

Part 1: "Elevator" Introduction

Would you ever go to a **blind** dentist? That's currently happening in Dentists and Dental Hygienists offices all around the world. A common "blind" procedure is Scaling and Root Planing (SRP) used to remove tartar below the gum-line. **Why blind?** The clinicians do not have a means to **SEE** below the gum-line. **Vision** is coming! PerioEndoscopy will provide a HD real-time video image system so dental clinicians can **SEE** during SRP (Visual-SRP) and other procedures. Using contract manufacturers PerioEndoscopy will build micro-endoscope systems that include sterilized One Time Use (OTU) items. This provides revenue from the sale of capital equipment (the system) and continuous recurring high gross margin revenue from the OTUs. Our Value proposition with Visual-SRP is to empower dentists and dental hygienist to treat patients **in house with no surgery**, rather than referring them out for far more expensive and painful surgeries to save their teeth. The value proposition translates to increased revenue for dentists, lower costs for patients & dental insurance companies & better outcomes for the patients. The value proposition for the Periodontists is the ability to have their hygienists performs Visual-SRP freeing them from gingival flap surgery to provide other high value services.

Part 2: Market and Industry Analysis

100,000,000 adults in the U.S.A. and more than **50% of the adult population over age 30 worldwide have chronic periodontal disease**, according to the Center for Disease Control (CDC). The CDC confirms that this is a contributing factor to **25% of adults over 65 losing all their teeth**. Improved oral health is also the one key factor in improving systemic health on a broad spectrum including diabetes, cardio vascular and pre-term pregnancy challenges, to name a few. There is only one incumbent competitor, Perioscopy. Perioscopy uses old analog technology. Their system has a long learning curve. Current users of the Perioscopy system are impatient for improved technology, lower costs and improved reliability. The product is sold through only one distributor without e-commerce.

Part 3: Go-to-Market Plan

Initial customers are the 150,000 dentists and 200,000 Registered Dental Hygienists in the U.S. We have received customer validation from over 100 customers in the form of direct interviews and surveys of 40,000 dentists. 86% confirm the value proposition of PerioEndoscopy's technology. 75% would pay the target sell price and 25% would pay up to 100% more. **At the request of these customers** the company has started a waiting list. Prototypes have been demonstrated to select customers with positive responses and desire to purchase the production product. Sales will be achieved through Continuing Education credits training courses on the technology and financial advantage to the customers. Also through direct advertising in online forums, like DentalTown and HygieneTown, and direct sales to dentists and periodontists. Two Board Members are **Key Opinion Leaders** and respected members of the periodontal community, who will blog and report on the company's technical advantages and advancements. The System will also be placed in Dental Schools, including UCSF, where graduates will be offered steep student discounts on the company's Visual-SRP system, so they have a money generating tool when they enter dental practice.

The only competitor will be displaced through lower cost (32% lower) and superior technology. As there are no IP barriers, we will sell our disposable sheaths (OTU's) to the competitor's customers, so ramp up to profits start quickly. This means that revenues and profits ramp up, are not based on sales of the company's system alone. Sales will be made directly to dentists and to the VA and DoD via a strategic partner and distributor. The direct sales personnel will be sales trained RDHs, so they will also be the Trainers of the Visual-SRP system they sell. This strategy will provide focused sales and higher margins while maintaining direct contact with the customers. Supply chain assembly, packaging, fulfillment, and shipping will be done through by AvNET or Arrow Electronics.

Part 4: Technical Product Description and Plan

Micro-endoscope system for dentists and RDHs to see in millimeter spaces, primarily below the gum-line. This micro-endoscopy system is essential to procedures such as Visual-SRP, (rather than the current standard of care which is a **blind** process.) Providing a tool that will allow them to SEE via a non-invasive procedure and fully remove bacterial plaque. Visual SRP will also preclude the need for costly and painful flap surgery which can take up to 4 months or more to complete.

A 2010 *Periodontal Journal* report confirmed the advantages of Visual-SRP. Our improved image technology prototypes and accessories have been delivered to users of the only competitive system with positive results and feedback, **including several ready to purchase**. First production units will be delivered to UCSF, so they can use the system in studies and research comparing Blind SRP vs Visual SRP. Initial case studies have shown effectiveness of treatments and saving patients teeth. The company's first Fully Viable Prototype is now being used in a Phoenix periodontal office with positive feedback from the Periodontists and Hygienists, providing excellent results.

Technology sourcing risks have been mitigated by assuring multiple sources of supply for all components and materials needed to build the system. Design challenges for the endoscope holder have been addressed through the successful completion of several design iterations and prototype usability testing with early adopters/customers.

The advantage of our value proposition to the end users is multifaceted. First, the ability to keep patients who our customers would otherwise need to refer out; **thus increasing revenue for our customers**. Second, **our system will cost 31% less and recurring cost will be 40% less than competitors**. Third, we will be the **first in this space to use leading edge technology** instead of lower tech, lower vision technology. Fourth, **we will disrupt the standard of care**. A dentist or hygienist can now perform Visual-SRP in **one 4 hour session with no surgery** and no need to prescribe heavy pain killers for their patients.

The company has filed two patent applications for its recurring revenue items and is in development of additional patent applications to further create protections for the product line. The company is incorporating a number of trade secrets related to focusing of the light source and imaging quality. Finally, the company is partnering with the industry's leading expert on quantification and measurement of endoscope quality so quantification of the image is objective rather than subjective.

Part 5: Risk vs. Talent Narrative

IP search by our legal team identified that **competition has no protected IP and we have already filed patent applications**. Direct interviews of competitor's customers identified frustration with competitor's system, including difficulty of use, lack of technology improvements, their lack of customer service and excessive prices. Additional risk reduction milestones include filing additional patents, performing on technology advancement, state of the art service, and providing lower cost product.

Michael Austin, CEO, serial entrepreneur, last company was also a Class I medical device. BS Engineering, MA Management, small and fortune 500 leadership experience, member of Board Director of Rowpar Pharmaceuticals. **Chad Kennedy**, PhD, Chief Science Officer, former CEO Restorative Biosciences. PhD in Biomedical Engineering, BS in Mechanical Engineering and Faculty in the ASU Technology Entrepreneurship and Management program. This is Chad's third start-up. **Dr. Orest Komarnyckyj**, Periodontists in Phoenix, as a result of successfully treating patients using Visual-SRP his practice no longer uses flap surgery. His experience and knowledge sharing regarding our competitors system has allowed us to optimize our design; **Jeff B**, VP Sales & Marketing, currently employed in this capacity for multi-billion dollar medical device company, successfully launched multiple Class II and Class III devices via direct sales to doctors; Former COO at Restorative Biosciences.

We have a strong foundational team. Within the next 18 months the company will need to hire and train field sales personnel who will make direct contact with customers in their offices, through conference seminars and through Continuing Education courses. These personnel will understand and train the customers. Inside sales staff will be hired to field incoming calls, process orders and coordinate with outside fulfillment center. The company will use the services of a CFO for hire to oversee monthly financials and coordinate with Lohman and Company who will be the company's CPA and tax firm.

Dr. Gary Armitage, Member of Board, Member of Faculty in Periodontal Department at UCSF. Gary will lead research at UCSF using company's Visual-SRP system. **Michael P. Rethman**, DDS, MS, Member of Board, periodontist and KOL on the subject of visual SRP; Past Director, U.S. Army Institute of Dental Research; and Associate Professor (adjunct), Baltimore College of Dental Surgery, University of Maryland. **Oksana Komarnyckyj**, Member of Board, attorney and investment banker and was on board of directors for Delta Dental for 9 years which provides us with unique insight on the payer side of the business; **David Beauchamp**, Clark Hill, company's legal counsel.