

Iran – Post Visit Report

Objectives

- Visit the IranMed exhibition.
- Visit existing customers at the exhibition, to strengthen relations and note how we may be able to improve our turnover in this area.
- To look for further opportunities within the Iranian and surrounding markets.
- To find out more about the Iranian Medical Market.
- To strengthen our relationship with our latest potential customer, Aria Crown Teb.
- To offer support during the exhibition with regards to our products and services.
- By my presence I hope to push Aria Crown Teb into marketing the Viamed products at the exhibition.

Customers and Contacts to Visit

- Aria Crown Teb

New potential customer, we have recently entered an exclusive agreement with this company with some of our product range and they are currently going through the registration process with the Ministry of Health.

- Sazgan Gostar

New customer, have just recently purchased some OEM boards as samples, in view of purchasing a larger quantity.

- Omid Sazan Hayat

Previous customer who used to purchase around \$13,000 of SpO2 Sensors in 2005 as well as components for building their own SpO2 Sensors. We met at the Medica exhibition where I asked why they had stopped purchasing from Viamed. It was explained that they are suffering with competition and that they are starting to manufacture SpO2 Sensors. They asked if we could authorise them to manufacture Viamed Sensors in Iran and support him with the parts, we refused. We met again at the Arab Health exhibition, where they showed interest in the Soft Sensors providing we can get a good price. We had by this time made a decision to work with an alternative company in Iran with Viamed Sensors, we can possibly offer the Soft Sensors on an OEM basis.

- Saadat

Have helped us supply the OEM boards for Soor Afrinash by letting us deliver them to their factory in Malaysia. Ali will be working on this booth.

- Soor Afrinesh Bartar

Currently purchase the Dolphin OEM boards for their Pulse Oximeters and Monitors.

- MEM

Currently purchase Oxygen Monitors through a sister company in the UAE (MTC).

The Exhibition

The exhibition has decreased in size over the last few years; it now occupies only six halls. The majority of the exhibitors, with little exception, are Iranian companies. There are a few companies from China, such as Choice Medical. It appears that even the large companies in the medical industry, such as Drager, are using local distributors rather than selling direct as they would in most of the European countries. The lack of European/Western visitors to the exhibition was an advantage for me as I stood out from the crowd and I believe that the people I spoke on the booths, customers and non customers, were impressed that we had taken such an interest in their country/market. Being noticed did create some problems, as I was unable to visit any booth without everybody knowing about it, I was constantly having to explain to my customers why I might be visiting their competitor's booths. The Iranian medical market may be huge, but everyone in the market knows one another.

Meetings

- Soor Afrinesh

They were very happy that I had visited them as they have a few issues they wanted to discuss:

1) They would like to know how many of the 601 boards we have left, if any, and if any more are available - I have promised to let them know on my return to the office.

2) They are unhappy with the prices of the Dolphin One sensors as the cost for a replacement sensor and cable is nearly the same as the entire board. They would be happy to purchase a Viamed, 3mtr, one piece compatible if it was to be made available. They currently have a Chinese compatible but it does not turn off and gives a reading when not in use. If we were unable to offer an alternative, would it be possible for us to help them solve their problems so that they can support their existing customers? - I will speak with SN and let them know.

3) We have in the past promised to manufacture a VG900 type tester for Dolphin One, can we supply? - I will chase up on my return to the office.

4) The DL3000 has an Artifact Mode; they would like to know what the units equate to? What are the values? What is the acceptable level for Dolphin? - I said that I do not think we have a specific value and that it is to be used as a trending guide to see if a monitor's quality declines, but I would speak with our engineers and let them know.

5) They are interested in purchasing the Nellcor style technology boards from Dolphin, they are going to let me know the quantity they would be looking for so that we can prepare a quote for them.

- Sazgan Gostar

They explained that there has been a problem with the OEM boards as their customer had ordered the wrong software version (ordered: 8.24, require: 8.25). We can re program the boards after we acquire the equipment from Dolphin, however they are in a hurry and would like to speed the process up by doing the update themselves if possible. They are expecting their customer to order approximately 200-400 pieces. They, unfortunately, have the same concerns as Soor Afrinesh with the prices of the sensors and cables. Explained that some of their customers may not be happy with a compatible sensor. They tried to tie me down to giving them exclusivity on the OEM boards, as they would like to sell more of them in competition to Masimo. We need to know how much longer we can supply these boards and sensors; they are under the impression that we can supply until 2009? If we can get the prices right, they may not sell any more but I would hope that they would use them in their own monitors, they currently sell 200 basic Pulse Oximeters with their own technology and 500-1000 multi parameter monitors (Vista) split between Masimo technology (white socket) and Mindray technology (blue socket).

- MEM

I was very surprised to see the MEM booth, as it was by far the biggest at the exhibition. They had the AX300 on display as they are supplying this to current customers that are purchasing their Oxygen Concentrator systems. They would very much like to take on further products but require exclusivity and have concerns about not having exclusivity on the AX300. However, after our meeting I believe that they trust us enough to continue their business without the paperwork for the Teledyne products. I took them through the uses of the AX300 and MX300 and they have suggested that they would like to make an initial purchase of around 50 x MX300 to try with their existing customers and some sales leads that I have offered to them. Over dinner we discussed the prospect of working with them on other products such as the Resuscitation Cabinet, of which they are very interested in the concept and would like to have details of all available Viamed products.

Require a sample of the Oxygen Concentrator Adapter, as I believe this will help them connect the AX to some of their equipment.

- Saadat

I visited the Saadat booth to meet Ali Noorali and shake peoples hands and exchange pleasantries, did not discuss business with Saadat, but I could meet with Ali there to discuss any problems or issues that he could help me with. Ali and I visited the booths that had equipment using Dolphin boards, some that we have supplied and some that we have not.

- Aria Crown Teb

Mahdi (MD) has agreed to have the sales team find out which Pulse Oximeters and Monitors their customers are using and how many they have of each. Once we have this information, we can advise which probes are going to be suitable for them to stock and they can tailor their price lists and information to each hospital. They have one particular salesman who has experience with SpO2 and has worked previously with Omid Sazan Hayat Company.

From recent research they believe that the market is currently made up of the following:

1. Novametrix – 50% Market Share
2. Nellcor – 25% Market Share
3. BCI – 15% Market Share
4. Mindray
5. Masimo

Because of the large number of Nellcor monitors in the market, I believe it would be advantageous for them to have a key fob that can identify the difference between Oximax and Non Oximax monitors (I am of the understanding that it is possible for us to make this product).

Mahdi and his sales team believe that it would be essential for them to have a range of Pulse Oximeters as well as sensors to help launch them into the Pulse Oximetry market. I have advised them that it could be a problem marketing the Dolphin range, as it will be shortly unavailable. They are happy to start selling the Dolphin range, as long as we will replace the range in the future. I am to advise on our decision as soon as possible. They also believe that the VG900 and the DL3000 will be successful products providing we can supply.

They have asked me to invoice them for all the items I took as samples so that they can use them straight away, as they are still unable to purchase while the products are being registered.

One of the Microstim's that I left with them is going to a friend of the company that is the head of an Anaesthesia Department; she has helped them launch products in the past.

I am very pleased with their efforts as they have invested time and money in registering our products through the correct channels and have already started their marketing campaign; our products have appeared in journal advertisements.

They have been a little concerned by the fact that I have visited other booths during the exhibition, I explained my actions in an off site meeting. I informed them of the OEM Board business we have in Iran and that I was looking at working with MEM. At first they were upset by the fact that I was trying to organize another distributor, but I explained that because of our diverse range of products, it is usually not possible for one distributor to represent all of our range. It was also explained to them that they had an opportunity to represent any product and that I was working on the Resuscitation Cabinet for MEM, which is not one of the products Aria Crown Teb were initially interested in. They accepted my answer and have told me that they have a midwife working for them in sales that would now be interested in the Resuscitation Cabinet.

- Omid Sazan Hayat

Mohammed appeared very surprised to see me at the exhibition even though I had previously informed him and he had replied. We exchanged pleasantries and he asked me to keep in touch with regards to a Viamed, Chinese made soft probe. Unfortunately Mohammed visited the Aria Crown Teb booth later in the week and was very upset to find out that we had started collaboration with another company. I explained that I was confused by his reaction as we did not fall out with him but the fact remains, he stopped purchasing probes from us 2 years ago and has no Viamed products on his booth but does have some Chinese alternatives. He informed me that he sold 800 Viamed sensors to a public owned company that still has 200 in stock, and he would not be promoting the Viamed Sensors until his customers stock has been sold as they sell them very cheap and he is unable to compete. He said that he would be purchasing again in the future and has asked me to take the sensors away from Aria Crown Teb and give the distribution rights back to him. I explained that this was not the time and place to discuss this issue and that I would be in contact with him once I return to the office. He suggested I speak to Ali regarding this matter, before making a decision. However, I have made my decision to run with Aria Crown Teb, and I will explain this to him on my return. I mentioned my conversation with Mohammed to Ali and he said that I had made the right decision.

- Others

I tried to visit every booth that stocked or supplied equipment that we could either compete with or help source parts for, such as Incubator, Oxygen Hood, Anaesthesia machine and Ventilator companies. It was interesting to learn that most Incubators and Anaesthesia machines in the Iranian market do not have Oxygen Monitoring. I spoke with the companies about Oxygen Monitoring and all of them appeared interested in being able to offer this to their customers. I will make the initial correspondence and then have one of our distributors follow up with the negotiations.