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January 9, 2020

## Project Nightingale

Over the past several quarters these updates have highlighted the regulatory and political scrutiny Big Tech is under, and help to serve as a reminder of the corresponding increase to the downside risk in those stocks. Google (Alphabet) is not unscathed – already being hit with billions of dollars in fines from the EU and still being investigated there, with federal and state attorneys general probing antitrust violations, and almost everyone concerned about privacy abuses – the company has a lot of outside distraction from the normal course of business. One might think they would keep it low-key and stay out of the headlines. After all, they can continue (until interrupted by regulators otherwise) to collect from their cash generating, powerhouse, digital advertising business, satisfying Wall Street and shareholders along the way – their business seems to be on cruise control. There are no near-term headwinds to cash flows. Making annual year-over-year increases seems easily attainable. So, Google’s announcement over the recent quarter about their entry into a new area of business was encouraging. Despite Big Tech critics’ intense antitrust concerns, they are aggressively moving forward.

And what better industry ripe for innovation and disruption than health care. Tackling a challenge of this scope is in line with the ambitions of Google’s “moonshots”. The move makes sense for both the industry and is uniquely situated for Google: 1) There is a problem in need of a solution. The dysfunction of the health care system is well known. 2) The problem extends to a massively large population - there is a one-to-one ratio between all people and a medical record (whether they match in practice is part of the issue) – the size of which Google is accustomed to working. 3) The solution requires technology.

For instance, we have all visited the doctor and experienced the “chart.” This so-called chart is actually a manila folder, stuffed with papers several inches thick. Not confidence inspiring. That easily elusive chart contains your medical records, going back as far as the first doctor visit after the last chart was lost. Nobody else seems to have this chart besides your current doctor’s office. There is no copy in the safe deposit box, like the way you may store other physical documents with no robust backup. Then comes the need for the doctor to review the chart for past history. Lots of fumbling and thumbing through papers. Gosh, I hope Doc finds what is needed, I’m kinda nervous over here. Nope, no luck. But wait a second, it’s quickly determined it’s, in fact, not needed. The doctor doesn’t need what was supposed to be contained in the chart. Your evaluation is occurring in the moment, solely based on the doctor’s own knowledge of the current situation. I guess it is your doctor. And your doctor evaluates you. Hold on, can’t the



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previously needed piece of your past medical history be looked up? And by the way, why is it only my doctor evaluating me, there certainly must have been many other cases similar to mine. Wouldn't knowing the experiences of those other patients be relevant to treating my condition? Can my single doctor read up on all the medical journals to stay so informed as the knowledge acquired by the history of all similar cases combined? Geez, being in this doctor's office makes me feel like we are in the last century.

How about the sharing of a patient's history between one doctor and another? It seems a patient's medical data is very compartmentalized between various health care providers. Sure, sign the HIPPA waivers to allow sharing, but good luck on the follow through between the various offices. And why rely on this system to work, just have it all stored together. Of course, this is all on the surface and through the eyes of an outsider, but the inner workings must be scarier. And then comes Google.

According to Wall Street Journal reporting, the concept of Google's innovation would start with an interface much like its flagship search engine. Type in the patient name and one click would show metabolic data, medications and the patient's temperature. All clinical records would be stored in this one place – lab tests, doctor diagnoses, medications, scans, hospital history, billing claims, etc. Much better than that chart with all the paper and clips. Records stored under the security of Google's cloud infrastructure. ALL of the data accessible by ALL of a patient's doctors, ALL of the time.

Google's tool would be powered by advanced artificial intelligence and machine learning. Software will be able to do functions otherwise performed by humans, such as reading MRI scans or simply aggregating past history and preparing it for a doctor to read in an easily digestible format. More advanced functions could include running simulations for treatment recommendations and predicting the various outcomes for each recommendation, with precise statistical odds attached. In order for the machine learning to come to its conclusions, it would read as input the treatment and outcome history of all the past patients with the same ailment and, additionally, all the relevant research and publications on the topic. A task that simply isn't achievable by humans. Much more comforting than the case of the doctor not finding what is desired in the chart. (Google has very recently showed that its DeepMind AI system can detect breast cancer better than experts, with less false positives and false negatives)

If regulators allow Google to enter into this space and all the privacy issues involved in such are resolved (big ifs), there could be a significant win-win. Patient care would significantly increase, and with added efficiencies costs would come down. And Google would be a partner



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in an industry where the unit of measurement for size is measured in trillions of dollars. As of this writing, \$GOOGL is trading at an all-time high. Moving into this market could add billions to the market cap.

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The Jensen Opportunity Fund had an excellent year, returning 42.18% in 2019, meanwhile the S&P 500 index fund returned 31.49%. A hefty outperformance. Below is a chart of performance since inception(unaudited):

	<b>Annual Rate of Return</b>	<b>Annualized Rate of Return</b>
2015	26.12%	26.12%
2016	9.53%	17.53%
2017	62.41%	30.91%
2018	-2.42%	21.64%
2019	42.18%	25.49%

<b>Rate of Return since Inception (YE2019)</b> 211.26%
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Until next time,

Todd Shorb

