WELCOME

ADA 2014 CONVENTION

RED ROCK RESORT | LAS VEGAS, NEVADA

NOVEMBER 6-9, 2014

ADA
ACADEMY of DOCTORS of AUDIOLOGY®

Product Dependence

IS IT CO-OPTING OUR EFFORTS TO BECOME LIMITED LICENSED PROVIDERS?

Presenters

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- Amyn Amlani, Ph.D., U. No. Texas
- Ian Windmill, Ph.D., U. Mississippi School of Medicine
- Brian Taylor, Au.D., Unitron Hearing

What if…

Shel Silverstein

Last night, while I lay thinking here,
Some Whatifs crawled inside my ear
And pranced and partied all night long
What if I'm dumb in school?
What if they've closed the swimming pool?
What if I get beat up?
What if there's poison in my cup?...
Everything seems swell, and then
The nighttime Whatifs strike again!

Consumers

Demographic Landscape

Dept. of Labor

The Good News

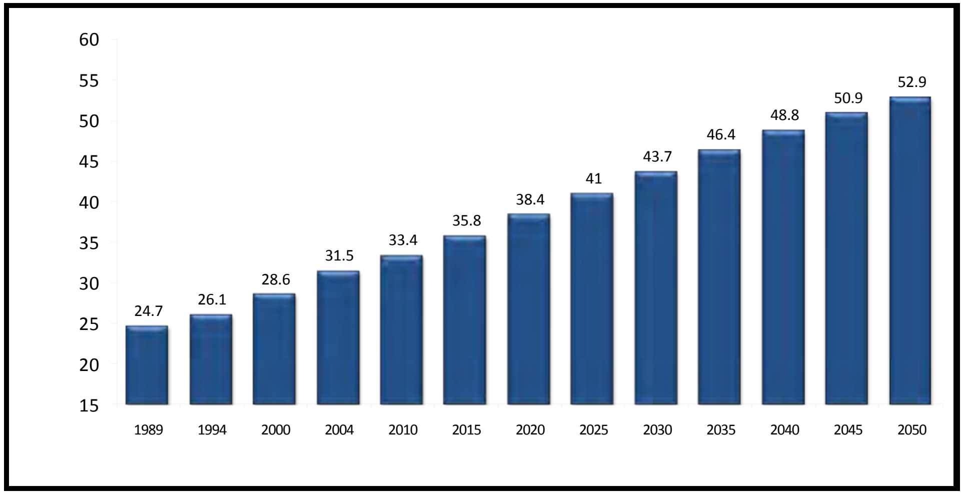
Increased recognition for Audiology

State License Laws

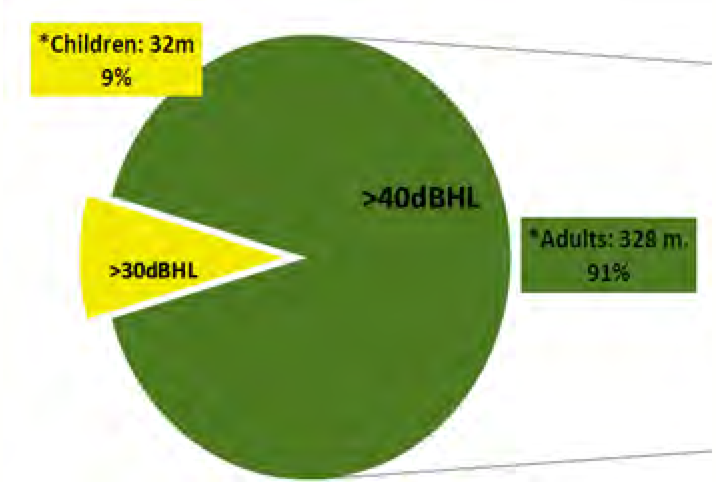
U.S. Department of Education

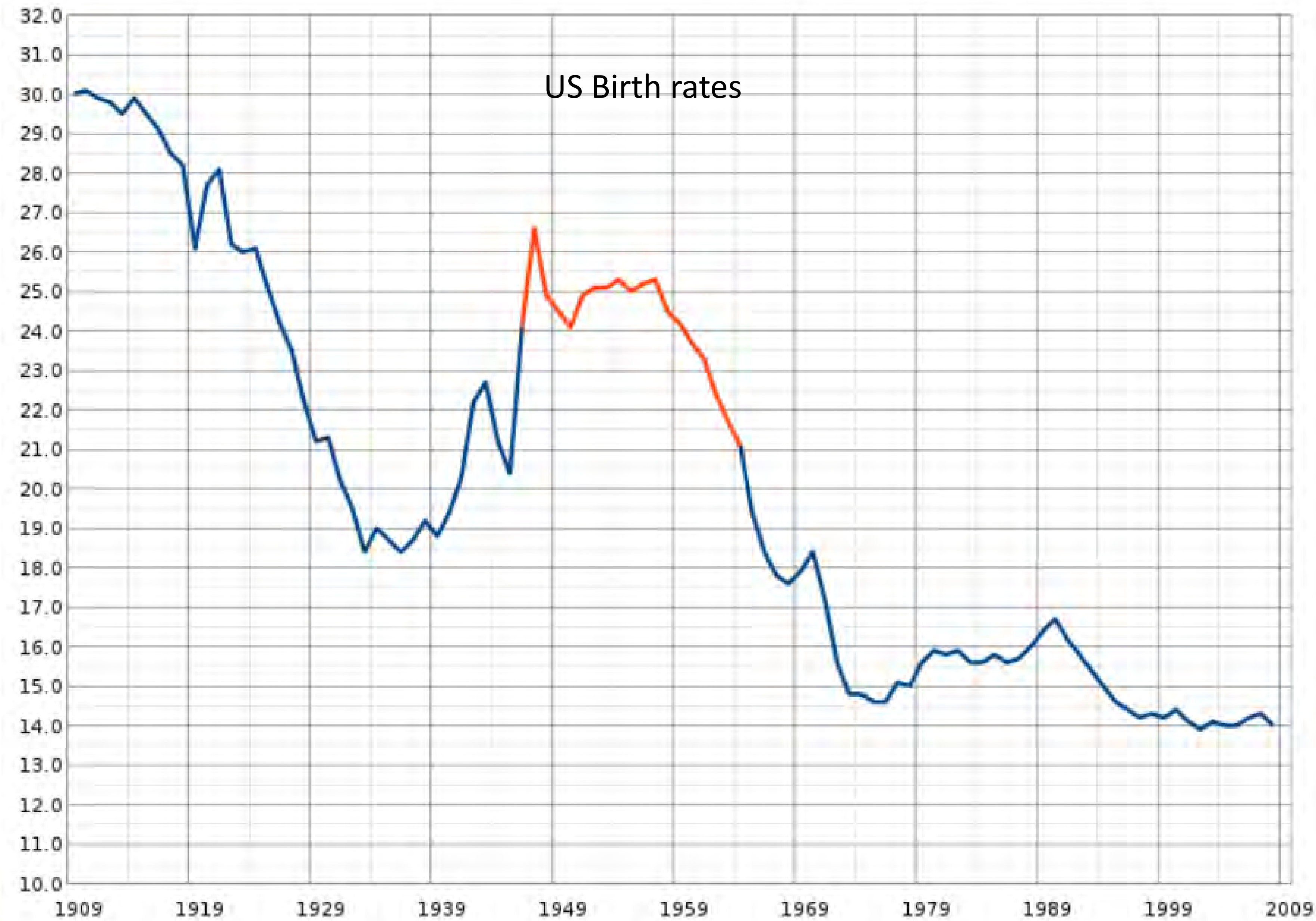
Fed Employee Health Benefit Plans, Dept. of Veteran's Affairs, Private 3rd Party Insurance

The Good News



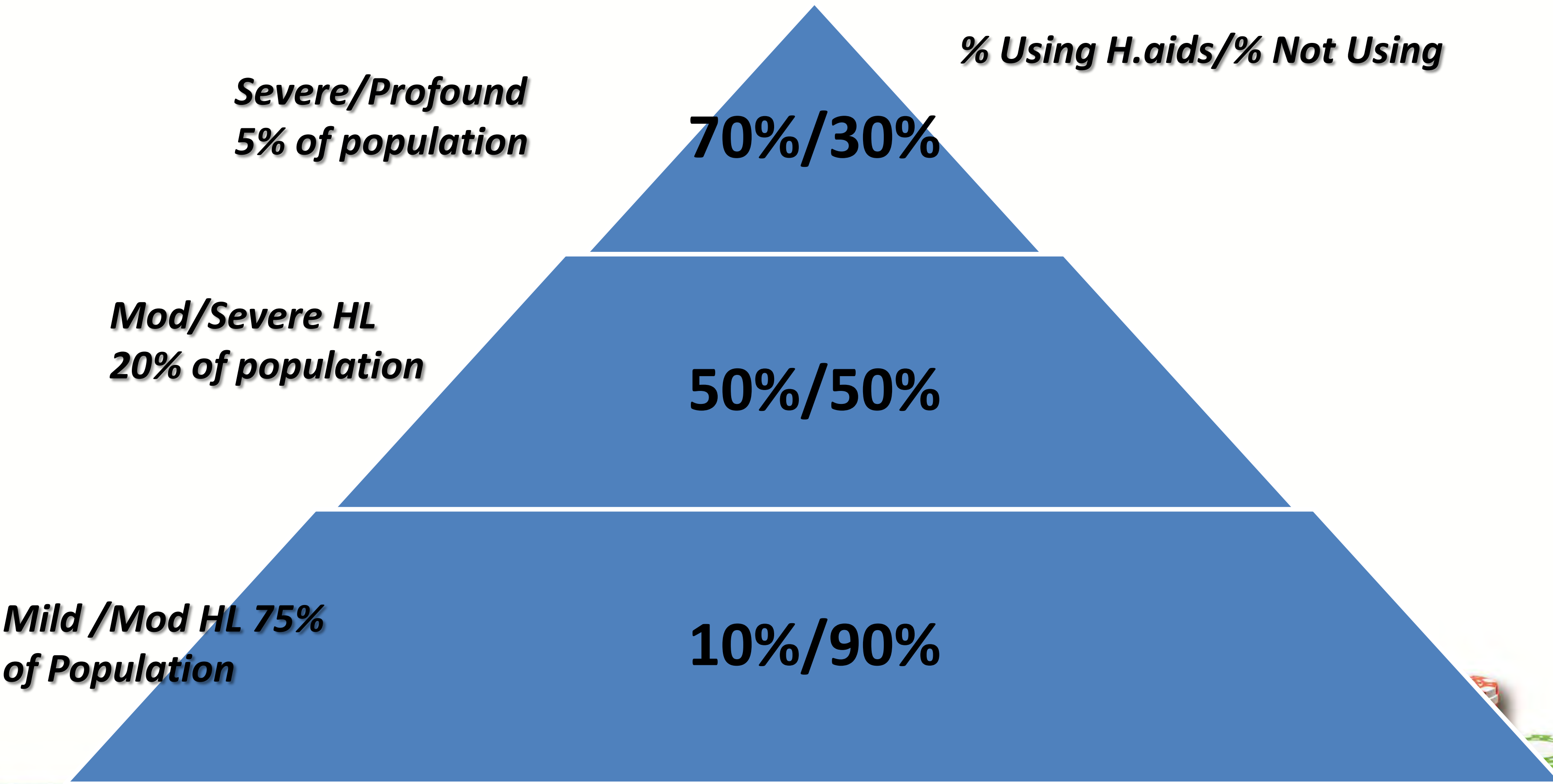
High demand for services



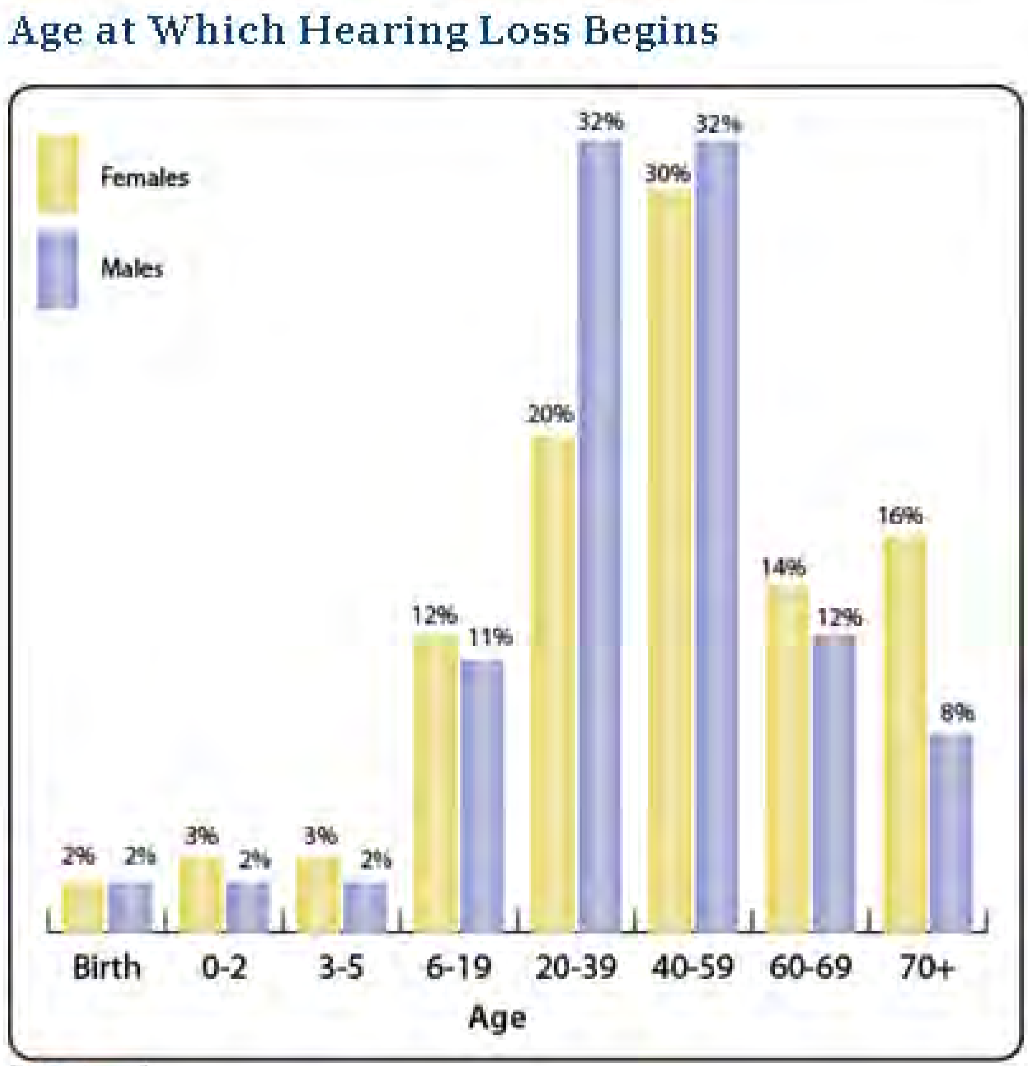


Jnited States birth rate (births per 1000 population).[a] The United States Census Bureau defines the demographic birth boom as between 1946 and 1964[a] (red).

Unmet Need


% Using H.aids/% Not Using
Severe/Profound
5% of population
70%/30%
Mod/Severe HL
20% of population
50%/50%
Mild /Mod HL 75%
of Population
10%/90%

Onset of Hearing Loss NIDCD, 2012



Hearing Instrument Facts (Marketrak, 2012; Bernstein, 2013)

- 3m hearing aids sold annually in U.S.; 11m globally.
- ~14m hearing aids in use in U.S; 40m globally.
- Average age at purchase: 69 years
- 70% products sold to current users

Providers

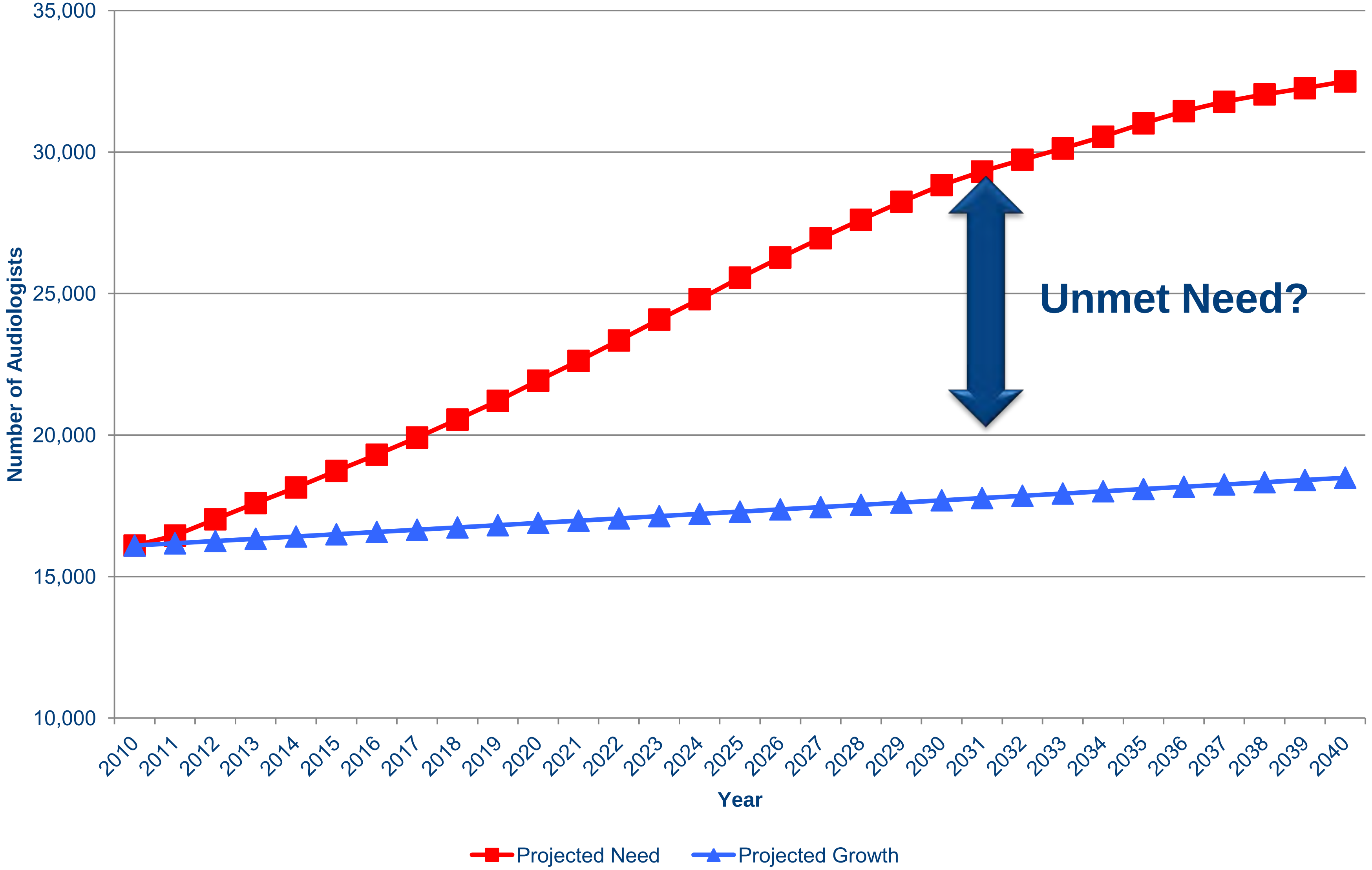
Demographic Landscape

Hearing Care Providers*

- Audiologists: 16,095
- Dispensers: 8,203

*Freeman, 2010

Projected Need versus Projected Growth of Audiologists



- **Workforce to meet demand**
- **Improvements in practice efficiencies**

Audiologist: Best Career

- **<u>Forbes</u> magazine**:

  The "Offices of Audiologists" are #15 of the 20 Most Profitable Small Businesses in America.

<u>US News & World Report</u>/U.S. Department of Labor:

- 4 consecutive years #1
- "One-on-one helping career"
- "Under-the-radar career"
- "Great independent practice opportunities"

Manufacturers

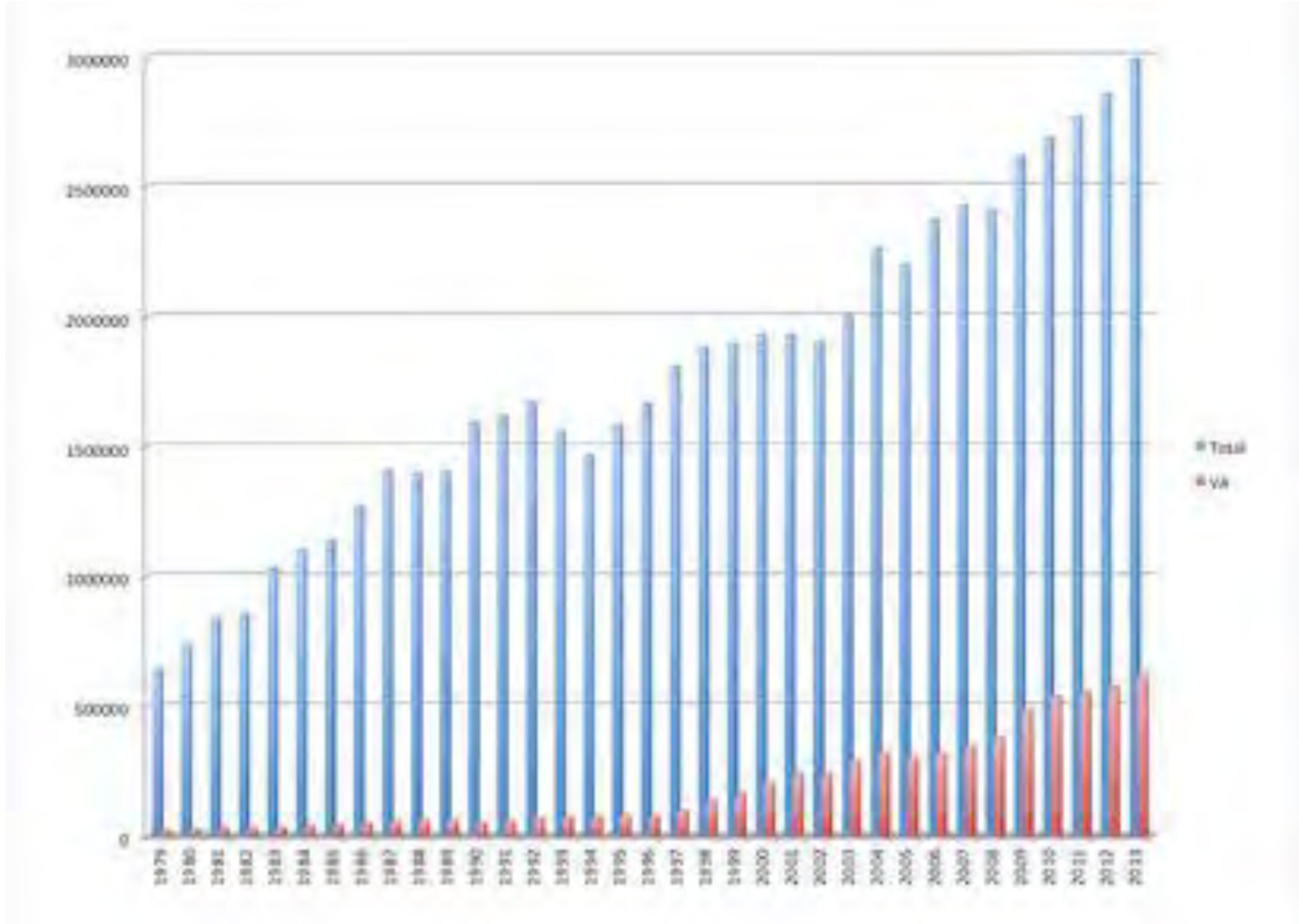
Demographic Landscape

Understanding the Manufacturers

Overview

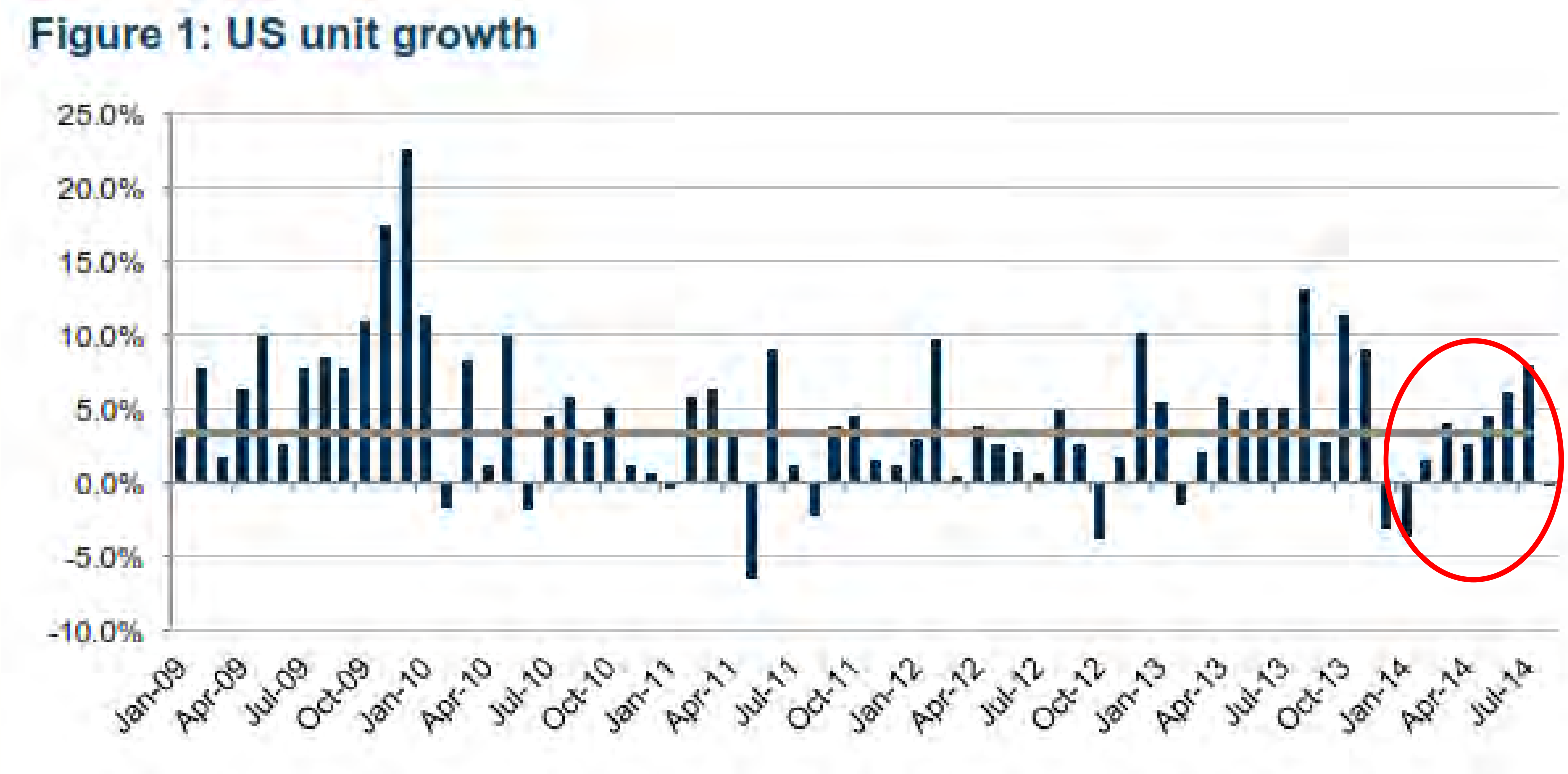
Parent Company	Manufacturers	Ownership	Headquarters
Starkey	Starkey, Nu-Ear, Microtech	Private	USA
GN ReSound	GN Resound, Beltone, Interton, Danavox, Philips	Public	Denmark
William Demant/Holding	Oticon, Bernafon, Sonic Innovations , Phonic Ear, Sennheiser	Public	Denmark
Widex A/S	Widex	Private	Denmark
Siemens	Rexton, Miracle Ear	Public	Germany
Sonova	Phonak, Unitron, Sona, Argosy, Lori, Advanced Bionics, Hearing Planet	Public	Switzerland

Hearing Instrument Sales:1989-2013



VA accounted for 20.6% of all units a growth unit rate of 7.3% over 2012;
Private-sector dispensing unit growth increased by 4.2% in 2013.
Overall growth: 4.8%. 2,990,104 net units dispensed in 2013.

HA Units: 2009-present



The Great Unknown: PSAPs

Approximately 1.5 million people with hearing impairment use either direct-mail or personal sound amplifier products (PSAPs) to compensate for their hearing loss;

Approximately 3 out of 4 PSAP users have hearing loss profiles equivalent to those of custom hearing aid users

Other Unknowns:

- Hearables
- Wearables
- Compatible Accessories

Hearables

- “Hearables are our next generation of devices that we put in or on our ears…
- A new generation of technology is going to revolutionize the way we listen to music, as well as for vital signs and fitness sensors.”
- “‘***Hearable***’ technology is a force to be reckoned to be reckoned with…”

Hunn, 2014

- Bluetooth companies are working with Hearing Aid industry…to bring music capability to hearing aid-sized devices.
- The comfort of wearing such lightweight headsets will also de-stigmatize hearing aids and grow the market for hearing aids.
- The hearing aid industry will start incorporating these into products, with around 60% of hearing aids being Bluetooth based by 2020. The added functionality of these will also stimulate the market
- By 2018 the hearable market will be worth over $5 billion,

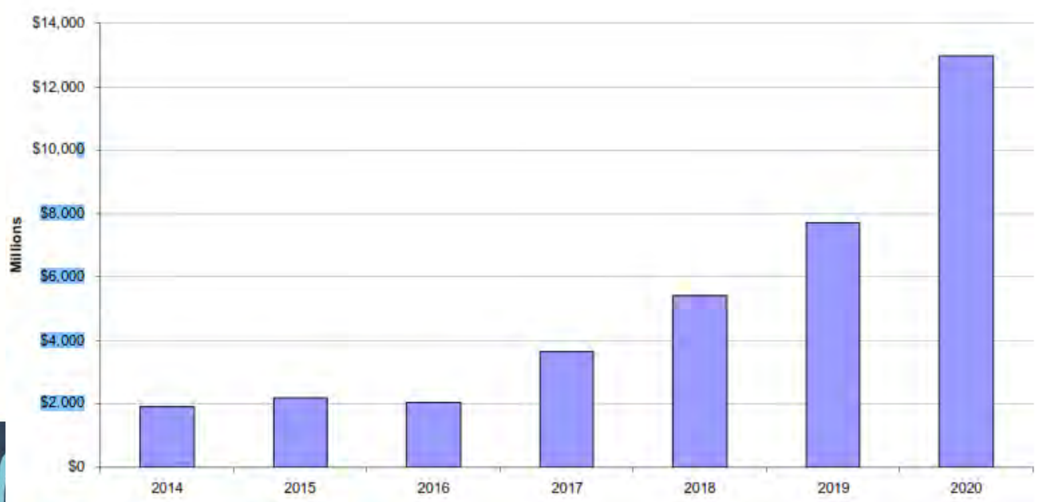
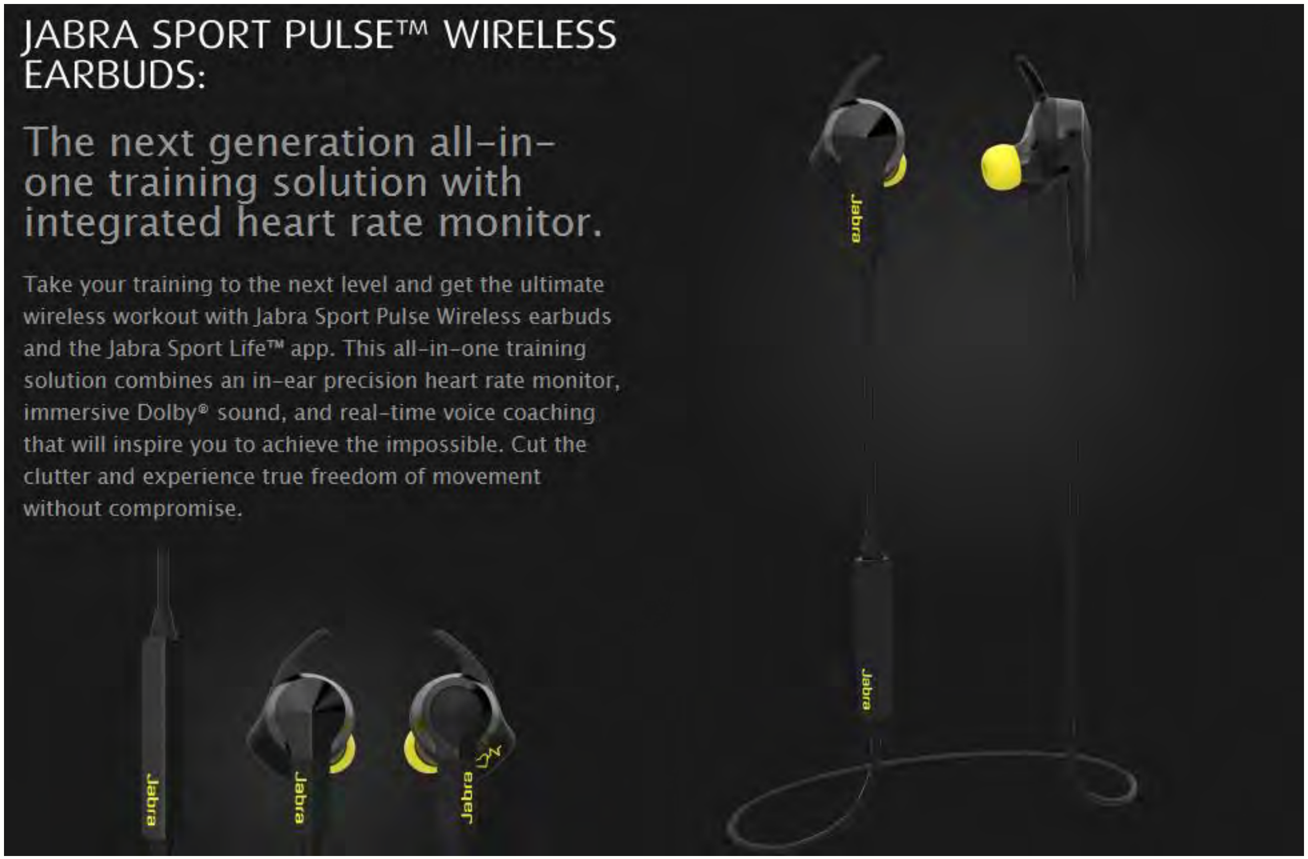


Fig. 5. Global Revenue for Hearables

Jabra Sport Pulse (bluetooth headset with in-ear heartrate monitor).
Without explicit commentary from management, … this technology could soon be used by the hearing aid division. If so, GN will be the first mover in hearing aids with integrated body sensors.



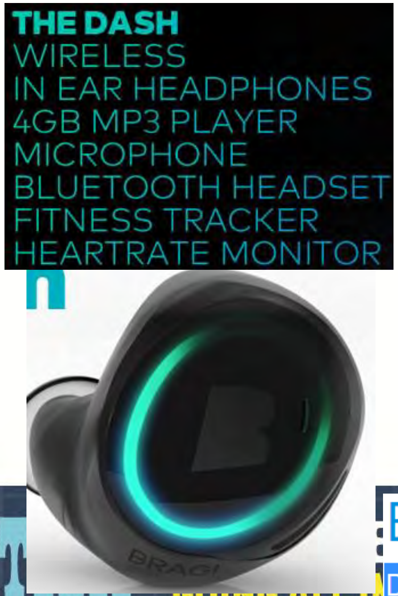
Audiologist's Role?

- Does our current business model lend itself to meeting future patient services?
- Does separating professional services from product prices make more sense in the evolving world of technology?

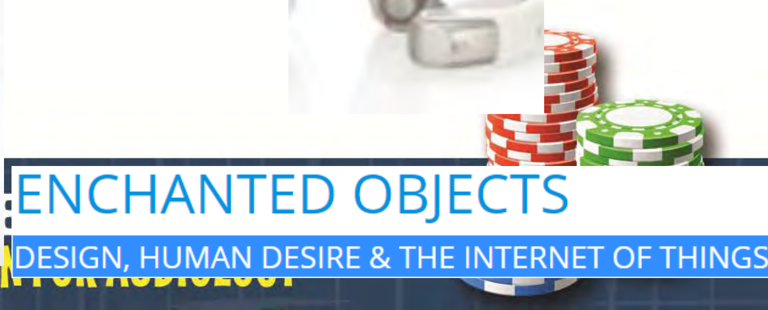
Technology Advancement

- Open platform
- Rechargeable Batteries and Conversion Modules
- Peripherals/Compatible Accessories

Z power®



sona



Is it time…

- To eliminate “Hearing Aid” from our vocabulary

Hearing Aids?

- These are not our grandparents hearing aids!
- Let's rebrand…Audiology Hearables?!
- Let's remove "Hearing Aid" from our language!

Talk About Professional Differentiation

Hearing Aids

- Analog or DSP
- Disposable battery
- Bundled price
- Sophisticated amplifier
- Worn by pre-baby-boom generation

Audiology Hearables

- DSP Wireless
- Rechargeable
- Itemizing to sell peripherals and compatible accessories
- Sought by the current and new generations of hearing impaired and even non-impaired!

Audiology's Role?

- Will our patient's be able to hear the "hearable"?
- Who should fit and adjust?
  - The Apple Store "certified accessibility" staff?
- Who should counsel to enable our patients to live in a "hearable" world.
- It's more than just a product sale!

What's in your Sandbox?

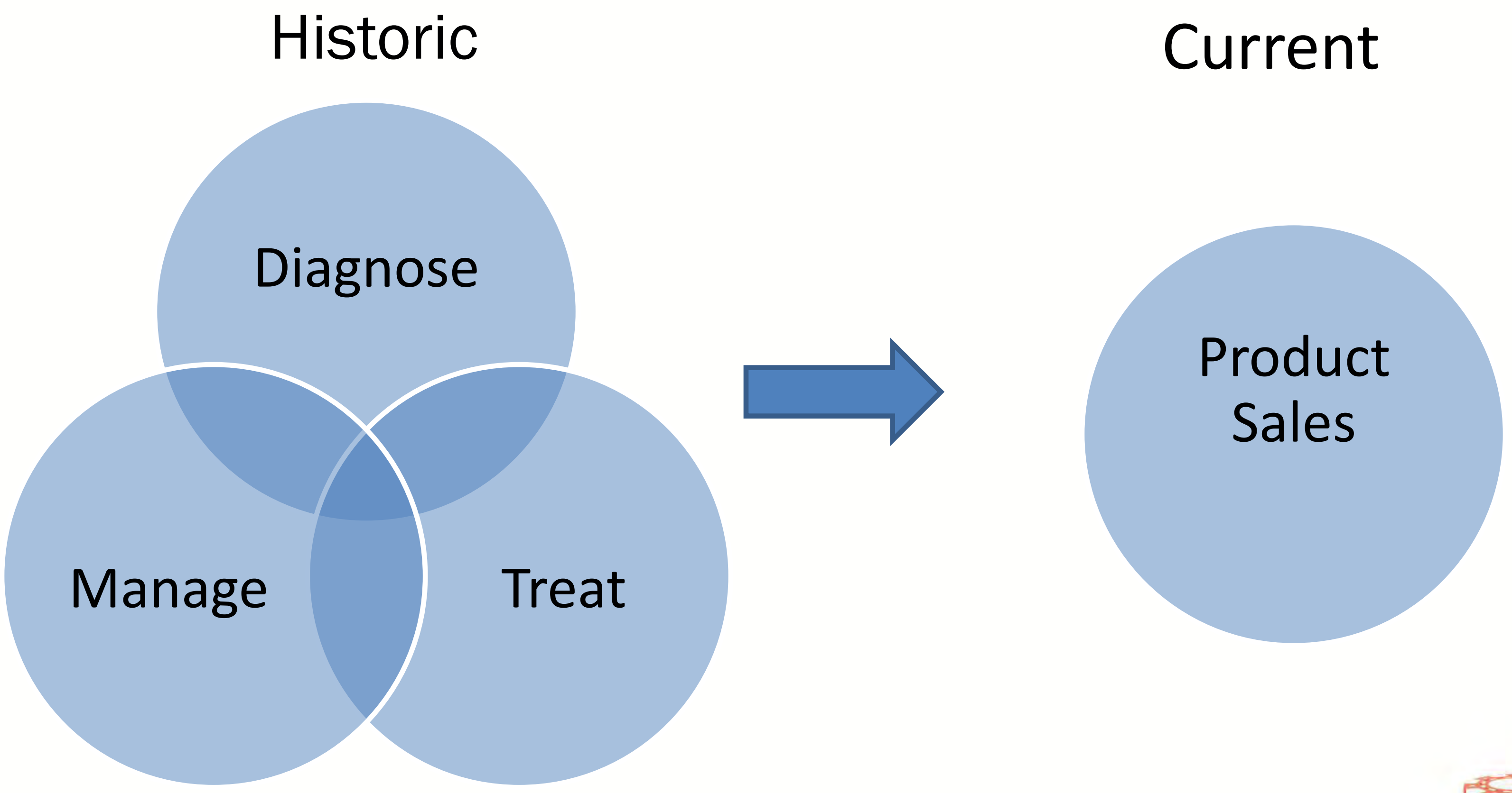
Where is the competition NOT playing?

- Tinnitus management?
- Rehabilitation and Counseling?
- Vestibular assessment and management?
- Rechargeability of hearing instruments?
- Compatible accessories?
- Custom products and services?
- What do you offer that differentiates your practice?

Chaos Breeds Opportunity!

There should be a lot of opportunities for audiologists!!

Core Focus:
A shift from LLP to Retail Sales



“If all you do is sell a product, differentiation is impossible because your industry can be cannibalized by corporate America.”

Woods (2013)

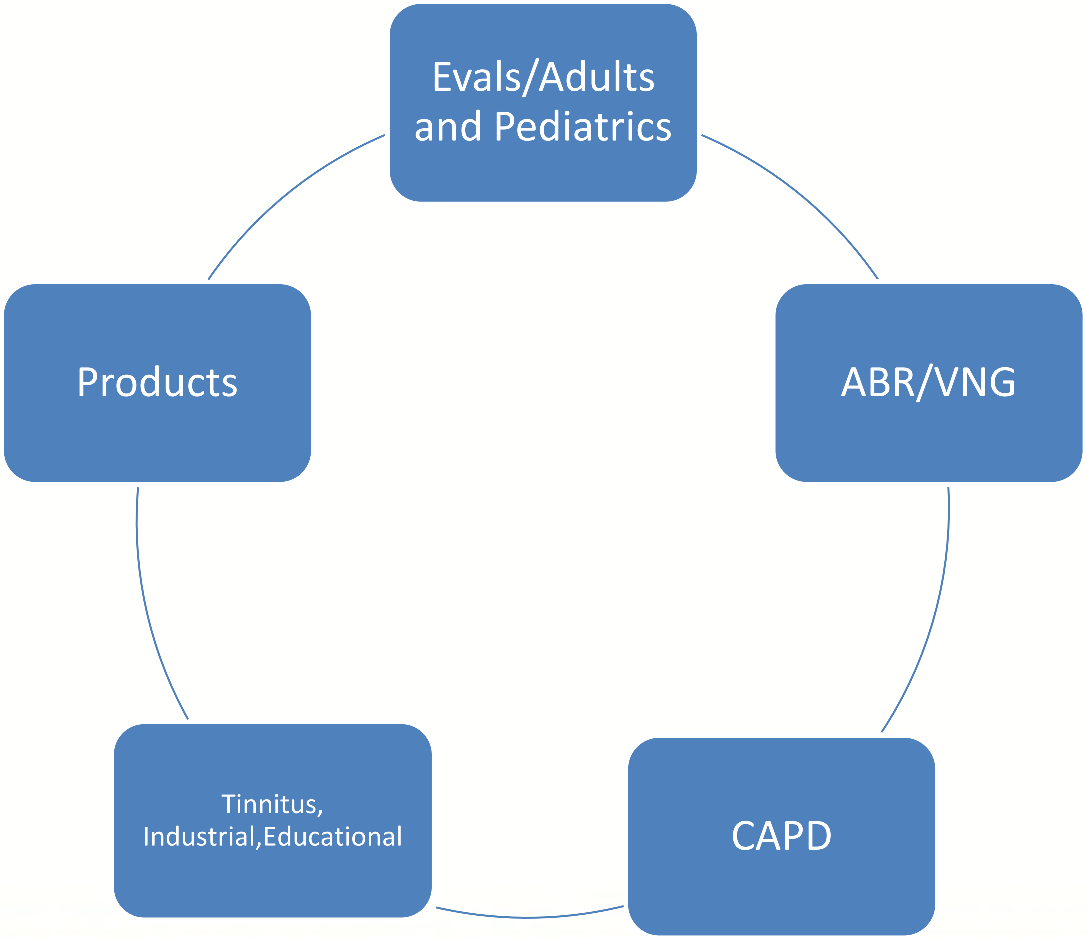
Cannibalization

A shift from our goal of becoming LLPs who Diagnose, Manage, and Treat their patients

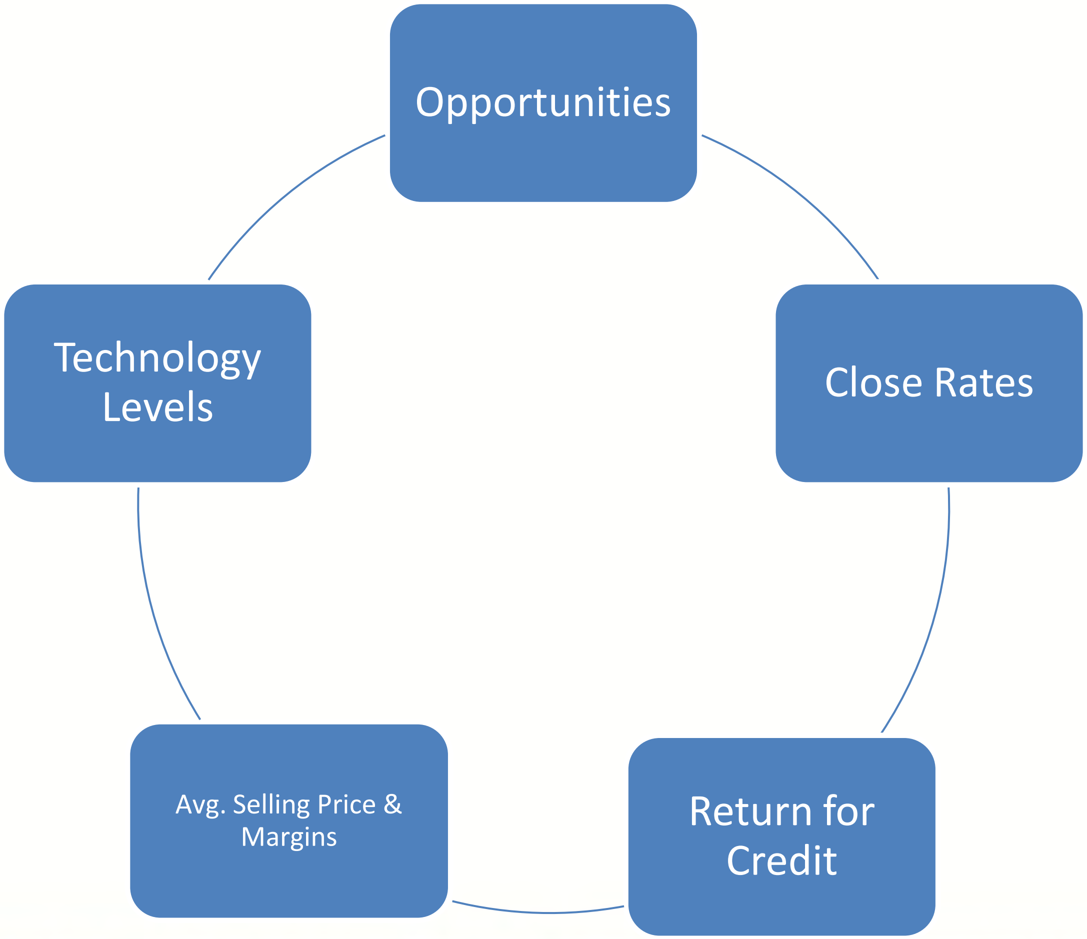
To

A goal of selling more products today than yesterday

Historic: Key Performance Indicators (KPIs)



Current : Key Performance Indicators (KPIs)



Learning From Other Professions

American Optometric Association

ADA
Accepted
American
Dental
Association

American Veterinary Medical Association

Lessons from other professions

- Optometry
- Dentistry
- Veterinary

Patient Visits & Patient Centered Care

Practice Efficiencies

Hygiene, Prevention, & routine follow up care

Practice Differentiation Based on Quality of Care, Credentials, & Trust

Lessons from other professions

- Patients

Some will stay with practice

Some will go to Big-box Retail or On-line

Some services covered by 3rd Party

Some services will be paid out of pocket with discretionary and disposable income

What to do?

- Differentiate!
  - Provide a suite of services that distinguishes practice from the market.
  - Diagnose, manage, and treat our patients.
  - Focus marketing on Audiologic care rather than price/product.

What to do?

- Audiology

Patient Visits & Patient Centered Care

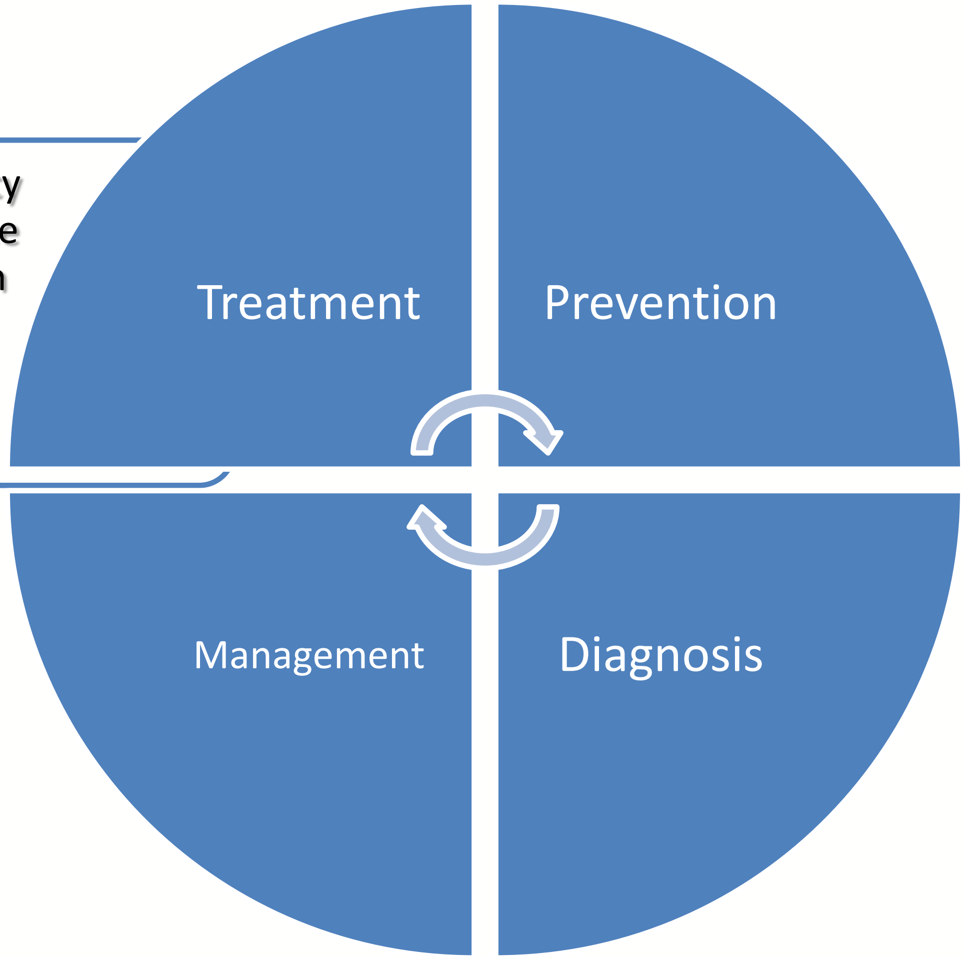
Practice Efficiencies; Routine Hearing and Balance Exams

Practice Differentiation Based on Quality of Care, Credentials, & Trust

Hygiene, Prevention, & routine follow up care

The Language of Trust (P. Marincovich, 2014)

- An opportunity to differentiate our profession and practices



So, if the WhatIf's Strike:

- Focus and promote your passion
- Follow best clinical standards and business practices
- Take care of your business—make your bed every morning—organize and plan

This Should be Our Wake Up Call for Professional Differentiation

Focus on the full scope of audiologic practice and patient centered care


Freeman
Taylor
Amlani
Windmill