Cloud DX brings Star Trek technology to today

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One of the latest publicly listed digital healthcare companies began trading on the TSX Venture on April 15, 2021. Cloud DX Inc. (TSXV: CDX) is an award-winning disruptor in virtual care and digital medicine. As with many technology solutions, this pandemic has significantly advanced the adoption of virtual medicine. One New York Health System saw an incredible 4,345% increase in virtual visits between March 2 and April 14, 2020. The solutions being advanced by Cloud DX will make sure that individuals won't be required to visit their physician nearly as often. This is especially helpful for those with mobility issues, people in remote locations or if you are simply a germaphobe.

Despite only being publicly listed for a little over a month, Cloud DX has been around since 2014 via the acquisition of the assets of the medical device division of Biosign. Included in those assets were the Pulsewave device and a set of concepts from Biosign for a more advanced health technology platform, called "VITALITI". This became the basis for the Company's entry into the Qualcomm Tricorder XPRIZE, a competition to create a working "Medical Tricorder" inspired by the original Star Trek TV show. The objective was to continuously record all major vital signs, at gold-standard accuracy, for 72 hours, and diagnose up to 13 unrelated health conditions with complete autonomy. Although they didn't claim top spot, Cloud DX was one of three winners (out of 330 original teams), earning the first ever XPRIZE Bold Epic Innovator Award in April 2017.

Fast forward to today, and the company is focusing on remote

patient monitoring (RPM) with a connected health kit (telemedicine from an app), which includes the Pulsewave device. RPM enables early intervention by doctors, reduces hospital admissions, improves patient survivability and has the potential for huge cost savings for the health care system. The Pulsewave wrist cuff is a unique pulse acquisition device that records up to 4,000 data points from your radial artery pulse, then securely transmits the raw pulse signal to Cloud DX's Diagnostics servers, which display nearly instant results for heart rate, blood pressure, pulse variability and average breathing rate. I know, sounds like a blood pressure monitor that I can buy at Costco for $80 but it's a lot more sophisticated than that. When combined with the connected health kit you can share your results with a licensed clinician or your doctor in real time. Plus there are several other features as part of the app including their proprietary Total Anomaly Score, which measures potentially dangerous heart rate variability and can be used by Cardiologists to screen patients for more serious arrhythmias. I'm pretty sure you can't get that at Costco.

All pretty interesting stuff but as Jerry Maguire would say, "Show me the money". There are millions of interesting ideas out there but at InvestorIntel we try to bring you actionable ideas that have a value proposition. So what's the value proposition for Cloud DX? The estimated market value of the RPM market is forecasted to be $117 billion by 2025 with projected annual growth of 38% between 2020 and 2025. Cloud DX saw patients enrolled grow by 700% in 2020. In 2020 revenue from ongoing contracts increased by >150% over 2019 and the Company projects a >300% increase in 2021. A company that can innovate and differentiate itself from the competition has a pretty good runway to grow in this segment of virtual care. With that in mind, on Tuesday Cloud DX announced a new US patent for its upcoming Pulsewave 2.0 Vital Sign Monitor.

After the completion of the go public transaction, Cloud DX has approximately 72 million shares outstanding (84.7 million fully diluted), making for a market cap of $26.6 million based on yesterday’s closing price of $0.37/share. Insiders hold 32% of the stock and have agreed to restrict the sale of their shares for 1 year. As part of the go public transaction, the Company raised $6 million, which they will need to survive as they grow. As with most developing technology companies, it takes a while to get cash flow positive. The good news is that at least there is revenue already being generated. The cash burn rate for the first quarter was roughly $1.2 million so Cloud DX should have enough cash to drive the business forward for a few more quarters all the while building that revenue stream for shareholders.