



Small Bone Innovations: Recipient of the
2007 North American Medical Devices
Entrepreneurial Company of the Year Award



From left to right: John Ruggles, Senior VP of Global Sales, Frost & Sullivan and Nicholas M. Pachuda, DPM, VP Worldwide Medical Education and Clinical Studies, Small Bone Innovations

“Partnering with clients to create innovative growth strategies”

2007 North American Medical Devices Entrepreneurial Company of the Year Award

Award Description

The Frost & Sullivan Award for Company of the Year is presented each year to the company that has demonstrated excellence within its industry. The Award is based on numerous factors including the company's business development, competitive strategy, and leadership within a particular Frost & Sullivan Industry Research Group (IRG). This company is perceived to exhibit outstanding management, high growth, and positive social and economic impact on local and national communities and customers. Exceptional customer service has been noted as crucial to success, coupled with the ability to combine technology and successful strategic initiatives. The Award recipient has also demonstrated superior market growth skills through significant gains in the market during the research period. This company has the exceptional know-how to take advantage of market changes through the execution of innovative strategies within the existing competitive landscape.

Research Methodology

In order to select the Award recipient, analysts quantify several market factors for each market participant according to predetermined criteria, paying close attention to their combined operations efforts. This process includes interviews with all the market participants, customers, and suppliers, along with extensive secondary and technology research. The companies' efforts are then analyzed based on the number of new customers, new segments, and commitment to business expansion coupled with market growth. Industry participants are then ranked based on the predetermined measurement criteria.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Market potential
- Proof of success executing a restructuring, marketing strategy, and revenue growth
- New market penetration
- Marketing, promotion, and visibility of the company
- Degree of strategy innovation
- Improvement in patient satisfaction level
- Technological innovation and leadership
- Increased name recognition



The orthopedic industry is not just knee and hip replacements or spine implants; small bones and joints are being repaired or replaced with increasing frequency - for many of the same reasons as hips, knees and spinal discs.

In addition to the treatment of trauma-induced injuries, the aging population is suffering increasingly from osteoarthritis, a form of joint degeneration caused by years of wear and tear and more recently the effects of repetitive stress on joints such as the base of the thumb.

Small Bone Innovations Inc. has capitalized on this promising potential and epitomizes growth in the estimated \$1.7 billion sector of the \$35 billion (2007 est.) orthopedic device market. Acknowledging their persistent growth and success, Frost & Sullivan accords Small Bone Innovations, Inc. with the 2007 Entrepreneurial Company of the Year Award.

An Innovative Concept

Small Bone Innovations, Inc. (SBI) was founded by the New York investment firm, Viscogliosi Bros., LLC (VB), in 2004, with a complete focus on addressing unmet surgeon and patient needs in the treatment of small bones and joints in the upper and lower limbs. This focus was realized with the acquisition and integration of several smaller, established device makers in the US, Canadian and European markets that were developing products targeting the small bone and joint sector. By 2006 SBI was able to attract a \$42.2 million Series B VC investment, the largest accounted in the orthopedic device industry at that time. The highly experienced SBI team, including orthopedic surgeons and industry management, aimed to transform the way small bone and joint impairments are treated by creating a totally new industry model.

Eminent Market Potential

The majority of orthopedic device companies are focused on large bone and joint replacements. Hip and knee replacement surgery, spinal surgery and sports medicine are the most talked about segments in the orthopedic industry. However, more than 50 percent of doctor visits and nearly 24 percent of all orthopedic surgeries in the US are related to small bone and joint problems. Despite playing a crucial role, small bones and joints had attracted little attention from major manufacturers. The lack of emphasis on innovation in the small bone and joint sector is reflected by a highly fragmented market containing a host of single product companies. SBI's unprecedented focus on creating a growth oriented small bone and joint market signals a unique transformation within the orthopedic industry.

Revolutionary Product Portfolio

Within 30 months of its launch, SBI has added 61 product systems within three key product platforms, namely arthroplasty, trauma and tissue technology. Focusing primarily on a 'single source of supply' concept, SBI is applying highly innovative technologies to each of the three major platforms. The RE-MOTION™ Total Wrist System, PRECISE SD™ volar distal radius plating, RingFIX™ foot & ankle fixation technology and the SBI rHead™ Elbow Management System have quickly gained acceptance within the arthroplasty and trauma sectors. With respect to trauma, SBI holds a complete array of internal and external fixation systems including instrumentation to repair and reconstruct small bones of the upper and lower extremity.

In tissue technology, the quickly evolving and fast selling (more than 4,000 implants to date) line of Artelon® Spacers with more than 7 years of clinical experience is replacing more radical procedures to eliminate pain and restore function of the thumb joint. This degradable, joint rebuilding technology enables worn tissue to regenerate as the structural implant gradually degrades in the body over a period of about 6 years.

The small bones and joints, because of their anatomical complexity and disposition make surgical access very difficult. As a result, SBI's RE-MOTION™ Total Wrist System comes with the Precise Guidance Technology (PGT™) Instrumentation, introduced in 2006 to offer a step-by-step, predictable and reproducible approach to these intricate procedures.

Demonstration of Success

Recognizing the need for innovation and a fast growing yet demanding aging patient base, SBI is working towards becoming the global leader in providing solutions for small bone and joint impairments. 2007

happens to be very eventful for SBI, starting with the first surgeries performed using its new UNI-Elbow™ Radio Capitellum System and the rollout of the STABILITY™ Sigmoid Notch Total DRUJ System™, the first 'truly anatomical' distal radial-ulnar joint replacement system. Symbolizing the prospect of accelerating growth, SBI announced a series of new technology acquisitions and licensing agreements in Europe, an assertive move towards expanding their lower limb product line such as the RingFIX™ system used to treat foot and ankle bones and joints severely affected by diabetes.

SBI has exhibited an aggressive growth pattern dedicated to transforming the profile and pattern of developments in the orthopedic device industry. Focusing on tissue based technology and 'life changing' treatment technologies, SBI shows great promise in fulfilling its goals. These bolstering factors make Small Bone Innovations the worthy recipient of the 2007 Frost & Sullivan Entrepreneurial Company of the Year Award.



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