

Exsurco Medical is an important company, because at the core of our values and at the core of our mission it is all about making a difference in patient's lives. It is something that we live every day.



Sara Ann MacKinlay

Interview with:

Sara Ann MacKinlay, President & Linda Sopko, Group Product and Communication Manager

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CEOCFO: Ms. MacKinlay, what is the vision behind Exsurco® Medical?

Ms. MacKinlay: At Exsurco Medical, our vision is to advance the healing power of skin. As an innovative and relatively young company in the medical device space we really focus on technology that provides excellent outcome in excision management, which I will explain in further detail shortly.

CEOCFO: Would you tell us a bit about the healing power of skin - what has been recognized typically in the medical community and what you understand that is not as well known?

Ms. MacKinlay: When we look at the history of both debridement and skin grafting, and those are the two technologies, (or surgical two procedures, if you will), which our product is able to deliver to a provider, there really has not been significant technologic advancement in these products for well over seventy-five years. Therefore, the advancement of our device and our technology is really revolutionizing the treatment for burn care and trauma patients, as well as the fact that the product is really improving the yield and outcomes in our other market segment, which is tissue banks. In speaking about tissue banks, these are the organizations where donated tissue is recovered.

Ms. Sopko: When we think scientifically about the healing power of skin, the skin is the body's largest organ. Our two markets, as Sara Ann MacKinlay mentioned, are the surgical market, and tissue banking, in which we are a leader in products used to recover donated tissue, which is then turned into lifesaving skin grafts for people who are so sick that they cannot have surgery using their own skin (which would be an Autograft, meaning using your own skin). When this happens, in order to save their life, they need to have the product available from the tissue banks, which is Allograft.

Therefore, we have really made a positive impact in that market and believe that this is the way of giving back. In fact, we are a proud supporter of Donate Life America.

Then, as we move in into the surgical segment, in which our product is used for skin grafting and wound debridement, right now our focus is on burn and trauma patients. Picture someone that has a burn injury covering over sixty or seventy percent of their body, they have got a long road to recovery, and our device is used at the beginning of that recovery, which is to help recover that autograft and debride their wounds, to then help their healing process. Along that road of the healing process we believe that our device will help contribute to their recovery. Along that line, we are currently working on patient outcome and wound healing studies for later publication. We also support Phoenix Society for Burn Survivors, because we believe that these patients become not just survivors of an injury, but thrive after recovery. The life expectancy, now, for burn survivors is so much greater than previously, so it is more than just caring for the burns, it's also about what happens after. Our vision is to help promote the healing power of skin, either from a donor or for a surgical patient.

CEOCFO: *Would you tell us what your products are, how they work and how they work differently?*

Ms. MacKinlay: The product line is called the Amalgatome® SD. The Amalgatome product is really very well differentiated in the market, because of our rotary blade technology that is very unique. It is very unique, not only because of its circular design, but because of its high level of sharpness and high level of precision within that excision ring blade. That is the core of the technology.

Ms. Sopko: As Sara Ann mentioned, the Amalgatome SD is our flagship product for the surgical market. It is interaction between a spinning blade and the skin surface. Envision a device that is spinning at extreme RPM's with precise depth control to recover skin during autografting and/or excise a wound, with speed and accuracy. Our product is doing something that the current products can only do at a very, very slow pace. Right now, there are two products that do what ours does, one being a serrated knife that is very time-consuming process to use during surgery.

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Our product is very precise in that is going recover the top of the skin surface, which is the epidermis, in a continuous and very precise manner. Being that this is the patient's own skin, it is a very delicate procedure. Due to the precise design we are seeing the amount of control that is allowed by the surgeons to be much greater with our device, as well as helping to save a lot of surgical time in the operating room. We have had surgeons say, “I had a case that I thought was going to last two hours, but with your product I did it in a half an hour!” This has a lot of impact, as the patient can be under anesthesia for less amount of time, including the time that it took to do that surgery is reduced. Therefore, we are seeing many benefits in that product.

CEOCFO: *Are surgeons that would be utilizing your products aware of Exsurco?*

Ms. MacKinlay: Very much so, Lynn. Particularly, this product was brought to market in 2017 and in a very quick time frame we have really put the company and the product on the map here in the US. We are huge supporters of the American Burn Association and we attend their annual meetings. We attend a number of other conferences with surgeons and have surgeons who use our product present their case studies and their experience to other surgeons. Therefore, I would say that in a very short period of time, the product is really, really making a difference and making a name for itself in the burn and trauma community.

CEOCFO: *Is this a one-time use product? Are there disposables involved? What is the physical configuration?*

Ms. MacKinlay: That is a great question. The product is really designed around three components: a blade, a hand piece and a pneumatic hose which powers the device. The excision ring blade is a one-time, single use product, so after a procedure on a patient the product is disposed of. However, the hand piece and the remainder of the device are reusable products. This product goes down to central sterile, or SPD, after the surgery and is cleaned, autoclaved and brought up again for the next surgery, so that is very much reusable.

CEOCFO: *Are you doing any international work? Do you see going into new markets?*

Ms. MacKinlay: That is another great question! We do. We definitely want to take the surgical product outside of the US. One of our other products previously mentioned, the Amalgatome MD, which we indicated is used in tissue banks and processing facilities, is currently being sold in Europe. With the Amalgatome SD surgical product; Linda and the new

product development team have a plan for Europe, probably in the next three to four years. However, we are also exploring Canada, Australia and New Zealand. It is all about timing and the appropriate regulatory authorities and getting the product moved in appropriately.

Ms. Sopko: It is also about understanding the market needs, as well. We have got a lot runway left here in the US, being a small company as we stated. It takes quite a lot of feet on the street and a lot of time in the operating room, so we really want to spend our time really getting secured in the US market first and getting a stronghold there with this technology before we go overseas.

CEOCFO: *Are surgeons skeptical at first?*

Ms. MacKinlay: I think that by nature surgeons are skeptical. They require some good proof sources. They are very data driven, so they like to review the product. Then, of course, they are very much driven around getting the product in their own hands in the operating room and seeing it work. Therefore, the convincing of the surgeon and the surgical team does take a lot of work on our part. Fortunately, we have a very well-trained highly expertise sales force calling on these surgeons in the US. It definitely is a lengthy process from the time a surgeon sees it and expresses interest to getting the surgeon trained and having them using it in the operating room for surgical cases.

CEOCFO: *What is the size of the market in the US? How many surgeons might want to use the product? How many people are suffering from burn situations where your product will be applicable?*

Ms. Sopko: I am rounding this up, but there are roughly 130 verified burn centers in the US. That does not mean that any hospital could not treat someone who has a small burn, but usually people are transferred to the accredited American Burn Association (ABA) burn center. This is our first market that we would like to fully penetrate. Within each burn center we calculate that there is between three to six surgeons on staff who are well trained and well versed in that market. When we mention that we would go to the ABA trade shows, this is really where our captive audience is. This is where we get a chance to have one on one discussions with surgeons to actually to explain the device to them, and they are very excited about new technology in the burn space, because there has not been much, as we mentioned, for many, many years.

There are roughly about thirty thousand burn injuries per year where people are admitted in some capacity to a burn center for treatment of a burn injury. From that you can extract how many of those patients would have multiple procedures, because with many burns the patient may be in the hospital for two, three or four months and require multiple surgeries. That is kind of the patient population we are looking at.

CEOCFO: *Would you tell us about the Evolution Manufacturing Award for Exsurco Medical?*

Ms. MacKinlay: Yes! Our parent company, Bettcher Industries, Inc, is a very large and reputable company that does a lot of processing equipment for food (protein) applications and they created the rotary technology, which is really how Exsurco was created. It was from rotary blades cutting technology, in which they are the global leader in their market space.

It is through some of these relationships from Bettcher that we developed some really great connections within the local North East Ohio manufacturing community. I think that because this unique, what I would call a diversification, where we took a technology from Bettcher Industries and developed it into a medical device and a stand-alone business was the key to the award. I think that creative innovation process got the attention of Smart Business who gave us this award. I think it tells a great story around manufacturing diversification.

CEOCFO: *What surprised you as Exsurco has grown and evolved?*

Ms. MacKinlay: That is an exciting question! What has surprised me the most? I would have to say that as challenging as some of the issues are, to take a product from really ground zero into the surgical marketplace is not for the faint at heart. It takes guts, determination, and a never give up attitude. What continues to surprise and amaze me every day is the power of a highly motivated, very passionate and a committed workforce, coming to work every day and really doing amazing things. It is a small group of people doing really extraordinary things. I really believe that there is no challenge that this team cannot overcome. I do not think there is an opportunity that this team cannot exceed or excel at. Every day that surprises and delights me, but also makes me incredibly confident.

CEOCFO: *Are you seeking investment, funding or partnerships as you move forward?*

Ms. MacKinlay: We are looking for different grant opportunities and non-dilutive funding to fuel some of our research and development and next generation of products. However, we are very fortunate to be owned by the Bettcher Industry family

of companies. We have a great private equity partner as well, providing us the capital and investment infusion that we need to be successful.

CEOCFO: *Why is Exsurco Medical an important company?*

Ms. MacKinlay: We are an important company, Lynn, because at the core of our values and at the core of our mission it is all about making a difference in patient's lives. That mission is forefront in everything we do here. It is all over our walls, and in our DNA. Our employees truly believe in our mission and our core values. It is something that we live every day. As long as the core of what we do is around improving the lives of patients and improving the technology of burn care, and beyond, we will continue to be important and we will continue to be relevant.

