<i>Marks: TERRAMEDICA and TERRAMEDICA and Design</i>)	
)	
TeraMedica, Inc.,)	
)	
Opposer)	
v.)	OPPOSITION NO. 91196246
)	
TerraMedica LLC,)	
)	
Applicant.)	
<hr/>		

BOX TTAB NO FEE
Asst. Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

Docket No: **T81.8F-14988-US01**

APPLICANT'S ANSWER TO NOTICE OF OPPOSITION

Applicant, TerraMedica LLC, for its answer to the Notice of Opposition filed by Opposer TeraMedica, Inc. against applications for registration of the trademarks TERRAMEDICA, Serial Number 77/948,212 filed March 2, 2010 and TERRAMEDICA & Design, Serial Number 77/948,424, filed March 2, 2010, and both published in the Official Gazette on July 27, 2010, pleads and avers as follows (for ease of reference Opposer's allegation is set forth and Applicant's Answer follows):

1. Applicant's applications for its TERRAMEDICA Marks were published for opposition on July 27, 2010. This Consolidated Notice of Opposition is timely filed.

Applicant's Answer:

Admitted.

2. Applicant is seeking to register the marks TERRAMEDICA and TERRAMEDICA & Design in connection with “fraud detection services in the field of health care insurance” in Class 45.

Applicant's Answer:

Admitted.

3. Since at least as early as 2001, Opposer has offered software that provides clinicians with access to images wherever and whenever needed, a project initiated at the world renowned Mayo Clinic in Rochester, Minnesota. Opposer developed the easy-to-use, robust, reliable solution that healthcare enterprises across the country have come to rely on and are known within the industry for their innovative solutions for managing and maximizing the clinical value of all relevant diagnostic and treatment content.

Applicant's Answer:

Applicant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and accordingly denies them.

4. Long prior to March 2, 2010, the filing date of the applications for Applicant's TERRAMEDICA Marks, and February 15, 2010, the dates of first use cited therein, Opposer adopted and used in commerce its TERAMEDICA and TERAMEDICA and Design trademarks (collectively, Opposer's “TERAMEDICA Marks”) for medical imaging and storage software for the healthcare industry.

Applicant's Answer:

Applicant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and accordingly denies them.

5. Opposer owns the following federal trademark registrations for its TERAMEDICA Marks, all of which have been in use and registered since long prior to Applicant's filing dates:

Mark	Reg. No.	Reg. Date	Goods and Services	Date of First Use
TERAMEDICA & Design	3,585,921	03-10-2009	Software that manages the storing and serving of digital images in Class 9; computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others in Class 42.	First Use Date: 10-12-2004 First Use in Commerce Date: 11-18-2004
TERAMEDICA	3,585,922	03-10-2009	Software that manages the storing and serving of digital images in Class 9; computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others in Class 42.	First Use Date: 08-25-2000 First Use in Commerce Date: 11-01-2000
TERAMEDICA	2,678,899	01-21-2003	Computer hardware and software for processing medical imaging for use by hospitals and doctors in Class 10.	First Use Date: 06-18-2002 First Use in Commerce Date: 06-18-2002

Printouts of information from the USPTO's Trademark Applications and Registrations

Retrieval

(TARR) database showing the current status and title of these registrations are attached hereto as Exhibit A.

Applicant's Answer:

Applicant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and accordingly denies them. Printouts for each of the listed marks do appear to be attached as Exhibit A to the Notice of Opposition.

6. Opposer's registrations for its TERAMEDICA Marks have not been cancelled, are valid, and are in full force and effect.

Applicant's Answer:

Applicant admits that Opposer's registrations for its TERAMEDICA marks have not been cancelled, but Applicant is without knowledge or information sufficient to form a belief as to the truth of the rest of the allegations of this paragraph and accordingly denies them.

7. Opposer's Trademark Registration No. 2,678,899 for the mark TERAMEDICA is incontestable under Section 15 of the Lanham Act, 15 U.S.C. § 1065. Consequently, this registration is conclusive evidence of the validity of the TERAMEDICA mark and the registration, of Opposer's ownership of the TERAMEDICA mark, and of Opposer's exclusive right to use the TERAMEDICA mark in commerce under Section 33 of the Lanham Act, 15 U.S.C. § 1115. Opposer's registrations for its TERAMEDICA Marks also constitute notice to Applicant of Opposer's claim of ownership of the marks shown therein.

Applicant's Answer:

Applicant admits that the Trademark office, on August 15, 2008, has accepted Opposer's section 8 document and acknowledged Opposer's section 15 document, related to Reg. No.

2678899. As to the remaining allegations of this paragraph, which are subject to the conditions set forth in 35 USC §1065, Applicant is without knowledge or information sufficient to form a belief as to the truth of the rest of the allegations of this paragraph and accordingly denies them

8. Opposer has used its TERAMEDICA Marks in connection with the goods and services identified in the registrations cited above continuously since the dates of first use identified in those registrations.

Applicant's Answer:

Applicant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and accordingly denies them.

9. Opposer recently announced that more than 500 healthcare facilities worldwide are now serviced by its products. Through these sales, Opposer has developed considerable goodwill in its TERAMEDICA Marks that predates Applicant's alleged use of Applicant's TERRAMEDICA Marks. Accordingly, Opposer has the right to control use of its TERAMEDICA Marks in connection with its software and services as well as related software and services.

Applicant's Answer:

Applicant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and accordingly denies them.

10. There is no issue of priority concerning Applicant's TERRAMEDICA Marks since Opposer used and registered its TERAMEDICA Marks prior to the dates of first use cited in the opposed applications. Opposer's use of the term TERAMEDICA as a trademark commenced at least as early as 2001, more than eight (8) years prior to the filing of Applicant's applications and more than eight (8) years prior to the dates of first use indicated therein. Opposer therefore has priority over Applicant with respect to the marks at issue.

Applicant's Answer:

Denied.

11. Upon information and belief, Applicant had knowledge of the fact that Opposer used the term TERAMEDICA as a trademark and that Opposer's TERAMEDICA Marks had significant goodwill before it adopted its TERRAMEDICA Marks.

Applicant's Answer:

Denied.

12. Applicant's TERRAMEDICA Marks are identical in sight, sound and commercial impression to Opposer's TERAMEDICA Marks.

Applicant's Answer:

Denied.

13. Applicant's TERRAMEDICA Marks are confusingly and deceptively similar to Opposer's previously used and duly registered TERAMEDICA Marks.

Applicant's Answer:

Denied.

14. The services identified in Applicant's applications are closely related to the goods and services identified in Opposer's registrations for its TERAMEDICA Marks. Upon information and belief, Applicant's fraud detection services for the healthcare industry are provided through Applicant's various software solutions, such that Applicant's product is really a software as a service (SaaS) product.

Applicant's Answer:

Denied.

15. Upon information and belief, Opposer's goods and services and Applicant's services are promoted in the same channels of trade to the same consumers.

Applicant's Answer:

Denied.

16. Due to the identical nature of Applicant's TERRAMEDICA Marks and Opposer's TERAMEDICA Marks and the similarity of the parties' goods and services, the channels of trade through which the goods and services travel, and the consumers to whom the goods and services are promoted, consumers are likely to believe that Applicant's services originate from Opposer or are otherwise endorsed, sponsored or approved by Opposer, resulting in a likelihood of confusion in the marketplace and damage to Opposer.

Applicant's Answer:

Denied.

17. Applicant does not have Opposer's consent to use or register Applicant's TERRAMEDICA Marks.

Applicant's Answer:

Denied.

AFFIRMATIVE DEFENSES

18. Applicant's TerraMedica.com URL was created on **November 22, 1999** (see **Exhibit 1** to the Answer).
19. Applicant TerraMedica submitted a business plan to the GopherTheGold Business Plan Competition on April 3, 2000 (see **Exhibit 2** to the Answer).
20. A summary of the Internet Archive Waybackmachine shows the snapshots archived for Applicant's www.TerraMedica.com website from at least as early as April 21, 2001 (see **Exhibit 3** to the Answer).
21. Applicant TerraMedica used the mark TERRAMEDICA to advertise and promote services related to services for health care finance and services for insurers on its website at least as early as April 21, 2001 (see **Exhibit 4** to the Answer, a snapshot of the TerraMedica.com website dated April 21, 2001) and the link entitled Clinically based risk profiling for insurers (see **Exhibit 5** to the Answer, a snapshot of the page linked to "See the cost-savings of Terramedica's case mix methods" on the home page of April 21, 2001. See also **Exhibit 6** to the Answer, the page linked to "Medical Demand Groups (MDGs)" on **Exhibit 5**).
22. Opposer Teramedica's own website states that Teramedica was formed in 2001 (see **Exhibit 7** to the Answer).
23. A D&B report for Opposer Teramedica confirms that it was started in 2001 (see **Exhibit 8** to the Answer).

24. An article from the Milwaukee Journal Sentinel on July 15, 2001 supports the assertion that Opposer Teramedica was formed in 2001 (see **Exhibit 9** to the Answer).
25. An Experian report supports the assertion that Opposer Teramedica was formed in 2001 (see **Exhibit 10** to the Answer).
26. The Opposer's Teramedica.com URL was created on November 16, 2001 (see **Exhibit 11** to the Answer).
27. A summary of the Internet Archive Waybackmachine shows the snapshots archived for Opposer's www.Teramedica.com website starting on November 28, 2001 (see **Exhibit 12** to the Answer).
28. On information and belief, sometime between the creation of Applicant TerraMedica's URL on November 22, 1999 and Opposer Teramedica's URL on November 16, 2001, a person associated with or in privity with what would become Teramedica, called Steven Parente, who was identified in **Exhibit 1** to the Answer, which also provided a phone number for Steven Parente, to inquire about the plans for TerraMedica's website, as well as to inquire as to whether the www.TERRAMEDICA.com URL was for sale.
29. On information and belief, Opposer Teramedica was aware of the existence of Applicant's Terramedica.com URL and its service mark usage, and selected its name Teramedica and its URL www.teramedica.com with full knowledge of TerraMedica's name and URL, to avoid a conflict with TerraMedica.
30. The Notice of Opposition is barred by laches.
31. The Notice of Opposition is barred by estoppel.

32. The Notice of Opposition is barred by acquiescence.
33. The Notice of Opposition is barred by waiver.
34. Applicant's marks are substantially different in sound, appearance, connotation and overall commercial impression to Opposer's alleged TERAMEDICA Marks.
35. Applicant's services "fraud detection services in the field of health care insurance" in International Class 45, are not confusingly similar as compared to Opposer's services, "Computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others" in International Class 042.
36. Applicant's services are promoted in different channels of trade and to different consumers as compared to Opposer's goods and services.
37. Applicant's services "fraud detection services in the field of health care insurance" are within the natural zone of expansion of its services from prior to Opposer's use in commerce.
38. The Notice of Opposition is barred because, on information and belief, Opposer's registrations were obtained fraudulently, in that Opposer knowingly made a false, material representation of fact in connection with Reg. Nos. 2678899, 3585921 and 3585922, when Opposer stated that "to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive" in the trademark applications.

39. The Notice of Opposition is barred because, on information and belief, Opposer's Registration No. 3585922 was obtained fraudulently, in that Opposer knowingly made a false, material representation of fact in connection with Reg. No. 3585922, when Opposer asserted a date of first use of the mark of August 25, 2000 and/or when Opposer asserted a date of first use of the mark in commerce of November 1, 2000, in an attempt to obtain priority over Applicant's prior usage of TERRAMEDICA, which Opposer had knowledge of, and when one or both of which dates are prior to when Opposer was even formed, and/or prior to its first use of TERAMEDICA stylized in commerce in connection with any class 9 goods and/or class 42 services, and/or also prior to the date of first use of software asserted to be in commerce at least as early as June 18, 2002 in the application of Reg. No. 2678899, which was filed June 7, 2001.

COUNTERCLAIM FOR CANCELLATION

40. In the alternative, and assuming the Trademark Trial and Appeal Board were to find Applicant's marks, when used in connection with its services, to be likely to cause confusion with Opposer's marks, Applicant hereby counterclaims for cancellation of Opposer's Registration Nos. 2678899, 3585921 and 3585922. For purposes of this counterclaim only, Applicant assumes ownership of Registrations 2678899, 3585921 and 3585922.

41. In the alternative, and assuming the Trademark Trial and Appeal Board were to find Applicant's marks, when used in connection with its services, to be likely to cause confusion with Opposer's marks, and for purposes of this counterclaim only, and based on its superior trademark rights and prior usage of TERRAMEDICA as compared to Opposer's usage of TERAMEDICA, and based on Opposer's knowledge of applicant's prior use of TERRAMEDICA both as a URL and as a trademark on its webpage, and based on Opposer's inquiry as to purchasing Applicant's URL, prior to its own use in commerce or in connection with any goods or services, and based on Applicant's current services being within the natural zone of expansion of its services from prior to Opposer's use of TERAMEDICA, either anywhere or in commerce, then in the alternative, Applicant alleges that Opposer's marks, when used on Opposer's goods and services, are likely to cause confusion, or to cause mistake, or to deceive relative to Applicant's marks.

42. Applicant restates paragraphs 18-39 as if fully set forth herein.

43. Registration 2678899 for the mark TERAMEDICA covers "COMPUTER HARDWARE AND SOFTWARE FOR PROCESSING MEDICAL IMAGING FOR USE BY HOSPITALS AND DOCTORS" in International Class 010.

44. Registration 3585921 for the mark TeraMedica and Design covers "Software that manages the storing and serving of digital images" in International Class 009 and "Computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others" in International Class 042.

45. Registration 3585922 for the mark TeraMedica (stylized) covers "Software that manages the storing and serving of digital images" in International class 009 and "Computer services, namely, data migration, installation and configuration of software used for managing the storage and serving of digital images of others; technical support services, namely, troubleshooting of computer software that manages the storage and serving of digital images for others" in International class 042.

46. On information and belief, at the time of filing of the applications which matured as Reg. Nos. 2678899, 3585921 and 3585922, Opposer was aware of another person who had the right to use a mark in commerce in a form in such near resemblance to the form of the applications, as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive.

47. Accordingly, on information and belief, Opposer fraudulently obtained Reg. Nos. 2678899, 3585921 and 3585922.

48. On information and belief, Opposer's Registration No. 3585922 was obtained fraudulently, in that Opposer knowingly made a false, material representation of fact in connection with Reg. No. 3585922, when Opposer asserted a date of first use of the mark of August 25, 2000 and/or when Opposer asserted a date of first use of the mark in commerce of November 1, 2000, one or both of which dates are prior to when Opposer was even formed, and/or prior to its first use of TERAMEDICA stylized in commerce in connection with any class 9 goods and/or class 42 services, and/or also prior to the date of first use of software asserted to be in commerce at least as early as June 18, 2002 in the application of Reg. No. 2678899, which was filed June 7, 2001.

49. Accordingly, on information and belief, Opposer fraudulently obtained Reg. No. 3585922.

50. Opposer has opposed Applicant's applications 77/948212 and 77/948424 based on Registration Nos. 2678899, 3585921 and 3585922.

51. Therefore, Applicant is likely to be damaged by the continued registration of Registration Nos. 2678899, 3585921 and 3585922.

52. The Commissioner is authorized to charge the \$300 fee per class for the petition of cancellations (three marks and five classes), or \$1500, to Deposit Account 22-0350.

Respectfully submitted,

TerraMedica LLC

By: /Richard A. Arrett/
Richard A. Arrett, Esq., Reg. No. 33,153
VIDAS, ARRETT & STEINKRAUS, P.A.
Suite 400
6640 Shady Oak Dr.
Eden Prairie, MN 55344
Phone: (952) 563-3000
Facsimile: (952) 563-3001

Dated: October 5, 2010

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **Applicant's Answer to the Notice of Opposition and Counterclaim for Cancellation** was mailed via First Class

Mail service, postage prepaid, to

Ariana G. Voigt
Michael Best & Friedrich LLP
100 East Wisconsin Avenue Suite 3300
Milwaukee, WI 53202

and emailed to agvoigt@michaelbest.com, mkeipdocket@michaelbest.com on October 5, 2010.

/Richard A. Arrett/
Richard A. Arrett, Esq.

[Blog](#) | [Desktop Tools](#) | [Support](#) | [About Us](#) | [Contact Us](#) | [Terms of Service](#) | [Privacy](#) | [Memberships](#) | [Stock Ticker](#) | [Site Map](#)

© 2010 DomainTools, LLC All rights reserved.



TerraMedica.com

Submitted to the GopherTheGold Business Plan Competition
April 3, 2000

Principal Contact:
Peter Weinberg
2716 Ewing Ave. S.
Minneapolis, MN 55416
612-251-4023
pweinberg@csom.umn.edu

TABLE OF CONTENTS

Executive Summary	3-4
Company Overview	5-6
Industry Overview	6-7
Regulatory/Legal Issues	8-12
Electronic Medical Records	12-16
Products and Services	16-17
Markets	17-18
Marketing Strategy	18-21
Operations	21-23
Research and Development	23
Management	23-26
Advisory Board	26-27
Risks	27
Schedule/Benchmarks	28
Finance	29
Appendix 1: Start-up costs	30
Appendix 2: Three-year projections and assumptions	31

EXECUTIVE SUMMARY

Mission Statement

TerraMedica is dedicated to improving the U.S. healthcare environment through a progressive health benefits program coupled with novel internet health applications. TerraMedica will work to remedy widespread dissatisfaction among both patients and physicians by directly linking the two parties over the internet and providing the information necessary for both sides to make informed and educated medical decisions along all stages of the care continuum. Increased consumer choice and physician autonomy will be achieved through the elimination of traditional health insurance and the application of a fee-for-service health benefits program that will combine medical savings accounts or a hybrid medical savings account with stop-loss coverage.

Ultimately, TerraMedica strives to promote the health and quality of life of all individuals participating in its program through increased choice and education. To that end, TerraMedica values employees that share the vision of a societal health benefit that will be a direct result of the successful implementation of the TerraMedica concept. TerraMedica is committed to long-term growth and profitability through rapid expansion of its customer base and strategic alliances with other healthcare entities that will add value to the TerraMedica model.

Company and Industry Overview

Rapidly rising healthcare costs have caused managed care organizations to increase premiums to patients even as reimbursements to physicians are being cut. The result has been both decreased access to care and decreased quality. Current industry problems are a reflection of managed care's shortsightedness in managing costs rather than care, and there is an opportunity for a novel health care paradigm to enter the market. TerraMedica will target university student populations and small employers (< 50 employees) with a unique health benefit plan that allows increased consumer choice and fosters competition among providers to ensure the most cost-effective care. The product offering will be a medical savings account coupled with stop-loss insurance coverage administered over the internet. TerraMedica will use the internet as a means

of communicating valuable health information to consumers so that they can make more informed decisions about their healthcare and become more actively involved in their personal health management. Healthcare providers will also have access to valuable information regarding their patients as well as standards of care for other providers.

TerraMedica is in a strong position to use government regulations like the Health Insurance Portability and Accountability Act (HIPAA) to its advantage. Standard data formats advocated by HIPAA will assist TerraMedica in expanding their health benefit offerings on a national level. The implementation of electronic medical records will also assist TerraMedica in providing consumers with personalized, comprehensive health information.

Market research suggests that the target populations for TerraMedica are very large, and small growth assumptions could have TerraMedica see a profit in its fourth year of operations. TerraMedica will aggressively build its brand name through a wide variety of advertising targeted to the appropriate markets. TerraMedica will actively build its customer base through strategic alliances with human resource benefit managers.

The novel TerraMedica concept could have a significant effect on the entire healthcare industry and will help patients to gain more control over their care. Healthcare is in a rapidly evolving state, and it is currently primed for TerraMedica's new health benefit model.

Company Overview

TerraMedica is a start-up company with the following objectives:

1. Improve healthcare through increased choice and education for two specific target populations:
 - a. University students
 - b. Small employers (< 50) and self-employed
2. Develop a novel health benefits program that will use existing medical savings accounts and stop-loss coverage with a fee-for-service approach to healthcare as a means of increasing consumer choice and promoting competition among healthcare providers.
3. Enable real-time patient monitoring of their healthcare account balances and transaction history.
4. Dramatically improve efficiencies in claims processing through automation over the internet.
5. Create a new internet space that will provide consumers with a physician profile to enable educated decisions when choosing a physician. The physician profile will include:
 - a. Patient satisfaction ratings of individual physicians
 - b. Physician practice volume
 - c. Physician cost of care ratings
 - d. Physician training
 - e. Physician picture
 - f. (Long-term) Quality of care ratings based on patient outcomes
6. Provide consumers with health information tailored to their specific needs.
7. Use an on-line patient profile survey that will match patient personality traits and care objectives with those of physicians.
8. Increase physician autonomy by offering an alternative to the cost-management approach of managed care organizations. Physicians will be judged according to their ability to provide cost-effective care rather than merely low-cost care.
9. Promote patient quality of life through encouraged use of integrative care clinics, which foster alternative techniques that are complementary to traditional medicine.

10. (Long-term) Enable on-line consumer access to all personal health information through use of electronic medical records.
11. (Long-term) provide a means to incorporate other aspects of the healthcare industry into the business model in an effort to be a total healthcare solution (i.e. purchasing solutions for providers utilizing economies of scale, B2B medical equipment auction site, malpractice premiums adjusted according to quality indicators, etc...).

Industry Overview

The U.S. healthcare industry is in a state of rapid decline, which has been fueled by the widespread dissemination of managed care organizations. Recent surveys have found that consumers perceive oil companies in a better light than managed care organizations, and 45% of Americans believe managed care has decreased patient quality of care. Managed care has decreased physician autonomy and placed an emphasis on providing low-cost rather than quality healthcare. This has been due in large part to a capitation system that allots a set reimbursement to physicians for each enrolled patient, whether or not that patient receives extensive treatment or no treatment at all. This system encourages physicians to restrict the treatments they offer patients, particularly expensive treatments. The managed care system has also discouraged active patient involvement in the decisions regarding their healthcare, as physicians are encouraged to maximize the number of patients seen in a day, thus limiting their ability to spend extra time with any one patient. Finally, if managed care is measured by its ability to provide healthcare to Americans, then an uninsured population of 44 million paints a dismal picture.

While some advocates of managed care organizations credit them with saving a healthcare system whose costs were spiraling out of control in the 1980s, the ability of managed care to contain healthcare costs may have surpassed its threshold. This has had a grave effect on the managed care industry. In 1998, 56% of managed care organizations lost money, due in large part to rapidly increasing prescription costs and an aging population. The collective managed care response has been to raise premiums to consumers and reduce reimbursement rates to physicians. These measures are likely

to result in a decrease in quality as well as a decrease in consumer choice as consumers search out less expensive plans that offer more limited provider coverage.

The core ideas for the TerraMedica concept arose in response to the current problems in healthcare and their exacerbation by managed care organizations. The challenge for TerraMedica was to approach healthcare from a different perspective that could redefine the healthcare paradigm. By doing this, TerraMedica has attempted to differentiate itself in such a way that in the early stages of implementation there will be no direct competitors offering a similar product. This will allow TerraMedica to refine the concept and expand nationally before larger, more established insurance companies try to copy our plan.

The application of information technology (IT) to healthcare has lagged behind other service industries, and while companies such as Healtheon have begun to use IT to address some of the administrative inefficiencies in healthcare, no company to date has offered an internet-based health benefit plan. The closest that any dot.com company has come is to serve as a broker for health insurance, where either an individual consumer or a benefits manager can enter certain parameters online and the dot.com insurance broker will match the user with traditional health insurance plans that are appropriate to their specific needs. This is one of the features provided by Healtheon, as well as eHealthInsurance.com and BenefitsMall.com.

The online broker approach to providing health insurance may be appealing to consumers because it cuts search costs and provides access to detailed information on health insurance plans that was not formerly available. The broker approach, however, is limited in scope in that it takes a passive approach to addressing healthcare issues with IT, leaving traditional insurance companies with the responsibility of improving their IT infrastructure. TerraMedica has been designed with the intent of actively applying IT to healthcare in an attempt to provide consumers with information not currently available, increase efficiencies in the market, and promote competition as a means of improving quality of care.

Regulatory/Legal Issues

Regulations are a key factor to assess in the formulation of a healthcare-related organization. TerraMedica will need to keep in mind pending legislation that will have a significant effect on the healthcare industry. Patient protection legislation and the Health Insurance Portability and Accountability Act (HIPAA) are the applicable regulatory pieces that will have the most impact on healthcare.

Patient Protection Legislation

Current legislation is divided between House and Senate and Democrats and Republicans, with the major difference between the two bills based on the patient's right to sue their HMO and/or employer (allowed with the erosion of an Employee Retirement Income Security Act preemption which currently protects self-insured employers and HMOs from liability and exempts self-insured employers from state insurance regulations).

The Lott-Nickels Bill from the U.S. Senate would provide specific patient protections only to the 48 million self-insured ERISA plans. Grievance and appeals provisions would apply to both fully and self-insured ERISA plans. The Lott-Nickels Bill will NOT remove the ERISA preemption, continuing to protect self-insured employers and health plans from liability for personal injury and wrongful death as a consequence of inadequate care. This bill's scope is generally considered limited in comparison to the House's Norwood-Dingell Bill.

The Norwood-Dingell Bill offered by the House of Representatives would apply to most group health plans (excluding Medicaid/Medicare). This bill would allow for malpractice lawsuits against health plans, self-insured employers, and any employees who exercise "discretionary authority" over a claim. Generally, Democrats, consumer advocacy groups, physicians, and the American Medical Association are in favor of the Norwood-Dingell Bill, as it makes employers and health plans more accountable for their actions. On the other hand, Republicans, health plan coalitions, and the U.S. Chamber of

Commerce argue that increased liability will force health plans to raise premiums significantly and may force self-insured employers to drop employee coverage.

Consumer opinions have been shifting recently. Originally, a majority of consumers strongly favored the right to sue their HMOs. As the debate continues and the fears of reduced coverage or huge increases in premiums become more real, consumers are shifting opinion toward acceptance of a more thorough health plan external review process for denied claims. House Majority Leader Dick Armey intends to deliver a Congress-sponsored patient protection bill to President Clinton in mid-April. This will be a compromise between the House and Senate bills, with lawsuits being allowed only after an external review process. Even with this date nearing, the future of patient protection legislation is still quite unknown.

HIPAA – Information Technology Standards

The healthcare industry has been asking for the development of national standards for several years. In August 1996, President Clinton signed the Health Insurance Portability and Accountability Act, which was designed originally to allow health insurance to carry over from one employer to another when an employee switched jobs. Since the initial signing of the bill, additional sections have been added which significantly impact the receipt and delivery of electronic healthcare information. HIPAA implementation will result in greater efficiencies in the healthcare industry. HIPAA legislation is generally divided into three sections: 1) Administrative Simplification, 2) Privacy, and 3) Security.

Administrative Simplification

After its full implementation, HIPAA expects to save the healthcare industry \$24 Billion yearly in administrative costs. Administrative simplification will be achieved by the development of a standard system of electronic data interchange (EDI), national standard identifiers for employers, providers and insurers, and a national standard code set. EDI will allow the exchange of patient data without human intervention by establishing 9 standardized electronic transactions. Standard identifiers mean one number per provider, employer, or health plan. Finally, a standard code set will be established for all payers. Final rules for administrative simplification are expected to be

published within the next three months, with compliance required within 26 months from that date.

Privacy

The privacy requirements might prove to be a less clear and stickier issue to address. Access to electronic claims data and medical records will most likely be limited based on "need-to-know" legislation. While the legislation's scope is quite unclear now, we can assume fairly major changes in the healthcare industry as concerns about patient privacy continue to grow. Final rules are expected in early 2000 with compliance required by mid-2002.

Security

Finally, HIPAA will address security issues, including user authentication systems, encryption over public networks, security officer designation, and new training on strict policies and procedures for staff. Penalties for violations of the legislation could include jail time (even for non-deliberate mistakes) and fines of up to \$250,000. Final rules for security are expected in early 2000 with compliance required by mid-2002.

Steps to Take

Healthcare organizations will need to address current policies and procedures, technology, business processes, staff, and strategies to remain viable under this new legislation. Budgets need to be established for the costs associated with additional training, technology, and staff. A company-wide inventory needs to be taken on the types of IT systems that will be affected by HIPAA. A potential shift in business strategy may need to be developed to meet new privacy regulations. In the case of a start-up company like TerraMedica, systems and processes should be HIPAA compliant upon installation to save future implementation costs.

HIPAA - MSAs

The Health Insurance Portability and Accountability Act of 1996 added a provision for a new type of insurance coverage called Medical Savings Accounts (MSAs). MSAs are tax-advantaged personal savings accounts for unreimbursed medical expenses. They can

be used to pay health insurance deductibles, coinsurance, and copayments, as well as medical expenses that insurance does not cover. Employers or employees may set aside money on a tax-free basis to pay for out-of-pocket medical costs. MSA account balances roll over from year to year, and interest accumulates tax-free. Withdrawals from MSAs that are not used to pay for qualified medical expenses are subject to state and federal income taxes. If the enrollee is under 65 years of age, additional penalties may apply.

Eligibility for HIPAA MSAs is restricted to individuals who have qualifying high deductible insurance and who are either self-employed or employees covered by small employer plans (employers with fewer than 50 employees). HIPAA limits the number of people who may enroll in MSAs to 750,000 by 2000. After December 31, 2000, MSAs will no longer be open to new enrollees. Employees or employers may contribute up to 65% of the deductible for the catastrophic health insurance plan. Individuals may choose deductibles of either \$1,650 or \$2,300, and families may choose deductibles of either \$3,300 or 4,600.

HIPAA authorizes banks, insurance companies and other similar financial institutions to be trustees of MSA accounts. Institutions already approved by the IRS to be IRA trustees are automatically approved to be MSA trustees.

The Balanced Budget Act of 1997 established an experimental MSA program for Medicare beneficiaries. Under this law, Medicare beneficiaries may chose a combination of medical savings account and catastrophic health insurance plan with a deductible as high as \$6,000. The services covered are the same as those under standard Medicare, except for hospice care. For people choosing this option, Medicare will pay the premium and put the difference between that amount and the normal Medicare capitation amount in the MSA. The money can be used to pay for medical services, including those not normally covered by Medicare, or long-term care insurance (purchase of insurance to cover the deductible is not allowed). Policies can be sold until 2002, when no new enrollments can occur. No more than 390,000 people can be enrolled in total.

Last year several bills were introduced to expand both HIPAA MSAs and Medicare MSAs. Some of these proposals are pending in committee.

Electronic Medical Records

A long-term goal of TerraMedica is to be at the forefront of the race to successfully integrate electronic medical records with healthcare infrastructure. Use of EMRs will dramatically increase TerraMedica's ability to provide comprehensive healthcare information to consumers. Complete medical histories facilitate effective medical treatment and aid in the prevention of adverse medical outcomes resulting from "treatment" unknowns. Unfortunately, current "hard-copy" medical records are often fragmented and not fully accessible. They do not provide an accurate picture of a patient's full medical history because the information is often distributed between multiple locations and providers. As patients move, switch healthcare providers, or insurance plan their medical records become even more fragmented. This fragmentation has led to adverse treatment outcomes, because healthcare providers lack necessary information. This has been a major factor in the requirement for a complete accessible medical record.

Additionally, patients are becoming more involved in their health decisions. This involvement is being driven by the ease with which people can gain information on the Internet. Consumer health sites provide valuable health information that people are using for "second" opinions on all aspects of healthcare. This will have a tremendous impact on public health, patient encounters, caregivers' processes, cost structures, and the quality of care provided. As patients continue to take charge of their health, they will want access to their health history.

Patients are not the only ones pushing for a simple, globally accessible medical record. In a recent survey by Medical Records Institute, healthcare providers identified the following major factors driving the need for an Electronic Medical Record (EMR): the need to share patient data among different sites within the healthcare delivery system, the need to improve clinical documentation, the requirement to reduce healthcare delivery costs, and the need to improve the quality of care and patient satisfaction.

Need for an EMR: EMRs provide the capability to manage a patient's entire medical history in one secure site/location that is accessible from anywhere in the world, via the Internet. This allows for collaborative health management because the patient's entire medical record; radiology images, immunization records, prescriptions, allergies, and patient encounters; is available to the healthcare provider no matter where the patient is located. This allows for better diagnosis and treatment and a reduction in healthcare costs.

EMR Benefits: EMRs provide many benefits to both the patient and healthcare provider. Easy access to a patient's full medical history increases patient quality of care and reduces overall costs in the medical industry. Additionally, as people change jobs, move, switch insurance plans, or change doctors their medical records remain in the same location. This access is especially essential during an emergency or when a person is injured while traveling.

EMRs provide for improved communication between patients and doctors. By having access to their records, patients can easily view the information provided by their doctor. This allows the patient to track their condition and become more involved. Also, patients can forward their EMR prior to a doctor visit. The doctor can then review the information and update the record with their diagnosis, recommended treatment, and follow-up requirements.

EMRs can also be linked to on-line health information to help reduce unnecessary use of medical resources, provide timely and relevant information, and increase patient compliance to treatment plans. Patients can now actively participate in their own treatment and well-being.

Additional benefits: Healthcare information within EMRs would ease clinical data mining. This information could be used for outcome analysis, hypotheses testing, and studying disease distribution.

Capabilities: EMRs provide a patient's entire medical history in an easily transportable/accessible format. They support clinical documentation requirements, ease scheduling and appointments, and support outcomes analysis and disease management. Currently there is no standard content requirement for an EMR, but to be clinically useful they should contain a patient's demographic information; data on allergies, immunizations, medication, procedures; family and medical history; and lifestyle facts. To meet the desired need, EMRs must be:

1. Scalable – to meet clinical requirements.
2. Portable – easily moved without loss of information.
3. Interoperable – allow for the exchange of information.
4. Accessible – available when and where needed.
5. Simple – easy to use and manage.
6. Secure – to ensure confidentiality, privacy, and data integrity.

EMRs currently available: Internet-based health records are currently available from over 30 companies such as GlobalMedic.com, PersonalMD.com, and TeleMedical.com. Additionally, these sites offer a wide variety of health information useful to patients. Establishing an EMR involves logging into the company's server, through their website, and then filling out a series of informational screens (personal information, medical history, insurance, etc.). From that information, an EMR is created that can be easily updated and managed. The information is maintained on the company's server and can be accessed with a login/password via the Internet. Clinicians can access the patient's record when given permission (password).

Virtual Medical Records: Other developments in EMRs include the Virtual Medical Record, or TeleMed, being developed by Los Alamos National Laboratory. TeleMed utilizes a Java/CORBA architecture that allows remote sharing of distributed patient data over the Internet. The system supports image, text, and audio data that is displayed in a graphical time oriented format when the record is created. TeleMed allows distributed access to a patient's medical record. The patient's record is dynamically constructed from data that may reside at several sites, nationally, but which can be quickly assembled for viewing by pointing to the patient's name. Distributed data is made

available through references (like hyperlinks) and is transferred to the client side when required by the end user, minimizing the movement of data. This system is currently being tested in New Mexico and the developers believe it is possible to implement the concept nationally, but it will take major backing from government, public, and private stakeholders to make it possible. Full implementation is unlikely in the very near-term.

Implementation issues: EMRs have not been fully implemented. Common reasons include: lack of adequate funding or resources, inadequate or incomplete healthcare information standards, inadequate technical solutions, lack of support by medical staff, and difficulty in creating a migration plan from paper to electronic health records. The following issues need to be further researched and addressed prior to EMR implementation:

1. Procedures and policies: Detailed usage procedures need to be developed.
2. Security: Strict data security policies and practices would need to be instituted to ensure privacy, accountability, and data integrity. Such measures include: login/password authentication, digital signature techniques, firewalls, and data encryption.
3. Content: Further clinical surveys need to be conducted to determine what information should be available and in what format.
4. Data management: Determine what data should be available, how it's managed, and who has access.
5. Training: Physician training on the system and its procedures would be required, as well as on-line tutorials for patients.
6. Legal and regulatory: To ensure that the EMR complied with all legal requirements.
7. Physician acceptance: Partnerships within the medical community would need to be established to break down barriers and gain physician acceptance.

Future enhancements: As the system evolves, functionality and ease of use improvements would be implemented, such as:

1. Use of Personal Data Assistants (touch screen menus) and voice recognition software for data input.

2. Development of a portable medical record or "Smart Card" that could be carried by the patient, along with user login/password cards/bracelets to facilitate EMR access during an emergency.
3. Linking the EMR to other services to provide users a fully integrated health service environment for health management. These functions range from on-line health assessments and surveys, wellness profiles and action plans, personalized health intervention programs, and other health information.

Products and Services

TerraMedica will offer consumers a health benefit that will consist of a medical savings account and stop-loss insurance coverage. TerraMedica will administer customer accounts via the internet, providing real-time customer access to account balances and transaction histories. Through a strategic partnership with a financial services provider, TerraMedica will enable customers to actively manage their accounts and rollover yearly balances according to the provisions specified in medical savings account legislation. Employer contributions to the TerraMedica employee health benefit plan will be structured according to a defined contribution model. Stop-loss insurance will be provided with different rates for different deductibles which customers will have the option of choosing.

The TerraMedica web site will contain physician profiles that will be accessible to customers. These profiles will contain: patient satisfaction ratings of individual physicians, physician practice volume, physician cost of care ratings, physician training, physician picture, and in the long-term, quality of care ratings based on patient outcomes from aggregated electronic medical records.

An extremely unique offering of TerraMedica will be the use of an on-line patient profile survey that will match patient personality traits and care objectives with those of physicians. This option will help TerraMedica to foster increased levels of patient satisfaction, as research has demonstrated the successes of this method in the patient satisfaction arena. In order to maximize patient satisfaction a new statistical paradigm known as optimal discriminant analysis (ODA) will be used. The fundamental objective

of the ODA paradigm is to develop statistical models that achieve theoretical maximum accuracy: we wish to hit the target, or in this case completely predict patient satisfaction outcomes. In contrast to ODA, traditional paradigms such as general linear model (which explicitly maximizes variance ratios) or maximum likelihood (which explicitly maximizes likelihood functions) do not explicitly maximize accuracy but rather explain the likelihood of inaccuracy.

In addition to the above products and services, as electronic medical records become accepted in healthcare TerraMedica will actively work to provide patients with on-line access to their personal medical records. This effort will assist in maintaining a care continuum even as patients move from state to state and will significantly impact the current problem of high medical error rates. Enabling patients to transfer their on-line medical records to a new provider will decrease medical errors by ensuring that physicians always have complete, up-to-date information on a patient's healthcare.

Markets

TerraMedica will initially focus on the Twin Cities Metro area, with rapid expansion to five other cities that have similar characteristics to the Twin Cities (i.e. large student populations, large number of small companies and internet start-ups, rating as a highly "wired" city). The cities targeted for initial expansion are: 1) San Francisco, California, 2) Washington DC, 3) Austin, Texas, 4) Seattle, Washington, 5) Atlanta, Georgia.

In the Twin Cities Metro Area, TerraMedica will focus its efforts on the University of Minnesota student population, which numbers approximately 45,000 on the Minneapolis and St. Paul campuses. The University of Minnesota is being initially targeted with the intent of providing TerraMedica with sufficient numbers that can be leveraged to encourage provider participation in the TerraMedica model. Student populations are an ideal target for TerraMedica's product as they have access to computers and are knowledgeable in the use of the internet. It is TerraMedica's objective to develop lasting relationships with these students so that they maintain an active involvement with TerraMedica throughout their lifetimes.

As the TerraMedica concept is implemented and refined, the Twin Cities market will be broadened to include student populations from other local Universities (i.e. St. Thomas, Concordia, Macalester, Augsburg, etc..) as well as computer friendly small employers. Small employers are defined as having fifty or fewer employees, with 85,000 firms meeting this criteria in the Twin Cities. These firms will be screened so that only computer friendly firms with internet capable employees are targeted.

Marketing Strategy

TerraMedica will market its product largely by garnering name recognition over through broadcast and print advertising, including banner advertising on internet sites targeting the our core markets. The TerraMedica product itself will be sold directly to universities and small employers via an internal sales force and through strategic alliances with key human resource companies. An example of a potential strategic partner is MyWebHR.com, a company that customizes benefits packages to small employers, mainly internet or technology based, that do not have the resources to staff their own human resources department. The company is based outside San Francisco and targets the same small employer market as TerraMedica. The name recognition generated by advertising would be used to facilitate consumer acceptance of TerraMedica. A long-term goal would be on-line registration to the TerraMedica plan for students and small employers.

There are many reasons to believe that TerraMedica will be successful in reaching its target markets. Recent increases in the premiums of health insurance for small employers (9-29% per year) are causing these companies to reassess the benefit's benefit to their company. Granted, during a time of economic expansion such as the present, employers are unwilling to cut benefits in order to maintain the employee base they have as well as court potential employees. However, it is anticipated that employers will seriously consider altering or dropping their health care benefits when the economy slows and the unemployment rate eases.

Although all employers are looking to cut costs within the organization, small employers are being impacted the most by the rising costs of health care in regard to benefits

provision. Large employer premiums have increased at a rate of only 6-8% over the past two years. Therefore, TerraMedica, will be an ideal alternative for employers looking to change their benefit offering.

Selling TerraMedica to small employers via the use of MSA's and a stop-loss insurance component will be lucrative to the small business for multiple reasons. First, the use of the MSA as an alternative to traditional insurance allows the small employer to maintain a health benefit (likely through providing the stop loss insurance premium) while simply increasing the share of the employee, which is occurring in most companies, regardless of the insurance plan. Secondly, under the MSA structure, which would allow for FFS, the employee then attains a choice of providers and gains a great deal more flexibility in treatment options. Presently, only 7% of employers are offering more than one health plan within their company. Even that number is anticipated to decline.

Additionally, employees using the MSA structure would also be allowed to roll a percentage of the unused proceeds into a retirement account. This alternative allows the employee to save for dual purpose, which is more of a psychological benefit than anything else. In contrast to the present Flex-dollar system provided in most companies, the MSA benefit of rolling the excess into an IRA provides comfort that all contributions will eventually be "used" by the employee. Under the Flex-dollar system, any contributions which are unused at the end of the benefit year are then lost to the employees "use".

Finally, under a plan such as TerraMedica, since an employee is under the burden of contributing more to their health care plan, information provided on the quality of patient care and outcomes will be of interest to the consumer. In an effort to lower their overall health care costs and increase the amount of dollars rolled into the IRA at the end of the benefit year, employees will be seeking higher quality care with the best outcomes at the lowest cost. The information they are seeking will be easily accessible under a TerraMedica plan.

TerraMedica as a benefit option for students, particularly graduate students, poses as a sound alternative to present offerings by educational institutions. The graduate student population is often characterized as having higher than average income (after graduation of course), being computer savvy, and a higher level of interest in personal health. All three of these characteristics are what the TerraMedica plan will be created for. Additionally, the age of graduate students is typically late twenties and early thirties. The fact that people will be exposed to the TerraMedica plan at an early age, along with its benefits, increases the likelihood of customer maintenance for a longer period of time, especially as the market continues to drift to self-insurance and FFS types of plans.

The student population is well aware of the power of the internet and the power of information. This population seeks the best possible information available. Due to the present inability of the healthcare market to provide adequate information about the quality of care at the physician level, a first mover such as TerraMedica may not have a difficult time winning over this market. A sound level of information, provided when and where needed, is felt to be the key in developing the prominent healthcare solution.

How the Changing Market Will Improve our Ability to Sell TerraMedica

While the market is presently consolidated among provider networks, PPO's, HMO's, etc, the future of the healthcare marketplace does not appear as though it will remain status quo. While there are 3 physicians graduating from medical school every year, there is only one physician for those three that is retiring. That list does not include the large number of physician assistant's, RN's, etc, which are entering the market every year. By 2050, it is anticipated that the healthcare market will be a buyers market, where, based on information availability, it will be somewhat price sensitive on less crucial care². Additionally, due to the increase in the number of providers, it is likely the system will be come much more fragmented with more 6 person offices opening across the country.

What does this mean for TerraMedica? Looking at the fragmentation of the industry in the next five years, information about different providers will become much more crucial, especially in light of a market based somewhat on price. Quality levels of

providers and cost tied together will be information that will be highly sought after. Employees will likely be very concerned that they are not receiving second rate treatment at the price of lower cost. If the employer is the one who can gain access to this information for the employee, then the plan will have an added benefit, especially in light of market changes.

Another reason for the anticipated success of selling a plan like TerraMedica is the changing demographics in the population. It is projected that by 2005, 38% of consumers will have an annual income in excess of \$50,000, own a PC, and have more than one year of college education. This market is expected to be about 103 million people. Of the 103 million people, the number receiving health insurance from employers is expected to decrease from 59% to 56% by 2010. These shifts suggest two things. First, the population that is likely to be most concerned about their health is continuing to grow. Secondly, this population will also have a slightly greater need for an alternative to traditional forms of employer insurance.

Operations

TerraMedica will establish itself in a 1,500 square foot office space equipped with DSL/T1 access. The nature of TerraMedica as a web presence makes location less important, however the ideal would be for a location that is centrally located within the business and university community.

The IT environment will consist of four servers and two workstations (running server) and is close to the ideal environment required for running the proposed web site. In order to turn this into the ideal environment, all network connections (including the internet) would have to be made redundant. This would require the addition of a network card to each piece of equipment as well as the purchase of an additional hub.

Equipment Manifest

Machine	Component
Web/App Server 1	Dual Pentium III 600+ Mhz
	256 MB of RAM
	9GB Ultra Wide SCSI Raid-5 Array
	100Base-TX Network Card

	Standard SVGA Adapter
	Adaptec Ultra Wide PCI SCSI Controller
	15+” Monitor
	Enhanced Keyboard
	Mouse
DB/Interface/BO Server	Dual Pentium III 600+ Mhz
	512 MB of RAM
	20GB Ultra Wide SCSI Raid-5 Array
	100Base-TX Network Card
	Standard SVGA Adapter
	Adaptec Ultra Wide PCI SCSI Controller
	15+” Monitor
	Enhanced Keyboard
	Mouse
Web/App Server 2	Dual Pentium III 600+ Mhz
	256 MB of RAM
	9GB Ultra Wide SCSI Raid-5 Array
	100Base-TX Network Card
	Standard SVGA Adapter
	Adaptec Ultra Wide PCI SCSI Controller
	15+” Monitor
	Enhanced Keyboard
	Mouse
Backup DB/Interface/BO Server	Dual Pentium III 600+ Mhz
	512 MB of RAM
	20GB Ultra Wide SCSI Raid-5 Array
	100Base-TX Network Card
	Standard SVGA Adapter
	Adaptec Ultra Wide PCI SCSI Controller
	15+” Monitor
	Enhanced Keyboard
	Mouse
PDC	Single Pentium III 600+ Mhz
	256 MB of RAM
	9GB EIDE Disk Drive
	100Base-TX Network Card
	ATI All In Wonder AGP Video
	17+” Monitor
	Enhanced Keyboard
	Logitech Mouseman
BDC/Admin	Single Pentium III 600+ Mhz

	256 MB of RAM
	9GB EIDE Disk Drive
	100Base-TX Network Card
	ATI All In Wonder AGP Video
	17+” Monitor
	Enhanced Keyboard
	Logitech Mouseman
Software	
	Windows 2000 Server (5 licenses)
	Microsoft SQL Server Enterprise 7.0 (2 licenses)
	Microsoft Exchange Server Enterprise (2 licenses)
UPC/Line Conditioner	Power for 50 Amp Draw for 20 Minutes
16 port hub	Auto-sensing 10/100Mbps
Misc Wiring	10x Cat-5 30ft cables
Cisco Local Director	
Cisco PIX	

The TerraMedica offices will be staffed 24 hours a day once the product has been sold, which reflects the company’s commitment to provide exceptional customer service so the value of TerraMedica can be communicated at all times to our customers.

Research and Development

TerraMedica will conduct the necessary R&D to maintain its position at the forefront of the information technology wave in healthcare. As electronic medical records become more accepted in healthcare, TerraMedica will actively seek out strategic alliances with internet-based EMR providers to promote the vast aggregation of information that will be possible with EMRs. TerraMedica will also devote significant R&D efforts to ensure security of all on-line medical information stored on in-house servers.

Management

Peter D. Weinberg, President and CEO

Mr. Weinberg holds a Bachelors of Science in psychology from Tufts University and has four years of experience in health policy, quality of life and cost-effectiveness of care research. He has coordinated several national research projects in health policy and has

authored more than 25 original manuscripts in peer-reviewed medical journals such as *The Lancet*, *Journal of the American Medical Association*, *Archives of Internal Medicine*, and the *Western Journal of Medicine*. Mr. Weinberg is currently in his first year of a Masters in Business Administration program at the Carlson School of Management, University of Minnesota with an emphasis on healthcare management, strategic management and marketing.

David P. Gabel, Chief Financial Officer

Mr. Gabel holds a Bachelor of Science in economics and business and is currently pursuing an MBA at the Carlson School of Management where he is concentrating in corporate finance and strategic management. Mr. Gabel has eight years experience in new product development and four years general management responsibility.

Aaron C. Oliver, Chief Technology Officer

Mr. Oliver holds a Bachelors of Science in computer science from St. Thomas University and has worked for the past three years as a web development consultant. Mr. Oliver has extensive experience in developing custom internet applications, including a virtual trading floor and various tools for use in financial services.

Jeremy Peterson, Chief Information Officer

Mr. Peterson holds a bachelors degree in finance and marketing. He has experience in human resources and corporate finance. Presently, Mr. Peterson is pursuing a Masters in Business Administration degree at the Carlson School of Management with an emphasis in information systems and marketing.

David Terry, Chief Operating Officer

Mr. Terry is a graduate student in the Masters of Healthcare Administration program at the University of Minnesota. Prior to his current studies, Mr. Terry was an office manager at an ophthalmology clinic in Arizona. Mr. Terry was involved with Medicare and other insurance billing along with general management duties for the office and its staff. Over the past 4 years Mr. Terry has also worked in sales and recruiting in the San Francisco area.

Michael Zugay, Vice President – Sales and Marketing

Mr. Zugay holds Bachelor of Arts degrees in history and political science from the University of Pennsylvania. He is currently a Masters of Business Administration candidate at the Carlson School of Management and will graduate with concentrations in marketing, strategic management and entrepreneurship. He has four years of management experience in the educational and commercial real estate sectors.

Noah Stromer, Vice President – Sales and New Product Development

Mr. Stromer holds a Bachelors of Science in microbiology from the University of Arizona and a Masters of Science in Public Health from Tulane and is currently pursuing a Masters in Health Administration at the University of Minnesota. Mr. Stromer has previous experience in grants management and this summer will be serving an internship at the Mayo Clinic in Scottsdale, Arizona.

Jeremy Fitch, Vice President – New Product Development

Mr. Fitch recently completed an administrative internship at Hurley Medical Center in Flint, MI where he participated in executive level meetings, including outside resourcing, internal affairs and labor relations. Mr. Fitch has also consulted with professional staff, community medical and governmental agencies and has experience analyzing physician compensation along with average length of stay for their patients, revenue generating activities, number of patients seen, cost per patient, etc. Currently, Mr. Fitch is pursuing his Masters in Health Administration from the University of Minnesota.

Kaine Kerkhoff, Vice President – Government and Public Relations

Mr. Kerkhoff has 3 years of professional experience in Human Resources with the Mayo Clinic (Rochester, MN), where he was involved in recruiting, staffing, employee relations and various HRIS project teams. He is a certified Professional in Human Resources (PHR). Mr. Kerkhoff is currently a first year graduate student in the Program in Healthcare Administration at the University of Minnesota and will be completing an administrative residency this summer with ScrippsPhysicians in San Diego, CA.

Andrea McElligott, JD, Vice President – Regulatory Affairs

Ms. McElligott has completed her law degree and is currently pursuing a Masters in Health Administration at the University of Minnesota.

Advisory Board

Stephen Parente, PhD, MPH, MS – Chairman of the Board

Dr. Parente is Assistant Professor in Carlson School of Management at the University of Minnesota where he specializes in health information technology, outcomes research, health economics, and applied econometrics. He has extensive experience directing empirical analyses utilizing primary and secondary data bases and is acknowledged as a national expert on using hospital discharge databases as well as claims data, particularly Medicare and managed care organization data, for health policy research. He has served as a consultant to several of the largest organizations in health care delivery including: United Healthcare, Blue Cross Blue Shield, the Health Care Financing Administration, the American Association of Health Plans, Pfizer, Janssen Pharmaceutica, Johns Hopkins Hospital, and various state governments as well as biotechnology firms.

Dr. Parente is currently directing a study to determine the productivity and cost impact of information technology investments in hospitals. Dr. Parente is also directing a study on the impact of Medicare HMO closure on beneficiaries and health plans. He has recently concluded several studies on several topics including: the productivity of different medical specialties in the management of asthma in a managed care setting; the efficiency of information transfer between the HCFA and hospitals, physicians and managed care organizations; and long term cost-saving of Medicare risk HMOs to the Medicare program.

Charles L. Bennett, MD, PhD – Board Member

Dr. Bennett is Associate Professor of Medicine, Lurie Cancer Center and Division of Hematology/Oncology of Northwestern University. Dr. Bennett is an hematologist/oncologist who is a member of the Optimization Committee of the American Society of Hematology and the Health Services Research Committee of the American Society of Clinical Oncology. Dr. Bennett has published over 100 articles in the areas of health policy, quality of life and cost-effectiveness of care. Dr. Bennett has

worked extensively with academics and policy makers to improve quality of medical care and reduce medical error rates.

Paul Yarnold, PhD – Board Member

Dr. Yarnold is a Research Professor of Medicine at Northwestern University Medical School. He also is Adjunct Professor of Psychology at the University of Illinois at Chicago. Dr. Yarnold is a fellow of the American Psychological Association, Division 5 (Evaluation, Measurement, and Statistics) and Division 38 (Health Psychology), and the Society of Behavioral Medicine, and serves on the editorial board of Educational and Psychological Measurement and Perceptual and Motor Skills. He has published over 100 articles in peer reviewed journals, in the areas of medicine, psychology, and statistics. His current research primarily focuses on theoretical mathematical aspects and applied statistical aspects of optimal discriminant analysis, and on theoretical issues in the definition and measurement of satisfaction.

Scott Ehnes – Board Member

Mr. Ehnes has a bachelor's degree in biology from Boston University, and is currently a graduate student in the Carlson School of Management's Master's of Business Administration program. Mr. Ehnes has ten years of medical administration, logistics, operations, and project management experience in the United States Army, and has worked on the development and implementation of electronic medical records in the military.

Jade Anderson, MD – Board Member

Dr. Anderson is a resident in Hematology/Oncology at the University of Minnesota.

Risks

TerraMedica will operate in a rapidly changing, competitive environment that involves several risks, some of which are beyond our control. The following highlights some of these risks.

Competitive Environment. The healthcare industry is intensely competitive. Many insurance companies have significant financial and technical resources; additionally, the

Internet and electronic commerce have removed many of the barriers to entry historically faced by small and start-up companies; as a result competition from numerous sources is possible.

Revenue Growth. The revenue growth and profitability of our business depends on the overall awareness of and demand for our services. There can be no assurance we will be able to provide a product offering that will satisfy customer demands. In addition, government regulations, industry standards, and Internet usage are rapidly evolving. There can be no assurance that standards chosen by TerraMedica or the regulations dictated by the government will position our services to compete effectively on the Internet.

Hiring and Retention of Employees. TerraMedica’s success depends on its ability to retain and hire qualified employees. Competition for highly skilled personnel is intense. There is no assurance that TerraMedica will be successful in recruiting and retaining talented personnel. The loss of one or more key employees or our inability to attract qualified employees could have an adverse effect on our success. Initial staffing for TerraMedica will come from the team involved in drafting this business proposal.

Schedule/Benchmarks

Action	Months											
	3	6	9	12	15	18	21	24	27	30	33	36
Corporate Structure Development	X	X										
Legal Analysis	X	X	X									
Market Analysis	X	X	X									
Competitor Analysis	X	X	X									
Develop Physician Alliances	X	X	X	X	X	X	X	X	X	X	X	X
Strategic Partner Analysis			X	X	X	X						
Strategic Partner Alliances				X	X	X	X	X				
Web Site Development	X	X	X									
Web Site Rollout			X									
Student Population Targeted			X	X	X	X						
Expand Student Population						X	X	X	X	X		
Target Small Employers							X	X	X	X	X	X

Finance

Primary financial assumptions are listed individually on the attached spreadsheets that outline projected start-up costs and three-year profit & loss statement. In particular, revenue projections are based on conservative estimates of market penetration and a minimal fee structure. Furthermore, no revenues are forecast for MSA sales and holding due to the unpredictable nature of these potentially very lucrative sums. At this time, we are comfortable targeting University of Minnesota and small businesses in order to gain experience locally before expanding regionally and ultimately nation wide within five years. Therefore, our revenue projections for years one through three are conservative in nature, as we do not wish to appear overly optimistic or distort the true potential of the TerraMedica business model. Additional research must be done to confirm commissions and fee structures regarding health coverage, provider transactions and MSA holdings.

Costs were generated based upon local (Minneapolis) business environment for rental space, utilities, equipment and salaries. The largest portion of our cost projections include advertising as we believe it is crucial to establish name recognition for TerraMedica as quickly as possible to take advantage of first mover benefits. Initial strategy involves a concentrated local focus in Minneapolis and University of Minnesota year one with expansion to additional major wired areas of the country in years two and three. Therefore, we project advertising investment to grow significantly, and to be a key factor in the success of TerraMedica.



Enter Web Address:

All

Take Me Back

[Adv. Search](#) [Compare Archive Pages](#)

Searched for <http://terramedica.com>

31 Results

* denotes when site was updated.

Material typically becomes available here 6 months or more after collection, with some exceptions [See FAQ](#).

Archived Results from Jan 01, 1996 - latest

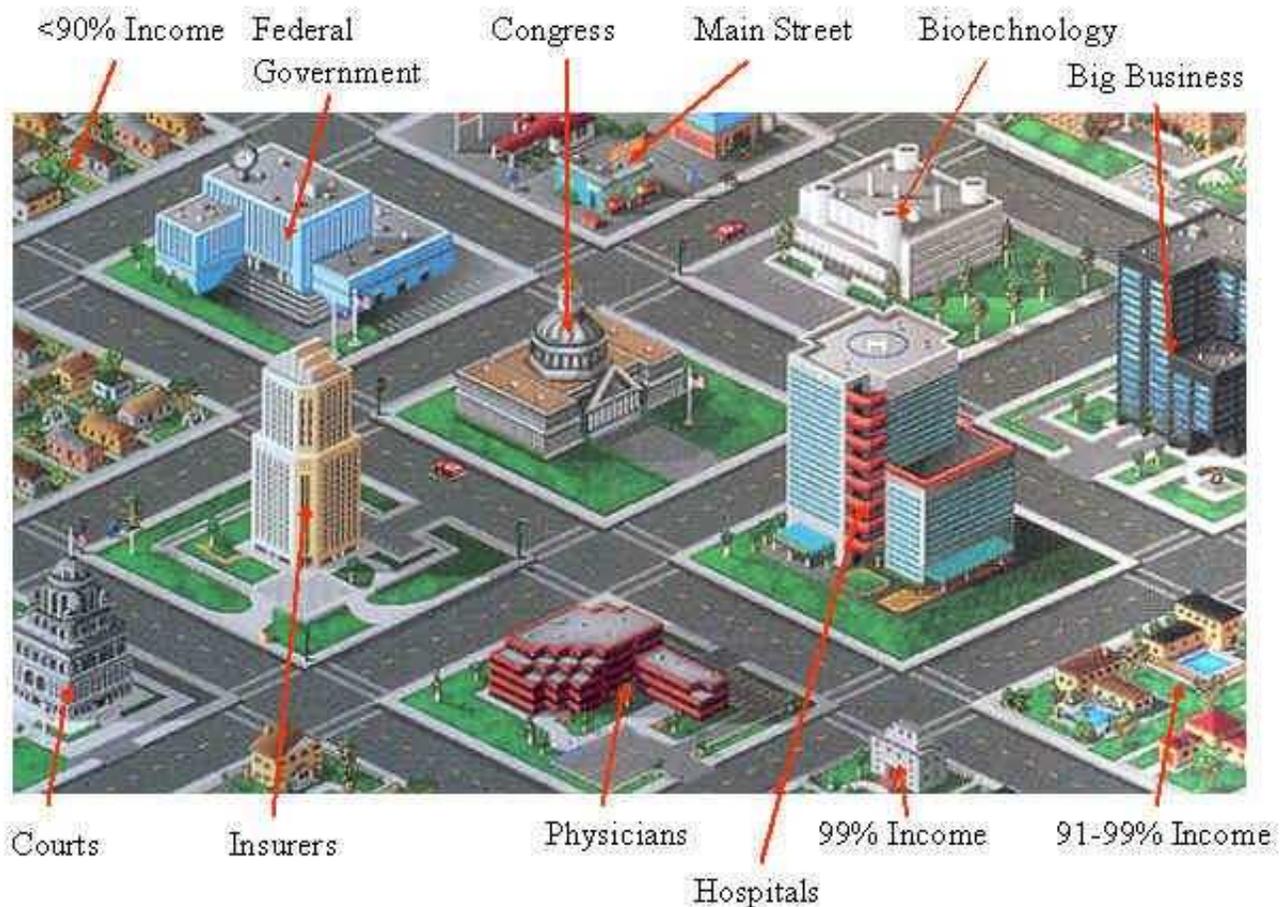
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
0	0	0	0	0	3 pages	7 pages	4 pages	15 pages	2 pages	0	0	0	0	0
pages	pages	pages	pages	pages						pages	pages	pages	pages	pages
					Apr 21, 2001 *	Jan 07, 2002	Feb 10, 2003	Jan 23, 2004	Jan 30, 2005					
					Aug 10, 2001	Jan 21, 2002	Apr 09, 2003	Apr 06, 2004	Feb 11, 2005					
					Sep 30, 2001	Feb 06, 2002	Oct 09, 2003 *	May 07, 2004						
						May 29, 2002	Dec 06, 2003	May 20, 2004						
						Oct 03, 2002		May 24, 2004						
						Oct 08, 2002		Jun 09, 2004						
						Dec 15, 2002 *		Jun 11, 2004						
								Jun 12, 2004						
								Jul 27, 2004						
								Aug 28, 2004						
								Sep 02, 2004						
								Sep 23, 2004						
								Sep 24, 2004						
								Dec 14, 2004						
								Dec 16, 2004						

[Home](#) | [Help](#)

[Internet Archive](#) | [Terms of Use](#) | [Privacy Policy](#)

Welcome to Terramedica

The Engine of the New World of Health Care Finance



Where do you want to go today?

Insurer

- [See the cost-savings of Terramedica's case mix methods](#)
- Risk premium calculation for Defined Contribution Plans

Consumer

- Design your own health plan
- Build and price your own network of physicians
- Compare your provider's performance

Provider

- Are you being paid too little by a health plan?
- See how an insurer views your practice.

The Terramedica Cost Savings Calculator

Terramedica offers clinically-based risk profiling using [Medical Demand Groups \(MDGs\)](#)

[Predict Healthcare Expenses](#)

[Create A More Efficient Provider Panel](#)

[Estimate The Impact of New Technology](#)

TERRAMEDICA

How do MDGs stack up against other methods of risk adjustment? Using Terramedica's MDG technology, you can [predict your healthcare resource expenditures](#) better than ever before.

The current state of risk adjustment leaves you with a high degree of uncertainty:

- Age/Gender Adjustment
- Ambulatory Care Groups (ACG)
- APG
- Random

Terramedica's innovative approach uses the unique combination of clinical and administrative data to create its own [Medical Demand Groups](#).

- [MDGs](#) account for a greater percentage of variation than other available methodologies.
- Tried and true methodology, with a sound statistical basis
- Data are collected right at the source: subscriber, physician, hospital, lab, pharmacy

To be continued...

Maximum Value
from ALL Clinically Relevant Diagnostic & Treatment Content

- [Home](#) [Advantage](#) [Impact](#) [Solutions](#) [Products](#) [Company](#)

search...

- [Home](#) [Company](#) [About Us](#)

About TeraMedica Healthcare Technology

TeraMedica Healthcare Technology, a privately held company, was formed in 2001 to advance a research project initiated at the Mayo Clinic in Rochester, Minnesota. The challenge was to develop a clinical image archive that could accommodate the size of Mayo's practice – one of the largest in the country – and provide access to images for clinicians wherever and whenever it was needed. TeraMedica developed the easy-to-use, robust, reliable solution that healthcare enterprises across the country have come to rely on.

TeraMedica is dedicated to be a thought and solution leader for our industry, and chose to locate our headquarters in the Milwaukee County Research Park. Our address places us in the heart of global medical technological innovation and talent.



Company

About Us

[Why TeraMedica?](#)

[Customers](#)

[Partners](#)

[Executive Team](#)

[Board of Directors](#)

[Medical Advisory Board](#)

[Privacy Policy](#)

[Terms of Use](#)

TeraConnect

ATTEND: Webinar
"Vendor Neutral Hyper-Archive"

SCHEDULE:
Demonstration

SIGNUP:
eNewsletter

REQUEST: WhitePaper
"Evercore Clinical Information Manager"

GO

- [Careers](#) [Resources](#) [Privacy policy](#) [Terms of Use](#) [Login](#)

Copyright © 2001 - 2010, TeraMedica Inc.



Business Information Report **Now with NEW Features**

TERAMEDICA, INC.
D-U-N-S® Number 13-700-6883

- [Print Entire Report](#)
- [E-mail Report](#)
- [Save Text Report](#)
- [Save HTML Report](#)

Report Printed: August 28, 2010
In Date

[Overview](#)
[History & Operations](#)
[Payments](#)
[Banking & Finance](#)
[Public Filings](#)

OVERVIEW

- [Business Summary](#)
- [Special Events](#)
- [Summary Analysis](#)
- [Customer Service](#)

HISTORY & OPERATIONS

- [History](#)
- [Operations](#)
- [SIC & NAICS](#)

PAYMENTS

- [D&B PAYDEX](#)
- [Payment Summary](#)
- [Payment Details](#)

BANKING & FINANCE

- [Finance](#)

PUBLIC FILINGS

- [UCC Filings](#)
- [Government Activity](#)

WEB RESOURCES

- [Business's Web Site](#)

HISTORY

[About History](#)

The following information was reported **02/09/2010**:

Officer(s): JIM PREKOP, PRES
PAUL MARKHAM, V PRES
TIMOTHY J O'CONNOR, V PRES
GREG STROWIG, V PRES

DIRECTOR(S): THE OFFICER(S)

Business started 2001. Present control succeeded 2001. 100% of capital stock is owned by officers.

JIM PREKOP. Work history unknown.

PAUL MARKHAM. Work history unknown.

TIMOTHY J O'CONNOR. Work history unknown.

GREG STROWIG. Work history unknown.

OPERATIONS

[About Operations](#)

02/09/2010

Description: Operates as provider of computer software development services and as a retailer of computer software.

ADDITIONAL TELEPHONE NUMBER(S): Facsimile (Fax) 414 908-7900. Toll-Free 866 290-8880.

Terms are net 30 days. Sells to undetermined. Territory : United States.

Nonseasonal.

Employees: 24 which includes officer(s).

Facilities: Rents premises in a building.

SIC & NAICS

[About SIC & NAICS](#)

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

NAICS:

541511 Custom Computer Programming Services
443120 Computer and Software Stores

73710301 Computer software development
57340000 Computer and software stores

[Overview](#)

[History & Operations](#)

[Payments](#)

[Banking & Finance](#)

[Public Filings](#)

This report is prepared and provided under contract for the exclusive use of Allan Klindworth, .
This report may not be reproduced in whole or in part by any means of reproduction.

[Print Entire Report](#) [E-mail Report](#) [Save Text Report](#) [Save HTML Report](#)



Original URL: <http://www.jsonline.com/bym/news/jul01/tera15071401a.asp>

TeraMedica aims for 'Holy Grail,' and others see images of success

By KATHLEEN GALLAGHER
of the Journal Sentinel staff

Last Updated: July 14, 2001

Wisconsin's politicians and business leaders have many ideas for developing a larger base of technology companies in the state.

But when Mayo Clinic decided to turn a decade-long research effort into a company, it was just two factors that convinced TeraMedica Inc. to put down roots in Milwaukee.

TeraMedica - which believes it has a better way to store the millions of medical images produced each year - took up residence at the Medical College of Wisconsin Innovation Park in Wauwatosa because of Mason Wells Biomedical Fund I and GE Medical Systems.

The year-old venture capital fund was willing to put money into the young company as a lead investor, and TeraMedica liked the idea of being near a medical imaging giant with an international reputation.

TeraMedica is only 8 months old, and many things could prevent it from realizing its dreams of \$200 million or more a year in revenue and a staff of 100 engineers. But it is precisely the type of company that everyone loves to talk about - a high-tech business with enormous growth potential. And its short history illustrates the value of well-developed local funding sources.

TeraMedica is aiming to solve the problem health care organizations have storing film from medical images such as CT scans, echocardiology images and ultrasounds. It's a big problem: U.S. health care providers do more than 350 million diagnostic-imaging procedures a year.

TeraMedica wants to replace all those pieces of film with computer images that can be stored in a secure Internet portal or server.

"It's one of the greatest computing and communications challenges worldwide," says Howard Berke, the chief executive officer of Anvil Informatics Inc. in Lowell, Mass., who has founded or co-founded 11 companies in industries ranging from energy technology to biotechnology.

"This is the Holy Grail that's been pursued since the late 1970s."

Just a few years ago, TeraMedica's goal of becoming the dominant player in the emerging digital imaging storage arena would have been impossible. Mayo Clinic had formed a partnership with IBM in the late 1980s to try to solve the film storage problem.

"It worked on a small scale," says Steven J. Swensen, a medical doctor and chairman of Mayo Clinic's radiology department.

But technological advances and declining hardware storage costs have paved the way for a much more comprehensive solution.

Hardware manufacturers have developed a universal standard for outputting data during the past seven years. "Now about 95 percent of manufacturers are producing hardware compliant with the standard," says Trevor A. D'Souza, managing director at Mason Wells and a manager of Mason Wells Biomedical Fund I, which started about a year ago and is the lead investor in TeraMedica.

The cost of storing digital data has declined enough, too, so that it's now cost-effective to store information on disk, D'Souza says.

Three years ago, Mayo Clinic's foundation hired Christopher Hanna as director of radiology informatics to figure out a big solution to the digital image archiving problem.

Hanna has a doctorate in pharmacology and was founding president of ALI Technologies, a Vancouver, Canada, provider of ultrasound imaging devices and picture archiving and communication systems, or PACS. Mayo Foundation's managers believed he was a good person for the job because he had already grown a new company, knew

Ventures



Photo/David Joles

Christopher Hanna, president and CEO of TeraMedica, looks at a traditional medical image on a sheet of film Thursday. The Mayo Clinic has given TeraMedica a purchase order for a fully integrated digital archive, Hanna says.

TeraMedica Inc.

THE GOAL: To produce high-quality, innovative archive products, offer high levels of service and support, and competitive prices. The company wants to penetrate the market rapidly in the emerging digital medical image storage business.

THE BUSINESS MODEL: Provide digital warehousing for diagnostic images with a secure Internet portal or server software that allows health care organizations to keep information for radiology procedures in an in-house digital archive rather than on film.

THE FORECAST: TeraMedica hopes to employ more than 100 engineers and have \$210 million in annual revenue by 2006.

THE PEOPLE: Christopher Hanna, president and chief operating officer, who has a doctorate in pharmacology; Timothy J. O'Connor, director of product development; and John T. Rvmes chairman

the medical and digital imaging fields, and had experience in developing relationships with key players in the industry.

Seizing an opportunity

Hanna stayed at Mayo, in Rochester, Minn., for three years, working on the digital imaging archiving problem. The Mayo Medical Ventures - the technology transfer arm for Mayo Clinic - decided it was time to take Hanna's work to the next level. Chest films had recently moved to digital from film, and Mayo had discovered in a survey of the marketplace that there wasn't a lot of competition for what Hanna was doing.

"That spelled opportunity for us," says Daniel J. Broderick, managing director at Mason Wells and a manager of Mason Wells Biomedical Fund I. Broderick also is Mayo's former director of technology commercialization.

Mayo contacted Mason Wells and other venture capital firms about whether they were interested in funding what would soon become TeraMedica. "Mason Wells is one that saw some value in this and was willing to make an investment and partnership," Swensen says.

Mason Wells became the lead venture capital investor in TeraMedica and encouraged the company to move to Milwaukee.

"Proximity to your lead venture investor is extremely important as a driver of success. Close communication is critical because your business strategies and business model are evolving in the early years," Berke says.

"The general rule is a company should be within a two-hour drive of the lead investor."

"Had the lead investor been somewhere else in the U.S., TeraMedica might very well have been moved to that area," says Hanna, now TeraMedica's president and chief executive officer.

Moving to Milwaukee made sense for another reason. This area - mostly because of Waukesha-based GE Medical Systems - is already a center for digital imaging technology, and there are a lot of digital engineers in the area.

"TeraMedica fits into the medical imaging cluster we're trying to create in Milwaukee, and it represents a concept that's been very highly endorsed. Everybody in the industry knows this solution has to come," says John T. Byrnes, Mason Wells' chief executive officer and managing director and TeraMedica's chairman.

A move to Milwaukee was just fine with everyone at Mayo.

"It doesn't matter where it's made - we just want it made well, and we want it to be there 10 years from now," Swensen says.

Saving firms money

TeraMedica says its digital archiving products will be able to cut health care organizations' costs by 60% per procedure because they won't have to buy, handle or store film anymore. There are companies that sell digital archiving products, but they're focused on systems for cardiology or radiology departments, not the whole health care enterprise.

TeraMedica also says its products will allow all departments to access electronic images.

Mayo Clinic, which does 850,000 radiology procedures annually, has given TeraMedica a purchase order for a fully integrated digital archive, Hanna says. So the company's short-term goal is to finish developing its archive software and deliver on the Mayo contract. Its long-term goal is to become an early, big player in the digital medical image storage market.

"Somebody's going to do this," Byrnes says, "and if it could be TeraMedica, it would be fabulous."

Appeared in the Milwaukee Journal Sentinel on July 15, 2001.

Byrnes, chairman.

THE BEGINNING:

Formed in November 2000 from research and development done previously by Hanna at Mayo Clinic in Rochester, Minn., and ALI Technologies Inc. in Vancouver, British Columbia. The company got a purchase order in April from Mayo Clinic for a fully integrated digital archive.

THE BACKERS:

TeraMedica has raised \$4 million from management and institutional investors. Mason Wells is the lead venture investor; other institutional investors are Beeken Petty, a Chicago-based venture firm; Mayo Clinic; and the State of Wisconsin Investment Board.

THE BIGGEST STRENGTH: Domain knowledge.

"There are lots of storage companies out there, but understanding the domain you work in is key," Hanna says. "We have this great domain knowledge of what it is health care providers need for storing medical images."

THE BIGGEST WEAKNESS: "We're a start-up, and we're faced with the formidable task of getting up and getting rolling and getting to market," Hanna says.

THE EXIT STRATEGY: Build enough value to hold a Nasdaq initial public offering at the right time and the right valuation.

Related Coverage

 [Technology:](#) Medical imaging a popular sector

ProfilePlusSM Report

as of: 08/28/10 09:32 ET

Tera Medica Inc

Address: 10400 W Innovation Dr Ste 2
 Wauwatosa, WI 53226-4840
 United States

Phone: 414-908-7700

Experian BIN: 918695469

Key Personnel: Vice Presi: Timothy J Oconnor
 Vice Presi: Paul Markham
 Vice Presi: Greg Strowig

SIC Code: 3841-Physicians & Surgeons
 Equip & Supl

NAICS Code(s): 33911203-Surgical & Medical
 Instrument
 Manufacturing

Business Type: Corporation

Experian File Established: July 2001

Experian Years on File: 9 Years

Years in Business: More than 9 Years

Total Employees: 12

Sales: \$500,000 - \$999,999

Filing Data Provided by: Indiana

Date of Incorporation: 08/15/2005

Payment Tradelines (see [charts](#), [detail](#)): 5

Business Inquiries (see [summary](#)): 2

UCC Filings (see [detail](#)): 2

Cautionary UCC Filings: 2

■ **Businesses Scoring Worse:** **59%**

✓ **Bankruptcies:** 0

✓ **Liens:** 0

✓ **Judgments Filed:** 0

✓ **Collections:** 0

This location does not yet have an estimated Days Beyond Terms (DBT), or a Payment Trend Indicator. This is often the result of too few Payment Tradelines.

Credit Ranking Score: 59



The objective of the Credit Ranking Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Number of current commercial accounts.
- Pctage of total nbr of commercial accts continually updated.
- Number of commercial inquiries in last 6 months.
- Number of recently active commercial accounts.

Recommended Action: Low-Medium Risk

Insufficient information to produce
Monthly Payment Trends
 chart.



* Percentage of on-time payments by quarter.

Insufficient information to produce
Monthly Payment Trends
 table.

Quarterly Payment Trends - Recent Activity

Date	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	> 90 DBT
06/09	\$100	100%	0%	0%	0%	0%
09/09	\$100	100%	0%	0%	0%	0%
12/09	\$100	100%	0%	0%	0%	0%
03/10	\$0	0%	0%	0%	0%	0%
06/10	\$100	100%	0%	0%	0%	0%

Insufficient information to produce
Continuous Payment Trends
 chart.

Number of Accounts: 1
 Present Balance: \$0
 Highest Balance: \$100

Insufficient information to produce
Newly Reported Payment Trends
 chart.

Number of Accounts: 0
 Present Balance: \$0
 Highest Balance: \$0

Insufficient information to produce
Combined Payment Trends
 chart.

Number of Accounts: 1
 Present Balance: \$0
 Highest Balance: \$100

Trade Payment Information

Trade Payment Experiences

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	> 90 DBT	Comments
Telecom	08/10		Net 30	<\$100							

('+' is Pays Faster, '-' is Pays Slower, '=' is Pays The Same -- relative to others in the same industry)

Additional Payment Experiences

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	> 90 DBT	Comments
Air Trans	10/08			\$1,400	\$200	100%					Cust 2 Yr
Air Trans	07/09		Net 30								Cust 3 Yr
Cred Card	08/10	07/10	Revolve	\$23,500	\$300	100%					
Cred Card	08/10		Revolve								Acctclosed

('+' is Pays Faster, '-' is Pays Slower, '=' is Pays The Same -- relative to others in the same industry)

Inquiries

Summary of Inquiries

Supplier Category	08/10	07/10	06/10	05/10	04/10	03/10	02/10	01/10	12/09
Bureau	0	0	0	0	0	0	0	0	1
Insurance	0	0	1	0	0	0	0	0	0
Totals	0	0	1	0	0	0	0	0	1

UCC Filings

Date: 05/02/2008
 Filing Number: 2008 1535986
 Jurisdiction: Sec Of State Delawar
 Secured Party: DELL FINANCIAL SERVICES L.L.C. TX AUSTIN 78753 12234 N. IH-3
 Collateral: Equipment, Hereafter Acquired Property, Other Assets (undefined)
 Activity: Filed

Date: 10/11/2006
 Filing Number: 6350652 4
 Jurisdiction: Sec Of State Delawar
 Secured Party: M&I MARSHALL & ILSLEY BANK WI MILWAUKEE 53202 770 N. WATER S
 Collateral: Equipment, Furnishings and Fixtures, Inventory, Hereafter Acquired Property, Other Assets (undefined)
 Activity: Filed

*** The information herein is furnished in confidence for your exclusive use for legitimate business purposes and shall not be reproduced. Neither Experian nor its sources or distributors warrant such information nor shall they be liable for your use or reliance upon it.**

© 2010 Experian Information Solutions Inc.

(c) Experian Information Solutions, Inc. 2010. All rights reserved. Experian and the marks used herein are service marks or registered trademarks of Experian Information Solutions, Inc. Other product and company names mentioned herein may be the trademarks of their respective owners.



Whois | Domain Search | Domain Suggestions | For Sale | Sales History | Auction Search | Domain Monitor | Domain Directory
Ping | Traceroute | My IP Address | Domain Parking | Cheap Domain Name Registration | Bulk Check | Domain Typo Generator | more>
Power Tools: Reverse IP | Domain History | Mark Alert | Name Server Spy | Hosting History | Reverse Whois | Registrant Alert

teramedica.com on 2007-07-24 - Domain History

Enter a domain name to get its history

Domain Name:

[Next >](#)

Domain: [teramedica.com](#) - [Domain History](#)

Cache Date: 2007-07-24

Registrar: REGISTER.COM, INC.

Server: whois.register.com

Created: 2001-11-16

Updated: 2006-11-13

Expires: 2011-11-16

Reverse Whois: Click on an email address we found in this whois record to see which other domains the registrant is associated with:
oconnor.tim@teramedica.net domain-registrar@register.com

Registrant:

TeraMedica Inc.
TeraMedica Inc TeraMedica Inc
200 First St. SW BA SA 102A
Rochester, MN 55905
US
Email: oconnor.tim@teramedica.net

Registrar Name...: REGISTER.COM, INC.

Registrar Whois...: whois.register.com

Registrar Homepage: www.register.com

Domain Name: teramedica.com

Created on.....: Fri, Nov 16, 2001

Expires on.....: Wed, Nov 16, 2011

Record last updated on..: Sat, Feb 25, 2006

Administrative Contact:

TeraMedica Inc.
TeraMedica Inc TeraMedica Inc
10400 Innovation Dr. Suite 200
Milwaukee, WI 53226
US
Phone: 414-908-7713
Email: oconnor.tim@teramedica.net

Technical Contact:

Register.Com
Domain Registrar
575 8th Avenue 11th Floor
New York, NY 10018
US
Phone: 1-902-7492701
Email: domain-registrar@register.com

DNS Servers:

ns1.tushaus.com
ns2.tushaus.com

© 2010 DomainTools, LLC All rights reserved.





Enter Web Address:

All

[Adv. Search](#) [Compare Archive Pages](#)

Searched for <http://www.teramedica.com>

97 Results

Note some duplicates are not shown. [See all.](#)

* denotes when site was updated.

Material typically becomes available here 6 months or more after collection, with some exceptions [See FAQ.](#)

Archived Results from Jan 01, 1996 - latest

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
0	0	0	0	0	1	9	23	18	10	12	18	3	0	0
pages	pages	pages	pages	pages	pages	pages	pages	pages	pages	pages	pages	pages	pages	pages
					Nov 28, 2001 *	Jan 18, 2002 * Mar 30, 2002 May 24, 2002 Jun 02, 2002 Jul 27, 2002 Sep 23, 2002 Sep 25, 2002 Nov 21, 2002 * Nov 30, 2002	Jan 23, 2003 Feb 07, 2003 Feb 12, 2003 Mar 27, 2003 Mar 28, 2003 Apr 20, 2003 Apr 21, 2003 Apr 26, 2003 Jun 03, 2003 * Jun 11, 2003 Jun 18, 2003 Jun 21, 2003 Jun 23, 2003 Jul 20, 2003 Jul 21, 2003 Aug 05, 2003 Sep 30, 2003 * Oct 14, 2003 Oct 20, 2003 Nov 23, 2003 Dec 16, 2003 Dec 20, 2003 Dec 21, 2003	Jan 01, 2004 Apr 07, 2004 * Apr 12, 2004 May 18, 2004 May 24, 2004 Jun 10, 2004 Jun 15, 2004 Jul 28, 2004 Aug 12, 2004 Aug 13, 2004 Sep 02, 2004 Sep 03, 2004 Sep 05, 2004 Sep 15, 2004 Sep 23, 2004 Sep 25, 2004 Nov 26, 2004 Dec 14, 2004 *	Feb 01, 2005 * Feb 04, 2005 Feb 09, 2005 Mar 08, 2005 * Apr 04, 2005 Apr 08, 2005 * Sep 06, 2005 * Sep 21, 2005 * Nov 10, 2005 * Dec 11, 2005 *	Jan 04, 2006 * Jan 11, 2006 Feb 03, 2006 Mar 08, 2006 * Apr 14, 2006 * Jun 12, 2006 * Jun 13, 2006 * Aug 04, 2006 * Aug 16, 2006 Aug 20, 2006 Oct 04, 2006 Nov 19, 2006 * Dec 05, 2006 *	Feb 07, 2007 * Feb 16, 2007 * Apr 03, 2007 * May 21, 2007 * Jun 26, 2007 * Aug 11, 2007 * Aug 21, 2007 * Sep 21, 2007 * Sep 23, 2007 * Sep 29, 2007 * Oct 01, 2007 * Oct 02, 2007 * Oct 04, 2007 * Oct 06, 2007 * Oct 07, 2007 * Oct 08, 2007 * Oct 09, 2007 * Oct 13, 2007 *	Jan 01, 2008 * Feb 15, 2008 * Mar 27, 2008 *		

[Home](#) | [Help](#)

[Internet Archive](#) | [Terms of Use](#) | [Privacy Policy](#)