

1st Available Ltd (1ST)

Building a customer portal in health

May 2016

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Contents

Product Overview	1
Key Points	1
Valuation.....	1
SWOT Analysis.....	2
Overview.....	3
Market Overview	3
Business Model	5
Product Sellers.....	6
Customers	7
Growth Strategy.....	7
Competitive Environment	8
Board and Management	10
Growth Potential	11
Capital Raising.....	12
Investment Case	12
Appendix A – Ratings Process	13
Appendix B – Managed Investments Coverage	14



Note: This report is based on information as at 13 May 2016

Investment Profile	
Share Price (\$) at 13 May 2016	\$0.054
Issued Capital:	
Ordinary Shares (M)	89.9
Options (M)	17.0
Performance Shares (M)	0
Fully Diluted (M)	106.8
Market Capitalisation \$M (Undiluted)	4.9
12 Month Low/High	\$0.05 - \$0.20

Board and Management	
Trevor Matthews :	Non Executive Chairman
Richard Arnold :	Non Executive Director
Garry Charny :	Non Executive Director
Klaus Bartosch :	Managing Director & CEO
Graham Mason :	Chief Financial Officer
Joel Reynolds :	Chief Technology Officer

Major Shareholders	
Mr John Charles Plummer	13.7%
RJM Luu Pty Ltd	9.1%
Miller Holdings (International)	4.1%
Outlook Drive Investments Pty Ltd	2.5%
Victor John Plummer	2.4%

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

OVERVIEW

1st Available Ltd (ASX: 1ST) was founded in 2009 with a vision to build an online health services community through a platform that simplifies appointment bookings and interactions between health services providers and patients. Its flagship product, the 1st Available website (www.1stavailable.com.au) was launched in April 2012 with apps for customers to make bookings with healthcare providers 24 hours a day, 7 days a week. As part of its IPO in June 2015, 1ST acquired GOBookings, Clinic Connect and DocAppointments, expanding its network of customers and providers in the healthcare market; and also entered the corporate and government market for online appointment bookings. The acquisitions have provided additional growth opportunities and increased its value proposition both as a Software as a Service (SaaS) provider as well as an aggregator of healthcare services through its consumer portal experience. With a management team experienced in growing online businesses, 1ST is well positioned to benefit from the increased customer connectivity that is expected between health services providers and their customers.

KEY POINTS

Growth potential – 1ST’s acquisitions have provided a springboard for growth and further penetration in its private practice and corporate and government bookings, and related services. It has further upside to build its value proposition as a consumer portal to drive traffic and usage of its growing range of products, with revenue potential of up to \$185m based on the company’s estimated market share over the next 5-7 years.

Capital Raising - On 4 May 2016 the company announced a capital raising of \$5.69m at \$0.055 per share, with \$3.0m already committed through underwriting and private placements. The raising is heavily dilutionary, almost doubling the number of ordinary shares to 175.9m but is necessary for 1ST to strengthen its balance sheet and support the company’s growth strategy.

Scalable revenue – 1ST’s software is able to be integrated with 29 Practice Management Software (PMS) systems and enterprise systems used in the healthcare providers market, providing broad connectivity across the health care sector. With its software system already in place, the addition of new accounts provides higher margins for 1ST, as it continues to build scale in operations and market share.

Strategic partnerships – With a strong platform and existing network, 1ST’s strategy is to drive growth through establishing strategic wholesale partnerships. This includes agreements with the Australian Traditional Medicine Society to list its 11,000 members, as well as Primary Health Care’s 200 network of dentists. Additional alliances will provide sizeable opportunities for 1ST to grow.

Corporate & government accounts – The adaptability of 1ST’s corporate platform provides an attractive incentive to reduce manual bookings by allowing external parties to make bookings for available time slots with corporate and government departments. Recent new accounts show the variety of uses of 1ST’s platform including flu vaccinations and other bookings at pharmacies, universities, local councils and insurance companies.

INVESTMENT CASE

Due to the startup nature of the company and its industry, we expect 1ST to remain loss making as it seeks to capture market share. In the short term we expect continued strong growth in revenue, however “breakthrough” growth is also expected to further boost revenue at some stage. 1ST is expected to use the funds from its capital raising to support the company as it pursues this growth potential and drive industry demand for its online solution. We consider 1ST to be suitable for investors who have a high risk profile who are willing to accept the risks of investing in a startup business in return for a high return potential if 1ST is able to achieve its goals. An investment in 1ST should be considered as Long Term in nature as the company positions itself to capture industry growth. Increased usage of 1ST’s booking platforms and growth in appointments is likely to provide support for the stock and recognition that the company is on track to achieve its full revenue potential.

SWOT ANALYSIS

STRENGTHS

- ◆ An experienced executive and specialised management team with a wealth of industry knowledge.
- ◆ A market leading position across all markets in which the company operates, consolidated through its 3 acquisitions. In the Corporate & Government markets in particular, the company now operates virtually on its own.
- ◆ A business model centred on providing a broader offering than its competitors in the market, growing monthly recurring revenue streams from customer subscriptions, a scalable technology platform supporting big data analytics, and no inventory.
- ◆ An efficient go-to-market strategy bolstered by key distribution partnerships, providing wide distribution channels through which to actively promote the company's offering to the market.

WEAKNESS

- ◆ 1ST is currently loss-making and is expected to remain loss making in the short term as it seeks to increase its active customer base in order to achieve scale and profitability in the long term.
- ◆ Funding requirements over the short to medium term will be dependent on the quantum of losses. This may force the company to seek additional capital in future continue in its operations.
- ◆ Dependency on third parties for system and content integrity. The company relies on telecommunications operators, data centres and other third parties to maintain its database and websites, as well as to market its solution to subscribers.

OPPORTUNITIES

- ◆ Potential to increase its booking service to drive traffic and usage as a customer portal experience.
- ◆ A growing addressable market. Australia's ageing population and growing incidence of chronic diseases is predictably growing the demand for healthcare and forcing the need for more efficient administrative systems on healthcare providers.
- ◆ Additional revenue streams to be birthed from the company's existing online booking services, including additional complimentary apps, new products, paid advertising directed at subscribers and patients, consulting services and big data analytics. The company captures all search and booking details (free of sensitive information) which enables thematic mapping and other insights into healthcare use by region, demographic or healthcare type.
- ◆ Potential to drive increased revenue from transactional services such as self service check ins and kiosks as well as patient clipboards.
- ◆ Capital raising of \$5.69m, is required for 1ST to strengthen its balance sheet and support growth opportunities.

THREATS

- ◆ A failure by the company to successfully execute their strategy will present a threat to the ongoing viability of the business.
- ◆ Potential competition from global e-Commerce companies (including existing PMS providers) with highly developed technology, greater capital resources and depth of expertise.
- ◆ New disruptive technology may emerge which may limit or remove the attractiveness of 1ST's value proposition.

OVERVIEW

1stAvailable was founded in 2009 as a cloud-based online search and appointment booking service for private healthcare providers. Its vision is to build Australia's leading online health services community through a platform that simplifies and facilitates interaction between all health services stakeholders. The service was launched in April 2012 with a user-friendly booking service for patients to book their healthcare appointments 24 hours a day, 7 days a week from any internet-connected device. This provides administration benefits to both patients and healthcare providers through an automated system. It is estimated that around 5% of private healthcare providers use an online booking system and 1stAvailable is well placed to capitalise on the significant growth potential of this market in future years.

The service has been modelled on the successful online booking agencies that have dominated the travel, accommodation and entertainment industries, and attempts to satisfy the desire for convenience that consumers will inevitably demand in respect of their healthcare. The increased use of this service within the healthcare and corporate and government industries provides significant opportunities for 1ST to grow its market leading position. 1ST's software is compatible with existing practice management systems, enabling smooth adoption, and the potential for large-scale adoption by the private healthcare market.

1stAvailable's initial target market was General Practitioners (GPs) and dentists but this has since grown to incorporate specialist and allied healthcare services such as physiotherapists, chiropractors, psychologists, optometrists, naturopaths and veterinarians ensuring the service delivers true utility and convenience to consumers. In June 2015 the company raised \$5.3m through an Initial Public Offering (IPO) and listed on the ASX and simultaneously acquired GOBookings, Clinic Connect and DocAppointments. GOBookings is a complementary business operating in the corporate and government healthcare markets, expanding 1stAvailable's customer base into government agencies, hospitals, pharmacies, radiology groups as well as providing booking appointments in the corporate sector. DocAppointments is an online booking service provider operating exclusively in the GP market with over 600 active participating GPs. Clinic Connect was the first-ever player in the private healthcare online booking market with approximately 700 active practitioner members across the GP, psychology, optometry and veterinarian markets.

As a result of the acquisitions, 1stAvailable currently enjoys a market leading position with 7,927 appointment books using online appointment booking platforms, 783 customers installed in over 3,600 sites and around 100,000 appointments being made through its services on average per month. The Sydney, Brisbane and Gold Coast regions represent 1stAvailable's strongest market presence to date, with presence growing in Victoria, South Australia and Western Australia.

1stAvailable has established a number of key strategic partnerships with distribution partners such as Whitecoat, Coreplus, Stat Health, the Australian Association of Practice Managers and the Australian Traditional Medicine Society. These arrangements are focused on actively marketing 1stAvailable's product to the vast client-bases and memberships of the partners in order to help 1stAvailable establish a sustainable, long term market leading position.

Following the IPO and acquisitions, 1stAvailable is investing in sales and marketing as it seeks to grow its customer base in the healthcare market, focussing on pharmacies and state and federal government agencies; as well as the non-healthcare market, in particular the finance and insurance industry as well as university bookings. The potential growth opportunities for 1ST provides it with a strategic opportunity to be a leading customer portal for bookings in the healthcare and corporate and government sectors.

MARKET OVERVIEW

The Australian healthcare sector is large and growing. It generated 9.7% of GDP in 2013-14 and, according to the ABS, will reach between 16-20% by 2045. Private healthcare in particular has grown substantially over recent years. 1ST and its acquisitions Clinic Connect and DocAppointments operate in the private healthcare online booking market. Demand in this market is naturally driven by demand for private healthcare services.

According to independent market expert, Frost & Sullivan:

- ◆ The total number of Medicare services provided grew from 278.7m in 2008 to 343.6m in 2013, at a compound annual growth rate (CAGR) of 4.3%.

- ◆ There were 323,000 private healthcare providers operating through 140,000 private healthcare practises in 2014. These figures are forecast to reach 396,000 and 169,000 respectively in 2018.
- ◆ It is estimated that 47 million appointments are made each month, or an average of 7 appointments per day per provider.
- ◆ The size of the total addressable market for online booking services for private healthcare practises is estimated at \$256m in 2014 (assuming all providers used online booking services and paid 1stAvailable's current subscription fee rates) and forecast to grow to \$312m in 2018. 1ST estimate the market will grow to \$883m by 2021-2023 represented by around \$140m in subscription revenue, \$407m in transaction fees and \$336m in advertising fees.

The growth in private healthcare services is driven by demand and supply side factors. Fuelling the demand side is Australia's ageing population and growing incidence of chronic diseases. The ABS estimates that the proportion of population aged 65 years and over will increase from 13% in 2007 to 24% in 2056. This will drive demand for healthcare services, in particular GP consultations and Medicare services which have already achieved substantial growth in recent years. Added to this is the growing incidence of chronic diseases in Australia such as obesity, asthma and heart disease.

Fuelling the supply side is the Commonwealth Government's investment in the primary healthcare sector to accommodate the growing demand for healthcare services. The National Healthcare Reform aims to shift the burden of healthcare services from hospitals to primary healthcare clinics in order to tackle the increasing burden of chronic diseases, accommodate the ageing population and reduce over-crowding of hospitals by providing clinically appropriate care in the primary healthcare setting. Other supply side factors include the growing use of Medicare bulk billing which stimulates demand by patients, and growing membership of private health insurance which subsidises access to primary healthcare services not covered by Medicare.

While online booking services are well developed in travel, accommodation and entertainment, the private healthcare industry is significantly less developed. Out of a total of 323,000 providers, IIR estimates that about 13,300, or 5%, of private healthcare providers offer online appointment booking facilities (based on the number of providers signed with the main competitors. Additionally, IIR estimates that currently online bookings represent about 10% of all bookings made by these providers with online functionality. The bulk of online booking system adoption has taken place over the last 18-24 months.

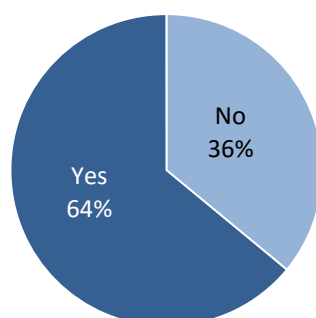
Consumer demand for online booking services will be stimulated by:

- ◆ **Increased Internet Usage** - The ABS estimates that 86% of Australians used the internet in 2013-14, up from 69% in 2006-7. The increase in usage of the 65 years and over segment rose from 23% to 50% in the same period. The adoption of faster internet speeds is providing a better online experience, with almost 80% of households enjoying broadband connection and less than 5% having an advertised download speed of less than 1.5mp.
- ◆ **Prevalence of Smartphones and Apps** - Frost & Sullivan estimate that 87% of adults aged 15-64 now use a smartphone. The average number of Apps installed per smartphone grew from 25 in 2011 to 33 in 2013, according to Google, Our Mobile Planet.
- ◆ **Growth of Online Advertising** - Service providers are increasingly using online and mobile channels to market their services, with 30% of advertising expenditure in Australia now being online, according to Frost & Sullivan. Online booking systems offer healthcare practices an online platform from which to market their services to patients. This is particularly beneficial to smaller private healthcare providers with limited access to marketing resources.
- ◆ **Demand for Convenience** - Consumers are becoming increasingly accustomed to the speed and ease of online appointment booking in industries such as travel, accommodation and entertainment, and will expect similar convenience in their healthcare. The ability to bypass making multiple telephone calls and to identify available practitioners with empty appointment slots at any time of day, including outside working hours, will be sought after.

The growing demand for private healthcare services will necessitate efficient online administrative systems to help staff manage the increasing patient traffic in practices. Administration staff typically spend a significant portion of their time scheduling appointments but with online bookings that time can be more productively spent supporting doctors and patients. The online exposure is likely to generate additional new patients for the practice and help fill empty appointment slots.

Frost & Sullivan's 2015 survey of 31 healthcare practitioners revealed that 81% believed that changes to current appointment scheduling processes are needed, and 64% stated that they are likely to adopt an online booking system.

Intention to Adopt an Online Booking System.



BUSINESS MODEL

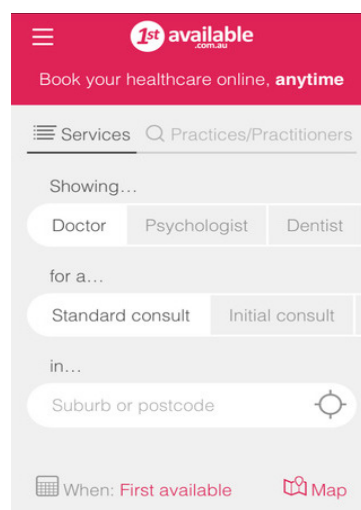
1ST operates both a portal based website as well as a SaaS (Software as a Service) model, which provides it flexibility to extend its customer base.

The portal business, 1stAvailable.com.au operates to bring together data from a wide network of diverse healthcare professionals allowing users to view the information in a common format. This allows users to easily search and make bookings with healthcare providers in an efficient matter by opening up the provider's appointment books. Consumers are able to make bookings at any time of the day and can see all available times, providing flexibility of bookings and access related healthcare services online. In addition a degree of autonomy is provided as patients do not need to hassle staff for available timeslots and can make bookings on the portal or mobile apps at their convenience.

The portal model has been successful for websites such as carsales.com.au and realestate.com.au which allow sellers to connect with buyers in a common platform; and seek.com.au which connects employers with job seekers. These websites have been successful in aggregating information from a fragmented industry, and presenting it in an easy, user friendly location. The 1ST model brings this functionality and online booking to the healthcare industry.

The Software as a Service (SaaS) business, GOBookings.com.au, provides a cloud based appointment and booking system for corporate and government clients. The software provides an interface to allow external parties to access booking timetables within a business and make appointments direct into the clients calendars. The flexibility and adaptability of GOBookings' SaaS product allows it to integrate easily with client systems and the ability to provide additional software services to clients in a cloud environment provides a strong product for 1ST in the market. Cloud services have been successfully provided by companies such as salesforce, a customer relationship management business and xero, a cloud based accounting business; and the GOBookings offering seeks to apply this technology to make bookings easier.

Screenshot from 1ST Available's booking application



PRODUCT SELLERS

Private practice bookings

1ST's relationship with the consumer and healthcare provider starts with the appointment booked online, as such, 1ST's core revenue is a flat monthly subscription fee per appointment book that is charged to a participating private healthcare practice. The subscription fees are based on the type of practice, the number of practitioners, whether the practitioner is working full-time or part-time and whether any introductory offers or discounts apply. The average fee is currently around \$30-\$75 per month. The Company uses a similar pricing model for its corporate and government clients, charging flat monthly fees per appointment book but varying the fee according to the specific business requirements those customers. The monthly fee per appointment book in this market ranges from \$20 to above \$100.

In addition, 1ST charges one off setup and installation fees, customisation and development fees, SMS fees for customer notifications and fees for additional appointment books required by clients, such as during flu season. An app for Self Check-in and a Patent Clipboard App is also provided as an add on at \$38 per app per month.

The online booking system increases private practice staff productivity by reducing time spent maintaining inefficient manual booking systems and waiting lists, and by reducing the reception desk telephone workload as well as providing a valuable source of new patient acquisition. Healthcare providers can also publish their last minute cancellations online and have those sudden vacancies refilled at short notice. It is a measurable method to market the practice to both existing and new patients, as well as an inexpensive patient acquisition tool with a measurable return on investment. The core booking program is capable of being integrated with a wide range of existing practice management systems used by healthcare providers.

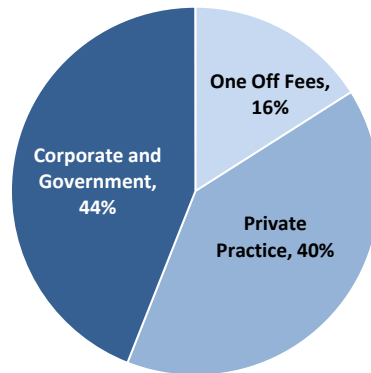
Patients can identify available participating practitioners with empty appointment slots, free of charge. The patient's search is customisable to meet their preferences of healthcare type or geographical region. Patients can access and add to their 'Favourites' list of healthcare providers or practices, facilitating long-term relationships between providers and patients. The service is accessible 24 hours a day, 7 days a week, and bypasses the often tedious tasks of making telephone calls to healthcare providers during working hours and having to wait on hold.

Corporate & Government bookings

1ST also offers online booking services to corporate and government entities, though on a separate platform operated by GOBookings, which it acquired as part of the IPO in June 2015. The GOBookings service is similar to the private practice service in that it is cloud based with a proprietary booking program that is accessible through internet connected devices. The service is used, for example, by companies to enable their employees to book free flu vaccinations, and by government agencies to provide breast screening services.

The platform has been adopted for complex corporate and government business rules and is flexible to allow adaptation for specific client requirements. The GObokings system has been refined since its birth in 2000, using feedback from both corporate and government subscribers and from consumer users, and provides backup capacity with fast response times in the event of failure of the primary server.

Product Revenue Breakdown - FY16 Forecast



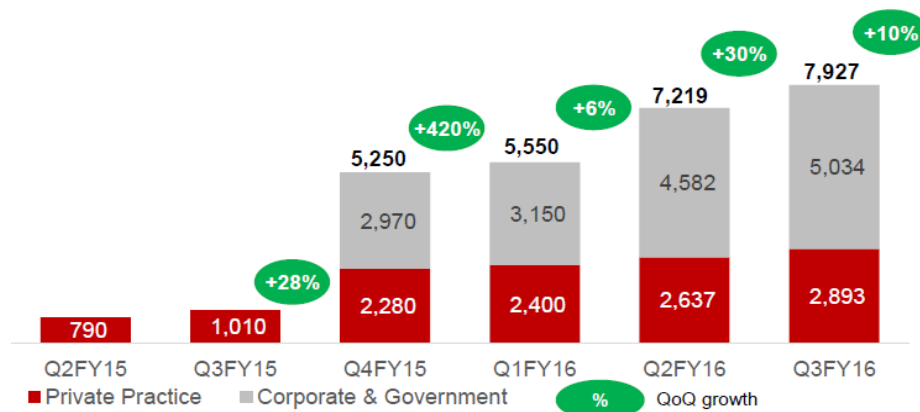
CUSTOMERS

From an end user perspective, the use of 1ST's booking system is free and provides increased flexibility to pick available timeslots, without the need to phone and negotiate bookings with an operator. With around 100,000 appointments being made each month online, 1ST has significant potential to migrate the current 47m appointment booked over the phone each month to being booked online, and drive increased usage and customer retention, thereby enhancing its value proposition to providers at the same time. As usage increases, this has the potential to increase provider signups which will again drive usage, thereby creating a cycle of growth for 1ST to build its customer portal experience.

From a provider's perspective, 1ST's value offering is unique. Subscribers enjoy, for a predictable and stable monthly fee, an automated appointment booking system that liberates staff from the inefficiencies of traditional manual processes. Simultaneously, patients are attracted to a convenient, user-friendly, free and customisable online search and booking service.

Since completing its three major acquisitions and listing on the ASX in June 2015, 1ST has substantially grown its customer base by over 20%. This can be attributed to the Company's enterprise sales team in both Private Practice and Corporate & Government, the success of advertising and marketing initiatives and including the formation of key partnerships, the software's capacity for integration with existing practice management systems, and the success of advertising and marketing initiatives including the formation of key distribution partnerships.

Total Number of Appointment Books - Quarterly



Source: 1st Available

The Company has identified channel partners as the most efficient method of acquiring new customers in the Private Practice segment. The Company partners itself with practice management software vendors (such as Coreplus), consultants, industry associations and other third parties to actively expand its distribution channels, achieve scale efficiencies and promote its solution to the market. In February 2016 1st announced it has signed an exclusive 3-year distribution partnership with Australian Traditional Medicine Society (ATMS) Australia's largest national professional association for natural medicine practitioners. As part of the deal, ATMS will:

- ◆ Promote the adoption of 1ST's service to its 11,000+ members across 27 different modalities.
- ◆ Expand 1ST's online Directory by listing all ATMS practitioners through the 1ST website and mobile App, adding a significant quantity of providers.
- ◆ Allow for online bookings to take place via the ATMS member site, utilising 1st's technology.

In the non-healthcare market, 1ST employs its own direct sales team who actively campaign and contact corporate and government customers for use of its service.

GROWTH STRATEGY

1ST's growth strategy is largely focussed on:

- ◆ **Healthcare Partnerships & Associations** – 1ST will be looking to grow its private practice segment through building strategic partnerships and links to industry associations. For example, the ATMS deal exposes 1ST's product to over 11,000 natural medicine practitioners.
- ◆ **Corporate & Government** - Aggressively driving corporate and government customer scale by expanding advertising and marketing efforts in those segments. The Direct Sales Team will be focusing on securing larger corporate and government contracts to assist the company in reaching profitability.
- ◆ **Continue expansion into non-healthcare** related markets including the finance and insurance industries, as well as university bookings, where there is currently very little competition.
- ◆ **Up-sell and cross-selling additional product offerings** - Current add-on products include Self Check in App, Self Checkin Kiosk, New Patient Form App and Custom Corporate Co- Branded Appointment Apps.
- ◆ **Develop additional revenue streams** including consulting services and big data analytics (thematic mapping and other insights into healthcare use by region, demographic or healthcare type) by utilizing the company's database records.
- ◆ **Customer Portal** - 1ST has identified its strategy to build its customer portal experience in much the same manner as seek, carsales and REA Group have established themselves as leading websites providing a customer centric services. The success of such a strategy would solidify 1ST's position in the healthcare and corporate and government bookings segment.

COMPETITIVE ENVIRONMENT

The healthcare online booking market consists of two sub-markets (private practice and non-private practice), each having different competitive forces at play.

Private Practice Market

The private practice market is split between companies that exclusively target GPs, and companies that target broader private practice (GPs as well as non-GPs). New market entrants typically target GPs exclusively, often due to the costs and complexities associated with supporting the broader market due to the multiple Practice Management systems (PMS. Excluding GPs, other health care providers represent 90% of the total private practice market. At March 2016, 1ST had 2,893 private practice appointment books, which represents

an estimated 15% to 21% of the all health practitioners which have an online booking capability. 1ST's main competitors in the private practice market are:

- ◆ Health Engine, established in 2006 and is the market leader in online health provider bookings. Although Health Engine has listings for over 70,000 practitioners, its online bookings capabilities are available for over 3,000 practices representing over 10,000 practitioners.
- ◆ Hot Docs, with an estimated 2,000 practitioners.
- ◆ Appointuit, with an estimated 2,000 practitioners.
- ◆ Other practices (eg OzDocsOnline) which account for around 1,800 practitioners.

It should be noted that some practitioners may have accounts with more than one online booking provider and thus, to a small extent, market shares may overlap across different booking providers.

There are also a number of practice management software vendors that have attempted to develop online appointment booking capabilities as part of their product effectively enabling bookings to be enabled on a practices own website through a booking widget, but these do not offer a central portal experience for patients across a number of services or consumer mobile apps.

1stAvailable enjoys a number of advantages over its current competitors, which we expect it will utilise to capture market growth:

- ◆ The ability to address the private, corporate and government healthcare markets, thereby providing the broadest offering of any competitor. 1ST has around 8,000 appointment books across the broader healthcare market which includes Pharmacies, Hospitals and Corporate and Government clients
- ◆ A product that can be integrated with a range of existing practice management systems in Australia for a wide range of health service types. There are approximately 130 practice management systems currently in use across the different health service types, 29 of which represent the majority of the market. 1stAvailable has now integrated its software with 29 of those 30 systems, making its software more readily adoptable than that of its competitors. 1stAvailable also offers a stand-alone appointment book to accommodate healthcare providers who do not use a practice management system.
- ◆ An integrated web, mobile and practice website solution with the ability to address complex business rules and appointment booking requirements for corporate and government clients.
- ◆ A subscription based pricing model (rather than transaction based) that is simple and predictable for the client, and that minimises the risk of monthly reconciliation friction and conflicts with customers due to 'no-shows'.
- ◆ A search and appointment booking system that presents information and choices in the patient's best interests. For example, healthcare practices may be displayed to the patient in order of geographical convenience or in order of personal favouritism as part of a 'Favourites' list. Some competing services, by contrast, will charge the healthcare practices and providers for this increased online exposure.
- ◆ A number of key strategic partnerships with companies and industry associations, aimed at expanding 1stAvailable's customer base ahead of its competitors. 1stAvailable expects to acquire at least 10,000 providers on its platform during its campaigns.

Non-Private Practice Market

The non-private practice market includes veterinaries, pharmacy chains, hospitals, radiology groups and government agencies. 1stAvailable achieved the leading position in this market through its acquisitions of GOBookings and Clinic Connect. 1stAvailable now operates virtually on its own in this market.

Corporate & Government

GOBookings is an Australian market leading provider for corporate and government bookings with a large share of the corporate market. Established in 2000, GOBookings has built its strong market position through long term relationships which places it in a stronger position

to its competitors. The market is fragmented and many of the competitors are relatively new, compared to GOBookings. Some of the main competitors include:

- ◆ Clikklik.com.au – Australian provider established in 2012, prices \$19 - \$89 per month.
- ◆ Appointmentsonline.com.au – with prices from \$19.95 - \$59.95 per month
- ◆ Virtual Industries – a NZ company focused on providing bookings for schools
- ◆ Bookingbug.com – US based provider, prices for SME at US\$19.95 - \$69.95 per month.
- ◆ Bookitlive.net – Australian provider, established 2008, prices from \$29.95 - \$79.95 per month

The growth in the corporate and government sector is expected to continue, and GOBookings' established history and breadth of clients appears to place it in a strong position over its competitors, many of which appear to target the smaller SME market with a low price point.

BOARD AND MANAGEMENT

1ST has a strong management team led by Klaus Bartosch as CEO and Co-Founder. Senior executives bring with them a variety of IT and sales based experiences and skills which are ideally suited to 1ST's growth strategy. Key Board members and Senior Executives include:

Trevor Matthews (Non-Executive Chairman): Trevor is an experienced company Director and CEO with extensive global financial services experience. Trevor currently sits on the board of AMP Limited and CoverMore Group Limited. In the past he has served as CEO of companies such as Aviva, Friends Provident (UK), Standard Life Assurance (UK) and Manulife Financial (Japan).

Richard Arnold (Non-Executive Director): Richard was the former CEO and Vice-President of strategy and corporate development at CrowdFlower Inc, a leading enterprise crowd sourcing company, based in San Francisco, California. Richard was also the Chief Operating Officer and CFO of Phoenix Technologies Ltd, the world's leading provider of core system software to the computer industry.

Garry Charny (Non-Executive Director): Garry is the Managing Director and Principal of Wolseley Corporate & Media, a Sydney-based advisory house. Garry was previously the joint Managing Director of Accord Capital, a Sydney-based venture capital group, and has over 10 years' experience as a barrister at the Sydney Bar with a specialty in corporate, mergers and acquisitions and media.

Klaus Bartosch (Managing Director and CEO): Klaus is an experienced company executive, bringing extensive expertise in the development and operation of large consumer focused online search and appointment booking engines, websites and aggregators. Klaus was a founding executive of cloud-based services company CloudTech Group and its subsidiary Virtual Ark, and formerly Sales and Marketing Director for the then publically listed Hostworks, an online systems manager for many leading online brands including Ticketek and SBS. Klaus plays an instrumental role in the development of company strategy and formation of the Board and executive team.

Graham Mason (CFO): Graham is an experienced Chief Financial Officer of global online, technology and professional services companies. Graham served as Senior Finance Director of HotelClub (part of Orbitz Worldwide), a global accommodation online booking service company, and of RP Data, a leading property information, analytics and services provider in Australia and New Zealand. Graham was previously the Head of Corporate Finance at Bravura Solutions, a leading global supplier of wealth management applications and professional services.

Joel Reynolds (Chief Technology Officer): Joel is an experienced senior management officer of publicly-listed, private and not-for-profit organisations in Australia and England. Joel has worked in the online technology industry for over 15 years. Most recently, Joel headed IT strategy and technical program management at Australian Volunteers International, Australia's leading international volunteering organisation. Joel was previously the Production Services Manager at Seek, where he was part of the senior management team that saw Seek become one the world's largest online employment marketplaces.

Through the acquisition of GOBookings 1ST expanded its management capabilities with the retention of co founders Phillip Miller as Consulting Manager - Corporate & Government, and James Sully as Commercial Director. Since the IPO, 1ST has also added Con Constantinou as Director of Sales, bringing experience in the medical device industry, having recently worked in senior roles at Applied Medical Baxter Healthcare and Servier.

GROWTH POTENTIAL

The current market for online health bookings is still very much in its infancy with only an estimated 5% of all practices providing online booking capabilities. For practices with online booking facilities, the actual level of appointments booked online is estimated to be around 5-10%. As such, the industry has significant potential to grow through increased usage by practitioners as well as increased bookings made by patients.

1ST has provided estimates that it expects midpoint estimate of the Total Addressable market to reach \$883m in 5-7 years. This is based on the assumption that 60% of all practices will have an online booking capability and 50% of bookings at these practices will be made online. The industry will also open up additional Transactional Fees and Advertising Fees growth, in line with other industries which experienced such growth. Assuming 1ST maintains its 15% - 21% share in this expanded online bookings market, this would suggest a revenue potential of up to \$132 - \$185m for the company.

We recognise the potential for 1ST to achieve this level of revenue however expect it to be dependent on the speed at which patients migrate to online bookings. This is itself driven by the useability and flexibility of the platforms and their responsiveness to patient needs. We expect strong growth in the next few years, albeit from a low base. However we expect high exponential growth to likely occur over the medium term (3+ years) period as 1ST and its competitors reach critical mass and become more fully embedded as a viable option during the booking process.

Potential Market Size	Current		5-7 year potential	
	Practitioners	Estimated Total Bookings pa - millions	Estimated Market Potential - Practitioners	Estimated Market Potential - Bookings - millions
Health Providers	322,769	560.3	266,147	560.3
Est. Health Providers with Online Booking System	16,138	28.0	159,688	336.2
	5%	5%	60%	60%
Est. Appointments Booked Online		2.8		168.1
as % of Health Providers Total Bookings		10%		50%
Subscriptions Revenue				\$140.5
Transactions Revenue				\$406.6
Advertising Revenue				\$336.2
Total Revenue				\$883.3
1ST Market Share of Online				15% - 21%
1ST Available Potential Revenue (in 5-7 years)				\$132.5 - \$185.5

Source: IIR estimates based on 1ST Available estimates and assumptions company presentation 21 March 2016.

CAPITAL RAISING

On 4 May 2016 1ST announced a capital raising of \$5.69m through the issue of shares at \$0.055 per share.

- ◆ Existing shareholders (as at 9 May 2016) will be entitled to a one for one renounceable entitlement to purchase 89,858,029 shares at \$0.055 per fully paid ordinary share., raising up to \$4.94m;
- ◆ 1ST's largest shareholder Mr John Plummer has confirmed his intention to subscribe for 100% of his entitlement and has also confirmed his intention to underwrite up to an additional \$2.268,500 of the entitlement offer.
- ◆ A separate institutional private placement of 13,636,363 shares was also undertaken at \$0.055 per fully paid ordinary share, raising \$750,000.
- ◆ The entitlement offer is open from 12 May 2016 to 16 June 2016 with shares expected to be allotted on 20 June 2016 and quoted on the ASX on 21 June 2016.

The capital raising is being undertaken to strengthen the company's balance sheet and ultimately fund the company's growth strategy. The company had \$1.5m Cash at Bank at March 2016 and requires additional capital to support its growth initiatives. The capital raising is open to Australian and New Zealand shareholders only, and is estimated to increase the number of ordinary shares to a maximum 175.9m (from 89.9m currently).

INVESTMENT CASE

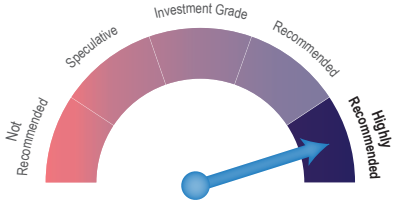
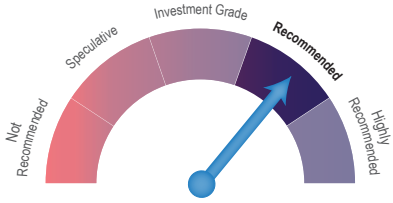
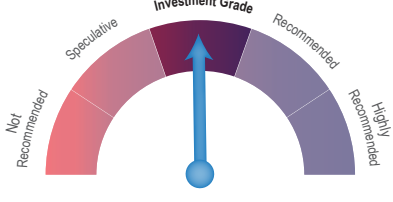
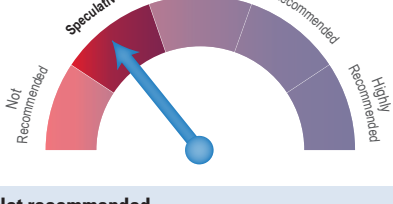
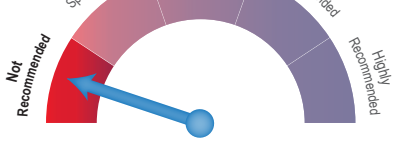
Due to the startup nature of the company and its industry, we expect 1ST to remain loss making as it seeks to capture market share. In the short term we expect continued strong growth in revenue, however "breakthrough" growth is also expected to further boost revenue at some stage. 1ST is expected to use the funds from its capital raising to support the company as it pursues this growth potential and drive industry demand for its online solution. We consider 1ST to be suitable for investors who have a high risk profile who are willing to accept the risks of investing in a startup business in return for a high return potential if 1ST is able to achieve its goals. An investment in 1ST should be considered as Long Term in nature as the company positions itself to capture industry growth.

The customer portal experience and online bookings for healthcare providers is still in a developing phase. Industry usage is still quite low with an estimated 5% of practices having online health booking capabilities. From these practices, only around 10% of appointments appear to be made online by patients and 1ST expects strong growth expectations over the next 5-7 years as the market grows to fill this need. The company expects the industry to reach \$883m in revenue during this period, suggesting 1ST has the potential to capture \$132m to \$185m in revenue based on its current market share. Continued evidence of the company moving to capture this revenue potential will likely provide a catalyst for the stock to be re-rated in future.

APPENDIX A – RATINGS PROCESS

INDEPENDENT INVESTMENT RESEARCH PTY LTD “IIR” RATING SYSTEM.

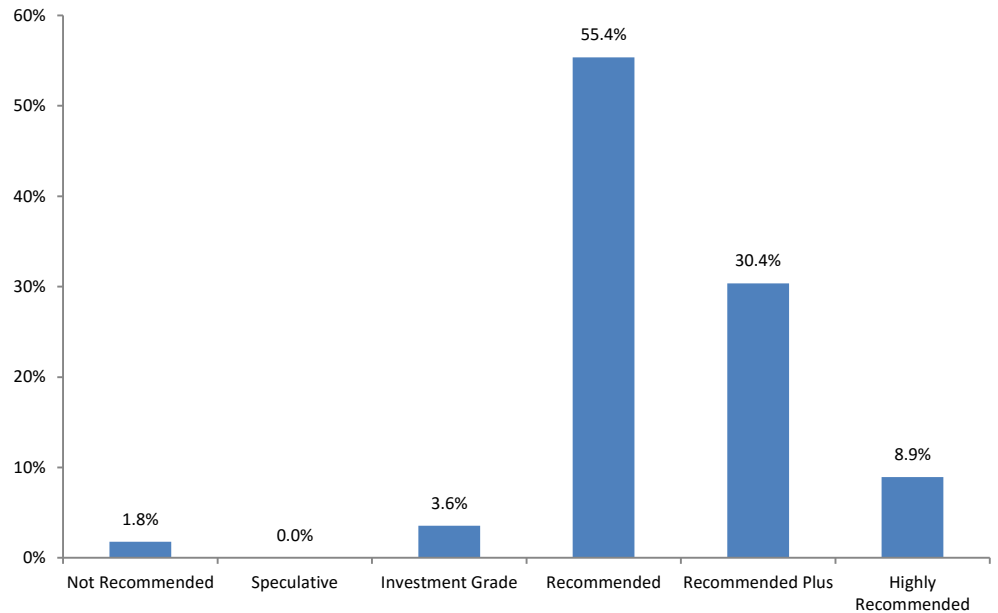
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

GRAPHS	SCORE
	<p>Highly Recommended</p> <p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
	<p>Recommended</p> <p>75-82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
	<p>Investment Grade</p> <p>60-74</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
	<p>Speculative</p> <p>40-59</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>
	<p>Not recommended</p> <p>39 and below</p> <p>This rating indicates that IIR believes that despite the product’s merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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