



Trends-in-Medicine

April 2008

by Carole Bullock

SUMMARY

Fractional CO₂ and non-invasive procedures received the most attention at ASLMS, both in terms of buzz and in the number of new products. ♦ The laser market is very competitive, but laser prices are holding relatively steady, with mostly normal discounting. ♦ The U.S. economic downturn did **not** appear to be discouraging doctors attending ASLMS from cutting back drastically on laser or cosmetic device purchases, but doctors also didn't have long shopping lists this year. Industry officials offered a mixed sales outlook. ♦ Doctors expressed interest in a wide variety of products, including fractional lasers, new handpieces for existing devices, hair removal, skin tightening, fat removal, and semi-ablative fractional lasers. ♦ Lumenis, Reliant, and Cynosure appeared to be the leaders, but Candela, Cutera, and Alma Lasers are not far behind. Thermage and Palomar generated little excitement.

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2008 ANNUAL AMERICAN SOCIETY FOR LASER MEDICINE AND SURGERY (ASLMS)

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Ten industry sources, eight physicians, and five opinion leaders attending the 2008 ASLMS meeting were interviewed about new products, sales, and the effect of the U.S. economy on the industry. Two years ago, doctors came to ASLMS with long shopping lists. This year, they were still considering or planning purchases, but their shopping was being done more carefully and cautiously.

THE ECONOMY

In contrast to the cosmetic surgeons attending the American Academy of Cosmetic Surgery meeting in January 2008, who indicated they were "hunkering down" this year and deferring all but necessary purchases, doctors interviewed at ASLMS insisted that their decision to purchase equipment this year is not being impacted by the slowing U.S. economy or the current credit crunch. A West Coast plastic surgeon said, "The current credit issues haven't had much impact on me, no measurable impact. No patients are telling me that they are not doing something because of the economy." A Maryland doctor said, "More patients may be financing (procedures), especially with zero interest financing. The economy is not an issue for me." A Florida dermatologist added, "We are actually seeing...no drop-off in interested patients." An Alabama doctor said, "If I made more money, I'd buy more. I'm doing well with UltraShape's ultrasound."

Opinion leaders painted the same ostensibly rosy picture. A New York doctor said, "We are in Manhattan and less affected by factors that affect other parts of the country." Another said, "We are spending more (this year)." A third said, "The economy is not affecting me at all. People are still seeking non-invasive and cosmetic treatments."

Industry sources were slightly less optimistic about 2008. Most industry sources said that the failing U.S. economy has not hit their company hard yet, although some said they are seeing signs of doctor and patient spending restraint. However, any downturn in spending by cosmetic surgeons may be offset, at least in part, by other doctors adding cosmetic procedures in an attempt to offset other falling income.

- *Reliant official:* "The luxury items are good. We seem to be fine, and folks are buying our products. It's not like we're in real estate. We have very educated and passionate consumers who want to look young and look their best and have the same appeal as a younger colleague."
- *Cutera marketing manager:* He said that the failing economy hasn't affected his company, "We have enormous interest in our product and a lot of booth traffic. I think there is a bright outlook for us."

- *Alma Lasers sales manager*: “The market is growing, but the consumer is cautious about disposable income being used on cosmetic services. However, we are seeing the market as relatively stable. People are willing to give up things and still have their Botox (Allergan, botulinum toxin A). There seem to be some primary care physicians and OBGYNs who are looking for something else to offer if they have a shrinking income.”
- *Lutronic account executive*: “I think that we will see areas where plastic surgeons are going to augment some of their procedures with laser treatments.”
- *Palomar official*: “We have fair success, and patient demand is high, so what disposable income they have is going to be used to make people feel good about themselves.”
- *Thermage vice president*: “Things have slowed a bit, but the demand for beauty will never go away.”

In some industries, companies have increased their attention on overseas markets to offset softening in the U.S. market, but that doesn't appear to be occurring yet in the laser field. While many of the laser company officials pointed out that they consider their firms to be global companies – which, they noted, helps them be resilient during a slowing U.S. economy – none indicated that there is any new emphasis on creating or boosting foreign sales to offset a U.S. slowdown. A Reliant official said, “We are lucky to have strong international adoption, and we are focused on international markets, including Asian markets.” An Alma Lasers manager said, “We are equally strong in the U.S. and in the Far East.” A Palomar official said, “We are continuing to market in overseas markets, and there is a lot of opportunity for educating physicians...Our presence (in those overseas markets) is going to be important.” A Syneron official said, “We are a global company with strong sales in 30 countries.” A Thermage official said, “We have always been focused overseas and in growing market share worldwide.” The exception was Lutronic, where an official said, “Since we are a Korean company, we are focused on the U.S. market and are pouring resources into the U.S. market.”

THE MARKET

Physician perspective

In this economic environment, four of the five physician opinion leaders said that they are spending more on devices this year than last year:

- *Dr. Roy Geronemus, director of the Laser & Skin Surgery Center of New York and past president of ASLMS*: “We are investing in ablative fractional resurfacing, acne devices, and body contouring, as well as home devices for hair removal. We are spending more because of the demand for new and advanced technology.”

- *Dr. Brian Biesman of the Nashville Centre for Laser & Facial Surgery, 2008-2009 president of ASLMS*: “We are spending more this year for non-invasive treatment of fat, skin tightening devices ...We are looking at the non-invasive fat (devices) and Zeltiq Aesthetics.”
- *Dr. Neil Sadick of Sadick Aesthetic Surgery & Dermatology in New York and a professor of dermatology at Weill Cornell Medical College*: “We are spending more for fractional devices...We are (also) involved in studies of some of the new ablative fractional devices and fat removing.”
- *Dr. David Goldberg, clinical professor of dermatology at Mount Sinai School of Medicine in New York*: “The office is spending more because there is better and new technology in the fractional, CO₂ laser and new acne and skin tightening devices.”

Other physicians offered mixed outlooks for device spending this year. Three said they will spend more, three expect to spend less, and two predicted that 2008 spending would be about the same as last year.

- *Alabama surgeon*: “The buzz is more lasers. I just bought a Lumenis DeepFX.”
- *New York dermatologist*: “I'm spending less on lasers this year...I'm all spent out.”
- *California plastic surgeon #1*: “I'm spending more in minimally invasive technology, such as laser upgrades and body shaping devices.”
- *Oregon plastic surgeon*: “I bought a laser last year, so I had less output (spending) this year.”
- *California dermatologist*: “My spending is about the same.”
- *California plastic surgeon #2*: “I spent the same on lasers, more on marketing.”
- *Maryland physician*: “This year I am spending less. I don't spend a lot on ablative devices, but I've been trying to upgrade and will continue that.”
- *Florida dermatologist*: “We were spending more, but because of the economy patients have been more conservative and are concerned about a recession.”

Doctors who are shopping for equipment this year said they are looking for a variety of devices, including fractional devices, new photo imaging systems, and skin tightening devices.

Asked about the life cycle of a laser and how often they expect to replace their lasers, doctors generally estimated the replacement cycle of a laser as 5-10 years. For instance, two doctors said they usually buy a new laser every year, another two doctors replace their lasers every 5-10 years, one replaces his lasers every 5-8 years, and another replaces his lasers every 4-5 years.

Industry perspective

The market is very competitive, industry sources insisted. A Cutera product marketing manager said, "It is competitive, and there are a lot of companies – but not a lot of good companies. There needs to be more education on what differentiates one from another." A Reliant official said, "It is certainly competitive. There are so many choices, and it's hard for doctors to make choices for investment. You want to make sure they're making the right decision for the patient and that the treatment is authentic. But there are competitors and knockoffs...You can't just stamp a name on something and call it fractional." An Alma Lasers sales manager said, "The market remains competitive...I don't see any real fallout of major players. It forces us to be on top of our game in terms of innovation. You can't sell last year's technology and be successful." A Cynosure global marketing manager said, "I have never seen a more competitive market, and a lot of it has to do with managed care and the healthcare industry. Physicians need cash products and supplements to reimbursement. The cosmetic patients and aging baby boomers hold most of the wealth."

Industry sources were mixed as to which areas in lasers are experiencing the most growth, with a wide range of answers including fractional CO₂, handpieces, resurfacing, semi-ablative fractional procedures, minimally invasive procedures, hair removal, skin tightening, vein removal, and tattoo removal. A Lutronic official said, "Next generation technology in CO₂, with less downtime and excellent clinical results will be a huge growth area. The laser pendulum has gone from long downtime to no downtime." An Alma Lasers official said, "The areas experiencing the most growth are technologies that allow you the ability to plug in to various handpieces to allow flexibility and variety and which will provide the opportunity to start small. You can't buy all at once; you have to start small and expand services." A Cutera official said, "Resurfacing has had the biggest surge in sales." Cynosure said, "Patients are looking for minimally invasive procedures with the clinical efficacy that can achieve great results with minimal downtime." A Palomar official said, "For us, the handpieces and skin resurfacing are very strong. It's all about turning back the hands of time. Then, there are staples like hair removal." A Candela official said, "After all these years, hair removal dominates."

There was also no consensus among doctors about what – if anything – will drive growth over the next year. A Maryland doctor said, "The big picture is being driven by aging baby boomers. They are distressed and a very self-absorbed generation, so skin rejuvenation will be in demand." A Florida dermatologist said, "Decreased downtime is really magic and drives the market. We are a busy society; we can't wait for anything, and there is more desire for non-surgical improvement. No one wants to undergo the knife. More and more people are living into their 90s and want to look their best." A California plastic surgeon said, "Non-invasive body shaping and there is also consumer demand for new minimally invasive procedures. Also, an alternative treatment to Botox."

Laser Winners and Losers

Doctors cited Lumenis, Reliant, and Cynosure as having the leading products right now, but Candela, Cutera, and Alma Lasers were not far behind. Only one doctor mentioned Thermage, and only one mentioned Palomar. One of these doctors praised Cynosure's products but said the company's support falls short. However, another doctor said, "Cynosure is doing well overall, and they are a very progressive leader. They are doing a good job with the current technology."

A few doctors characterized some therapies as falling into the "snake oil" category:

- "I'm not impressed with the radiofrequency devices. There are no clinical results."
- "The (blood) vessel lasers are awful. There are a lot of promises and poor delivery."
- "I think the cellulite systems and mesotherapy fall in that category."
- "I don't think any of it is snake oil...but we are seeing a lot of new devices, and some are being oversold, and we need to be cautious."
- "Some companies don't live up to expectations."
- "The key problem is when doctors don't understand (a product) and use the wrong tool."

Products on the Horizon

There was no consensus on what new kids (companies) on the block look particularly appealing. An Alma Lasers official commented, "We know that skin rejuvenation, hair removal, and body shaping comprise almost the whole pie." She mentioned treatments for nail fungus as a possible new area for growth. Another industry official mentioned procedures targeting fat. Other companies that doctors and industry officials suggested watching included UltraShape, Ulthera, and Mixto.

PRICING

Industry sources said that pricing remains fairly constant. One said they were raising prices, six said that pricing is steady, and three said that they are seeing small discounts. Lutronic said, "There is discounting, but we are entering the market with a fair price so we keep our discount to a minimum." Alma Lasers said, "The major players all want to win, and none is fire-selling." Cutera said, "We do have promotions, and we are careful. We believe the value is very high, and we don't deeply discount. We do some to stimulate business but with the high value we don't need to do large discounting." Palomar said, "We focus on value and not pricing." Thermage said, "There is always some (discounting) but I haven't seen any more than in the past." Lumenis said, "We are seeing prices holding."

WHAT'S HOT

While the laser industry is extremely fragmented, two strong themes emerged: fractional CO₂ treatments and non-invasive treatments, which have yet to show long-lasting efficacy. Physician leaders and industry sources concurred that these were the two hot conference topics. Fractional CO₂ combines the effectiveness of traditional CO₂ lasers with an application technique that results in less pain and downtime. Manufacturers showcased their fractional machines, but not much was new. Among *industry* comments were:

- “Fractional CO₂ and laser lipolysis are the hot trends.”
- “Body shaping and fractional are the buzzwords here.”
- “Clearly, the fractional lasers are strong, and every company has some. The other things that are prevailing are liposuction and augmenting traditional procedures.”
- “The buzz is body shaping technology and fractional technology, and underlying that are home-use devices.”
- “What tend to be the big topics are non-invasive body contouring and minimally invasive procedures. Fractional and laser lipolysis are also getting a lot of traction.”

Physician opinion leaders comments included:

- *Dr. Geronemus*: “The new horizon is non-invasive treatment of fat, and there are a number of new ablative resurfacing lasers.”
- *Dr. Rox Anderson, professor of dermatology at Harvard*: “There are a number of hot things, such as the new laser treatments that are selective for different types of skin and fractional treatment. We are learning how to use new devices that are aimed at treating fat and cellulite. Other hot things are diagnostic imaging and microscopy. All of these have long-term promise.”
- *Dr. Biesman*: “Technologies that are increasing in demand are non-invasive treatment of fat and skin tightening. The No. 1 company is Zeltiq Aesthetics.”
- *Dr. Sadick*: “Technologies that are increasing in demand are laser lipolysis at home and second generation fractional, home technology, hair removal, and acne and laser liposuction. The best new treatments are liposuction and micro-ablative treatments to help more with wrinkle (removal).”
- *Dr. Goldberg*: “Today’s new fractionated laser allows us to get great results without a high-risk profile and long healing times.”

Other physicians generally echoed the opinion leaders. A Florida dermatologist said, “The hottest thing here is the fractional laser and CO₂ lasers...There is a lot of laser lipolysis, but that is in its infancy and will be the next frontier.” An Oregon plastic surgeon said, “The whole fractional resurfacing area, DeepFX, hydro facial, edge facial is hot.” A California dermatologist said, “Fractional ablative resurfacing, skin tightening, and fat reduction are hot.”

WHAT'S COOLING OFF

Interest in laser hair removal appears to have cooled, and intense pulse light (IPL) devices and microdermal abrasion also lagged in interest. A dermatologist said, “I’ve never been impressed with the non-ablative IPL and with skin tightening.” Another dermatologist said, “IPL for hair removal and vascular lasers for broken capillaries is no longer hot.” Another doctor said, “Laser treatment for tattoos and pigmented lesions is no longer hot.” A Maryland doctor said, “Every year you have things that fall out, and some things aren’t hot, which (this year) is non-invasive treatment of fat and cellulite. There are some lasers that try to do that, such as Thermage, but some of the hope has been tempered.” A Florida dermatologist said, “What’s not hot is non-ablative IPL. Also, I’ve never been impressed with clinical and radiofrequency and with skin tightening.”

SPECIFIC COMPANIES AND PRODUCTS

ALMA LASERS showcased its three platform lasers: The Accent, an RF-based platform for the non-invasive treatment of wrinkles and rhytids; Harmony, an expandable platform for aesthetic laser and light treatments; and Soprano, a hair removal product. The company introduced a CO₂ device handpiece called Pixel Perfect and a new infrared handpiece for skin tightening. The company also has new chilled tips for contact cooling for its Harmony platform. A sales manager said, “Our biggest splash is our fractional CO₂ device – Pixel Perfect.”

CANDELA showcased its Serenity PSF (pneumatic skin flattening) device. PSF reduces the pain associated with laser and light-based procedures, including skin tightening and tattoo removal.

CUTERA previewed its new fractional ablative technology for treating wrinkles: its Pearl device combined with fractional ablative YSGG. The company expects FDA approval in the second half of 2008. A product marketing manager said, “The Fractional Cutera Pearl uses 2700 nm wavelength to improve skin laxity and moderate wrinkle in one treatment...The fractional vaporizes at 30 microns and renews the skin and is used for fine lines and goes deeper. What is unique is that it ablates the top, forms a coagulative layer, and acts as an actual dressing, with no bleeding, as with (conventional) CO₂.”

CYNOSURE highlighted the 18-watt workstation system for its Smartlipo body sculpting family of products. The company showcased the SmartSense handpiece that goes along with Smartlipo. The handpiece has three control options settings and better safety. The company also showed its Affirm anti-aging platform, which is used for reducing wrinkles and scars.

Asked specifically about Cynosure’s Affirm IPL laser, doctors offered mostly positive comments. One said, “It has decreased downtime and increased efficacy.” Another doctor said, “It is

a good product. In general there is so much competition that it makes it hard for doctors to differentiate all the different devices.” A third said, “I am interested in it, but I’m not ready to jump on it.” Another commented, “It is the lower end of what is being offered.”

LUMENIS showcased its DeepFX collagen remodeling product and its fractional CO₂ laser skin treatments and applications. A vice president/general manager said, “The Lumenis system features a larger tip for this skin treatment, and it is painless. It is also the only device with controlled heating.”

LUTRONIC’s Mosaic eCO₂ is a multipurpose laser for fractional resurfacing. Its Spectra VRM III is the second generation and is awaiting FDA approval. It is capable of producing four wavelengths for skin toning, acne, and tattoo removal.

PALOMAR MEDICAL featured two products – the Lux2940 fractional ablative skin resurfacing product and the Lux1440 fractional non-ablative machine. An official said, “Both have patented technologies that are very effective at resurfacing, with great results and minimal downtime.”

Palomar also previewed its new laser-assisted liposuction platform, which it calls Aspire. The official said, “Another big area is laser liposuction platform. Our entry in this is a patented wavelength with a high preference for melting fat and four to one for lipid over dermal, which is unprecedented. The others have one to one, and we go to melt fat and preserve the rest of the dermis.” The device is awaiting FDA approval. The Aspire platform includes the Stylus Sculpter handpiece.

RELIANT’s Fraxel re:pair was launched in February at the American Academy of Dermatology meeting. The device is approved for fractional ablation for multiple skin conditions, wrinkles, and acne. Reliant officials stressed that it had the first fractional laser and called its competitors “copy cats.”

Asked how Reliant’s three Fraxel skin resurfacing systems – re:store, re:pair, and re:fine – compare to Aesthera’s Isolaz, a doctor said, “I use re:store for patients who don’t want wounding of the skin – for overall rejuvenation, correction of scars, and abnormal pigment. I use re:pair for deeper wrinkles, scars, eyelid tightening, and neck tightening...Isolaz works well for acnes and pores and is non-painful.” Another doctor said, “I have both re:pair and re:firm, and both are great. Isolaz is fantastic for cleaning out pores and is essentially painless. Isolaz is very popular...All the skin resurfacing systems work. It’s a matter of getting comfortable with a particular technology.”

SYNERON continued to roll out its cellulite tip. A marketing director said, “We are excited because we are the only single treatment for cellulite in the market, and interest from doctors is very high...We continue to promote our body shaping

procedure. Doctors are seeing good results on the tummy and buttocks and upper thigh and arms.”

THERMAGE’s Infinity program was launched in the U.S. at the AAD meeting in February 2008, and it was featured at ASLMS as well. Infinity is a purchasing plan for doctors who buy the company’s ThermoCool NXT systems and ThermoTip products. A marketing vice president said, “We offer a rejuvenation treatment and provide physicians with a purchasing plan for a variety of capital investments. The Infinity program also offers customers the opportunity to enroll in a subscription-based plan to purchase tips and other consumables.”

