



SALES AND MARKETING STRATEGY

Aiming at early revenues, sales of the over-the-counter Ovulona device with FDA clearance to women trying to conceive will be initially mainly via the Company web site, and to some extent via physician offices. This will start after several months of clinical trials will show faster time-to-pregnancy with the Ovulona.

Understand: Although the definitive proof of pregnancy is of course the baby's birth, the clinical pregnancy evidence will be available much earlier, as the clinical methods of pregnancy detection allow - which with the bioZhenal's Ovulona device will be practically immediate.

The trials will start in month 7 post-funding (see timeline on PPM page 35). Supported by social marketing activities, the news of the trial outcomes will have been coming out of the multi-center clinical trial involving about 500 women.

Thus our business plan assumes the following:

a) Initial distribution through year 2 mainly via web retail, direct to consumer, with no discount, healthcare provider recommendation assumed, expected based on the news from ongoing clinical trial.

b) Some professional sales with a 50% discount assumed initially, <10% of sales by those provider offices interested in earning a nice profit (\$112 per Ovulona sold), and this share of sales is assumed to drop down to ~5% upon wholesale distribution.

c) Starting in year 3, the Ovulona Distribution Channels will include:

	Share	Discount
Web Retail (DTC, Direct To Consumers)	50%	0%
Healthcare Professionals	5%	50%
Wholesale Partners	45%	40%

We can expect that more than 30 women per day will want to buy the Ovulona over the internet, and not just US women. 33 sales per day amount to the projected first-month sale volume of 1,000 units. 42 million American women participate in social media at least weekly ("more than 50% of adult US women who use the Internet"). Ref.:<http://smallbiztrends.com/2009/05/42-million-women-use-social-media-blogs.html>.

We assume reaching, by our "social marketing" activity on the internet and appropriate advertising, a sufficient number of subfertility and family planning women who search online for solutions that are often not forthcoming from their physicians (see Disparities in Family Planning in Am J Obstet Gynecol 2010), this despite the fact that "the ability to plan if and when to have children is fundamental to the health of women, and critical to the equal functioning of women in society."



The 1,000 Ovulona units, planned to be sold in our first month of sales, is a realistic goal, within the fulfillment capability of our manufacturing contractor and our staffing plan. It represents a market share of 0.1% of the sales of ovulation predictor kits, a tiny (~5 millionths) fraction of the estimated unit sales by [SPD GmbH](#) in 2007, and even tinier fraction of the subfertility self-help Total Available Market [TAM].

Here is excerpting from the bioZhenal pro forma financial projections:

	Year 1	Year2	Year 3	Year 4	Year 5
Advertising and Promotion budget (USD) in first 5 years	255,000	680,000	2,881,815	4,014,608	5,940,161
Web Site (USD) in first 5 years	250,000	25,000	100,000	25,000	45,000
Total Sales &Marketing Expenses (USD)	946,526	5,900,145	19,943,486	28,278,807	35,642,779

Our marketing strategy in the fertility market is multi-pronged, aimed at obstetrician-gynecologists, family practitioners, reproductive endocrinologists, and other physicians and nurses, and at the end-users themselves. This is a pyramid with fertility specialists, reproductive endocrinologists-infertility and obstetricians-gynecologists involved in fertility work at the top, other healthcare providers at the next level, and the patients - greatest in number - at the base. We will target all levels, with emphasis on the base of the pyramid.

The professional medical product distribution channels such as pharmacy chains will be utilized once we have achieved sufficient sales through the Company web portal and through the physicians’ offices interested in earning the offered generous commission from the sales. Our plan is for a multifaceted communication, education, advertising, and business development process, prospectively in conjunction with strategic partners.

As an [important additional advantage](#) over any existing ovulation prediction product (additional to the unprecedented accuracy and ease of use), the Ovulona will include the [functionality which instantly detects pregnancy](#). This means not having to wait - as with the Home Pregnancy Tests [HPTs] - about 2 weeks for the missed period, and an unreliable HPT test. As [DIAGNOSIS OF PREGNANCY \(sunysbob.com\)](#) observed:

“A 2004 study in the American Journal of Obstetrics and Gynecology looked at 18 home pregnancy tests for sensitivity at the time of a missed period... Only 1 of 18 had this sensitivity... positive results were given by only 44% of the brands... indicating that it may be necessary to retest if a result is negative at the time of missing menses...”



NO SUCH PROBLEM ARISES WITH THE OVULONA. That is because the follicular waves disappear upon conception, and – unlike the HPTs - we do not have to wait for a detectable concentration of a tell-tale chemical. The Ovulona does not have any analytical sensitivity limitation because it is NOT a detector of a single chemical. This built-in early pregnancy detection is bound to be appreciated in the marketplace.

Educating the public is an essential part of the marketing plan, and the internet is a perfect medium. This is evidenced, e.g., by [Google Insights for Search](#) statistics. As a hint of these, recent rising searches: 1. digital ovulation test +60%, 2. fertility monitor +50%, etc. For example, [Pregnancy.org](#) reaches 500,000+ visitors/month and generates 4+ million page views/month, 7 million ad views. Viewing stats of the [bioZhená's Weblog](#) are also relevant.

After a full year of marketing and sales into the trying-to-conceive self-help subfertility market (i.e. year 2 post-funding), and after we secure the required regulatory certifications here and in selected countries, we plan to look into introducing and promoting the Ovulona as a high-tech tool for the [practice of the Natural Family Planning](#) [NFP] method that is used by many people worldwide (15% of married women, [per World Health Organization report in 2009](#)). That is if the expected off-label use should be insufficient and circumstances were judged to favor the birth control promotion.

With large markets in the developing countries, we will provide US and other Western women this new alternative for their reproductive management. Many women do want a method that does not [introduce chemicals into the body](#) and that does not interfere with the natural course of the menstrual cycle. [“The demand... is very high”](#). Per *J. Am. Board Fam. Med.*: "Although uncommonly used in the United States, [as many as 20% of married women in other countries use \[NFP\] methods](#)."

Pursuing the vision of establishing a new industry standard, we will work with the medical profession to introduce the NFP-assistive technology primarily for conception, and make it as useful for the healthcare providers (PPM p. 23) as for the women end-users. Early on, many dedicated users of natural birth control will undoubtedly recognize that the definitive fertile window determination works both ways, just as they have already been known to try using the existing ovulation tests despite the lack of accuracy of those products ([“About Half Who Use Tests Do Not Want Pregnancy”](#)).

It is encouraging that a key US organization of physicians (ACOG) advises the public that [“natural family planning ... can be an effective way to prevent pregnancy”](#). Another key medical organization of family medicine ([ABFM, the second-largest medical US specialty board](#)) wrote that NFP is “the only birth control method acceptable to a large number of couples”, and expressed the hope that modern diagnostics will improve the effectiveness of NFP. For details, and a birth-control market overview, see PPM Exhibit 5.