

Business plan

Project B

XXXXXX

Strictly private and confidential

XXXXX

Email: XXXXX

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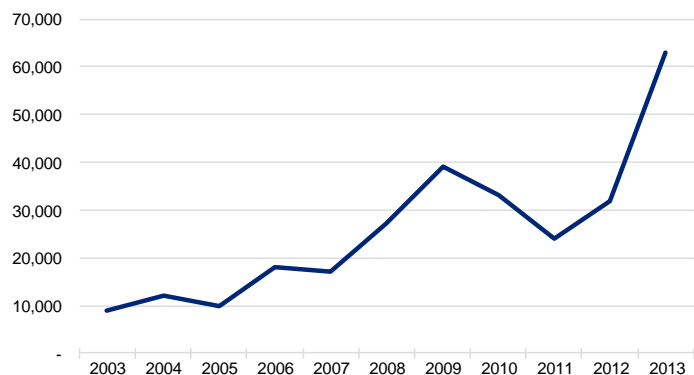
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Project B is a start-up business that acts as a medical tourism broker focusing on IVF treatments. The Company will partner with a chain of clinics operating under the brand XXXXX (China, USA)

Market analysis

Number of medical tourists (outbound from the UK)



Business idea

- Project B is a start-up business that acts as a medical tourism broker focusing on IVF treatments. The Company will partner with a chain of clinics operating under the brand XXXXX (China, USA).
- **Address of registration:** XXXXX
- **Date of establishment:** 2nd of April 2015
- **Price segment of the products:** low
- **Geographical focus:** the UK, with planned expansion into other EU countries.
- **Target customers:** Age-sensitive fertility patients looking for fast and reliable IVF services abroad.
- **Founder:** XXXXX

Goals

- To become a reputable broker in the field of fertility tourism in the UK
- To establish long-term and productive relationships with doctors (general practitioners and gynecologists) and health care institutions in the UK
- To expand the business into other EU countries in year 3
- To transform the business from a broker of IVF treatments to a health care provider in year 4
- To provide a thoroughly customized approach for each customer
- To maintain high pregnancy rate - 67.3% (benchmark 40-50%)
- To establish efficient processes that allow for the forming of customized medical tourist packages
- To bring exciting and cutting-edge Asian Pacific solutions to the UK market
- To hire 3 UK citizens in year 1
- To launch discrete clinic with focus on IVF treatments in 2019
- To achieve gross revenue - £3.75m in year 5

Strengths

- High-quality and affordably priced services
- Founder's established industry network will help to attract a wide number of partners and doctors to the Business
- Available partnership with XXXXX guarantees one of the highest successful pregnancy rates in the world
- Ability to use the best practices of XXXXX, which will help establish a successful London clinic in 2019
- Founder's extensive experience will help the business grow and establish itself quickly in the UK market
- Founder brings substantial resources to the business
- Founder has experience running similar businesses
- Innovative marketing approach

The founder, XXXXX, is seeking a Tier 1 (Entrepreneur) Visa for immigration into the UK. She is also planning to invest £200k into the business in year 1 and £1m in year 4

Financials

Projected Profit and Loss account

£	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	750,000	1,500,000	2,250,000	3,000,000	3,750,000
Cost of sales	(600,000)	(1,200,000)	(1,800,000)	-	-
Operating expenses	(214,040)	(323,156)	(402,169)	(1,998,193)	(2,006,862)
EBITDA	(64,040)	(23,156)	47,831	1,001,807	1,743,138
Net profit/(loss)	(64,040)	(23,156)	38,264	801,445	1,394,510
<i>EBITDA margin, %</i>	-9%	-2%	2%	33%	46%
<i>Net profit margin, %</i>	-9%	-2%	2%	27%	37%

Source management information

KPIs

Key performance indicators

CF(1-5 years), £	2,597,024
NPV(1-5 years)*, £	1,177,339
IRR, %	49%
Payback period	4.5 years

*Discounted rate 3%

Source: Management information

Benefits of the business for the UK

- Creates three new workplaces for citizens of the United Kingdom in Year 1
- Business investments totaling £200k in year 1 and £1m in year 4
- The Company will help to develop the health care industry in the United Kingdom
- The Company will assist individuals in UK with infertility issues

Initial investments

Initial investments, £

Item	Amount	Time schedule
Fertility tourism segment		
Payments to PFI for IVF treatments	85,000	Year 1
Marketing	15,000	Year 1
Staff costs	60,000	Year 1
Other	40,000	Year 1
Total:	200,000	
Clinic segment		
Refurbishment of leased premises	150,000	Year 4
Equipment and furniture	400,000	Year 4
Working capital	450,000	Year 4
Total:	1,000,000	
Grand total	1,200,000	

Source: Management information

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In 2013, at least 63,000 residents of the UK travelled abroad for medical treatment

Medical tourism in the UK

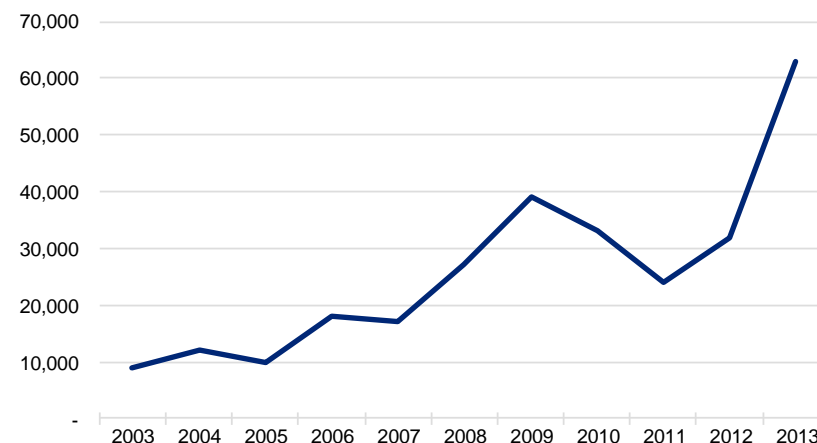
Introduction

- In 2013, at least 63,000 residents of the UK travelled abroad for medical treatment. Outward referral and flows of international patients are shaped by clinical networks and longstanding relationships that are fostered between clinicians within sender countries and their NHS counterparts. There are a range of different models that providers market for patients who wish (for a variety of reasons) to travel to receive treatment. There are clearly legal uncertainties at the interface of these and clinical provision. Patients are now travelling further to reach new medical tourism markets.
- The number of people from the UK who are travelling to access medical treatment has increased steadily over the last decade.

Destination of UK outbound medical travelers

- For UK residents who travel abroad seeking medical treatment, Northern, Western and Southern Europe are the most common destination regions.
- Central and Eastern Europe are the second most popular destinations, with particularly high numbers of travellers visiting Poland, the second most popular travel destination over the decade, and the most popular in recent years with approximately 11,000 and 13,500 travellers in 2012 and 2013 respectively. Medical travel to Hungary has also increased substantially since 2006.
- South Asia (primarily India) attracts large numbers of UK patients, making it the most frequently visited non-European region. The most recent data show the relatively stable pattern of travel to India, Pakistan and (in much lower numbers) Sri Lanka and Bangladesh.

Number of medical tourists (outbound from the UK)

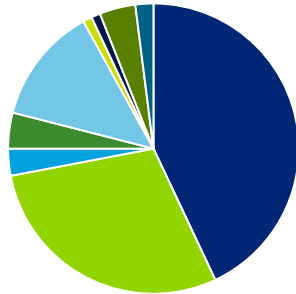


- Medical travel to East Asia shows a different pattern to that for South Asia. No medical travellers from the UK to East Asia were recorded by the IPS before 2003, when 1500 people travelled from the UK to East Asia. In 2013 > 4000 people made the same journey, a 171% increase. By 2013, 15% of all UK medical travellers were going to East Asia. North America, the Middle East, Africa and Central and Southern America each accounts for a relatively small percentage of those undertaking medical travel.
- France, Poland and India are the most popular destinations for UK medical tourists, with France holding relatively steady, India demonstrating a gradual increase and Poland experiencing a rapid increase since 2007. In terms of travel to France, its proximity to the UK makes it an extremely convenient destination (and a familiar one for many British holidaymakers). Similarly, over the last decade, both Belgium and Spain ranked in the top 10 destinations (fifth and eighth, respectively), perhaps for similar reasons.

The key driver in the medical tourism phenomenon is the technological platform provided by the Internet, which allows consumers to access healthcare information and advertising from anywhere in the world

- Poland has demonstrated the largest surge in popularity and, by 2009, was the most visited destination for medical travellers from the UK. This may reflect the fact that the UK is home to a large burgeoning population of people with Polish roots.

Total outward medical travel by UK residents by destination region



- Northern, Western and Southern Europe
- Middle East
- Southern Asia
- Central and South America
- Africa
- Central and Eastern Europe
- East Asia
- Other
- North America

- Poland has also developed a good reputation for high-quality cosmetic care. Hungary, with a reputation as a European leader in dental care, is, like Poland, easily accessible by low-cost airlines operating from the UK and is the fourth most visited destination by UK travellers. Similarly, the Czech Republic, the 12th most visited destination, like both Hungary and Poland, has developed a reputation for particular types of treatment and is well served by budget airlines.

- India has proven to be a popular and increasingly visited destination in the last decade. As with Poland, this might reflect the fact that the UK has a large population with historic ties to India and that traveling to the region has become easier and less expensive with the introduction of budget carriers. Indeed, many of those who travel frequently between the UK and India retain their Indian citizenship.
- Similarly, Pakistan was the 10th most popular destination for UK medical travellers, which probably reflects the large population of people in the UK with historic ties to Pakistan.

Marketing in medical tourism

- The key driver in the medical tourism phenomenon is the technological platform provided by the Internet, which allows consumers to access healthcare information and advertising from anywhere in the world. The Internet also offers providers vital new avenues for marketing that help them reach into non-domestic markets. Commercialisation is at the heart of medical tourism growth and this is due at least in part to the availability of web-based resources for consumers and providers alike which provide information, advertisement opportunities and new market destinations. The web connects consumers with an ever-increasing array of healthcare providers and brokers. There are four different models for medical tourism websites:
 - ✓ portals (focused on providers and treatment information)
 - ✓ Consumer-driven media sites
 - ✓ commerce-related sites (provide ancillary services and information)
 - ✓ professional contributions (from sources such as professional associations and state regulatory institutions—these are relatively rare).
- Medical tourism sites satisfy a wide range of ends and needs. First and foremost, the scope of such sites is to introduce and promote services to the consumer.

Given the role of advertising in influencing consumer decisions, there are questions relating to the asymmetry of information (in terms of both availability and quality) between providers and consumers

- The main services of the sites can be separated into five main functions: 1) gateways to medical and surgical information; 2) connectivity to related health services; 3) the assessment and/or promotion of services; 4) commerciality; and 5) opportunity for communication. The Internet offers a range of functionalities and formats including discussion forums, file sharing, posting information and sharing experience, member only pages, advertisements and online tours. The Internet also facilitates decisions regarding the purchase of treatments.

Quality of information

- The range of medical tourism sites and related content raise concerns associated with unregulated online health information. Since Internet sites are relatively cheap to set up and run, and information quality controls are virtually non-existent, contributors may distribute (sometimes widely) misleading or inaccurate information. Information may be selectively presented in a vacuum, ignoring for example issues such as post-operative care and support. The Internet is awash with unreliable products and services – poor-quality surgery or inadvisable, and even dangerous treatments. As Mason and Wright note, medical tourist sites tend to promote benefits while downplaying risks.
- Clear evidence suggests that the quality of health information online is variable and should be used with caution. For example, when the *Journal of the American Medical Association* standards for responsible print were used to judge the quality of infertility treatment information resources on the web, information was found to be, at best variable and at the worst misleading. Similarly, in the area of *domestic* cosmetic surgery, a study using the search term ‘breast augmentation’ located 130 sites and concluded that 34% of these sites contained information that was either false or misleading.

- Gordon *et al* examined the quality of plastic surgery information concluding that it is “difficult for the average lay person to get authoritative information quickly and easily on at least one aspect of cosmetic surgery.” Commenting on Stem Cell sites, Murdoch and Scott note such sites are thick with therapeutic language.

Advertising and marketing

- Given the role of advertising in influencing consumer decisions, there are questions relating to the asymmetry of information (in terms of both availability and quality) between providers and consumers. There are also issues of safety and informed choice that link to medical tourism and Internet usage. Many of the sites are primarily adverts and infomercials (with a series of buttons, banners and popups). It would appear there are relatively few non-commercial sources that provide independent and disinterested information for consumers. While there is some evidence that the presence of advertising on a website reduced its credibility, medical tourism websites have never been studied on their own.
- The evidence of direct-to-consumer sales in other sectors suggests a number of potential problems which may be present in medical tourism. Gollust *et al.* examined the direct-to-consumer Internet sales of genetic services and noted that sites are likely to exaggerate the benefits of such services. Datta *et al.* explored the quality of websites marketing home diagnostic tests and conclude that the majority of websites provide inadequate information quality. Illes *et al.* focused on direct-to-consumer advertising in print and information brochures, concluding that such materials fail to provide consumers with the sort of comprehensive and balanced information necessary for informed decision-making. They suggest that misinformation, unsubstantiated scientific claims, fear-provoking threats, and a lack of information on the uncertainties and the risks of particular services – in their case tomographic and magnetic resonance imaging—were all extremely common.

Despite a growth in the number of websites dedicated to medical tourism, there is currently little empirical evidence on the role, use and impact of these websites on the behaviour of health care consumers

- With regards to surgery, Salant and Santry highlight the growth of web-based advertising of bariatric surgery centres. Bariatric surgery centres in the US – in common with many medical tourist destinations – rely on patient self-referral and thus need to stimulate demand for these services, — manufacturing a need for bariatric surgery through strategic advertising approaches. The marketing of unproven stem-cell treatments also raises particular concerns, encouraging patients with severe diseases to travel to seek unorthodox therapies and cures.
- A systematic review of 50 medical tourism websites, marketing treatments and services in mainland Europe found that the sites were variable. In a small number of sites, both the grammar and spelling were poor, giving little confidence in a clinic's professionalism. Sites contained details on arrival, treatment, travel home arrangements and itineraries and length of recuperation but little was stated explicitly on arrangements for follow-up (only 5 of the 50 sites discussed follow-up care). Surgery was presented as routine and itineraries listed in a vacation-like fashion from day one of arrival to day of departure.
- Many sites included photographs, videos and virtual tours of facilities, all of which emphasised the modern and hi-tech features, cleanliness and infection-control techniques. However, few were explicit on the number of staff, size of the establishment (e.g. bed numbers) and emergency arrangements and facilities (only 3 of 50 sites).
- Underpinning the search and interpretation of sites are the fundamental issues of how trust and credibility of information are established and maintained given there are limits of choice and a great deal of uncertainty and information asymmetry when potential medical tourists make decisions around treatments, providers and destinations.

- The fine line between editorial and advertorial content does not help patients make informed choices with any degree of confidence.
- Despite a growth in the number of websites dedicated to medical tourism, there is currently little empirical evidence on the role, use and impact of these websites on the behaviour of health care consumers. This is a major deficit in evidence. For example, from a consumer perspective there is a need to understand how medical tourists view advertising and whether this changes across demographic groups.

Brokers

- There has been a steady rise in the number of companies and consultancies offering brokerage arrangements for services and providing web-based information for prospective patients about available services and choices, which can be attributed to the transaction costs associated with medical tourism when individuals have to gather their own information and negotiate with providers. Typically, brokers and their web-sites tailor surgical packages to individual requirements: flights, treatment, hotel, and recuperation. Brokers may specialise in particular target markets or procedures (treatments such as dentistry, or cosmetic surgery), or destination countries (e.g. Poland, Hungary).
- Mirrer-Singer cites only one broker that is a network of pre-qualified hospitals (i.e. that are inspected and verified and form a pool from which clients then choose).

Travel insurance

- Alongside growth in medical tourism, a market in travel insurance for medical tourists is emerging. Purchasing adequate specialist travel health insurance may be problematic, especially if the medical tourist has significant pre-existing health problems.

In the United Kingdom (UK) it is estimated that one in six couples will experience some degree of difficulty conceiving

- Traditional insurance policies for travel and accommodation (covering delay, loss of baggage, etc.) exclude those individuals travelling for the purposes of planned medical tourism. Insurance products have been developed that cover medical tourists for such contingencies. Insurance products have also emerged that go beyond insuring travel and loss, and which seek to cover the costs of further treatments that may be required as a result of complications and dissatisfaction following surgery abroad. It is extremely unwise to travel outside of one's home country without this type of insurance unless a deal has been negotiated with the provider hospital that they will cover all possible eventualities.

Providers

- Within the wide picture of medical tourism there is a diversity of participating providers – or as Ackerman notes, there are “cottage industries and transnational enterprises”. Providers are primarily from the private sector but are also drawn from some public sectors (e.g. Singapore and within Cuba). The NHS has some facilities for treating foreign patients who pay and others for those who do not.
- Relatively small clinical providers may include solo practices or dual partnerships, offering a full range of treatments. At the other end of the scale are extremely large medical tourism facilities (e.g. Bumrungrad in Thailand, Raffles in Singapore, Yonsei Severance Hospital in South Korea) where clinical specialism is the order of the day. Hospitals may be part of large corporations (the Apollo Group for example has 50 hospitals within and outside India), and ownership itself may lie primarily in the higher-income countries from where patients mostly originate.

- Countries seeking to develop medical tourism have the option of either growing their own health service or inviting partnerships with large multinational players. Individual hospitals may develop relationships with travel agencies or wider brokerage companies. Securing accreditation from international programmes may play a part in this.
- In addition to accreditation, other approaches to raising the profile of countries and their health facilities have been used. For example, partnerships and oversight by overseas hospitals and universities, most often from the American private sector, can fulfill a similar role. Formalised linkages with widely recognised medical providers and educators (like Harvard Medical International, the Mayo Clinic, the Cleveland Clinic, John Hopkins Hospital, etc.) are becoming increasingly popular among hospitals catering for medical travellers.
- Hospital reputation is based on many factors (not solely the quality of clinical services). Medical tourist facilities will often target particular cultural groups – Bumrungrad for example has a wing exclusively for Middle Eastern patients.

Fertility tourism

Introduction

- In the UK, it is estimated that one in six couples will experience some degree of difficulty conceiving (Boivin). Over the last 25 years, many new procedures have emerged to overcome infertility using Assisted Reproductive Technologies (ART) such as in vitro fertilization (IVF), the most common form of ART in the western world.
- There are indications that, for a variety of reasons, individuals and couples are increasingly traveling abroad to access ARTs. This process has been variously labeled as ‘fertility’ or ‘procreative tourism’, ‘reproductive exile’ and ‘cross-border reproductive care’.

The reasons people gave for deciding to travel abroad were varied and complex. Though there was usually one motivation that outweighed the others (e.g. donor eggs), without fail medical tourists listed a number of reasons for their clinic choice

Demographic profile

Age and ethnicity

- At the time of the first treatment abroad, the women's mean age was 38.8 years, which is not substantially older than UK treatment seekers more generally (35.2 years) and reflects the fact that many participants had already received treatment in the UK.

Female age at time of first treatment

Mean female age	38.8 years
Range	29-46 years
Average age UK treatment seekers	35.2 Years

Source: HFEA

Occupational status

- The participants were, broadly speaking, professionals from a middle-class background. Their occupational breakdown, derived using NS-SEC classifications (ONS), was as follows: 72% professional and managerial occupations, 18% intermediate occupations, 2% routine and manual occupations, 6% were full-time parents, and 2% were students. This profile is similar to that of other users of private health care services, including fertility treatment

Marital and parental status

- The majority of customers were married (68%). 17% were co-habiting and 15% were single women. There were already children in the family in 27%, though these were not always living with the couple. 15% already had a child from the current

- relationship (adopted or naturally conceived) and in 20%, children were from a previous relationship.

UK treatment

- The majority of customers had attempted one or more treatment cycles in the UK before considering travelling overseas (78%). For some, this had included multiple attempts at treatment with no successful outcome.

Why did they go abroad?

- The reasons people gave for deciding to travel abroad were varied and complex. Though there was usually one motivation that outweighed the others (e.g. donor eggs), without fail medical tourists listed a number of reasons for their clinic choice.
- The four most commonly given reasons for seeking treatment outside of the UK were as follows: shortages of donor gametes in the UK; the cost of UK treatment; better success rates overseas, and previous unsatisfactory care in the UK.
- These are factors that appear to be closely linked to the way treatment and associated practices are organised in the UK. It has been argued, for example, that there has long been a shortage of gamete donors in the UK (Hamilton & Pacey) and that changes to the law on donor anonymity, combined with an increase in demand for egg-donation treatment have exacerbated this shortage.
- A total of 71% of our sample were having treatment with donor gametes, making the shortage of donors and associated waiting times in the UK an important consideration when planning treatment. Forty-six percent of those using donor material were using donor eggs, 12% donor sperm, 10% both donor eggs and donor sperm, and in 3%, donor embryos.

The cost of treatment in the UK was highlighted as an important factor in the decision to go abroad in 30% of those surveyed

Shortage of donor gametes in the UK	Choice of donors overseas
Long UK waiting times	For multiple embryo transfer
Cost of treatment	Convenience
Better success rates overseas	Age of UK donors
Dissatisfaction with care in the UK	Anonymity of donors in other countries
Treatment in a less stressful environment	Overseas clinic reputation
Age of treatment seeker	As a 'last chance'
	To try something new
	Treatment not available in the UK

- A further 29% were seeking treatment with their own gametes at the time of interview and were therefore not taking into consideration the need for a donor in their reasons to travel. This group were more likely to state 'cost', 'to have treatment in a less stressful environment' and 'overseas success rates' as reasons to seek treatment abroad.
- The cost of treatment in the UK was highlighted as an important factor in the decision to go abroad in 30% of those surveyed. Availability of public (NHS) funding for infertility in the UK has been described as a 'postcode lottery' whereby the availability of funded treatment varies from one locality to another and a range of different social criteria (e.g. age, presence of existing children) are commonly applied. The National Institute for Health and Clinical Excellence (NICE) Guideline for fertility treatment has recommended that three cycles of IVF should be available to those clinically suitable. However, relatively few NHS commissioners have provided this level of treatment and, currently, several are reducing the already limited access to public funding.

- It is estimated that only around 12% of UK citizens have private health insurance (Coulter). Often, infertility treatment is not included in this coverage. Consequently, it has been estimated that around 85% of IVF cycles are paid for directly by patients (HFEA). Given this context, it is perhaps not surprising that the cost of treatment may be a factor in the decision to go overseas. Some overseas clinics offer what have been termed 'shared risk' programmes, in which they offer several cycles, with a money-back guarantee if you do not become pregnant. For a small number of our participants, this was felt to be a way to manage the financial burden of repeat treatment cycles.
- Further reasons for travel were raised by individual participants. Some were keen to have more information about donors than is currently available in the UK; a small number were attracted by the anonymity of donors in countries such as Spain and the Czech Republic; others were keen to try treatments not readily available in the UK and some participants were also attracted by perceived higher rates of success in some overseas clinics. A minority of participants reported receiving poor care in the UK and directly attributed their decision to travel to this. 2% expressed a desire to have multiple embryo transfer was given as a specific reason to travel abroad for treatment. This was also linked to the destination chosen, India, where 4 embryos were transferred, resulting in a singleton pregnancy and live birth.
- Two important conclusions can be drawn from these data: people are seeking treatment overseas for a range of reasons, and the choice to go abroad in many cases involves more than one factor. A desire for timely treatment with donor gametes was clearly evident in a high percentage of cases, but this was not the only important motivating factor in cross-border travel. Secondly, it confirms the findings of Shenfield et al. that on the whole, UK patients are not crossing borders to avoid restrictive legislation. In the UK, whilst the regulation of ARTs is comprehensive, there is relatively liberal access to treatment.

The most popular destinations for fertility tourism were Spain and the Czech Republic

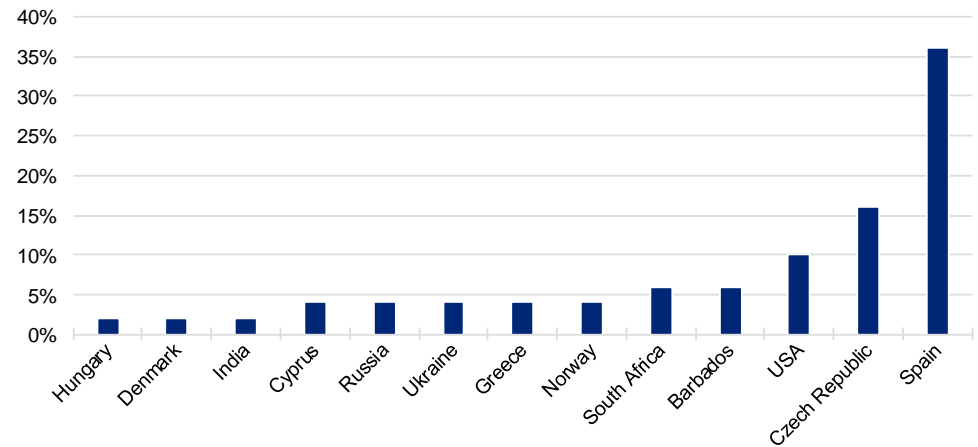
- In contrast with several other European countries, UK residents can receive third-party assisted treatment, and there are no formal legal barriers to single women or lesbian women accessing treatment. The UK does not allow potential parents to choose the sex of the embryos other than for certain medical conditions, but no one in the study gave sex selection as a reason for travelling abroad.

Where did they go and how was it organised?

Where did they go?

- People travelled to a wide range of countries. The bar chart to the right shows actual and planned destinations. The most popular destinations were Spain and the Czech Republic. However, an additional 11 countries featured in the participants' accounts. The majority of customers had already been abroad at the time of the interview (83%). In the 15% where they had not yet travelled, firm plans and preparation for treatment abroad had been made at the time of interview. The total number of visits is more than the number of customers, because some people had visited or were planning to visit more than one country for treatment. For 15% of those surveyed, two different countries had already been visited by participants, and in a further 10%, plans to visit a second different country for treatment were being made at the time of interview. 10% of people surveyed had children as a result of treatment provided in two different countries.
- People chose which countries to travel to in a variety of ways. In some cases this was based on accessibility and transport links, hence the large representation of countries within Europe. An existing familiarity with the country also influenced the choice for some people. For example one couple had relatives in South Africa and so went there; another couple chose the US since they were often in the country for work-related reasons.

Countries visited/intended, %



- In other cases, the choice of country was linked to the kind of treatment participants were seeking. For example, those who needed donor eggs were attracted to Spain and the Czech Republic where donors are plentiful and waiting times relatively short. Some participants had a very high regard for particular US clinics, which have a strong international reputation for their medical expertise, and chose to go the US despite the high cost of treatment. Others were seeking low-cost treatment, which they found on offer in the Czech Republic, Greece and Norway.

How did people organise their treatment overseas?

- Participants described a number of ways in which treatment overseas was organised and managed. A substantial proportion of customers had no involvement or assistance from UK health care professionals when organising their treatment (44%). These were more likely (though not exclusively) to be those people who were travelling to longer-haul destinations (for example, US, Barbados, South Africa, Russia, India) and were staying in their destination country for longer periods of time as a result.

One of the main benefits of going overseas was the quality of care people felt they received in overseas clinics

- The other major category of travellers were those who had arranged their own overseas treatment but were assisted in some way by UK medical professionals (44%). Most often, this assistance involved the provision of ultrasound scans (measurement of uterine lining), but in some cases also included help with getting prescriptions raised and dispensed. The remaining cases either had a shared care arrangement with a UK clinic or used a medical travel agency to arrange all aspects of the treatment. Peer networks and ‘word of mouth’ are almost universally used by our customers and were considered invaluable in helping people initiate and manage the process of cross-border treatment. Many people used Internet sites such as Fertility Friends and IVF World to get information about treatments, about overseas clinics, and about transport links and hotels. The Internet also featured as an important source of peer support for those undertaking cross-border travel.

What were people’s experiences of cross-border fertility treatment?

- The experiences were broadly positive. However, being treated abroad was acknowledged by many as not always their ideal or preferred way to undergo fertility treatment, and respondents expressed a number of concerns with aspects of the process. There are complex and nuanced treatment experiences which may be influenced by a number of factors including: whether this was the participants’ first cycle of treatment; which country or clinic they visited; how much emotional support they felt they received; how well-informed they were, and whether or not they were successful. The customers’ accounts demonstrate that experiences of cross-border treatment can vary considerably according to which country, or even to which clinic, a patient travels.

- Below is a brief overview of the positive and challenging elements of the experience.

Positive aspects of cross-border treatment

- One of the main benefits of going overseas was the quality of care people felt they received in overseas clinics. All customers who had been abroad reported general satisfaction with the way they had been treated. Customers reported that, on the whole, they felt involved in decision-making about their treatment, that their care and treatment protocols were personalised and tailored to them as individuals, and that communication with clinics was better than in the UK. Many made favourable comparisons with treatment they had received in the UK. Common complaints about the UK clinics included: long waiting times for and between appointments; a lack of contact with the consultant leading care; feeling they were treated ‘like a number’ or that they were ‘on a conveyor belt’; lack of new options for treatment when a cycle fails; and high costs.
- For a number of people, especially those with longer, unsuccessful treatment histories, this allowed them to feel more in control of their care pathway than they had done previously. Many reported having good access to and contact with the clinician leading their care, though this did vary according to the clinic. Feeling that they were able to ask questions and negotiate their treatment was a positive experience for many people. Few people reported difficulties caused by language differences. Most customers reported that clinics had English-speaking doctors and often English-speaking staff were specifically employed to liaise with overseas patients.
- For some people, having more extensive information about donors than is commonly available in the UK, and/or a wider choice of donor, were important advantages of treatment abroad. In most cases participants reported more opportunity to choose a donor who would ‘match’ the recipients than is often the case in the UK, although information clinics provided about donors varied between countries.

Although experiences of cross-border treatment were broadly positive, customers highlighted a range of concerns related to the process

- A desire to choose a donor was not about creating 'designer babies' but principally about maximising physical resemblance between parent and child, which is something desired by most people using third-party assisted conception.
- Other benefits of cross-border treatment were the shorter or non-existent waiting times at overseas clinics, quicker test results and apparently better success rates. For some of those who were using donor gametes, the anonymity of donors in countries such as Spain, the Czech Republic or the Ukraine was important. For others it was access to more extensive information about donors in countries like the US, which was perceived as an advantage.
- The option of having more than one embryo transferred during a treatment cycle was also mentioned as a positive aspect of treatment abroad. Most people neither desired nor had more than 3 embryos transferred, but several felt that they certainly did not want to be restricted to single embryo transfer.

Number of embryos transferred per cycle and by country

Countries	Number of embryos Transferred per cycle	Number of cycles* (%)
Spain. Czech Republic	1	4(6%)
Spain. Czech Republic. Norway. Barbados. US, Greece. Russia	2	43 (70%)
Czech Republic. Russia. Ukraine. US, South Africa. Barbados	3	12(17%)
Ukraine. India. US	4	4(6%)
US	5	1 (1%)

- The majority of participant cycles discussed in the interviews involved the transfer of 2 embryos This pattern of embryo transfer is not too dissimilar to that which occurred in the UK in 2007, where most cycles involved the transfer of two embryos and just 4% involved the transfer of three embryos, although the UK figures are likely to change following the introduction of the multiple births policy introduced in the UK in 2008 (HFEA).

Challenging aspects of cross-border treatment

- Although experiences were broadly positive, customers highlighted a range of concerns related to the process of going overseas. Some of these were specific to the treatment they were having (for example, the selection of donors) or were particular complaints related to specific countries or clinics. Some expressed broader concerns about feeling that they were viewed negatively for having taken this option. A number of people reported that they had received negative responses from health care professionals in the UK when they had discussed the possibility of having overseas treatment. After returning from treatment abroad, while many people suggested that GPs and other NHS staff had responded professionally and positively to them, while other participants reported some negative reactions. These reactions served to highlight feelings of exclusion and marginality and made some feel that they had been placed 'outside the system' of care in their own country.
- A significant difficulty experienced by those managing their own fertility treatment cycles was accessing the scans, blood tests and drugs they needed whilst in the UK, and there were many examples of this creating problems both prior to and especially following treatment abroad.
- Some participants were also unsettled by being generally unfamiliar with healthcare systems abroad. This appeared to be particularly acute in relation to countries like Russia or the Ukraine. Others felt uncomfortable that treatment abroad was not always as highly regulated as it would be in the UK.

60% of cases were successful, having either a live birth or well established pregnancy from cross-border treatment at the time of taking part in the study. 15% had experienced more than one pregnancy (live births and current pregnancies) from treatment outside the UK

- Some expressed concern about not being aware of complaints processes in other countries. Some had anxieties about the potential trustworthiness of information provided by clinics, for example information about donor screening and treatment success rates.
- Communication with clinics was generally described very positively and language differences were not a significant concern. However, in a small number of cases customers reported being concerned by the fact that some of the staff within the clinic did not speak English or that staff spoke between themselves in a language other than English during particular procedures (such as at embryo transfer).
- Specific to the experience of treatment-seeking abroad were the associated travel and cost implications. A number of people reported the pressure of having to arrange overseas travel at the last minute and the additional cost that they incurred. The impact of last-minute travel on people's work and family routines was also highlighted by some participants as a negative aspect of the process.

Were customers successful?

- 60% of cases were successful, having either a live birth or well established pregnancy from cross-border treatment at the time of taking part in the study. 15% had experienced more than one pregnancy (live births and current pregnancies) from treatment outside the UK. There were 70% pregnancies in total.
- There were no higher order multiple pregnancies (triplets or above) among our participants. Most were either singleton (81%) or twin (19%) pregnancies. No one reported foetal reduction. The twin rate is similar to that which the HFEA suggests UK clinics should be working towards (HFEA). The majority were travelling to European destinations where numbers of embryos transferred are generally falling (de Mouzon et al.).

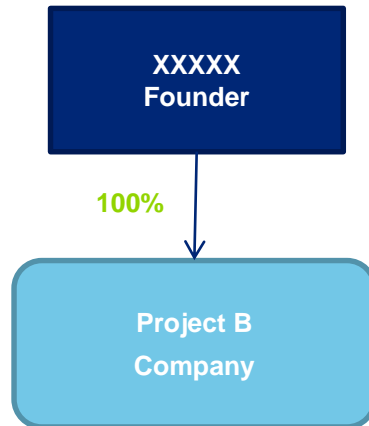
Singleton and multiple rates by country

Singleton vs. multiple	Countries (n=number of pregnancies)	n	%
Twins	US(2), Barbados(1), Spain (1), Czech Rep (1), Ukraine (1)	6	19%
Singletons	Spain(9), Czech Rep(3), US (3), Barbados (3), Norway (2), Ukraine (2), Greece (1), India (1), South Africa (1), Denmark (1)	26	81%
Total pregnancies		32	100%

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Project B is a start-up business that acts as a medical tourism broker focusing on IVF treatments. The Company will partner with a chain of clinics operating under the brand XXXXX (China, USA)

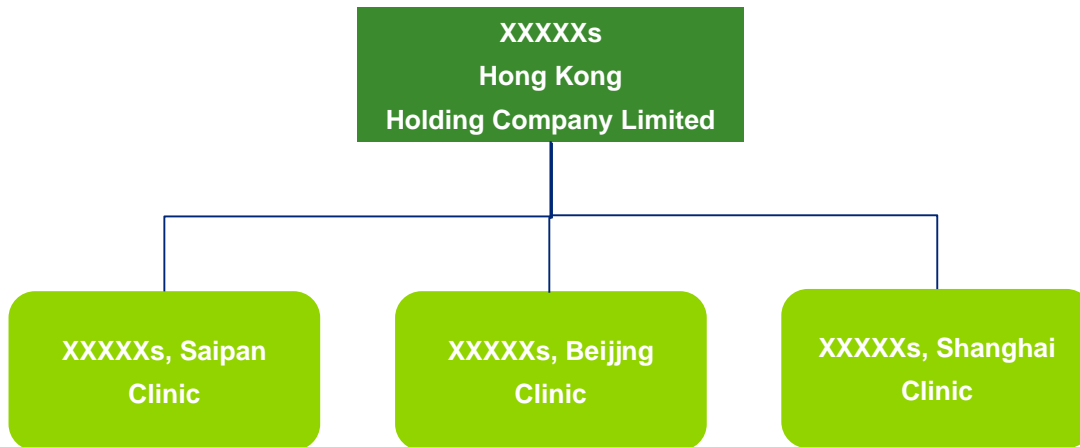
Legal structure:



Company profile:

- Project B is a start-up business that acts as a medical tourism broker focusing on IVF treatments. The Company will partner with a chain of clinics operating under the brand XXXXX (China, USA).
- **Address of registration:** XXXXX
- **Date of establishment:** 2nd of April 2015
- **Price segment of the products:** low
- **Geographical focus:** the UK, with planned expansion into other EU countries.
- **Target customers:** Age-sensitive fertility patients looking for fast and reliable IVF services abroad.
- **Founder:** XXXXX

The Company will partner with the XXXXX, a Hong Kong-based chain of the fertility clinics, acting as the broker promoting its services in the UK



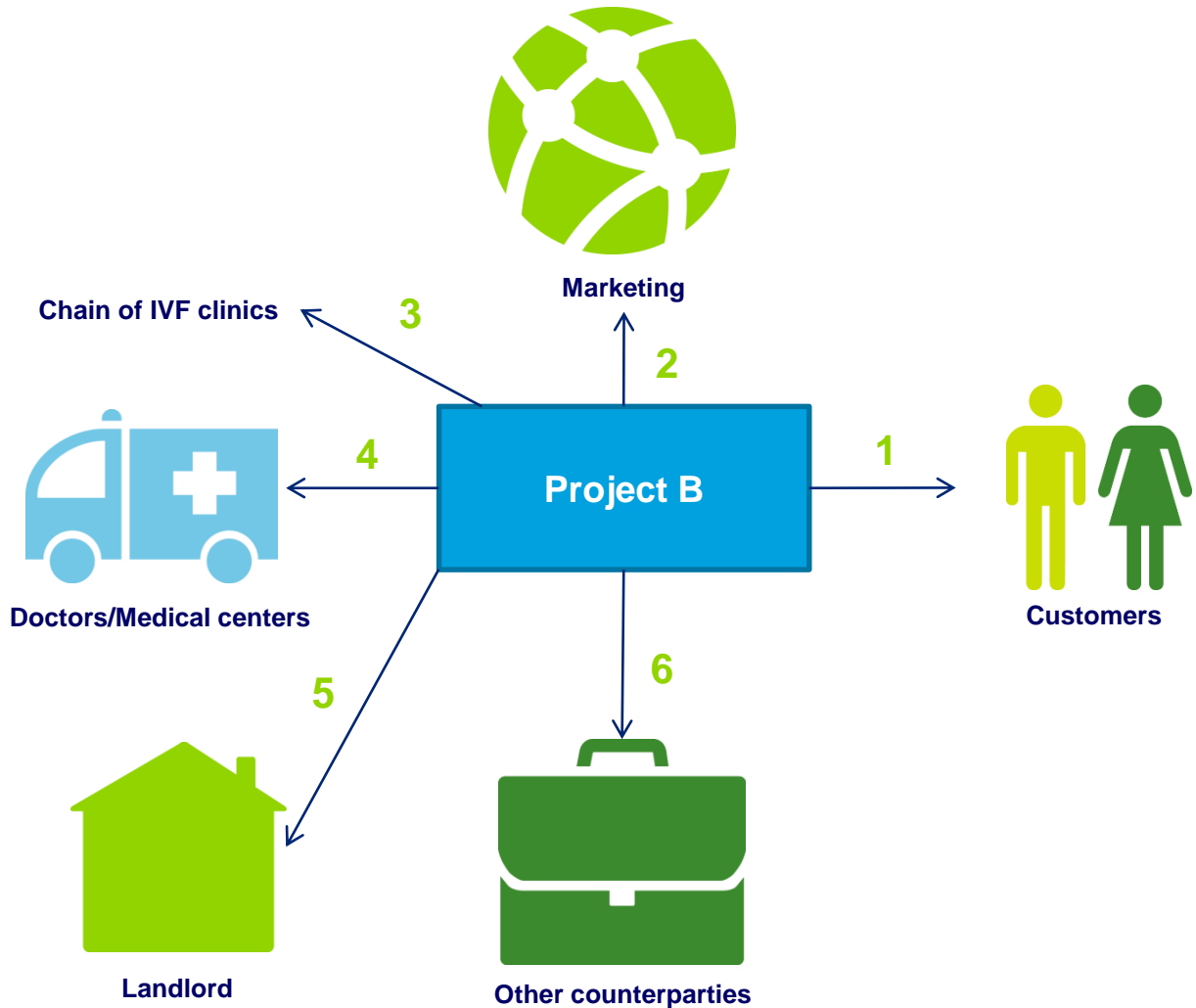
Description

- XXXXX is a chain of fertility clinics with branches in China and the USA specialising in IVF services
- Number of doctors: XXX
- Number of customer per year: XXX
- Treatments provided:
 - ✓ IVF/ICSI
 - ✓ IVM
 - ✓ Embryo Freezing
 - ✓ IVF/ICSI
 - ✓ Donor Eggs/Sperm
 - ✓ Surgical Sperm Retrieval
 - ✓ IUI/DI
 - ✓ PGD/PGS/CGH
 - ✓ Fertility Preservation
- In addition, the Beijing clinic also runs an OB and a pediatrics department apart from the main IVF portion, so patients could be seen by an OBGyn within the medical center after pregnancy is established and by a pediatrician once the baby is delivered

Achievements of XXXXX

- 5 years of experience in the fertility business
- High pregnancy rate (67.3%) compared to competitors (40-50%)
- High levels of customer satisfaction
- Global network of clinics

Key operational flows



Description
1. The Company will offer medical services to customers who are experiencing fertility problems
2. Marketing function will be outsourced to a reputable third party.
3. The key partner of the Company will be XXXXX, which will provide the IVF treatments.
4. The Company will cooperate closely with doctors (GPs and gynecologists) and medical institutions in the UK using them as source of customers. Customers will also be referred to doctors for initial screening and monitoring before the travel.
5. The Company will lease office premises in London
6. The Company will cooperate with different counterparties for supporting the operating activity, such as processing accounting services, cleaning, IT support, etc.

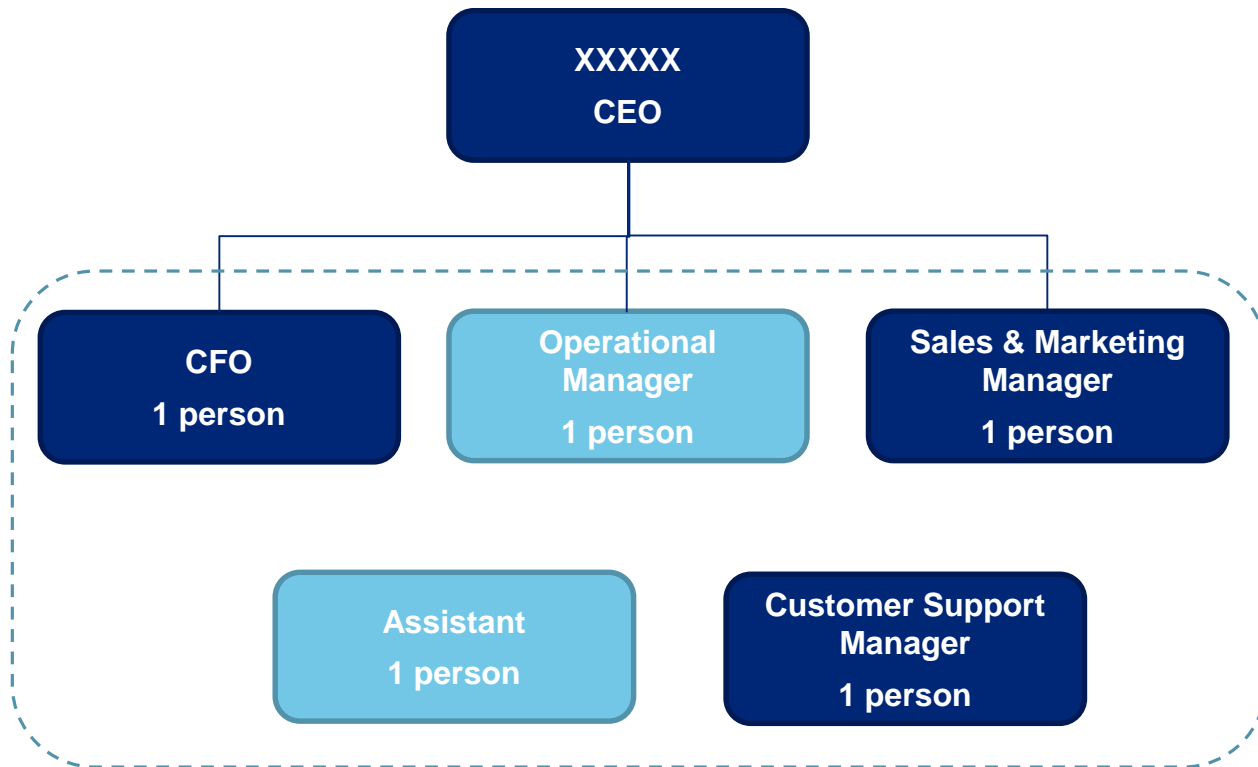
Further paths to development

Further paths to development:

- Organic growth - expanding number of customers
- Geographical development by opening new branches in other EU countries
- Service development by introduction of new services
- Vertical integration by opening the medical center focused on IVF treatment in London (long-term goal)



Organisational structure



- **Mission of the Company is to resolve infertility problems in the UK**

Mission

- To resolve infertility problems in the UK

Core Values

- Excellence
- Passion
- Leadership
- Quality

Goals

- To become a reputable broker in the field of fertility tourism in the UK
- To establish long-term and productive relationships with doctors (general practitioners and gynecologists) and health care institutions in the UK
- To expand the business into other EU countries in year 3
- To transform the business from a broker of IVF treatments to a health care provider in year 4
- To provide a thoroughly customized approach for each customer
- To maintain high pregnancy rate - 67.3% (benchmark 40-50%)
- To establish efficient processes that allow for the forming of customized medical tourist packages
- To bring exciting and cutting-edge Asian Pacific solutions to the UK market
- To hire 3 UK citizens in year 1
- To launch discrete clinic with focus on IVF treatments in 2019
- To achieve gross revenue - £3.75m in year 5
- To play a pro-active role in promoting IVF solutions
- To provide patient-centered customer care services throughout the process
- To expand the business into supplementary fields like OB and Pediatric treatments

Differentiate PFI Conception services and packages from those offered by competitors

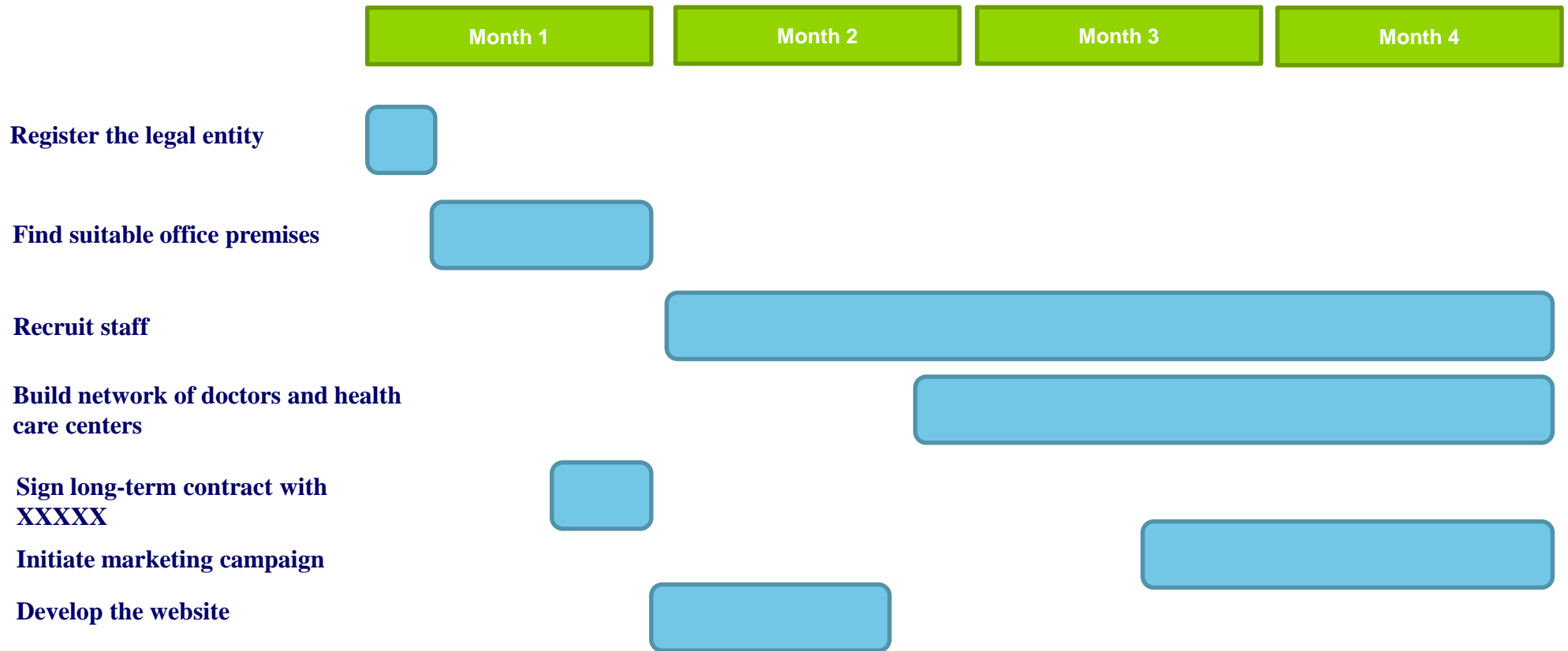
Management summary - strategy/objectives

List of actions

Description:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Differentiate services and packages from those offered by competitors • Provide high-quality services • Build brand awareness • Use management’s experience and network to build productive partner relationships • Innovative marketing • Build partnership • Achieve synergistic effect touching every aspect of operations • Whenever possible, be cost effective and efficient • Diversification (service/geographical development) • Be socially responsible in all business practices | <ul style="list-style-type: none"> • Recruit qualified and motivated staff • Build long-term relationship with XXXXX • Build network of doctors (GPs and gynecologists) working on referral bases • Cooperate only with service providers proven to be reliable • Improve processes continuously • Expand the business into other EU countries • Initiate online and offline marketing campaign • Regularly train partners and staff in latest processes and techniques • Outsource non-core activities to avoid unnecessary cost |
|--|--|

Road Map to business launch



The Company plans to launch its own fertility clinic in London in 2019

Functional structure of the Clinic

Medical Doctor team

Nursing team

Finance team

patient Coordinators Team

Embryologists team

Marketing team

Customer service team

Description

- The Company plans to launch its own fertility clinic in London in 2019 (feasible once the Company has reached 200 patients).
- **Size of investment:** GBP1m
- Leased **area of the clinic:** 5,000-9,000 sq. ft.
- **Key medical personnel:**
 - ✓ Doctor – 1 person
 - ✓ Embryologist - 1 person
 - ✓ Nurses – 5 persons

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The Company is implementing a penetration strategy that pursues the objective of quantity maximization by means of a low price

Pricing objectives

- Quality leadership
- Maximize quantity
- Revenue maximization

Pricing Strategy

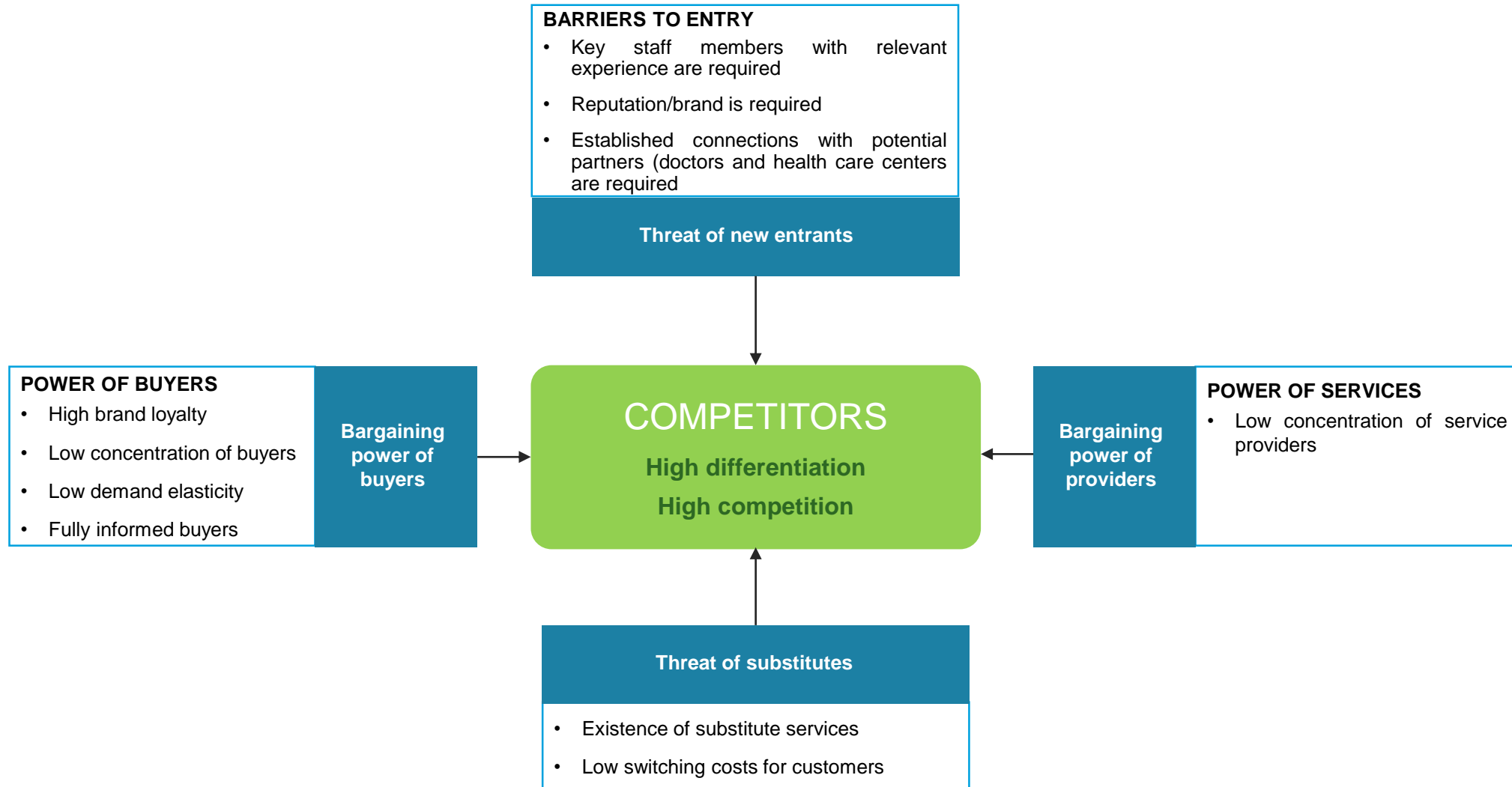
Penetration strategy

- Penetration strategy pursues the objective of quantity maximization by means of a medium price

Price Options

- Average price by touristic packages: GBP15,000 per IVF cycle

Medium barriers exist to entry into fertility tourism market



Fertility tourism in the UK has tremendous growth potential

Strengths

- High-quality and affordably priced services
- Founder's established industry network will help to attract a wide number of partners and doctors to the Business
- Available partnership with XXXXX guarantees one of the highest successful pregnancy rates in the world
- Ability to use the best practices of XXXXX, which will help establish a successful London clinic in 2019
- Founder's extensive experience will help the business grow and establish itself quickly in the UK market
- Founder brings substantial resources to the business
- Founder has experience running similar businesses
- Innovative marketing approach

Opportunities

- Fertility tourism in the UK has tremendous growth potential
- UK citizens have high amounts of disposable income
- Potential for further product/market development
- Potential for further service/market development
- Booming global medical tourism industry

Weaknesses

- Lack of brand awareness
- Start-up business
- Difficulties negotiating cultural differences and barriers between Asian and European countries

Threats

- High level of competition
- Large players on the market
- Possibility that large and recognisably branded competitors will further expand into the Asian market
- Availability of substitute products
- Price pressure may lead to further decreases in margins

The main marketing objective of the Business is to develop and maintain Project B brand awareness

Marketing Objectives

- To develop and maintain Project B brand awareness

Marketing Strategy

Differentiation

- Competitive advantage can be gained through a focus on the services that the Business offers that distinguish it from its competitors in terms of:
 - Quality
 - Customized services tailored to client requirements
 - Fair price

Marketing Make-up

- **Product:** To build a mark of identification associated with the Business, one that reflects a high quality standard and an excellent reputation
- **Price:** Fair and competitive
- **Promotion:** Due to specific character of the Business, the promotion will be made through both online and offline marketing methods
- **Place:** United Kingdom
- **People:** Experienced staff will be recruited

Marketing tools

Online/offline and offline advertising advertising

Social Networks

•**Purpose:** Social media will be used primarily as a attraction tool to create a communication channel with potential clients, to highlight the latest news, industry trends, and special offers.

•**Strategy:** Facebook fan pages, Twitter and blogs will be created with minimum of once-daily updates. This will have an added advantage of contributing to the overall SEO effort as well.

•**Keys to Success:** The keys to a successful social media launch include the following:

- ✓ Successful and aggressive initial friending/following campaign
- ✓ Ability to create compelling blog content
- ✓ Ability to find time to interact with users via Twitter and Facebook
- ✓ To launch display and video marketing campaign targeting relevant keywords to attract club-affiliated audience

Traditional marketing tools (TV, radio, and print media)

•**Purpose:** Leverage the allowance of advertising to attract clients at a competitive CPA.

•**Strategy:** Build marketing campaign based on communication with potential clients through advertising on TV, radio, and print media.

•**Keys to Success:** The keys to success for a successful traditional marketing campaign will include the following:

- ✓ Qualified/well-trained marketing personnel
- ✓ Proactive and creative marketing personnel
- ✓ Availability of resources to implement traditional marketing tools

SEO

•**Purpose:** To secure top search engine placement in Google, Bing, Yahoo in order to drive site traffic to the Company's website. SEO maximizes the visibility of the website via search engines.

•**Strategy:** A standard SEO strategy involving onsite optimization, link building and content generation will be employed. Selection of an outsourced SEO firm will be completed to manage this process.

•**Keys to Success:** The keys to a successful SEO launch include the following:

- ✓ Selection of a budget-appropriate but also upfront and effective SEO firm
- ✓ Focus on relevant keywords like "IVF", "fertility tourism", etc.

Google Adwords

•**Purpose:** To leverage the allowance of paid advertising on Google and to acquire direct leads at a competitive CPA for Project B

•**Strategy:** A standard AdWords strategy of identifying potential keywords and then whittling said keywords down to a profitable and manageable list, utilizing tests in ad copy. Landing page design and acquisition offer will be employed.

•**Keys to Success:** The keys to a successful Google AdWords launch include the following:

- ✓ Successful acceptance by Google
- ✓ Ability to quickly test and to respond to ad copy, landing page copy and acquisition offers
- ✓ Ability to track and to determine ROI and CPA of AdWords sign ups

Marketing tools

Industry offline marketing tools

- **Purpose:** to build brand awareness among targeted audience
- **Strategy:** active popularization of Project B among targeted audience through the following activities:
 - Participation in conferences focused on fertility tourism
 - Conducting presentations in health care facilities to medicine specialists (predominantly GPs and gynecologist)
 - Cooperation with non-governmental organisations focused on pregnancy problems
 - Building network of health care industry contacts
- **Keys to Success:** The keys to a successful traditional marketing campaign include the following:
 - ✓ Qualified/well-trained marketing personnel
 - ✓ Proactive and creative marketing personnel
 - ✓ Available resources for the offline marketing tools

Affiliate Partnerships via Networks

- **Purpose:** To drive new customers to Project B. This marketing method will link payments to affiliates to actual number of customers who take fertility tours. Key affiliate partners will be doctors and health care centers.
- **Strategy:** It would be preferable to start building an in-house affiliate system.
- **Keys to Success:** The keys to a successful affiliate launch will include the following:
 - ✓ Ability to provide attractive commercial terms to affiliate partners
 - ✓ Ability to smoothly and properly manage and pay affiliate partners
 - ✓ Ability to get affiliate partners to see the validity of the business model



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Assumptions used in the model

Revenue - Assumptions used in the model

Number of patients in year 1	50
Increase in number of patients per year	50
Average revenue generated per customer	15,000
Gross profit margin earned, %	20%

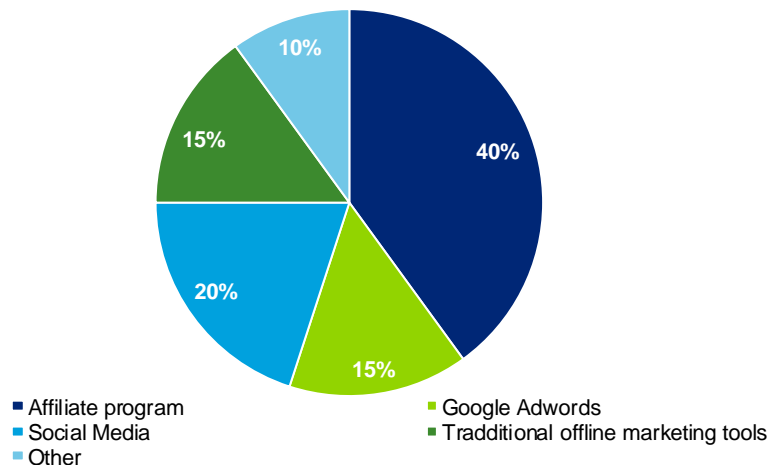
Source management information

Operating expenses - Assumptions used in the model

Rent costs, £	28,800
Utility, bills, cleaning, £	8,640
Rent costs, including the clinic in year 5, £	240,000
Utility, bills, cleaning, including the clinic in year 5, £	72,000
Website development, £	3,000
Marketing budget in year 1, £	30,000
Other expenses, £	5,000
Annual increase in marketing budget, %	20%
Annual increase in operating expenses	15%

Source management information

Structure of the marketing budget, %



Source: Management information

Staff costs

After launching the London clinic in 2019, the tourism segment will shift its focus to securing customers for the new clinic.

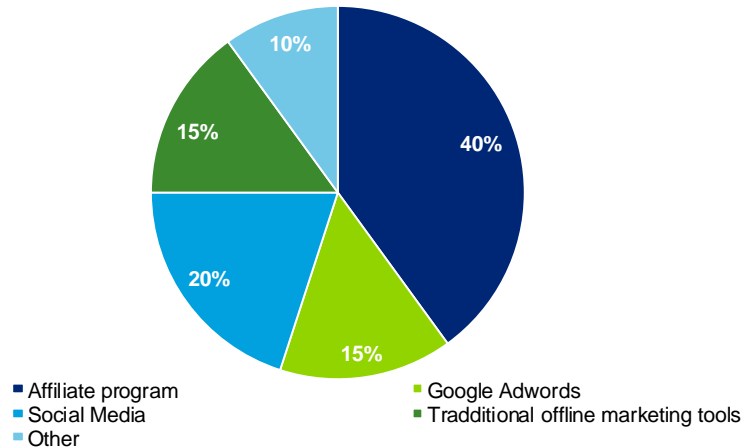
Staff costs, £

Position	Year 1		Year 2		Year 3		Year 4		Year 5	
	# of staff	Annual salary, £	# of staff	Annual salary, £	# of staff	Annual salary, £	# of staff	Annual salary, £	# of staff	Annual salary, £
Director	1	42,000	1	42,000	1	42,000	1	42,000	1	42,000
CFO	1	39,600	1	39,600	1	39,600	1	39,600	1	39,600
Medical tourism segment										
Marketing Manager	1	30,000	2	72,000	3	108,000	4	144,000	4	144,000
Customer Support Manager	1	27,000	1	30,000	2	60,000	3	90,000	3	90,000
Operational Manager	-	-	1	28,800	1	28,800	1	28,800	1	28,800
Assistant	-	-	1	24,000	1	24,000	1	24,000	1	24,000
Clinic segment										
Doctor	-	-	-	-	-	-	1	420,000	1	420,000
Embryologist	-	-	-	-	-	-	1	300,000	1	300,000
Nurses	-	-	-	-	-	-	5	330,000	5	330,000
Accountant	-	-	-	-	-	-	1	66,000	1	66,000
Assistant	-	-	-	-	-	-	1	36,000	1	36,000
Customer Support Manager	-	-	-	-	-	-	2	108,000	2	108,000
Total	4	138,600	7	236,400	9	302,400	22	1,628,400	22	1,628,400

Source management information

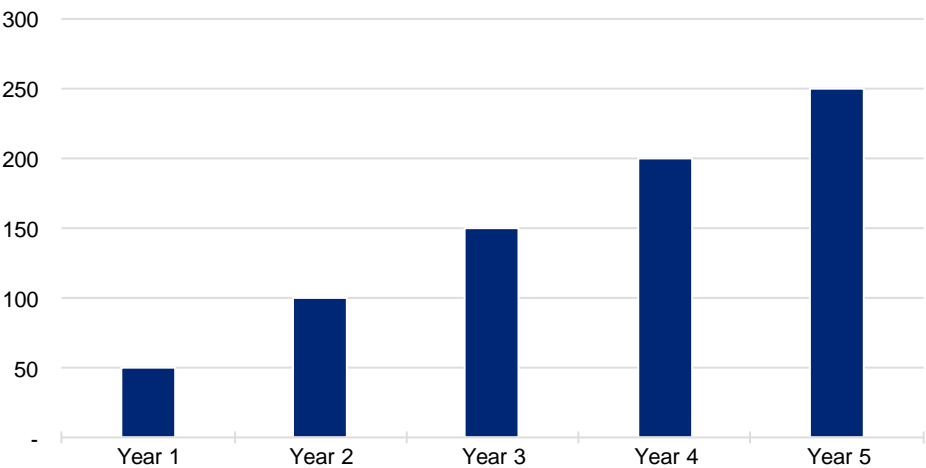
Sales/Expenses

Structure of the marketing budget, %



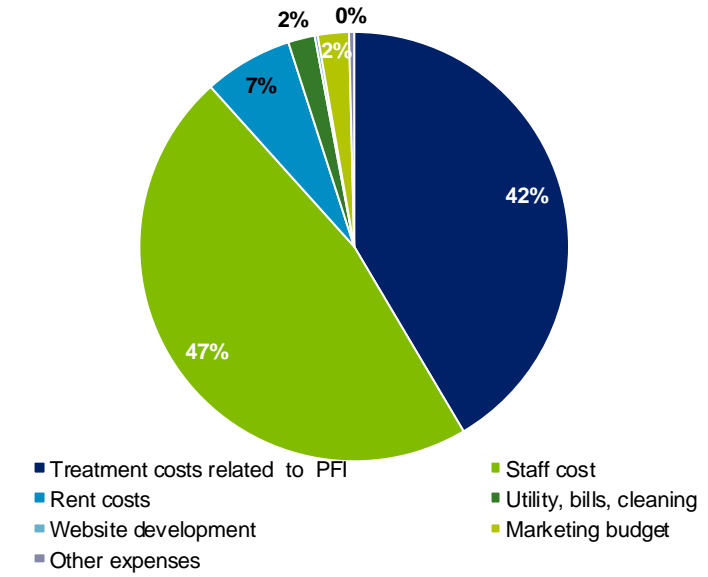
Source: Management information

Number of patients



Source: Management information

Structure of operating expenses, %



Source: Management information

The Company will become operationally profitable from year 3

Projected Profit and Loss account

£	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	750,000	1,500,000	2,250,000	3,000,000	3,750,000
Treatment costs related to PF	(600,000)	(1,200,000)	(1,800,000)	-	-
Gross profit	150,000	300,000	450,000	3,000,000	3,750,000
Operating expenses					
Staff cost	(138,600)	(236,400)	(302,400)	(1,628,400)	(1,628,400)
Rent costs	(28,800)	(33,120)	(38,088)	(240,000)	(240,000)
Utility, bills, cleaning	(8,640)	(9,936)	(11,426)	(72,000)	(72,000)
Website development	(3,000)	(3,450)	(3,968)	(4,563)	(5,247)
Marketing budget	(30,000)	(34,500)	(39,675)	(45,626)	(52,470)
Other expenses	(5,000)	(5,750)	(6,613)	(7,604)	(8,745)
Total expenses	(214,040)	(323,156)	(402,169)	(1,998,193)	(2,006,862)
EBITDA	(64,040)	(23,156)	47,831	1,001,807	1,743,138
Tax @ 20%	-	-	(9,566)	(200,361)	(348,628)
Net profit/(loss)	(64,040)	(23,156)	38,264	801,445	1,394,510
<i>EBITDA margin, %</i>	<i>-9%</i>	<i>-2%</i>	<i>2%</i>	<i>33%</i>	<i>46%</i>
<i>Net profit margin, %</i>	<i>-9%</i>	<i>-2%</i>	<i>2%</i>	<i>27%</i>	<i>37%</i>

Source management information

Starting from year 4, the Company will be transformed from a fertility tourism broker to a health care provider in London.

Payback period of the Business is 4.5 years

Projected 5 years Cash Flows

£	Year 1	Year 2	Year 3	Year 4	Year 5
Receipts & Disbursements					
Beginning cash	200,000	135,960	112,804	151,068	1,402,514
Receipts					
Revenue	750,000	1,500,000	2,250,000	3,000,000	3,750,000
Additional investments	-	-	-	1,000,000	-
Total receipts	750,000	1,500,000	2,250,000	4,000,000	3,750,000
Disbursements					
Refurmishment of leased premises	-	-	-	(150,000)	-
Equipment and furniture	-	-	-	(400,000)	-
Treatment costs related to PFI	(600,000)	(1,200,000)	(1,800,000)	-	-
Staff cost	(138,600)	(236,400)	(302,400)	(1,628,400)	(1,628,400)
Rent costs	(28,800)	(33,120)	(38,088)	(240,000)	(240,000)
Utility, bills, cleaning	(8,640)	(9,936)	(11,426)	(72,000)	(72,000)
Website development	(3,000)	(3,450)	(3,968)	(4,563)	(5,247)
Marketing budget	(30,000)	(34,500)	(39,675)	(45,626)	(52,470)
Other expenses	(5,000)	(5,750)	(6,613)	(7,604)	(8,745)
Tax @ 20%	-	-	(9,566)	(200,361)	(348,628)
Total Disbursements	(814,040)	(1,523,156)	(2,211,736)	(2,748,555)	(2,355,490)
Changes in Cash	(64,040)	(23,156)	38,264	1,251,445	1,394,510
Ending cash	135,960	112,804	151,068	1,402,514	2,797,024

Source: Management information

Key performance indicators

CF(1-5 years), £	2,597,024
NPV(1-5 years)*, £	1,177,339
IRR, %	49%
Payback period	4.5 years

*Discounted rate 3%

Source: Management information

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Founder Profile

XXXXXX



Position: Founder

E-mail:

Country of Current Residence:

Profile:

Experience

- XXXXXX
- XXXXXX
- XXXXXX
- XXXXXX
- XXXXXX

Education

- XXXXXX
- XXXXXX
- XXXXXX
- XXXXXX
- XXXXXX

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The founder, XXXXX, is seeking a Tier 1 (Entrepreneur) Visa for immigration into the UK. She is also planning to invest £200k into the business in year 1 and £1m in year 4

Initial investments, £

Item	Amount	Time schedule
Fertility tourism segment		
Payments to PFI for IVF treatments	85,000	Year 1
Marketing	15,000	Year 1
Staff costs	60,000	Year 1
Other	40,000	Year 1
Total:	200,000	
Clinic segment		
Refurbishment of leased premises	150,000	Year 4
Equipment and furniture	400,000	Year 4
Working capital	450,000	Year 4
Total:	1,000,000	
Grand total	1,200,000	

Source: Management information

