2012 Global Neuro-psychiatric Devices New Product Innovation Award

Frost & Sullivan’s Global Research Platform

Frost & Sullivan has over 50 years of expertise in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company’s research philosophy originates with the CEO’s 360 Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2012 Global New Product Innovation Award in Neuro-psychiatric Devices to Brainsway.

Significance of the New Product Innovation Award

Key Industry Challenges Addressed by New Product Innovation

The main challenges faced by the company in delivering a novel Deep Transcranial magnetic device for the treatment of various neurological and psychiatric conditions are; being able to stimulate deep brain regions, identifying the target region, patient safety and creating awareness among the medical professionals. The most important challenge is to being able to treat deep inside the brain and identifying the correct target region. In case of treatment methods such as electric shocks where the whole brain is targeted induces epileptic seizures. On the other hand, regular TMS equipment can get only to the superficial layers of the brain. So the challenge lies in being able to stimulate all the way into the deepest areas of the brain, where the sources for most brain disorders happen and identifying the correct region in the brain that is responsible for certain diseases and inducing the magnetic pulses in them. The second challenge is ensuring the patient safety and adhering to the patient safety standards. Providing a proper treatment method without causing any side effects is very crucial in determining the success or the acceptance of the product. The third biggest challenge is creating the awareness among the medical community about the new non-invasive treatment method. Drugs have been the standard treatment procedure for neurological & Psychiatric diseases like depression, bipolar disorders, Parkinson's and Alzheimer's diseases. It is quite challenging to convince the medical professionals with a completely out of box solution that can provide better results for the patients unless there is a strong clinical evidence. So any company that brings out an innovative solution that can address these challenges thoroughly deserves appreciation from the healthcare community.

Key Benchmarking Criteria for New Product Innovation Award

For the New Product Innovation Award, the following criteria were used to benchmark Brainsway’s performance against key competitors:
- Innovative Element of the Product
- Leverage Leading Edge Technologies in Product
- Value Added Features/Benefits
- Increased Customer ROI (small change)
- Customer Acquisition/Penetration Potential

**Decision Support Matrix and Measurement Criteria**

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies’ performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines shown in this Chart.

**Performance-Based Ratings for Decision Support Matrix**

This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.
Frost & Sullivan’s 10-Step Process for Identifying Award Recipients

**BEST PRACTICES RESEARCH**

Frost & Sullivan’s 10-Step Process for Identifying Award Recipients

1. **STEP 1** Analyze Industry Challenges and Opportunities
2. **STEP 2** Confirm Award Categories of Relevance and Importance
3. **STEP 3** Establish Award Criteria
4. **STEP 4** Develop Best Practice Research Instruments
5. **STEP 5** Conduct Best Practice Research with Industry Value Chain Players
6. **STEP 6** Attribute Relative Weights for Criteria
7. **STEP 7** Nominate Top 3 companies for award
8. **STEP 8** Determine ratings for each company across criteria
9. **STEP 9** Complete ratings for all criteria and companies
10. **STEP 10** Identify recipient company based on final weighted average rating

Best Practice Award Analysis for Brainsway

The Decision Support Matrix, shown in the Chart below, illustrates the relative importance of each criterion for the New Product Innovation Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

### Decision Support Matrix for New Product Innovation Award

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = lowest; 10 = highest)</th>
<th>Award Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Element of the Product</td>
<td>Leveraging Leading Edge Technologies in Product</td>
</tr>
<tr>
<td>Brainsway</td>
<td>9</td>
</tr>
<tr>
<td>Competitor 1</td>
<td>7</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>6</td>
</tr>
</tbody>
</table>

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“We Accelerate Growth”
Criterion 1: Innovative Element of the Product

Depression is a neuropsychiatric disorder that influences the emotions, physiological conditions and behavioral aspects of a person. It is a common and chronic condition that can negatively influence the quality of life. More than 12 percent of the American people suffer from depression during their lifetime. Drug therapy and electro-convulsive therapy (ECT) otherwise known as shock therapy are the two standard treatment procedures for depression. Brainsway’s deep Transcranial Magnetic Stimulation (dTMS) is the only innovative, non-invasive technique that can be used for treatment of depression and other neuro-psychiatric disorders. There are few other TMS devices in the market that can activate the brain surface cells. Brainsway’s deep TMS is the only device that can activate the brain cells in the deeper regions. The device is found to be effective than the other treatment methods. The device has obtained the CE mark for treating depression, bipolar disorder, schizophrenia, PTSD and Parkinson's disease and on the last starch of a multi-center trial for getting the FDA approval for treating depression and has received an IDE for starting another multi-center trial in bipolar disorder patients. Many other clinical studies are taking place around the world and showing very promising results for treating patients with: Alzheimer’s disease, Pain, Smoking Addiction, Autism, Multiple Sclerosis, ADD/ADHD, Drug Addictions, Tourette's Syndrome, Obesity, OCD, Macular Degeneration, Stroke Rehabilitation, opening the Blood-Brain-Barrier for drug delivery and other brain disorders.

Criterion 2: Leverage Leading Edge Technologies in Product

Transcranial Magnetic Stimulation also known as TMS is a non-invasive technique that applies magnetic pulses to the brain for the treatment of neurological or psychiatric disorders. The magnetic pulses are applied to the patient’s brain using an electromagnetic coil placed around the patient’s scalp. The magnetic impulses induce an electric potential in a targeted brain tissue. Localized action potentials are then created when the induced potential is above the threshold and thereby activating the neurons in the relative regions of brain. The regular TMS coils in the market activate the regions up to a depth of 1.5 cm. However for many conditions especially depression the brain region (limbic system) responsible for it is located deeper than 1.5 cm.

The innovative Brainsway deep TMS system is the only TMS system that allows direct non-invasive activation of deep brain cells. The system has unique magnetic coil design, which produces the magnetic pulses required to activate the deeper brain structures without causing any side effects and eliminating the need for anesthesia and hospitalization.

The deep TMS innovative technology was invented by Prof. Abraham Zangen and Dr. Yiftach Roth, who work for the company. The technology is patented by the National Institute of Health (NIH), which is exclusively licensed to this company, led by very experienced management team.
Criterion 3: Value Added Features/Benefits

In the conventional treatment methods (both drug therapy and ECT) the patients are prone to high risk of side effects. In case of drug therapy the main antidepressant drugs such as SSRI (selective serotonin reuptake inhibitors) and SNRI (serotonin and norepinephrine reuptake inhibitors) can affect the neurotransmitters such as dopamine. The ECT on the other hand directly threatens the patient life and typically has exhausting 12 to 20 treatment sessions, twice or thrice a week. The deep TMS system from Brainsway requires no hospitalization or anesthesia. During this procedure, the patient is seated on a chair and his head is placed comfortably on the head support. The H Coil is then placed on the patient’s head which delivers the magnetic pulses for a time period of 20 to 30 minutes 3 to 5 times a week for 4 weeks without any significant side effects.

Criterion 4: Increased Customer ROI (small change)

The novel deep TMS system has shown significant efficiency in the treatment of depression and many other neuro-psychiatric disorders and further clinical trials are being conducted in order to gather strong clinical evidence for this device. With the potential clinical applications in more than 10 to 15 different types of neuro-psychiatric disorders and the benefits offered to both patients and medical professionals will ensure a high return on investment (ROI) when compared to the other products in the market.
Criterion 5: Customer Acquisition/Penetration Potential

The company is looking forward to market in products in North America, Europe, Asia, South America, Australia and Israel. The company is focusing on the developed countries at first where the awareness about the neuro-psychiatric disorders is high. Furthermore the company has pilot sales in Italy, signed distribution agreement in Brazil and Chile and is looking forward to penetrate the emerging markets and rest of the world.

Conclusion

Brainsway’s deep Transcranial Magnetic Stimulation (TMS) is the only innovative, non-invasive technique that can be used for treatment of depression and other neuro-psychiatric disorders without causing any significant side effects. The system has shown high efficacy compared to the conventional treatment methods for depression and also the standard TMS systems that are currently used in the market. The key opinion leaders across Europe and United States are already using this device and the clinical evidence so far suggests that deep TMS system of Brainsway is highly efficient and is very promising for the treatment of neuro-psychiatric disorders.

The CEO 360 Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360 Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360 Degree Perspective™ is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360 Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in the Chart below, the following six-step process outlines how our researchers and consultants embed the CEO 360 Degree Perspective™ into their analyses and recommendations.
How the CEO's 360 Degree Perspective™ Model Directs Our Research
Critical Importance of TEAM Research

Frost & Sullivan’s TEAM Research methodology represents the analytical rigor of our research process. It offers a 360 degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan’s research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Benchmarking Performance with TEAM Research

Impact of New Product Innovation Award on Key Stakeholders

The New Product Innovation Award is a prestigious recognition of Brainsway’s accomplishments in the Neuro-psychiatric Devices Market. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating Brainsway’s growth. As captured in the Chart below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**
  Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

- **Customers**
  Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.
• **Employees**
  This Award represents the creativity and dedication of Brainsway’s executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for Brainsway.

**Best Practices Leverage for Growth Acceleration**

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**About Frost & Sullivan**

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company’s Growth Partnership Service provides the CEO and the CEO’s Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages over 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents.