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# Business Plan

## OWNERS

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## II. Executive Summary

Klinikken Livet offers a novel and effective treatment modality for myofascial pain. The three most important and common types of myofascial pain are whiplash syndrome, postconcussion syndrome and chronic tension headache. There are many other myofascial pain syndromes including frozen shoulder, mouse arm, tennis and golf elbow, lower back pain, inguinal pain syndrome, shin splints and many other more or less chronic pain syndromes that patients suffer from, but which their doctors in general only know one form of treatment for, that is to medicate them so that the pain is minimized. Klinikken Livet's therapy consists of low-level laser therapy, massage and psychotherapy when relevant. The therapy is offered by a highly qualified generalist physician who is able to undertake an expert patient workup and devise a treatment strategy which leads to a success rate with the mentioned syndromes of 100%. This level of success is unheard of until now and this news has an extremely difficult time disseminating into the population.

There are approximately 300,000 patients in Denmark with pain syndromes that fit into the categories above. These patients are in general not treated but only have their pain minimized. The market potential for low level laser therapy is enormous in that if a majority of these patients could access the therapy that Klinikken Livet offers, they would not only improve but their pain syndromes would be resolved and they could move on with their lives pain free. The main issues facing Klinikken Livet are threefold. The first is making contact between the service and the patients in need of the service. The second is to get payers of healthcare to take notice of the power of this service and make provisions for payment of the service for those who cannot afford it. The third is to get the attention of the stakeholders in this market and get them to understand and appreciate the power of this treatment.

The point of this exercise is to achieve significant advances in the resolution of these three issues, and to provide the basis for an expansion of the service modality so that the majority of patients with myofascial pain syndromes can be treated and healed.

### **III. General Company Description**

Klinikken Livet is a treatment center that focuses on pain syndromes that are inaccessible in terms of regaining health with a pain free body. Patients are treated with low level laser therapy, massage and psychotherapy.

Mission Statement: Klinikken Livet aims to expand its patient base such that every patient with pain problems that are accessible to treatment with low level laser therapy, massage and psychotherapy are offered such therapy on an equal basis with other therapeutic forms for other syndromes.

#### **Company Goals and Objectives:**

In all Western countries, approximately 3 to 5% of the population have pain syndromes that the established healthcare system has only one solution to, and that is to try to medicate the condition so that the pain is minimized. Low-level laser therapy has the potential to supplant at least 80% of this current "treatment" strategy, and instead of reducing pain through medication, to actually remove the cause of the pain. Meanwhile, this potential remains unrealized universally. The company goal is to make available the capacity to deliver low-level laser therapy to the greater part of these patients in Denmark, to start out with. Expansion into Scandinavia would be the next logical step. The goal of the therapy is to make the patient free from pain.

#### **Business Philosophy:**

Klinikken Livet's business philosophy is to make patients pain free.

#### **Target group:**

The target group of Klinikken Livet are patients with whiplash syndrome, chronic tension headache, post-concussion syndrome and various other pain syndromes that the medical profession is unable to clearly define. The common denominator for all these syndromes is a phenomenon called myofascial pain. Myos is the Greek for muscle, and fascia is Latin for the connective tissue surrounding muscles and comprising ligaments and tendons.

#### **The industry:**

The number of patients with myofascial pain is relatively constant, and the number of cases arising is also more or less constant. The current capacity to treat these patients so they become pain free is only a very small percentage of the total patient population. Low-level laser therapy as a treatment form faces a serious uphill battle

to become established for four major reasons:

1. the medical industrial complex is threatened by any treatment strategy that does not use medicine,
2. the time that it takes to treat one patient for one session (on average 30 minutes per patient) is outside of the imagination of most healthcare administrators,
3. the treatment modality is unknown to both patients and healthcare personnel,
4. the cost of treatment is prohibitive for most of the patients with myofascial pain, and so far no payer has stepped forward.

The growth potential of the treatment is mind-boggling. The capacity of any one therapist is on the order of 150 patients per year. Given the number of myofascial pain patients in Denmark to be 300,000, it would take 2000 therapists to treat them all in one year. Seen from another angle, if the growth of myofascial pain population is 20,000 per year, it would take 133 therapists to keep up with the demand. If one were to envisage a capacity somewhere between the number needed to keep up with demand and the number needed to treat all patients in one year, a reasonable figure would be around 400 therapists. Training and guiding such a group is a daunting task in and of itself.

There is no reason to imagine that the number of myofascial pain patients will change significantly in the future.

Klinikken Livet's greatest strength is its leader, Rick Steele. His highly tuned clinical observational talents infuses each patient with a high degree of confidence in his ability to help them. This quality gives the clinic its reputation, which until now mostly has been passed along from patient to patient. This quality can be taught, although the speed with which it can be taught nor to how many it can be taught has not been tested.

Klinikken Livet is an Aps, which is roughly equivalent to the limited liability corporation concept. In the future, the clinic will, if the projected growth can be achieved, progress to the status of a corporation, and perhaps at a later date to become a holding company.

#### IV. Products and Services

Klinikken Livet offers six different services:

1. Expert medical workup
2. Low-level laser therapy
3. Massage
4. Psychotherapy
5. Social medicine specialty opinions
6. Medical consultancy

Prices:

Item	Price DKK
Combined price for the medical workup and 1 laser treatment	1000
10 minutes laser therapy (massage and psychotherapy included when relevant for all sessions)	200
20 minutes laser therapy	350
30 minutes laser therapy	500
45 minutes laser therapy	750
1 hour laser therapy	1000
Social medicine specialty opinion	9000
Medical consultancy (per hour)	750

## V. Marketing Plan

The approximately 300,000 people in Denmark need to know that an effective treatment modality for removing the cause of myofascial pain exists.

### Market research

Market research in the healthcare area is dependent upon many different parameters, of which there are two that need definition before one can get a picture of the magnitude of the issue. The first parameter is called incidence, and it is defined as the number of new cases arising for a given condition during a given year. The other parameter is called prevalence, and that is defined as the total number of persons with a given diagnosis existing in the population.

Whiplash syndrome has not been studied specifically in Denmark vis-à-vis these two parameters. A study was published in 2002 in the British Columbia Medical Journal (Vol. 44, No. 5, June 2002, pages 237-44), and based upon injury data from the UK and from Sweden. It gave rise to an estimate of the incidence of whiplash syndrome in the UK to 250,000. Extrapolated to Danish conditions, this equivalates to an incidence in Denmark of approximately 20,000. The prevalence is more difficult to establish, but a safe estimate would be at least five times the incidence (given an untreated remission period of 5 years), or 100,000 people.

It makes little sense to discuss the incidence of tension headache, because it is rarely possible to delineate syndrome debut. It makes much more sense to describe the prevalence of this condition. In a study published in the Journal of the American Medical Association in 1998 (Feb. 4, 1998, Vol 279 (5) pages 381-3) the prevalence in a Maryland population was set at from about 35 to 48%, in other words, nearly half the population. It is very difficult to make an estimate that reflects these numbers in the Danish population, but it is perfectly safe to say that the number is at least 10% of the population, or 500,000 people. A strongly conservative estimate would be to assume that only 1/5 of these would have such strong symptoms, and have such serious myoses, that a series of low level laser therapy treatments would be indicated. Thus the number of treatable cases with a series of low-level laser therapy would be 100,000.

The incidence of mild brain injury based on a diagnosis database in Denmark and evaluated in 2008 was put at approximately 10,000. Of these, according to the Danish Board of Health, approximately 30 to 80% of these develop chronic symptoms known as post-concussion syndrome. A strongly conservative estimate would be to assume that the incidence of post-concussion syndrome is 5000. Given these figures, a conservative estimate of the prevalence of the syndrome would be approximately 25,000, all of whom are treatable with a series of low-level laser therapy sessions.



Other myofascial pain syndromes include frozen shoulder, mouse arm, tennis and golf elbow, lower back pain, inguinal pain syndrome, runners knee, shin splints and a number of other muscle and ligament pain syndromes that are less than completely understood, difficult to diagnose and notoriously difficult to treat. Given the nebulous nature of these syndromes and the lack of specific diagnoses for them, it is quite impossible to quantify these issues. Suffice it to say, however, that the number of patients with such problems that are more or less easily treatable with low level laser therapy is at least 100,000 in Denmark.

Furthermore, eczema as such and psoriasis are eminently treatable with low level laser therapy. It is not known whether psoriasis gout is caused by the plaques of the skin, or if the gout syndrome is part and parcel of the autoimmune complex that psoriasis appears to be. It would be a great research project to ascertain whether keeping the lesions down with low level laser therapy would reduce the risk of development of psoriasis gout. Many other eczema problems can be reduced if not completely resolved with low level laser therapy. This includes childhood eczema (also known as Besnier's eczema) as well as medically induced eczema.

Taken together, the total number of patients treatable with low level laser therapy in Denmark is somewhere between 300,000 and 500,000 individuals. The potential savings for society in terms of payments for medicine and doctors appointments are enormous. If only for this reason, it is extremely difficult to understand why this treatment is not mainstream and one that is paid for by payers of healthcare.

Utilizing an average cost per patient treated of DKK 15,000 and population of patients with myofascial pain of 300,000, the total market is DKK 4.5 billion.

- I expect to be able to command 30 to 35% of this market with the name Klinikken Livet charging 10% of every treatment done under its name.
  
- The current demand in the target market (the population of 300,000 to 500,000 people with the syndromes treatable by low-level laser therapy) is a minuscule fraction of the total . This is due to lack of knowledge of the service and its power.
  
- The main barriers making this expansion difficult are:
  - lack of knowledge among patients, their doctors and payers, which can only be addressed through a series of targeted messages with a high degree of penetration
  
  - a strongly conservative system that will only accept what has been clearly documented in national studies
  
  - Consumer acceptance and brand recognition, which can only be addressed through targeted marketing to relevant patient groups
  
  - Training and skills among doctors and therapists, especially as regards relevant examination and documentation
  
  - Unique technology - the Thor laser apparatus is the apparatus that has been most extensively researched and documented
  
- The following could affect Klinikken Livet:
  - Change in technology - it is possible to imagine a new technology that is even more effective than low level laser therapy for resolution of myofascial pain syndromes. This is not on the visible horizon at this point in time.
  
  - government regulations, especially those pertaining to the payment of services in the healthcare field

## **Product**

The product and service of Klinikken Livet is the delivery of expert examination and treatment of myofascial pain syndromes as per the above. No guarantees can be given because of a certain and clear misuse incentive. If one imagines that the treatment were offered with the guarantee that if it didn't help, the patient and/or the payer would not have to pay, the patient would only have to maintain that the treatment did not help in order to get the treatment free.

## **Customers**

The target population has been clearly identified above. There is no reason to believe that these syndromes are not uniformly distributed among the population in general, nor is there any reason to believe that the syndromes are not evenly distributed among age groups.

## **Competition**

When low level laser therapy becomes as widely accepted and popular as the above demonstrates the capacity for, there will be a clear incentive for others to take up this therapeutic form in competition with Klinikken Livet. The strategy therefore must be to stay ahead of the competition by establishing daughter companies in relevant locations before the competition can get up and running.

The selling point will be the quality of the expert examination and the branding of Klinikken Livet such that the clinic has the reputation of the 100% success rate with myofascial pain syndromes.

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## **Niche**

Klinikken Livet fills a void that is currently unoccupied. No other clinic or therapeutic entity has anywhere near the healing potential of Klinikken Livet. This is of course highly unique, but also a tough sell.

## **Strategy**

The strategy is to increase the market penetration of Klinikken Livet's offered

products and services, such that it becomes possible to utilize the proceeds from this activity to expand into other geographic areas, as sketched above.

### **Promotion**

I have attempted numerous and various activities, including articles, sales events, and direct marketing. Taken together, these activities have so far only led to enough activity to scrape by economically. This is the main area in which I am hoping the activity with Klinikken Livet as the case study for the social marketing course will be benefited.

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### **Pricing**

Prices have been set with a backdrop in other reasonably comparable clinical settings. In this context, Klinikken Livet's prices are neither high nor low. It does not appear that price as such is a major factor in patients' decision to enter a treatment regime. Payment is always either cash or via MobilePay which all patients in Klinikken Livet have accepted as being reasonable. No credit is offered.

### **Proposed Location**

The location in Sejs is purely practical, as that is where I live. As sketched above, however, I expect the demand to support the development of a low level laser therapy clinic in every town of about 10,000 people and many clinics in the larger towns and cities. The need for space in the individual clinic is very limited, 10 to 12 m<sup>2</sup> is all it takes. Location is important to patients with pain syndromes in that travel is difficult for such persons.

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## VI. Operational Plan

### Legal Environment

- Medico-technical devices are regulated by EU and national authorities. Thor laser's laser apparatus LX2m (the one that Klinikken Livet utilizes) is licensed by EU in certificate number 1048 CE dated March 12, 2012. This certificate does not specify which syndromes the system can be used for nor limit its use to specific health personnel.
- Reasonable health and workplace conditions are in place
- Regulations with relevance for Klinikken Livet are the Danish medical law (lægeloven), the Danish hospital law (Sygehusloven) and various circulars, for example the patient journal circular
- Klinikken Livet has relevant insurance for damages to patients and/or personnel

### Personnel

- Number of employees: 2
- Professional staff
- It remains to be seen how future personnel will be identified and chosen
- The highest possible staff quality will be maintained
- The pay structure will be competitive
- Training will be competency-based and community-oriented with learning by doing as the main educational method

## **VII. Management and Organization**

The business is currently being managed by Rick Steele. As the organization grows, there will clearly be in need for an administrative person that can tend to the day-to-day business operations. Further staff additions will be attended to ad hoc.

### **For Investors**

- The only form of investment that would be relevant would be for the marketing of this strategy. Meanwhile, it would take considerably stronger activity before this type of investment might become interesting.

### **Personnel management**

- My current concept regarding new clinics would be that Klinikken Livet provides the name and the apparatus for the new business organization. Service will be documented in the clinical system Myclinic, and payment for services in satellite clinics which will be paid to Klinikken Livet's account. Therapist payment will only be forthcoming when the treatment is documented in Myclinic. Klinikken Livet will also pay for subscription service to Myclinic. For these services, Klinikken Livet will assess a fee per treatment of 10%.