

TERN PLC

SOFTWARE AND COMPUTER SERVICES

4 November 2020

TERN.L

13.5p

Market Cap: £40.6m

SHARE PRICE (p)



12m high/low

13.8p/3.8p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£0.8m (at 30/06/20)
Enterprise value	£39.8m
Index/market	AIM
Next news	Finals, May 2021
Shares in Issue (m)	301.0
Chairman	Ian Ritchie
Chief Executive	Albert E Sisto
Finance Director	Sarah Payne

COMPANY DESCRIPTION

Tern predominantly invests in software companies, with proven technology, based in the UK but with global ambition.

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TERN PLC IS A RESEARCH CLIENT OF PROGRESSIVE

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New investee company added to portfolio

Tern takes 23.4% stake in Talking Medicines for £0.86m

Tern has expanded its portfolio of Internet of Things (IoT) companies to six by making a £0.86m investment in digital health data company Talking Medicines, funded from its existing cash resources. This is Tern's second IoT healthcare investment, broadening its participation in the rapidly growing digital health market. The investment in Talking Medicines also provides the Tern portfolio with access to artificial intelligence (AI), machine learning (ML) and natural language processing (NLP) technologies, which it uses to provide pharmaceutical companies with real-time data intelligence. Talking Medicines will use the funds to grow its product team in order to launch its new AI data service, aiming to rapidly scale its patient database and broaden its customer base. Its vision is to create the world's leading source for organising the voice of the patient by specific drug, transforming pharmaceutical companies' understanding of patient sentiment.

- Based in Glasgow and London, Talking Medicines provides pharmaceutical companies with real-time data intelligence, using AI, ML and NLP tools to capture and structure the 'global digital voice' of the patient from many unstructured online sources. Data points are built to determine trends and patterns of patient sentiment across specific regulated medicines, including how the patient takes and reacts to an individual medicine, with actionable metrics that are not otherwise readily available to inform pharmaceutical companies' patient-centric marketing decisions.
- Tern is the lead investor in a syndicated £1.1m funding round alongside the Scottish Investment Bank (Scottish Enterprise's investment arm), which is following its initial investment. Tern is entitled to appoint the Chair of Talking Medicines' board and to have one board observer.
- Tern's investment is in Series A Preferred Shares, which carry a coupon of 6% per annum, and each holder of Series A Preferred Shares has the right to convert its shares at any time into Talking Medicine ordinary shares at an initial conversion rate of 1:1.

We see the addition of Talking Medicines to Tern's investment portfolio as a significant positive development for the business. It is a material investment that diversifies the portfolio's growth prospects and also offers potential synergistic effects, which could enhance growth opportunities for Tern's other investee companies, consistent with its stated strategy.

INVESTEE COMPANIES



DEVICE
AUTHORITY

FUNDAMENTALVR



Wyld Networks



Talking Medicines



Talking Medicines – Driving more effective medicines

Talking Medicines is a data tech company formed in 2013 to serve the pharmaceutical and healthcare sectors. The company was founded by CEO Jo Halliday, COO Dr Elizabeth Fairley and Business Development Director Dr Scott Crae, who have extensive pharmaceutical experience and an entrepreneurial approach to drive the development of more effective medicines. The founders and team are committed to working at the highest level of quality and transparency in creating new ways to capture the digital voice of the patient.

Talking Medicines believes that the patient should be at the centre of healthcare and has a number of tools that collect data on what, why and how people are taking their medication, aiming to capture the ‘global digital voice’ of the patient in order to provide curated digital insights to its clients. It gives a digital window into aggregated views on how patients talk about and use individual medicines once they leave the pharmacy.

Social data is provided at a medicine level, with metrics that pharmaceutical companies can use to support patient-centric marketing decisions. Consumer privacy and pharmaceutical compliance is taken very seriously, and Talking Medicines works to the highest levels of data management and security.

Understanding patient sentiment at scale

Talking Medicines uses a combination of Artificial Intelligence, Machine Learning and Natural Language Processing tools to structure and analyse the conversations and behaviours of patients at home, with the aim of transforming big pharma’s understanding of patient sentiment.

Through mapping the “patient voice” from social media and connected devices to regulated medicine information, Talking Medicines is able to build data points to determine trends and patterns of patient sentiment across medicines.

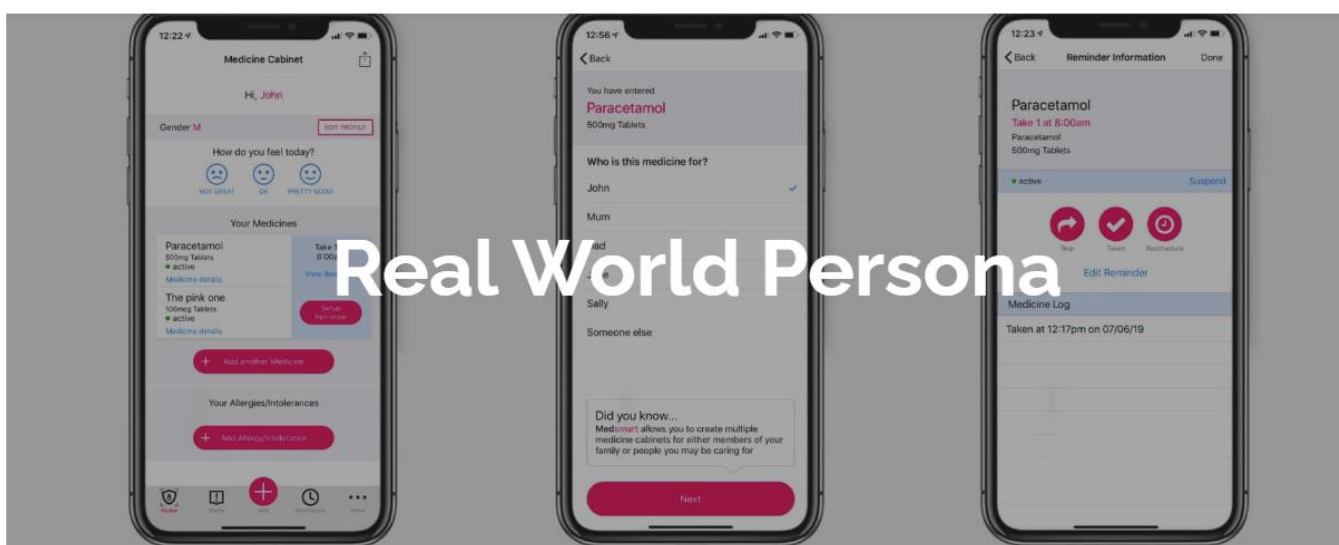
This intelligence enables pharmaceutical companies to make patient centric marketing decisions, driving more effective medicines and marketing spend. Real-time, compliant intelligence can replace traditional focus groups, prescriber reports and clinical target patient profiles to tell pharmaceutical companies who is using their medicines, how, and what they really think of their brands.

We understand that the company is launching a new AI data product in Q4 2020, delivering a global patient confidence score by medicine. This will provide a scorecard of patient confidence by adding a new and innovative way to measure the patient voice.

Understanding patient behaviours through connected devices – the Medsmart® App

One tool is the free-to-download Medsmart® App, which collects rich insight directly from patients. Users scan the barcode on their medicines to receive free support in managing their own online medicine cabinet. Users can scan prescription and over-the-counter medicines, set up profiles, understand ingredients, manage allergies, set up reminders and access educational support on the App. In return, users are exchanging insight on their patterns of behaviour. Information provided to users is based on 25,000 regulatory approved medicine documents, so is trusted and safe.

Medsmart® connected App collects insights data directly from patients



Real World Persona

Source: Talking Medicines

Market opportunity

Talking Medicines is seeking to solve a critical problem for the pharmaceutical industry, which reportedly spends around US\$30bn on marketing annually but lacks systematic data tools that can structure patient sentiment from social channels. Tern’s CEO, Al Sisto, sees a great opportunity for the Talking Medicines platform, with its natural language processing and differentiated technology, to provide pharmaceutical companies with the ability to find meaningful and valuable insights from the estimated c 50% and growing proportion of the world’s population who are active on social media.

Talking Medicines CEO, Jo Halliday, explains that 80% of the US population accesses health information online and she highlights reported estimates of significant growth in the use of social media accounts since the start of the COVID-19 pandemic. She passionately believes that big pharmaceutical companies need a systematic way to make data-driven decisions through accessing high grade social intelligence from the patient, and that Talking Medicines can become a leading global provider of the solutions to support this process.

Disclaimers and Disclosures

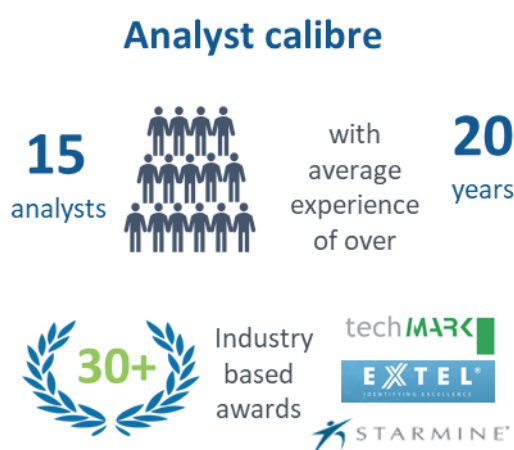
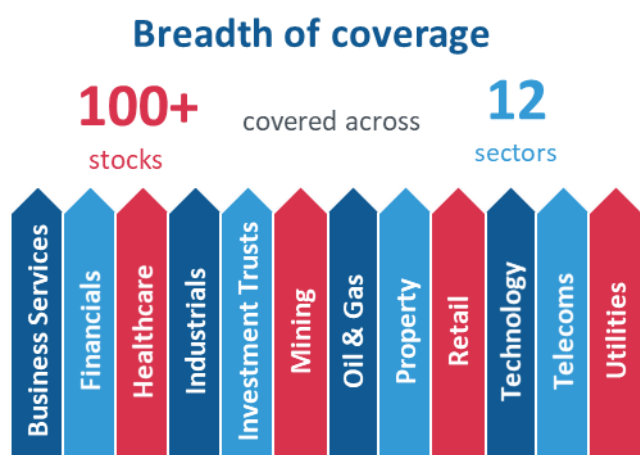
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