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AUGUST 25, 2010, 12:00 P.M. ET

CANADA VENTURE: Diversinet Making Waves In Mobile Health

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DOW JONES A NEWS CORPORATION COMPANY

By Andy Georgiades OF DOW JONES NEWSWIRES
TORONTO (Dow Jones)--Expect to hear a lot more from Diversinet Corp. (DIV.V) in the near future.

The company's new strategy, to focus on secure mobile applications for the health-care industry, is in full swing. Having reached an amicable settlement with AllOne Mobile Corp. to end their licensing partnership, the company is moving forward to recruit a U.S. sales team and other medical experts to drive commercialization of its mobile software.

"Now we're taking our message to the market. We've been under the radar," said Albert Wahbe, chairman and chief executive of Diversinet.

Wahbe, who has held senior technology positions with Bank of Nova Scotia (BNS) and IBM Corp. (IBM), has always been fascinated with mobile and its possibilities, particularly for health care, as many clinics and doctors still use a lot of paper and could benefit from the increased efficiencies the technology promises.

Diversinet is behind a pilot project in North Bay, Ont., where members of the Blue Sky Family Health Team are testing a system - Mihealth - that gives about 250 patients secure access to their own medical information on mobile phones. Wahbe said the idea is to reduce the number of patient visits to the clinic along with operating costs, increase efficiency and improve patient health.

The technology allows personal health records to be created and updated, giving patients routine test results, personalized tips on chronic-condition management, child immunization records, a spouse's medical history in the emergency room, and insurance coverage confirmation. Wahbe says the trial is going well and is expected to expand.

"Your handheld mobile becomes your remote control to your health information 24/7," he explained.

Wendy Graham, a doctor at Blue Sky, says the application has been well-received by patients, and noted that health-care delivery is changing due to cost-containment needs, an aging population, and doctor/nursing shortages. "This approach touches on all these drivers while preserving the integrity of the trusted doctor-patient relationship," she said.

Another important trial that's ongoing is with the U.S. Army, which Wahbe hopes to turn into a major contract. It's using another Diversinet-powered application that keeps case managers in close contact with war veterans. Rather than the veterans being "on their own with a prescription," the data show the mobile application opens a line of communication and results in better treatment.

Diversinet's revenue model is simple. The company charges an up-front licensing fee of \$150,000, and also receives a recurring revenue stream of \$1-\$2 per member each month.

More recently, the company licensed its platform to HealthPartners, a big non-profit health-care organization in the U.S. The partnership will initially be available to women with high-risk pregnancies and people with chronic illnesses recently discharged from hospital, with the goals of avoiding premature births and reducing hospital readmissions.

Wahbe believes in the technology so much that he doesn't take a salary, just shares and options, and he's the company's largest shareholder. "I'm looking for a good return on the stock," he said.

-By Andy Georgiades; Dow Jones Newswires; 416-306-2031; andy.georgiades@dowjones.com

Company Web Site: <http://www.diversinet.com>

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