

THE OPPORTUNITY

THE COMPANY is introducing a state-of-the-art sterilization system ("**SteriDent**") for the dental office. Using an ambient temperature chemical from its daily use cartridge, **SteriDent** -- on site, at the dental chair -- **will fully sterilize the dental handpiece in about 14 minutes, for less than what it costs to sterilize and refurbish these handpieces today.**

SteriDent even offers computer printout verification for insurance and record keeping purposes.

THE COMPANY is seeking \$2.3 million in its fifth round of early-stage financing to compliment previous commitments of more than \$650,000.

With only modest market penetration (3.2%) in the first three years, THE COMPANY believes it can achieve sales in excess of \$100 million and operating profits in excess of \$30 million by the second year of operation following staging years.

BACKGROUND

The requirement for periodic sterilization of instruments leads to:

- **COST - LOSS OF TIME:** A primary cost to the dentist is the time it takes for a handpiece to be sterilized, an average of 45 minutes to an hour; the dentist must have extra handpieces on hand to replace the ones that are being sterilized.
- **COST OF REFURBISHING EXISTING EQUIPMENT:** A major problem is that the high heat "kills" the handpiece itself, which can cost between \$400 to \$1000 or more each. The handpiece must be refurbished every 6 months or so, depending on use.
- **INADEQUACIES OF EXISTING AUTOCLAVE TECHNOLOGY:** Recent evidence has emerged which demonstrates that autoclaves may not fully sterilize the internal lumens of a handpiece.

TECHNOLOGY

SteriDent is based on a chemical sterilant mixture that can operate safely and efficiently at near ambient temperatures. Key to its effectiveness is a patented cartridge that separately stores two components of the

sterilant, allowing them to mix and react at point-of-use only. This system provides a sterilant that has both high efficiency *and* long shelf life not achievable with other sterilants. The system offers a highly convenient, low-cost method of assured sterilization for the dentist which:

- Uses a safe and non-corrosive chemical sterilant packaged in convenient daily use cartridges.
- Operates at low temperature (~90°F).
- Sterilizes the handpiece between treatment of patients, thereby limiting the need to have extra handpieces in inventory.
- Cleans, sterilizes and dries the handpiece in a fraction of the time required by other methods.
- Provides 100% sterilization of microorganisms like HIV, Hepatitis, tuberculosis, bacterial spores, antibiotic resistant bacteria, and "super bugs" such as the recently genetically sequenced *pseudomonas aeruginosa*.

BENEFITS STERIDENT PROVIDES

- Faster turn-around time. **SteriDent** does not require any preparation of the handpiece by either the dentist or the dental assistant.
- Fewer handpieces required. **SteriDent** enables each handpiece to be sterilized between patient treatments, meaning fewer handpieces to purchase and maintain.
- Psychological benefit as patients witness the sterilization process and thus fears of possible infection are allayed. Dentists surveyed consider this to be an important psychological effect.
- As a point-of-patient care device, use of **SteriDent** limits the handling of contaminated handpieces and eases regulatory compliance.
- Environmentally friendly. **SteriDent** uses chemical sterilants that are environmentally benign and fully FDA compliant.

THE MARKET

The market for sterilization devices is large: There are ~220,000 total private and government dentists, at 3.8 chairs (dental operatories) per dentist; and 22,115 private dental clinics, at 10.0 chairs per clinic. This yields a total market estimate of 1,057,150 chairs (the focus is on chairs, since **SteriDent** is a point-of-patient-care device). This translates into a total estimated market opportunity of ~\$3.7 billion.

THE COMPANY intends to penetrate the existing dental market by offering to both new and existing dental offices a breakthrough technology that represents a quantum-leap in terms of regulatory compliance, time and cost savings, and ease-of-use for the dental professional.

GROWTH FACTORS IN PLACE

- Significant progress with FDA review: Approval process expected to be completed in mid 2002.
- Low Entry Price. *SteriDent* will be introduced at a price below that of existing autoclaves.
- Solid Intellectual Property. Granted US Patent covering the unique cartridge for holding and mixing the two-sterilant components. This is the consumable sterilant cartridge for **SteriDent**. Additional patent applications have been filed to further protect the **SteriDent** IP position.
- Growth prospects in other “heat sensitive” dental and medical instruments such as laryngoscopes, endoscopes, as well as other instruments that require a rapid turn-around on-site.
- A strong management team. President and Founder is an engineer and former General Manager, International, for Leeds & Northrup Company. He is supported by an array of financial advisors, technical experts, FDA specialists, attorneys, and investors.

- Detailed market strategy has been developed based on extensive data on dental practices, their operations, geographical distribution, and buying patterns.
- Comprehensive manufacturing and distribution plans, capital equipment requirements, staffing, information systems, quality assurance practices, testing, marketing, etc. are also in place.

THE COMPANY'S FOCUS

- **LOW COST:** *SteriDent* will sell at a much lower price than the competition due to low manufacturing cost, combined with THE COMPANY'S in-house expertise in establishing ISO 9001-compliant quality control/quality assurance procedures.
- **CONSUMABLES:** *SteriDent* uses disposable cartridges of sterilant that will provide a cash flow much larger than that from the sale of devices.
- **DIFFERENTIATION** from competing products through a significant technological leap beyond existing systems. This will increase the margins earned on the consumable products, such as the sterilant cartridge.

STERIDENT OFFERS OUTSTANDING OPPORTUNITY FOR RAPID GROWTH. ITS GROWTH STRATEGY IS PRESENTED IN DETAIL IN THE COMPANY'S COMPREHENSIVE BUSINESS PLAN, WHICH CAN BE OBTAINED BY SIGNING AN APPROPRIATE CONFIDENTIAL DISCLOSURE AGREEMENT.

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