



Website

# **BUSINESS PLAN**

AUGUST 2017



Name  
Title

Email

Phone

## EXECUTIVE SUMMARY

Digital impressions make fitting dentures and implants faster, less uncomfortable, and easier for both dentist and patient. Digital impression scanners have been in the market for almost 20 years and are now entering a period of fast market adoption, driven by better technology, dentist awareness, and decreasing prices. As adoption grows, the market is shifting from premium products aimed at early adopters to value-priced products aimed at the majority of dentists.

### INTRODUCING PRODUCT<sup>®</sup> – THE INTRAORAL SCANNER FOR EVERY DENTIST



Company, a subsidiary of Company, has developed and is actively distributing PRODUCT<sup>®</sup> a high-end intraoral scanner priced towards the value market. At \$10,000-\$14,000 per unit (including laptop), this fast and versatile scanner is set to become a leading scanner for the price-conscious dentist.

The PRODUCT<sup>®</sup> scanner is regulatory cleared for sale in the US, Europe, and other major markets, and is already in use by 30 dentists in Israel, Columbia, and India.

Using PRODUCT<sup>®</sup> allows any dentist to begin offering lucrative services such as denture fittings and dental implants, while at the same time reducing chair-time for patients, increasing comfort, and presenting a modern and “high-tech” image.

Future developments will continue to improve the experience of using PRODUCT<sup>®</sup> and will add features such as color scanning, full-arch support, and the ability to scan without initially dispersing powder.

### DISTRIBUTION STRATEGY

Company is leveraging its parent company’s global network of distributors to quickly penetrate over twenty major markets including: the US and Canada, UK, South America, Germany, Italy, France and China. In each country Company will locate a suitable distributor or set up an independent subsidiary to act as a local distributor. Each target country’s penetration plan will be based on the same initial steps:

1. Locate leading dental professional to act as Company’s local product manager
2. Hire and train sales agents. Training is a detailed two-week process which includes in-depth understanding of the workings of the PRODUCT<sup>®</sup> scanner, and performed in the target country as well as in the Israeli headquarters
3. Partner with local dental laboratory to ensure easy transfer of digital files from dentist to production
4. Initiate sales, with a product manager leading demonstrations and sales staff assisting in training

### THE MARKET FOR INTRAORAL SCANNERS

In total, there are approximately two million dentists worldwide, with developing countries such as China and India adding an additional 30,000-50,000 dentists each year.

According to Transparency Market Research, the global market for digital scanners will be \$2.5 billion for 2017, and is expected to grow to \$4.1 billion by 2020 and reach \$9.6 billion by 2025. This meteoric growth, at a CAGR of 18.3%, will be driven by the introduction of value-priced scanners that will also enable dentists in less advanced regions, such as Asia Pacific and South America to begin offering dental impressions to their patients.

### THE COMPETITIVE LANDSCAPE

The digital impression market is a highly concentrated market with six major companies (3M, Planmeca, Ormco, Carestream, Sirona Digital, and Align Technologies) controlling almost 80% of dollar sales. Existing

scanners on the market offer similar features at varying levels of quality. However, the pricing of all these systems is geared towards first adopters, with the intraoral scanners selling for \$25,000 up to \$50,000.

PRODUCT® is the first intraoral scanner in the age of value-priced scanners. PRODUCT® brings high performance at the lowest price on the market, enabling dentists from around the world to join the digital impression trend, and for dentists who already own a scanner, to upgrade for high quality at a fraction of other systems.

## BUSINESS STRATEGY

Company will sell a complete package of a scanner + laptop to its regional distributors for the price of \$6,000, aside from in Israel where Company is also a distributor and will sell directly to dentists for the price of \$14,500. An additional fee of 5% will be charged from the second year for licensing and support.

The regional distributors will oversee local marketing and sales, training, and first-level support. In return, they will be able to markup the price of the scanner to \$12,000-\$14,000 depending on the target country.

Country penetration will be based on Company's global network of distributors. The company's country penetration targets for the years 2017-2020 are:

Table 1: Country Penetration Targets 2017-2020 (channels underlined)

2017		2018	2019	2020
Israel	<u>Russia</u>	England	Germany	Brazil
India	<u>Australia</u>	France	Poland	Japan
Columbia	APac	Turkey	Spain	
USA & Canada	<u>Italy</u>	Chile	East Europe	
<u>Mexico</u>		Peru	Portugal	
			China	

The company's headquarters and manufacturing center will remain in Israel, where it is in a special developmental zone that provides tax incentives and sets the rate of corporate tax to 7.5%.

## FINANCIAL FORECASTS

The following is the company's forecasted six-year profit & loss following an investment.

Table 2: Proforma profit and loss (\$ millions) 2017-2022

Year	2017	2018	2019	2020	2021	2022
Revenues	\$0.5	\$3.2	\$10.0	\$35.3	\$75.8	\$146.0
Expenses	(\$1.5)	(\$5.1)	(\$10.4)	(\$25.4)	(\$41.3)	(\$69.0)
Profit/Loss	(\$1.1)	(\$1.9)	(\$0.4)	\$9.8	\$34.5	\$77.0

## INVESTMENT SOUGHT AND USE OF FUNDS

The company is seeking to raise \$20M to support its go-to-market plans, develop future versions of PRODUCT®, and reach the following milestones: market penetration of 13 major markets, reaching revenues of \$75 million by 2021, significantly expanding the team, and developing full-color, full-arch, no-powder scanning.