

CAREDECISION CORP
Form 10KSB
March 31, 2004

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-KSB

Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the Fiscal Year Ended December 31, 2003

Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the Transition Period from _____ to _____

Commission File Number 0-33187

CareDecision Corporation

(Exact Name of Registrant as Specified in its Charter)

Nevada

91-2105842

(State or other jurisdiction of incorporation or organization) (I.R.S. employer identification number)

2660 Townsgate Road, Suite 300, Westlake Village, CA

91361

(Address of principal executive offices)

(Zip code)

Registrant's Telephone Number, Including Area Code: (805) 446-1973

Securities Registered Pursuant to Section 12(b) of the Act: NONE

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 par value per share, 200,000,000 shares authorized, 136,249,921 issued and outstanding as of February 9, 2004.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The approximate aggregate market value of the Common Stock held by non-affiliates of the registrant, based upon the closing price of the Common Stock reported on OTCBB, was \$8,417,144 as of March 30, 2004. (1) For the purposes of this computation, all executive officers, directors and 5% shareholders of the Company have been assumed to be affiliates. Certain of such persons may disclaim that they are affiliates of the Company.

Some of the statements contained in this Form 10-KSB are not historical facts rather "forward-looking statements" which can be identified by the use of terminology such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative of such terms or other variations, or by discussions of strategy that involve risks and uncertainties. Caution should be exercised in regards to these forward-looking statements. Such statements contained herein reflect our current beliefs with respect to future events. These beliefs involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee and general business factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement of future results. Actual results may differ materially as a result of the above-mentioned risks, and from assumptions made based on anticipated events. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the Risk Factor section of this document and in Item 6, Management's Discussion and Analysis of Financial Condition or Plan of Operation.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Overview and History

ATR Search Corporation, a Nevada corporation incorporated on March 2, 2001, was a developmental stage company engaging in the placement of information technology (IT) professionals with technology sector companies on a temporary and/or permanent basis.

Medicius, Inc., a Nevada corporation incorporated on July 6, 2000, was a developmental stage company with a principal business objective to provide Internet-enhanced information technology for physicians at the point of clinical decision. The software systems, communication tools and suite of software applications employed by Medicius, Inc. permits the office practice physician to request critical patient medical and/or medication information via the Internet on a Microsoft Windows CE-based Personal Digital Assistant (PDA) at, or prior to the point-of-care.

The system captures and displays the requested information, and overlays medical treatment protocols and medical step therapies (steps and procedures that insurance companies issue for treating illnesses a physician has not treated before), creating not only a patient specific historical medical chart, but also suggested treatment alternatives, approved medications and diagnosis specific protocols.

Utilization of this system by the practicing physician enhances clinical decision-making, improves physician productivity, insures formulary compliance, reduces the cost of healthcare and positively impacts the care provided to the patient.

On June 17, 2002 a shareholder vote approved the merger of Medicius, Inc. into ATR Search Corporation whereby ATR Search Corporation adopted the business model of Medicius, Inc. and on August 2, 2002 Amended Articles of Incorporation were filed with the Secretary of State of Nevada changing the name of the company to **CareDecision Corporation** (CareDecision or the Company).

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Our Amended Articles of Incorporation (see exhibit 3c) authorize us to issue up to 200,000,000 shares of common stock at a par value of \$0.001 per share and 5,000,000 shares of preferred stock at a par value of \$0.001 per share. As of February 9, 2004 we had 136,249,921 shares of our Common Stock outstanding. It may be necessary to raise additional funds and/or reduce cash expenditures in the next 12 months. Funds could be generated through the issuance of additional stock. Cash expenditures could be reduced through the lay-off of personnel and or a reduction in employee salaries or benefits.

Industry Background

Information Technology

Technological improvements over the past few years have caused ever increasing growth in high tech and in information technology in particular. Established companies have responded to this increased growth by redirecting their resources to develop products to meet the demands of the information age. Additionally, relatively new companies have built their businesses around, and continue to focus on, providing new and improved means of doing business. Although, a number of technologies, even those employing the Internet as a backbone, have failed to achieve the expected information transformation, in almost all instances, the communication of electronic data has achieved universal support.

E-Business Technology for the Lodging Industry

In the early 1980s hotels and motels emerged as a premier market for the transmission of news, entertainment and information to their transient guests. The adoption of multi-channel cable television lead a revolution of technology adoption and has transformed the lodging industry, once known more for brand name appeal and competitive market pricing into a highly competitive and market driven industry for technology adaptation. The transition has resulted in several generations of change over the past twenty years that has transformed the average hotel room from a place to

sleep with a few entertainment and news outlet alternatives, to an industry where hotel rooms now serve as surrogate business offices, entertainment facilities with links to communication satellites, and wireless and wired communications centers.

Medical Information Technology

Currently, the overwhelming majority of clinical information exists in proprietary Active Server Pages (paper, mainframes, and physician practice management systems). The extraction and sharing of this information is a time consuming and costly process. For these reasons, the medical industry is moving towards transferring this information into electronic format for easy access. Each segment of the medical industry (physicians, labs, insurance companies, etc.) recognizes and embraces the efficiencies and cost reductions that can be realized through the electronic exchange of data.

Over the last decade managed care has transformed healthcare into a highly competitive and market driven industry. The transition has resulted in the elimination of many of the unnecessary costs that had historically contributed to the continued and unabated acceleration of the cost of health care. One crucial segment, which has remained resistant to ongoing efforts to realize real and obvious opportunities to affect cost reductions, lies in the means of communications resident within the industry.

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The nature of domestic healthcare delivery has resulted in a highly fragmented system involving hundreds of thousands of payor and provider organizations scattered across a broad geographical landscape. Each of these locations employs diverse and incompatible information systems that have restricted electronic communication of vital medical and administrative information between the participants.

Additionally, healthcare mainly relies on paper communication processes. We estimate that current healthcare administration costs exceed \$300 billion annually. It is management's belief that online process automation and transaction processing solutions can eliminate over 50% of those costs, which are directly attributable to the time and expense associated with manual processing for routine processes and transactions.

The Satellite Media Marketplace

The cable television industry is reaching maturity. With few exceptions most of the country is wired and although regulation does somewhat limit the competition between cable television providers, most Americans can have affordable cable entertainment, news and communications piped directly into their homes. The related satellite re-broadcast industry, which at some levels competes with cable television, has followed a slower path to maturity. Satellite re-broadcasting has been available since the early 1960s but for its first twenty five years the industry seemed content to provide closed circuit pay per view entertainment and sports events primarily to large audiences.

What we now know as the satellite media industry began as a novelty in the 1980s as several pioneer companies and services packaged the traditional broadcast network satellite broadcast signals and then resold the package to subscribers who could afford to install 30" satellite signal capture dishes. With the advent of smaller satellite signal capture dishes and better packaging; the novelty of the 1980s has now turned into a large growth industry. Satellite media services compete to offer standard broadcast services, but they also compete to offer special packaged services of entertainment and especially sporting events.

Principal Products and Services

Our principal products are: an E-Health handheld information appliance (PDA) software application package, and a permanently affixed handheld information appliance and Wi-Fi (wireless) network designed for the hotel, motel and apartment marketplace and a handheld wireless information appliance for the satellite media market. We have applied for and received provisional approval for a family of trademarks making use of the mark MD@. The provisional approval applies to the first six individual marks applied for by us. In addition, we are in the process of applying for marks associated with our ResidenceWare hotel/motel products and technologies and our wireless SateLink products and technologies for the satellite media market.

We presently have a comprehensive suite of medical information technology, cooperative advertising, instant messaging and fulfillment, and electronic commerce applications that are Internet enhanced, integrated for medical professional use, and hotel management/guest use, both software suites functioning through networks of wireless PDA Internet appliances. Our applications have been designed to meet the needs of the inpatient and outpatient medical environments, and the hotel management and guest (consumer), and are not just commercially viable but also regulatory standard compliant. Our satellite media applications leverage information obtained from a communications satellite. Additionally, our software applications were conceived and implemented to offer the management level user, either the medical professional or hotel manager, the ability to manage prospective and retrospective commerce.

We have filed two broad based patent applications and intend to file derivative patent applications covering the processes, use and functionality of our technologies and products. Our satellite media product is designed for use by installation and customer support technicians and offers instant and secure communication between the individual subscriber and the satellite broadcast service.

Our software is designed to integrate point of service applications. The medical appliance, the longest available product, monitors treatment protocols and up to the moment patient histories coupled with real-time on-line medical insurance claims submission. Our ultimate key to success resides in providing the private practice physician with the capability to, sequentially, learn about the history of his or her patient during, or prior to, entering the examining room, treat the patient and update the insurer of the episode of care. Accomplishing these objectives resolves a major dilemma for the health care provider; instantaneous communication of vital patient related information at or before the patient encounter.

Our medical technologies, the focus of one of the broad based patent applications now in the patent prosecution stage, are grounded in the central need to furnish the doctor with crucial point-of-care patient information rapidly and reliably via a PDA. The technologies utilize the power of the Internet to move large amounts of data to and from a variety of platforms securely via a powerful Windows CE based PDA designed for portability and upgradability. Totally compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), this PDA technology is among the first to offer complicated and real-time point of care applications, previously legacy (mainframe or PC network) system applications, on a totally portable (PDA) appliance.

The Wi-Fi hotel/motel and apartment software makes use of much of the foundation technologies resident in the medical product, however, given the differences in the two markets that the products service, the hotel/motel product is much more cooperative oriented, offering more consumer transactional services with the compliment of advertising.

Our technologies and products for the hotel/motel marketplace are designed to furnish hotel and motel guests with a menu of food service, office services and other remote service (dry cleaning for instance) choices that can be electronically ordered through our PDA-based information appliance for delivery directly to the hotel/motel guest.

Employing the latest in commercial Wi-Fi technology, we wrapped the time and volume tested commercial technologies into our patent pending PDA communication networking technologies, allowing us to be the first to offer complex and real-time point of sale applications through a totally wireless (PDA) appliance.

The satellite broadcast industry product also makes use of much of the foundation technologies resident in the medical product, however, given the differences in the two markets that the products service, the satellite broadcast product is much more security and customer service oriented, offering the satellite broadcast company the ability to better configure their services for the subscriber. This product also allows the office bound sales agent to be able to concentrate on the sale of additional services to subscribers.

Our technologies and products for the satellite broadcast marketplace are designed to allow the on-site technician the ability to configure a subscriber system in seconds while also allowing the satellite broadcast company to control the on-site technician, a person who is typically not employed by the satellite broadcast concern, thereby cutting down on fraud and waste inherent to their business models. Our product employs their proprietary technologies coupled with the latest off-the-shelf wireless communication devices into their patent pending PDA communication networking technologies, allowing us to be the first to offer complex and real-time point of sale applications through a wireless

(PDA) appliance that communicates with a satellite.

Our PDA software operates on any Microsoft Windows CE Pocket PC based handheld device, either in a wireless or wired mode. The local host for our PDA devices is a Windows (9X, NT or later) based PC, which, in turn, permits one to eight of the aforementioned PDAs to be linked to either a medical network or hotel/motel wide area network, or help-desk network, and allows each PDA to become a uniquely identified mobile node on that network, independent of PC linkage, thereby, assisting the professional, whether he be a doctor, hotel owner, hotel guest or satellite broadcast technician.

Our PDA software provides rules based software capabilities and the ability to receive order fulfillment information for over 5,000 users simultaneously, which represents approximately 3 years of user encounters in a typical network setting, and allows the user to access financial and technical data and/or rules, coverages and policies.

In May 2003 we entered into an agreement with PCHertz.com, Inc. of Fargo, ND for the distribution of and servicing of our products and services for the hotel/motel industry. The agreement with PCHertz.com, Inc. has resulted in a series of orders for our hotel/motel products and services from five hotel groups, owners of hotels and motels in the states of California, Arizona, Illinois, Iowa, South Dakota, North Dakota, Minnesota, Virginia, and Georgia. Initial placement of product, now in the process of early implementation under these agreements, will total at least 1450 of our ResidenceWare units. In December 2003 and February 2004 we received additional orders for our ResidenceWare units from two additional groups of hotels, with additional orders from South Dakota, Minnesota and on the east coast in New Jersey, New York state and New York City. Additional placement of product, which will follow our earlier implementations, will total at least another 650 of our ResidenceWare units.

Our business plan for our ResidenceWare hotel/motel products and services calls for us to receive revenue from three separate sources: (1) sale and installation of the ResidenceWare units and the building of the ResidenceWare e-business networks; (2) sale of advertising space to local and national merchants, where this advertising will be displayed on all ResidenceWare units at one or more participating hotels; and, (3) transaction fees received every time a hotel guest makes use of a ResidenceWare unit to transact e-business.

On September 23, 2003 we signed a Preliminary Agreement to Merge with MDU Services Inc. (MDUS), a Texas-based provider of private digital utility services to multiple tenant residential and business building sites, hotels/motels and universities. The Preliminary Agreement to merge specifies how CareDecision and MDUS desire to execute a "triangle" merger agreement whereby CareDecision shall acquire MDUS and then merge MDUS into a subsidiary corporation, MDU Media Corporation (the "Merger Sub"). As of the date of this filing we have executed an extension to our initial agreement and are working toward a definitive agreement and plan of merger.

In September 2003 we began discussions with a company that has varied interests, but primarily in the news, media and broadcast industries (target company). These discussions originally involved the target company s use of our SateLink product and technologies for its satellite re-broadcast properties. Our SateLink product is designed to be

used by the installation and service organizations and provides wireless satellite dish and subscriber service management. We expanded our discussions with the target company in December 2003. The discussions are on going but are awaiting certain regulatory approvals.

In October 2003 we signed a marketing and development agreement with PracticeXpert, Inc. (PXPT) whereby PXPT will employ CareDecision to merge our **MD@Hand** products with the PXPT suite of products. The agreement also called for PXPT to market our **MD@Hand** products as integrated products to existing and potential clients of PXPT in the U.S.

Possibly as a result of our agreement with PXPT, in December 2003 several persons and entities interested in acquiring or exclusively licensing portions of our medical software contacted us. Acceptance of several of the proposals discussed would require us to provide substantial investment in the transfer of our technologies or put constraints on us that would limit our ability to market our similar technology for the lodging and satellite broadcast markets. We are still studying several proposals, have subsequently received additional and revised proposals, and have accepted one proposal from a Denver, CO based medical IT company.

New Product Offerings

The company, working with one of the two major satellite media re-broadcast companies has developed its SateLink PDA based communication and e-business products. The company is just leaving the development phase but still maintains development personnel to adapt its technologies into new products and applications.

Distribution, Marketing and Customer Relations

Management intends to implement an aggressive but targeted marketing campaign to educate healthcare providers about our medical technology solutions, hotel/motel owners about our technologies and products for the hotel/motel marketplace and our technologies and products for the satellite broadcast marketplace by demonstrating the benefits obtained through their use. The industry focused marketing campaigns are intended to leverage our efforts by qualifying customers needs and interests.

The CareDecision medical marketing strategy will ultimately target the physician providers through the provision of technology and services that specifically respond to their needs and requirements. The physician will be the ultimate determinant as to the success of any given system; therefore, it is incumbent on any marketing strategy to focus on the

satisfaction of their needs. CareDecision has created PDA-centric products and a suite of Internet enhanced software applications that include those features that specifically respond to the requirements of the practicing physician. We believe that the combination of unique and responsive benefits derived from our system coupled with its simplicity, portability, convenience and ease of use will initiate and propel the desired transition from paper processes.

Healthcare is an interdependent web of payors and providers. CareDecision's success is reliant on targeting multiple segments within the industry. As has been previously stated, although the physician will determine a product's utilization, it is the other components of the system that will bear the cost of the product's introduction and ongoing employment. Insurers and industry service providers must participate in the electronic network, both logistically and financially to complete the link that will provide utility and value to all participants. It is incumbent on us to therefore extend our marketing strategy to facilitate this reality.

Implicit to our medical marketing strategy is the contracting of multiple payors, pharmacy benefit management entities, medical case management entities and clinical labs within a targeted region that provides for system integration to the product and payment for transactions communicated to or from the participating physicians. Once the network has been established the product will be distributed to those physicians included within the contracted payors Provider Network. We will rely on those contracted payors to support and assist in the distribution of the product to the said physicians.

The CareDecision hotel/motel marketing strategy will ultimately target hotel/motel owners through the provision of technology and services that specifically respond to their needs and requirements. The hotel/motel owners will be the ultimate determinant as to the success of any given system; therefore, it is incumbent on any marketing strategy to focus on the satisfaction of their needs. CareDecision has designed products to furnish hotel and motel guests with a menu of food service, office services and other remote services that include those features that specifically respond to the requirements of the hotel/motel owner. We believe that the combination of unique and responsive benefits derived from our system coupled with its simplicity, portability, convenience and ease of use will initiate and propel its implementation throughout the industry.

The CareDecision satellite marketing strategy will ultimately target the satellite broadcast providers through the provision of technology and services that specifically respond to their needs and requirements. Each satellite provider will be the ultimate determinant as to the success of any given system; therefore, it is incumbent on any marketing strategy to focus on the satisfaction of their needs. CareDecision has designed its satellite products to allow the on-site technician the ability to configure a subscriber system in seconds while also allowing the satellite broadcast company to control the on-site technician features that specifically respond to their needs. We believe that the combination of unique and responsive benefits derived from our system coupled with its simplicity, portability, convenience and ease of use will initiate and propel its implementation throughout the industry.

We will concentrate each of our marketing efforts in specific target geographic locations that will permit the completion of our density strategy crucial to sustained penetration and long-term success. The creation of such networks will be conducted in multiple geographic locations simultaneously. Upon their completion the process employed will be introduced and replicated in other locations targeted for access.

Competition

We believe that the products we market to hotels and motels are unique. The overwhelming percentage of software for PDAs designed to work in conjunction with wireless computer networks tend to be specialized versions of existing applications that allow secure wireless connectivity. We believe our ResidenceWare applications are perhaps the first wireless applications that provide both the specific utility of focused e-business connectivity, while at the same time offering traditional wireless connectivity for most existing Internet appliances.

Historically hotels and motels have adopted specific technology that enhances the utility of either the in-room telephone(s) or the in-room cable linked television. Thus, most of the innovations in hotels and motels have leveraged devices where innovation is waning. The electronics in telephones and telephone systems are limited and, and the television's design tends to limit its utility to one-way communication directed at the person watching. Even add-on devices such as satellite boxes for televisions and streaming LCDs for telephones add only limited functionality. The person operating the telephone or television must do something away from that device should something of interest catch their eye. Thus local merchants who may opt to advertise their products and services via closed circuit television or a streaming LCD on a telephone hope that the person watching will remember their message and visit their establishment or call for service.

Our products for hotels and motels are two-way devices. Local merchants who opt to advertise via our wireless networks through the use of our wireless ResidenceWare devices are assured that if the person viewing the advertisements sees something of interest, commerce can immediately be initiated at the device. We believe that our ResidenceWare product has no current direct competition.

The medical industry is highly competitive in the attraction and retention of physician customers, insurers and other medical providers. The number of competing companies and the size of such companies vary in different geographic areas. Generally, CareDecision is in competition with other PDA technology companies that offer medically related software suites, with the most effective competition coming from companies that possess greater capital resources, have longer operating histories, larger customer bases, greater name recognition and significantly greater financial, marketing and other resources than do we.

There are a number of small and large companies that have announced their intentions to provide some type of Internet interconnectivity for physicians to the healthcare systems:

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Large publicly traded companies: WebMD, formerly known as Healtheon (HLTH), the former MedicalLogic/Medscape (merged into HLTH) and to a slightly lesser degree Cerner/Citation (CERN), IDX

Corporation (IDXC) and venerable Shared Medical (acquired by Seimens) are very broadly involved in healthcare Internet based services including consumer services, E-commerce and connectivity. Of these companies only Cerner is working on a PDA based interface for physicians, although Healtheon has identified the PDA as a critical component for a network and has evaluated several designs and methods that would provide physicians with hand-held computers.

a.

PDA-based companies: PatientKeeper Corp. (formerly Virtmed), ePhysician, which last year was acquired in asset sale by Ramp Corp. (RCO) downsized and assets sold) and iScribe (recently reorganized and then into AdvacePCS have announced products that reside on 3-Com's Palm PC. PocketScripts is another market entrant that specializes in the electronic prescriptions. Zixcorp (ZIXI) recently acquired them.

The PatientKeeper product allows physicians to capture billing information for hospital-based accounts and purports to manage receivable transactions (a mix of a 1st generation feature on a 3rd generation technology). ePhysician's (Ramp Corp.) product offering allows prescription ordering from a PDA. On the surface, the former several of these companies provide systems that offer a few of the features of CareDecision's system. However their approach involves a greater capital cost and is plagued with platform data management disadvantages compared to CareDecision's product line. Most of these companies, PatientKeeper being the exception, have histories of financial troubles but nonetheless have garnered impressive valuations.

All of the PDA technology based companies have a similar broad goal to deliver PDA based data management to physicians. One company, AllScripts (MDRX) appears to be positioned to advance to a market leadership position. However, this position is defined by a product distribution of less than 2500 physicians' office sites (1% of the total market) and does not possess a major factor in any medical trade area.

Increased competition may result in reduced operating margins and a loss in our clientele base. There can be no assurance that we will be able to compete successfully against current and future competitors, and competitive pressures faced by us may have a material adverse effect on our business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, management may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on our business, prospects, financial condition and results of operations.

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Based on management's industry experience, CareDecision believes it can build a strong reputation for the quality of our products and services as well as our client-oriented approach. We believe that our experienced employees, broad range of products and services, local and broad market expertise, and operating infrastructure enable us to compete effectively in each of our business disciplines.

Government Regulation

Federal, state, local and foreign governmental organizations may propose or institute laws or regulations concerning various aspects of the medical industry, including electronic claims processing, electronic prescriptions and privacy matters. CareDecision is not currently subject to direct regulation by any domestic or foreign governmental agency, other than regulations applicable to businesses generally, and laws or regulations directly applicable to the medical industry. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, pricing, content, copyrights, distribution and characteristics and quality of products.

Furthermore, the growth and development of the market for online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations may decrease the demand for our products and services and increase our cost of doing business, or otherwise have an adverse effect on our business, prospects, financial condition and results of operations.

Proprietary Rights

We may be required to license additional products or services in the future, for use in the general operations of our business plan. We cannot assure you that these third party licenses will be available or will continue to be available to us on acceptable terms if at all. The inability to enter into and maintain any of these licenses could have a material adverse effect on our business, financial condition or operating results. In addition, policing unauthorized use of our proprietary and other intellectual property rights could be expensive if not difficult or impossible.

We cannot guarantee that third parties will not bring claims of copyright or trademark infringement against us or claim that certain aspects of our processes or other features violates a patent they may hold. There can be no assurance that third parties will not claim that we have misappropriated their creative ideas or formats or otherwise infringed upon their proprietary rights. Any claims of infringement, with or without merit, could be time consuming to defend, result in costly litigation, divert management attention, or require us to enter into costly royalty or licensing

arrangements. These potentialities could have a material adverse effect on our business, financial condition or operating results.

Employees

CareDecision currently has 5 part time and 9 full staff employees. The full time employees are situated as follows: 6 are located in the California office, one is in North Dakota, one is in the New York office and one is based in Florida. Management foresees the immediate hiring of additional employees over the next twelve months, as we generate sufficient revenues, in management's opinion, to support hiring additional staff. No employees are covered by labor agreements or contracts and management believes our relations with our employees are good.

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RISK FACTORS

The following discussion contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results could differ significantly from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and in Item 6, Management's Discussion and Analysis of Financial Condition or Plan of Operation.

Our limited operating history could delay our growth and minimize your investment.

We are considered a development stage company incorporated on March 2, 2001 and thus have a limited operating history on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks include, but are not limited to, dependence on the growth of use of electronic medical information and services, the adoption of PDA based Internet appliances for the transmission and display of medical information, the need to establish our brand name, the ability to establish a sufficient client base, the level of use of medical providers and the management of growth. To address these risks, we must maintain and increase our customer base, implement and successfully execute our business and marketing strategy, continue to develop and improve our point of care software

and patient processing system, provide superior customer service, respond to competitive developments and attract, retain, and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so could have a negative impact the value of our Company's common shares and could result in the loss of your entire investment.

Our profitability and your investment will be directly affected by our competition.

Many of CareDecision's potential competitors have longer operating histories, larger clientele bases, better service recognition and significantly greater financial, marketing and other resources than do we. Increased competition may result in reduced operating margins, loss of market share and a diminished brand franchise. There can be no assurance that we will be able to compete successfully against current and future competitors, and competitive pressures faced by us could harm our operating results, our business prospects, and financial condition.

We may not be able to retain our key personnel or attract additional personnel, which could affect our ability to continue as a going concern, which may diminish your return on investment.

Our performance is substantially dependent on the services and on the performance of our Management.

CareDecision is, and will be, heavily dependent on the skill, acumen and services of Mr. Robert Cox (President and Director) and Mr. Keith Berman (Secretary, Treasurer and Director). Our performance also depends on our ability to attract, hire, retain and motivate our officers and key employees. The loss of the services of our executives could have a material adverse effect on our business, prospects, financial condition and results of operations. We have not entered into a long-term employment agreements with our key personnel and currently have no Key Employee life insurance policies. Our future success may also depend on our ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, marketing and customer service personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel. If we are unable to attract, retain, and train the necessary technical, managerial, marketing and customer service personnel, our expectations of increasing our clientele could be hindered, and the profitability of our Company reduced.

The selling security holder shares are being registered for resale in this registration statement and the sale of such shares can dilute the market price of our common stock and your return on investment.

The sale of shares can have a negative impact on the price of our common stock. No predictions can be made as to the effect, if any, that sales of our shares by the selling security holder shares being registered will have on the market price of our common stock. Nevertheless, sales of substantial amounts of our common stock, or the perception that such sales may occur, could reduce our market price.

Possible Future Issuances of Common Stock Will Have a Dilutive Affect on Existing Shareholders

The Company is authorized to issue up to 200,000,000 Shares of common stock. As of February 9, 2004, there are 136,249,921 shares of common stock issued and outstanding. Additional issuances of common stock may be required to raise capital, to acquire stock or assets of other companies, to compensate employees or to undertake other activities without stockholder approval. These additional issuances of common stock will increase outstanding shares and further dilute stockholders' interests. Because our common stock will be subject to the existing rules on penny stocks, the market liquidity for and value of our securities can be severely adversely affected.

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ITEM 2. DESCRIPTION OF PROPERTY.

The Company's headquarters and facilities are located at 2 Penn Plaza, 15th Floor, Suite 1500-53, New York, New York 10121. The CEO of CareDecision, Robert Cox, at no cost to the corporation, is currently providing for these facilities. Additionally, CareDecision has assumed the lease on the space occupied by Medicius, approximately 2300 sq. feet, located at 2660 Townsgate Road, Suite 300, Westlake Village, CA. As of April 1, 2004 there are 5 months remaining on this lease at \$3,750.00 per month. We do not have any proposed programs for the renovation, improvement or development of our office space, nor do we plan to relocate our offices in the foreseeable future. If additional facilities are needed, management believes that suitable expansion space is available to meet our future needs at commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS.

During the year 2002 the company was named in one lawsuit, M&E Equities LLC vs. Medicius, Inc., Keith Berman, William Lyons and CareDecision Corp. The suit was settled by the parties during the pleading stage in September 2003. We are not currently subject to any legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

A.

Market Information

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Our common stock, par value \$0.001 per share, is traded on the Over-the-Counter Bulletin Board (OTCBB) under the symbol CDED.

Our common stock began formal trading on the OTCBB February 8, 2002. The following table sets forth the high and low price for our common stock on the OTCBB.

	HIGH	LOW
2003		
Fourth Quarter	.06	.03
Third Quarter	.08	.04
Second Quarter	.06	.02
First Quarter	.07	.03
2002		
Fourth Quarter	.11	.03
Third Quarter	.12	.03
Second Quarter	.13	.03
First Quarter (For the period Feb 8, 2002 to Mar 31, 2002)	.30	.06

Our OTCBB quotations reflect inter-dealer prices, without retail mark-ups, markdowns or commissions, and may not necessarily represent actual transactions.

B.

Holders

As of February 9, 2004 there were approximately 120 stockholders of record of our Common Stock.

C.

Dividends

The Company has not paid cash dividends, however, on July 21, 2003 the Company paid an 8% common stock dividend to its shareholders amounting to a total of 6,469,161 shares. The Company's Board of Directors may, from time to time, consider paying additional stock dividends. We do not foresee the payment of cash dividends for the foreseeable future.

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ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

FORWARD LOOKING STATEMENTS

The statements contained in this report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects upon the Company. There can be no assurance that future developments affecting the Company will be those anticipated by management. Actual results may differ materially from those included in the forward-looking statements.

Readers are also directed to other risks and uncertainties discussed in other documents filed by the Company with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

General

CareDecision Corporation (CareDecision), a Nevada corporation incorporated on March 2, 2001, is a developmental stage company with a principal business objective to provide enhanced information technology (IT) for physicians, hotel and motel owners and for the satellite broadcast industry.

Our principal products are: an E-Health handheld information appliance (PDA) software application package, and a permanently affixed handheld information appliance and Wi-Fi (wireless) network designed for the hotel, motel and apartment marketplace and a handheld wireless information appliance for the satellite media market. We have applied for and received provisional approval for a family of trademarks making use of the mark MD@. The provisional approval applies to the first six individual marks applied for by us. In addition, we are in the process of applying for marks associated with our ResidenceWare hotel/motel products and technologies and our wireless SateLink products and technologies for the satellite media market.

We presently have a comprehensive suite of medical information technology, cooperative advertising, instant messaging and fulfillment, and electronic commerce applications that are Internet enhanced, integrated for medical professional use, and hotel management/guest use, both software suites functioning through networks of wireless PDA Internet appliances. Our applications have been designed to meet the needs of the inpatient and outpatient medical environments, and the hotel management and guest (consumer), and are not just commercially viable but also regulatory standard compliant. Our satellite media applications leverage information obtained from a communications satellite. Additionally, our software applications were conceived and implemented to offer the management level user, either the medical professional or hotel manager, the ability to manage prospective and retrospective commerce.

We have filed two broad based patent applications and intend to file derivative patent applications covering the processes, use and functionality of our technologies and products. Our satellite media product is designed for use by installation and customer support technicians and offers instant and secure communication between the individual subscriber and the satellite broadcast service.

Our software is designed to integrate point of service applications. The medical appliance, the longest available product, monitors treatment protocols and up to the moment patient histories coupled with real-time on-line medical insurance claims submission.

Our ultimate key to success resides in providing the private practice physician with the capability to, sequentially, learn about the history of his or her patient during, or prior to, entering the examining room, treat the patient and update the insurer of the episode of care. Accomplishing these objectives resolves a major dilemma for the health care provider; instantaneous communication of vital patient related information at or before the patient encounter.

Our medical technologies, the focus of one of the broad based patent applications now in the patent prosecution stage, are grounded in the central need to furnish the doctor with crucial point-of-care patient information rapidly and reliably via a PDA. The technologies utilize the power of the Internet to move large amounts of data to and from a variety of platforms securely via a powerful Windows CE based PDA designed for portability and upgradability. Totally compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), this PDA technology is among the first to offer complicated and real-time point of care applications, previously legacy (mainframe or PC network) system applications, on a totally portable (PDA) appliance.

The elements of our business strategy include: expanding geographically into key markets through a combination of opening new offices and developing relationships with clients to generate demand for our services; recruiting qualified, medical software and other technical personnel to perform technical, implementation and support duties as contracts are entered into, although there can be no assurance that any such contracts will be secured; and pursuing entry into new markets complementary to CareDecision's proposed operations.

Results of Operation

Revenues. In fiscal 2003, we generated \$75,813 in revenue compared to \$2,000 revenue generated in 2002. As a development stage company, our efforts have been focused mainly on the development of our software products. We believe that our initial revenues during our development stage will be primarily dependent upon our ability to cost effectively and efficiently develop our software systems, communication tools and suite of software applications. Our priorities for the next 12 months of operations are to continue to develop and market our products, to establish our business through the use of the Internet and through client referrals. Realization of increasing revenues for our software products during the next fiscal year is vital to our plan of operations. There are no guarantees that we will be able to compete successfully or that the competitive pressures we may face will not have a material adverse effect on our business, results of operations and financial condition.

General and administrative expenses. General and administrative expenses were \$148,192 in fiscal 2003 compared with \$77,712 in fiscal 2002. General and Administrative expenses have increased as we prepare to introduce our software products.

Payroll expense. Payroll expense consists primarily of management and employee salaries. In fiscal 2003 payroll expense was \$213,012 compared with \$186,819 in fiscal 2002. A management team has been put in place to oversee

the launch of our software systems, communication tools and suite of software applications. Management is focused on controlling payroll expenses until such time as revenues are generated sufficient to increase the salary paid to our executives.

Professional fees. Professional fees include fees paid to our accountants and attorneys. Our professional fees were \$62,422 in fiscal 2003 compared with \$171,852 in fiscal 2002. Our 2002 professional fees were primarily due the merger that occurred between our Company and Medicius, Inc.

Stock-based compensation. Our stock-based compensation was \$1,433,797 in fiscal 2003 compared with \$1,319,482 in fiscal 2002. In an effort to conserve our cash resources during fiscal 2002 and fiscal 2003, we retained the services of six consultants who agreed to provide their professional services for stock and stock options in lieu of cash. We typically retain these consultants for a period of either 90 days or 180 days duration.

Software development. Software development costs were \$60,971 in fiscal 2003 compared with \$129,000 in fiscal 2002. This represents the costs associated with the further development of the software obtained through our merger with Medicius, Inc.

Impairment loss on operating assets. Impairment loss on operating assets was \$0 in fiscal 2003 compared with \$1,000,770 in fiscal 2002. On December 31, 2003, the Company determined that it should write down certain fixed assets acquired with the Medicius, Inc. merger as an impairment loss after comparing the carrying value of the assets with the estimated future cash flows expected to result from the use of the assets. In addition the Company has determined that it might sell or hypothecate certain of these assets. Accordingly, the write down resulted in the realization of a \$1,000,770 impairment loss on operating assets recorded on the Restated Statement of Operations for the year ended December 31, 2002.

Depreciation. Depreciation was \$132,587 in fiscal 2003 compared with \$41,310 in fiscal 2002. This represents depreciation on the assets of the Company.

Total expenses. We incurred total expenses for the year ended 2003 of \$2,050,981 compared with \$2,926,945 in fiscal 2002. Expenditures in 2003 were primarily due to costs incurred for stock-based compensation, payroll expense and general and administrative expenses.

Net operating loss. The net operating loss incurred during fiscal 2003 was \$1,975,168 compared with \$2,924,945 in fiscal 2002. Net operating loss is the result of revenue minus total expenses. We have reduced our net operating loss by approximately one half from 2002 to 2003 by increasing our revenues while reducing total expenses.

Loss on settlement. We incurred a loss on settlement for the year ended 2003 of \$77,094 compared with \$25,925 in fiscal 2002. This expense relates to the settlement outlined in Part I Item 3. Legal Proceedings.

Interest income. We received interest income for the year ended 2003 of \$561 compared with \$2,230 in fiscal 2002. This is the income the Company earns on its cash and equivalents.

Interest expenses. We incurred interest expense for the year ended 2003 of \$117,107 compared with \$88,802 in fiscal 2002. Expenditures in 2003 were primarily due to interest costs accrued to the Note from M&E Equities, LLC. The Company restructured the M&E Note on March 4, 2004, which will have the effect of lowering accrued interest expense for the current fiscal year.

Net Loss. We incurred a total net loss of \$2,168,808 in fiscal 2003 compared with a total net loss of \$3,037,442 in fiscal 2002. We anticipated incurring these losses during our initial commencement of operations until such time as we will realize increased revenues from our software systems, communication tools and suite of software applications in the fiscal year 2004.

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Financial Condition and Liquidity

Since inception, we have funded operations primarily through notes issued and the net cash proceeds from private offerings of our common stock. At December 31, 2003, we had cash and cash equivalents of \$29,273 and total stockholders' equity of \$77,886; however, we had negative working capital of \$578,002. The Company has only recently left the development stage and as such it would be expected that its funding requirements would grow as it hires additional staff. The Company expects that it will, from time to time, return to the capital markets seeking additional equity capital or debt to further our operations. The Company's products require us to advance cash for our network installations prior to the receipt of any cash flow from the network installations. Thus, there is a probability that cash generated from operations in future periods will lag expenses and should there be insufficient resources to satisfy our liquidity requirements, we may sell additional equity or debt securities, or through bank credit facilities. The issuance of additional equity or convertible debt securities could result in additional dilution to our shareholders.

Net cash used by operating activities during fiscal 2003 was \$466,276, which was primarily due to the net loss of \$2,168,808 offset by shares issued for stock-based compensation of \$1,433,797. This compares to net cash used by operating activities during fiscal 2002 of \$624,761, which was primarily due to a net loss of \$3,037,442 offset by shares issued for stock-based compensation of \$1,319,482 and an impairment loss on operating assets of \$1,000,770.

Net cash provided by investing activities during fiscal 2003 and 2002 was \$0. As cash flow allows the Company may enter into investing activities on a case-by-case basis should management believe it prudent to do so.

Net cash provided by financing activities in fiscal 2003 was \$384,448 comprised of \$96,968 in proceeds from notes payable to shareholders, \$2,180 from proceeds relating to a revolving line of credit, \$50,000 in proceeds from long-term debts and \$235,300 received from the issuance of common stock. This compares to net cash provided by financing activities during fiscal 2002 of \$735,862 comprised of \$475,000 in proceeds from long-term debts and \$260,862 received from the issuance of common stock.

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ITEM 7. FINANCIAL STATEMENTS.

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Beckstead and Watts, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors

CareDecision, Inc. (formerly ATR Search Corporation)

New York, New York

We have audited the Balance Sheets of CareDecision, Inc. (formerly ATR Search Corporation) (the Company) (A Development Stage Company), as of December 31, 2003 and 2002, and the related Statements of Operations, Stockholders Equity, and Cash Flows for the years then ended and for the period June 21, 2001 (Date of Inception) to December 31, 2003. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CareDecision, Inc. (formerly ATR Search Corporation) (A Development Stage Company) as of December 31, 2003 and 2002, and the results of its operations and cash flows for the years then ended and for the period June 21, 2001 (Date of Inception) to December 31, 2003, in conformity with generally accepted accounting principles in the United States of America.

/s/ Beckstead and Watts, LLP

March 29, 2004

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Consolidated Balance Sheets

	December 31, 2003	December 31, 2002 (RESTATED)
Assets		
Current assets:		
Cash and equivalents	\$ 29,273	\$ 111,101
Prepaid interest	-	67,680
Loan to shareholder	-	9,576
Notes receivable	50,000	5,376
Total current assets	79,273	193,733
Fixed assets, net	670,288	621,625
	\$ 749,561	\$ 815,358
Liabilities and Stockholders Equity		
Current liabilities:		
Notes payable to officers - short term portion	\$ 82,568	\$ -
Note payable	572,527	-

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Revolving line of credit	2,180	-
Total current liabilities	657,275	-
Notes payable to officers - long term portion	14,400	-
Long-term debts	-	496,105
	671,675	496,105
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, \$0.001 par value, 200,000,000 shares authorized, 120,244,921 and 75,364,137 shares issued and outstanding as of 12/31/03 and 12/31/02, respectively	120,245	75,364
Additional paid-in capital	5,513,055	3,630,495
(Deficit) accumulated during development stage	(5,555,414)	(3,386,606)
	77,886	319,253
	\$ 749,561	\$ 815,358