



Q&A with Todd D. Wiebusch, CEO of Saebo, Inc. providing Hand and Upper Extremity Rehabilitation Products that help Stroke and other Neurological Injury Patients Regain Lost Function



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CEOCFO: Mr. Wiebusch, what was the vision when Saebo started and where are you today?

Mr. Wiebusch: The company was started by two occupational therapists who were brothers. They had a challenging patient, so they came up with product called the SaeboFlex that got amazing results. They continued experimenting and refining the product, then started a company back in 2002 to help people who have suffered a stroke or other neurological injury regain lost hand function. Fifteen years later, our mission is still to help people improve their quality of life after a stroke or other neurological injury.

CEOCFO: Would you tell us about the products and what is special about what you offer at Saebo?

Mr. Wiebusch: Most of our products are for upper extremity rehabilitation, such as Dynamic Splints, braces and electrical stimulation. All are unique to Saebo, and most are patent protected. In about 2007, we expanded into Capital equipment products that we sell to hospitals and other out-patient facilities that focus primarily on upper extremity rehab. About one-third of our business is what we call “patient product” sales, which are purchased directly by patients or through their insurance company, sometimes covered by Medicare. One third of our sales are “capital products” that we sell to clinics, hospitals and facilities in the United States. The final and fastest growing third of our business is international sales.

The two things that are most unique about Saebo compared to many of the other companies in the industry is that almost all of our products require the patient to volitionally attempt to move. There is not a robot to assist, nor is it sensor driven. It requires the patient to consciously think, “I want to move my hand, move my fingers or take a step”. This promotes cortical reorganization in ways that other modalities frequently just cannot.

The other focus of Saebo over the last few years has been to try to develop products that are affordable to patients. We see trends in Saebo and our other businesses where insurance companies are willing to pay for less and less, hospital stays are getting shorter and shorter, and the people who care most about the patient’s recovery are the patient and their family. Therefore, we are seeing a great deal of interest in our products directly from patients and their families.

CEOCFO: On the patient side of the products, is there much training? Is there maintenance involved or parts that would need to be changed? What is involved for the patient?

Mr. Wiebusch: That is product specific. However, we try design products (and provide supporting documentation and videos) that are easy for patients and their caregivers to understand and use at home. Over the years, we have migrated from a very intensive therapist training model, to a more patient-centered model. For example, five years ago, we would

have required a therapist to complete a one or two-day course on how to use our products with patients. Today, therapists, patients and caregivers can access a wide variety of online and offline tools to learn how to work with our products. We have many training resources and videos on our website (www.Saebo.com), and our exercise materials are also very popular. This is because patients are taking more and more control of their care, as the health care system is not providing them the level of support that it used to or needs to.

CEOCFO: *Would you tell us about your products for the medical profession?*

Mr. Wiebusch: One of our most popular capital products is the SaeboMAS (Mobile Arm Support), which is a zero gravity arm support with a 360 degree range of motion that allows patients who cannot otherwise lift their arm on their own, to still begin a course of upper extremity rehab. Another popular product is the Saebo Myotrac Infiniti, which combines biofeedback with electromyography and sensed e-stim to assist patients with motor recovery. Our SaeboRejoyce is a computerized neurorehab gaming system which allows the patient to move their arm in all planes as well as perform various sensor-based finer motor tasks. It has a variety of sensors that monitor a range of hand and arm functions, along with a robust reporting capability to track patient progress. We are very excited about our newest product, the SaeboVR. It is a virtual reality training program that uses virtual Activities of Daily Living (ADLs) to engage the patient in real-world activities. The patient can virtually shop, cook, garden, take care of their pet and volunteer at a soup kitchen. It is really an innovative system, and we have had tremendous interest from our customers.

CEOCFO: *Is the Saebo name known in the industry? Should it be or is it the individual product that matters?*

Mr. Wiebusch: We have tried to brand the Saebo name pretty consistently over the last 15 years, so I do feel that it is pretty well known, particularly in the occupational and neurotherapy communities. We go to conferences and Saebo is frequently spoken about as one of the “standards of care” used in upper extremity stroke rehab. Saebo therapy products are also now included in most of the leading Occupational Therapy textbooks and schools.

“We have seen so many patients make gains no matter how long ago their stroke was – not just months, but years after a stroke – and both the research and the evidence supports this.”- Todd D. Wiebusch

CEOCFO: *How do you decide what to work on next? Where do your product ideas come from?*

Mr. Wiebusch: Our product ideas come from a combination of our co-founder, Henry Hoffman, and his interaction with therapists and patients in the US and around the world. He is very creative, a terrific therapist, and his experience and research guides and informs the products that we think the market will accept. The next step of our process is to layer in some estimates of market size and demand, return on investment calculations, as well as product “fit” in our portfolio, along with the ease of going to market. No company has unlimited resources, so we have to “time” and “stage” the new market and product initiatives as our resources and capabilities allow.

CEOCFO: *Would you tell us about your global reach?*

Mr. Wiebusch: We have about ten exclusive international distributors, and a subsidiary in the UK. However, we sell in more than 25 countries and growing. Just last year we hired our first Director of International Sales, who is based in London. He has done a terrific job of working with our existing distributors and adding new ones. We really have more international interest right now than we can adequately address. We are in the process of prioritizing those countries where we plan to initiate distribution over the next 12-24 months.

CEOCFO: *Do you reach out to patients as well, such as through the internet, or is doctors or physical therapists make a recommendation?*

Mr. Wiebusch: We find more and more that it is a patient-driven market, so while they will sometimes be referred to us by a doctor or therapist, they are more frequently finding us through some combination of a blog or Facebook post, or Google searches that direct them to our website. We have a feature on our website that allows patients to figure out which product is right for them or their loved ones. Then we offer them a “risk free” 30-day Money Back Guarantee. The increased patient demand is consistent with this theme of, “Patients are the ones that care most about their rehab”. Therefore, after they get their two weeks stay in an inpatient and/or outpatient facility, they go home, but still need therapy, and that is when they start finding us.

CEOCFO: *Would you tell us about manufacturing and the backend process?*

Mr. Wiebusch: Most of our manufacturing is outsourced from international suppliers. We have a couple of design-build firms that we work with, and that has also been very efficient for us. However, we do a fair amount of assembly, logistic and repair work in our Charlotte Headquarters, but the manufacturing is typically outsourced.

CEOCFO: Do you need to maintain a large inventory or can you ramp-up as needed?

Mr. Wiebusch: Different products have different lead times. Of course we try to run our inventory as lean as possible without running out. As we have added more products, the complexity of managing inventory has increased, so we are looking at how to best manage that. Also, as we bring on international distributors, some are larger “stocking” distributors and some order “just in time”, so we probably have to make adjustments to our inventory to make sure we can adequately service them.

CEOCFO: Technology clearly makes a difference in your products. For example, with your SaeboGlove, are there new technology or new materials that help?

Mr. Wiebusch: With regard to the development process, the SaeboGlove is a product that took us at least three years, probably longer, to bring to market. It looks like a relatively simple product - a hard shell splint and soft finger sleeves with some small rubber bands. However, the design and development iterations that had to go into that to make it a product that works well with a neurologically affected hand, belies the level of technology that you think is in it when you look at it. Moving forward, we are tracking 3D printing, and we have investigated that with the SaeboGlove, but the timing still is not right. We have some R&D projects where we are looking at incorporating more technology into some of our products, more for the clinic/facility use than for the home use. Based on our experience, we just do not think that very many patients are going to be able to afford the big technology that is available today and in the future. It is just too expensive for most stroke survivors, many of whom are living on a fixed income and/or disability insurance. It is hard to imagine them being able to write even a \$5,000 to \$10,000 check for some new home technology, and again, based on our experience, we are not optimistic that insurance will cover these expensive new home devices either.

CEOCFO: What surprised you as Saebo has grown and evolved?

Mr. Wiebusch: The neuro and stroke rehab industry is very seductive from the outside and as an investor. There are over 800,000 new strokes in the US every year, over 600,000 survivors, with half of them having some sort of upper-extremity deficit. So be conservative and say there are about 150,000 new (stroke only) patients per year that are potential customers for a Saebo product. The challenge has been and continues to be, in our industry the patients go to rehab, and they are generally taught to compensate for whatever their deficiencies are. They then go home and live a one handed or a one legged life, unless they are able to find either a therapist or clinic that really takes an interest in their recovery, or they are able to find a product on the internet that will assist them in continuing to recover. It is a seductively large market, with *another* 5 million legacy stroke survivors in the United States that are also candidates for our products. However, it has been challenging to figure out how to reach them and engage them once they have gone home and are living a compensated life.

CEOCFO: Put it together for our readers. Why choose Saebo?

Mr. Wiebusch: Our tag line is, “Affordable, Accessible and Evidence Based”. We work hard to come up with real-world products that patients can afford, can learn to use on their own or with the assistance of a care giver, and that enable them to continue to make functional gains after a stroke or neurological injury. Our motto is, “**No Plateau in Sight**”. We have seen *so many* patients make gains no matter how long ago their stroke was – not just months, but *years* after a stroke – and both the research and the evidence supports this. In fact, just last month, the prestigious Journal of Neurophysiology published an article highlighting a Saebo patient who had no movement in his hand for 23 years after his stroke. He started using a Saebo device in therapy, and after much work, he now has the ability to pick-up coins without an assistive device. Those are the kinds of stories that make us feel great about what we are doing. We have literally hundreds of patient case studies like this from around the world about how our products have significantly improved patients’ quality of life in an affordable and accessible way.

