

CEO Welcome

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To Our Readers

Dear Reader,

Welcome to the *Inaugural Issue* of BONEZone. It has been a long time in its creation. I would like to share some of the story, which is especially relevant in these post-dotcom, Enron, Worldcom, times.

When we first began business ten years ago, the Orthopaedic industry lacked objective, accurate, third-party assistance. Our first products and services were focused on providing the Orthopaedic companies with market data and intelligence from a trusted external source. In those days we virtually ignored the supplier community. Subsequently, **in response to the dramatic changes sweeping the industry, suppliers became very sophisticated very quickly**, and they began to knock on our door to assist them to better understand their customers.

When the Internet began to become important, we worked diligently to get suppliers online with Web tools that the industry was increasingly requiring. **In an informal survey we performed in 1999, very few suppliers had Web sites, and many had no phone answering systems!**

As industry consolidated, so did the supplier community. Many smaller ones were absorbed into larger ones, others simply died, unable to accommodate increasing regulatory and information systems requirements. Cost pressures took their toll, as economies of scale allowed larger entities to become more powerful, and smaller ones began to fear for their lives. **Large Orthopaedic companies began to limit the number of suppliers they used, further pressuring the large suppliers to expand their offerings, and the small to focus on niche markets or pack it in.** This caused an odd backlash that, combined with the rapid growth of the spine market, created new opportunities for suppliers of manufacturing services especially.

As the ranks of suppliers began to stabilize, **Orthopaedic companies became concerned that an unconscious type of price fixing was occurring, and they began to look outside the well-known suppliers for those diversifying into medical products from other technology-similar markets.**

The problem for both suppliers and OEMs was finding each other. We responded to this by launching www.orthosupplier.com in 2000 as the world's only Orthopaedic-specific platform for interaction between suppliers and their customers. As the dotcoms crashed and burned, OrthoSupplier thrived, but the dotcom death spiral also taught us all that there is still a need for traditional, non Web-based interaction.

So here we are today. **2002 has NOT been a banner year for the Orthopaedic supplier market, which exceeds \$500MM in the U.S. alone.** While the market for Orthopaedic products continues to grow aggressively, supplier orders are down as OEMs pinch pennies in response to other market forces. We predict fundamental changes in the OEM-supplier interaction — more price pressure, further consolidation. At the same time, **market growth will continue unabated, new world markets are opening, and new systems will begin another cycle. Thus we predict a stellar 2003.**

As a way of optimizing business for both sides of the equation, we are offering BONEZone in response to our clients' wishes for an alternative to the general medical publications. We hope it will prove to be indispensable to you in your desire for accurate, focused and objective intelligence; that it will save and make you money, assure your continued success, and simply make you better at what you do.

This is not *our* publication. It is *yours*. Please take ownership of it and tell us what will have the most value to you. We take this very seriously. If we cannot provide real and lasting value in response to your needs, we should rightly not exist.

Sincerely,

John A. Engelhardt