Augmedix, Inc.

Fourth Quarter 2023 Earnings Conference Call

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PRESENTATION

Operator

Greetings and welcome to Augmedix's Fourth Quarter 2023 Earnings Conference Call. (Operator Instructions). As a reminder, this conference is being recorded. It is now my pleasure to introduce Matt Chesler, Investor Relations. Thank you. You may begin.

Matthew Chesler

Thank you, Operator.

Joining me today are Manny Krakaris, Chief Executive Officer of Augmedix and Paul Ginocchio, Chief Financial Officer.

This afternoon, we released financial results for the quarter ended December 31, 2023. We posted a copy of the press release and an investor presentation on our website at augmedix.com. We'll begin our call with prepared remarks to be followed by a Q&A session. This call is also being simulcast and will be archived on our website.

Before we begin, I'd like to remind you that management will make statements during this call that include forward-looking statements within the meaning of federal securities laws which are made pursuant to the

Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Any statements that relate to expectations or predictions of future events, results or performance are forward-looking statements. They are based upon our current estimates and various assumptions and involve material risks and uncertainties that could cause actual results or events to materially differ from those anticipated or implied. Accordingly, you should not place undue reliance on these statements.

For a list and description of the risks and uncertainties associated with our business, please refer to Risk Factors and Management's Discussion and Analysis in our most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission and similar disclosures and subsequent reports filed with the SEC.

Also, during our call today, we will discuss non-GAAP financial measures which adjust our GAAP results to eliminate the impact of certain items. You'll find additional information regarding these financial measures and a reconciliation to GAAP measures in today's press release.

This call contains time-sensitive information and is accurate only as of the live broadcast today, March 18, 2024. We disclaim any intention or obligation, except as required by law, to update or revise financial projections or forward-looking statements, whether because of new information, future events or otherwise.

With that, I'll turn the call over to Manny.

Many Krakaris

Thanks Matt.

This is a solid ending to a strong and strategically important year for Augmedix. We met or exceeded all of our financial targets while assembling the broadest portfolio of ambient class solutions in the industry, including a fully automated AI documentation solution, where we serve more care settings than any other player in our business. We are leveraging the structured data we produce, and our bidirectional communication channel to the point-of-care to become even more valuable to our healthcare enterprise customers. And, of course, we have onboarded an enviable set of customers and partners that are supporting us along the way and provide high visibility to incremental growth.

We are well-positioned to win. The key to success, we believe, is to be able to meet customers where they are today, in other words, solve their current problems today, and where they want to be in two to three years. It is for this reason that we are offering varying levels of service embedded within our product suite. Customers can choose products ranging from a fully autonomous software product, which we call Augmedix Go, with no human assistance on our part, to a full-service solution, which we call Augmedix Live, where we assign a highly trained medical documentation specialist to observe patient encounters remotely and deliver a very high-quality note and ancillary services to the clinician.

Importantly, we also deliver clinical decision support to the point-of-care and structured data that positively impacts customers' downstream activities.

Finally, we are one of only two documentation vendors to be certified by the HITRUST Alliance for Information Security. This prestigious certification validates our commitment to safeguard sensitive-patient information, which we know is currently at the top of many customers' minds.

This broad product approach drove our growth in 2023, and it is resonating with the market today. As evidence of this, last week we were selected to participate in a large pilot with a Fortune 100 healthcare company that is looking to adopt AI and digital health tools across its oncology network.

In December, we made the ambulatory version of Augmedix Go generally available to customers, and I am very pleased with how it is performing. Augmedix Go is our new ambient AI product that addresses a very large price segment of the market, sub $600 per month, and represents the vehicle by which we expect to realize significant penetration within health systems. Recent data from survey responses of Augmedix Go customers revealed that 94% of clinicians surveyed reported that Augmedix Go helps them better focus on their patients and clinicians save up to one hour or more per day using that product.

This aligns with our philosophy of enabling clinicians to see the patient and trust the technology to do its work in the background. Very early in its deployment, initial orders have met our expectations, and we expect adoption will continue to build throughout the year and beyond.

We have also been developing a version of Augmedix Go specifically designed for the challenging conditions of the emergency department. There are very few competing products commercially deployed in this important sector of the market. We are pleased with initial results thus far and expect to make Augmedix Go for the ED generally available by the end of this month.

At the same time, our strategic partner, HCA Healthcare, has been testing the emergency department version of Augmedix Go in its own hospitals. HCA is preparing to evaluate this version of Augmedix Go in advance of a broad rollout across its network of hospitals. We are confident we will realize the full potential of this significant opportunity and will update you as soon as we reach the next meaningful milestone. At the HIMSS conference last week, I was on a panel with HCA and Google during which HCA delivered encouraging commentary on both the Go ER pilot and our portfolio of products. HCA also stated its intention to deploy our solutions into other departments within their system.

Augmedix Go is being offered at two service levels. The base level is a self-service version wherein Augmedix provides no human assistance in creating the medical note. The note is automatically generated and available for review and sign-off with a clinician within a minute or two following the patient encounter. The base version of Augmedix Go is the least expensive for the customer and most scalable product among our portfolio.

The premium version is called Go Assist. At the discretion of the clinician, the draft note is simultaneously delivered to an Augmedix's medical documentation specialist who reviews for quality assurance and makes any necessary edits before clinician sign-off. Go Assist comes at a slightly higher price than the base version of Go.

Augmedix Go sits alongside our Live product, the highest level of service where a remote medical documentation specialist is matched with a clinician throughout the clinician's shift.

This leads to what is truly unique about Augmedix's approach – our recognition that doctors' needs are diverse and ever-changing, and we have developed the broadest portfolio of solutions to address those needs. Moreover, we offer customers fungibility across our products whereby clinicians can switch between different products and service levels to address their varying needs. This flexibility provides doctors with a higher touch level of service when they are shorthanded or dealing with more complex cases, while also allowing them to save on documentation costs for more routine patient encounters.

As Augmedix offers solutions from self-service ambient AI to remote human support in one suite, health systems can cover all of their documentation needs under one agreement and seamless integration process. The AI solutions in the market do not have this breadth of offerings.

We see a lot of AI hype and claims made by several AI-only newcomers trying to break into the market. Generative AI tools are clearly capable of doing much of the heavy lifting when it comes to medical note documentation. However, it takes a great deal more than off-the-shelf generative AI tools to produce accurate and comprehensive medical notes consistently across a wide variety of specialties and patient encounters. When harnessed properly, generative AI has the potential to substantially ease and lower the cost of medical documentation.

As the pioneer in ambient virtual medical documentation, over the past 11 years, we have built a vast repository of domain knowledge pertaining to clinician workflows and medical data sets. This knowledge has enabled us to address multiple care settings, serve more than 50 specialties, provide clinical decision support to the point-of-care at the right moment, and deliver structured data that positively impacts customers' downstream activities, such as billing. These key points of differentiation, in conjunction with our two-way communication channel to the point-of-care, provide a significant moat around our business.

Now, I'd like to discuss some of the financial highlights of our strong fourth quarter.

We delivered a 45% increase in revenue to $12.7 million, ahead of our most recent guidance, driven by a 44% increase in clinicians and service, and net revenue retention of 152%. Our largest customers are increasingly adopting our high ROI products.

Additionally, we demonstrated the scalability of our business model by increasing gross profit by 54% to $6.2 million, a 300 basis point improvement in gross margin year-over-year to 49.3% and driving meaningful improvement in our Adjusted EBITDA and GAAP operating losses.

We also bolstered our capital resources through our November equity offering, which generated over $26 million in net proceeds to further solidify our leadership position in our industry by expanding our commercial and engineering teams to enable us to accelerate our growth relative to our previous plan. We have already begun to grow our team with some very strong hires, and as we complete the expansion over the coming months, we expect to realize the payback on this spending later this year and more meaningfully in 2025, which is what we communicated during the capital raise.

Our most recent capital raise has enabled us to take a more aggressive approach towards a large underpenetrated market where customers are adopting generative AI technology at an increasing rate. Our established market presence compared to AI-only newcomers will continue to serve us well. We've expanded our sales organization to bolster our efforts to land new enterprises and to further expand within our existing enterprise accounts.

We believe now is the optimal time to lean into our advantages and accelerate our growth initiatives to capture market share and exploit our leadership position. This market is still in its infancy. I am confident that our portfolio approach that addresses the major price points within this market will resonate with healthcare systems and clinicians.

With that, I'll now turn the call over to Paul Ginocchio, our Chief Financial Officer, then we'll return with closing comments. Paul?

Paul Ginocchio

Thank you, Manny.

Let's review the quarter's financial highlights.

Revenue for the three months ended December 31, 2023, was $12.7 million, slightly better than our preliminary expectations announced in January. Growth was driven by growing adoption of Live and Notes by existing customers.

Gross margin for the fourth quarter of 2023 was 49.3% as compared to 46.3% in the fourth quarter of 2022 and compares to 49.5% in the third quarter of 2023. This 300 basis point improvement year-on-year in gross margin percentage was mainly driven by a growing scale and efficiency and also by our strategic initiative to shift U.S. clinicians serviced in the U.S. to outside the U.S. Gross profit growth was 54% year-on-year.

Total operating expenses for the fourth quarter of 2023 were $10.6 million, up 12% compared to the fourth quarter of 2022. Our gross profit growth, outpacing OpEx growth, resulted in a reduction of our operating losses by over $1.1 million year-on-year.

Adjusted EBITDA was a loss of $3.3 million in the fourth quarter of 2023 compared to a loss of $4.5 million in the fourth quarter of 2022. Along with this improvement in Adjusted EBITDA was a year-on-year improvement in our Adjusted EBITDA margin from negative 51% in the year ago quarter to negative 26% in this quarter.

Note, beginning this quarter we have modified the calculation of Adjusted EBITDA to remove the interest income benefit that we are now earning due to the larger cash balance after the equity financing in November 2023, as well as foreign exchange gains and losses, both of which we deem to be non-operational in nature. All prior amounts have been recast to conform with this current presentation. Under the prior definition, Adjusted EBITDA in the fourth quarter of 2023 would have been slightly better at a loss of $2.8 million.

Cash flow from operating activities was an outflow of $0.9 million in the fourth quarter of 2023 compared to an outflow of $4.4 million in the fourth quarter of last year.

Now turning to the full year results.

Total revenue was $44.9 million, an increase of 45% compared to $30.9 million. Dollar-based net revenue retention was 148% for our health enterprise customers compared to 128% in 2022.

Our gross profit increased 54% to $21.5 million, or a 48.0% gross profit margin, up from $14 million or a 45.1% gross profit margin. Operating expenses were $40.3 million compared to $36.3 million. Adjusted operating expenses, which exclude stock-based compensation in both periods, grew 11% to $37.8 million compared to $34.2 million. GAAP net loss was $19.2 million compared to $24.4 million. Adjusted EBITDA loss declined to $15.2 million from $19.4 million.

At December 31, 2023, we had $46.2 million in cash and cash equivalents, as compared to $21.3 million as of December 31, 2022. This reflects the $26.3 million in net proceeds from the equity offering in November 2023, and the $11.8 million of net proceeds from the equity offering in April.

Our weighted average share count for EPS for the fourth quarter was 49.0 million shares, common shares outstanding, and that reflects a partial quarter of the additional 7.2 million shares we issued in November and includes the 4.375 million pre-funded warrants. As of year-end, our common shares outstanding, plus pre-funded warrants, totaled 53.0 million. Assuming all other warrants outstanding are net exercised, and all our employee options and SARs that are both fully invested, and in the money are net exercised, we would have approximately 57.1 million shares outstanding.

Overall, 2023 was a significant year for Augmedix, with robust revenue growth, gross margin expansion, disciplined expense management, and narrowing losses. Additionally, we meaningfully strengthened our balance sheet during the year, providing the necessary capital for us to execute our updated and accelerated strategic plans, and capture a significant share of this growing opportunity.

Now moving on to guidance. Due to the solid finish of 2023 and the trends we are seeing in 2024, we are providing revenue guidance of $60 million to $62 million for the full year of 2024.

Turning to the outlook for the first quarter of 2024, we expect revenue in the first quarter to be approximately $13.4 million. We expect GAAP gross margins to be lower, quarter-on-quarter, by about 300 basis points, due to temporary costs, from both our move to the new building in Bangladesh, and a one-time optimization initiative in India. We expect gross margins to resume their upward trajectory in May.

As we have previously stated, we anticipate Go revenue to be modest during the first half of 2024. We do expect Go to have a positive contribution later in the year, and then to contribute more materially in 2025.

In terms of modeling operating expenses to reflect the deployment of the equity proceeds, as we articulated during the November equity raise, our plan is to invest an incremental $9 million in 2024 versus our previous plan, largely in sales and marketing, but also in engineering, with a modest amount in G&A.

Combined with an increase in underlying operating expenses associated with the strong current growth of our business, it would be appropriate to expect GAAP operating expenses to be in the mid to upper $50 million range in 2024.

At this point, I'd like to turn the call back to Manny for closing comments.

Emmanuel Krakaris

Thank you, Paul.

We remain committed to playing an essential role in unburdening clinicians and improving the operating efficiency of healthcare organizations. We have built a broad portfolio of products and are positioning Augmedix as an effective information data delivery platform at the point of care. This unique positioning will help ensure we continue our rapid growth well into the future.

I have never been more excited about the opportunities in front of Augmedix, and want to thank our team, and our customers, for helping us deliver another quarter and full year of strong financial results. Thank you very much.

With that, we'll now open it up to questions. Operator?

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Ryan Daniels with William Blair. Please proceed with your question.

Ryan Daniels

Yes, thanks for all the color thus far. Congrats on the strong performance. If we look to the HCA rollout, can you give us more detail on that regarding if that's just going to be in the emergency department at first or when they go system-wide, do they anticipate broadening that out into other specialties as well?

Manny Krakaris

Hi, Ryan, good question. There are multiple thrusts within HCA in terms of rollout. The one that obviously we've been talking about the most is in the emergency department. As you know, we're currently deployed in four hospitals at HCA. That deployment, the plan for broadening that deployment is going according to schedule. We anticipate that occurring throughout the year, but beyond that, we are already seeing deployment of our products in other areas, other departments within HCA, and there are plans to accelerate that deployment very soon.

Ryan Daniels

Okay. Given the operating environment in an emergency department, both the chaos of seeing multiple doctors and non-contiguous conversations, I assume that once it's built there, you don't really have to do a lot of work to take it into other specialties or clinical areas. Is that fair?

Manny Krakaris

There are some things that do overlap with other departments, but there are certain things in the emergency department that are unique to the emergency department. Being able to slip in and out of different patient EHRs as you follow the path of the doctor would be the same for hospitalists, for example, and for nurses. On the clinical side, that's not the case. It's not necessary. They follow a schedule, a patient schedule. It's fixed. It's predetermined before the day starts. It's a very linear workflow. It's a lot easier to develop a product, which we've done already, for the clinical side of the house.

Ryan Daniels

Helpful. Then two more quick ones. In regards to the premium Go version, I think you referred to it as Go Assist. Was that a novel launch based on feedback you're getting from clinicians that they want to still involve a medical document specialist to make it even simpler for them to review and sign-off, or is that something you're proactively putting in the market to have the broadest product offering of any vendor in the space?

Manny Krakaris

Everything that we build is based on feedback we get from the market, from our customers and prospective customers. We had heard that ideally everything that comes out of the back end is perfect, or that doctors have an infinite amount of time to devote to medical documentation. That's not reality. There needs to be a solution to address either time constraints on the part of the doctor or limitations of the technology when it comes to more complex types of encounters. That led us to develop this particular product. It's a hybrid product where at the flip of a switch, the clinician can choose to get some support to the extent they feel it's necessary.

Ryan Daniels

Perfect. Then, Paul, one for you, and I'll hop off. In regards to the gross margins, appreciate the color on Q1 and some of the one-time items related to India. For the full year, however, do you still think year-over-year gross margins will be able to expand, or will this transitory push in Q1 keep them down year-over-year for the full year? Thanks.

Paul Ginocchio

I think on a year-on-year basis, they'll be up. Obviously, we'll exit the year better than we will have in the first quarter, but overall, I would expect some gross margin expansion.

Ryan Daniels

Okay, perfect. Thank you so much, guys. Congrats again.

Manny Krakaris

Thank you, Ryan.

Operator

Our next question comes from the line of Elizabeth Anderson with Evercore. Please proceed with your question.

Elizabeth Anderson

Hi, guys. Thanks so much for the question, and congrats on a nice quarter and outlook. Maybe just a follow-up of Ryan's question. In terms of the HCA rollout, specific to the emergency department, do you have any current indications from HCA when they're expecting that to start rolling out, or is that still in flux at this point?

Manny Krakaris

We have a general idea that they want to make it happen as soon as possible. They have a formal process that they go through in terms of evaluation of the initial users and the data from their use of the product, and they have certain criteria that they'd like us to achieve. I think we're well on the way to meeting those goals. My best guess is that it's going to happen very soon, within less than a month.

Elizabeth Anderson

Great. That's awesome to hear. Then on your hiring, obviously you've made a number of hires since the equity raise in the fall. How do you feel about where you are in terms of that $9 million of incremental investment? Do you have all the people in place? Are there any key areas that you're still waiting to hire? Any more color on that would be helpful.

Manny Krakaris

Yes. We're well underway, but we haven't completed the hires yet. We have a very specific plan of who we're going to hire, what positions, what department, etc. I'd say, and Paul can chime in on this, we're probably about two-thirds of the way through that hiring process.

Elizabeth Anderson

Got it. Super helpful. Does the 4Q '23 provider count include any Go users?

Paul Ginocchio

It does not. Historically, we've included Live and Notes. We will factor that in as this year progresses. There are Go users. We're still working to make sure that we conform to how we've done—historically done it.

Elizabeth Anderson

Got it. Then in terms of just talking about the Go Assist version, how do we think about the gross margins and maturity for that? It's between the premium version, should we still think of them being above 60%? That's still the right way to think about that gross margin profile of those combined Go and Go Assist products?

Paul Ginocchio

Yes. We've stated that Go would be a north of 60% gross margin product, and we've said historically that Augmedix Notes was 55% to 60%. Right in that area where Go Assist, and hopefully over time as we scale, it gets better.

Elizabeth Anderson

Okay, perfect. Super helpful, guys. Thanks so much and congrats again.

Manny Krakaris

Thank you, Elizabeth.

Operator

Our next question comes from the line of Aaron Wukmir with Lake Street Capital Markets. Please proceed with your question.

Aaron Wukmir

Good afternoon, guys. This is Aaron on the line for Brooks. Congrats on the strong quarter. Do you feel that the open platform partnerships have been materializing to your likeness and generating some impact with your customers? If you could give us a sense as to what you've been seeing there, that would be helpful.

Manny Krakaris

Sure. Hi, Aaron. We haven't deployed anything yet. We're still developing the product, but if you recall, the impetus for doing this came from our customers, in particular HCA. We anticipate that HCA will be a source of demand for these particular products, and they'll be on our platform. We will book the revenue, but we haven't completed the integration, for example, with the Sullivan Group. It's underway, that work is underway. Work is underway with Ellipsis Health, the behavioral health application. Those are underway. They will be deployed this year, but there is no response yet from the market because they haven't been deployed.

Aaron Wukmir

Thanks for that clarification. Then as you start beginning to rollout Go, do you expect any significant product mix shift? Trends that you're expecting throughout the remainder of the year will be helpful as well. Thank you.

Manny Krakaris

You have to distinguish between users and revenue. From a user perspective, yes, I do expect there to be a shift in favor of Go as it grows faster than our other products, our legacy products. From a revenue perspective, because the ARPU is so much lower for Go than it is for our legacy products, I don't think you'll see a similar realignment of the revenue mix in '24.

Aaron Wukmir

Got you. Okay. That is helpful. Thanks, guys.

Manny Krakaris

You're welcome.

Operator

Our next question comes from the line of Allen Klee with Maxim Group. Please proceed with your question.

Allen Klee

Hello. The competitive environment, can you discuss a little? There's been some companies that have gotten funding and also your comments on a bunch of people doing AI models. Two things about that. One, would that imply that there's going to be pricing pressure for the main players in the industry coming up? Along with that, if somebody, if HCA chooses—if they have a doctor that chooses Go, are they displacing one of your services, like Live, or more often do you think they would be displacing a competitor?

Manny Krakaris

Hey, Allen, good question. Just broadly in terms of the competitive landscape, yes, there have been several newcomers in the space, which is what we anticipated well over a year ago. All that does is basically reinforce the fact that, our belief, that this is a very large market, very attractive market, and therefore it's going to attract competitors and venture capitalists who want to take advantage of that big opportunity.

Having said that, the companies that you're describing, that have announced large raises recently, one in particular that's probably commanded most of the airwaves has 65 employees. What they still need to do is build the infrastructure that is necessary to support wide-scale deployment of their product. We've made that investment already. We've got the infrastructure in place to deploy widely at scale. We anticipate that these smaller companies, these newer companies, are going to have to do the same thing. They're going to have to make those investments in infrastructure to be able to scale.

Now, the second part of your question, sorry, refresh my memory.

Paul Ginocchio

Disposition.

Manny Krakaris

In terms of cannibalization of products, we haven't seen that, and we don't anticipate it, primarily because at HCA in particular, there's little Live that's there to be displaced, number one. It's mostly greenfield at HCA, vastly greenfield at HCA, there's little opportunity for any kind of cannibalization. But more broadly across all of our customers, we don't think so. We believe that Go will cater to a distinct persona and price point in the market, quite different from the persona and price point of Live customers. We tested this belief when we launched our Notes product a couple of years ago and found that there was virtually no cannibalization of our Live product when we launched Notes at an ARPU that was less than half that of Live. Does that answer your question, Allen?

Allen Klee

Yes, thank you. One last question. Your guidance where you said that the first quarter will be lower by 300 basis points due to some temporary costs related to Bangladesh and cost initiatives in India. Could you explain what you think the impact of these extra costs that you're taking on? It's felt for some people that if you're really a technology company, why haven't you been profitable? It seems to have a lot of costs. Maybe you're addressing that with what you're doing in India. I don't know. Could you help us understand that? Thank you.

Paul Ginocchio

Sure, Allen. As we stand today, the vast majority of our revenue is still delivered by Augmedix Live, our legacy historical premium product. That's still a human loop. We have an MDS that works with a clinician. We moved—as we've grown, we've moved to a bigger office location in Dhaka in Bangladesh, and we are sunsetting the old building that we've been in since, I think, 2018, maybe 2017. We've got a few months of duplicate costs there, rent, transportation, food, for we're running that for two buildings. We're also, in India, optimizing our service delivery to make sure we have the highest quality service at the best price. We're doing that. There's going to be about three months of overlap that will end in early May around that initiative. Those two things combined are basically the entire decline in gross margin quarter-on-quarter.

Allen Klee

Okay, thank you very much.

Operator

Our next question comes from the line of Yuan Zhi with B. Riley Securities. Please proceed with your question.

Yuan Zhi

Many congrats on the launch of Go, and it’s great to hear that it can save up to one hour for the doctors. Can you talk about some of the enhancements you recently added to Go in the ambulatory setting, and will those enhancements be also added to the ER setting as well, particularly doctors who are facing a non-linear workflow in the emergency room setting?

Manny Krakaris

Right. We're always enhancing our products. We've been releasing new features and enhancements to Go almost on a weekly basis at this point. There are too many to recount now. But they're all designed to improve the user experience and to deliver greater utility to the health care enterprise. You're right to point out that the products are designed differently between the clinical setting and the acute care setting.

For the emergency department, you have a different section in the medical note that you had to create from scratch. It's called the MDM, which is essentially the medical decision-making that's occurring in the emergency room. That is not part of the standard note format for the clinical visit. We had to design that. We had to get input from EHR data that comes in, in the form of labs and so forth. We had to be able to input those into the application as close to real time as possible so that the clinician knows at any given moment the updated status of a patient so that they know when to return back to that patient to resume their encounter in the emergency department.

These are some of the things that we've been doing. We keep adding to the feature set for each product as we iterate and get feedback from our customers.

Paul Ginocchio

Remember one of the biggest enhancements we've made since we launched Go over the last six months is continuing to add additional specialties. As you heard Manny say, we now service 50 specialties. We'll continue to go deeper in a few key specialties but Go now supports over 50 specialties. That's been a big enhancement over the last four or five months.

Manny Krakaris

Right. We just released that a little over a week ago.

Yuan Zhi

Got it. That's very helpful additional color there. Maybe one last one from me. Can you clarify the difference between Go Assist, the premier version, versus the Notes, such as the level of involvement from medical documents specialist or AI contribution?

Manny Krakaris

In terms of the workflow and the utility, there's very little difference. However, Notes will be sunset, and it will be replaced by Go Assist. The reason for that is we want to provide our customers with a seamless experience, allowing them to transition from one to the other on demand as they need it. If you have two independent applications, it's more laborious to go from one app to another. We wanted to eliminate that duality and just have it appear in one seamless range of service that you get from one application.

Yuan Zhi

Got it. That's all from us. Thank you.

Manny Krakaris

You're welcome. Thank you, Yuan.

Operator

Our next question is a follow-up question from the line of Allen Klee with Maxim Group. Please proceed with your question.

Allen Klee

Yes, hi. For the $9 million of incremental spending from the capital raised, is it fair to assume that it's going to take longer to deploy it all and hiring and different things, so that should grow incrementally as we go throughout the year rather than straight line?

Paul Ginocchio

Yes. Allen, one, we have done a really good job. The team here has done a great job of—as soon as we made the decision to raise capital, we started opening some hiring process. We were able to get a little bit ahead of it, but obviously not start until we had raised the capital. The team has done a great job of hitting the goals. Obviously, we're hiring quite a few people. I think we're—as Manny said, two-thirds of that hiring is already complete, with more people coming on, we made some approvals today. We have done some projects here in the first quarter I'd say it's going to be fully reflected here in the second quarter, with a lot of it reflected in the first.

Allen Klee

Thank you.

Operator

Our next question comes from the line of Bill Sutherland with The Benchmark Company. Please proceed with your question.

William Sutherland

Thanks. Hey, guys. Manny, I just have a product question. I haven't heard about Augmedix Prep in a while. I didn't know if that became a significant product for you guys.

Manny Krakaris

Yes, good question, Bill. I just signed an order for more Prep at one of our biggest customers. It seems to be getting some traction. It's still a fraction of our revenues relative to our other products, but it's there. It does fill a need, and we will continue to make it available to the market. I suspect that the demand for it will expand as people become more aware of it.

William Sutherland

Okay. Well-timed question, I think. Then on your partnership with Google, maybe update us in terms of the components of that? What's perhaps, based on the original partnership, what's the most important aspects of it as that's developed for you guys, and what do you hold in your expectations going forward? Thanks.

Manny Krakaris

Sure. Good question, Bill. The partnership is really predicated on two principal thrusts. One is technology. We utilize Google technology in our platform. The second thrust is go-to-market. Google Cloud is our biggest, most important channel partner, if you will. We've had some very—obviously, HCA is the biggest success, but we've had other successes through Google Cloud. We are actively pursuing some significant opportunities, again, through that relationship. It's been a fantastic partnership, and we see more of that transpiring throughout the course of '24 and beyond.

William Sutherland

Have you seen the health systems utilizing the Google Cloud marketplace to purchase your services?

Manny Krakaris

Yes. In fact, we have. There's a whole process you have to go—administrative process you have to go through to enable that, and we've already done that with—Paul, correct me if I'm wrong, HCA. I think that's public. We're working on doing that with another health system as well. That's going to be a standard part of that go-to-market strategy.

William Sutherland

Got it. Great work, guys. Thanks. Appreciate it.

Paul Ginocchio

Thanks, Bill.

Manny Krakaris

Thanks, Bill.

Operator

There are no further questions in the queue. I'd like to hand it back to Management for closing remarks.

Manny Krakaris

I just want to conclude by reiterating that we had a really, really solid 2023, very pleased with the Company's performance. Looking forward, we're putting in all the necessary ingredients to ensure that we have a very, very competitive set of products that the market wants to buy. The market is growing very quickly for healthcare in particular. It's adopting new technology at an unprecedented rate, and we believe we are building the right infrastructure and products to take full advantage of it. I'm looking forward to a very exciting 2024 and beyond for the Company. Thank you.

Operator

Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time and have a wonderful day.