



ev3's Strategic Planning and Alignment Process

"Doing the Right Things.... Right"

**Dave Mowry, President Neurovascular Division
Irvine California**

Level Setting

A Brief History of ev3

- Venture Funded Minneapolis MN Start-up, founded in 2000
- Founders – Group of disempowered / disgruntled Medical Device Professionals
 - *“Wanted to Created a Place where everyone could make a difference”*
- Business Model → Acquire & Develop products specifically for unmet needs
 - Cardiovascular,
 - Peripheral Vascular, and
 - Neurovascular

} 3 Endovascular Markets = EV3
- Re-focused & Dedicated to the underserved PV and NV Markets in 2003
- Growth fueled by a steady flow of Organic Development & Acquisition
 - Microvena (Minneapolis, MN) - 2003
 - *MTI (Irvine, CA) - 2005*
 - FoxHollow Technologies (Redwood City, CA) - 2007
 - Chestnut Medical Technologies (Menlo Park, CA) - 2009

Our Strategic Planning Efforts were retooled in 2008 at a pivotal point in our company's existence

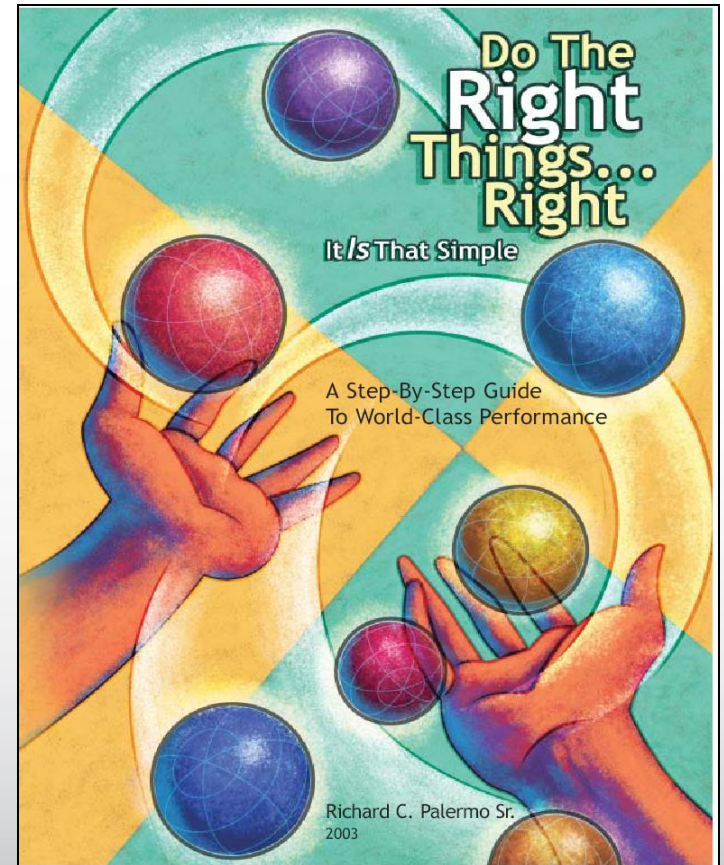
ev3 in early 2008

- On the end of a tough M&A integration
- Unrealistic goals & inconsistent performance
- Reactive, “Fire-fighting” culture
- Lack of external credibility
- Unsatisfied Constituents
 - Customers
 - Employees, and
 - Shareholders



Enter a Man and a Vision

- **Bob Palmisano, CEO**
- **HPMS – High Performance Management System**
 - A single page strategic plan.....
 - Aligns resources to “Vital Few” Initiatives
 - integrates Corporate Priorities with Individual



What is the High Performance Management System and how does it fit within Strategic Planning?



The integrated process by which a company involves and aligns its employees in accomplishing the goals and objectives of the organization.

The HPMS is built on Shared Values – The Values selected are designed to transform the organization

Customer 1st

Customer needs are understood and considered in every decision. We ensure every customer contact, both internal and external, is accurate, respectful, prompt and meaningful.

Empowerment

We establish clear objectives, surround ourselves with talented people, and then get out of their way.

Accountability

We say what we will do, and do what we say. We reach agreements and hold each other equally accountable.

Teamwork

We achieve results through open collaboration where the talents of each team member enable the greater success of the team.

Candor

We express our honest intentions in everything we do.

Sense of Urgency

The Vital Few programs are our top priority; we reject complacency, embrace change and courageously confront obstacles to deliver on-time results.

Continuous Process Improvement

We seek to continually increase our efficiency by following a disciplined approach to assess and improve our business processes; we seek breakthrough improvements and Best in Class performance.

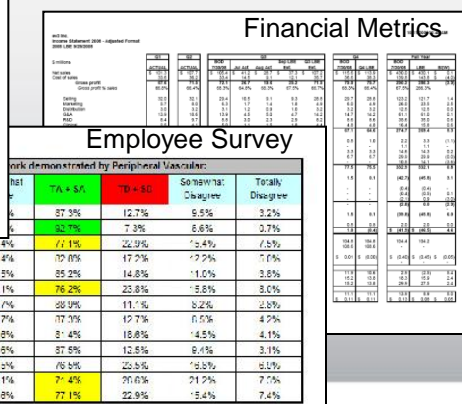
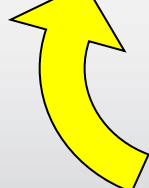
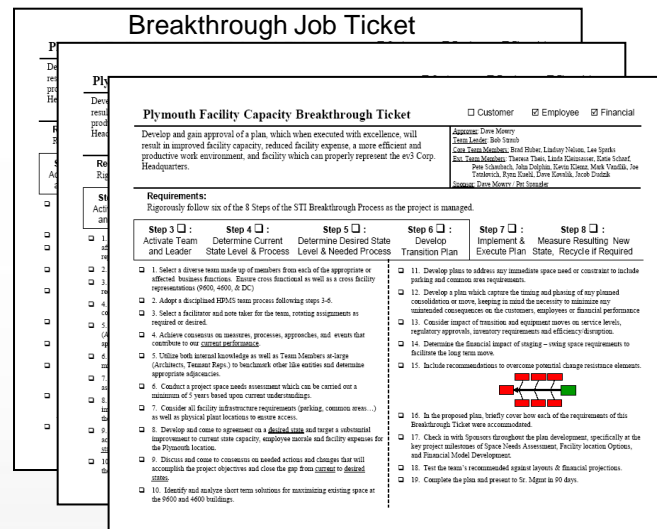
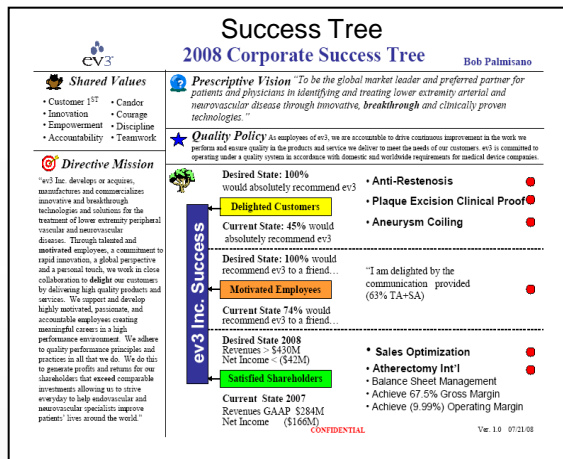
... and focuses on delivering value to the company's three constituents in a balanced scorecard approach.



The Success Cycle

Strategic Alignment

Execution of Strategic Objectives



Data-Driven Decisions

HPMS Strategic Planning Process Overview

Step 1: Determining Current State - Where are we today?

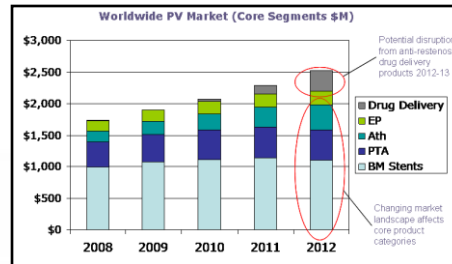
ev3 Inc. Success

Delighted Customers

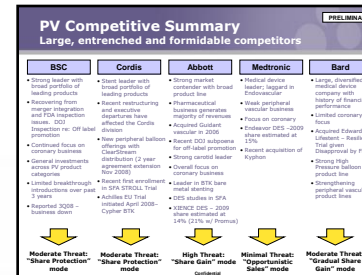
Motivated Employees

Satisfied Shareholders

Market Model



Competitive Summaries



Customer Survey



Employee Survey

People Perception & Tenure

I am delighted by the expansion and teamwork demonstrated by Peripheral Vascular:

Department	Total Agree	Somewhat Agree	Disagree	Total Disagree
Clinical Affairs	31.6%	58.3%	10.1%	3.2%
Medical Affairs	35.6%	56.2%	7.3%	2.7%
IV - Finance	24.6%	53.4%	17.1%	7.5%
PV - Human Resources	37.7%	50.4%	10.8%	1.6%
Physical/Mfg Operations	32.7%	54.5%	15.2%	3.8%
PV Marketing	25.1%	51.1%	16.2%	3.0%
IV - Law	34.7%	54.7%	11.1%	2.9%
Physical/Mfg Planning	27.7%	53.7%	17.7%	4.7%
PV - Sales Development	29.6%	51.6%	18.6%	4.1%
PV Regulatory	35.6%	51.6%	12.6%	3.1%
IV - Research & Development	27.1%	49.1%	16.1%	5.0%
IVSP - Sales	17.4%	53.1%	20.0%	7.5%
PV - Sales Support	22.6%	54.6%	22.6%	7.4%

Financial Summaries

Timing

2X Year
Spring / Fall

HPMS Strategic Process Overview

Step 2: Setting the Desired State - Where do we want to go?

Company Vision: To be recognized as the best ...

ev3 Inc. Success

Delighted Customers

Current State

___% would recommend us to their peers and colleagues

Desired State

100% would recommend us to their peers and colleagues

Motivated Employees

Current State

___% would recommend us to their peers and colleagues

Desired State

100% would recommend us to their peers and colleagues

Satisfied Shareholders

Current State

Revenues
Gross Margin
Profit
Balance Sheet

Desired State

Revenue Growth
Gross Margin Improvement
Increased Profit
Increased Cash Flow

Timing

2X Year
Spring / Fall



Your endovascular company.™

HPMS Strategic Process Overview

Step 3: Building our Plan - How will we get there?



Selection

Resource Assessment

Sequencing

Opportunity Tracker

Project Opportunity Tracker															
Project Details		Summary Data													
Project Name	Category	Status	Priority	Owner	Start Date	End Date	Due Date	Progress %	Next Action	Assigned To	Assigned Date	Completed Date	Review Date	Notes	
Project A	Category A	In Progress	High	John Doe	2023-01-01	2023-03-31	2023-03-31	75%	Review progress	John Doe	2023-01-01	2023-03-31	2023-03-31	Review progress	Project A is on track.
Project B	Category B	On Hold	Medium	Jane Smith	2023-02-01	2023-04-30	2023-04-30	20%	Review progress	Jane Smith	2023-02-01	2023-04-30	2023-04-30	Review progress	Project B is on hold.
Project C	Category C	Completed	Low	Mike Johnson	2023-03-01	2023-05-31	2023-05-31	100%	Review progress	Mike Johnson	2023-03-01	2023-05-31	2023-05-31	Review progress	Project C is completed.
Project D	Category D	In Progress	High	Sarah Lee	2023-04-01	2023-06-30	2023-06-30	50%	Review progress	Sarah Lee	2023-04-01	2023-06-30	2023-06-30	Review progress	Project D is on track.
Project E	Category E	On Hold	Medium	David Kim	2023-05-01	2023-07-31	2023-07-31	10%	Review progress	David Kim	2023-05-01	2023-07-31	2023-07-31	Review progress	Project E is on hold.
Project F	Category F	Completed	Low	Emily White	2023-06-01	2023-08-31	2023-08-31	100%	Review progress	Emily White	2023-06-01	2023-08-31	2023-08-31	Review progress	Project F is completed.
Project G	Category G	In Progress	High	Chris Brown	2023-07-01	2023-09-30	2023-09-30	60%	Review progress	Chris Brown	2023-07-01	2023-09-30	2023-09-30	Review progress	Project G is on track.
Project H	Category H	On Hold	Medium	Alex Green	2023-08-01	2023-10-31	2023-10-31	30%	Review progress	Alex Green	2023-08-01	2023-10-31	2023-10-31	Review progress	Project H is on hold.
Project I	Category I	Completed	Low	Mia Black	2023-09-01	2023-11-30	2023-11-30	100%	Review progress	Mia Black	2023-09-01	2023-11-30	2023-11-30	Review progress	Project I is completed.
Project J	Category J	In Progress	High	Noah Grey	2023-10-01	2023-12-31	2023-12-31	40%	Review progress	Noah Grey	2023-10-01	2023-12-31	2023-12-31	Review progress	Project J is on track.

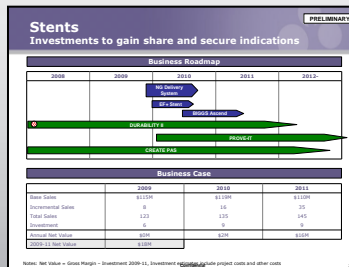
Opportunity Form

[illegible]

Resource Model

[illegible]

Business Roadmap



Timing

2X Year\ Spring / Fall

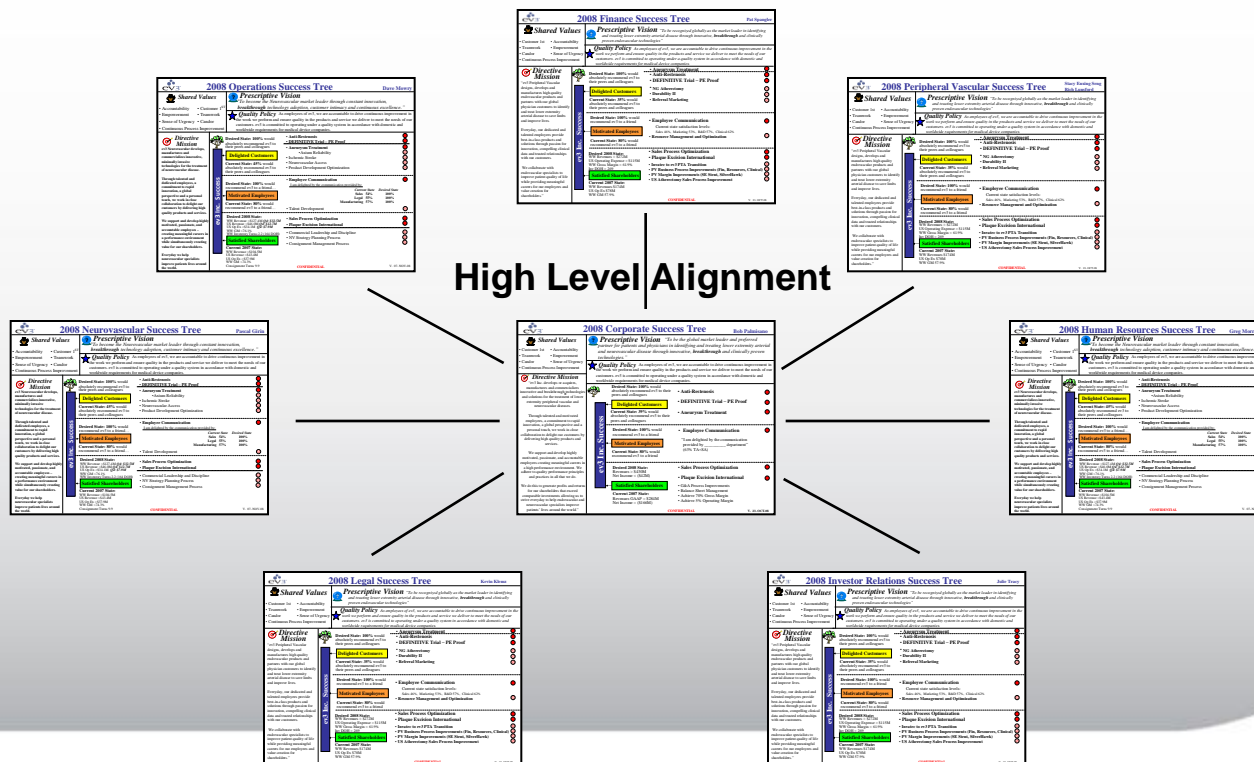
HPMS Strategic Process Overview

Step 4: Aligning our resources to the plan

Consolidated Portfolio and Financial Models

SM Stents	Position	774	865	915	987	1,069	1,109	1,137	1,098	3%
	Market Size	5%	7%	9%	11%	11%	12%	13%	14%	
	Share	37.7	63.5	86.0	106.3	122.6	135.4	145.6	151.9	9%
	Revenue		68%	36%	24%	15%	10%	8%	4%	
	Growth									
Balloons	Position	338	348	359	401	441	477	491	488	5%
	Market Size	1%	3%	4%	5%	4%	5%	6%	7%	
	Share	4.5	11.6	16.4	20.6	19.5	22.3	29.4	34.4	14%
	Revenue		168%	42%	26%	-29%	44%	32%	17%	
	Growth									
Embolic Protection	Position	145	158	162	167	181	189	204	210	6%
	Market Size	4%	10%	14%	15%	14%	15%	15%	15%	
	Share	6.1	16.3	22.7	24.2	26.0	29.1	30.5	32.0	7%
	Revenue									
	Growth		166%	39%	7%	7%	12%	5%	5%	
Thrombectomy	Position	109	110	120	124	131	134	142	147	4%
	Market Size	6%	5%	3%	3%	1%	0%	0%	0%	
	Share	6.5	5.0	3.3	3.3	0.8	0.8	0.5	0.4	-40%
	Revenue		-23%	-34%	1%	-77%	-24%	-12%	-17%	
	Growth									

	Projections			Industry Comparison			
	2008	2009	2010	HG	MT	LCC	All
Revenue	\$220M	\$280M	\$340M	\$337M	\$143M	\$6.1B	\$337M
Gross margin	67%	70%	73%	69%	72%	71%	69%
SG&A	55%	52%	47%	46%	55%	36%	39%
R&D	13%	13%	13%	9%	13%	12%	11%
Operating margin	(10%)	1%	10%	17%	(9%)	20%	16%
Revenue growth	51%	10%	18%	21%	29%	11%	19%
EPS	(\$0.10)	\$0.14	\$0.75	-	-	-	-



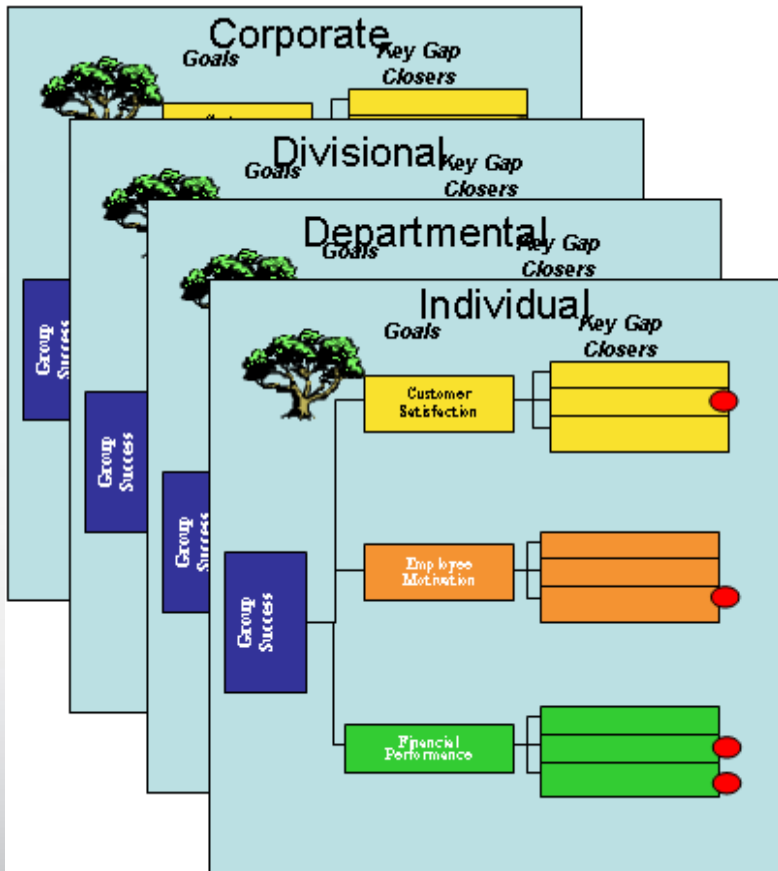
Timing

2x Year
Winter / Summer

HPMS Strategic Process Overview

Step 5: Implement our plan & connecting the organization

Success Tree Cascade



MBOs

MONITORING BY OBJECTIVES					
OBJECTIVE	PERFORMED INDICATOR	RESULTS ACHIEVED	REPORTING OF RESULTS	MEASURED PERIOD, AND	
Develop a comprehensive and practical strategic planning for long-term results (2 – 5+ year) (“plan”) (Performance/Management)	Management and management planning strategy, including budget, for each business division based on the vision of Corporation.	Management and management planning strategy, including budget, for each business division based on the vision of Corporation.	Period: calendar quarter Frequency: once a quarter Comments on the quality of management and the actual results achieved	Performance/Management Calendar quarter based on the last day of the quarter	
1. Develop B.S.					
1	100.00%	100.00%		0	
2					
3					
4					
5	100.00%	100.00%		0	
1. Develop B.S.					
1					
2					
3					
4	100.00%	100.00%		0	

Job Tickets

[illegible]

Budgets

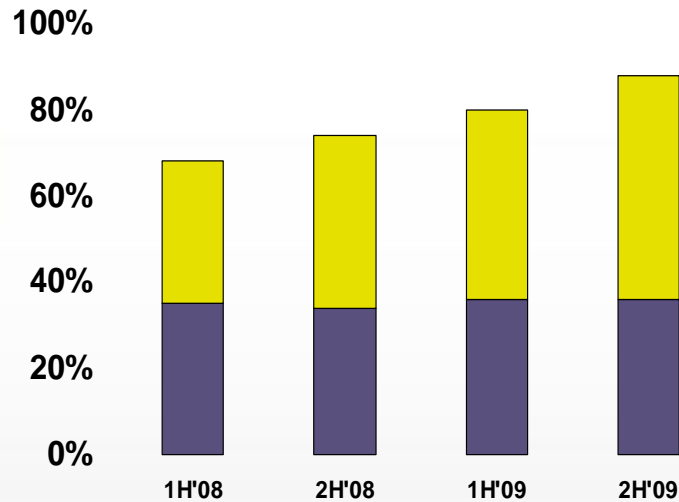
[illegible]

Timing

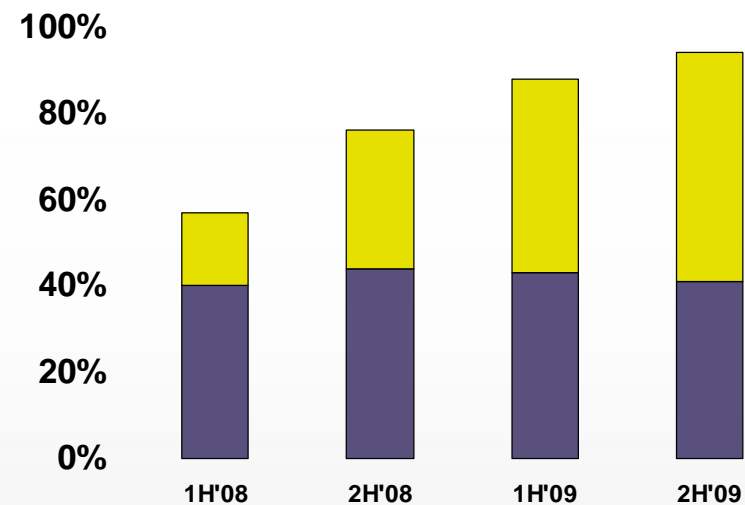
Ongoing

We have realized a significant turnaround in all three constituent groups

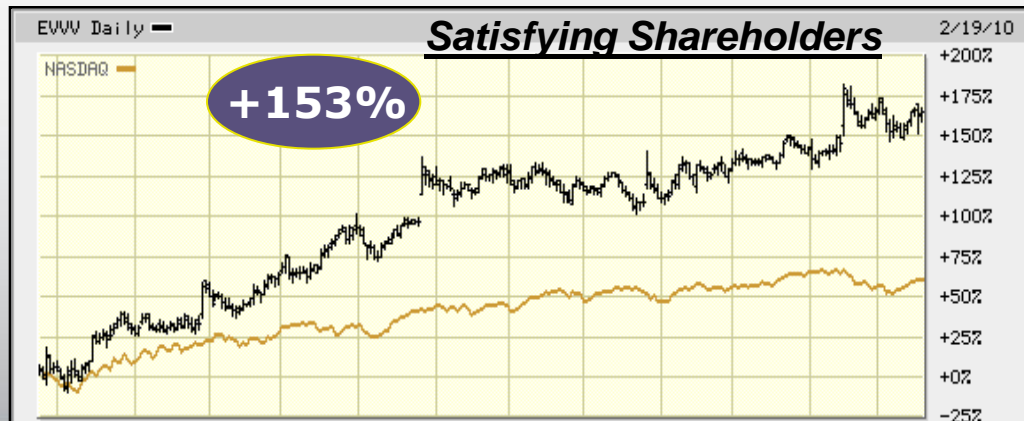
Increasing Employee Motivation



Increasing Delighted Customers



Satisfying Shareholders



Key Lessons and Experiences with HPMS

- It takes time
- The journey is littered with obstacles
- Stay true to the system
- Celebrate the small victories
- Commitment comes for the Top
- Invest in HPMS / Strategic Alignment whenever possible
- Perfection is your enemy

