



THE FUTURE IS CLEAR: INVISALIGN

Interview with Joe Hogan

PROORTHO: THIS YEAR MARKS ALIGN'S 20TH ANNIVERSARY IN BUSINESS...HOW DO YOU VIEW THE PROGRESS THE COMPANY HAS MADE IN THAT TIME?

HOGAN: Twenty years ago Align was founded on a simple premise: a piece of plastic can move teeth. People use words like "revolutionary" and "disruptive" to describe it. But I don't think anyone could have predicted what this company would become and the impact it would have on people – doctors and patients – around the world.

You think about where we are today and what we have done at Align in what is, in the history of orthodontics, a relatively short period of time. Invisalign aligners can be used to successfully treat almost every type of malocclusion, and more than 4 million patients have now started treatment with Invisalign. And that's globally – the strength of the Invisalign brand is worldwide, not just in North America. And it's taken hundreds of millions of dollars invested to build that. But we've invested even more than that in our technology and innovation – cumulatively, it's a billion dollars invested since Align was founded. We've built the world's biggest 3-D printing capabilities, one that is incredibly scalable and efficient from an operational standpoint. So after 20 years, a great deal of partnership with doctors, and a huge investment in technology and brand, we're in a great position with a really strong platform for future growth.

But I think the biggest and most rewarding change is in how orthodontists view Invisalign treatment and the confidence they have in what they

can achieve with our products. At the Orthodontic Summit this past November I had a doctor walk up to me and say, "Joe, you know you have to tell your team to quit comparing Invisalign to metal braces. You finish better, it's faster, and it's better for a patient from a dentition standpoint. You're better; quit apologizing for what you do. Just go out and state that you're better." He said, "They should be telling you or a patient why in the world you'd ever glue metal to someone's teeth, especially a teenager." I sat there with my mouth open. I know not every orthodontist feels that way, but that viewpoint is growing and it is tremendously gratifying to know that we are creating products that inspire that kind of confidence and passion in our customers.

PROORTHO: CAN YOU TALK ABOUT YOUR ANALOG VERSUS DIGITAL VIEW OF THE MARKET?

HOGAN: You know, the difference between Invisalign and traditional wires and brackets isn't really about plastic aligners vs. metal braces – it's about analog vs. digital in terms of the whole approach to treatment. With Invisalign treatment, we've been using all of the digital tools of the modern world to move teeth where you want them to go. Whether it's 3D design or 3D printing, digital scanning to digitize physical forms, data mining and complex algorithms, the internet, social media – over the last 20 years we've been harnessing all of these technologies in an end-to-end digital process. A digital process that delivers great outcomes, but also advantages in terms of treatment planning and

visualization and patient experience. So we've been describing it as metal vs. plastic, but that's not really accurate. The truth is that we've invented a digitized process for orthodontics and we believe you're going to pretty much just move teeth digitally within ten years.

Analog has lost every game in the last 20 years, and I think it will lose this one as well.

This is a digital world, it defines our age. It really does. So when you think about Invisalign versus braces, you're not making a choice between plastics and metal, you're making a choice between digital and analog. And analog has lost every game in the last 20 years, and I think it will lose this one as well. I'm not saying it will all be Invisalign treatment. There will be other companies out there offering clear aligner treatment – and they'll also be digitally based. So I think over the next two to three years doctors are going to have to make the choice to embrace the digital future or to keep one foot in the past.

PROORTHO: SO HOW DOES THIS FIT INTO OR SHAPE ALIGN'S VISION FOR THE FUTURE?

HOGAN: I think digital technology has the potential to make orthodontic treatment and straight teeth mainstream.



We know there are about 2.8 million case starts in North America each year. And while it amazes me that Invisalign, a product that offers convenience, aesthetics, comfort, straight teeth and so on, has just 14 percent of that market, there is something that amazed me even more when I started: there are 2.8 million orthodontics starts in North America a year, but there are actually 70-100 million people that need to have their teeth straightened. Either, you know, preserve dentition over time or from a functional or aesthetic standpoint. And a large part of our vision is making orthodontics truly available to those people. There is no way you can do that with a traditional practice model of putting wires and brackets on teeth – people just aren't going to do it. The only way to truly expand the market for orthodontics is through clear aligner therapy. That means building consumer awareness on an even greater level, products and treatment models at multiple price points for consumers and doctors, a digital approach to treatment, greater efficiency throughout the process. Those are all things we're working on,

and we're excited about the opportunities this brings for us and for the orthodontic industry. Will we get to those 70 – 100 million patients? Maybe not – but we can definitely get a lot more than 2.8 million. People want a great smile – we just have to figure out how to get it to them in a way that feeds their wants and needs.

PROORTHO: HOW DOES ALIGN STAY COMPETITIVE WITH NEW PRODUCTS ENTERING THE MARKET?

HOGAN: I think several things keep us competitive. One of those things is attitude – we're not fearful of competition, but we are realistic about the fact that competition will increase and the best thing we can do is stay focused on things that benefit our customers. First is our ongoing investment in R&D to continuously improve Invisalign and iTero technology – things like Invisalign G7 and the latest version of Invisalign Outcome Simulator for iTero. Second is our commitment to making treatment applicable and predictable for every patient possible. We've gone after specific

malocclusions over the last several years with open bite, deep bite, premolar extraction cases...but what will really be a game changer for orthodontists and their patients are the products coming for younger patients. We're really focusing on teen patients and younger patients, and in the near future, you'll see solutions for teen Class II cases and palatal expansion that take those treatment approaches into the digital age.

We're going to pair our continued investment in innovation with increased investment in consumer marketing and in connecting potential patients with Invisalign providers who are going to give them the treatment they want. These initiatives cover a lot of ground, from a big push in Invisalign Teen marketing to a new global Invisalign brand campaign to the next generation of Doc Locator, with improved analytics and filters for connecting consumers with providers. We're also focusing more on conversion – are the consumers who search for an Invisalign provider or contact Align for help finding a doctor actually getting Invisalign treatment? And if not, why not?

PROORTHO: YOU MADE A PRETTY CONTROVERSIAL MOVE TAKING A STAKE IN SMILEDIRECTCLUB AND SUPPLYING THEM WITH CLEAR ALIGNERS.

HOGAN: I know, it kicked off a lot of discussion about what Align's doing, why we would do that, why does that make sense, where's Align going? I know there is a lot of passion in the industry about this topic.

I think Kodak offers some valuable insight into what's happening with the SmileDirectClub model and why we can't afford to ignore it. Kodak is a great example of a company that seemed prepared for the shift from analog to digital, but still missed the way the market was headed (missed the emerging opportunity). Kodak saw the move to digital photography coming – they were years ahead of anyone else on that and they spent billions of dollars and hired the best digital imaging engineers to figure out how to make the shift. But they failed to understand that digital technology wouldn't just change photographic equipment and processes – it would change the entire environment. They were thinking only of professional photographers and how digital would

give them new or different tools. They weren't thinking of how consumers would embrace the technology and drive the way photographs are used.

We're really excited about what we're doing to connect more consumers to Invisalign providers this year.

What they missed is that photography is a means of communication, as we see today on Pinterest, Instagram, and other platforms. We take a photo on our phone today and you don't even have to send a word if you're somewhere, you just send a picture to someone. It's become mass communication – you're not usually trying to capture a perfect image. You're capturing and sharing a dozen things in the course of the day.

They missed that, they missed that the digital part was going to change their environment, they hung on to that same

distribution thought process that they had all along. They just thought digital was going to replace analog and it was all going to stay the same. We can't do that. That's why we decided to do the SmileDirectClub deal – because digital changes the model. Consumers can and will demand the accessibility and options that digital technology affords. In no way do I want to minimize the importance of our relationship with orthodontists and their role in treatment. But we all need to realize that our world is changing and get in front of how it impacts this industry and where it creates new opportunities and markets for all of us.

And that's what we have to figure out – how do all of these things fit together? How to we identify and pull together the emerging opportunities for Align and for our customers? We have a chance to help shape this model and how consumers and Invisalign customers can benefit from it. That's why we took a 17 percent stake in the SmileDirectClub business and a seat on the board. We don't have control, but we have a voice. And I think it is really important that Align, the company that created the clear aligner business and has valuable relationships with orthodontists and the industry, has a voice in this.



SmileDirectClub isn't clinically focused, they don't have R&D and clinical research and university relationships and all of the insight and lessons learned that we bring to the table. And you want someone with those insights involved in this.

PROORTHO: HOW IS THE SMILEDIRECTCLUB RELATIONSHIP WORKING SO FAR?

HOGAN: We've been learning a lot about SmileDirectClub and this emerging market for treatment since we announced the supplier relationship last July. One of the things we absolutely believe is that SmileDirectClub is not a market detractor, and they're not really competing with Invisalign providers. Remember, SmileDirectClub is offering a maximum of 20 aligners, no attachments, no IPR, no SmartTrack material. Those are all features and innovations we reserve for Invisalign clear aligners through Invisalign providers. And as recently as a month ago, even with increased marketing by SmileDirectClub and growing awareness among consumers, we found that there is less than a 4 percent overlap between the minor tooth movement protocol that SmileDirectClub follows and Invisalign cases. That confirms to us that SmileDirectClub is reaching a different type of consumer.

Those consumers are concerned with price, they're focused on convenience – and some of them are in rural areas where there isn't an orthodontist nearby. That's not something many of us think about. And we've learned there are a reasonable number of SmileDirectClub patients coming to SmileDirectClub because they were either told they weren't a candidate for Invisalign aligners and were offered braces instead, or they were quoted a price that they can't afford – but they still want straighter teeth with clear aligners. They are highly motivated, but they want treatment on their terms.

And that impacts how we help turn referrals from SmileDirectClub into Invisalign patients. One of the most important parts of our deal with SmileDirectClub is that cases outside of

their protocol get referred to an Invisalign provider. And that's happening. But we know now that it's not effective to just send those consumers to the Invisalign Doc Locator. Those consumers were really interested in improving their smile with clear aligners – they went through the photos and the impressions and they've been told "you don't qualify for SmileDirectClub," so right off the bat we need to convince them to try again within a doctor's office. Some of the things we learned are if they can't get in to see a doctor right away, they don't want to go. If the doctor is going to charge a consultation fee for them to come in, they don't want to go. This is a different type of patient – cost, convenience are important to them, but so is a doctor that says "you want clear aligner treatment, let's figure out how to make this work for you with minimal hassle."

SmileDirectClub could not exist without Invisalign treatment and the technology that makes digital treatment with aligners possible. We created a brand that resonates with consumers and that they really want. Those consumers are opportunities – certainly for a doctor-directed, at home treatment model where they can get a lower cost option. But they're also opportunities for orthodontists to get a new referral stream, especially if together we can determine how to best address the wants and needs of that type of potential patient.

PROORTHO: WHY WILL ORTHODONTISTS WANT TO USE INVISALIGN MORE IN 2017?

HOGAN: There are three things that are really important for us in terms of our ortho customers: great outcomes for the broadest possible range of patients; treatment that is good for your practice's bottom line; and best possible patient experience. We'll continue to invest in products and research that further those priorities. I talked about our focus on teen treatment and solutions that are coming for younger patients. At the end of last year, we released Invisalign G7 to

help you fine-tune treatment outcomes, especially for teens. With the support and recommendation of our North America Clinical Advisory Board, we announced a recommendation for weekly aligner changes to reduce treatment time up to 50 percent and to improve the efficiency of treatment for the doctor and give patients a shorter – and therefore better – overall treatment experience.

And we're really excited about what we're doing to connect more consumers to Invisalign providers this year. We're launching the next generation of Invisalign branding with the "Made to Move" campaign, we're going after teens in a big way, and we're focusing on improving consumer programs with a lot of great updates to Invisalign Doc Locator and a patient concierge service to help with appointment scheduling. No other company does more to bring new patients to Invisalign practices, and we've got a lot of new programs to build on that benefit launching this year.

PROORTHO: FINALLY, WHAT'S THE TAKE-AWAY AFTER THESE FIRST TWO YEARS WITH ALIGN?

HOGAN: I joined Align because of the huge opportunity to grow the market, capture a greater share of that market, expand internationally, etc. And I'm as excited as ever about those opportunities. But what I love is that this industry is purposeful. It's really unbelievable how much more confidence people exude with a beautiful smile, a smile they're proud of. And in this world of social media, where everyday images are put on Facebook or Twitter and live forever online, people are so much more self-conscious about their smile and their looks. Certainly, more than they ever were when I was growing up. So this is about more than health. Orthodontists help break down this barrier that people have about how they look and how they smile and how they can express their feelings. It's a wonderful purpose, and I'm really glad that we're a part of that. ☺