

iHealthSpot, Inc.

CONFIDENTIAL BUSINESS PLAN

June 2009



iHealthSP+T
Advancing Online Medicine

**Get your website with iHealthSpot and
watch your practice grow.**

www.iHealthSpot.com

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CAUTIONARY STATEMENT

The discussions and information in this Business Plan may contain both historical and forward-looking statements. To the extent that the Business Plan contains forward-looking statements regarding the financial condition, operating results, business prospects, or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements. The differences may be caused by a variety of factors, including but not limited to adverse economic conditions, intense competition, including intensification of price competition and entry of new competition and products, adverse federal, state and local government regulation, inadequate capital, unexpected costs and operating deficits, increases in general and administrative costs, lower sales and revenues than forecast, loss of customers, termination of contracts, loss of supplies, price increases for supplies and components, inability to raise prices, failure to obtain new customers, litigation and administrative proceedings which may involve the Company, the possible acquisition of new businesses or assets that result in operating losses or that do not perform as anticipated, resulting in unanticipated losses, the possible fluctuation and volatility of the Company's operating results and financial condition, losses incurred in litigating and settling cases, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss or retirement of key executives, changes in interest rates, inflationary factors, and other specific risks that may be alluded to in this Business Plan or in the reports issued by the Company.

The Company's management has prepared the financial projections presented in this Business Plan. These projections were based on certain assumptions which may prove to be inaccurate, and which are subject to future conditions, which may be beyond the control of the Company, such as general industry conditions. As such, there is no assurance that the results illustrated in the financial projections, would in fact be realized by the Company. The Company has a limited operation history. The financial projections prepared by management of the Company have not been examined by independent certified public accountants. Accordingly, neither the independent certified public accountants nor counsel to the Company can provide any level of assurance to the financial projections.

Introduction

iHealthSpot Inc. is an industry disruptive web development, patient education content, and Internet marketing provider building website and technology solutions for the medical industry. iHealthSpot's services enable medical practices to market themselves with a full-featured website that includes cutting-edge tools for secure (HIPAA compliant) online patient communication, easy updating via our proprietary content management system EzNetPublish®, effective search engine marketing, and award-winning, interactive patient education content. Our subscription based model builds a high margin, strong recurring revenue stream by packaging the hosting of the website with the licensing of the patient education, secure tools and content management system, and search engine optimization services. By packaging our services we are able to differentiate ourselves from the competition and garner higher monthly fees than the "traditional" host. We provide good perceived value and an identifiable ROI and by maintaining contact with our clients, we enjoy a low attrition rate, approximately 3% of our client base.



iHealthSpot Inc., a Florida corporation formed in November 2004, is a wholly owned subsidiary of Action Online Technologies, a Nevada corporation formed in January 2005, owned by its principle officers, Nicholas Hall, Chief Executive Officer, Mary Hall, President and Chief Operating Officer and Eric Soto, Chief Information Officer. Action Online Technologies is parent to another subsidiary, Action Online, LLC, a Florida LLC formed in November 2003, a technology provider to the hospitality industry and other non-medical businesses.

iHealthSpot spent its first two years of operation building its patient education library and technology platform prior to a soft launch in January 2007. At present, the company provides hosting and licensing for over 300 clients in 28 specialties. The Company has been recognized with industry awards for its physician developed, Interactive patient education library of over 1500 written conditions, 300 illustrations and 75 videos, and for its e-business tools developed especially for physician practices.

iHealthSpot is seeking financing in order to fully exploit its opportunities and is presenting this business plan to outline its growth strategy. iHealthSpot will use the proceeds of the proposed financing to provide further development of the healthcare industry brand, continued development of proprietary technology and medical content, substantially increased sales and marketing, expanded organizational and technical infrastructure, and for general working capital. In addition, iHealthSpot may consider acquisition targets to further accelerate its growth.

Executive Management and Medical Board

iHealthSpot has a highly experienced Executive Management team, Mary Hall, Nicholas Hall and Eric Soto, who bring broad collective strengths and capabilities in the areas of Internet and New Media, technology, operational management, sales and marketing, financial management, medicine, and the operation of successful growth companies. A highly experienced and credentialed Medical Editorial Board has been assembled consisting of top specialists in several areas of medicine, led by Chief Medical Officer Steve Meadows, MD.

Mary Hall, Chief Executive Officer

Mary Hall has more than 20 years of operational, marketing, and general management expertise, with ten years specifically in the Internet new media sectors. Ms. Hall is the Founder and Chief Executive Officer of iHealthSpot, and is responsible for coordinating the activities, operations and the business development of the company, and for Marketing and PR. Ms. Hall has intimate knowledge of the healthcare industry and is dedicated to offering physicians an affordable way to market online and is passionate about creating operational efficiencies through the use of the Internet and technology.

Ms. Hall was the Vice President of Operations for Hollywood Media Cop., a publicly held entertainment and Internet New Media company whose focus was on online entertainment media. During her tenure with Hollywood Media Corp., Ms. Hall was responsible for the operation and development of the company's consumer product brands including three major web sites providing online ticketing services and entertainment editorial content and e-commerce. With a staff of 75 Ms. Hall managed graphic design, editorial, marketing, sales, production, technology, and customer service for the brands, and led the effort to transition the company from a brick and mortar retailer to a leading Internet and New Media Company.

Previously, Ms. Hall managed retail and merchandise operations within The Limited, Marriott Hotels and Tribune Company, was the division sales manager at Sirgany Century Miami Airport managing the operations of 23 gift shops, and was the Senior Buyer at Allders International, then the second largest duty free retailer in the world, for more than 50 outlets on board 22 cruise ships and four airports nationwide. Ms. Hall has served as a consultant for, and has addressed and advised Caribbean community trade organizations such as ECSEDA, the Eastern Caribbean States Export Development Agency, and Caricom on various subjects, including retailing in the US tourism sector and marketing to the retail industry.

Nicholas G. Hall, President

Nicholas G. Hall is the President of iHealthSpot. Mr. Hall has more than 30 years of experience in financial and operational management and is a proven leader in the field. Mr. Hall is responsible for directing and coordinating the strategic, financial, human resource, and administrative activities of the company. Mr. Hall also holds the position of Chief Executive Officer of Action Online Technologies, leading the strategic growth of the company overall.

Mr. Hall held the position of Chief Operating Officer of Hollywood Media Corp., a publicly held entertainment and Internet New Media company, where he was responsible for the strategic growth of the company, the operational management of its six divisions as well as finance, administration and implementation and oversight of Sarbanes-Oxley compliance.

Previously, Mr. Hall was the Chief Financial Officer of Hair Club for Men, the foremost hair replacement specialist with over 75 owned and franchised centers nationwide, where he successfully relocated the company from New York to Boca Raton, Florida, and by establishing financial stability, prepared the company for growth and positioned the company for successful acquisition. Prior to this, he was Chief Financial Officer and General Manager of the US Division of Allders International, then the second largest duty free retailer in the world, where he returned the division to profitability and successive annual growth.

Mr. Hall is a graduate of the London Institute of Chartered Secretaries and Administrators.

Eric A. Soto, Chief Information Officer

Eric A. Soto is the Chief Information Officer for iHealthSpot. Mr. Soto has more than 18 years of information technology experience. Mr. Soto has considerable experience as a project director and manager of process engineering, Internet application development, content management system development, Internet server architecture and operations and database design. Mr. Soto also has vast experience in requirements analysis and documentation, network architecture, hardware architecture, system migrations, and technical training. Mr. Soto also holds the position of Chief Information Officer of Action Online Technologies, Inc., and is responsible for managing all technology operations, system architecture, database development, and content management software.

Mr. Soto is the founder of Internet Systems Solutions, a firm that develops technical solutions in the manufacturing, distribution, wholesale and retail sales, Internet and hospitality industries. He managed the design, implementation, and programming teams that successfully completed specialized projects for Starwood Hotels and Resorts, Houston Zoo, and Jimenez Y Fernandez, a major producer of Puerto Rico's coffee.

Mr. Soto's past experience includes serving as the Chief Technology Officer at Hollywood Media Corp. There, he directed a staff of over 30 technology personnel in the design, implementation, operation, and maintenance of the company's websites and system infrastructure. Mr. Soto led the technology team that was instrumental in transitioning the company from a retailer to a full Internet and new media business.

He earned a Bachelor of Science in Systems and Information Science from Syracuse University in New York. Mr. Soto is fluent in Spanish, and successfully interacts with professionals of varying technical backgrounds.

Steve E. Meadows, MD, Chief Medical Officer

Steve E. Meadows, MD is Chief Medical Officer of iHealthSpot. Dr. Meadows is a Board-Certified Orthopedic Surgeon with Advanced Fellowship Training in Hand and Upper Extremity Surgery. Dr. Meadows is responsible for providing guidance for iHealthSpot's successful penetration of the medical market and for providing introductions and insight to the medical community at large. He oversees all medical content development, including written, animated, and video content for iHealthSpot's Patient Education Library and is responsible for leading the efforts that led to four consecutive "www Health Awards" for excellence, and winner of the 2009 STEVIE® Award in Consumer Information. In addition, Dr. Meadows oversees iHealthSpot's Physician Editorial Board.

Dr. Meadows received his undergraduate degree from the University of Pennsylvania and his Medical Degree from SUNY, Downstate College of Medicine. Dr. Meadows completed his Internship in General Surgery at the North Shore University Hospital of Cornell University and obtained his

Residency Training at the Hospital for Joint Diseases Orthopaedic Institute. He received his Fellowship Training in Hand and Upper Extremity Surgery at the Hand Center at Thomas Jefferson University in Philadelphia, renowned for its pioneering efforts in tendon surgery and techniques of hand rehabilitation.

Dr. Meadows is a Diplomate of the American Board of Orthopaedic Surgery. He is a Member of the American Academy of Orthopedic Surgeons and the American Society for Surgery of the Hand.

Dr. Meadows has been in private practice of orthopedic surgery for more than 15 years. He is a Managing Partner of South Palm Orthopedics, a large group practice recognized in South Florida as a foremost authority in advanced techniques for the diagnosis, treatment, and rehabilitation of a variety of orthopedic conditions. Dr. Meadows performs more than 400 surgeries per year, including elective and trauma hand surgery, arthroscopy, rotator cuff repair, and shoulder replacement. He is also one of only a handful of surgeons performing “reverse shoulder replacement” in South Florida. He is on the Surgical Committee and Credentials Committee at Delray Medical Center. Dr. Meadows has been a columnist for Tennis Week magazine and has published and presented on a variety of orthopedic topics.

Editorial Advisors

Ronald Glatzer, MD, MS is a board certified ophthalmologist, and is a Fellow of the American College of Surgeons and the American Academy of Ophthalmology. He is sub-specialty trained in Retina and Vitreous, and is a foremost authority in his field. Dr. Glatzer is an active member of a number of medical societies related to his field and has taught courses on vitreous surgery and ultrasonography. He has received numerous awards including a place in the “Best Doctors in America” for the last 4 years.

Ernie F. Soto, DDS is a reconstructive dentist who received his Doctor of Dental Surgery degree from Georgetown University’s School of Dentistry. He completed a general practice residency at Mt. Sinai Hospital in Miami Beach, Florida and has been practicing dentistry in South Florida since 1990. Dr. Soto’s expertise in his field is unmatched and diverse with Dr. Soto routinely performing oral surgical procedures, implant, cosmetic dentistry and orthodontics. Dr. Soto is one of a limited number of dentists licensed by the State of Florida to provide anesthesia. Dr. Soto is an active member of a number of dental societies and has been the recipient of industry awards including Align Technology Inc.’s Invisalign Innovator Award. Dr. Soto has written numerous articles for Senior Life magazine.

Dr. Jonathan Rosenberg is an Associate in Medicine at the University of Illinois Medical Center at Chicago. He has published scientific papers on various gastroenterological, internal medicine, and outcomes research related topics. He has won several awards for both speaking and scientific research at both the national and local level. Dr. Rosenberg graduated with honors from Washington University in St. Louis. He completed medical training, internship, and residency at the University of Illinois-Chicago and his fellowship at the University of Chicago Department of Gastroenterology and Nutrition, ranked of the nation’s top programs in the country by US News and World Report.

Christopher M. Nolte, MD, MS is an Editorial Advisor and Editor for iHealthSpot. Dr. Nolte is a Neurologist with expertise in Sleep Medicine. He is a Fellow of the American Academy of Neurology. Dr. Nolte’s research in neuroscience is published in numerous peer-reviewed journals. He is an invited national guest lecturer, has received multiple honors and awards for his educational and professional efforts. Dr. Nolte earned a Master of Science from Florida State University. He earned his Doctor of Medicine from Vanderbilt University. Dr. Nolte completed his Internship and Residency at the Mayo Graduate School of Medicine. Additionally, Dr. Nolte is a Fellow in the Division of Sleep Medicine at Vanderbilt University.

Editorial Advisors (continued)

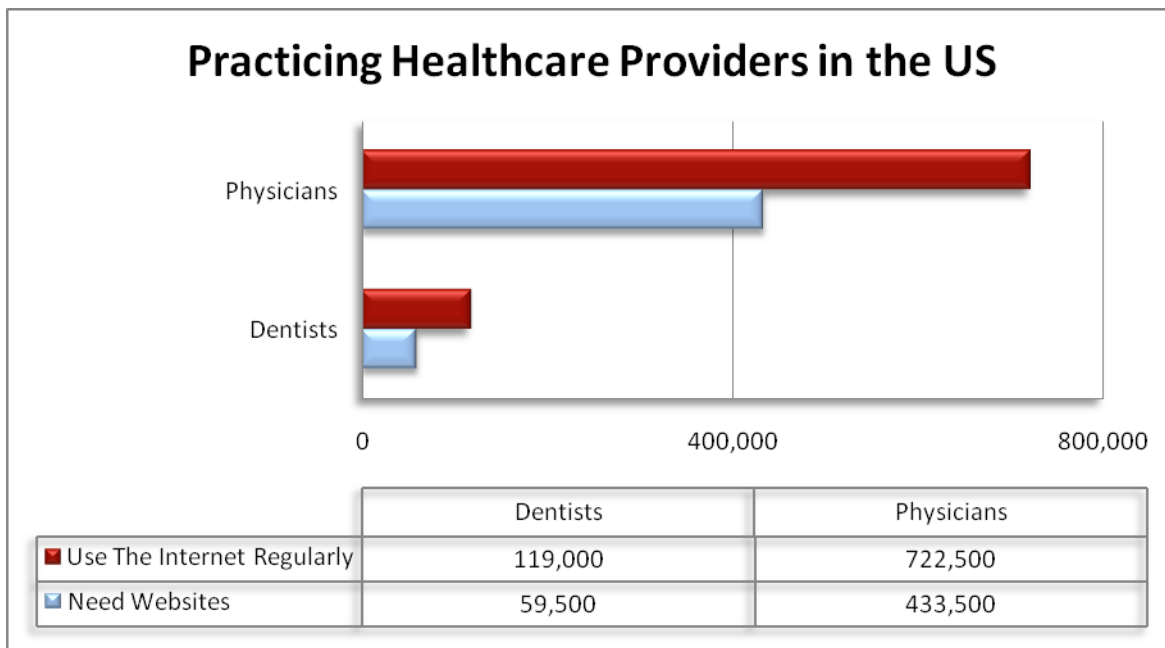
David Applebaum, MD, FACS is an Editorial Advisor and Editor at iHealthSpot. Dr. Applebaum is Board-Certified in Plastic and Reconstructive Surgery, as well as Hand Surgery and Microsurgery. Dr. Applebaum is distinguished as a Diplomate of the American Board of Plastic Surgery and a Fellow of the American College of Hand Surgeons. He has earned Certifications for Restylane, Botox, and Photomedex.

Jonathan M. Tarrash, MD, is an Editorial Advisor and Editor at iHealthSpot. Dr. Tarrash is Board-Certified in Physical Medicine Rehabilitation and Pain Management. Dr. Tarrash earned his Medical Degree from the Downstate College of Medicine in Brooklyn, NY. He completed his Residency at Einstein-Montefiore Hospital in Bronx, NY. Dr. Tarrash is a Member of the American Academy of Physical Medicine Rehabilitation, American Academy of Physical Medicine, and American Academy of Electrodiagnostic Medicine.

Industry Overview, Market Analysis & Target Market

The healthcare industry is a large growth industry, generating \$2.7 trillion annually across its insurance, medical service, diagnostic, medical supply, pharmaceutical, and technology sectors. This growth is expected to continue even in the face of tough economic times. Healthcare websites are already playing a vital role in patient care, education and communication and with the Internet now influencing patient choice, healthcare practitioners have begun to understand and accept that a good web presence is essential if they are to improve the management and marketability of their practices, attract new patients and remain competitive.

In 2008 there were over 850,000 practicing physicians in the U.S. and, of these, 75% were practicing a specialty. Of the 85% of physicians who use the Internet for work, 4 in 10 have a website (*American Medical Association, AMA*). In the dental field, there are nearly 170,000 practicing dentists in the U.S. (*American Dental Association*) and of these, 70% use the Internet in their offices and less than 5 in 10 have a website. Alternative forms of medicine such as chiropractics represent one of the fastest growing healthcare professions (*International Chiropractors Association*) with more than 30 million Americans using chiropractics as a regular part of their health program. There are currently about 60,000 doctors of chiropractic in active practice in the U.S., relying heavily on marketing to drive their business.



The Internet has become the medium of choice for communication and marketing in all areas of the economy, and this is no less evident in the healthcare industry where technology and adoption of medical management tools such as electronic medical records systems is the fastest growing sector.

Industry Overview, Market Analysis & Target Market (continued)

According to the web site <http://www.bhtinfo.com> as members of the medical community become less techno phobic, they will look for ways to utilize the Internet in their businesses. There are compelling statistics to support this assertion both from the physician and potential patient points of view:

- 71% of physicians are very open and 27% are somewhat open to adopting new technologies for their medical practice (*web site <http://www.bhtinfo.com>*)
- 85% of practicing physicians use the Internet for work (*datamonitor.com*)
- 65% of physicians with web sites put up their sites to provide patient education (*2007 AMA “Study on Physicians’ Use of the World Wide Web”*)
- 90% of Internet users would like to email their doctor’s office (*2007 Harris Interactive poll*)

From the patient perspective, Nielsen/Net Ratings current estimates are that more than 75% of US Households are connected to the Internet, with nearly half between the ages of 19-50. Of this percentage more than 50% have a broadband connection. Additionally, the aging population of baby boomers is web savvy, and as this group continues to age, the use of online technology will increase. With a high proportion of the healthcare industry’s ideal target market technically proficient, healthcare providers are presented with a compelling argument to have a web presence. Further evidence supporting this argument comes from the July 2008 study conducted by Harris Poll Interactive which said that 90% of adult Internet users (approximately 150 million Americans) have searched for at least one major health topic online, and that looking for a particular doctor topped the list of searches.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires medical practices to adopt smart solutions that maximize management of vital communications and medical information. Leveraging the right Information Technology and the use of the Internet can bridge the information gap and offer reliable solutions to the health care industry today for communicating with patients and documenting that communication. While there are many new and emerging technology offerings to support electronic medical record keeping and patient management systems, there are few companies offering a “front end” web solution which ties patient interaction such as new patient registration, health history forms, prescription refills, and secure messaging to these back end systems.

In this new era of practice marketing, physicians have a new understanding of the opportunity the Internet provides them and are eager to put this technology to work for their practice. With the mandates by HIPAA and the need to adopt smart technology solutions, the medical industry is poised to embrace the benefits of the Internet to streamline their businesses and the process of caring for patients.

Market Breakdown

While iHealthSpot's target market includes medical practitioners as a whole, there are specific groups of doctors that are targeted with more emphasis. Using statistics provided by the AMA on physician demographics, attention is focused on:

- Physicians between the ages of 34 and 55
- Physicians practicing a specialty
- Physicians who are Internet proficient
- Groups of two to ten physicians
- Physicians in an established, growing practice for a minimum of five years
- Physicians with an existing website that is underperforming

We have built websites and developed a medical content library for the following specialties:

Orthopedics, Physical Therapy, Pain Management, Internal Medicine, Urgent Care, Family Practice, Dentistry, Orthodontics, Gastroenterology, Cosmetic Surgery, Ophthalmology, Cardiology, Bariatrics, Weight Management, Optometry, Podiatry, Neurology, Neurosurgery, Psychiatry, General Surgery, Oncology, Obstetrics and Gynecology, Ear Nose and Throat, Dermatology, Allergy and Immunology, Sleep Medicine, Audiology, Pediatrics and Chiropractics.

Within our target market, the medical practitioner that fits the iHealthSpot model is technically capable and actively interested in using technology to grow and manage the practice.

These busy physicians desire to own a top quality web site with a strong service offering and recognize the value in working with a company offering a top quality product, with technology designed to integrate into the daily running of the practice operations. Our target practitioner also believes strongly in patient education and engaging patients to be actively involved in their own care.

Positioning Statement

iHealthSpot is positioning itself as the leader in the specialized market of medical web solutions and is building a reputation as a leading provider of Internet technology and marketing solutions as well as patient education content in this niche market. Our goal is to be recognized as the top Interactive Marketing partner for Medical Practices, providing long-term subscription based services with the best value for money, most robust offering with the most technically advanced yet customizable solution available in the market. In addition, as EMR and PMS providers focus solely on the technology interfaces of their products, we are poised to provide the correct marketing front-end for a practices back-end technology currently unavailable in the market today.

Our ability to differentiate our products and services from the competition plays a critical role in achieving success and we are positioning ourselves as the industry leader by capitalizing on the following key differences that truly set us apart from our competition:

- A unique turnkey marketing solution that is cost effective, providing excellent ROI for the practice with quantifiable results.
- Ongoing partnership with each client to provide and maintain a healthy, long-term Internet presence.
- Full featured content management system (CMS) that allows non-technical personnel in the doctors office to update and maintain site content.
- Award winning, accurate and patient friendly condition and treatment content that is physician developed and reviewed complete with graphics, animation and multimedia.
- HIPAA compliant mechanism for doctors and patients to communicate online securely and with guaranteed delivery of communication.
- A front end solution for patients that can integrate seamlessly with EMR and practice management systems.
- Websites that are search engine optimized and continued submissions that result in excellent local search results.



Current Service Offering

iHealthSpot has identified a significant opportunity not yet fully exploited in the healthcare industry to provide medical practitioners with the ability to utilize the Internet to communicate with existing patients, market to potential patients and support their practices through innovative web site design and marketing. By combining a robust marketing vehicle with the technology to manage their practices more effectively, we are poised to become the leading provider of web based solutions in this niche market.

The main features of the iHealthSpot services are:

- Distinct custom or template based website design packages with customized content for each practice, to fit any practices budget and needs.
- Content management tool that allows non-technical personnel in the practice office to make changes and maintain the web site.
- Comprehensive physician developed, reviewed, and regularly updated patient education content related to the physician's specialty, complete with illustration and videos with 3D animation plugged directly into the website and taking on its appearance.
- A secure platform to communicate with patients, providing appointment requests, pre-registration, prescription refills, secure lab and test result reporting, physician referrals and bill payment online.
- Search Engine Optimization and submission, with included re-optimization and re-submission insuring that clients appear in local searches related to their specialty and location.
- Subscription based model which bundles the hosting, patient education licensing, secure tools, content management and search engine marketing into an affordable package.
- Additional search engine and visibility services including paid placement (PPC), press release writing and distribution, newsletter and email blast distribution, set up and maintenance of social networking sites such as Facebook, Twitter and LinkedIn.
- A menu of Ala carte items for the website including flash animation, interactive photo galleries, blogs, message boards and RSS feeds.
- Ancillary services such as logo, brochure and newsletter development.



"Premier Plus" Example Website

Complete Online Marketing Solution

iHealthSpot's solution is a complete website, hosting, patient education and Internet marketing solution. The solution allows the physician to establish and market their own URL and offers a choice of stunning, customized medical design that provides patients with key information about each doctor in the practice, the services they provide and the conditions they treat. Each website contains information on office hours, insurance and maps and directions. Once live, each client enters into a Hosting and Medical Content License Agreement that includes the licenses for use of the extensive condition and treatment content library, complete with illustrations, diagrams, animations and multimedia content, secure tools and the CMS, together with ongoing search engine optimization. iHealthSpot has developed a number of additional features in modular form, such as ezPatientPay, blog, message board and photo gallery modules, that can be selected by the client and added to a website. Each module can be included in a website for a single set-up fee with additional monthly fees based on the feature sets licensed.

Our goal is to be the online marketing and Interactive technology support arm of the practice and a long-term partner with each client providing iHealthSpot with a steadily growing, high margin, recurring revenue base.

EzNetPublish® Content Management – CMS

By utilizing the latest in technology and design to create a compelling web solution, iHealthSpot provides physicians with the opportunity to market and showcase their expertise in an appealing, professional way with the ability to regularly update and maintain the website using non-programmer personnel through the use of our content management system, "ezNetPublish®". This CMS is built in ASP.NET using an open source platform, DNN. The platform allows non-programmers to easily edit pages, add pages, and add and replace images and documents. There is an intuitive WYSIWYG editor that looks similar to the editor interface in Microsoft Word™ and includes icons for bold, italics, fonts, font size, color and more. In addition, there is an "in place" editing interface that allows the novice user to log in and edit a page right in place just by clicking into the area of the page they want to change.

Example Website in "Edit Mode"

EzNetPublish® Content Management – CMS (continued)

In addition to the standard features in this platform, iHealthSpot has built several custom modules providing more cutting edge tools for clients to enhance their patient's experience including:

- Video player interface that provides video display and playlists
- Flash photo gallery interface that provides descriptions and slide shows in a customized interface that takes on the look and feel of the website
- Blog module that allows for self-publishing of interesting information to the practice's clients
- Message board module that facilitates live interaction between a practice and their patients in a public forum.
- ezPatientPay®, a secure online bill payment module with billing to credit cards. ezPatientPay® allows secure online payments to be made using Authorize.net, Pay Junction or Pay Pal as the payment gateway and provides for instant approval and fund delivery in 24 hours
- Secure files module that allows for user registration tied to an area where secure lab or test results can be made available to a particular registered user. This module can be used by patients to log-in and see test or lab results the doctor's office wishes to expose to them. It can also be used by referring physicians to log into a secure area to see a patient's test results or read by another doctor
- Patient education module to allow a practice to educate their patients. This interface to the medical library database enables content to be shown by specialty, customized for a site or displayed alphabetically, by body part or using a "clickable body" interface. The interface also has a filter and search function, and allows for display of the article, the illustration and the video player intuitively for the user.
- Search friendly allows a user to search for any content within the website with results displaying in the same way as a search engine.

Secure Online Communications

The iHealthSpot product offers services to patients designed to streamline the administration of the practice, such as secure patient registration and health history forms, prescription refill requests online, appointment requests online, physician referrals online, lab and test result reporting and online patient bill pay. Our ultimate goal is to provide a platform that can integrate seamlessly into any practices electronic medical records (EMR) system. iHealthSpot's cutting edge technology and Interactive features have been recognized with two eHealthcare Leadership Awards for "best ebusiness site". The eHealthcare Leadership Awards program was developed and is presented by eHealthcare Strategy & Trends, a leading Internet resource published by Health Care Communications, Rye, NY.

iHealthSpot uses an innovative "form builder" service to deliver and manage all of its secure online forms. This service is the only one of its kind that allows the building of secure forms by a non-programmer in very little time. All of our secure forms reside in this system and each client has a secure log-in for their account where all form results are stored. Email notifications are sent to the client whenever a new form is submitted. It tells the client the type of form, the date and time and gives them the ability to click on an icon within the email to see results, once authenticated with the user name and password. Clients can also log into their Forms account and view a summary of result entries or see individual entries. From within this summary they can also download the result entries to their own database or spreadsheet. They can also see a statistical overview of the result entries. Clients can store

and export results in several ways, using XML, save to Excel or other file types on their desk top. All results are completely secure and are delivered using HTTPS. The tool has other added features including a completely customizable form builder, advanced entry validations, calculation inserting and the ability to have file uploads and attachments for a particular form. There are auto responders, email notifications and even a function which allows a user to store their unfinished form and return later. Forms are built and displayed right within the client's website! The interface is designed so that anyone can build forms and manage forms without needing to know HTML or be a programmer.

Award Winning Interactive Patient Education

The patient education library provided by iHealthSpot is an integral part of our offering and revenue model. The July 2007 Pew Internet & American Life Project study, entitled *Internet Health Resources*, analyzed Internet and doctor-patient dynamics, and determined that the doctor-patient relationship can be enhanced by the physician encouraging patients to become more educated on the conditions they have and the treatment options available. One of the biggest complaints by medical professionals is the vast amount of inaccurate or anecdotal information on the Web. Patients conduct random Internet searches and yield incorrect information about a condition they have or receive anecdotal information from another patient regarding treatments available. Worse still, there is an abundance of information tied to advertising. In many cases it is advertising for unproven remedies to treat real illness. This results in physicians spending more time re-educating patients or dispelling information they have read online. Physicians overwhelmingly prefer to provide patients with important medical information themselves, and studies show that patients would indeed prefer to obtain their health information directly from their doctor than an unqualified source.

The screenshot displays the iHealthSpot patient education interface. On the left, a "Clickable Body" section features female and male figures with interactive buttons. Below the figures are lists of conditions to click for, including Blood, Body, Circulatory, General Conditions, Immune System, Musculoskeletal Conditions, and Skin. On the right, an article titled "Minimally Invasive Knee Replacement - Arthroplasty" is shown, including an introduction, text about knee replacement surgery, and anatomical diagrams of a knee joint with labels for the Femur, Tibia, and Arthritic changes. The article also includes a "Click for a more detailed view" button.

iHealthSpot's patient education library includes both written and graphical content to enhance the patient education experience. The content is embedded on each healthcare provider's website and takes on the look of each site.

Award Winning Interactive Patient Education (continued)

The iHealthSpot patient education content is developed entirely in-house using professional medical writers and a physician directed editorial board. All content development is overseen by CMO, Steve Meadows, MD, a board certified, fellowship trained orthopedic surgeon and reviewed by the editorial review and advisory board. Our content has been honored with four prestigious “www Health awards” for excellence in online patient education. This program, from the Health Information Resource Center, recognizes the best health information Websites for consumers and professionals. In addition iHealthSpot was a winner at the 2009 STEVIE® Awards, The American Business Awards, with its “Interactive Orthopedic Patient Education Library” in the multi media category of Consumer Information. These prestigious awards recognize the best in American businesses.

To date we have developed over 1500 written conditions across 28 medical specialties. There are currently about 200 illustrations in orthopedics, GI, cardiology, dermatology and dentistry and 75 videos that include 3D animation of anatomical structures depicting conditions, treatments and surgical procedures in orthopedics, physical therapy and pain management. The videos utilize the most accurate 3D model of the human anatomy available today and include professional voice over narration, written slides and video. We plan to continue to develop and own the most complete and comprehensive database of patient education materials available in the marketplace, complete with animations, illustrations and multimedia. Each physician’s web site houses this content within the web site’s look and feel (by specialty) as part of the monthly licensing and hosting fees. More than 90% of clients with a website built by iHealthSpot license the library for their specialty, the content displayed by body part, alphabetically or using the Interactive “clickable body” interface that filters the conditions by body part. Users “search” for conditions using a free text search on the site.

In addition to the robust condition and treatment content, we provide a feature called “From the Dr’s Desk”, written articles by specialty, reviewed by physicians on our Medical Editorial Board. These articles showcase topical items by specialty, news bulletins and new procedures and treatments for conditions within each specialty together with interesting facts and tips on health related issues. Articles are rotated to the doctor’s web sites every six weeks, keeping their sites updated and fresh.

Marketing Services

The iHealthSpot subscription based solution provides increased practice exposure through an online presence and marketing. As added convenience and huge value to the physicians, we include search engine optimization, local optimization and submission services and monthly reporting as part of the monthly subscription fees and then offer a menu of additional services for PPC (Pay Per Click) advertising, Social Media advertising through development of Facebook and Twitter applications and more advanced organic search marketing services.



We also provide clients with logo development, brochures, PR services, business cards, calendars, newsletter development and other marketing collateral for their practices.

Revenue Generation/Operations

New clients are generated from leads resulting from modest marketing efforts and closed by a small sales department and through key partnerships with preeminent healthcare marketing and supply companies whose suite of products and services compliment our own. Additionally, we offer a referral program which provides our current clients an incentive of a free month of maintenance and licensing for each new client they send us.

Revenue is currently derived from website build fees, determined by the website package and module additions selected by clients, and recurring, subscription based monthly fees generated from the Hosting and Medical Content License Agreement entered into by clients upon completion of the website and required in order for iHealthSpot to host the website and for the client to have use of the patient education library, secure tools and the content management system. The Hosting and Medical Content License Agreement automatically renews each year and fees are determined by the features and package selected. We offer a number of service levels but place emphasis on those that bundle services, in addition to hosting, into a single monthly fee, i.e. SEO, use of the technology and secure tools and patient education licensing, allowing us to garner higher monthly fees from each client. Nearly all clients hosting a website with us take these robust packages as they offer excellent value and ROI, which in turn has resulted in low client attrition of approximately 3%. Indeed, a number of those that cancelled were the result of clients ceasing to practice.

After a site is delivered, clients are trained in the use of all tools and provided customer support via phone and email. They are provided with user guides for the tools and have access to our customer support portal. Clients receive monthly traffic reports automatically and are given access to the reports online.

For clients who already have a website we are now able to offer the patient education library as a stand-alone service. In conjunction with the client's website provider, we create an additional page in the client's existing website and feed the content to that page. The client pays a one-time fee to set up the page followed by the recurring monthly license fee.

iHealthSpot is located in Margate, Florida and currently employs 25 full time and independent contractor personnel. We control our costs by pulling from a pool of talented IC's allowing us to match resource to production and meet production timelines. The current infrastructure includes a Director of Administrative Operations, reporting to the President and responsible for HR, benefits, contract administration, and a Director of Web Operations, reporting to the CEO and responsible for the daily operations overseeing design, production, technology, and customer support. The support staff includes an in-house sales and customer service representative, a production coordinator, SEO specialist, Customer support and training specialist, copywriter, and three designers. In addition there is a senior programmer/developer, two HTML/web developers, and a network and domain administrator reporting to the CIO. A multi-media developer reports to the CMO, responsible for the development of animations for the patient education content.

Marketing and Sales

Marketing Strategy

iHealthSpot's marketing strategy integrates several different elements that create a company image reflective of the innovative approach to the product and which embodies the core offering. We have positioned the brand as one that reflects our alignment with the professional practitioner and we have sent a clear and concise message that we are the leader in web site, technology, patient education and Interactive marketing products for the medical industry. Our message conveys competence and knowledge in all areas of web site development, Internet marketing, patient education, design, support and service.

In order to establish iHealthSpot as the leader in Interactive web site and marketing solutions for the medical professional and achieve maximum sales, we are building several layers of marketing including brand development, PR and product positioning. We have created and established the brand by developing a commanding logo and supporting materials including brochures, flyers, and one-sheet product descriptions and have developed an extremely effective website, www.iHealthSpot.com. Our website features information on our products and services, a portfolio of our best work, easy contact forms on all pages, a one minute "instant website evaluation", detailed information on our patient education with the articles available and videos and illustrations and detailed information on the company, the management and the editorial board.

We have employed several different marketing strategies in order to achieve success but our marketing dollars have been limited. Our marketing consists of online advertising (pay per click), email campaigns, direct mail, trade show attendance, direct sales, referral programs, and strategic partnerships and alliances.

Brand Development

Establishing the iHealthSpot brand was a critical part of developing our marketing strategy. A brand and image that is professional, easy to remember, easy to recognize and imparts the total Internet solution for healthcare practitioners is key to being a recognized leader in the market.

We have designed the iHealthSpot logo and tag line which calls attention to the fact that iHealthSpot is a technology and Internet company focused on the medical industry. With the established identity, we have created an image and identity package and marketing materials for the company. The image package includes our business cards and stationary together with marketing and collateral material to be used in all types of advertising. This advertising includes brochures, mailers, postcards, trade show displays, and an information rich website where physicians and practice managers can request information on our services and see examples of our work and see and read client testimonials.



PR and Product Positioning

As part of our overall marketing we have relied on PR to gain recognition in the industry. During the last two years we launched several effective media campaigns that included press releases on product launches, strategic partnerships and industry awards. We have been included in feature stories by leading business and medical publications as “sought after experts” on Internet and technology adoption by physician practices and the healthcare industry at large. These include Physicians Practice magazine, South Florida Business Journal and the Nashville Business Journal. We have been invited to speak at functions by two leading healthcare associations on “Internet Marketing for the Healthcare Professional”, the MGMA (Medical Group managers Association) and AAOE (American Academy of Orthopedic Executives). By placing management into these strategic media opportunities we are able to convey the message on the importance of Internet marketing and using technology to streamline a practice and educate patients while we reinforce our brand.

Advertising

With a limited budget available, we have focused advertising efforts on tested avenues that provide the best ROI. These include online advertising (PPC – Pay Per Click), email marketing, trade show attendance and a robust website. The market penetration includes practitioners at large through our PPC efforts as well as more targeted campaigns aimed at specific specialties.

The marketing of the product itself focuses on the completeness of the offering and all of the value-added features for one low price. Most campaigns focus on hosting, use of the technology tools, search engine marketing and patient education for one monthly fee after the site is developed.

The company’s website, www.iHealthSpot.com, is a cutting edge, robust website with intuitive navigation and features designed to fully educate the prospective client on our products and services. The website includes specific sections for web development, search engine marketing, patient education and website hosting. Products are described in detail as well as explanation of the benefits of an iHealthSpot website. The site includes client testimonials, a promotional marketing video and a video testimonial from a practice administrator. There is a full portfolio of websites developed by iHealthspot in several specialties, the entire library of patient education including the interfaces that display the content, information on our management and editorial board. Visitors to the website who have an existing website can take a “one minute web evaluation” by filling out an Interactive questionnaire whereupon their site is given a grade, followed up by a more detailed evaluation. This has proven a very effective tool in closing sales. Additionally, a visitor can take advantage of contact forms on the site and quick contact forms on every page.

We utilize various special offers and incentives from time to time. Some of these offers include 60 days free hosting with specific packages, special time sensitive discounts on the price of the website build, and multiple site discounts. We also offer savings for referrals and offer “show specials” to physicians purchasing a website during a trade show or seminar.

Sales Strategy

We have focused our efforts on strategic partnerships that provide sales with low acquisition cost. The primary source for sales is through formal strategic alliances with national companies that already have widespread distribution or coverage within the target market. In addition, we employ a small internal sales force comprised of one full time sales and customer service representative and two commission based, independent sales contractors, one based in Florida, the other in California.

Strategic Partnerships

Practice Builders

Practice Builders is a leading healthcare practice marketing firm for physician practices, a 25 year old firm that provides marketing services to doctors nationwide across all specialties. We are currently the exclusive provider of web solutions to Practice Builders, providing website development, hosting, licensing of patient education, and search engine marketing for their clients. This relationship has proven very good for us as it has allowed us to grow our client base with at a low cost of acquisition. We have a Master Services Agreement with Practice Builders and under this arrangement we bill Practice Builders directly for the website build and enter into a separate Hosting and Content Licensing Agreement individually and directly with each client for hosting, maintenance and patient education licensing. Practice Builders earns a commission on the revenue generated from the hosting and license fees billed to these clients.

As Practice Builders offers more traditional marketing services to clients, an acquisition of this business could be a potential strategy for accelerating our growth. Practice Builders has a well organized sales and marketing team and as a brand is very well established in the market. A joining of the two businesses could prove a formidable force in this niche market.

Other Partnerships

iHealthSpot sees tremendous value in key partnerships with companies that already offer compatible products and services. Some of these partnerships currently include:

- Beautiful Forever Aesthetic Business Consulting
- Competitive Edge Healthcare Marketing
- Tree Frog Interactive
- mPossibilities
- Lavasite Productions

Competitive Analysis

The competition that exists in this market can be broken down into four main categories:

- Brochure sites
- Custom web sites
- Turnkey solutions with secure interaction
- Medical content providers who build websites

Brochure sites are sites offered and hosted by a medical association as part of their main web site. These sites provide basic information about a physician or practice. For example, the American Academy of Orthopedic Surgeons provides such a service to its member physicians. The web address, "<http://www.orthodoc.aaos.org/doctorname>", is an association address and not a domain name that can be effectively marketed and branded by the physician. Furthermore, every hosted web page is the same. Web presence can be created with ease and at no cost but lacks any brand strength. iHealthSpot's product allows the physician the same ease of use, but enables the physician to own a distinctive, marketable web address, and provides a unique design, marketing services, communication tools and educational information for the patients, and an easy way to maintain and make changes to the site.

Pharmaceutical and medical supply companies have also been providing physicians with free "brochure" websites as incentive to retain a relationship with the physician. Most of these sites have no functionality and are poorly designed. However, due to a recent enforcement of "STARK" laws, these companies can no longer provide these sites legally at no charge and have started to charge the physicians hosting fees. As a result, many physicians are seeking to use an experienced web provider if they now have to pay.

Custom web sites are offered by a large number of development companies throughout the country, with a few focusing on medical web site design. One such company, Einstein Medical, has positioned itself as a high end product, focused primarily in the "fee for service" based practices such as dentistry and cosmetic surgery. While they offer a reasonably appealing website, their designs tend to be heavily flash-based resulting in poor search engine placement as flash is invisible to search engines. In addition, they do not offer any type of CMS, secure interaction tools or patient education. The focus is on highly graphical experiences, including development of custom videos for physicians. While Einstein has presented a small level of competition for us, they are extremely expensive and do not offer nearly the value for money iHealthSpot does. We believe iHealthSpot is better positioned in today's economy as we offer an affordable ongoing service in all specialties rather than focusing in any one area. By doing so, iHealthSpot has avoided economic challenges faced by others who concentrate heavily in what were until recently the more "lucrative" fee for service specialties such as dentistry or cosmetic surgery.

Researching turnkey solutions, we found few companies competitive to iHealthSpot. Officite.com offers physicians web site and marketing services. The sites include relevant information about the practice, the ability to request an appointment, and medical content. Up until recently physicians could not make changes to content themselves. Officite offers limited template choices per specialty, so while a site has custom content, many sites look exactly the same. Their medical content is created in house by a team of copywriters but is not physician reviewed and does not include multimedia. The company offers marketing programs such as search engine optimization and PPC (Pay Per Click) and has recently moved heavily in this direction. Officite has built approximately 3000 web sites but focused in Podiatry and Dentistry. Research suggests that they have grown aggressively over the last 5 years and center their marketing on trade show attendance, heavy PPC and advertising in publications. While Officite offers a good product, we believe the market is extremely large and their focus is narrow.

Competitive Analysis (continued)

A competitor providing a more robust solution is Med Fusion. Med Fusion has been in business since 1997 and started primarily as a website development company. Over the years they have developed technology for “secure patient interaction” and they offer a “patient portal” solution that allows patients to register securely, fill out paperwork, request prescriptions, see their doctor virtually and pay online. The system is available behind password authentication and requires every patient to register to use it. Med Fusion offers this portal along with its website development and hosting services but in the last two years has shifted focus heavily to the sale of the secure portal. They market heavily to primary care and family physicians, while our focus spreads across many different specialties. As they have penetrated the market, they have been able to actively engage and partner with EMR systems to provide portal services and partner with large associations. The development of new applications within the portal, allow for higher monthly fees and have established the company as a leader in their space. At present they are servicing more than 5,000 practices and over 10,000 providers. They also provide some patient education from third parties through referral. We believe Med Fusion’s success validates the subscription based service model in the medical practice market and with a huge untapped market available, we feel there are substantial opportunities for iHealthSpot to succeed. We would consider Med Fusion as a possible partner or merger opportunity.

Swarm Interactive is a competitive medical content provider that also offers accompanying website services. Swarm develops and licenses patient education content for physician websites. The content consists of 2D animations with voice over narration and with some accompanying text slides. They have developed content in orthopedics, pain management, neurology, neurosurgery, cosmetic surgery, gastroenterology and ophthalmology. Swarm’s “View Medica” content is inferior to the iHealthSpot patient education content library. There is no written content, no illustrations and the interface does not take on the appearance of the client’s website. As a result, the client does not gain search engine optimization benefit from this library, whereas because iHealthSpot provides hundreds of pages of relevant content, an iHealthSpot website will rank very well on searches. The material is also poorly narrated using a very robotic voice and very technical terms. The content is not as affordable as the iHealthSpot library and does not cover the number of specialties that iHealthSpot does, although they have animated content in a larger number of specialties. Swarm’s websites are very basic templates with no interactivity and no search marketing.

Competitive Analysis (continued)

	iHealthSpot	Einstein Medical	MedFusion	Officite	Swarm Interactive
<u>Products & Services:</u>					
Turnkey	✓		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Custom Web site	✓	<input type="checkbox"/>	<input type="checkbox"/>		
Hosting	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CMS Tool (allows for user updates)	✓		<input type="checkbox"/>	<input type="checkbox"/>	
SEO/Visibility Services	✓	<input type="checkbox"/>		<input type="checkbox"/>	
Social Media Marketing	✓				
Affordable	✓			<input type="checkbox"/>	
Physician Developed Medical Content	✓				<input type="checkbox"/>
Marketing Services	✓	<input type="checkbox"/>		<input type="checkbox"/>	
Secure Messaging	✓		<input type="checkbox"/>		
Secure Forms Online	✓		<input type="checkbox"/>		
Minimal Doctor Involvement	✓			<input type="checkbox"/>	
Ongoing Support	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email	✓	<input type="checkbox"/>		<input type="checkbox"/>	
Online Payment	✓		<input type="checkbox"/>		

In summary, each of the competitors in our field offer a suite of services designed to enable the physician to market online and build a new web presence or build on an existing one. However, none offer the complete and comprehensive solution offered by iHealthSpot. Brochure sites offer physicians a generic, simple to use, basic site but with limited marketability. Custom web sites can offer anything the physician wants, but time and costs involved are a deterrent to physicians and do not always yield a satisfactory ROI. Competitive turnkey solutions have limited design choices and their medical content does not include multimedia and is not physician developed and the focus is narrow.

iHealthSpot is gaining competitive advantage by offering the physician a subscription based web site solution that can be launched relatively quickly and includes a custom design, all the relevant information about their practice, secure interaction with patients, included search engine marketing and superior medical content. In addition we offer a CMS tool that allows regular updates to the site by non-programmer staff in the doctor's office, and a unique web address that is owned by the doctor and can be properly marketed.

Technology

Office Systems

In order to control operating costs and provide a superior customer experience, internal processes for iHealthSpot rely heavily on the use of technology. The iHealthSpot.com web site launched a “customer support” portal to help answer client’s questions without needing to call. Customer Relationship Management (CRM) is achieved using Microsoft SharePoint which has been very effective for maintaining client information, contracts, lead tracking, project and resource tracking and billing. In addition we use live chat technology to facilitate online chats with clients and manage and track customer service tickets.

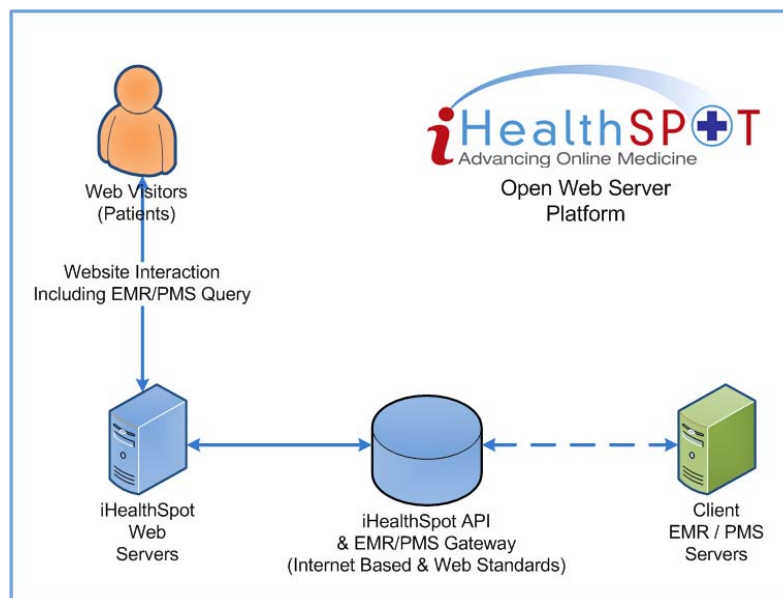
Customer Hosting and Content Management

In order to provide its clients with interruption free hosting service, iHealthSpot maintains servers at Peer 1, a major Internet Service Provider (ISP) in Miami, Florida. Peer 1 provides multiple fault tolerant connections to the Internet as well as physical security and disaster recovery services. Peer 1 is national, widely recognized and is able to operate the data center in Miami for one week without any outside world contact, other than live Internet connections.

Specifically, our dedicated servers sit behind a firewall and are backed up nightly to ensure maximum security and swift recovery in the event of interruption. Because of the high capacity of the ISPs network and the size of our servers, we anticipate being able to host 2,500 web sites on each node.

An appropriate disaster recovery plan is in effect allowing recovery within 72 hours in the event that a major disaster was to have any impact on us.

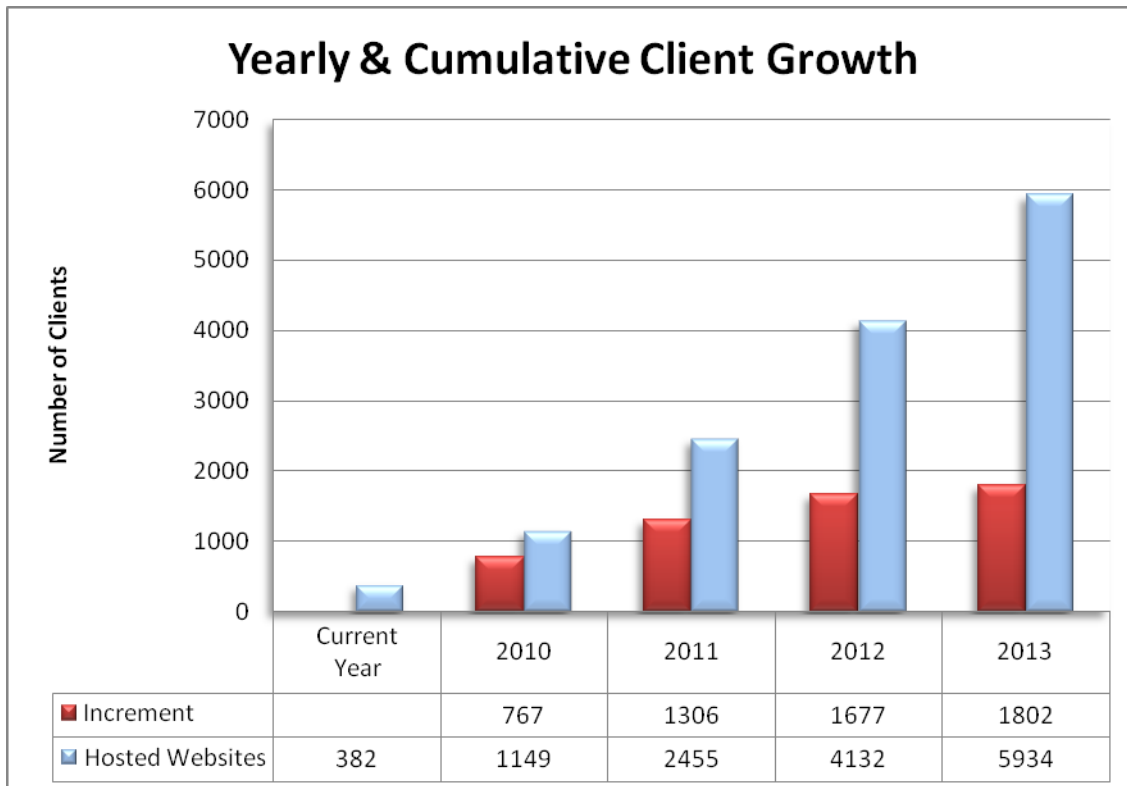
Our technology platform has been designed to facilitate direct communication and integration with EMR platforms. Configuration for use with an EMR system can be customized based on an EMR’s specifications, with all communication web based. Technology resource would be assigned to continue to provide deeper integration as new versions of these platforms are launched.



Future Growth

iHealthSpot currently hosts over 300 active clients, with 50 websites currently in development. Our growth has been organic with revenues steadily increasing, and all funding coming directly from the partners. To date the investment has been approximately \$0.5 million. Our goal is to raise capital to accelerate the growth of the business and exploit all of its opportunities through:

- Expanded marketing and advertising
- Completion of multimedia development for patient education
- Expanded online visibility services
- Increased focus on direct sales for patient education licensing
- Business development
- Additional marketing and PR services
- New technology products
- Increased management and support staff



Expanded Marketing and Advertising

With the brand established, the goal is to increase advertising and sales efforts, allowing iHealthspot to become the industry leader in the Interactive space specific to the medical industry through the following multiple strategies working together in tandem:

Online advertising:

The advertising and sales strategy includes a substantial increase in our PPC (Pay Per Click) advertising. Our spend has been a moderate \$1,000 per month. However, since January this has yielded an average of three website sales closed per month resulting in revenues of approximately \$9,000 in website build and \$600 in hosting set-up and annual hosting and licensing fees of over \$4,000. The search terms we purchase related to our target market are the more popular and expensive terms. We believe that by increasing our monthly spend to extend our exposure and broaden our reach we will greatly increase our lead generation resulting in a similar increase in sales closed.

Organic search marketing also plays a vital role in exposure for us. Our newly redesigned website has already started to garner good organic search results, positioning us on page one of Google for many key words and phrases related to our niche. By focusing more heavily on iHealthSpot's organic search results, we can expand our keyword reach and achieve improved positioning overall.

iHealthSpot advertises in four online "buyers guides" for larger medical associations. These guides provide members with details on vendor products and services and are searchable by service type. These are cost effective yearly listings and we intend to increase the number of publications we list in.

iHealthSpot has a database of existing client emails as well as emails generated through other lead sources. We have also purchased about 1000 physician emails. We plan to purchase larger databases of opt-in email lists from reputable sources and increase the regularity of email blasts and distribution.

Blogs, Webcasts, Podcasts:

Our online marketing strategy includes the creation and distribution of a blog. This blog will be updated regularly, offering insights and advice on Internet marketing for healthcare professionals. These blogs will be available on our website and distributed through blogging engines and posted on social networks.

Webcasts and Podcasts will be created in the same vein as the blogs, offering advice on Internet marketing for healthcare professionals. These webcasts and podcasts will focus on sub-topics within Internet marketing; as examples, "Building an Effective Website for your Practice" and "Search Engine Marketing for your Practice". We will invite prospective clients to these cast events through email blasts, PPC advertising, and directly from our website. Clients will be required to sign up in order for us to capture the lead information. At the beginning of each cast, we will introduce the company and the product briefly and at the end, provide a special offer only available to those on the cast. The webcasts and podcasts will be recorded and made available from our website after they are completed, once the client has given us demographic information.

Trade Conferences:

iHealthspot has attended three medical conferences, two specific to physicians and one specific to practice managers and administrators. The conferences generate great brand recognition, create credibility and increase awareness of our offering on a larger scale. The conferences are highly targeted and allow us to close sales and generate large lead lists to pursue post conference. It is our intention to attend these conferences and trade shows regularly and to focus on specialties where website penetration is on the rise. These include orthopedics, bariatric surgery, dentistry, dermatology and ophthalmology.

Marketing Collateral and Distribution:

iHealthSpot has developed marketing materials including a logo, brochures, business cards, mailers, trade-show displays, marketing videos, small print ads and one-sheet flyers targeted to conferences. We have also developed one-sheet flyers on the patient education offering. Our goal is to increase the collateral to develop new print ads, full packets of information on the entire offering as well as specific packets for patient education, and will continue to update our brochure and create new mailers.

We will distribute collateral through regular full-page ads in a select few healthcare periodicals. One of these is Physicians Practice, with distribution to 235,000 practicing US physicians per edition. Other distribution will include postcard mailings before and after tradeshow attendance, followed by mailings of packets and brochures to practices providing them more detailed information on our offering, and mailing of patient education packets to institutions for licensing patient education.

Workshops and day-long seminars:

The Internet and online marketing is a hot topic for physicians today. We have seen this through attendance at workshops on “Internet marketing for the Healthcare professional” that we have developed and taught at trade conferences and as invited speakers at association events. In these cases, attendance has been extremely high and participants actively engaged.

In order to capitalize fully on this, we will develop day long marketing workshops in local markets and invite physicians and their staff to participate. With a modest fee to attend, the goal will be to attract approximately 250 participants per session. At the close of the workshops special “participant only” discounts will be offered as our services are presented, to encourage participants to purchase at the seminar.

Completion of Multimedia Patient Education and Licensing

In building the most complete, accurate and informative patient education library, we will continue to develop multimedia and 3D animation content for other specialties including dentistry and orthodontics, cosmetic surgery, ophthalmology, general surgery, cardiology as well as some internal medicine topics that affect millions of people. We will also add illustrations as necessary to complete these specialties, and will build new Interactive interfaces for display and search functionality. This will complete the library and compliment the more than 1500 written topics, 200 illustrations and 75 videos currently in our database. This patient education content allows us to charge higher monthly fees to clients and syndicate it as a stand-alone product to larger companies and institutions. Furthermore, completion of the library will add to the already valuable asset of the Company.

Expanded Online Visibility Services

iHealthSpot currently includes search engine marketing as part of certain hosting packages. This consists of complete search engine optimization of the site with keyword positioning and special emphasis on the client's local market followed by submission to all major search engines, including Yahoo! and Google local, and over 1000 smaller ones. We provide monthly traffic reports to clients and clients usually perform well for local results related to the city they are in and keyword searches related to their specialty, for example, "Delray Beach orthopedic surgeon". We have clients who require more in the way of online advertising and for these we provide enhanced SEO and PPC advertising. We manage these campaigns and strategies for clients carefully to insure the best ROI, provide reports on rankings and provide a more one-on one service. We plan to market online visibility services more aggressively by reaching out to clients to make them aware of the benefits of enhanced SEO and PPC campaigns. As more clients seek to enhance their search results, we will establish the department and experienced staff necessary to manage and run these campaigns.

Increased Focus on Sales for Patient Education

According to *Patient Education and Counseling*, an interdisciplinary, international journal for patient education and health promotion, "The use of Web (i.e. Internet)-derived health information within the health care encounter is rapidly increasing". We have evidenced this by the fact that over 90% of clients with a website built by iHealthSpot have licensed the library for their specialty. Accordingly, we see the potential to market and license the library beyond practitioner owned websites (iHealthSpot developed or other) and will target hospital systems, insurance providers, consumer portals and EMR (Electronic Medical Records) companies to increase the recurring revenue base..

Business Development

iHealthSpot has already established an exclusive partnership with a leading healthcare marketing firm, providing its clients with web services. This partnership has resulted in the generation of new clients at low acquisition cost. We have intensified our efforts for new strategic partnerships including the targeting of large, prestigious hospital systems with large numbers of staff physicians to offer them volume priced web and patient education services, and partnering with a leading EMR company to offer front end web services and patient portal to their clients.

EMR companies are missing an opportunity in that most do not offer a "front end web solution" to physicians as part of their solution. Some EMR companies allow patients to interact with their doctor's online, and record these communications through the EMR system's patient portal, but none of these are integrated into a doctor's website. Patients must log into these portals using a URL string that is not easily marketable or can link to this outside portal from the physician's website. In addition, most of these portals usually only apply to a patient who has called and made an appointment and has been given a user name and password. For the brand new patient, wishing to request an initial consultation via the website, the portal is not an option.

A significant opportunity exists for iHealthSpot to develop strategic partnerships with EMR companies to provide a website front end solution to any physicians who purchase the patient portal module as part of their EMR package. We are already in discussions with Athena Health, a leading, web-based EMR/billing software company about building a portal and web solution for their clients. We will pursue this and other business development opportunities that exist with current leading providers of healthcare services.

Additional Marketing and PR Services

iHealthSpot currently develops marketing material for some clients including logos, brochures, calendars, business cards and newsletters. We also provide PR services for a select number of clients. iHealthspot will develop a more robust marketing and collateral service offering as well as PR services for its clients. Our goal is to provide an end-to-end marketing solution for physician practices.

New Technology

iHealthSpot has already developed and deployed a number of technology products for its healthcare business. As the medium grows, we will grow with it and offer new, innovative tools for marketing a practice effectively using the Internet.

Some of these include:

- Enhancements to the patient education database, allowing for multiple different displays of content.
- Patient Portal that integrates with any EMR system.
- Real Time Online Appointment Scheduling
- Secure messaging for online “office visits”

Increased Management and Support Staff

iHealthSpot will expand its management and staff to support the growth of the business. Careful distinction will be made between positions and individuals necessary to the driving of new business and those necessary to its fulfillment. In addition to the current management, key positions will include VP of Sales & Marketing, Manager of Online Visibility Services, Director of Technology, Director of Finance, and Content Manager. We will increase support staff for customer service, sales, marketing, project management, finance, design and web development, quality control, client SEO services, and technology determined by Company growth and in accordance with the initiatives outlined in this plan.

Five Year Financial Plan

Management has based its projections for its five-year financial plan on what it believes to be a fair estimate of potential future revenues and expenses, based upon the assumptions set forth in this business plan. The following financial information provides a projected five-year income statement, balance sheet and cash flow.

Income

\$'000

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenue:							
Licensing & Hosting Inc	40.3	172.1	340.4	1,054.5	2,587.6	4,659.4	7,010.0
Website Design & Svc Inc	155.9	282.4	356.2	1,602.9	2,915.2	3,809.0	3,869.0
Programming Svcs Inc	2.4	9.0	13.2	28.0	71.9	134.8	207.5
Marketing Svcs	1.9	8.1	57.8	350.5	814.2	1,591.6	2,243.5
Total Income	<u>200.5</u>	<u>471.6</u>	<u>767.6</u>	<u>3,035.9</u>	<u>6,388.9</u>	<u>10,194.8</u>	<u>13,330.0</u>
Operating Expense:							
Cost of Goods Sold	16.9	48.1	85.4	369.5	627.9	695.4	817.5
Payroll and IC Cost	177.9	324.7	586.8	2,260.3	3,877.1	5,061.8	5,838.6
Advertising & Marketing	42.2	47.1	81.4	335.9	479.9	511.4	511.9
General and Administrative	6.8	60.3	129.8	302.0	399.1	506.9	564.8
Depreciation	31.5	58.4	76.8	104.5	146.1	163.4	165.8
Total Operating Expense	<u>275.3</u>	<u>538.6</u>	<u>960.2</u>	<u>3,372.2</u>	<u>5,530.1</u>	<u>6,938.9</u>	<u>7,898.6</u>
Net Ordinary Income b/f Tax	<u>(74.8)</u>	<u>(67.0)</u>	<u>(192.6)</u>	<u>(336.3)</u>	<u>858.8</u>	<u>3,255.9</u>	<u>5,431.4</u>

Revenue is generated from recurring patient education licensing and hosting fees under automatically renewing annual subscription contracts, content syndication fees, initial setup fees, website design fees, programming (support) services and marketing services.

Growth in the client base is generated through the efforts of iHealthSpot's in-house sales team, referrals from strategic partners, sales to strategic partners and alliances with hospital and EMR networks. We plan the following growth in the client base over the next five years:

	2009	2010	2011	2012	2013
Cumulative Clients b/fwd	233				
Total New Clients	149	767	1,306	1,677	1,802
Net Cumulative Clients	382	1,149	2,455	4,132	5,934

Cost of Goods Sold includes the cost of annual domain registration and search engine submission for hosted sites, the cost of images used in websites built by iHealthSpot, the cost of monthly workshops and the cost of third party management of keyword campaigns (utilized until brought in-house). Credit card fees and third party commissions and referral fees are also included in cost of goods sold.

Payroll and Independent Contractor costs include salaries, bonuses, commissions, payroll taxes and the cost of benefits for a staff complement that increases to nearly 90 by year 2013. Staffing includes copywriters, graphic designers, developers and programmers, customer support, technical support, content and technical quality control, production coordinators, marketing services coordinators, sales representatives and accounting and administrative personnel. Managing these staff members are directors of each department namely finance, administration, web operations, marketing, sales, online visibility, business development and technology.

Advertising and Marketing costs include advertising in physician periodicals, webinars, mailings, email list purchase and broadcast, monthly keyword marketing, and attendance at conventions and tradeshow.

General and Administrative costs include office rent (increasing in 2012 to accommodate staff increases), server costs, and overhead expenses such as office and technical supplies, postage, telephone, professional fees, recruitment and training, and travel. Travel costs include the costs related to attendance at conventions and trade shows.

Depreciation of assets is calculated at 3 years for software, equipment (including computers) and licenses, 5 years for the medical content library, and 7 years for furniture.

Net income is presented before tax.

Balance Sheet**\$'000**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
ASSETS							
Current Assets							
Cash	2.0	3.5	1,032.8	579.8	1,406.4	4,557.2	9,922.7
Accounts Receivable	28.5	48.6	69.3	226.0	355.1	454.0	554.0
Other	20.6	26.5	0.8	0.8	0.8	0.8	0.8
Total Current Assets	<u>51.1</u>	<u>78.6</u>	<u>1,102.9</u>	<u>806.6</u>	<u>1,762.3</u>	<u>5,012.0</u>	<u>10,477.5</u>
Fixed Assets							
Fixed Assets	164.5	312.0	325.7	566.4	793.4	992.7	1,155.1
Accumulated Depreciation	(31.5)	(89.9)	(166.7)	(271.2)	(417.3)	(580.7)	(746.5)
Net Fixed Assets	<u>133.0</u>	<u>222.1</u>	<u>159.0</u>	<u>295.2</u>	<u>376.1</u>	<u>412.0</u>	<u>408.6</u>
Other Assets							
Security Deposits	-	-	-	20.0	20.0	29.0	29.0
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>20.0</u>	<u>20.0</u>	<u>29.0</u>	<u>29.0</u>
TOTAL ASSETS	<u>184.1</u>	<u>300.7</u>	<u>1,261.9</u>	<u>1,121.8</u>	<u>2,158.4</u>	<u>5,453.0</u>	<u>10,915.1</u>
LIABILITIES & SHAREHOLDERS EQUITY							
Liabilities							
Current Liabilities							
Accounts Payable	9.6	15.1	12.3	23.4	27.9	32.3	36.6
Other Current Liabilities	10.1	26.6	81.6	266.7	440.0	474.3	500.7
Total Current Liabilities	<u>19.7</u>	<u>41.7</u>	<u>93.9</u>	<u>290.1</u>	<u>467.9</u>	<u>506.6</u>	<u>537.3</u>
Intercompany	261.9	403.5	500.5	500.5	500.5	500.5	500.5
Deferred Vendor Liability	-	20.0	24.6	24.6	24.6	24.6	24.6
Total Liabilities	<u>281.6</u>	<u>465.2</u>	<u>619.0</u>	<u>815.2</u>	<u>993.0</u>	<u>1,031.7</u>	<u>1,062.4</u>
Shareholders Equity							
Common Stock	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Additional Paid in Capital	-	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Retained Earnings	(32.7)	(107.5)	(174.5)	(367.1)	(703.4)	155.4	3,411.3
Net Income b/f Tax and Int	(74.8)	(67.0)	(192.6)	(336.3)	858.8	3,255.9	5,431.4
Total Equity	<u>(97.5)</u>	<u>(164.5)</u>	<u>642.9</u>	<u>306.6</u>	<u>1,165.4</u>	<u>4,421.3</u>	<u>9,852.7</u>
TOTAL LIABILITIES & EQUITY	<u>184.1</u>	<u>300.7</u>	<u>1,261.9</u>	<u>1,121.8</u>	<u>2,158.4</u>	<u>5,453.0</u>	<u>10,915.1</u>

Accounts Receivable reflects our current experience that 50% of clients prefer to pay their website design fees by check rather than credit card, and similarly that 30% of clients pay their hosting fees by check. Additionally, we extend 30 day terms to purchases made by our strategic partners.

Other Current Assets includes prepayments, primarily conventions and tradeshow.

Fixed Assets includes the patient education library, software development and licenses, computers, furniture and a provision for equipment necessary to present the workshops.

Current Liabilities includes accrued payroll (iHealthSpot pays its employees on the 15th and last day of each month for the prior half month period), and deferred revenue (iHealthSpot invoices its clients 50% upon signing for website build).

Deferred Vendor Liability represents payment due under an equity share agreement with a third party for advanced programming services. Under the agreement, the third party is entitled to receive 1% of the iHealthSpot equity owned by Action Online Technologies for each \$50,000 deferred, up to a maximum of 5%. Currently the third party is entitled to approximately 0.5%.

Cash Flow

\$'000

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
OPERATING ACTIVITIES							
Net Income	(74.8)	(67.0)	(192.6)	(336.3)	858.8	3,255.9	5,431.4
Depreciation and Amortization	31.5	58.4	76.8	104.5	146.1	163.4	165.8
Changes in Assets and Liabilities							
Accounts Receivable	(27.7)	(20.1)	(20.7)	(156.7)	(129.1)	(98.9)	(100.0)
Other Assets	(20.0)	(5.9)	25.7	-	-	-	-
Security Deposits	-	-	-	(20.0)	-	(9.0)	-
Accounts Payable	8.2	5.5	(2.8)	11.1	4.5	4.4	4.3
Other Liabilities	7.2	16.5	55.0	185.1	173.3	34.3	26.4
Long Term Liabilities	-	20.0	4.6	-	-	-	-
Net cash from Operating Activities	<u>(75.6)</u>	<u>7.4</u>	<u>(54.0)</u>	<u>(212.3)</u>	<u>1,053.6</u>	<u>3,350.1</u>	<u>5,527.9</u>
INVESTING ACTIVITIES							
Fixed Assets	(54.5)	(147.5)	(13.7)	(240.7)	(227.0)	(199.3)	(162.4)
Intercompany Accounts	128.8	141.6	97.0	-	-	-	-
Net cash from Investing Activities	<u>74.3</u>	<u>(5.9)</u>	<u>83.3</u>	<u>(240.7)</u>	<u>(227.0)</u>	<u>(199.3)</u>	<u>(162.4)</u>
FINANCING ACTIVITIES							
Investment	-	-	1,000.0	-	-	-	-
Net cash from Financing Activities	<u>-</u>	<u>-</u>	<u>1,000.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash increase for period	<u>(1.3)</u>	<u>1.5</u>	<u>1,029.3</u>	<u>(453.0)</u>	<u>826.6</u>	<u>3,150.8</u>	<u>5,365.5</u>
Cash at beginning of period	<u>3.3</u>	<u>2.0</u>	<u>3.5</u>	<u>1,032.8</u>	<u>579.8</u>	<u>1,406.4</u>	<u>4,557.2</u>
Cash at end of period	<u>2.0</u>	<u>3.5</u>	<u>1,032.8</u>	<u>579.8</u>	<u>1,406.4</u>	<u>4,557.2</u>	<u>9,922.7</u>

Financing Requirements and Use of Funds

iHealthSpot is seeking financing of \$1.0 million.

iHealthSpot will use the proceeds of the proposed financing to provide working capital for:

- expansion of its marketing and advertising strategy
- expansion of its operational and technical infrastructure to reflect sales growth
- Completion of multimedia development of patient education
- Development of online visibility services
- Increased focus on direct sales for patient education licensing
- Development of business partnerships including leading EMR (Electronic Medical Records) providers
- Increased offering for marketing services
- Development of new technology
- additional equipment expenditure
- general working capital.

Exit Strategy

Sale of Company

Management believes that by establishing iHealthSpot as a leading content and turnkey website solution provider to medical professionals, the Company will likely become an attractive acquisition candidate for larger technology or content providers or companies in the medical field.

Management plans to position the company for maximum value and acquisition by:

- Creating a strong brand and trademarked intellectual property that will be attractive to an acquirer
- Driving revenue through careful market planning and adequate staff incentives that maintain company expertise and financial goals
- Building a strong recurring revenue element to its income stream
- Ensuring that contracts and agreements are legally robust
- Preparing structured and regularly reviewed short, medium and long term business plans
- Providing financial reporting that accurately reports the company's financial progress and clearly identifies trends with the business
- Establishing a management structure that is not solely reliant on the founding members of the company
- Providing annually audited financials prepared by a recognized firm of accountants