

Carasent: Change of focus and cost savings initiated

Carasent ASA (“Carasent” or the “Company”) has concluded that a larger and more attractive market can be reached with less investment by developing Webdoc for new segments in Sweden instead of continuing development of Webdoc for Norway. Therefore, intangible assets of about 40 MNOK will be written off in Q2 2023. At the same time the company has concluded that running costs are too high and will initiate a savings program with the aim of yearly savings of 35-40 MNOK, primarily by reducing the number of consultants and full-time employees.

Carasent, through its leading product Webdoc, holds a strong position in the Swedish market. In the last couple of years, a considerable part of the Company’s R&D capacity has been invested in adopting Webdoc for the Norwegian market. The strategic review process executed during 2023 has concluded that Webdoc’s total addressable market (“TAM”) in Sweden is roughly 800 MSEK with current functionality. By investing 12 months of further development into additional functionality for Webdoc in the Swedish market, the TAM increases further by 500 MSEK to 1.3 BSEK. Looking at the Norwegian market, the necessary development of Webdoc would require at least 3 years, unlocking a market potential of 350 MSEK.

For new markets Carasent continues to develop Webdoc X for which the company sees great potential. The development of Webdoc X will gain from that the Company now can focus on one large development project.

- “Webdoc is a well-known and popular EHR solution among private providers in Sweden. By continuing to develop useful functionality for our current customers and new segments, we will create a foundation for continued strong growth. The TAM for Webdoc in Norway is too small to justify the development initiatives required to take a competitive product to the market. Therefore, Carasent will focus on developing Webdoc for Sweden. New markets are better served by Webdoc X which is designed to be adaptable for new markets and which we continue to develop.” – says Daniel Öhman CEO of Carasent.

Key expansion opportunities for Webdoc in Sweden will be surgical care and private healthcare in the Stockholm region, which together contribute with a TAM of 500 MSEK. Webdoc is already well positioned in these markets with revenues of approximately 40 MSEK. By building a surgical planning module, better integration towards the EHR system used by region Stockholm and other functions Webdoc will be even more competitive. This will also increase the value of the product in current segments.

Carasent has also concluded that costs have grown too rapidly and that running costs are too high. A cost savings program will therefore be initiated. Total savings is expected to amount to 35-40 MNOK on a yearly basis, primarily related to capital expenditures. The majority of savings comes from lowering the number of employees and consultants. The total cost of realizing the savings program is estimated to 4 MNOK in Q2 2023. Most of the savings will be realized by the end of Q2 and all by the end of Q3.

- “Carasent holds a strong position in a growing and non-cyclical market but has unfortunately grown too rapidly and it will take too long to grow into our current cost base. We therefore have to carry out these cost savings. This is not a lowering of our growth ambitions. It is about setting a clear focus and improving efficiency.” - says Daniel Öhman CEO of Carasent

Carasent will host an investor call about these changes today at 15.00. Please use the following link for the webcast:

https://channel.royalcast.com/landingpage/hegnarmedia/20230424_3/

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