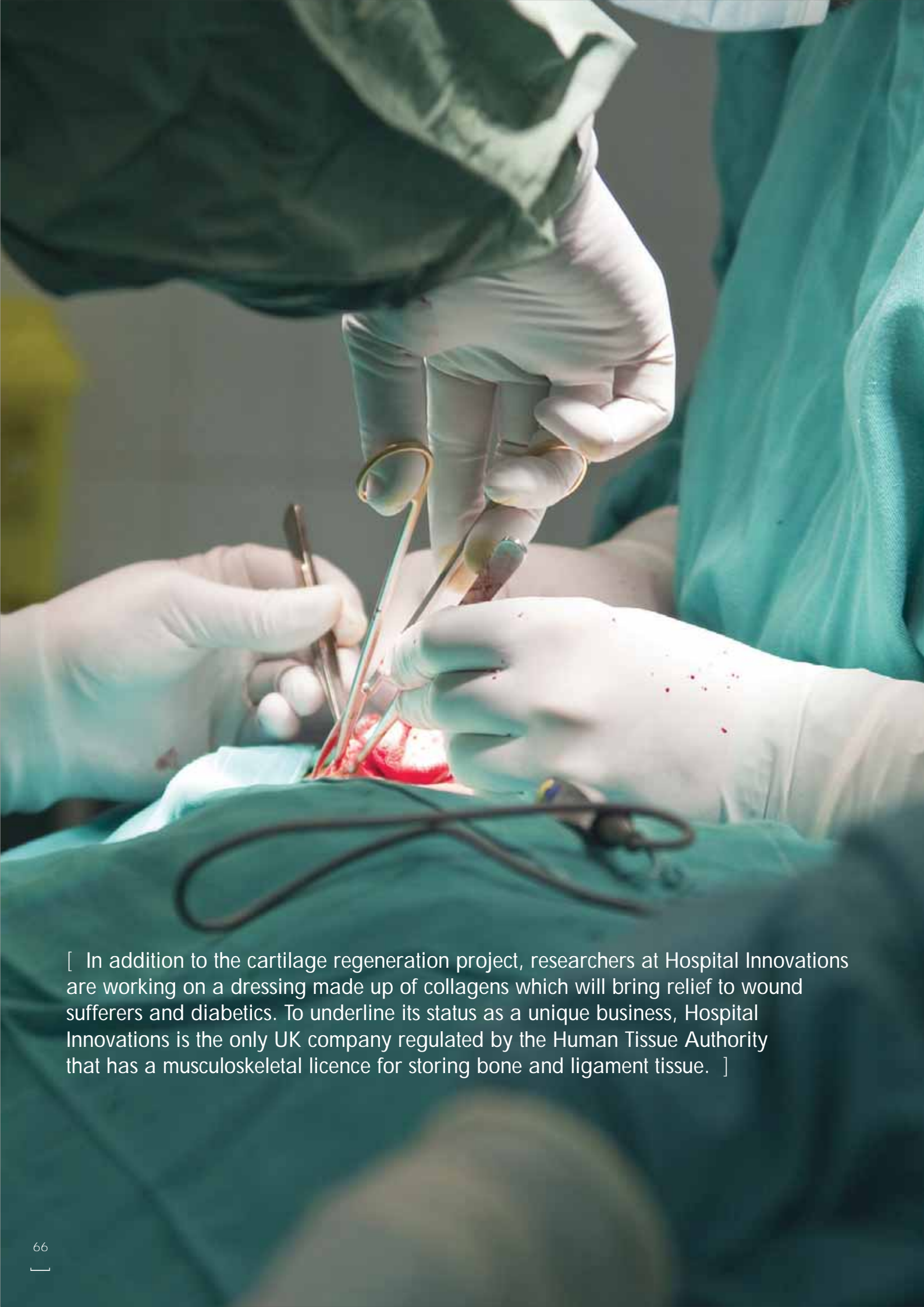


A photograph of a modern operating room. In the center, a surgical table is illuminated by four bright overhead surgical lamps. To the left, a large medical monitor on a stand displays data. To the right, a mobile cart holds various medical devices. The room is clean and well-lit, with a professional atmosphere.

BUSINESS OPERATIONS



[In addition to the cartilage regeneration project, researchers at Hospital Innovations are working on a dressing made up of collagens which will bring relief to wound sufferers and diabetics. To underline its status as a unique business, Hospital Innovations is the only UK company regulated by the Human Tissue Authority that has a musculoskeletal licence for storing bone and ligament tissue.]



Phil Davies

Business Operations

When Phil Davies, Managing Director of Hospital Innovations, left Johnson & Johnson he was leaving the third-largest biologics company in the world. During his 20 years there he had become sales and marketing director specialising in international projects involving knee replacements and developing new products for the UK market.

He then joined Plus Orthopaedics, which was Europe's largest orthopaedic implant manufacturer: "I was there for seven years. It was a start up company with a first year turnover of £200,000," he said. "When we sold the company and closed the books we had attained a turnover at £10 million in seven years and increased the workforce from four to 44."

In November 2007, Mr Davies set up on his own as Hospital Innovations at St Mellons, near Cardiff. "So far, we have taken the business from nothing to a £1.3 million turnover in one year and we hope to improve on this during the coming year."

Hospital Innovations provide state-of-the-art distribution services to the UK, Europe and the rest of the world. Phil Davies confirmed: "We distribute leading edge orthopaedic products for advanced management of a number of orthopaedic problems."

As a company also dealing in human tissue, Hospital Innovations operates in a niche market. Human tissue is now used in an increasing variety of ways as a result of advances in medical treatment which Mr Davies has been quick to exploit. This has led to his company being the one to provide tissue required for the first cartilage transplant undertaken in Wales.

"Our business comprises human bone taken from donors, processed in America then brought here as one of our major product lines," he explained. "We are also exploring the auto-biological sector which involves composite, synthetic materials put together to help human cultures. At the same time we are trying to push what we call mainline ortho biologics."

In addition to the cartilage regeneration project, researchers at Hospital Innovations are working on a dressing made up of collagens which will bring relief to wound sufferers and diabetics. To underline its status as a unique business, Hospital Innovations is the only UK company regulated by the Human Tissue Authority that has a musculoskeletal licence for storing bone and ligament tissue. The company is also the only firm in Wales with a musculoskeletal licence. The company's success has been helped by the connection with Regeneration Technologies, a leader in tissue-based innovations used to repair and promote the natural

healing of human bone and other human tissues. Another fortunate development was the decision by Smith & Nephew to relinquish their human tissue licence in favour of Hospital Innovations. The exclusivity that came with this gave the company a boost and helped add a full range of proven foot products to its portfolio.

"Since then we have tried to incorporate other products into our range and have almost developed a bracing line for use in orthopaedics, spinal surgery, hip and knee replacements, all of which sit comfortably around our core business," Mr Davies said.

He added: "Our success is down to experience within the business and through people we employ, who understand the market and fit into our framework."

Customer service personnel have to be highly trained as the subject matter they deal with is human tissue. The staff are sought out and go through in-house training in order for them to carry out procedures that ensure both supplier and customer continuation.

With his eyes fixed firmly on the future, Phil Davies has just signed an agreement with Britain's largest orthopaedic manufacturer, Finsbury. The deal included an implant franchise from them that incorporates Wales. Finsbury's sales force sell Hospital Innovation's range of instruments and bone and tissue to England and Scotland.

"While we are a relatively small company we now have the Finsbury infrastructure working with us," Mr Davies said. "This means we have considerable market presence and access to 270 hospitals across the UK."

There are another 500 centres the company could supply and many have already made enquiries along with the NHS. At a time when commercial optimism is in short supply and the entrepreneurial spirit at a low ebb Hospital Innovations have a secure future.

"The demand for our products will not go away as orthopaedic surgeons search for time and efficiency saving procedures," he said. "We are striving for greater innovation, at no increased cost, which will benefit the NHS by making patients no longer dependent on the service. All of which leads to satisfied customers, a full order book and job creation here in Wales."



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