

Business Case

Inventory Management

MWI AIR, Inventory Ally & Merlin

Business Case - Overview

Overview

Merlin provides basic inventory management as part of the practice management system offering today. This proposal is to replace the inventory management offering in the PMS with a new product integration. There are two possible options, which are not mutually exclusive:

- Integrate a third-party product, candidate is Inventory Ally. This would be integrated with Merlin API for product sales
- Integrate another MWI product (MWI AIR). This would be integrated with Merlin for product sales, but could be integrated into multiple PMS providers. It would be charged separately as per our “the parts are worth more than the whole” strategy.

MWI Benefit

- Inventory Ally generates a revenue share either through a transaction fee or through a revenue share based on product sale to the practice. However, we may run the risk of Inventory Ally providing ordering alternatives through Covetrus or Patterson (NVS).
- MWI AIR would be a pure own-brand product sale into the practice. This is direct revenue to us with a good attached margin. There is also the potential to integrate this with other practice management systems and eventually displace competitors with Merlin through a better integration and differentiated product offering.

Customer Benefit

Customer would end up with an inventory management solution to compliment the Merlin practice management solution in-practice today for independent and corporate (IVC) customers.

Benefits

Product	Customer Satisfaction	Market Parity	MWI benefit	Customer Reach	Size (Estimate for Development)
Merlin integration with Inventory Ally	<p>✓ We're able to offer an industry standard inventory management solution which helps with wastage and compliance in practice.</p>	<p>✓ Ezyvet and Provect offer similar integrations with inventory management solutions, including cabinets.</p>	<p>✓ Revenue from license sales.</p> <p>✓ Upsell of the practice management system.</p>	<p>20% approx of IVC</p> <p>20% of SAM for Merlin independents</p>	<p>Development effort is estimated at less than a quarter.</p> <p>Inventory management solution will need to integrate with Merlin (for usage information) and MWI UK Commerce Systems.</p>

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Financials

Project Financials		MWI AIR	Inventory Ally
Investment	£80,000	Evergreen funded integration	GP&S Funded integration
Revenue Share		20% (TBC)	\$299 p/m estimate, \$3588 p/a 20% revenue share = \$717
Corporate Market	SAM = 1200 Sites TAM = 3394 Sites <ul style="list-style-type: none"> • 1200 IVC Sites • 500 Vet Partners Sites • 450 Vets 4 Pets Sites • 640 CVS Group Sites • 400 Medivet Sites • 204 Linnaeus Sites 	TBC	SAM 20% penetration of market = 240 sites (\$3588 * 240 sites) = \$861,120 revenue (\$717 * 240 sites) = \$172,080 share TAM 20% penetration of market = 678 sites (\$3588 * 678 sites) = \$2,432,664 revenue (\$717 * 678 sites) = \$486,126 share 20% penetration of market
Independent Market	SAM = 250 Sites TAM = 2540 Sites	TBC	SAM 20% penetration of market = 50 sites (\$3588 * 50 sites) = \$179,400 revenue (\$717 * 50 sites) = \$35850 share TAM 20% penetration of market = 508 sites (\$3588 * 508 sites) = \$1,822,704 revenue (\$717 * 508 sites) = \$364,236 share 20% penetration of market
Total Customer Base	5934 Practice Sites	n/a	Revenue = \$4,255,368 Share = \$850362

Market

Customers (UK) - Sites/Locations

6000 in total (3460 corporate sites, 2540 independents)

Growth approx. 3.2% CAGR

Independents

2540

Independent
Sites

IVC EVIDENSIA



Merlin (UK) – 1100 sites

Provet (EU) - 400 est

Vetup(FR,CA) - 400 est

1200
Sites

vetPartners



Robovet (60%)

Merlin (20%)

Mixed (20%)

500
Sites

Vets4Pets

Riding your pet first

Bridgepoint

RxWorks (90%)

Mixed (10%)

450
Sites



Robovet

ProvetCloud (migrating to)

640
Sites

M MEDIVET
ALWAYS THERE

CVC

Freedom - Their PMS

Robovet

Teleos

Merlin

AT Systems

Provetcloud

Animana

400
Sites

LINNAEUS

MARS

Robovet (~50%)

Teleos

Merlin

AT Systems

Provet

Animana

204
Sites

Assumptions

- We do not know today what the problems are that stop adoption of Merlin in terms of inventory management. Team is undertaking research to understand more
- We know that IVC do not like the usability of the Merlin inventory management solution. They have indicated it is not good enough for them.
- IVC have reviewed multiple inventory management systems, but have been unable to find a solution that works with the business. This is also compounded by lack of experience, changing priorities and challenges with practices.
- We do not know what the market are looking for when it comes to an inventory management system in terms of differentiating features, current feature set... etc...
- We need to understand whether general inventory management systems are competitors in this space (e.g. Katana, Odoo, Fishbowl, Unleashed etc...
- There is a hypothesis that inventory management systems are closely tied to ERP systems in terms of sales, functionality.
- Merlin crosses both ERP space and practice management workflow space.
- Merlin inventory management cannot be sold independently of Merlin today. We believe that if it could then we could attack the market in a different way, but this would require integration with other practice management systems.

Thank
you

Inventory Ally Commercials

Inventory Ally is a subscription model that is based on the average monthly inventory spend.

Average Monthly Pricing is \$435/mo. We offer a 5% discount for 6 mo prepaid and 10% for an annual subscription

Inventory Ally Pricing

<\$15,000 USD = \$199/mo

\$15-\$30K USD= \$299/mo

\$30-\$50K USD = \$399/mo

\$50-\$80K USD = \$599/mo

>\$80K USD = \$899

Corporate Pricing

- We also offer a 5% discount for groups over 10 locations and 10% for groups over 50 locations. The prepay can be combined for a max 20% discount with 12 month payment for more than 50 locations.
- If a group greater than 20 locations wants to commit over 85% of their group, we can discuss flat rate pricing for the group.