

Less Expensive Implant Supplier Eats into Nobel Biocare's and Straumann's Business

The big Dental Implant producers raised the prices every year. Now, more and more dentists are giving a chance to the Discounter Implant Direct.

Dr. Umberto Schläpfer owns one of the big practices in Zurich. Five other dentists work with him in his practice. He has been doing Dental implants, titanium screws that become the base for a new tooth, for nearly 20 years. Recently, besides the products of the two major Swiss manufacturers, he started to use implants from the US Company, Implant Direct. Asked why, Dr. Schläpfer stated "I know the manufacturing costs of a renowned provider. They cost only a few Francs for the implant. The margins (of the big companies) are exorbitant."

For many years the price strategy of the market leaders Nobel Biocare and Straumann was that there were constant increases where nothing was improved. A screw costs almost 300 CHF and more, additional parts have to be paid also. Price conscious patients had to go to one of the numerous unknown and inexperienced suppliers, often abroad.

Prosthesis at 20% reduced rate

Thanks to the American discounter Implant Direct, the quality conscious Swiss dentists are slowly venturing into inexpensive alternatives for their patients. The consumer oriented "Swiss Implant Foundation" calculates costs between 3000 CHF and 4500 CHF for a single tooth treatment. The experienced Zurich dentist Dr. Robert Levy explains: "With an uncomplicated case, the price difference for the material can amount from 400 CHF to 500 CHF. If you work together with a good Swiss lab, considerable savings will result for the patient. Some patients can, thanks to this reduction, say yes to the implant. The University of Bern professor Daniel Buser is an authority in the area of the dental implant surgery. He points out the missing studies and long time experience with Implant Direct products. Buser admits being a long-time user of Straumann because Straumann provides the necessary documentation. These studies have been carried out partly in the University of Bern, with financial support of Straumann. The analyst for ManTech, Daniel Jelovcan, does not think that less expensive suppliers like Implant Direct will have an impact. His experience is that "dentists are loyal to brands." Especially in Switzerland, the price as an argument for an implant will hardly receive great importance" argues Jelovcan. "The patients prefer the quality of a Swiss supplier and are willing to pay more for this." However, the sales figures of the newcomer prove differently. Implant Direct has been active in the market since 2006 and could sell about 200,000 implants in the USA and in Europe last year. The turnover in 2008 was still relatively small with about 25 million dollars, but in contrast to the established players it also grew in 2009 rapidly. "Plus 70% in the first quarter compared to the last year's quarter", reports Stefan Vogt, executive director and partner of Implant Direct Europe.

A survey among Swiss dentists, conducted by Implant Direct, points to the fact that based on the assumption of high quality, the costs for an implant are a very important subject. Dr. Stefano Giudici leads a big dental practice in the heart of Zurich. He routinely places implants on a daily basis. With an increase in the number his dental implant suppliers, he also reacts to the price policy of the market leaders. "I can no longer accept constant price increases for products that have been on the market for years. That's why it is necessary to have a supplier that offers a generic alternative", says Dr. Giudici and adds: "Price increases can only be justified by really innovative products".

Dr. Levy also criticizes so called "product innovations" of the market leaders. "The newer products very often cost substantially more but offer only limited value to the patient. There seems to be an obvious compulsion to innovation with the stock listed companies."

SPARE PARTS WILL BE NEEDED YEARS LATER

Dr. Umberto Schläpfer summarizes for himself: "when a company like Straumann raises prices for products that during the last 20 years were practically unchanged, it does not have to be surprised that people are looking for alternatives." Implant Direct receives a chance at Dr. Schläpfer's practice because he also believes that due to the product liability and risk to its reputation, a US manufacturer cannot afford to bring a low quality product to the market.

Dr. Schläpfer warns of inserting some unknown cheap product. "There are plenty of cheap implants on the market, like sand in the sea. Many of them are not bad. But when the patient in some years will encounter a problem with those products, very often the necessary instruments and replacement parts are missing."

Seasoned sales person

The Fat Margins Lure

The very self-confident founder and owner of Implant Direct, Dr. Gerald Niznick, is one of most controversial people in the Dental Implant Industry. The 66 years old Canadian possesses huge academic and entrepreneurial skills. His first Dental Implant Company Paragon was sold by him in 2001 to Sulzer Medica. This Winterthurer Company was acquired in 2003 by the US-Medtech company, Zimmer, which is still running the dental business. Niznick bought parts of his old company back and since 2006 is on the market with Implant Direct. The outstanding sales person that he is, is aiming to attack the fat margins of the big companies with a "low-cost" business model." He states that "These companies are still able to generate 20% of profits even in times of economic decline. Furthermore, they spent 40% of their income on marketing." Niznick's simplified implant systems copy Nobel Biocare and Straumann mercilessly, without infringing their patents. The savings come from reductions in sales force, marketing and research.