



Entrepreneurial Spirit Buoyed by Strength in Numbers

With the recent acquisition of Katena Products Inc., Corza Medical announced itself as a new player and a force to be reckoned with in the global eye care and ophthalmology market through its Corza Ophthalmology business unit.

INTERVIEW WITH DAN CROTEAU, GREG LUCIER, AND JACK SIMMONS

Corza Medical's recent acquisition of Katena in many respects flies in the face of convention in the realm of consolidation. Typically, when a merger or acquisition is announced, senior leadership from each side makes pointed reference to the fact that the new entity, whatever shape it may take, will very much look like "business as usual" to the customer.

Since December 2021, when Corza announced its intent to expand its ophthalmology portfolio with the acquisition of Katena Products Inc., however, the message filtering out to the marketplace has been starkly different: Don't expect business as usual, and that is a good thing. While Katena customers can expect the same emphasis on high quality products and exceptional service, being part of a larger infrastructure will allow the company to redefine the value of the industry-physician partnership.

"If you stay the same, you're technically getting worse, so our goal is to continue to move with the market and help our customers grow as we grow," said Jack Simmons, Vice President and General Manager, Corza Ophthalmology.

Going forward, the Katena Products business will operate as an independent business unit within the framework of Corza Medical and be called Corza Ophthalmology, thus affording it a certain degree of nimbleness in answering customers' needs and resilience in delivering on commitments. The Katena brand of premium reusable instruments will not change and continue to exist. At the same time, being part of a larger organization brings to bear an existing framework of international distributor and partner relationships, which, if leveraged correctly, can accelerate its response to ever-changing market forces. More to

the point, the Katena acquisition is only a first step. Over time, as Corza grows the Corza Ophthalmology business unit, internal synergies will become more real and meaningful for doctors, nurses, and their patients.

How successful Corza is in expanding its ophthalmology business unit, with Katena and with future moves in the space, will ultimately hinge on whether the company can deliver on the promises it makes. Assuring continuity at the point of transaction while building out economies of scale through merger is, indeed, a bit of a tightrope-walking exercise. Yet, at least one very important cultural influence from Corza Medical is readily apparent in its growing eye care presence, one that offers significant promise for successfully realizing its ambitious project. For all its strengths, perhaps the greatest asset Corza Medical brings to the table is its absolute clarity of purpose—prioritizing service with their high-quality products and an intense focus on moving from a transactional relationship to a partnership with their customers.

A STUDENT OF HISTORY

When Greg Lucier, the Founder and Executive Chairman of the board at Corza Medical, began to envision exactly how his newly formed company would operate, he started with a seemingly simple premise: To champion surgical providers with remarkable service and exceptional products that save time, money, and effort. That thesis, though, was the culmination of exhaustive market research into the dynamics of the pharmaceutical and medical device space, based largely on Mr. Lucier's 30-plus years of experience inside the life sciences sector.

One very important observation Mr. Lucier made was that the recent trend of consolidation has sometimes disconnected industry from customer needs. At the front line, the salesforce representing a conglomerate is tasked with managing an important relationship but is often doing so while the company is shifting focus to the next aspiration. In the bigger picture, the buildup of massive corporate infrastructure is a natural occurrence in the cyclical development of any business sector. Reducing competition and leveraging corporate synergies has the effect of gaining greater price control and cost containment. For large scale pharma and medical device companies, doing so has allowed them to gain leverage on hospitals and to offer bundled pricing and offerings. However, it also emphasizes winning at the point of procurement, and not necessarily winning in a way that is important for the individual surgeon.

And so, when the various elements of Mr. Lucier's mission statement for Corza are unpacked, they reveal a shrewd analysis of the unintended consequences of the efficiencies of scale, and perhaps more importantly, how Corza can do things differently but better.

"I understand the industrial logic of why these companies did all this consolidation to get bigger, to have more of an equal seat at the table with procurement," Mr. Lucier explained, "but the consequence is they get too big, and it leads to cultural degradation inside the company. We have the benefit of having watched that movie, and we will never, ever let that happen. I don't want to let the size of our organization ever compromise our cultural tenants."

According to Mr. Lucier, Corza's operational strategy is centered on three essential principles. First and foremost is the notion that remarkable service be the bedrock upon which all interactions are premised. From the perspective of corporate philosophy, that means never losing sight of how decision-making affects or impacts customers. In practical terms, that also means empowering the salesforce and representatives to take action that they feel is necessary to drive value. In short, it means that a sales representative shouldn't have to kick an idea up a nebulous chain of command before doing something he or she knows will benefit the customer; furthermore, it's a recognition that sharing decision-making with people who have eyes and ears on the facts on the ground is most likely to get the results that matter.

The second principle, Mr. Lucier said, is to avoid bundling strategies in sales transactions, and instead, to promote a delivery of value, which may mean better price or something else entirely. Third is an ever-present emphasis on high quality technology that users trust, which he described as being the ante for being in the game.

"Those three guiding principles now extend into the ophthalmology business unit, as well. In fact, something that

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- Greg Lucier

attracted us to Katena was that there was such an alignment of those three principles," Mr. Lucier said.

MOVE AT THE SPEED OF THE CUSTOMER

Understanding why Corza's acquisition of Katena—which is fundamentally a move to become a larger presence and more clinically relevant in eye care—is not the same form of conglomeration that industry watchers are used to requires a peek behind the curtain. Over the course of several interviews, members of the Corza Medical leadership team explained how their organization operates. What emerged from those conversations is a sense of incredible self-awareness that gives rise to core defining principles and is executed in a defined clarity of purpose.

"Ultimately, that clarity of purpose allows us to execute with speed, to be nimble, and to not run after fool's gold, if you will, in the commercial and operational areas of our business where it's critical that we are efficient and consistent," Mr. Simmons said.

In developing a concise distillation of its operating principles, Corza Medical has clearly defined what it is and wants to be. For its part, Corza Ophthalmology will operate as a standalone business unit inside Corza Medical. Although sharply focused on the eye care space, and although it will operate according to the same guiding principles as the larger company, having it run as its own business will allow the ophthalmology division to "move at the speed of the customer," Mr. Lucier said.

"You have to sell how customers buy, and customers in this case [in ophthalmology] are entrepreneurial. They want to make the decisions. They want to make them quickly, and they've got to have an organization that can move at their pace as well," he said.

That essence of entrepreneurial spirit is something that Mr. Lucier repeatedly emphasizes. How Katena Products Inc., is being folded into the larger structure typifies an organizational strategy to permit each entity to function independently while leveraging the strength in numbers inherent to a larger organization.

“You have to have this entrepreneurial element that allows autonomy, and yet the maturity of the leaders there to know that they’ve got to rub shoulders and team up with the broader enterprise to really do great work,” Mr. Lucier said.

The crystalline appreciation of its own strengths and weaknesses, coupled with market awareness, allows Corza to steer its efforts toward fulfilling its core mandate of championing surgical providers. Ultimately, how the company plans to execute on that philosophy, according to Mr. Lucier, is exemplified in another mantra, that relevance will drive revenue. For Corza, that means serving surgeons as an extension of their patient care. It means giving them the tools—literally and in a consultative way—to do what they do expertly; to understand their needs, issues, and struggles; and to create value in the execution of customers’ experience.

Beyond the nice words, though, what does the execution of that strategy actually look like in the real world?

“Frankly, it’s the ability to ask the appropriate questions of your customers and understand their needs,” Mr. Simmons said. “It means you work with your team to really get after ‘what is the customer’s root problem? What are they trying to solve for? And how do we find ways to deploy ourselves and build out our portfolio or our service offerings that are aligned with those customer needs so that we are really a holistic, customer-focused organization?’”

MOVE IN THE DIRECTION OF THE CUSTOMER

There is still the question of ‘why?’ As in, why would an organization like Corza Medical, which has already found success in wound closure, biosurgery, and other advanced surgery markets, seek to venture deeper into the ophthalmic space? And germane to this moment in time, why does bringing Katena into the fold make so much sense for the growing ophthalmology business unit?

The obvious answer, according to Dan Croteau, CEO of Corza Medical, is that ophthalmology, like other markets the company has penetrated, is a large market with good growth dynamics populated by very large, slower moving, less customer-focused competitors that have moved away from being focused on the customer and delivering incredible service with great products. In this respect, Corza can enter a burgeoning market space with wind at its back and momentum because it has existing ophthalmic assets in its single-use portfolio: Sharpoint knives, blades, and suture. By folding in the Katena business and preserving all its brands of

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reusable instruments, biologics, and devices that can be used to address anterior eye specialties, Corza Ophthalmology can now supply a comprehensive range of complementary products thereby increasing its clinical relevance to ophthalmology and optometry customers.

The decision to expand horizontally into ophthalmology is also a savvy recognition of compelling market forces across the entire medical industry. Across health care, the past decade-plus has witnessed a steady migration of care delivery to non-acute settings, with specialties like ophthalmology, practiced outside the hospital system, reaping the greatest benefit. Thus, a broader catalogue of product offerings enhances Corza Ophthalmology’s ability to meet the customer at the point of need. And that, according to Mr. Croteau, is the essence of delivering value.

“When you boil that right down, it means we can now walk into someone’s center who’s doing a range of different procedures and look at the instrumentation they’re using and the volume of procedures, as well as the complexity of their cases, and really customize what the right answer is for that particular practice,” Mr. Croteau said.

From a market perspective, the Corza infrastructure is a boon to Katena. The company made impressive inroads in the US and UK markets, and Corza has incredible strengths globally in large growing markets like China. From that vantage point, there is ample opportunity for organic growth,

which can then be reinvested back to support Katena Products', now Corza Ophthalmology's, traditional emphasis on innovation.

In fact, supporting an innovative mindset will be an important point of emphasis for the entire Corza Ophthalmology division going forward. According to Mr. Croteau, where appropriate, internal spending will be directed to traditional research and development to make sure products are relevant and top-of-class, thereby serving the mission of allowing doctors and their surgical teams to do what they do expertly. In addition, Corza has already identified some future potential targets for acquisition to further enhance its ability to respond to customer needs and increase its clinical relevance. But there are also less traditional forms of innovation that Corza, as an entire organization, will continue to support, including finding new and novel ways to provide exceptional service.

"I'm pretty bullish on our longer-term impact by truly listening to the customer, coming up with more innovative products, making promises, and then keeping them," Mr. Croteau said.

ENHANCING CARE DELIVERY: EMPOWERING PROVIDERS TO IMPACT PATIENTS' LIVES

One of the unique aspects of the medical technology industry is that the customer can be defined in a couple of different ways. Should the emphasis be placed on the physician and care providers, who handle the devices and provide the prescriptions for medications? Or is the end beneficiary, the patient, the more prominent target? Is it both? And does it really matter in the final analysis?

For Corza Medical, defining who is the customer is inextricably linked to its business model. The company pointedly emphasizes that it seeks to empower surgeons and surgical providers, with the latter subtly stating that the company recognizes the important role that technicians and other

specialists play inside the operating room. Yet, instead of ignoring the prominence of the patient in the exchange with his or her care provider, what that clarity of the Corza definition does is recognize that industry is an important extension and a crucial support system for doctors and staff in the delivery of care.

"Our mission is helping our surgeons, operating room partners, and nurses do their jobs better. We believe they're reaching more patients to restore their sight, and they're doing it more cost efficiently, with a more consistent high level of care, and easier than they could without us as partners," Mr. Croteau said.

Indeed, Corza Medical's continued strategic growth, across medical specialties and within ophthalmology, represents an incredible opportunity to increase its ability to ultimately facilitate improvement in both the quantity and quality of life for patients. By keeping the surgeon and surgical staff top of mind, what is really happening is that the end goal of improving patients' lives in real and meaningful ways stays at the center of the focus. Again, it's the idea that clinical relevance will drive revenue.

"What excites a lot of us as we get around the table and discuss the company is that, in one part of Corza Medical, we can focus on impacting the quantity of life or the capacity of life, and on our side of ophthalmology, we can now focus on impacting the quality of life," Mr. Lucier said. "For me, that is incredibly invigorating and energizing." ■

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