Unique Ways to Win Over the New Healthcare Decision Makers: Interview with Tim Gleeson and Joe Andrew, Co-founders of Novasyte

In this interview with Tim and Joe, we learn how medical device companies can utilize novel methodologies in order to win in today's challenging economic environment. Here are some of the points that we are going to cover:

- In the midst of successful medical device careers, why did Tim and Joe decide to start Novasyte?
- The time suck Tim and Joe both experienced at Covidien that eventually led to the birth of Novasyte.
- Challenges that product conversions represent for medical device companies.
- Should medical device sales reps perform non-selling activities?
- Potential cost savings and value-added benefits through remote video and phone support and
- Can service be a differentiating feature when trying to cross the pricing gap?

Scott Nelson: Hello, hello everyone. It's Scott Nelson, and welcome to another edition of Medsider, the place where you can learn from medtech and medical device experts on your own terms without going to school, and on today's show, we have Tim Gleeson, who's the CEO of Novasyte. Thanks, Tim, for coming on. Really appreciate it.

Tim Gleeson: Yeah, thanks for having me.

Scott Nelson: Alright, Tim. First, can you give us a little bit of background about you, and then tell us a little bit more about Novasyte?

Tim Gleeson: Yeah, sure. So, my background is a pretty typical sales management background. I was with a business sales environment in New York City for a couple of years and then moved into med device sales with a large company. I'm not sure if we can say the name of the companies out loud?

Scott Nelson: Yeah, that's fine. That's fine.

Tim Gleeson: Fantastic, yes. I was with Covidien for many years in the sales ranks and then was promoted out to the West Coast here in Southern California in sales management. As we went through some pretty big GPO swings and some pretty big IDN plays, bringing on multiple products at once, we were constantly tasked with trying to figure out how to educate and manage conversions. So, we spent a lot of time on sales and sales management educating end-users on how to use our products, and even though they were low-tech in some instances and moderately technical in others, we would spend upwards of 40% of our year educating.

And so, we looked at, and we being my business partner Joe Andrew and I, and Joe's going to join the call here a moment but we looked at opportunities to fill a need that we had, and that was

provide a reputable, reliable brand representative to support education events when the customer says yes. As it's evolved, our business has gone from just when the customer says yes to all the way down the line to when the FDA says, "Hey, you need to pull this product off the shelf." So today we're pretty excited about our business and where it is, but that's really the backdoor on how we got to where we are.

Scott Nelson: Got you. I certainly want to dig into some of the unique value propositions that you guys offer through Novasyte, but let's first start with your background because I want to touch on that. You left, and I'm looking at your LinkedIn profile right now, what appeared to be a very successful career within Covidien, kind of moving up the ranks from a Territory Manager role to Regional Manager and you won several awards as Regional Manager of the year. You could have gone on, but you saw enough of a need to branch out and start Novasyte. Was there a trigger event there…

Tim Gleeson: Yeah.

Scott Nelson: …or have you always had an entrepreneurial flair that you couldn't resist making a move?

Tim Gleeson: You know, it's funny, I think I always had an entrepreneurial flair. I grew up originally in Australia with a father who was very entrepreneurial and in up-selling what was one of the largest diagnostics companies in Australia to a large organization here in the US, which brought us to the US. But I think, from an entrepreneurial standpoint, I've always been fascinated with growing something, building something, and having that sort of the foundation for what you do on a daily basis. I think if you really look at the Covidien role, which was a very corporate-driven role and a fantastic opportunity to learn a tremendous amount, but I wasn't necessarily interested in jumping in line with a number of other people who were in front of me who had a very similar look, profile, and experience, and then basically have to battle it out to the top. Joe and I were battling each other every year, number one, and number two spot, whether it be for sales or sales management. So, I knew at some point Joe and I was going to have to battle each other to get that next job.

So, really for me, I think the big thing for me as we went through this was focusing on, okay, if I'm going to work 60, 70, sometimes 80 hours a week, how am I going to do that? How am I going to make sure that we're trying to figure out where do we get the best bang for your buck? And if you have to put in that blood, sweat, and tears, are you wanting to do that for somebody else and build somebody else's treasure or you want to do it for yourself? So, I think there was always a need and a desire for both Joe and I to be entrepreneurial, but I think as much as anything it was finding the right itch to scratch, finding the right need. I think for me, and I'll let Joe answer here in a second, for me, the biggest thing that drove me towards starting Novasyte was I was about to go down and live in San Diego for two or three months, I had a very large health system down there that said yes to four products, and I had a brand new baby at home.

While we were having great years, as I said, being in the number one and number two spot, we were constantly going into these non-revenue-generating tasks like education. So that night I got

up at about three in the morning in a very Jerry Maguire-ish moment and typed out a business plan, which to be honest, now looking back, it's about 40 pages long and it has some gibberish and some rants in there, but still, the essence of the concept holds true, and that is providing sales organizations the right talent at the right location but making sure that they are both brand representatives and clinically sound. So, that really was what drove me, was the idea of here I was again going on the road to go and educate the end-user on how to use four new products. I'll hand it to Joe to chime in here. Joe, what was your thought process on leaving and jumping off?

Joe Andrew: You know, it was definitely not a decision that was made lightly, very comfortable in the career I created over 15 years. I've been in sales since school and in middle management, so to speak, but the opportunity, I think you said that the need that Tim and I identified was there and we lived it every day, so we knew there was a market for it. We just needed to know if it was a Covidien-centric issue or if it was a global issue and luckily for us, it's a global issue, this need for having peer-to-peer education in times when economic times are the way they are. We provide a definite value when needed, and then we're not there when we're not needed.

Scott Nelson: Sure. Very good, and the reason I even ask that question is, and you guys both, I would presume would agree with this statement in that some of the best entrepreneurs are sales folks that are in the trenches, in the field, see needs and want to meet those needs. So, that's the reason I even ask that, is for those sales folks that are listening to this interview and have sort of that burning desire to build something on their own with their own blood, sweat, and tears as you mentioned, Tim. I think it's great for them to hear your story and why eventually you pulled the trigger.

So, moving on I want to hone in and I want to build a case for the needs and challenges that you guys first identified and maybe are still identifying to this day. But for those listening that haven't experienced what a typical conversion process looks like with a certain medical device or a certain medical product, let's get into that and what challenges that creates for a device company that's dealing with a system-wide conversion or a hospital-wide conversion at the local level. Can you expand on that a little bit?

Tim Gleeson: Yeah, and obviously Joe and I have, before Novasyte, many years' experience getting it right and getting it wrong. So, I think as we've gone through this process we've really learned how to best add value to organizations. But I think when you look at the customer dynamics today, very few organizations are stand-alone facilities making purchasing decisions today. I think that's pretty important to talk about because the dynamics of the customer and the way the customer buys have changed and they're changing quite rapidly. There's always the discussion of GPOs buying and sort of driving some utilization, but we're seeing more and more that shift to a health systems discussion where it's an IDN top-down. So, I think when you talk about a house-wide conversion, I think what you need to talk about first is the front end. Okay, how does the product get introduced to that facility? If the product is being decided by the executive level to be acquired, then it's a very different discussion than if you'd trialed the product in every facility locally and you'd gotten by it.

So, there are two different ways to look at it. One is sort of, hey, we're going to adopt this product, get on board, and the other one is, hey, let's try the product and let's see if you like it. So, I think those are two things that are changing pretty quickly, but house-wide conversions, they're labor-intensive, they're time-consuming, they drain a lot of resources and from all of the companies that we work with, you really have probably three to four weeks of planning before you go into a house-wide conversion. That house-wide conversion, just like it says, it starts in the basement and can go all the way to the ceiling, and that's ceiling is generally the competent areas, and everybody in-between those two areas needs to know exactly how the product works, how [13:12 inaudible] if there are any issues. That's where the device company comes in, and that's where they have to figure out, how are we going to do this education? How are we going to manage this plan?

So, I think from our perspective there is a difference in the way that customers are buying today, but a house-wide conversion really is getting in on the ground level, building the resource plan, and the resource plan consists of a company like Novasyte coming in to support or, alternatively, utilizing your sales force, which again is why we started Novasyte, because of the under-utilization of sales doing selling activities, and then from there, really it is somewhat of a dance. There's a lot of coordination with the facility, a lot of coordination with the resources, product distribution. You really want to make sure that you're not just sort of showing up and hoping that this works, and really I think that's where the skill comes in. A good conversion prevents all of the troubles and all of the fires that show up 30, 60, 90 days out post-conversion. So, you should plan on the front end, you prevent any failure on the back end. And Joe, I'll let you chime in there. Joe?

Joe Andrew: Well said, Tim, and the clinician to clinician from my point of view is something that's really taking on in regard to peer-to-peer education. In what we've seen, a successful by-product is the fact that when we go back into the hospital they know our clinician's faces, they trust the feedback and the chance is you're going to get post-conversions. It's not only the front-end and middle but it's post-go-live. We had three customers last week tell us, these conversions went well upfront but three weeks later we lost the deal or three months later we lost the deal because of the poor follow-up. So, we offer all those different points of reference for our customers.

Scott Nelson: Right. So, a typical process, and in my experience, this is what typically happens, and Tim you touched on it briefly. In a medical device company in today's age where they're being squeezed on a lot of different fronts from the medical device tax to an uncertain regulatory pathway to the increased costs of getting a 510(k) or a PMA approved, etc., there are all of these different cost squeezes. So, they're looking at their traditional sales model and saying, okay, we've got to have a salesperson, a territory manager in the field driving conversions, but is their time best spent going out and hunting per se or handling the conversion. From that time when the customer says, yes, we want to convert. We're good with the pricing. We're out of contract with our current vendor etc.

That whole process from when they say yes to all of the planning that goes from educating all of the nurses and staff on a floor or whatever capacity your device is used into handling Q&A after the conversion, all of that stuff. Is that best suited for a salesperson, which happens in my experience most of the time, or is that best suited for a team of clinical reps? Is that best suited to outsource to a company like Novasyte? I'm not even sure of other companies that offer your kind of services, but that whole aspect and what are you seeing in the field. Today, when you're talking to device companies that are going through these challenges, and if we dedicate these tasks, these conversion educational tasks to a salesperson, is that their best use of time? What are you seeing?

Tim Gleeson: Right. Well, you've asked a lot there, but I think from a couple of observations, and if I understand it correctly, what is the best way to get a customer educated on board and support it, right? Whether that be insourcing it with your sales force or insourcing it with a full-time clinical team or outsourcing it. We like to call it partnering with a company like Novasyte? To our knowledge, there isn't a tremendous amount of companies out there that do what we do, which thankfully gives us a little bit of a greenfield space. But well, I think when you look at the pricing pressures in the device and diagnostic space today, the 2.3% med device tax alone is a huge sort of gray cloud that organizations are trying to figure out what to do.

On the assumption that Obama does win again, and the 2.3% med device diagnostic tax does go into effect, there is effectively 25 to 30% less gross margin for organizations to work with. So, you're talking about one element of the next 12 to 18 months that's going to add increased pricing pressures. Regulatory approval increasingly, increasingly difficult. I think it's becoming not only very difficult to get it but very costly to get it. So, you're seeing a decrease in VC investment across the board in organizations, in med device, small startup med device, and diagnostic companies.

So, I think that, along with sort of ever-evolving customer base, really puts an opportunity for Novasyte in play. So, we've always advocated that the sales force is never removed from the opportunity to own the relationship. Our goal is never to replace the sales force or the full-time clinical force. A number of customers use a blended model, which is they may have a sales rep or a sales manager there. They may have a dedicated full-time clinician and then augmenting that, sort of the offensive line, if you will, is the Novasyte team.

So, it really depends on the technology, the complexity, and where the product is going in, but I think if you look at it, the goal is always to have your highly-paid sales guys and girls out in front selling. Yes, there's an opportunity to sell in an account when you're in servicing, educating, but there's also an opportunity to be down the road of the next deal. So, our goal as we came out of Covidien was not to necessarily remove the sales force but to provide a strategic partner who can support multiple conversions at once, who can support clinical credibility, who is a clinician to a clinician, a pharmacist to a pharmacist or a physician to a physician. So, you get this inherent uptick in adoption, in credibility, and utilization from our perspective when you're leveraging a company like Novasyte to support your sales force, but again, your sales force or your full-time clinical team, they are the quarterbacks. So, they are still very much in control. This is not a, hey,

we've got the PO. Give it to Novasyte. Go implement it. That's not the process and it never has been.

Scott Nelson: Got you. I like your analogy of using the traditional model of a sales rep in the field being the quarterback and a company like Novasyte, for example, or even if you insource it, your insource clinical team as the kind of offensive line. That's a great analogy. Joe, anything to add to those comments.

Joe Andrew: Well, I think if you talk about what Tim mentioned earlier in regard to decisions being top-down, we have a large system IDN convert let's say 42 hospitals. What's the tactical plan to do this? Do you fly in your sales reps to bring in marketing, as Tim said, you insource it, or do you look for a partner that has done this before, and we can go over a laundry list of conversions that we have performed system-wide, 42 hospitals converted within two-and-a-half months, and that's before in-service and product now on the floor is being utilized.

So, we make the decisions, as Tim said, from the top down and these larger opportunities pop up. We are able to parachute our team in and assist, and we've done that time over time. In regard to some of the price pressures, as Tim often stated, within the medical device industry, someone from the AdvaMed Conference last week, a CEO, mentioned that we can't keep reducing our price 2% a year, 3% a year. It's death by a thousand cuts. We have to come up with a way to innovate our product and make our product valuable versus just dropping our price. That's the task ahead of these medical device manufacturers. How do you make your product sticky and [21:41 inaudible] without lowering your price [21:43 inaudible]?

Scott Nelson: That's a difficult challenge, and you have to think one of those would be the support and service that you offer on the back end, certainly.

Joe Andrew: Exactly.

Scott Nelson: We talked a lot about like a typical conversion process. So, either a stand-alone hospital or in most cases probably a hospital system would decide to convert to a product and everything that goes on behind the scenes throughout that conversion process, the education, the questions, post-conversion, etc., but what about even, in looking outside of a conversion process in a day-to-day sort of environment where a physician is using a device, not overly experienced with it but has some questions during the case or right before the case. Do you see that as a big challenge and the reason I ask is I'm looking at the phone-in video support that Novasyte offers? Is that where you see that coming into play?

Tim Gleeson: Yeah. No, I think there's definitely... Again I had to use the blended term, but there's sort of a multi-pronged approach here and one that we've developed in conjunction with customers, and that is the discussion around, okay, of the time spent in front of the customer, how many times could that particular customer have been supported remotely whether it be by phone support or video chat support? That was really how we've come up with sort of an augmented approach, three-pronged approach if you will. So, I think when you look at the on-demand discussion, being able to support end-users in a just-in-time basis is important and

becoming more prevalent. If you look at the product set getting smaller and smaller and going home with patients. That presents a whole host of different challenges around, how do you support that?

So, I think when you look at the 800 phone support and the video chat. Well, the 800 phone support is not necessarily revolutionary. It's part of our integrated approach and then again becomes a certified consultant on the phone and with our help, whether it be an end-user, consultant, clinician, physician, or patient, manage that product. Then also with our video chat leverage, this is one of those in-between stages of technology where you don't necessarily need to do a full-court press within a facility because the product is not that different or the product is not that changed, and really what you end up doing is you provide a menu of services to them and you might give them 30 hours of face-to-face field-based support and then maybe two weeks of video chat support.

So, it becomes this opportunity for the customer to figure out, how do they want to consume this information? How do they want to get educated? What kind of accountability do they want to take on board? So, there's a shared risk, shared reward discussion that goes along with this. One thing I might add just real quickly is, when you talk about the price points being critically addressed within a health system, and the biggest spend always comes in first and they ask, okay, we need to lower your price by 3%. We've got a 50-million-dollar gap in our budget. That's happening with every product in every company and we've seen that.

What we've been able to do and what we've noticed more and more is, how do you differentiate your product or service when all of a sudden you've got this negative innovation, this innovation where the product is not necessarily the most revolutionary but it fits 80% of the need and it's at a great value? So, I guess my point there is that service, a lot of organizations have come to us and said, our product is good, but we need to differentiate on a different platform. That's where they've come and said we need service to be a differentiator. So, I think that's really an interesting discussion when we talk about all of these pricing pressures, how do you make your product or your service or the combination of the two differentiated? I think that's where Novasyte can play a really healthy role.

Scott Nelson: Right. Joe, unless you want to step in there, and I guess let me throw this scenario at you. If I'm a hospital, we're in the process of negotiating a new contract. As a medical device manufacturer though I can come in and say, look, we're going to be competitive on price. Say I'm the incumbent in this case. I'm going to say, do you recall the video support that we offered over the past year-and-a-half? Anytime your nurses or your techs etc. had a question, we were there, available, just like an online chat through a banking service, for example. I've got to think that an intangible like 24/7 phone and video support or something along those lines. I've got to think that in most cases would outweigh maybe a little bit of a higher price. Do you agree?

Tim Gleeson: Yeah. Look, I think it does, but again I think it goes back to the healthcare sector being a little slower to adopt technology and a little slower to adopt new ways of doing certain services. Obviously, there are cutting-edge surgeries and cutting-edge devices that are coming out, but as it relates to the healthcare arena, generally a little slower to adopt technology. So, I

think the opportunity is there and I think that the next generation of clinicians and physicians are really going to expect it. I think that we do have an interesting sort of parallel going on in the healthcare setting with healthcare workers and I'm not sure that they necessarily see how valuable that can be yet.

But what I will say is, from a menu offering, I think you're talking about being able to differentiate your offering and offering three components field-based, video chat, and phone. We do see that becomes, whether it's at the high-end level of an IDN discussion or sitting down with a GPO, being able to put that into an offering and say, here are 10 reasons why you should buy from us, and three of them is the service component. We see that more and more becoming a valuable distinction between competition. So, I think you're right. We're just not sure how far it can go yet.

Scott Nelson: Sure. Yeah, that makes a ton of sense. Even going back to, and I can speak to this personally, in that a lot of the times when I'm going to cover a case, cover a procedure, most of my experience has been on the implant side or like a one-time-use sort of product. If I'm going to support a case or even go to in-service a bunch of new techs or nurses that have questions about how a particular device is used, there are so many times when I personally left that hospital and said, geez, I drove two-and-a-half hours to this hospital and that totally could have been accomplished through video, through a Skype chat or something along those lines.

Tim Gleeson: Yeah.

Scott Nelson: ...and I guarantee that every sales guy that's going to be listening to this interview is like, amen. I thought the exact same thing. But with that said, this is not a new thought. This has been a thought I've had probably for the past five years, but yet I find it hard to believe that a large strategic device company, whether it's Covidien, Boston Scientific, Stryker, Zimmer, I'd be hard-pressed to see them implement something like that. Would you agree?

Joe Andrew: Yeah. First of all, Novasyte, Tim, and I, when we first started this organization five years ago, our first obstacle was, how do we meet every nurse that we submit to our customers? That was done through video chat, through software we had purchased. This was five years ago when not everyone had video cameras, so we knew this technology was going to be the way information was going to be consumed, that people were going to interact. Obviously, you see it now with Skype, and there are 45 million users on Skype, and there are co-browsing websites now where they share a screen and video pops up. So, the technology is there. The adoption, as Tim had said earlier, is falling behind the flow of the communities today.

So, getting a doctor or a nurse to walk over to a computer screen and look at the computer screen and get an education on a device, yeah, it makes sense, because you can hold that device. Some of the devices that are out there now maybe more intricate. So, the pushback would be, this device has more bells and whistles than I'm really comfortable with. I need somebody here to hold my hand. That's where the pushback or the disconnect could be with the technology. We see this as the medium to low-end products that they can be shown and visualized on camera. With some of the more intricate surgeries and implants, it may not catch on as quick.

Tim Gleeson: Yeah, and I think that when you're talking about the large multinationals like the Covidiens, the Boston Scientifics, the Medtronics, and the works. Look, it's coming. It's happening. There's no question it's going to happen, and I think that's a really important distinction. We were just at AdvaMed last week, we had a great discussion with the CEO of J&J's ortho clinical business, they've gone, and they've done this. They are doing this internally, this video chat discussion. So, it's not a question of if but when. The one variable is it could be another five to eight years before it's really adopted. But we're here, and we're not looking to be a singular offering. So, as we go through and we constantly evolve our business, we're certainly looking at doing more, and one of those prongs is the video chat discussion, Novasyte 360.

Scott Nelson: Right, right. Yeah, and to your point, Tim, I mean it seems like every day there's a new blog post or a news article that's written about another potential negative impact for a medical device manufacturer. We talked about the device tax. We talked about the changing dynamics and how customers buy, moving from a physician-driven sale to more of a hospital-executive-level/procurement-level-driven sale. There are added compliances, added costs of complying with the Sunshine Act, regulatory costs, etc., etc.

I mean, the model has to change, right? I mean, there's no doubt about it. Back to your early analogy of the quarterback, do you guys personally see more and more companies, especially those I'm not going to say startups but maybe more mature startups, moving to more of a model where there's kind of a regional direct sales guy, but in order to implement either utilization or to manage a post-conversion process implementing more of like your team at Novasyte for that sort of task, I mean, that's got to happen?

Tim Gleeson: Yeah.

Scott Nelson: And I pinpoint the mature startups just because they can't get financing anymore. I mean, it's a dried-up market. The chance for an IPO is pretty much nonexistent. An acquisition is probably going to be their best chance at an exit, and they've got to show sales, so they're going to have to iterate on their model and I've got to think the same thing, maybe in a little bit of a different way, it's got to apply to even the big companies, like the large multinationals like we just talked about.

Tim Gleeson: Yeah, so I think you're right on there. I got a bit of an echo, but we love sales guys and girls as much as anybody. We are sales guys. Our organization is built on the backs of sales guys and girls who are trying to figure it out. The day of the super-sales rep, the guy or girl who is able to convince physician X to leverage their joint or their pacemaker or their stent or whatever it might be, things that were traditionally all physician preference, that day is rapidly coming to an end. While I don't want that to be the case because, like I said, 90% of our networks are these guys and girls doing this, but the deals are being done at the corporate level, the major accounts, the IDN, the health systems.

Really, what's happening is from the period of time that a health systems group says yes at that executive level, and there are a number of reasons why, and that's made up of it could be value, it could be innovation, it could be both. But ultimately the decision is made in a somewhat

different environment than it has been in the past. Now it's up to the organization that gets the nod to effectively go in and help with change management. That's effective. That's what it is. The executive team has said yes not only because you've got a great product and a great price, but because you've committed to me that you can actually do this conversion and get people on board.

So, we've had so many discussions over the last 30, 45 days around the period of time between the corporate boardroom saying yes and the individual facility getting the nod and saying, by the way, your product is converting. There is a period of time, the gray area, where there really needs to be a clinical sales advisory team, and this is where we see the augmentation in the sales force, going from a traditional sales rep to sort of hand-to-hand combat to, hey, we've got the license, we've got the deal at the top, now we need to make sure that we convince key decision-makers in each facility on a local level that this is the right call and give them one of three value propositions and hope that they hang onto it.

So, we don't necessarily have the answer today, but we do know that the days of [36:14 inaudible] convince an individual in a facility to stand up and pound their chest in the value analysis committee and say, we need this product because… Those days are really coming to an end and I'm sure there'll be people out there, detractors who dispute this, but it's certainly becoming less and less prevalent.

So, the clinical sales advisory discussion is really that what we're looking at is, okay, how do we as a partner to our med device customers play a bigger role in the change management? We've got some great ideas on it. We certainly don't have all the answers. So, I think there's going to be a period of time where we're really going to be figuring it out. But again, for our business, we feel very optimistic that the future looks way better than the past, for us. So, that model has to change in order to support what's going on in the buying decisions.

Scott Nelson: Right. I'm not sure if you noticed it but I had to step away and cough. I couldn't reach my mute button quickly enough. But great points and I'm sure you guys would probably agree with this, but if you're a salesperson listening to this interview, don't cry and complain about the changing dynamics within the industry. I mean, I guess the way I would approach it, the way I'd personally approach it is change with it, figure out where you're strong, make your case be known, and change with the industry, but the worst thing you can do is complain or be stubborn about what's happening within our industry.

So, I want to kind of reach towards a little bit of a conclusion and ask you a little bit more specific questions about your offerings, the Novasyte offerings. Your three main categories are kind of more flexible in-service teams, phone-in video support, and then full-time clinical recruitment. If you can touch briefly on three of those and then maybe, if possible, give a few examples of what those would look like, and we kind of touched on this a little bit already so if the examples are overkill, but maybe briefly describe each of those three offerings.

Tim Gleeson: Yeah. Yeah, absolutely. I think the really important one to focus on is the first piece, and that's sort of the field-based change. Everybody's business is somewhat pivot a little bit

based on opportunity, and so is ours. So, if you look at our field-based discussion, I think the really important thing to note is we're not just used for, hey, the customer said yes. Bring in the Novasyte nurses or pharmacists. That's not in anymore. We've really gotten further down the discussion in the commercial plan.

Okay, hey guys, Novasyte, come in. We want to bring into corporate. Let's do a one-day workshop. We want to talk about our new, I don't know, Foley catheter that we're launching, and we want you guys to come in and sort of talk to us about what you've seen in this space and how we go about building into the commercial plan, clinical support. Okay, that's a much more dynamic discussion than, Hey, by the way, we closed Keiser Hospital. We need you guys to help us. So, we're getting way more down the line in the discussion around, okay, how are we taking this product to market and what have you seen and what kind of spend should we be looking at as we budget this out?

I think as you move down the pipe, now we're talking about everything in between. Okay, now the product's in there, how do drive utilization? What can we do to make sure that physicians are understanding on when to prescribe a certain diagnostic test? Now we're talking about sort of persuading end-users about the features and benefits and typical sales discussion, but really what we're calling it is a clinical sales advisor. Then all the way down from the cradle to the grave, we've worked with a number of organizations when there has been regulatory action such as a recall. So, building out the plan, supporting them in not only getting out in front and educating the customer on why this happened, but making sure the product is removed, tagged, documented, and then replacing it with the new product.

So, I think all of the other pieces about business really fluctuate around that. Phone and video support fits right on the front end, the launch, and on the back end, the recalls. Then the full-time direct placement stuff, that really comes from organizations saying, hey, we'd love to use 30 of your consultants across the country, but we need 15 full-time director-level people, the full-time regional people, to help manage this? Can you help us build that team? So, over the years we've kind of been asked to do that, and thankfully, because it's given us an opportunity to help craft the plan. Joe, anything to add to that.

Joe Andrew: I think what's important is that we're highly customizable, sometimes to a fault. We go in and we really do work with our customers on what the need is. We've had customers where it takes an hour really, realistically, to learn this product. It's a supply sometimes considered a commodity. They can learn it on a one-hour module. So, we have people in local markets that can come in. You're saving on cost, you're saving on expenses, and they can help educate and bring this product in the facility.

We have customers that have us for more of a hybrid approach or a dedicated model where you have 25 to 55 clinicians that are scattered throughout the United States, but the product is pretty intricate where they need more than an hour or two to learn it. It takes weeks on end to learn this product and so from that perspective, we manage them from our office. We manage all of their expenses and travel. We help them with American Express programs. We get them to the facility, and this is pretty much their full-time job. They move around the country.

Then we have the hybrid model where we have both kind of just-in-time local supplied with a more dedicated team, and surrounding all this is a great analytics tool where we can, for our customers, process data and show them where they're spending their money, where the folks are working, what hospitals down to the region, where these individuals are working to better manage their program. So, we've dedicated a lot of time, effort, and money to develop these tools to add that value to our customer and this is why we've had four or five customers now since we've started four-and-a-half, five years ago, have been on board because of the continual support that we provide throughout the process.

Scott Nelson: Okay. In regard to those data analytics modules or packages that you just mentioned, is that something where if I'm a medical device manufacturer I can say, okay, over the past 12 months we've dedicated 60% of our clinical support staff to the Southeast, but based on the market opportunity that should only be about 30% of where our spend should be, and then I can begin to adjust things from there? Is that kind of what that looks like?

Tim Gleeson: That's exactly it. Having trend lines around who's spending what, what accounts are reaping, ROI around revenue to service, and really sort of getting some baseline metrics so you can understand, okay, on a 1,000-bed facility, what does it look like? For a centralized lab, how do we get out-of-box failures down? So, there are a number of different baselines that we use, both as an industry and then specialty for the organization, to measure against and really measure both operating metrics and then performance outside, in the field.

Scott Nelson: Got you. Okay. Okay, that makes sense. Then lastly, if I'm a medical device manufacturer, how can I rest assured that (1) your people will actually know my product can be competent, and then (2) from the hospital's perspective, are they going to understand that it's not a situation where one month the contract with Novasyte Clinical Specialist is working for Covidien and then the next month they're coming in and helping out with Johnson & Johnson? Does that make sense? Does that question make sense? If you can just touch briefly on that. That'd be great.

Joe Andrew: Yeah. Well, it goes back to really our selection process, and we have, when Tim and I started the company, we needed to make sure that our process was tight in regard to meeting our folk's face to face and consider that they are the right personality, they're our brand representatives. So, the video chat is not just a chance to meet them one-on-one but when we get on that video chat we have some behavioral and situational questions as I would as a hiring manager at Covidien. So, we really get their understanding of what they would do in a certain scenario, from at two in the morning you get a nurse on the floor that's in a code, what happens? Where do you go? What do you say? How do you handle that scenario?

So, by the time we get to the end product of hire with us, now that they've met with us one-on-one, they've been reference-checked, all the background, and things have gone through and even the credentialing process has been done on our end. So, we know we have the correct person that we feel can go and represent our company, our company's company as well. So, we really make sure that the right fit is put out front first and foremost.

In regards to the education piece, we have several individuals who have worked on several different customers' product lines, non-competitive of course, and so we know that they understand the Novasyte process, they learn real quickly, and they also are that brand representative that we know we can trust. So, that's one thing that we really honed in on, is that selection process that has guaranteed our, I won't say guaranteed but has made sure that we have the right folks in the right place at the right time.

Tim Gleeson: I think ultimately, Scott, you're talking about a collaborative approach. I mean, people are an unpredictable commodity, so you can only control them so much in regards to who they are, what they're going to do, what they're going to say. So, Joe and his team do a great job on the front end of controlling the uncontrollables as much as possible, but when it comes down to it it's collaboration. We work hand in hand with our customers to make sure that everybody is trained, upskilled, consistently aware of the nuance, and has as much opportunity to represent them as one of their own full-time employees. So, that's really how we go about making sure that the quality stays in line and that we're constantly surveying the field to make sure that our people are hitting the goals that we want them to. If they're not, it's an opportunity for coaching or we manage it in a different manner.

Scott Nelson: Got you. Very good. As we conclude here, are there any major topics that we either haven't covered or that you'd like to kind of speak to before we end this little conversation?

Tim Gleeson: No, I think we've covered a lot. I think the only thing I'll reiterate, and I think we've probably hammered it pretty hard, is that the dynamics in the industry are changing and we hope that we're positioned to add value to our customers and the way that their customers are buying. It's somewhat known but it's certainly yet to be seen as to how much of that we look forward to over the next 12 to 18 months having maybe another conversation with you, Scott, and talking about what we've sort of articulated here, and hopefully, how we've been able to leverage that and grow the business.

Scott Nelson: Sure.

Joe Andrew: Yeah, I think from my perspective, a value we bring to our customers, the medical device manufacturers, is one thing and a by-product of what we've seen over the last five years is a value that we bring to the clinician and to the patient. These innovative products that are put in these hospitals are saving lives and making lives better, and if we can get that product into a hospital and educate the masses so it's used properly and safely, I think that's a great by-product that we've seen over the last five years and it's a good feeling as a company.

Scott Nelson: Right, right. To your point, Joe, in fact, I remember recently reading a piece and I can't remember exactly. It was a major publication, whether it was the New York Times or Forbes or something along those lines, I think the headline read "Do You Know That a 20-something Sales Rep May Have Been in On Your Procedure?" something like that. But to your point, when you think about it, the general public may object to that but in reality, there are so many different medical devices, and to expect a physician to be competent on the nuances of every single one of them is a huge feat to ask someone to do, and so they're better off having a clinical specialist

in on that procedure or instructing the pertinent staff. So, that's actually a good thing to have a clinical specialist highly involved in the process. Anyway, good stuff, guys. Thanks a ton. Any lasting advice for those listening to the call? Looking at today's medtech environment from a 30,000-foot view. Any lasting advice that you'd have to offer?

Tim Gleeson: I think when you think about entrepreneurship in this space it is very different than it was even a couple of years ago, especially if we're talking development and regulatory approval. But look, we were in Boston last week at AdvaMed with a number of sort of very defined and early-stage device diagnostic companies and there really is no better space till today that I can see that adds tremendous amount of value to the end-user and an opportunity to partake in that value. So, certainly, don't be discouraged. I think we need more innovation out there. We need guys and girls to get after it, and we'll hopefully be able to support you once you get your products approved.

Scott Nelson: Yeah. Excellent. Good stuff. For anyone listening that's just on iTunes, of course, I'll link up to this in the show notes online. But if you're listening to this through iTunes or just have access to the audio portion of this interview, Novasyte is N-O-V as in Victor-A-S-Y-T-E dot com, novasyte.com. Is that where you direct the audience to go to, is just your main website, guys?

Tim Gleeson: Yeah, absolutely.

Scott Nelson: To learn a little bit more, and there are some interesting case studies on there as well that speak to what we discussed in this interview. Anyway, we'll leave it at that. Tim and Joe, I'll ask you to hold on the line real quick, but for those listening, thanks so much for your attention, and of course, if you're not listening to this interview on iTunes, all of the Medsider interviews are on iTunes. So, just open up your iTunes account, do a search for Medsider or medical device and it'll pop up, the podcast will pop up. You can subscribe for free, no cost. It's the easy way to consume the content. We're also on Stitcher Radio now as well, which is a nice little tool if you haven't heard of that at all too. So, anyway, thanks for your listening attention. Until the next episode of Medsider, everyone. Take care.