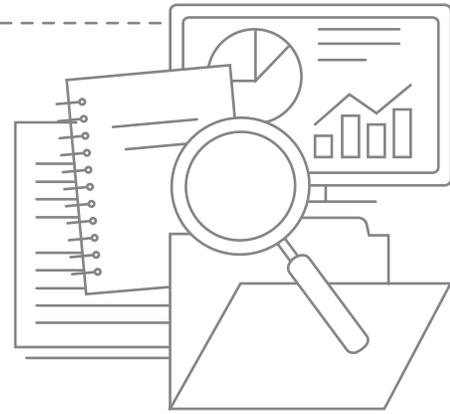


CASE STUDY: DESPITE UNCERTAIN CONDITIONS, AMWELL SUSTAINS GROWTH AND SCALABILITY



Proactive approach helps
telehealth provider manage
COVID-19 demand

During the COVID-19 pandemic, businesses and individuals have had to make drastic and sudden changes to normal behavior in an effort to stay safe. Nearly all office environments shifted to a work-from-home structure while many restaurants adopted takeout or curbside pickup strategies to stay afloat. From a personal wellness perspective, many doctor's offices were not open, or individuals often didn't feel safe in the traditional waiting room setting. As a result, a significant number of consumers have turned to a common solution: telehealth.

Telehealth isn't new, but it has often been marketed as a convenient option for people on the go—especially younger consumers—who have little time to visit a traditional health care provider. However, in the midst of the pandemic, everything changed. Telehealth became further adopted as an efficient and safe health care option for anyone, enabling remote access to providers for routine checkups and medical concerns and virtual screening for COVID-19 symptoms, while reducing the flow of emergency room patients.

In times like these of increased interest, telehealth providers need to be prepared and have the infrastructure in place to meet surges in demand.

How an acquisition served as a catalyst for change

Amwell is a leader in the telehealth industry, connecting patients instantly with doctors over secure video connections. The company, founded in 2006 and headquartered in Boston, provides immediate urgent care web visits for patients in all 50 states. Its technology allows patients to have virtual doctor visits through a variety of different platforms, including smartphone apps, video visits, kiosks and telemedicine carts.

Amwell has a proven model of successful expansion through acquisition, among other strategies. For example, in mid-2018, Amwell acquired Avizia, adding another level of patient service, with more specialized medical care within health care facilities through video-enabled carts.

The Avizia acquisition broadened Amwell's telehealth capabilities, but also set a significant finance and technology evolution in motion. These advancements streamlined several key functions and increased scalability which proved beneficial in times of increased volume—such as the COVID-19 pandemic.

At the time of the transaction in 2018, Avizia was working with a NetSuite enterprise resource planning system, while Amwell used a different ERP solution, in addition to some other disjointed technology between the two entities. As a result, Amwell had to contend with some duplicative and manual back-office processes that were time-consuming, inefficient and prone to human error. The company recognized the need for a finance transformation, with a focus on an integrated ERP implementation as a key first step in the process.

"Through acquisition and significant growth, we found ourselves relying very heavily on a patchwork system, mostly based in Excel," said Paul McNeice, Amwell's vice president of accounting. "So with an eye toward where this company wants to go and the opportunity we see in front of us, we decided to clean things up and get a solid process in place. But in anticipation of the growth we expect, let's do all of that on the system that makes the most sense for us."

Capitalizing on enhanced efficiency, insight and compliance capabilities

The Amwell-RSM US LLP relationship started when RSM was engaged by Avizia to support its NetSuite platform. After the acquisition, the key stakeholders at Avizia asked if RSM could support a holistic NetSuite implementation. RSM's Avizia team met with leadership from the firm's Boston office. After that initial meeting, it was clear that there were many operational nuances that needed to be assessed before scoping a NetSuite implementation.

Therefore, RSM proposed a finance *Rapid Assessment*[®] to diagnose any issues, strategize and provide a road map for a holistic finance transformation, including the eventual ERP implementation. Amwell thought this was a great first step and engaged RSM. This assessment included many recommendations to transform Amwell into a more optimized target operating model, including the decision to go with NetSuite.

Immediately after the assessment was complete, Amwell then engaged RSM for the NetSuite implementation, which also included an implementation of Open Air as the first step in the transformation journey that RSM laid out for Amwell.

"We got a first-hand look at how NetSuite worked with our Avizia acquisition, and we certainly liked it and liked the fact that it is the direction a lot of growth technology companies are moving in," continued McNeice. "RSM understood our desire to transform from a very fragmented system and manual processes. They came out and understood all of our processes, pain points and cycles to help us determine how we could implement a system that can achieve increased efficiency while meeting all of our needs."

Once the NetSuite implementation was underway, RSM prioritized the other recommendations from the original assessment, as well as other opportunities that arose during on-site discussions (and ultimately, due to the pandemic, remote discussions) between the teams. These included:

- An Adaptive Insights implementation focused on enhanced reporting and forecasting
- A NetLease implementation for automated lease accounting
- A lead-to-cash strategy through Salesforce optimization discussions
- An Avalara implementation to automate sales tax compliance efforts

In addition to these particular engagements, Amwell has worked collaboratively with RSM on many other efforts, all focused on optimizing and automating its core back-office processes.

The sales tax compliance project was of particular importance. Since the company has a footprint in all 50 states, it is subject to tax compliance in each of those states, as well as city and county jurisdictions. Therefore, it needed a way to help streamline and maintain compliance.

"RSM helped us along our journey to best manage our tax footprint," said McNeice. "We sat down to understand our customers, where they reside and our presence in each state to develop a matrix of where we're doing business and where our tax compliance needs reside. Having a robust, automated tax compliance process and systems in place has been a real transformation for us."

One key consideration across all of the projects was around ASC 606 revenue recognition compliance, as Amwell had a very complicated model that was also very manual in nature.

"From a billing and revenue recognition perspective, we were doing it all manually," said Angelo Amico, Amwell's senior director of revenue operations. "These are high-risk areas that were a tremendous amount of work. The team's focus and efforts were not just for ASC 606 adoption, but also to make sure that the revenue was correct in an extremely manual environment. The lift we got from automating the process cannot be understated. We now had the ability to streamline the close and prevent errors within financials."

Establishing a framework that can manage demand spikes and business evolution

Amwell's new scalability proved to be very important quicker than initially planned, as the COVID-19 pandemic immediately resulted in a significant increase in patient volume. With a strong financial and back-office foundation in place, the company does not have to worry about addressing any potential inaccuracies within spreadsheets or straining financial processes that were previously reliant on manual efforts. Instead, the company can increase its focus on providing a more robust health care technology solution for customers.

"The kind of transformation that we've had and the shift over to a more automated and better controlled system has enabled us to thrive at the peak of the pandemic and continue on during the hardest times of increased volume," said McNeice. "There is not only an improved ability to move quickly through the financial goals and the reporting process, but we're also gaining a level of comfort and accuracy with the new system and the refined structure."

Expanding services to shape the future of telehealth

Beyond the COVID-19 pandemic, Amwell remains focused on continuing to expand access to quality care and enabling health care's trusted brands to be able to do so. For example, behavioral health has moved to more of a community-based model in the United States, with some patients visiting traditional hospitals or medical centers rather than specialized facilities. To provide more access to behavioral health resources, Amwell recently acquired Aligned Telehealth, a leading telepsychiatry provider.

Behavioral health patients occupy a large number of hospital beds, and these patients typically cannot be discharged without seeing a psychiatrist. Unfortunately, those resources are often limited, especially in certain geographic areas. In addition, patients may not be able to attend in-person appointments on occasion. Now with the acquisition of Aligned Telehealth, Amwell can enable health systems to provide virtual visits with a

qualified psychiatrist, allowing patients to check out of a medical center more quickly or attend appointments that may have been missed otherwise.

Amwell has also recently created a virtual visit platform for smaller physician practices. This would allow clinicians at smaller practices to book virtual visits for existing patients, prescribe meds virtually and collect payments. With many community hospitals closing and specialists becoming harder to find, telehealth provides a convenient and effective alternative to the traditional physical visit.

As part of this effort, Amwell engaged RSM to help provide the strategy for billing, advise on a rollout of Stripe Billing and provide insight on other back-office considerations.

The road ahead

While COVID-19 significantly increased the demand for telehealth services, the tides were already turning and the solution was becoming a popular addition to in-person visits. While nobody could have predicted the scope of the pandemic in advance, Amwell had the foresight and vision to initiate a finance transformation that could accommodate a rapid increase in demand and a rise in volume moving forward.

"As volume starts to normalize, it's reasonable to say that it returns to a new normal and a larger percentage of patients return," said McNeice. "The adoption curve is sped up because when people realized this was an extremely convenient solution during a time of chaos and pandemic, they then think how convenient it would be under normal circumstances. That's just a behavior change that likely isn't going to go away."

The health care environment continues to evolve quickly in the United States, and Amwell has remained agile to evolve with it. By streamlining internal processes and integrating new technology solutions and providing the depth of services that patients need, Amwell is well positioned to continue connecting and enabling providers, insurers, patients and innovators to deliver greater access to more affordable, higher quality care.

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