

Advanced Radiofrequency (RF) Technology for Precision Surgical and Aesthetic Procedures

**Healthcare
Medical Devices**

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**Frank D'Amelio
CEO**

BIO: Mr. D'Amelio was named Chief Executive Officer and member of the Board of Directors in 2012 after joining Ellman International in 2010 as Executive Vice President, Chief Operating Officer. He has been in the medical device field for 25 years. Prior to Ellman, Mr. D'Amelio was the President of Live Tissue Connect from 2006 to 2009. From 2001 to 2006, he served as Chief Technology Officer, Executive Vice President at Gyrus Group, PLC & ACMI Corporation. He held positions of increasing responsibility at Circon ACMI and its predecessor companies from 1982 to 1995 before being promoted to Executive Vice President,

Chief Manufacturing Officer, a position he held from 1995 to 2001. Mr. D'Amelio began his career at United Technologies Corp., Pratt & Whitney Aircraft and holds a BSEE degree.

About Ellman International, Inc.:

Since Ellman International was founded in 1959, the company has grown to become a global leader in advanced radiofrequency (RF) technology for precision surgical and aesthetic procedures. Today, Ellman serves the aesthetic, multi-specialty surgical, and other physician markets.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. D'Amelio, what is the focus at Ellman International today?

Mr. D'Amelio: Our focus today is the aesthetic market including dermatology, plastic surgery, facial and ocular surgery. Our product portfolio includes surgical and non-surgical technologies for those core physicians in that marketplace. All of our products provide efficacious results and are affordable.

CEOCFO: How do you make sure both of those criteria are met?

Mr. D'Amelio: The primary focus of our clinical research and R&D departments is delivering products with clinical efficacy, validating with studies and developing devices that the market wants and are meaningful to both physicians and patients. My background for the last twenty-five years in medical devices has been in urology, gynecology and general surgery. I have led teams that developed and launched over two hundred fifty medical devices and have over forty patents worldwide. Ellman's core

development competencies are in RF engineering. Creating a true RF engineering company takes years to develop, as the products require rigorous product and clinical testing. The technology is tricky and talented, experienced engineers hard to find. We have excellent retention of our talent at Ellman.

CEOCFO: What attracted you to Ellman and the aesthetic market?

Mr. D'Amelio: I was attracted to Ellman because it is such a unique play in such a historical company, with such a great reputation. Aesthetics is one of the fastest growing markets. It has a double-digit growth year after year. I saw this as a unique platform to take a fifty-three year old company with a great reputation with physicians and develop some new products and acquire other new products, providing a cohesive offering to physicians.

CEOCFO: When do you decide whether you want to look for an acquisition or whether it should be developed in house?

Mr. D'Amelio: I focus the company on where there is an unmet need. I looked at the aesthetic marketplace and found that there were six to seven different laser companies out there. They are servicing the marketplace with lasers that often sell for \$100,000 and beyond. Bringing out a seventh laser company with more of the same would not add any value. We evaluated the marketplace, our marketing group did significant research, and we found that there was a huge underserved part of the market with physicians who could not afford a \$100,000 laser. Before we entered the laser market, the average price was \$82,000, a lot of money in this economy. Many of these

products only do one thing such as hair removal or resurfacing of the face. Multiple \$82,000 lasers are required to do multiple things. If the physician also wants to offer tattoo removal, a third specialized laser for tattoo removal is also around \$82,000. That is a huge investment on the part of a physician and a huge risk. What if they bet on an expensive tattoo removal system and they do not get as many patients as they expected? They are making monthly payments on a laser box that they get to pass every morning that is underutilized. I saw this as a huge opportunity to serve of all of the physicians who do not have or do not want to spend such significant dollars. We searched for a high quality value line of lasers that we could offer through our sales channels and in 2011, acquired Sandstone Medical Technologies. It was a small laser company that had focused on the product side but had no substantive distribution channel.

CEOCFO: Does the name Ellman always get you in the door?

Mr. D'Amelio: Yes, we have a fifty-three year old company where many physicians know us and have used our electrosurgery products for years. It is very helpful to have strong physician relationships and we hear story after story about how they still have their original generator. It is wonderful and heartwarming to hear physicians talking about how they were trained on an Ellman RF technology and still use it every day. I am proud to be associated with a company who has products that last for tens of years.

CEOCFO: Has your strategy as CEO moved the company in a new direction or is it an extension of what has been going on?

Mr. D'Amelio: It is reinforcement and it is a very clear direction that we are in this aesthetic marketplace primarily servicing dermatologists, plastic surgeons, facial surgeons, ocular surgeons and ophthalmologists. Our new direction in lasers has allowed us to service those core physicians with the same products we have always offered them, advanced RF generators,

and also offer new light based energy products. They can buy a trusted Ellman product through a trusted Ellman sales force.

CEOCFO: With the aesthetic focus, would most of these be voluntary procedures without the issue of reimbursement?

Mr. D'Amelio: That is correct. Largely, we are not affected by reimbursement issues because these are elective procedures. However, there are some of our procedures that are reimbursed by third party payers. On the procedure volume side, that is another unique play with Ellman. There are so many companies out there that depend on a single procedure. They have one product for one procedure and they require clearance from the FDA or a high reimbursement rate for that one product to be successful. What makes Ellman unique is that our technology

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can literally be used in hundreds of procedures for everything from skin tightening, blepharoplasty, breast augmentation, hair removal, tattoo removal, CO₂ resurfacing of the face, mole removal or work on the tonsils, and many more. That affords our sales force the ability to target and service the needs of physicians for any one of those procedures.

CEOCFO: What is Ellman's geographic reach today and do you see that changing?

Mr. D'Amelio: Domestically, we have a direct sales force that we have increased by 50% this year. We are continuing to add sales territories. Our goal for the end of the year is to have twenty-three U.S. field sales people. We started 2013 with around 14, so we are growing our domestic presence. Internationally, we have over 60 distributors. This year we launched a new program to collaborate with these distributors. We bring US physicians to a program in Europe and our distributors bring their Key Opinion Leaders. They also arrange for media

coverage of the event where we teach physicians in that country new procedures and best practices. In Europe, our products have been covered in Cosmopolitan Magazine and Glamour Magazine and in the US, in numerous consumer publications and national TV programs from being aligned with world-class physicians in both Europe and America.

CEOCFO: What challenges are you on the lookout for as you grow the company and shape the direction?

Mr. D'Amelio: It is important, particularly as a company grows, that we keep to our principles. We have been experiencing double-digit growth this year. Our team has delivered and it is because we keep to our core competencies and are doing things the right way. We have good clinical evidence, a strong R & D pipeline and excellent marketing. It is important to provide products that meet the market need. I take this as a very responsible position in that being at a credible company, you want to make sure to protect that reputation. That means that we are not following

fads that may not have clinical efficacy. The important thing is not to rush the basics and make sure that products being developed are based on good scientific principles and clinical data.

CEOCFO: Why should people in the business and investment community pay attention to Ellman International?

Mr. D'Amelio: The company is uniquely positioned for today's marketplace. We built the company on value products and products that result in a much faster return on investment for physicians than other products in the same category. I think that is a very smart position to be in - positioned for today's economy. People are very concerned about the return on their investment. Their primary concern as a physician is clinical efficacy. It has to work and it has to be safe. Their next biggest concern is practice profitability. I am quite proud of the fact that the products we offer the fastest return on a physician's investment.