

[PRD101i-EN] Kii Dissecting Balloon Market Overview

1. Introduction

1.1 Overview

Kii Dissecting Balloon



 This course is narrated

Market Overview

Notes:

Welcome to the Kii Dissecting Balloon Market Overview course!
This course is narrated.

1.2 Before You Begin

Before You Begin

The purpose of this course is to inform you about the Kii Dissecting Balloon and to identify the clinical and economic needs in the market.

To ensure that this course is tailored to your specific Applied Medical location, please enter your location below:

– U.S. = click on **RSM**

– Europe = click on **AME**



Notes:

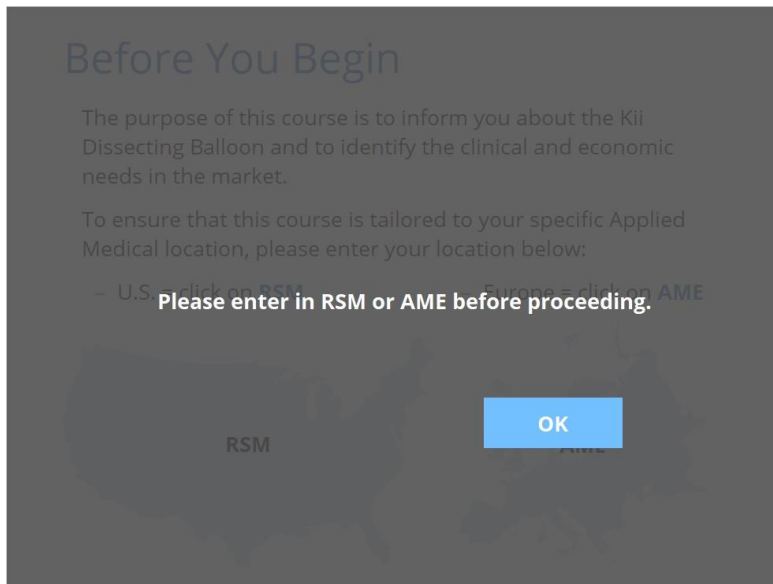
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To ensure that this course is tailored to your specific Applied Medical location, please enter your location below:

For the U.S. team, please enter in RSM.

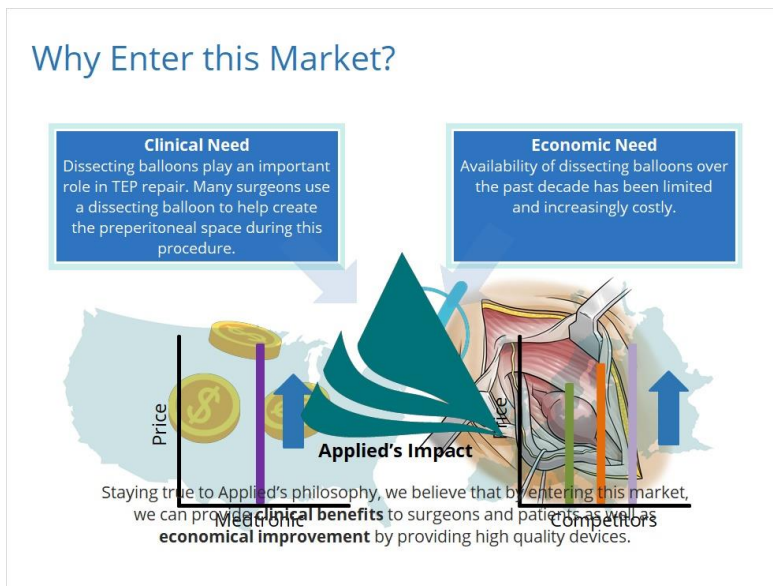
For the Europe team, please enter in AME.

Please view (Slide Layer)



4. Market

4.1 Why enter this market RSM



Notes:

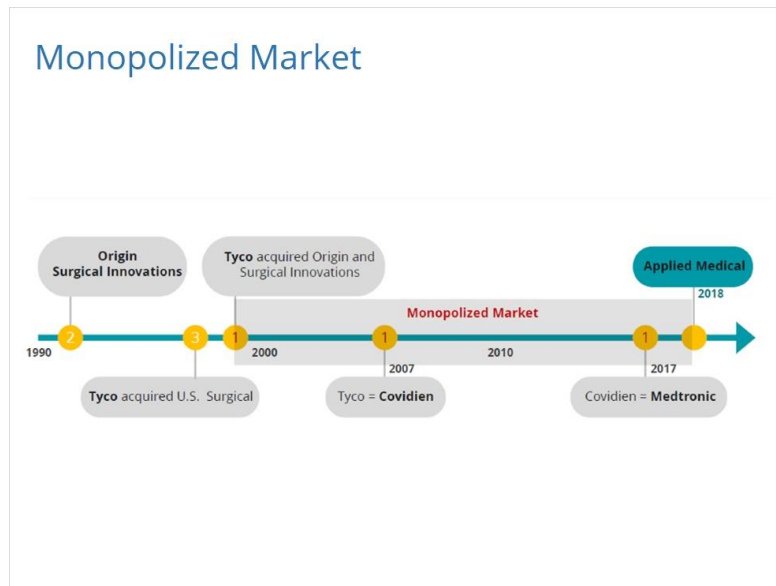
As we enter this market, the impact is two-fold.

Clinically, many surgeons use dissecting balloons to help aid in the dissection of the preperitoneal space while performing TEP procedures. Because of high prices, surgeons are likely to choose alternative options that do not require the use of dissecting balloons, which means physicians are forced to choose between costs and patient outcomes.

Economically, Medtronic has been the only U.S. competitor, which enables them to sell their dissecting balloons from \$300 up to \$600 on average. In regions, such as Europe, pricing is reduced, yet it is still relatively high.

Staying true to Applied's philosophy, we believe that by entering this market we can provide clinical benefits to surgeons and patients, such as our consistent quality-control process, as well as economic improvement by providing high quality devices.

4.2 Monopolized Market



Notes:

U.S. Surgical was one of two companies selling dissecting balloons and was bought out by Tyco in 1998

In 1999, Origin was sold to U.S. Surgical

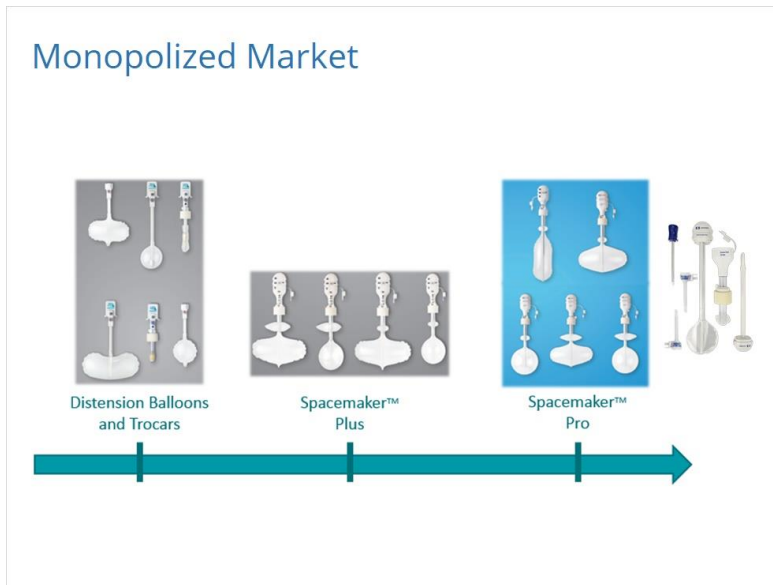
With Tyco owning these two companies, they became large enough to split into three smaller companies

- Tyco Electric
- Tyco Fire and Safety
- And Tyco Healthcare - which was renamed as its own company under Covidien

Covidien then owned the market of dissecting balloons for 10 years until they were bought out by Medtronic, who inherited the

product line.

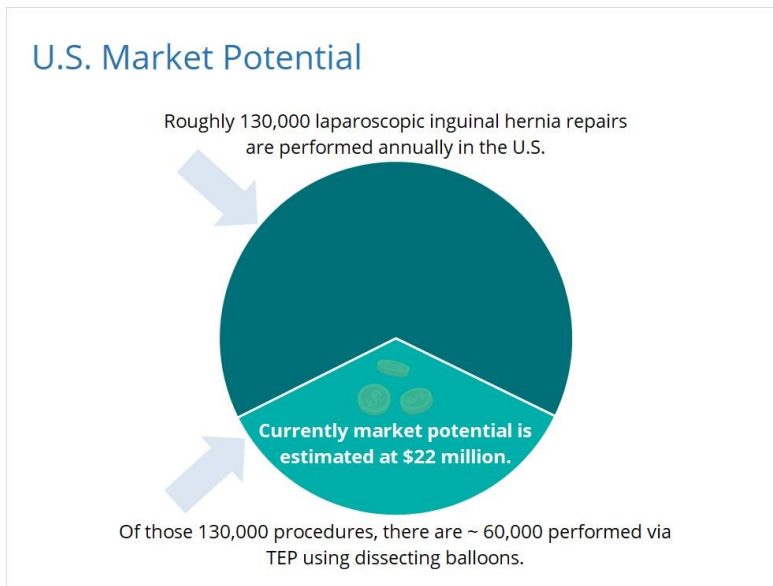
4.3 Monopolized Market



Notes:

The US dissecting balloon market originally started with the Autosuture standalone distention balloons and trocars... evolving to the Spacemaker modular dissection balloon systems with Spacemaker Plus, and then leading to creation of a full TEP hernia access kit with Spacemaker Pro.

4.4 Market potential



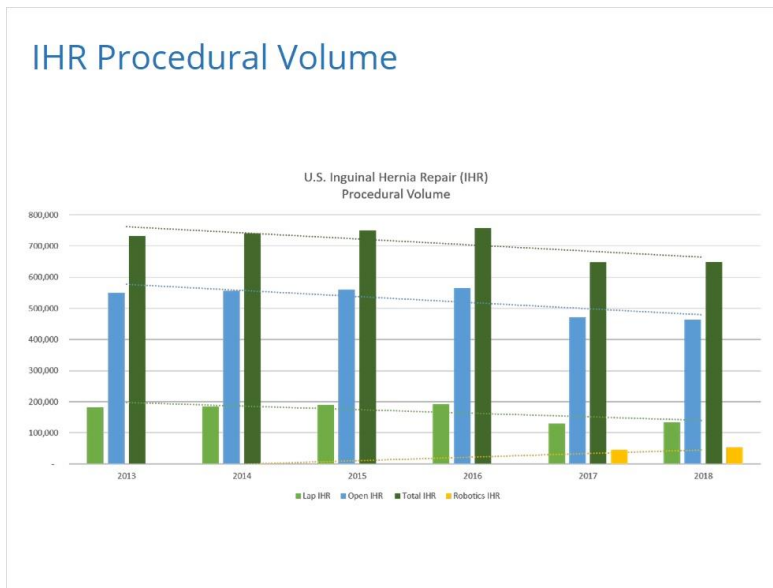
Notes:

Around 130,000 inguinal hernia repairs are performed in the US annually

Of those 130,000 procedures, around 60,000 of them are performed via the TEP approach using dissecting balloons for surgical access.

The market potential for the Kii dissecting balloon is based on the sales of Medtronic's dissecting balloon models and modular systems, as they have had hold of the US DB market.

4.5 IHR Procedural Volume



Notes:

This graph represents the trends in inguinal hernia repair procedures over the past 5 years.

Open procedures on the overall have been declining with more adoption of minimally invasive approaches through laparoscopy as well as with the uptake in robotic surgery.

Robotic surgery data was primarily captured within the laparoscopic procedural volume realm up until 2016. Thereafter, robotic procedural volumes started to be captured separately in its own category for inguinal hernia repair surgery.

4.6 Market Potential

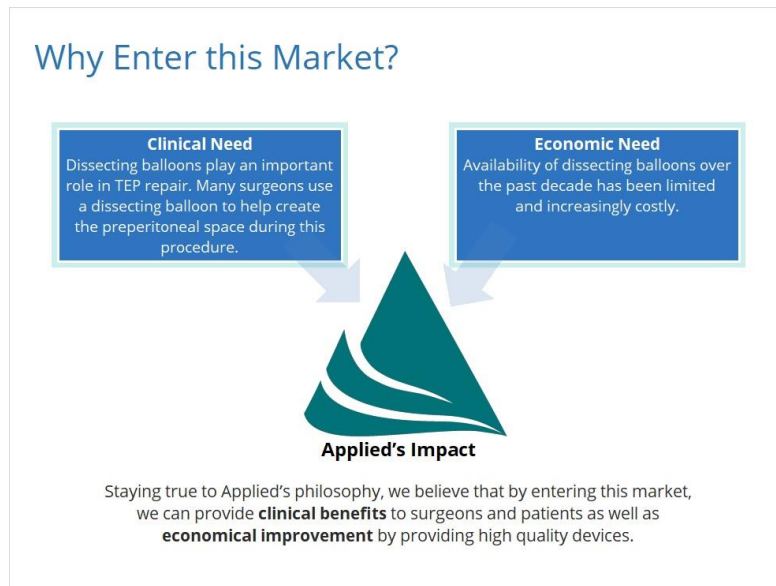
U.S. Market Potential

Year	Dissecting Balloon (Revenue)	Dissecting Balloon (Units)
2016	\$18,716,900	56,108
2017	\$20,894,140	62,879
2018	\$21,584,497	60,953
AVG	\$20,398,512	59,980

Notes:

The table here showing the market potential for the Kii dissecting balloon is based on the sales numbers of Medtronic's dissecting balloon models and modular systems over the past 3 years, as they currently have the largest hold on the US dissecting balloon market.

4.7 Why enter this market AME



Notes:

As we enter this market, the impact is two-fold.

Clinically, many surgeons use dissecting balloons to help aid in the dissection of the preperitoneal space while performing TEP procedures. Because of high prices, surgeons are likely to choose alternative options that do not require the use of dissecting balloons, which means physicians are forced to choose between costs and patient outcomes.

Economically, dissecting balloons have been increasing in price over the past several years.

Staying true to Applied's philosophy, we believe that by entering this market we can provide clinical benefit to surgeons and patients, such as our consistent quality-control process, as well as

economic improvement by providing high quality devices.

4.8 Who performs hernia repair

Who Performs Hernia Repair?

General surgeons are primary hernia repair surgeons.

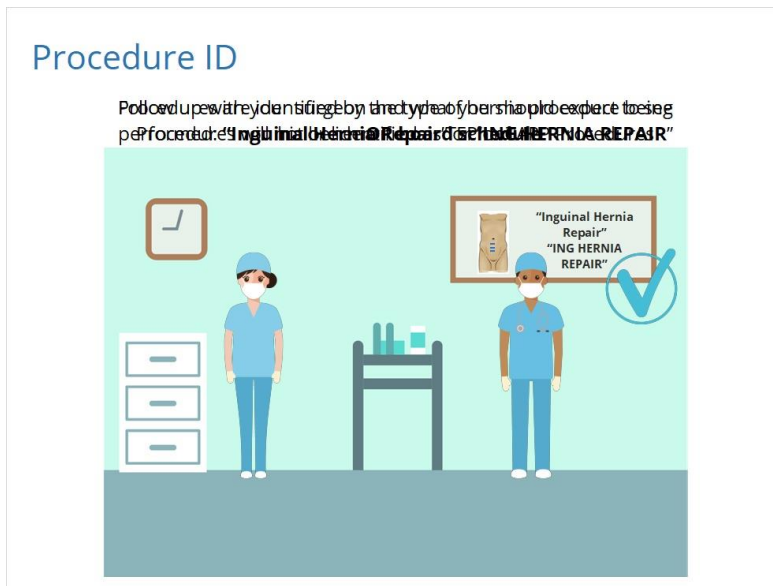
Surgeons in the practice of bariatrics, gastrointestinal, and colorectal specialties may also perform IHR procedures.



Notes:

So who performs hernia repairs? General surgeons are the primary surgeons who perform hernia repair procedures. However, surgeons who specialize in bariatrics, gastrointestinal, and colorectal specialties may also perform hernia specialties.

4.9 Procedure ID



Notes:

When visiting a facility and cross referencing cases you plan to attend with the OR board, it is important to keep in mind that most likely procedures will not be identified as TEP or TAPP procedures, but rather by the type of hernia procedure being performed. You should follow up and touch base with your surgeon on his or her case and what you should expect to see on his or her OR board schedule.

4.10 Who to Target?

Who to Target?

Surgeon Characteristics:

- TEP Surgeons
- ASC Focus
- Current DB Users
- Currently dissecting using scope/blunt methods
- Applied friendly trocar accounts

Non-Targets:

- Robotic users
- TAPP surgeons

Notes:

Surgeon targets for the Kii dissecting balloon product line include:

- TEP practicing surgeons (especially TEP surgeons practicing at Ambulatory Surgery Centers)
- Surgeons who are currently using a competitor dissecting balloon to gain access during TEP surgery
- Surgeons using other methods such as blunt dissection to gain access during TEP surgery
- And TEP surgeons who practice at Applied trocar accounts.

Surgeons who are not targets for this product line include those performing inguinal hernia repairs on the robot, or surgeons repairing hernias via the laparoscopic TAPP approach

6. Thank you

6.1 Reminder

Reminder

This is part of a 3-course series that consist of the following:

- Kii Dissecting Balloon | Market Overview
- Kii Dissecting Balloon | Product Profile and Competitors
- Kii Dissecting Balloon | TEP & TAPP Procedural Profile

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6.2 Thank you

Thank you!

Thank you for completing this course.
Please click the Finish button.

Finish

Notes:

Thank you for completing this course. Please click the Finish button.