

Legal Name: Surface Medical Inc

Address: #2 606 Meredith Road NE T2E-5A8 Calgary

(AB) **Website:** www.surfacemedical.ca +

www.cleanpatch.ca **Number of employees:** 6

Year Established : 2010

Primary Contact: Tony Abboud

Title: VP, Business Development

PRODUCTS AND SERVICES

Please describe your company's structure, products and business model (up to 250 words maximum):

CleanPatch is a first-in-class medical surface repair product that restores damaged medical mattresses to an intact and hygienic state, and represents a novel way for hospitals to save money while enhancing patient safety.

Elevator pitch :

“Knowing it’s a risk to patients, what do you do when your mattresses and stretchers get damaged in your facility?” “Did you know that there is a medical device that repairs damage in seconds for a fraction of the cost of buying new?”

“The product is called CleanPatch – a peel and stick patch that is being used by hundreds of hospitals to repair damage on mattresses and stretchers. Infection Control departments love this solution because its cleanable and durable, without peeling. It is the only solution on the market that is safe for your patients and saves you money.”

“Who in your facility buys mattresses and would be interested in saving money with CleanPatch? Can I send them some information?”

Problem Statement:

Hospital acquired infections (HAI) are infections that a patient acquires when receiving healthcare treatment for other conditions. Despite prevention and control programs that have been in place since the 1950s, and hand-hygiene protocols have been in place for over 100 years, HAI continue to be a prevalent, growing and costly issue in healthcare. To reduce infection rates, emphasis is now being placed on the cleaning and disinfection of surfaces, as well as decontamination of medical equipment and devices.

Several studies have demonstrated that mattresses are one of the highest touch points in the hospital and harbor pathogens that result the transmission of infection and, in some cases, patient death. Medical surfaces such as hospital bed and stretcher mattresses are routinely damaged in the healthcare environment as a result of physical and chemical causes, with studies revealing a damage rate of greater than 35% in North American and European hospitals. The FDA and UK National Health Services have issued advisories describing the risks of failing to address damaged surfaces, including patient exposure to bodily fluids and cross-contamination of infectious pathogens. Currently there is no other medical grade, self-adhesive patch designed for repairing rips and punctures on these high risk surfaces. Until CleanPatch was launched in 2013, there were three options available to healthcare facilities when damaged was identified: 1. leave the damage unrepaired (risking patient safety and high indirect costs), 2. attempt to repair the damage with tape (which is unproven), or 3. buy a new surface (often prohibitively expensive).

Describe your competitive advantage(s). Please specify what is your key value proposition for a prospective French business partner:

Currently, there is no other commercialized medical-grade, self-adhesive patch designed for repairing rips and punctures in hospital mattresses. Substitute options, that are neither allowed nor effective, include the use of duct tape and the like. The ultimate solution is to reupholster or replace the mattress at a cost of 200 to 1500+ Euros per unit. Consequently, most damage is not repaired immediately due to the high direct cost of the repair and indirect costs associated with equipment downtime. As such, Surface Medical has positioned itself with a first to market, clinically validated surface repair solution for hospitals. CleanPatch addresses the problems highlighted by providing a cost-effective and reliable way of repairing the damage, re-establishing an intact surface, allowing appropriate cleaning and infection transmission prevention, while lowering repair costs, increasing equipment lifespan, and minimizing equipment downtime.

IP Position : Our strategy is to build a strong patent portfolio around the core technology that is important to the development of leading edge products. The offensive and defensive strategies are to be the first to identify and patent products with commercial importance, to seek out and license intellectual property believed to be useful in connection with potential products, and to control public disclosures. Two patent applications have been filed and received encouraging preliminary examinations to protect medical surface repair patch technologies, including a patent granted status in Australia, and trademarks have been registered to protect the company's product names and brand.

What is your sales/marketing strategy?

Target Market

The primary target customers for CleanPatch are acute care hospitals, where damaged mattresses are prevalent and cross-contamination risks are high due to rapid patient turnover and traumatic cases. Within acute care hospitals, there are three primary stakeholders who recognize the risks associated with damaged mattresses and are therefore the most supportive audience for this repair product:

- 1) Infection Control – the gatekeeper for new technology that assesses the product's clinical relevance, but lacks the necessary budget to purchase.
- 2) Environmental Services (EVS) – In many hospitals, EVS holds the budget for facility-wide mattress purchase and would gain the most financially from implementing CleanPatch. Also, frontline terminal cleaners turnover rooms following each patient discharge and observe damage at this time.
- 3) Facilities / Maintenance – In other hospitals, Facilities Maintenance holds the budget for mattress purchase and is comfortable repairing broken equipment and performing preventative maintenance. Secondary stakeholders that can be important in healthcare facilities include Nursing and Specialty Departments, such as the Operating Room.

SMI's sales strategy has been to partner with specialty distributor partners who focus on innovative Infection Prevention technology and have a technical sales force with relationships in the stakeholder groups mentioned above. In the US, SMI has partnered with leading disinfectant company Diversey, who serves as the master exclusive distributor for US healthcare facilities. Diversey employs 65 sales executives directly to sell its technologies, and has an additional 400+ sales representatives plus their distributors. Diversey conducts market awareness and educational outreach by attending major industry tradeshows, presenting webinars, and placing advertisements and articles in leading industry magazines. Diversey also manages GPO contracts and has key

relationships with the largest healthcare systems in the country.

International Market

Surface Medical's partners include specialty distributors and a medical device consultancy service –

Rodnight Partnership (Overseas partner for ROW expansion)

Henleys Medical Supplies (Distributor partner, UK)

Harvest Healthcare (Distributor partner, UK)

Ferno UK (Distributor partner, UK)

Keaney Medical (Distributor partner, Ireland)

Kebomed (Distributor partner, Denmark)

Medihosp (Distributor partner, South Africa)

Suntime (Distributor partner, Hong Kong)

Business model:

Surface Medical has a staged business model for developing a new healthcare market with its CleanPatch technology. Stage 1 is to understand the market drivers, trends and reimbursement strategies to formulate the correct market entry approach. Stage 2 is to seed the market with specialty distributors who are recognized for bringing innovative infection control products to the market, and have experience in medical mattresses, providing the "missionary sales" required to get CleanPatch off the ground. Stage 3 is to work with the appointed specialty distributors to demonstrate success, which typically means 100+ healthcare customers and a recurrence rate of 30-40%. Finally, Stage 4 is to partner strategically with a multinational disinfectant manufacturer to master distribute CleanPatch in the market, grandfather all specialty distributors and take the business to the next level.

This strategy was employed successfully in the US market in 2016.

CTA Fit

Please describe why you want to participate in the CTA? How does this fit in with your business strategy? (Market traction, any business experience/interest in France or Europe)?

- Develop strategic partnerships
- Customer acquisition
- Validate product in new market

Surface Medical has experienced rapid growth to its business and has identified France and Germany as key markets to expand into in 2017. Following positive preliminary work with Emilie Delestrade and Sandrine Caduc, including interest in CleanPatch from Hospices Civils de Lyon, we have become very interested in participating in this program this year. We feel that combining our resources with the TCS will allow us to connect with specialty distributors, key opinion leaders and strategic partners in Europe in order to help grow our business.