

# Thermage Undergoes Extreme Makeover

By Bob Kronemyer, Associate Editor

Physicians and patients alike have recently noticed many positive changes at Thermage, Inc. including a new management team, new ThermaTips, new Thermage procedures and a new focus on building awareness about Thermage with consumers.

**“We have hired** a new group of senior managers that will really help us drive our business and we modified some of our business policies and practices to better meet the needs of our customers,” said president and CEO, Stephen J. Fanning. These recent changes demonstrate the company’s commitment to our doctors and show Thermage is listening to their feedback.”

In addition to policy and practice changes, Thermage is introducing some exciting new products. In October 2005, the company launched the new 3.0 cm<sup>2</sup> Thermatip which will allow practitioners to significantly reduce the time of the procedure. Compared to the current workhorse tip (1.5 cm<sup>2</sup>), the new 3.0 cm<sup>2</sup> tip doubles the amount of space covered and reduces the number of pulses required. By keeping the pricing the same as the 1.5 cm<sup>2</sup>, the 3.0 cm<sup>2</sup> tip offers a better value proposition to the doctor due to reduced procedure time and decreased tip cost.



Stephen Fanning

**In contrast to** many light-based technologies, Thermage is a one-time procedure with no downtime. Currently, full face and other facial cosmetic unit treatments can take 30 to 90 minutes. With the introduction of the new 3.0 cm<sup>2</sup> tip, that time should be significantly reduced.

“Thermage is one of the most profitable, clinically proven, and safest non-invasive procedures a doctor can perform,” Mr. Fanning added. “As we launch new tips and broaden our procedure offerings, maintaining high levels of safety and efficacy while improving the value proposition for our customers is of the utmost importance.”

**The company is** pursuing clearance in the U.S. to treat in the intraorbital area and hopes to be available in early 2006. “This application involves using the new 0.25 cm<sup>2</sup> ThermaTip over the eyelids,” Mr. Fanning said. “We hope to be able to offer the 0.25 cm<sup>2</sup> tip and eyelid application starting in Canada and then further expanding to our international markets in the beginning of 2006.”

In September, the company received FDA approval to conduct the first in a series of multi-center studies in the United States to evaluate the use of Thermage

technology for off-face indications, specifically to treat the upper arms. A multi-center study in Europe is already underway at three clinical sites in Germany, Italy and Belgium using the Thermage procedure to treat the upper arms.

**“These studies represent** the company’s ongoing commitment to continue to present strong science to support the use of the Thermage procedure,” said Mr. Fanning. “We often hear from our physician users that there is an unmet need for a non-invasive cosmetic procedure to tighten, contour and rejuvenate skin on areas in addition to the face and these studies are a step in that direction.”

In a really progressive move, Thermage has begun television advertising in three test markets. “Our business model is built on the simple idea that when our customer makes money, we make money,” Mr. Fanning explained. “Therefore, driving consumer demand is an important strategy for the company to pursue.”

**Thermage began** commercially selling the ThermaCool system near the end of 2002. To date, more than 190,000 patients have been treated with Thermage and approximately 2,000 dermatologists, plastic surgeons and other cosmetic physicians are using the Thermage procedure worldwide.

Mr. Fanning pointed out that international business is robust for the company. “Our flagship ThermaCool system is available in 50 countries, including China. International sales currently represent 50 percent of revenues. Within the next two to three years, we expect that to increase to 60 percent.”

**“We are upbeat** about our prospects,” Laureen DeBuono, CFO, conveyed. “We are also seriously considering entering the public markets in late 2006. Aesthetics is an extremely hot market with huge consumer demand. Thermage continues to be driven by the science of capacitive coupling monopolar radiofrequency (RF) technology. “We spend significantly more in R&D and clinical studies than any other company out there,” Mr. Fanning stated. “We have the best technology, hands down, in the tissue tightening and contouring field,” Ms. DeBuono stated. “We use a highly proprietary RF technology. In addition, our procedure is complementary to other aesthetic treatments where the patient can benefit from the combination of tissue tightening, contouring along with botox, fillers, etc.”

Thermage is a privately held company that has staked its reputation on an advanced form of capacitive radiofrequency (CRF) for tissue tightening and contouring. ■