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BioCare Systems Inc.

Betting on boomers for pain management success

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Contact: Sherry Fox, President & CEO
Industry Segment: Supplies, Equipment & Devices
Business: Portable infrared light therapy devices for pain management
Founded: 2003
Founders: Sherry Fox; Allen Sudduth, VP, Product Development

Employees: 5 staff, 7 contract
Financing to Date: \$1 million
Investors: Self-funded
Board of Directors: Sherry Fox, Allen Sudduth
Scientific Advisory Board: Steven K. Nordeen, PhD (University of Rochester School of Medicine); Arlen Meyers, MD (University of Colorado Health Sciences Center, Executive Director of the Colorado Alliance for Bioengineering); Eric McCarty, MD (Colorado University School of Medicine); Heidi Klingbeil, MD (University of Colorado Health Sciences Center)

Anyone who remembers the unwieldy gooseneck heat lamps of the '60s that people wrestled with for pain relief will surely be intrigued by a portable model. And that's exactly what **BioCare Systems Inc.** is betting on with its first product to market.

It's a compact heat therapy device that produces a narrow wavelength of infrared light. When applied directly to skin or through clothing, the energy emitted from the device elevates tissue temperature for the temporary relief of minor pain caused by muscle tension, joints, arthritis, sprains and strains. The company says the product also induces muscle relaxation and a temporary increase in local blood circulation. Its target market, according to company founder and CEO Sherry Fox, is "what we're calling the 'fitness boomer.' The device helps them maintain the active lifestyle they want." In other words, BioCare believes the millions of sufferers of muscle and joint pain can make good use of a compact infrared light therapy device they can stash in their SUVs.

The company's lead product is projected to be on the market by June 2005. Currently, an outside design/engineering firm is helping to develop

final ergonomic form factors regarding how the product will be applied. BioCare already has been issued a patent for the emitter technology; it was invented by Fox's late husband, Joe Pecukonis, an inventor who held numerous patents for medical technologies. In the case of BioCare's infrared device, it controls the output wavelength by regulating the temperature of light-emitting diodes. The company claims this technology allows the energy to be absorbed more effectively by the body. Suggested use for the device is twice a day for 15 minutes for up to three weeks, depending on the indication.

Fox expects to have 510(k) clearance prior to December. BioCare has three other patents pending as well, on products Fox doesn't want to discuss yet except to say they are for different technologies and/or medical indications. The company's long-term plans include selling portable infrared devices to markets beyond direct-to-consumer pain management. The technology has numerous other potential applications, notes Fox, including minimally invasive cosmetic procedures, wound care, pet care, and mucositis and erectile dysfunction.

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tion treatment. Fox says clinical and cosmetic uses are two to three years down the road, marketwise.

For now, BioCare's short-term strategy centers on marketing the portable device to active baby boomers ripe for take-along, drug-free pain relief. The company will sell direct-to-consumer through distribution partners. A manufacturer for the device has yet to be determined. The initial commercial launch planned for June 2005 will start with about five US cities, in a move that will enable the company to learn whether its distribution ideas are working and its sales and marketing plans are accurate. The eventual goal is global marketing.

As for competition, Fox says most of it is in the clinical arena, rather than direct-to-consumer. It includes manufacturers of other infrared therapy devices—a relatively immature market, Fox notes, primarily comprising six companies that own 2% or less of

BioCare's target market and sell devices used by health care professionals. Among them are **MedX Health Corp.**, **Thor International Ltd.**, and **Anodyne Therapy LLC**. None has achieved market leadership or overwhelming brand recognition, says Fox.

That's where BioCare thinks it has a considerable edge. "It's an ideal market entry point," said Fox, "because we feel what's going to set us apart is our consumer understanding. The majority of places where a person can get treatment now are physical therapists' offices or sports medicine doctors' offices. We intend to mainstream the technology."

According to company estimates, there are 16 million American "fitness boomers." BioCare conservatively aims to capture 1% of that segment, hoping that those 160,000 consumers will find affordable, portable infrared therapy irresistible. At a \$500-per-unit average selling price, total revenue would be approximately \$80 million. Making

boomers clamor for the product, Fox believes, is mainly a matter of successful consumer education. "Low-level light therapy has not been mainstreamed, and there's a lot of conflicting information on the Internet."

A far greater challenge has been raising money, says Fox, the founder of three other businesses (a technology start-up, a consumer electronics company, and a communications management company). She has been funding BioCare herself with cash and bank credit, having decided to postpone trying to attract investors until fine-tuning the infrared device. Now that financing is critical for the company to achieve its larger goals, she has revisited her decision to remain self-funded. There's just one catch, she says: "It appears that most investor groups want you to have some revenue stream, and I have not had that to date. It's been more important for me to first get it right."—SS

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