

Adding a New Device to Your Practice: Cost vs Benefit Considerations

Karol A Gutowski, MD, FACS

plastic
surgery

THE MEETING

2015

BOSTON
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AMERICAN SOCIETY OF
PLASTIC SURGEONS®



THE PLASTIC SURGERY
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Disclosures

RTI Surgical - Advisor

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May use brand names due to lack of
distinguishing generic names

Presentation Level of Evidence

Levels of Evidence and Qualifying Studies (Therapeutic Studies):


- I High-quality, multi-centered or single-centered, randomized controlled trial with adequate power ($N \geq 100$); or a systematic review of these studies
- II Lesser-quality, randomized controlled trial; prospective cohort study; or systematic review of these studies
- III Retrospective comparative study; case-control study; or a systematic review of these studies
- IV Case series
- V Expert opinion; case report or clinical example; or evidence based on physiology, bench research or "first principles"

What is the best way to get a laser rep to stay out of your office?



Buy their laser!



A photograph of a middle-aged male doctor in a white lab coat with a stethoscope around his neck, standing next to a female laser representative in a black business suit. Both have their arms crossed and are smiling. Three thought bubbles are overlaid on the image. The first bubble, on the left, is blue and contains the text 'I'm going to make big \$\$\$ off this laser!'. The second bubble, in the center, is red and contains the text 'You'll make big \$\$\$ off this laser!'. The third bubble, on the right, is blue and contains the text 'I'll make big \$\$\$ off this laser!'.

**I'm going to
make big
\$\$\$ off this
laser!**

**You'll make
big \$\$\$ off
this laser!**

**I'll make big
\$\$\$ off this
laser!**

You

Laser Rep

I'm going to make big \$\$\$ off this laser!

You'll make big \$\$\$ off this laser!

I'll make big \$\$\$ off this laser!

Maybe

TRUE

You

Laser Rep



**My Doc is
making big
\$\$\$ on this!**

Your Staff



**My Doc is
making big
\$\$\$ on this!**

**Too bad it
doesn't
work...But I
have to make
the sale.**

Your Staff

Questions to Ask Yourself

- How does this fit into my strategic plan?
 - Do I have a plan?
- Adding a new service or just refining a current one?
- Can I do this a different way
 - Chemical peel vs laser
- Am I offering non-invasive & minimal downtime options?
 - Not all devices have minimal downtime
- Can I get out of this if I don't like it?
 - Easy for skin care products & injectables
 - Hard for devices

Who is Driving the Demand?

Is this a response to my patient needs or to marketing hype?

***Does your plastic surgeon
do the LaserLift Breast
Augmentation©
I just saw on Dr Oz?***



What is Good to Have?

- Something that few others have
 - Laser hair removal is a commodity
- Facial skin rejuvenation
 - Multiuse platform
- Fat reduction
- Skin tightening

- Staff delegated & operated
 - Expand revenue sources

Local Market Issues

- Underserved or saturated?



- Ride someone else's marketing wave?



- Losing patients to other providers?

Source of Additional Procedures

- Patients willing to come in for a nonsurgical “Laser Eyelid Lift” consultation
- May be more open to a surgical procedure

Source of Additional Procedures

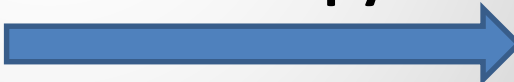
- May come for the “LaserLipo” but be more open to surgical procedures (Mommy-Makeover) after getting educated about options

Don't do “Bait & Switch”

Source of Additional Procedures

- Success with non-surgical procedures builds trust for a surgical procedure

Happy with results
of fillers, then
Ultherapy



Demands I do her
tummy tuck!

Procedure Spillover

- Non-invasive to invasive
- CoolSculpting
 - Liposuction
 - Tummy tuck
- Invasive to non-invasive adjuncts
 - Laser resurfacing after blepharoplasty
- Injectables & energy-based devices
 - Total nonsurgical facial rejuvenation

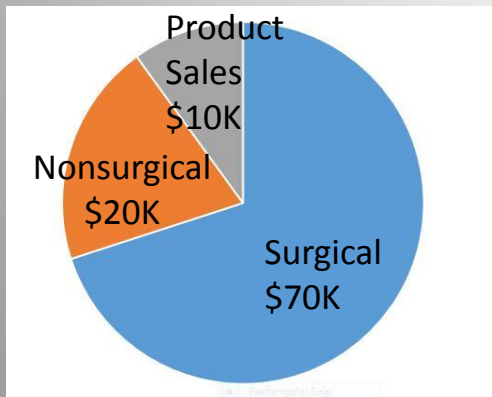
Grow the Pie or Re-Slice the Pie?

- Grow your practice or just change it
- Patients may have a fixed budget for services
- Need to bring in NEW patients

Grow the Pie or Re-Slice the Pie?

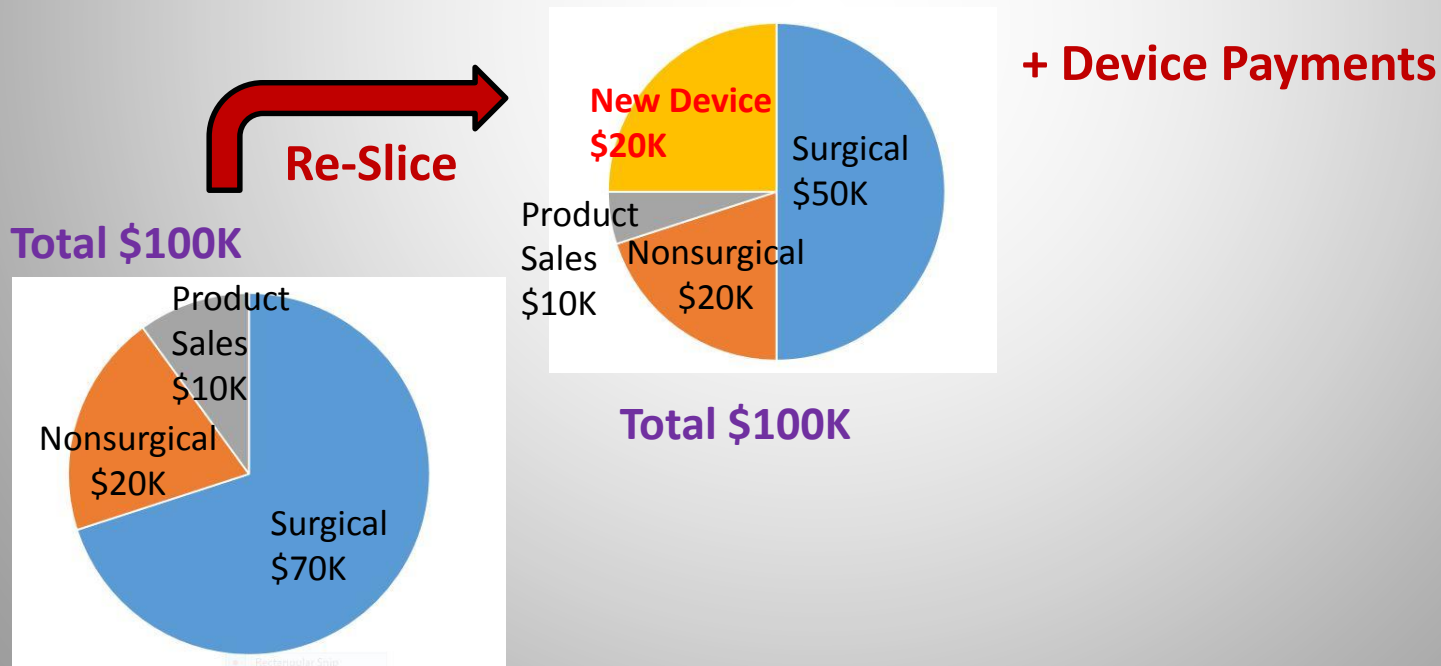
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Total \$100K



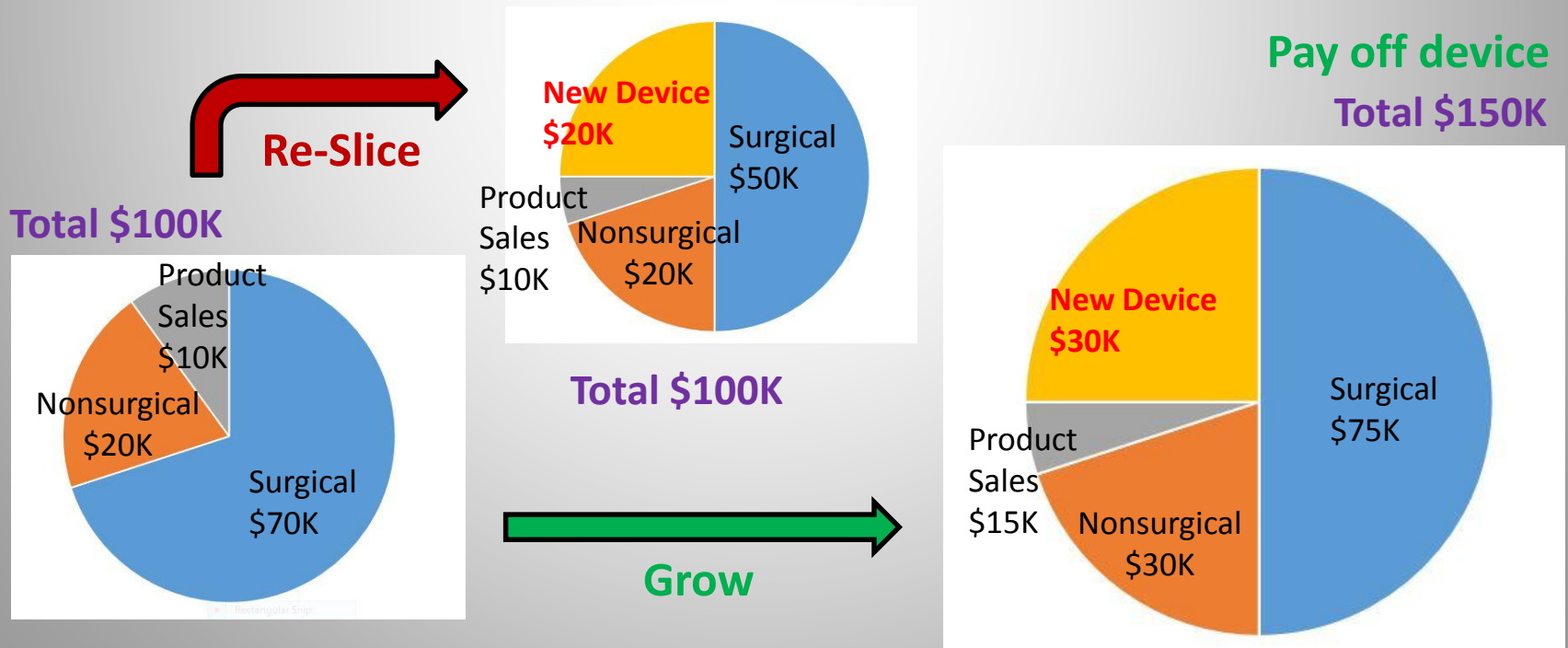
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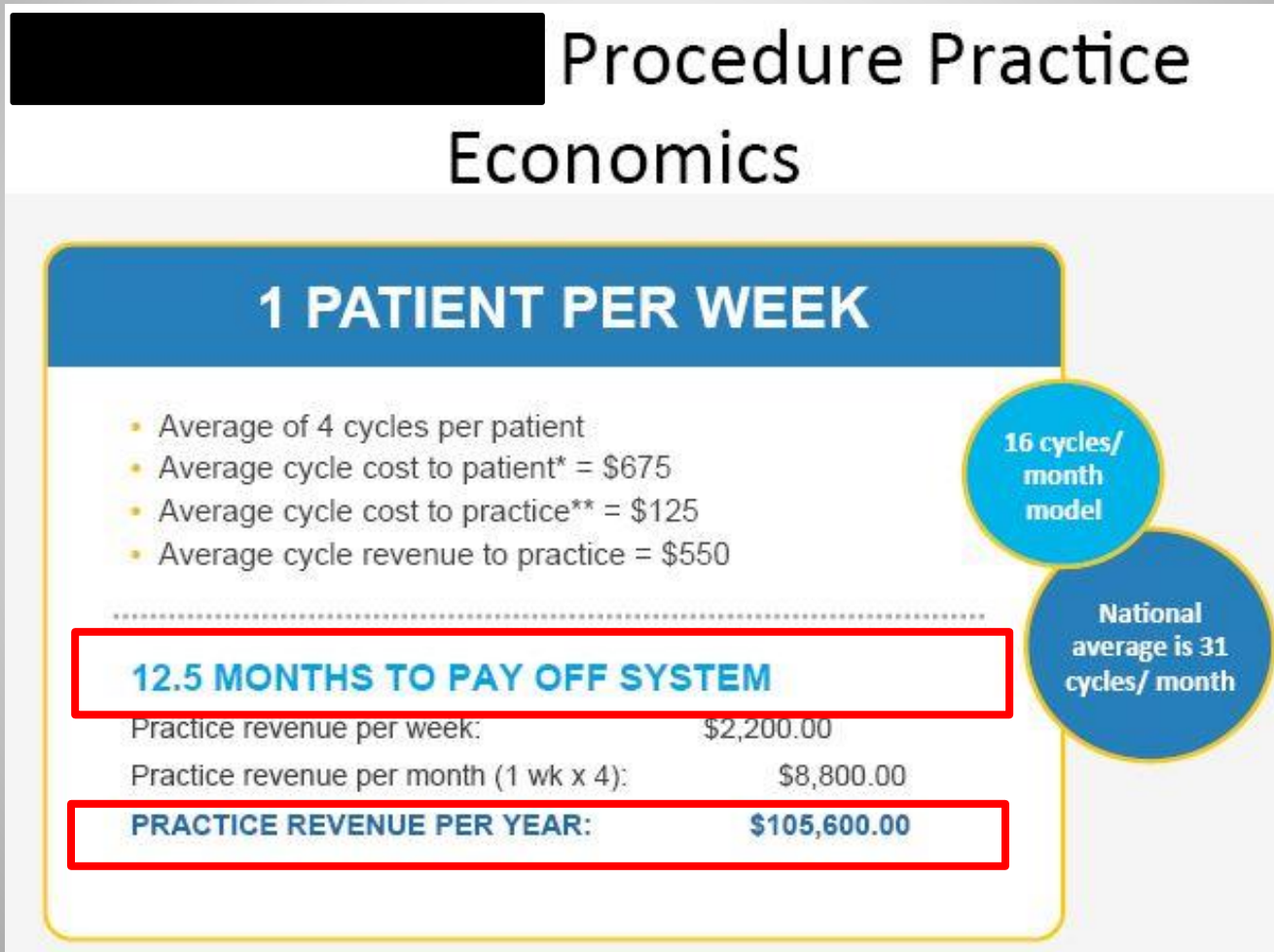


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Projected Revenue ≠ Profit



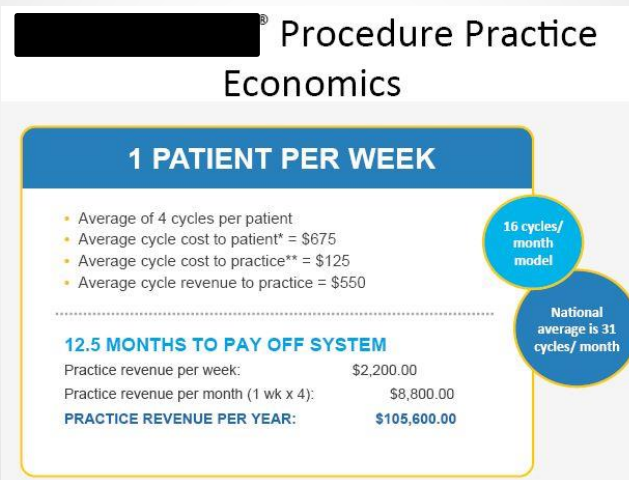
You just worked 12.5 months to make the device manufacturer money

Additional Costs

Marketing Costs

Lost Procedure Costs

Staff Costs



Revision Costs

Space & Overhead Costs

Increased Revenue \neq ROI

- Consider for your **Return on Investment**
 - Initial capital outlay
 - Disposable costs
 - Service contract
 - Staff costs
 - Overhead
 - How many \$\$\$ per hour will this room make?
 - Marketing

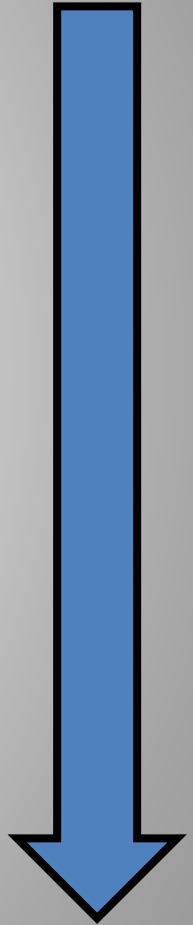
Marketing Costs

- Does device come with marketing material
 - Is it any good?
- Word of mouth is best
 - Initial reduced cost treatments
 - Select “promoter” patients
- Budget for marketing
 - Local media
 - Website changes
- GroupOn can lose YOU money



Internet Marketing + Conversion is Key

- Budget for your new device
- Key word searches
 - Expect \$100 to \$200 per lead
- Convert the qualified lead to a consultation...
- ...then to a procedure
 - Need staff training
 - Good conversion rate is >70%
- Keep them coming back for more
- “Device Ambassador” to bring new patients



Deferred ROI

- Don't expect a positive ROI in the 1st year
 - Or 2nd year...
- Track your costs & revenues
 - Assess regularly
- Don't create a monster you don't want to feed



Regulatory & Liability Issues

- Device operated by technician
 - Do you need to be on site?
- Notify medical liability carrier
 - May increase premiums
- Additional staff training
 - Laser safety officer
- Organizational challenges



Rent Per Use (Per Day)

- No worries about:
 - Capital investment
 - Long-term contracts
 - Maintenance
 - Obsolescence
 - Storage space
- Dedicated technician
- Many devices
- “Try before you buy”
- Scheduling issues
- Less revenue (split with owner)



Examples



Buy Pre-Owned on Secondary Market

- Tend to be older devices
- May not matter
 - Fractional CO2 laser
- After sale service
 - Not likely from manufacturer
 - May come from secondary seller
 - Independent service companies
 - May come with warranty
- May take a “trade-in”



Examples



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Cosmetic – Please pick a category below

Are you ready to sell an item in this category? [SIGN IN](#)

Cellulite Reduction (122)	Laser - CuB (1)	Laser - KTP (16)	Mesotherapy Injector / Gun (2)
Chiller (40)	Laser - Diode (175)	Laser - Plasma (6)	Microdermabraders (50)
Cosmetic General (374)	Laser - Erbium (36)	Laser - Pulsed Dye (30)	Needleless Mesotherapy System (1)
Electrolysis Machine (8)	Laser - Goggles (14)	Laser - Radio Frequency (RF) (138)	Permanent Cosmetics (1)
Implants and Prosthesis (488)	Laser - Holmium (24)	Laser - Ruby (2)	Phototherapy Lamp (16)
Laser - Alexandrite (85)	Laser - IPL (263)	Laser - YAG (278)	Teeth Whitening (4)
Laser - Co2 (127)	Laser - IPL Handpiece (91)	Liposuction Unit (121)	

MED Laser TRADER



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Rock Bottom Lasers.com

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800-794-1097



Lease to Own

- Usually a purchase with initial payment + monthly payments for 2-3 years
- Financing may be through 3rd party
- Allows for small capital investment
- Hope monthly profit exceeds payments
- Don't expect to return it



Buy Demo Model

- Tend to be current
- May be “worn”
- Usually “certified”
 - Warranty
- Still have manufacturer relationship
- Not many available
- Establish relationship with rep

Buy New

- Large capital investment
- Get it when you want it
- Less risk of device problems

Letter to the Editor

Counterfeit Medical Devices: The Money You Save Up Front Will Cost You Big in the End

W. Grant Stevens, MD, FACS; Michelle A. Spring, MD, FACS;
and Luis H. Macias, MD

What is the Goal?

- Is there an option with less capital outlay & same result
- Submental contouring
 - **Traditional Liposuction** \$
 - Laser-assisted SmartLipo \$\$\$\$\$\$ +\$
 - **Kybella** \$\$
 - CoolSculpting \$\$\$\$ +\$
 - Ultherapy \$\$\$\$ +\$

Multiple Treatment Areas?

- Can you use this in multiple areas?
- Submental contouring
 - **Traditional Liposuction** +++++
 - **Laser-assisted SmartLipo** +++++
 - Kybella +
 - CoolSculpting ++

Other Considerations

- Tax implications
- Depreciation
- Realistic use
- Base price of device
 - High cost but low consumable & service costs
 - Low cost but high consumable & service cost

What to Negotiate

- Extended service contract
- More disposables
- Return after 3 months if not satisfied
- Marketing budget
- Financing terms
- Additional staff training

Device Legal Limitations

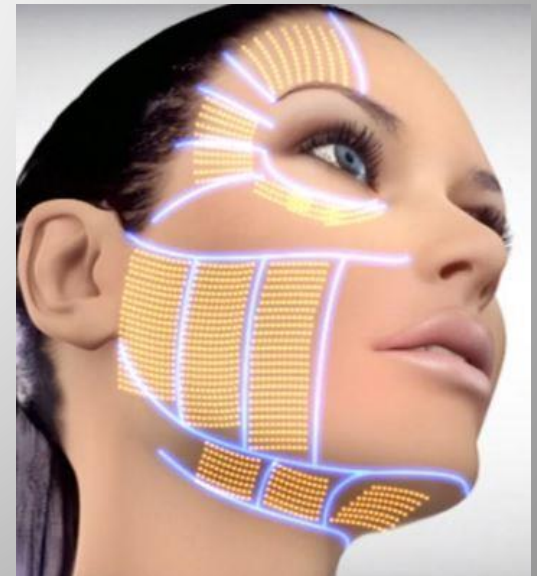
- Price limitations
 - Not allowed to advertise services below a certain price per treatment
- Location limitations
 - Not allowed to move device to other locations
 - May void warrantee if moved

Practical Issues

- Ventilation
- Power sources
- Storage space
- Scheduling
- Staff training

New Business Model: You Pay the Device Company!

- CoolSculpting
 - Pay per application area
- Ultherapy
 - Pay \$1 per line
 - Full face: 800 - 1000 lines
 - Necks: 300 - 400 lines
- Makes “touch-ups” expensive



Results not Great – Back Up Plan?

- Surgeons can “backstop” the device
- If results suboptimal, can still offer
 - Liposuction
 - Skin excision
 - Other modalities
- Reduced price



Talk Before You Buy....

- Talk to your staff
- Ask your patients
 - “We may be offering RadioFrequency Rhinoplasty ©, what do you think?”
- Discuss with your accountant
- Ask rep for 3 users to talk to...
- ...then also find others (Google)
- Talk to **Hot Topics** instructors

realself

Zerona

Average cost: \$1,650

141 reviews



35% WORTH IT

CO2 Laser

Average cost: \$2,650

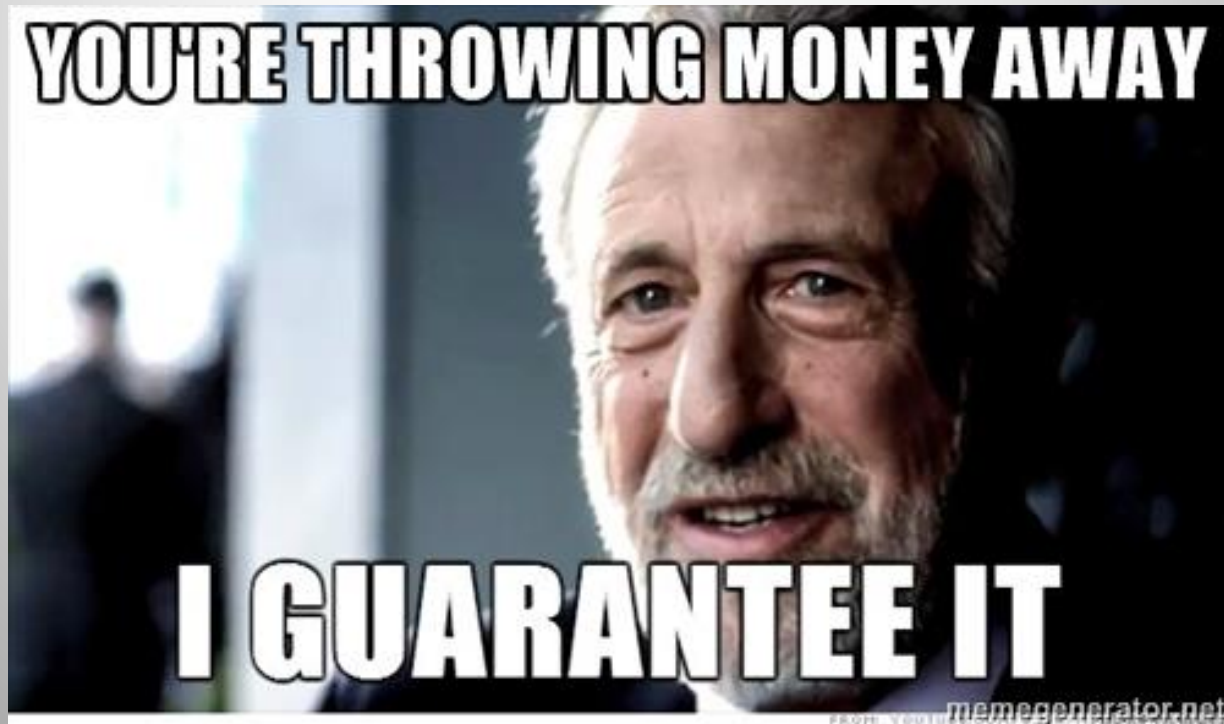
292 reviews



77% WORTH IT

Think & Have a Plan

- Energy devices can grow a practice if done in a logical way with a business plan
- Otherwise,



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Karol@DrGutowski.com

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