

To: Transition Team
From: Bob Johnson, Sales Manager
Re: Welcome to Parck

Dear Transition Team:

Jan Johanson, VP of Business Development for Essex, asked me to provide information and guidance related to the sales function at Parck. I have attached a number of documents that will help you begin to understand the TTBA market space. Those documents are as follows:

1. Market Size and Growth Rates – This is a memo I wrote giving you basic size and growth rate of the current TTBA market space.
2. Go to Market Strategy – A description of the proposed use of marketing dollars for the coming year. You have the ability to change this if you would like.
3. Channel Strategy – Parck sells exclusively through a network of twelve distributors. This memo contains the names and specialties of each of those distributors
4. Market Data – I have included a preview of two market reports that will be provided to you later. Although all the data has not yet been compiled, I thought you might benefit from seeing the types of data we are collecting for you.

In your initial research, I suggest you be prepared to brief your team on the following questions:

1. How would you describe the current market, its size and growth? How does Parck currently promote and sell its TTBA? What is Parck's channel strategy?
2. What is your proposed marketing budget for the coming year?
3. What NPIs might sales be asking for during the next twelve months?

I hope this information is helpful.

Sincerely,

Bob Johnson

To: Transition Team
From: Bob Johnson, Sales Manager
Re: Market Size and Growth Rate

Dear Transition Team:

I know you are new to the tabletop market space. Here are a few items I thought you should be aware of:

- Last year the overall TTBA market was just under \$220MM. These purchases were distributed among four firms with approximately equal share among the three later entrants. The first firm in the market space, Albright, has a noticeable lead in market share.
- Clear segments are not apparent, though Hospitals, Labs, and Clinics purchase most of our TTBA's. We have collected a good deal of raw sales data that should be analyzed to identify any clear segments or trends that could be exploited.
- The growth rate for the overall market is projected to be around 6% next year. Segment size and growth rates should be able to be determined by careful analysis of the data I will provide in another memo.
- Parck sells through a network of twelve distributors. We have a uniform pricing requirement written into our distributor agreements so that end users will pay the same price no matter where they purchase the TTBA.

I will include a number of additional memos in this package to further describe the TTBA market space.

Sincerely,

Bob Johnson

To: Transition Team
From: Bob Johnson, Sales Manager
Re: Go-to-Market Strategy

Dear Transition Team:

The Parck sales team begins each year with what we call a **“Go-to-Market”** strategy. This strategy contains a number of elements. Because Parck has been acquired by Essex, you will be the ultimate decision maker when it comes to the sales plan for the coming year. You will want to consider target markets, new products, anticipated moves by competitors, etc.

Go-to-Market: Marketing Strategy is really about allocating marketing dollars among the various marketing channel tools we have at our disposal. I thought it would help you to see the current marketing strategy. I have summarized key points below. Again, sales for the coming year are your responsibility now. Feel free to make changes as you see fit.

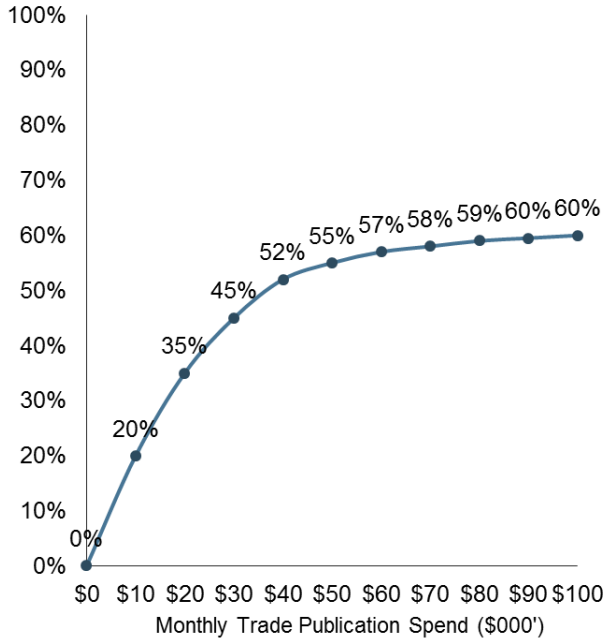
Parck Marketing Strategy

- Total sales and marketing budget for the year is \$2.0MM
- Preliminarily, the sales and marketing budget will be split among marketing channels as follows:

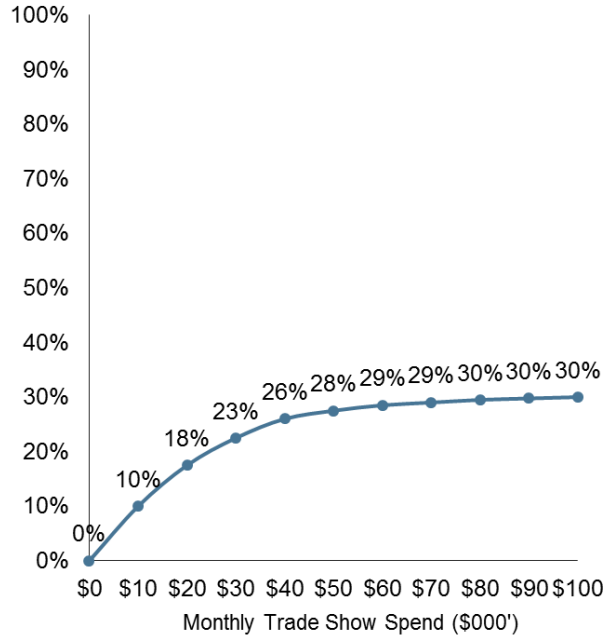
| Marketing Channels | Description | Annual Budget | Monthly Budget |
|---------------------|--|--------------------------|------------------|
| Trade Publications | Purchasing of ads in medical journals, often read by doctors | \$240,000 | \$20,000 |
| Trade Shows | Attendance at laboratory equipment trade shows throughout the US and | \$240,000 | \$20,000 |
| Online Advertising | Creation of online advertisements targeted at clinics | \$240,000 | \$20,000 |
| Distributor Support | Training, Demo TTBA's, Pamphlets and other marketing material, etc. | \$1,280,000 | \$106,667 |
| | | <hr/> \$2,000,000 | \$166,667 |

- During the transition, the Parck marketing team gave us their data regarding historical marketing effectiveness by segment...

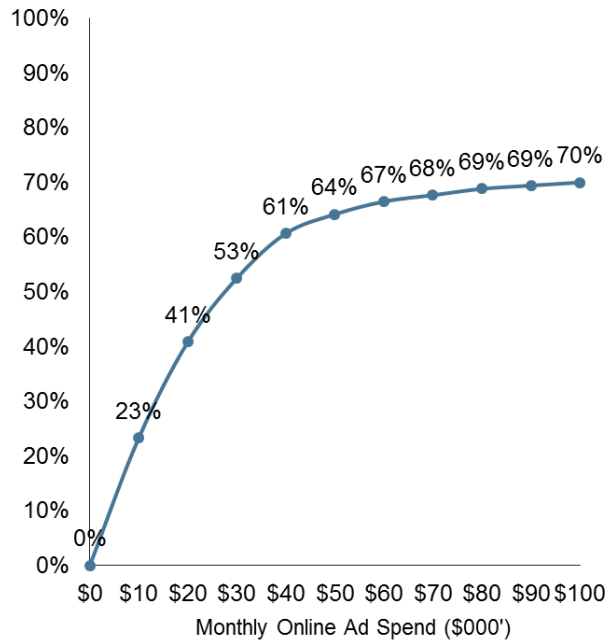
Effect on Hospital Unit Volume



Effect on Lab Unit Volume



Effect on Clinic Unit Volume



Go-to-Market: Channel Strategy Jan Johanson (Essex VP of Business Development) asked me to share with you our analysis of the Parck Instruments channel strategy. I have summarized below the work we did during the due diligence work on the acquisition ...

- At its inception Parck made a decision to sell exclusively through distributors. This is the channel strategy used by all firms operating in the TTBA market. Distributors are used as a surrogate sales force because the market is too fragmented for a direct sales force to be cost effective.
- Parck currently uses 12 distributors. Although there are other distributors who sell medical equipment, these twelve were chosen because of their size and reach throughout the target market. Although each of the distributors sells across multiple market niches, each has its own specialization; from a specific customer base (Hospitals, Labs, Clinics), to geographical specialization (Northeast, Southern, West-Coast of the US, Western Europe, Eastern Europe).
- Distributors in the TTBA industry are geographically exclusive. This means that you will not be able to be represented by multiple distributors within the same territory.
- Names and descriptions of Parck’s twelve current distributors are:

| Distributors | | | | |
|---------------------------------|----------------------|------------|---------------|----------------------|
| Distributor Name | Location | Territory | Segment Focus | Product Focus |
| Med Supply, Inc | Osterville, MA | Eastern US | Clinics | Laboratory Equipment |
| George's Clinic Supply Co. | Miami, FL | Eastern US | Laboratories | Medical Devices |
| Horizon Medical Equipment | Boston, MA | Eastern US | Hospitals | Blood Analyzers |
| Independence Medical | St. Louis, MO | Central US | Broad | Laboratory Equipment |
| Texas Medical Supply | Dallas, TX | Central US | Broad | Laboratory Equipment |
| Salles Specialty Devices | Naperville, IL | Central US | Hospitals | Medical Devices |
| Medical Industries, Inc | Seattle, WA | Western US | Clinics | Blood Analyzers |
| West Coast Medical Distribution | Torrance, CA | Western US | Laboratories | Medical Devices |
| AMD Medical & Surgical | Denver, CO | Western US | Hospitals | Blood Analyzers |
| Discount Medical Distributors | Basingstoke, England | Europe | Clinics | Medical Devices |
| Moore Medical | Dortmund, Germany | Europe | Laboratories | Medical Devices |
| MediRoo Medical Products | Lyon, France | Europe | Broad | Medical Devices |

From: Bob Johnson, Sales Manager

Re: Market Data

Dear Transition Team:

Below is sample of data collected for Parck by a consulting firm approximately one month ago. I will later provide an Excel file with the complete set of data.

| Respondent Number | Organization Info | | | Core Customer Needs | | | | | |
|-------------------|----------------------|----------------------|------------------|---------------------|----------|-------------|-----------------|---------------|-----------------|
| | Type of Organization | Size of Organization | Estimated Growth | Purchase Price | Accuracy | Reliability | Processing Time | Functionality | Operating Costs |
| 1 | Clinic | 5-10 | 10.0% | 10 | 8 | 9 | 2 | 4 | 9 |
| 2 | Hospital | 2500+ | 5.0% | 8 | 8 | 5 | 7 | 4 | 8 |
| 3 | Hospital | 2500+ | 5.0% | 9 | 10 | 3 | 7 | 4 | 8 |
| 4 | Lab | 2500+ | 5.0% | 4 | 9 | 3 | 9 | 9 | 7 |
| 5 | Clinic | 10-50 | 10.0% | 10 | 8 | 7 | 1 | 2 | 9 |
| 6 | Clinic | 10-50 | 11.0% | 8 | 9 | 6 | 1 | 5 | 10 |
| 7 | Lab | 50-100 | 6.0% | 6 | 9 | 6 | 10 | 8 | 6 |
| 8 | Lab | 2500+ | 6.0% | 4 | 10 | 7 | 9 | 10 | 7 |
| 9 | Clinic | 50-100 | 11.0% | 10 | 8 | 6 | 3 | 3 | 7 |
| 10 | Clinic | 50-100 | 8.0% | 10 | 6 | 10 | 1 | 4 | 8 |
| 11 | Clinic | 50-100 | 10.0% | 9 | 6 | 6 | 3 | 4 | 9 |
| 12 | Hospital | 500-2500 | 5.0% | 7 | 8 | 7 | 8 | 5 | 8 |
| 13 | Clinic | 100-500 | 7.0% | 8 | 7 | 9 | 2 | 5 | 8 |
| 14 | Clinic | 100-500 | 8.0% | 8 | 7 | 9 | 1 | 4 | 8 |
| 15 | Clinic | 10-50 | 10.0% | 10 | 6 | 10 | 2 | 3 | 7 |
| 16 | Hospital | 2500+ | 5.0% | 7 | 10 | 5 | 9 | 3 | 7 |

Table 1: Core Customer Needs