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BEST PRACTICES

AWARDS

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2020 BEST PRACTICES AWARD

ONE DROP

2020 NORTH AMERICAN
DIABETES DATA MANAGEMENT PLATFORM
TECHNOLOGY INNOVATION LEADERSHIP AWARD

Contents

Background and Company Performance
Industry Challenges

Diabetes is a growing global concern, affecting approximately 34 million children and adults in the United States (US)[1] and 463 million adults globally, with numbers forecasted to reach 700 million by 2045.[2] The disease continues to rise rapidly, impacting 79% of the middle- and low-income countries[3], and it is the leading cause of blindness, kidney failure, heart attacks, stroke, and lower limb amputation.[4] Despite its significant increase, traditional technology designed to help people with diabetes manage their condition has proven limited for guiding informed insulin dosing decisions or nudging health behaviors. Moreover, additional challenges inhibit successful diabetes management, resulting in poor health outcomes.

The stress of living with a chronic disease, frequently without education, support, or financial resources, impacts a person's self-care coping skills significantly, often leading to diabetes mismanagement. Moreover, the evolving reimbursement landscape results in higher deductibles, co-pays, and premiums, which further increase costs. The International Diabetes Federation reported that 2019 witnessed at least $760 billion in health expenditure, which is 10% of total spending on adults. Typically, existing diabetes technologies are difficult for people to use and understand, e.g., glucose meters, insulin pumps, and injections. Most people with diabetes do not have continuous access to the supplies needed to monitor their blood glucose levels as traditional testing supplies are expensive, especially for those without health insurance. The financial aspect, along with factors such as religion (against blood draws) and needle/prick phobia, also bear responsibility for suboptimal adherence and even discontinuation of monitoring and therapy, affecting long-term care.

Furthermore, diabetes complications can damage many body organs, leading to conditions like neuropathy, retinopathy, and diabetic foot. Such complications are common, especially in long-term sufferers. While there are newer solutions, the presence of several market participants elicits confusion over which product is ideal for self-care. People with diabetes face additional challenges, such as managing carbohydrate intake (nutrition) and deciding the appropriate medication/insulin dosages, which affect their quality of life. While some receive support from physicians for nutrition and medication dosages, people usually get this information only during doctor visits. Support for day-to-day activities is scant, forcing people with diabetes to make judgment calls based on experience.

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[1] American Diabetes Association. "Statistics about Diabetes." Web page. Accessed April 2020. https://www.diabetes.org/resources/statistics/statistics-about-diabetes
[2] International Diabetes Foundation. "Facts and Figures." Webpage. Accessed May 2020. https://www.idf.org/aboutdiabetes/what-is-diabetes/facts-figures.html
[3] Ibid.
[4] World Health Organization. "Diabetes: Key Facts." Fact sheet. 30 October 2018. Accessed May 2020. https://www.who.int/news-room/fact-sheets/detail/diabetes

Frost & Sullivan finds that diabetes management is on the verge of disruption by innovative technologies such as non-invasive glucose monitoring sensors, wearables, applications (apps), and inhalable insulin.

Developing comprehensive, non-invasive diabetes management technologies is complex, mainly due to challenges in health data exchange and compliance requirements. However, vendors that offer a complete platform that aggregates data effectively can further accelerate healthcare's transformation to a data-driven future.

Continuous glucose monitors and insulin pumps are driving this disruption by leveraging data for guiding diabetes disease management. Nonetheless, these technologies cater to a small fraction of the global diabetes market. Only people with type 1 and uncontrolled type 2 diabetes are clinically eligible for reimbursement of these advanced and expensive devices. The global diabetes population mostly uses glucose meters and is without access to advanced technologies for better disease management.

Technology Leverage and Business Impact

Founded in 2014, One Drop is a complete diabetes management platform designed to help the diabetes community manage blood glucose levels day-to-day through a mobile application (app). Founder and Chief Executive Officer, Jeff Dachis, created One Drop after receiving a type 1 diabetes diagnosis. While experimenting with different tools and technology for self-management, he realized most companies focus on dealing with problems rather than preventative actions. As a result, Jeff created a simple, modern, and fully integrated solution that empowers people with diabetes to take proactive measures about their health.

The One Drop platform offers affordable and accessible diabetes care to users with type 1 and type 2 diabetes through a smartphone app. One Drop also works with employers, insurers, and healthcare providers who want to provide improved condition management to their employees, members, and patients, respectively. With consumer services available via in-app purchases (iOS and Android) and online, One Drop extends an olive branch to those struggling to control their glucose, leading to improved long-term outcomes. Jeff Dachis and his staff, of which 20% live with diabetes, are dedicated to providing industry-leading technology to make users' lives better.

Changing the Healthcare Narrative through Innovation

One Drop transforms diabetes management through an industry-first integrated glucose management program that leverages artificial intelligence (AI)-informed data collection, facilitated by a Bluetooth-enabled glucose meter, and a smartphone application (app) that functions as a virtual coaching program. The company's device, the One Drop glucose meter, is an affordable glucose monitoring solution that provides blood glucose readings within five seconds and automatically transfers all readings to the One Drop app, which creates reports users can share with their healthcare providers. This approach eliminates the burdensome task of manually recording the date, time, and value of every blood sugar

reading into a logbook. Moreover, the One Drop meter requires only a tiny 0.5 microliter (μl) drop of blood, while some competitors require up to 10 μls.

The app primarily drives the One Drop diabetes management system, which is available for iOS, Apple Watch, and Android, and is compatible with a range of health tracking apps, including Fitbit, Apple HealthKit, Google Fit, DexCom, and InPen. The app also features an extensive food library and a data share option, connecting the user with a broad virtual community. This community is a key part of the value proposition, as it offers users peer support and the comfort of knowing they are not alone. Furthermore, the app also serves as a portal for reminders and support, as One Drop tracks blood sugar levels and offers feedback and suggestions based on the user's behavior.

A significant portion of One Drop's differentiation lies in its two defining features: a proven, innovative glucose monitoring system, and its live coaching from certified Diabetes Care and Education Specialists, both built into the system. The DCESs are coaches and "care extenders" who are available in real-time to fill in the gap between doctor visits. The virtual coaching services address common treatment barriers by providing support through real-time, data-driven, personalized coaching aimed to reduce hemoglobin A1c.

Clinically Proven Results

In a 12-week study designed to evaluate One Drop's effectiveness, the results demonstrated "a clinically meaningful and significant reduction in [hemoglobin] A1c," particularly for more active users and those with higher A1c levels at the onset of the trial. Furthermore, after four weeks, patients who used One Drop's mobile app lowered their A1c from 8.2% to 7.2%.[5] These positive outcomes correspond with increased awareness and personalized virtual coaching, which provided patients with options, education, and ongoing critical support for successful self-management.

Additionally, in February 2019, One Drop partnered with Mannkind for the A-One randomized control trial to evaluate inhalable insulin and digital therapy among people with type 2 diabetes. At the end of the study, participant surveys revealed One Drop, when integrated with Afrezza's inhaled insulin, improved A1c by an absolute -0.93%.[6] However, the most significant result demonstrated that A1c improved with One Drop "regardless of what type of insulin participants used"[7], which bolsters the company's extensive portfolio of peer-reviewed outcomes to date.

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[5] Traxler, Christine. "One Drop Chrome Comprehensive Review." *The Diabetes Council.* Article. 9 September 2018. Accessed May 2020. https://www.thediabetescouncil.com/one-drop-chrome-comprehensive-review/

[6] PR Newswire. "People with Diabetes Using One Drop & Afrezza Significantly Lower A1c in 3 Months." Press Release. 20 February 2019. Accessed May 2020. https://www.prnewswire.com/news-releases/people-with-diabetes-using-one-drop--afrezza-significantly-lower-a1c-in-3-months-300798843.html

[7] PR Newswire. "People with Diabetes Using One Drop & Afrezza Significantly Lower A1c in 3 Months." Press Release. 20 February 2019. Accessed May 2020. https://www.prnewswire.com/news-releases/people-with-diabetes-using-one-drop--afrezza-significantly-lower-a1c-in-3-months-300798843.html

Innovation-for-all

One Drop continues to up the ante in the market, with hardware, e.g., glucose meters, offered in 38 countries, mostly through the European Union, US, Canada. It also provides digital-only health coaching worldwide for under $20 per month. The company focuses on being price-competitive and affordable for people with and without insurance. Thus, One Drop offers $60 per month bundles to employers looking to provide One Drop's fully integrated multi-condition program to their employees, delivered through a payer market as opposed to cash pay. Creating a valuable asset for a fair price boosted the company's growth, and it continues to add services that deliver unbeatable performance for the price.

One Drop sells a subscription service with a user-friendly glucose meter, test strips, individualized online coaching, and the mobile app that tracks glucose, medications, activities, and food, and offers predictions on how a user's glucose can change. For $31 per month, the user receives 50 strips and 100 lancets. Also, One Drop app's information sharing applies to physicians and other clinical staff involved in a user's medical care, streamlining care delivery. One Drop continues to grow, delivering an all-in-one technology that aids users in overcoming the many challenges of day-to-day diabetes management.

The company continues to expand its portfolio to strengthen its commercialization. Through numerous app and device integrations, including Apple Watch, Dexcom and Fitbit, One Drop has collected over 11 billion health data points from nearly 2.5 million users since 2015. Those data power One Drop's AI-driven predictive algorithms that forecast glucose levels up to 24 hours in advance. As of 2019, every time users open the One Drop app, they receive an updated blood glucose prediction along with behavioral recommendations to help keep blood glucose levels within a healthy range. Moreover, the company plans to deliver the same forecasting and advice to users with other chronic conditions later in 2020. Bayer, the German multinational company, signed up to license One Drop's technology for purposes outside diabetes, as well as an investment into One Drop's $40 million series B round. Growing chronic condition areas include oncology, heart disease, and women's health.

Improved Outcomes through Best-in-class Guidance

One Drop's clinically trained, personal health coaches make an attractive and formidable differentiator, as all are certified Diabetes Care and Education Specialists and respond to clients through proven, fully integrated technology. Data gathered through the app deliver actionable decision support for people with type 2 diabetes by reacting to real-time blood glucose levels. The AI-driven app generates data backed by population-based learning and individuals' actions to inform and recommend individualized behavior changes. Coaches send messages with links to relevant articles, as well as document format files that recommend specific changes, and provide infographics that are easier to digest than static numbers.

This approach to behavioral change is important as traditional approaches by diabetes care providers are usually ineffective or insufficient as they primarily rely on educational or "you should" methodologies.[8]

Daily encouragement supports individuals in interpreting and responding to their data at the moment, giving the power back to the users through necessary education and skills development. Behavior-based information tools include:

- Blood sugar reminders and results/trends interpretation

- Healthy recipe guides

- Information on healthy carbohydrates

- Targeted strategies to overcome obstacles and barriers

Individuals with hemoglobin A1c that has not decreased sufficiently receive recommendations to return to their physician for further evaluation, e.g., possible problems and review their medications, fostering better overall outcomes.

Business Growth through Target Audience Expansion

One Drop continues to expand its partnerships to grow its business and gain more customers. For example, in March 2019, the company announced a partnership with Amazon's exclusive health brand, Choice. This collaboration delivers affordable, accessible, and comprehensive digital health management services to Amazon's customers living with diabetes and hypertension nationwide. One Drop was also the first diabetes management platform to incorporate Amazon's Alexa voice technology, which optimizes accessibility and simplifies use. Meeting customer needs when and where they are results in the company's unmatched convenience and customer experience, surmounting several health barriers, including costs, comfort, and accessibility.

In April 2020, One Drop acquired Sano Intelligence (Sano), the developer of a multisensorial silicon patch that collects biometric data, including glucose. One Drop plans to leverage Sano's silicon-sensing production infrastructure "to design, produce, and commercialize a painless, silicon-based continuous health sensing platform for use across multiple conditions."[9]

Since its founding, the company has expanded its portfolio of data-driven tools and personalized support for people living with type 1 diabetes, type 2 diabetes, gestational diabetes, prediabetes, high blood pressure, high cholesterol, and any combination of these conditions.[10] One Drop also continues to supplement its direct-to-consumer channels by

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[8] Hood, Korey K, et al. "Effective strategies for encouraging behavior change in people with diabetes." *National Center for Biotechnology Information*. Diabetes Manag (Lond). 2015; 5(6): 499–510. Accessed May 2020.
[9] PR Newswire. "One Drop Acquires Sano." Press Release. 13 April 2020. Accessed May 2020. https://www.prnewswire.com/news-releases/one-drop-acquires-sano-301038963.html
[10] Ibid

introducing end-to-end employer and payer offerings, digital-only offerings, and broader retail availability to reach even larger populations.

Conclusion

According to the International Diabetes Foundation (IDF), approximately 265 million adults (ages 20-79) live with diabetes, a number forecasted to increase to 700 million by 2045.[11] More importantly, 2019 witnessed 4.2 million deaths as a result of diabetes.[12] Adherence is one of the most significant challenges for the diabetes community since traditional equipment is cumbersome, often compared to a garage remote, with results difficult to decipher.

A relatively young company, One Drop changes the narrative for those struggling with a diabetes diagnosis through its industry-leading connected glucose meter and smartphone application that work in tandem to deliver rapid results while also connecting the user with a large, supportive virtual community. The company's unique approach combines personal health coaching, connected devices, and artificial intelligence-powered predictive insights to encourage positive behavior change. One Drop offers a convenient and dignified glucose meter that requires 0.5 microliters (μls) for comprehensive results, setting it apart from competitors that often require as much as 10 μls. Furthermore, the company extends access through a reasonably priced subscription-based service model.

For its unyielding and uncompromising commitment to the diabetes community, innovative and convenient technology, collaborative spirit, and strong overall performance, One Drop is recognized with Frost & Sullivan's 2020 North American Technology Innovation Leadership Award in the diabetes management platform market.

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[11] International Diabetes Foundation. *Diabetes Facts & Figures.* Web page. Accessed May 2020. https://www.idf.org/aboutdiabetes/what-is-diabetes/facts-figures.html
[12] Ibid.

Significance of Technology Innovation Leadership

Technology-rich companies with strong commercialization strategies benefit from the increased demand for high-quality, technologically innovative products. Those products help shape the brand, leading to a strong, differentiated market position.

Understanding Technology Innovation Leadership

Technology Innovation Leadership recognizes companies that lead the development and successful introduction of high-tech solutions to customers' most pressing needs, altering the industry or business landscape in the process. These companies shape the future of technology and its uses. Ultimately, success is measured by the degree to which a technology is leveraged and the impact that technology has on growing the business.

Key Benchmarking Criteria

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Technology Attributes and Future Business Value—according to the criteria identified below.

Technology Attributes

Criterion 1: Industry Impact
Requirement: Technology enables the pursuit of groundbreaking ideas, contributing to the betterment of the entire industry.

Criterion 2: Product Impact
Requirement: Specific technology helps enhance features and functionalities of the entire product line for the company.

Criterion 3: Scalability
Requirement: Technology is scalable, enabling new generations of products over time, with increasing levels of quality and functionality.

Criterion 4: Visionary Innovation
Requirement: Specific new technology represents true innovation based on a deep understanding of future needs and applications.

Criterion 5: Application Diversity
Requirement: New technology serves multiple products, multiple applications, and multiple user environments.

Future Business Value

Criterion 1: Financial Performance
Requirement: Potential is high for strong financial performance in terms of revenues, operating margins, and other relevant financial metrics.

Criterion 2: Customer Acquisition
Requirement: Specific technology enables acquisition of new customers, even as it enhances value to current customers.

Criterion 3: Technology Licensing
Requirement: New technology displays great potential to be licensed across many sectors and applications, thereby driving incremental revenue streams.

Criterion 4: Brand Loyalty
Requirement: New technology enhances the company's brand, creating and/or nurturing brand loyalty.

Criterion 5: Human Capital
Requirement: Customer impact is enhanced through the leverage of specific technology, translating into positive impact on employee morale and retention.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify award recipient candidates from around the world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best practices criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best practices positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6 **Conduct global industry review**	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9 **Communicate recognition**	Inform award recipient of recognition	• Announce award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10 **Take strategic action**	Upon licensing, company is able to share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

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