



WE LISTEN™

Advanced Medical Innovations™

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IRRIGATION TOWER MARKET SITUATION AND SALES APPROACH EXPLANATION

STATE OF THE ART PRODUCT – STATE OF THE ART DEFENSE

I would like to share with you a situation, which occurred in a hospital in 1993. The hospital was sued by a patient for head injuries sustained from a fallen I.V. Pole loaded with fluids while undergoing a knee surgery. As the hospital was preparing for the defense and before the patient's attorney visited the hospital, I received a call from the hospital. They inquired about the AMMI Irrigation Tower which was brought to their attention by an OR nurse who previously had used one in a different hospital.

They requested that 16 Irrigation Towers be sent to them ASAP (one each for each operating room). I told them we could ship it the next day via UPS although it will take a week before they would have them. The person stated they wanted it shipped today via Federal Express. I told them that it would be over \$100/unit to ship via Fed Ex. They said that it would be fine. I then asked as to why they needed all 16 units by the next day. They responded that they need "The State of the Art (the best product available) Irrigation Tower in each room since the attorney for the patient was coming to the operating room where the accident occurred in three days.

I inquired with my attorney as to what is "The State of the Art Defense". He told me that in Product Liability cases, and if the hospital administrator was a witness, the administrator would be asked by the attorney: "Did you use the State of the Art product available for this application?" If their answer is "yes" they will be OK, but if their answer is "no" they have a problem. If the hospital did not purchase the State of the Art product once they were aware of it, they would be liable of negligence and punitive damages. These are big awards in today's litigation environment. The hospital, by purchasing the AMMI Irrigation Towers, was showing the plaintiff's attorney that they took care of their problem and positioned themselves to be off the hook, as relates to punitive damages. In the trial, the hospital's attorney will ask the administrator the following question: "Since that occurrence of the falling I.V. pole on the patient, have you changed the procedure and are you currently utilizing the State of the Art product?" If the answer is yes they are in a much-preferred circumstance.

Every hospital and surgery center in the country who are utilizing more than one-liter bags for irrigation, should be using the State of the Art (and the most economical) Irrigation Tower from AMMI.

Naturally, the above occurrence is only one reason every facility should be using our product. Everyday there is that potential of a fallen I.V. pole, which is being utilized for 3-liter bags.

OTHER MAIN CONSIDERATIONS: COST SAVINGS

In today's health environment, cost saving is critical to enable a sales person to close a sale and convince the facility to purchase AMMI's irrigation towers.

What follows are two approaches to this cost saving benefit:

Probing Question: "I am representing AMMI which manufactures a cost saving irrigation tower line. Can I show you how you can save your facility money? Where do you currently hang the 3-liter bags in surgeries that require high volume irrigation such as arthroscopy, TURP or hysteroscopy, etc?"

The answer will be: 1. Regular I.V. pole or 2. We use pumps or 3. Another manufactures tower (such as Allen or Dittmar Power Lifter).

Let us address the cost savings with each answer:

1. REGULAR I.V. POLES

Since bags on I.V. Poles are hung on the same level and since two of them are feeding the tubing system, they both empty at the same time. When a bag replacement is needed, and in order not to lose irrigation pressure, the nurse clamps the tube of one of the bags when it is still containing 300-400 milliliters (cc). The nurse then either climbs up with a step stool (very dangerous) or brings the pole down (surgeon unhappy due to lack of irrigation) for a bag replacement. The 2nd bag is now irrigating the system and the first bag is removed and thrown away with the 300-400 mil of liquid they paid for such as:

Saline	\$17.50 each	3-liter bag
Sorbitol	\$21.50 each	3-liter bag
Water	\$17.00 each	3-liter bag

They will dump about 1/5th of the bag (600 ml/or \$4 worth every bag change).

Example: A hospital performs 15 cases per week requiring high volume irrigation. Assume that on the average, 2 bags are replaced per procedure, i.e. 30 bags/week replaced or used. Each bag replacement they lose \$4 i.e. \$120/week down the drain x 52 weeks/year equals \$6240. Cost of I.V. pole is \$2191.00. Payback is \$2191/\$6240 = Less than 4 months which is an extremely good financial investment.

Check with the hospital on how many procedures per week/month and how many bag changes they make. (If they are not sure then use this example). Then figure out the payback period. If it is under 2 years, it is a good investment. If it is over 2 years, point out the other benefits such as State of the Art Product/Defense, reduced back injuries, **OSHA compliance**, continuous irrigation with no down time thus better turn over of surgical suite, less chance of falling I.V. poles reducing the possibility of injury, etc.

2. I.V. PUMPS

I.V. Pumps cost between \$8,000 and \$12,000 each. The economy of the Irrigation Tower is obvious prior to the facility purchasing a pump. If the hospital owns pumps already, you should use the following actual example, which occurred in California.

A hospital group in California owns a busy hospital with 7 operating rooms devoted to orthopedic surgery. All the rooms have been fitted with I.V. pumps. Since one surgeon decided he would like to operate with pumps. On the average, they have 3 procedures per room per day or 21 procedures per day. I have asked the OR Director how much they are paying for the tubing set for their 3M Pumps per surgery. The Director did not know. I asked them to look into it with purchasing to find out how much they paid. They checked with purchasing and told me they pay \$70 per tubing set. I informed them that a regular gravity tubing set is well under \$5 per set. I continued to explain that with the switch back to gravity they would save at least \$65 per procedure x 21 procedures per day or \$1365/day. If they buy 7 units from AMMI at \$2191 each, the payback will be less than 12 days. The 13th day they will start saving. There are 250 working days/year and \$1365 savings per day x 240 days (days left after deducting 10 days to payback) equals total savings of over **\$328,000 in the 1st year**. They switched immediately to AMMI's towers. The doctor who insisted on the pumps was the only one using the pump intermittently.

Gravity irrigation is adequate for all surgical procedures. Other potential problems with pumps: longer set-up time; mechanical malfunctions; electrical malfunctions with pressure sensor failure that could cause increased pressure in the knee without the surgeon knowing about it, etc.

2. COMPETITOR'S PRODUCTS

Allen Hillrom OR Direct Tower cost \$3,145.00. OmniMed (Dittmar) Power Lifter 2 channel Pole cost around \$2,895.00. Refer to AMMI's Sales Rep Binder under competition for additional product deficiencies attributed to the Allen and Dittmar poles.

The following are additional Probing Questions:

Question: Where do you currently hang the 3-liter irrigation bags during high volume irrigation surgeries?

Possible answers: 1. I.V. Poles

Reply: Let me show you how we can save your hospital money while improving the technique and safety of your staff. Get into a cost saving mode as explained before while demonstrating the unit.

Possible answers: 2. I.V. Pumps

Reply: Same as for I.V. Poles above and get into cost savings over pump tubing.

Possible answers: 3. Competitive product, Allen or Omnimed (see detailed product information on these product deficiencies in this Binder).
If they are already using a competitive tower, offer to them to consider ours next time.

Objection: But we are not busy enough and do very few procedures.

Reply: Although you have few procedures today, endoscopy is a growing field such as hysteroscopy etc. Furthermore, you can look at it as an insurance policy to utilize the State of the Art Product. It is enough that the regular I.V. pole falls even once creating a potential problem, a potential lawsuit. Or the possibility of a nurse hurting her back and files a workers compensation claim. This is well worth it. It is a small insurance premium considering the exposure you have.

Objection: But we don't have the budget for it.

Reply: If you feel you would like to acquire a unit, we can help by breaking up the invoice into 3 or 4 components: Base, Trunk, Handle and Lever Assembly (see example) to be within your authority of less than \$600.00 or \$500.00 each.

Objection: We haven't tried it yet and need to check the competition.

Reply: We offer a 20 day Risk Free Evaluation with terms net 30 from the date of shipment. We have a 2 year limited warranty on the Tower. Start explaining the competition i.e., Allen Hillrom OR Direct costs \$3,145.00, OmniMed/Dittmar cost \$2,895.00 then proceed to differentiating the products (see Product Talk in Sales Rep Binder).

Objection: Our doctors like the pump.

Reply: Out of the few orthopedic surgeons, there might be one who insists on the pump. The others have no problem with gravity. The cost savings is a big incentive to request the doctors to use the gravity irrigation tower whenever possible, which is probably 99% of all procedures.

KEY BUYING INFLUENCE:

1. Orthopedic Nurses: Staff, Head Nurse, OR Director
2. Urological Nurses: Staff, Head Nurse, OR Director
3. Single Channel I.V. Pole: Emergency Room Head Nurse, Critical Care Head Nurse

The above will help focus the sales approach and cost savings, a critical element on successful selling in today's environment.