

—BUYERS EXPRESS TOTAL SATISFACTION

Safer and
less expensive
to operate

“THIS LOW-TEMPERATURE STERILIZATION TECHNOLOGY IS AN EXCELLENT ALTERNATIVE TO EXISTING APPROACHES. IT’S A UNIT THAT CAN SAVE US MONEY, BECAUSE NOT ONLY IS THE STERILIZATION TIME VERY FAST, IT PROVIDES USERS WITH WHAT THEY NEED, SAFELY AND AT LOWER COST”.

“THE PEOPLE WHO USE IT EVERY DAY RECEIVED WONDERFUL TRAINING, THANKS TO THE CLINICAL SPECIALIST FROM TSO₃, AND HAVE HAD NO PROBLEMS. THE COMPANY’S FRONT-LINE SUPPORT HAS BEEN JUST GREAT”. Chrystine Hatem, Coordinator for Perioperative Material and Manager of the Sterilization Department.

TSO₃’s strategic positioning of the 125L Ozone Sterilizer in the North American market originally involved agreements with various referral sites. These North American Hospitals agreed to conduct on-site trials of the 125L Ozone Sterilizer and, if satisfied, positive testimonials of the technology to future users. The objectives of this strategic positioning were fully realized in 2006. Through this trial program, the Company was able to demonstrate the numerous advantages of the 125L Ozone Sterilizer, such as its ability to reduce sterilization costs and its fast instrument turnaround time. For TSO₃, positive testimonials from satisfied customers are directly contributing to the success of the Company, and supporting current and future efforts with hospitals for the sale of the 125L Ozone Sterilizer. This strategy is now showing results, as the first operators of the 125L Ozone Sterilizer can now share their positive experiences with prospective customers of the device.

FROM REFERRAL SITES TO BUYERS

In 2006, several referral sites became the first to purchase, as is the case with a hospital in South Carolina that had shown confidence in TSO₃ from the beginning.

Chrystine Hatem has been an Operating Room nurse for more than 30 years, and has solid training in sterilization and decontamination technology. She is also the coordinator for perioperative material and manager of the sterilization department. Always on the lookout for new technologies that are more effective and allow greater savings, she immediately showed interest when she heard about a new sterilization technology using ozone. For this nurse, the 125L Ozone Sterilizer addressed the unmet needs of the hospital.

When Ms. Hatem presented this technology to internal hospital administrators, they determined it could be the solution to all the problems they were experiencing with other low-temperature sterilization technology. Within a few months, the sterilizer was being used to full capacity and had proven to be indispensable.

During this time, an evaluation was carried out to calculate the operating costs of the 125L Ozone Sterilizer. To evaluate savings using the device compared with other low-temperature sterilization technology, the hospital tested 32 batteries by sterilizing them with each of the technologies. This testing demonstrated that ozone technology was only one sixth of the cost to operate compared with the other devices. At this low cost of operation, users are able to recuperate the initial purchase cost quite quickly. Not only is the 125L Ozone Sterilizer cost-effective, it is also efficient. This hospital runs two to three full sterilization loads per day. According to Ms. Hatem, these are the main reasons that compelled the hospital to make the purchase of the 125L Ozone Sterilizer.

MORE THAN REFERRAL SITES

TSO₃'s customers, including the South Carolina hospital, are excellent ambassadors for the technology. Indeed, these institutions provided numerous positive references to potential customers regarding the utilization of the 125L Ozone Sterilizer. Over the past year, many hospitals have contacted the current users of the device to obtain information and check on the performance and advantages of the 125L Ozone Sterilizer.

These hospitals are viewed as pioneers in the use of ozone sterilization technology and they are happy to share their experience because they know the curiosity this technology inspires.

The current users have become a powerful part of the sales effort as TSO₃ develops its base of prospective customers.

Interview number

1

CHRYSTINE HATEM

Coordinator for Perioperative Material
and Manager of the Sterilization Department
South Carolina, USA

—A UNIQUE AND SUPERIOR TECHNOLOGY

Manufacturers impressed
with compatibility between
their instruments and the
125L Ozone Sterilizer

“BECAUSE OUR CUSTOMERS REQUIRE SEVERAL ALTERNATIVES FOR STERILIZING THEIR PRODUCTS, WE ARE CONSTANTLY LOOKING FOR NEW STERILIZATION METHODS. TSO₃ OFFERS A TECHNOLOGY THAT IS SAFE AND ENVIRONMENTALLY FRIENDLY, THAT PERFORMS WELL AND IS COMPATIBLE WITH OUR PRODUCTS. WHEN THE COMPANY CONTACTED US, WE IMMEDIATELY DECIDED TO TRY THEM OUT”.

Pete Mastores, President of *Volk Optical, Inc.*

The year 2006 was an important year that allowed TSO₃ to consolidate the efforts of recent years. All the elements necessary for the successful commercialization of the 125L Ozone Sterilizer have been put in place.

COMPATIBILITY AT THE CORE OF EFFECTIVENESS

In order to respond to constant evolution of medical instruments, TSO₃ offers manufacturers a [Manufacturers' Testing Program \(MTP\)](#). The goal of this service is to assure mutual customers that their reusable medical instruments can be safely and repeatedly sterilized in the 125L Ozone Sterilizer. This process is possible through the collaboration to date, of more than 150 firms in the medical field, including the manufacturers of medical instruments and their suppliers of materials and processes.

ENDORSEMENTS AND COMMERCIALIZATION

Early in the year, the Company announced new compatibility endorsements for its technology from three medical instrument manufacturers. These endorsements cover instruments utilized in a variety of fields, such as pulmonary, cardiology, plastic and reconstructive surgery, as well as numerous other types of micro-invasive surgery. These endorsements also unquestionably give TSO₃ added value.

These new endorsements come from the [Electro-Surgical Instrument Company](#), [Canada Endoscope](#) and [Koven Technology](#), three well-established businesses in the field of medical instruments in North America.

Heather Flotron, President of Koven Technology, first realized the impact that ozone sterilization would have on the market when Koven's customers started asking whether their products are compatible with this technology. Since then, Koven Technology has successfully validated the compatibility of the company's vascular probes with the 125L Ozone Sterilizer, and considers this feature a competitive advantage that puts them in a favorable position for promoting their products.

VOLK OPTICAL, INC.

Based in Mentor, Ohio, Volk Optical is a medical instrument manufacturer and an important collaborator. For more than 50 years, it has produced and sold precision diagnostic and eye surgery lenses. About 65% of its market is international, and composed of ophthalmologists, optometrists and opticians. The company's products are long lasting when well maintained using good cleaning and sterilization methods. Volk Optical is well recognized in the optical field and is proud of its fine reputation and the image it has built over the years.

Since 2003, TSO₃ has been working in close collaboration with Volk Optical – a solid partnership developed over time and based on trust and transparency. The relationship continues to grow.

Always forward-looking, Volk Optical saw the potential advantages and benefits of ozone sterilization. They were able to see how the 125L Ozone Sterilizer would allow Volk Optical to respond to the numerous questions from their customers regarding the environmental aspects of the sterilization process.

For Pete Mastores, President of Volk Optical, endorsing a technology like ozone sterilization means ensuring good service to current and future customers. Developing collaboration with the supplier of this technology – TSO₃ – is vital to Volk Optical's growth and business opportunities.

INTERESTED MANUFACTURERS

Such endorsements mean that manufacturers are promoting the compatibility of their products with the 125L Ozone Sterilizer. These endorsements let customers know that their instruments can be safely and repeatedly sterilized. The excellent relations that TSO₃ maintains with medical instrument manufacturers are therefore very important, because they strongly contribute to business development.

ANOTHER MAJOR RECOGNITION

The United States Patent and Trademark Office (USPTO) and the European Patent Office (EPO) have officially awarded optimal protection to TSO₃ in terms of intellectual property of 20 years. The patent covers not only the method of ozone sterilization, but the process for creating low-temperature humidity: a process necessary for efficacious sterilization that is owned by TSO₃.

This patent is in addition to the licensing contract signed in 2002 with an American company. The signing of this licensing agreement gave TSO₃ the exclusive use of the patent related to the ozone sterilization method in the United States for a period of 20 years.

The R&D department at TSO₃, which focuses on refining the technology and improving products like the 125L Ozone Sterilizer, has several more patents pending.

Interview number

2

PETE MASTORES

President of Volk Optical, Inc.

Ohio, USA

—A STRONGER SALES TEAM

Efforts focused 100%
on selling the *125L*
Ozone Sterilizer

“BEFORE JOINING THE TEAM AT TSO₃, I WORKED FOR MORE THAN 20 YEARS IN HOSPITAL SETTINGS, AND EVEN ON THE SALE OF A DIFFERENT LOW-TEMPERATURE STERILIZATION METHOD. TSO₃ OFFERS INCREDIBLE POTENTIAL FOR ADVANCEMENT AND A UNIQUE TECHNOLOGY THAT, ACCORDING TO MY EXPERIENCE, MEETS ALL THE NEEDS NOT PREVIOUSLY MET IN THE MARKET. I WANTED TO PUT MY EXPERTISE TO WORK FOR SUCH A BUSINESS”.

David R. Wynn, Sales Manager.

“OUR FIRST JOB IS TO INSTALL THE STERILIZER, BUT OUR PRIORITY IS TO TAKE CARE OF ANY TECHNICAL PROBLEMS THAT COULD POP UP. WE ARE READY TO RESPOND QUICKLY – SUPPORT THAT IS GREATLY APPRECIATED BY USERS BECAUSE THEY FEEL THEY CAN COUNT ON TSO₃. THEY BECOME PARTNERS WITH THE COMPANY”.

Nicolas Dumas, Field Service Technician.

“WE ARE DEDICATED TO EACH HOSPITAL AND OFFER PERSONALIZED SERVICE. FOR EXAMPLE, WE TRANSFER SPECIFIC REQUESTS FOR VALIDATION TO THE MANUFACTURERS’ TESTING PROGRAM (MTP) DEPARTMENT AND WE KEEP OUR CUSTOMERS ADVISED OF THE LATEST ENDORSEMENTS. WE ARE CONSTANTLY DEVELOPING OUR RELATIONSHIPS WITH THEM”.

Francine Paradis, Clinical Specialist.

Throughout the year, the TSO₃ team – from the customer service technicians and clinical specialists to the sales professionals – has focused their efforts on the commercialization of the 125L Ozone Sterilizer.

AN EXPERIENCED AND GROWING TEAM

At the beginning of 2006, the Company redefined its commercial sales strategy. TSO₃ relies on its own sales and marketing team dedicated more than ever to the success of the 125L Ozone Sterilizer. This team, in addition to increasing awareness and sales, has a mission to obtain market recognition for the value-added benefits of the ozone sterilization technology.

Today, some 20 sales professionals working for the Company share the North American market. They are managed by experienced people and have a full range of sales tools developed by TSO₃. They not only have broad experience in the sale of capital equipment, they also have thorough knowledge of hospital settings that allows them to confidently discuss issues that affect the surgical suite and the central sterilization unit.

In May, at the annual convention of the [International Association of Healthcare Central Service Material Management \(IAHCSMM\)](#) in Las Vegas, Nevada, the sales and marketing team – presented for the first time independently in the United States – identified more than 100 potential new customers interested in the technology. During this major industry event, the team forged excellent contacts that will ensure solid market penetration.

A LONG-TERM SALES CYCLE

Known for being conservative, hospitals have reacted positively to the arrival of the technology. The first customers are very satisfied with the performance of the 125L Ozone Sterilizer and testify to its effectiveness and to the savings accrued, the increased safety for users, patients and the environment, and to the ease of use.

The average sales cycle for established healthcare capital equipment is estimated to be 12 months, but the sales cycle for new technology such as the 125L Ozone Sterilizer is even longer. Nevertheless, throughout the year the Company made many contacts with potential customers, creating a pipeline of sufficient size to reach sales targets for 2007, with some sales already closed in 2006.

CONSOLIDATING RELATIONSHIPS WITH THE FIRST CUSTOMERS

One of the objectives this year was to consolidate relationships with the first customers, both referral sites and first buyers, without forgetting new manufacturers constantly being added to our list of collaborators.

The goal of TSO₃ is to increase the number of sterilizers in operation functioning on a regular basis. The growing base of customers will provide excellent references to future purchasers, as current users are already doing. This positioning is in accord with the Company's strategy, ensuring the best possible market penetration for the 125L Ozone Sterilizer.

METICULOUS AND FAST CUSTOMER SERVICE

The Company employs the best technicians in their respective fields: they are attentive to customers and their questions, dedicated to the product and the Company. This team is driven by the constant search for solutions that meet customers' needs. In return, customers are satisfied with the service provided and are even eager to know more about the technology.

This relationship between technicians and customers is vital, because they are very good advisors. These customers have practical experience with the 125L Ozone Sterilizer and therefore can provide precious advice on how to make it a better sterilization technology.

CLINICAL SPECIALISTS SERVING USERS

To determine and maximize the utilization of the 125L Ozone Sterilizer in hospitals, the clinical specialists at TSO₃ are best placed to support its features advantageously. Acting as consultants, their role is to help customers utilize and integrate the technology.

The clinical specialists are responsible for observing and listening to customers. They must fully understand how the sterilization technicians and the nurses in the surgical suite work.

Clinical specialists perform a thorough account analysis of the sterilization department, assessing when and how and what the hospital is sterilizing. Once the sterilizer is installed and, the technicians ensure the proper operation of the sterilizer, the clinical specialists oversee the education necessary to integrate the 125L Ozone Sterilizer into the department's daily routine.

FROM LISTENING TO TRAINING

Although the mission of the clinical specialists is to train the users of the ozone sterilization technology, their responsibility does not end there. The clinical specialists assist the users during their continuing training program. They must ensure the process meets current standards and recommendations, and, as needed, help the customer in this regard. For instance, the TSO₃ clinical team may recommend certain changes to the way a hospital packages medical devices to facilitate the introduction of this new sterilization process into the hospital. Company employees are very involved in all phases of the integration process.

PRODUCTS IN CONSTANT EVOLUTION

Among recent advances, TSO₃ can now count on new clearance from the [Food and Drug Administration](#) in the United States regarding lumened instruments.

This major recognition allows us to stand out even more from the competition as the Company is redefining the industry standards for sterilization capabilities. Several of our partners, among the most renowned manufacturers of rigid instruments for micro-invasive surgery, have confirmed that the 125L Ozone Sterilizer is capable of sterilizing all their instruments.

Interview number

3

DAVID R. WYNN

Sales Manager for TSO₃

Arizona, United States

NICOLAS DUMAS

Field Service Technician for TSO₃

Québec, Canada

FRANCINE PARADIS

Clinical Specialist for TSO₃

Québec, Canada