



**Sample materials:  
New markets identification for  
outpatient providers**

# New Markets Identification: Process Overview

Illustrative case follows

Phase	Phase 1: Markets Identification & Prioritization	Phase 2: Markets Diligence and Decision	Phase 3: Market Offer & Approach
<b>Key goal</b>	<ul style="list-style-type: none"><li>• Identify and organize top new potential markets into an effective framework</li></ul>	<ul style="list-style-type: none"><li>• Select new market(s) to enter through rigorous, quantifiable sizing analysis</li></ul>	<ul style="list-style-type: none"><li>• Enter new market(s) with clear offers &amp; GTM models</li></ul>
<b>Key outputs</b>	<ul style="list-style-type: none"><li>• List of potential new markets</li></ul>	<ul style="list-style-type: none"><li>• Clear recommendation on top new market(s) to enter</li></ul>	<ul style="list-style-type: none"><li>• Potential offers &amp; GTM models for new markets</li></ul>
<b>Key activities</b>	<ul style="list-style-type: none"><li>• Internal interviews &amp; data review</li><li>• Markets scan &amp; identification</li><li>• Prioritization methodology (e.g., “must-haves”, value)</li><li>• Preliminary market research on identified markets</li><li>• Prioritization of top potential markets</li></ul>	<ul style="list-style-type: none"><li>• Expert interviews</li><li>• “Keys to success” analysis</li><li>• Risks identification &amp; analysis</li><li>• Top competitor case studies</li><li>• Customer segment insights</li><li>• Entry go/no-go decision</li></ul>	<ul style="list-style-type: none"><li>• Offer identification and prioritization for new markets</li><li>• Business model exploration and creation for top offers</li><li>• Market segmentation research</li><li>• High-level GTM modeling</li></ul>



## Case Study: CareWell new markets identification

### Context:

- The team worked with CareWell to prioritize potential new adjacent markets to expand into
- The effort first identified a universe of 10 potential new markets and then used prioritization criteria to identify ~3 top potential markets for analysis
- The team developed a high-level view of projected revenue and EBITDA growth based on the highest-value potential acquisitions

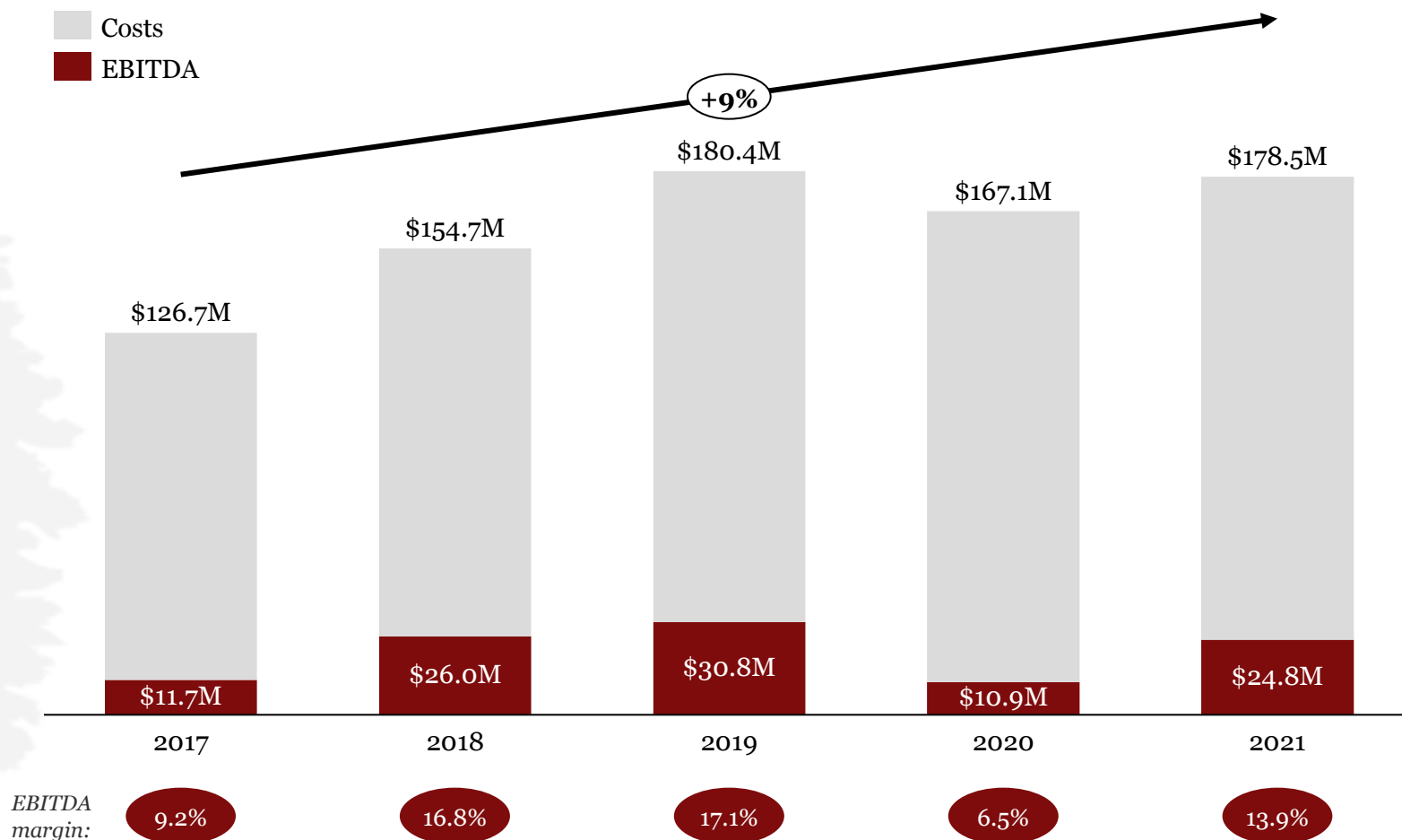
### Top illustrative insights:

- **Periodontics represented 2 of the top 3 markets** with orthodontics representing the remaining 1
- **5 of the top new markets are est. at over ~\$36M in est. capturable market** with orthodontics representing the highest value in a single market
- **Dental appliance application is CareWell's top potential market and could generate ~\$45M in add. revenue by 2026**

Note: Names and details have been changed for client confidentiality

## CareWell has seen relatively steady growth over the past 4 years with a ~9% CAGR

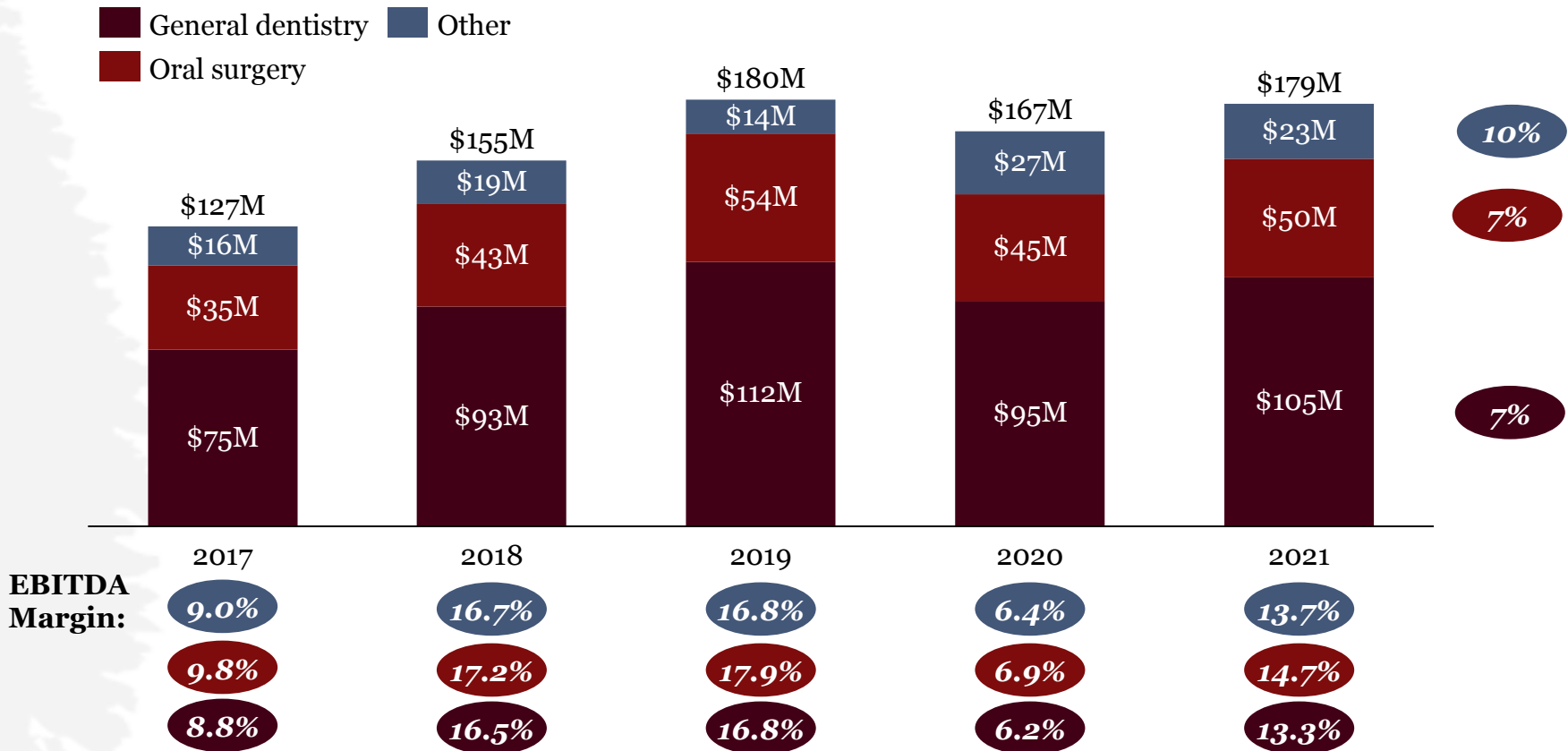
Annual gross revenue, 2017-2021 (\$Ms)



## General dentistry and oral surgery represent the majority of CareWell's revenue and maintain the highest margins of all offers

Gross revenue by high-level product category<sup>1</sup>, 2017-2021 (\$Ms)

CAGR



General dentistry has consistently made up over \$25M in CareWell revenue but **other service areas such as orthodontics** have grown at a ~10% CAGR from 2017-2021

## There are two key dimensions to the framework outlining CareWell's pot. opportunities, service area & geography

Deep dive follows

### Service area

Service Area	Description
<b>General dentistry</b>	Non-cosmetic procedures and offers currently performed by CareWell's team
<b>Orthodontics</b>	Non-cosmetic orthodontic procedures performed in outpatient settings
<b>Periodontics</b>	Non-cosmetic periodontic procedures performed in outpatient settings
<b>Cosmetic dentistry</b>	Cosmetic orthodontic and periodontic procedures performed in outpatient settings

### Geography

Area	Description
<b>Current MSAs</b>	Grow presence in current MSA markets (i.e., SoCal)
<b>Statewide</b>	Establish presence in additional MSAs across California
<b>Regional</b>	Establish presence across key states in the Western United States
<b>National</b>	Establish presence across the United States





Team to identify target geographic area for top pot. markets

**Based on a preliminary assessment of size and ability to execute, the team prioritized 13 adjacent services for further in-depth analysis**

General dentistry	Orthodontics	Periodontics	Cosmetic
<ul style="list-style-type: none"> <li>1. Restorative dentistry</li> <li>2. Oral health exams</li> <li>3. Market A</li> </ul>	<ul style="list-style-type: none"> <li>4. Dental appliance application</li> <li>5. Market B</li> <li>6. Market C</li> </ul>	<ul style="list-style-type: none"> <li>7. Gingivectomy</li> <li>8. Dental Implants</li> <li>9. Market D</li> </ul>	<ul style="list-style-type: none"> <li>10. Fillings</li> <li>11. Market E</li> <li>12. Market F</li> <li>13. Market G</li> </ul>

Project identified ~24 total services for review and analysis for CareWell's expansion

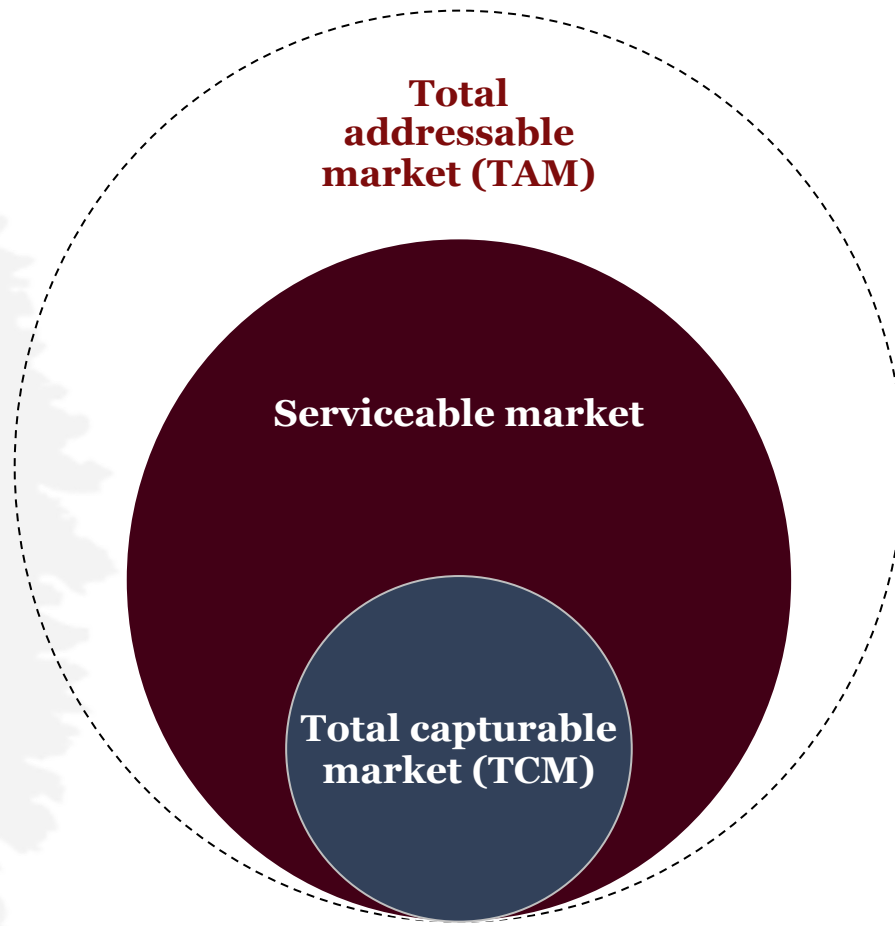
## Three key dimensions were used to assess and prioritize the top 13 markets: Size, CareWell Capabilities, and Execution Risk

Dimension	Description	
 <p><b>Size</b></p>	<p>The total est. capturable market of the service area in relevant geographies</p>	
 <p><b>Ability to Execute</b></p>	<p>CareWell's assessed current ability to capture the full value of a given initiative, based on internal capabilities and execution risk assessments</p>	
	 <p><b>Key Capabilities</b></p>	<p>A holistic measure of CareWell's current internal capabilities to capture an initiative's value based on existing organizational talent, tools, analytics, systems and other resources (e.g., time)</p>
	 <p><b>Execution Risk</b></p>	<p>An estimate of the execution risk associated with the initiative based on external risks (e.g., availability of add. support) and internal risks (e.g., level of control, operational challenges); higher risk indicates CareWell has a lower probability of capturing the initiative's value</p>



# Team focused on serviceable market and TCM for sizing the prioritized products

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## Description

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**Total addressable market (TAM)** represents the revenue opportunity available from all occurrences of the service

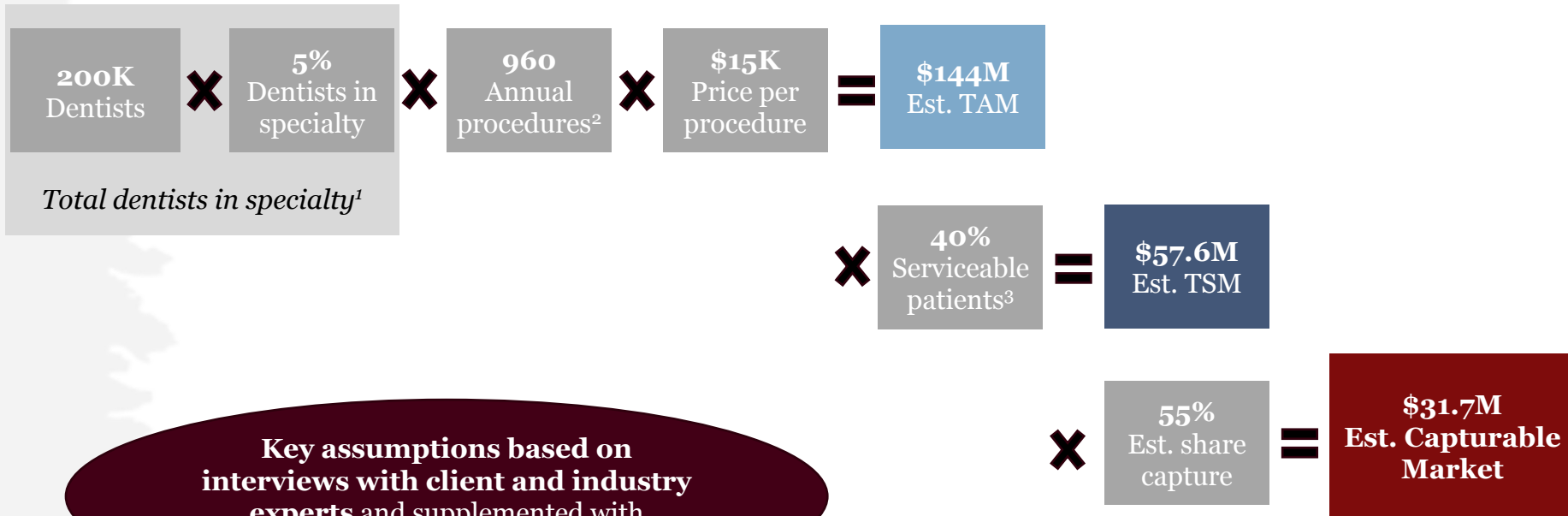
**Serviceable market** represents the revenue opportunity available to CareWell based on serviceable procedures (e.g., insurers, geography)

**Total capturable market (TCM)** represents the potential revenue and market share CareWell could acquire in a service market



## Market size is estimated using frequency of procedure, price per procedure, and serviceable patients

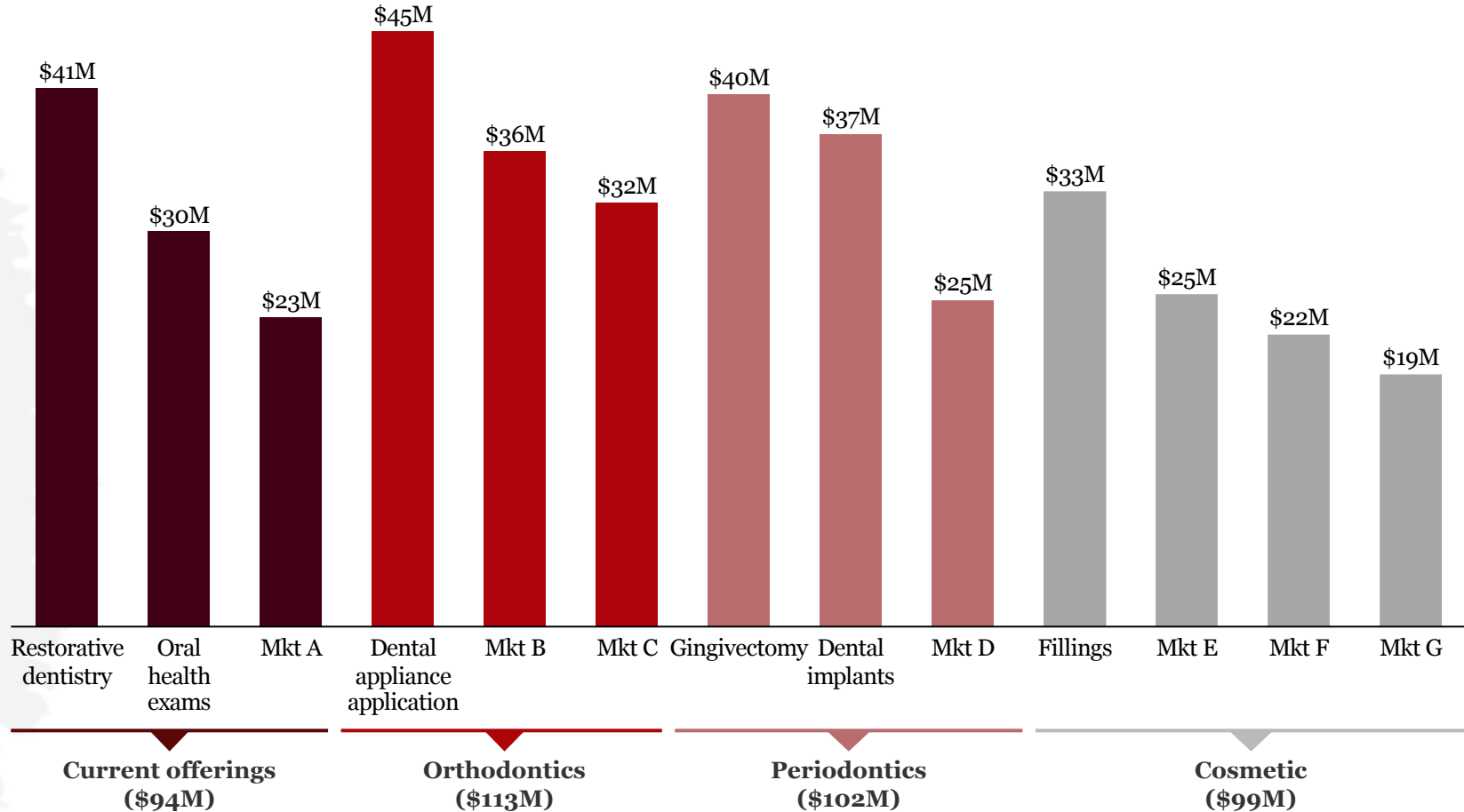
### Illustrative TAM calculation



Notes: (1) Team determined total dentists in specialty based on outside research and expert interviews(2) Model assumes that dentists work roughly ~48 weeks out of the year and perform ~20 procedures a week for the example service (3) Team developed assumption of serviceable patients based on relevant geography and insurers

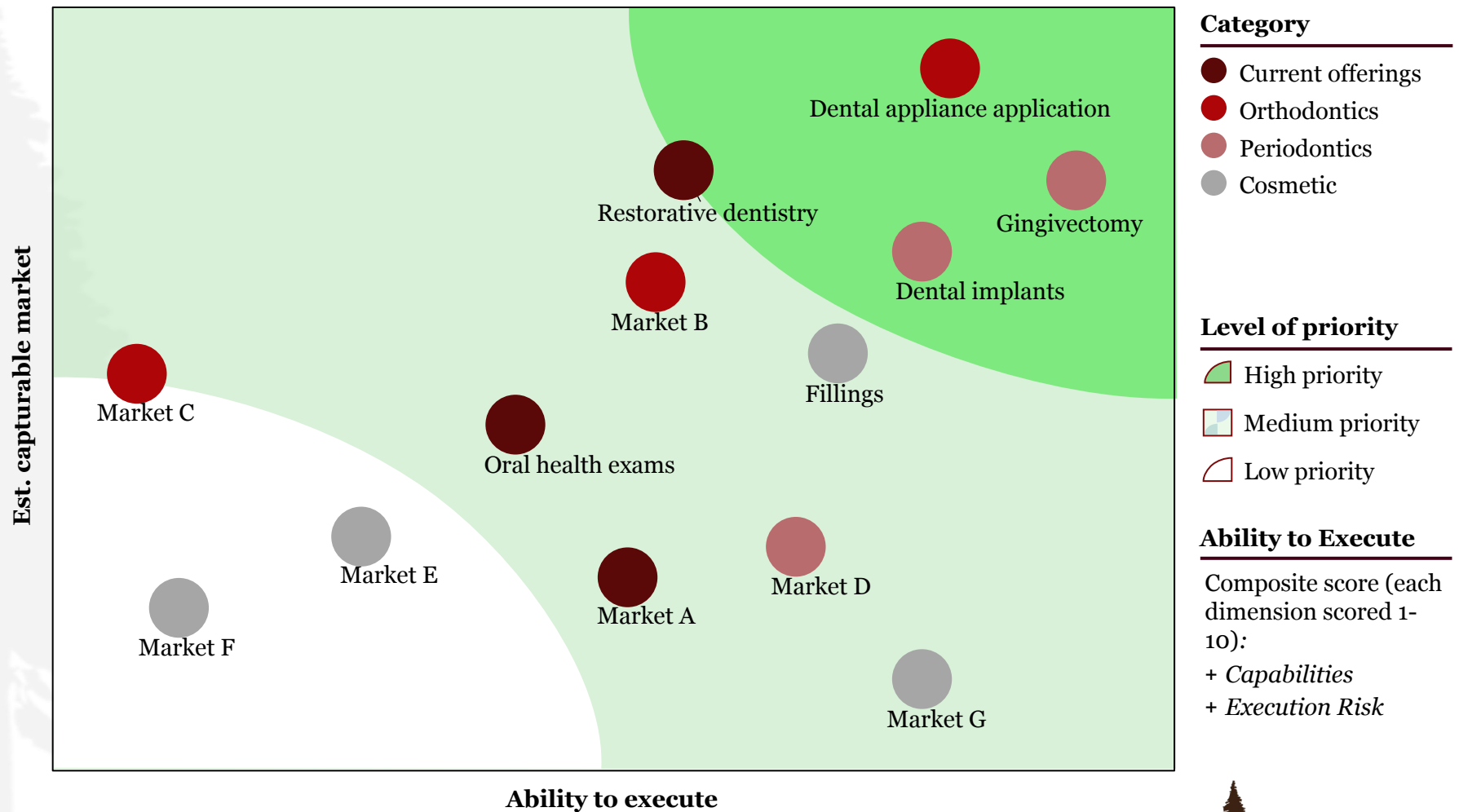
## Total capturable market was estimated for each of the 13 markets

Est. capturable market by market and category (\$Ms)



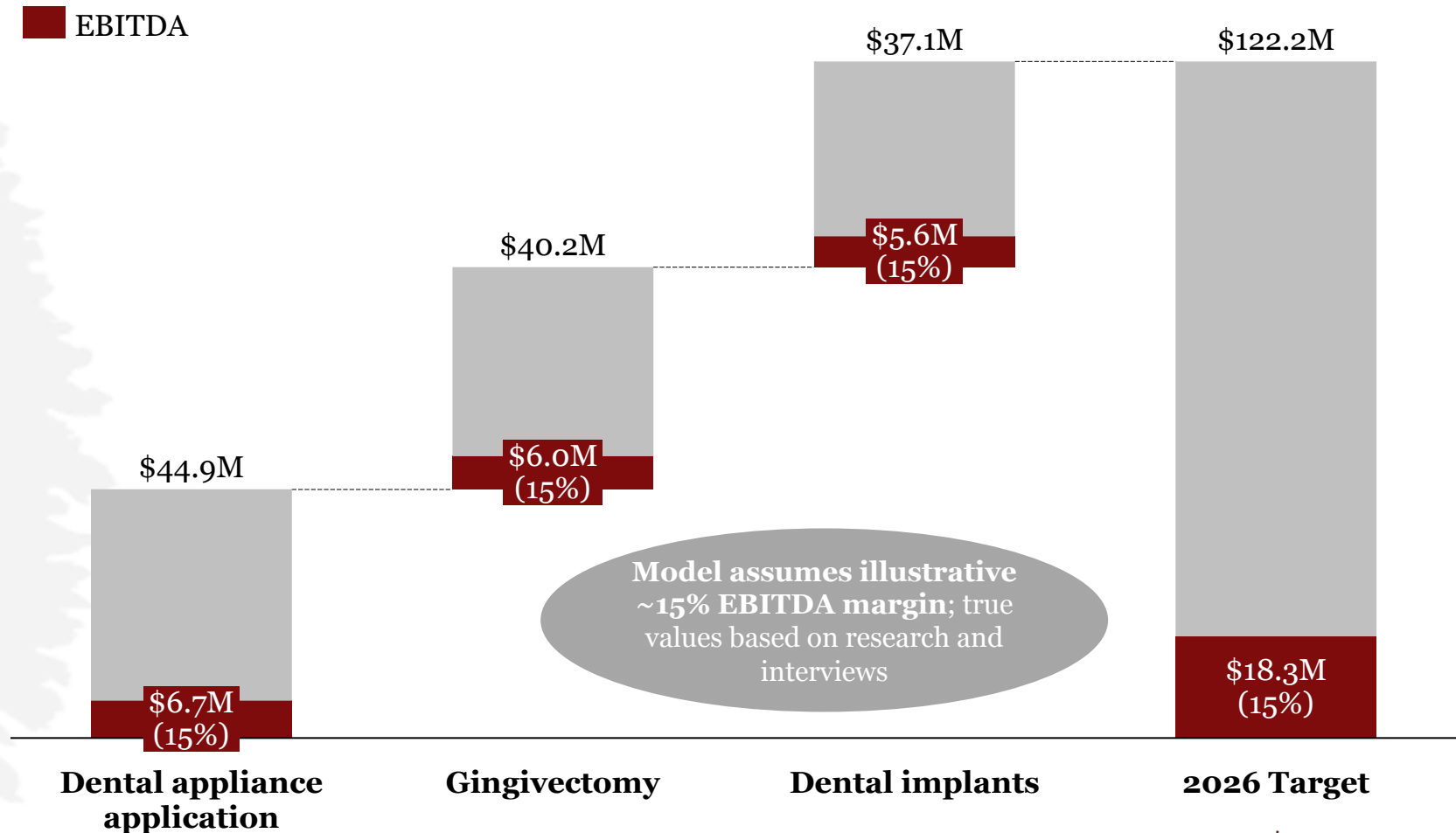
# The 13 markets were prioritized based on each initiative's size and CareWell's ability to execute

Value initiative assessment by size and ability to execute



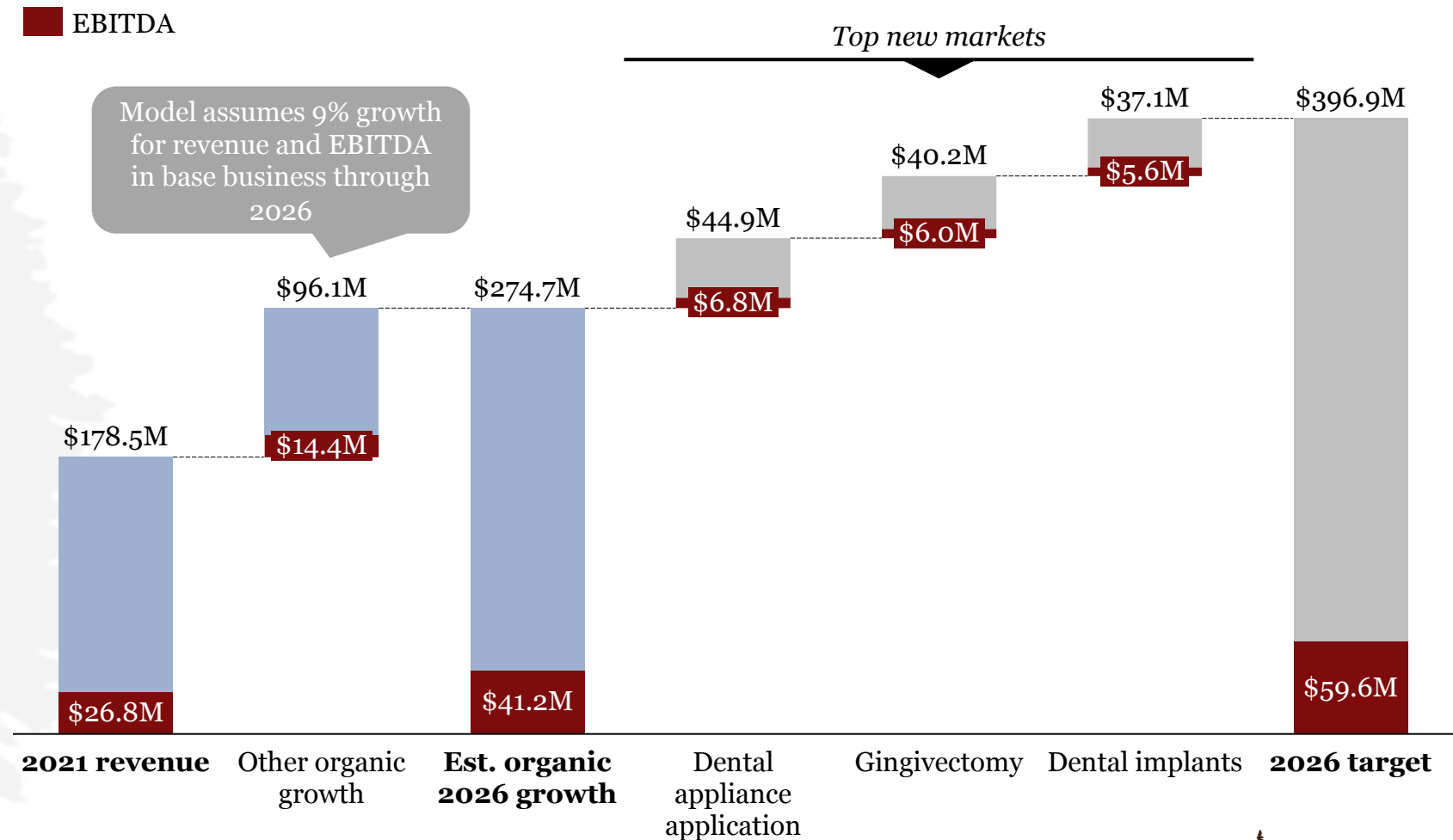
# The prioritized markets represented a ~\$122M revenue opportunity with an estimated ~\$18M EBITDA impact by 2026

Est. TCM by top opportunity (\$Ms)



# Pursuing these opportunities outlined a path towards ~\$397M revenue by 2026, a ~\$122M increase over baseline growth

Est. revenue and EBITDA impact by key top market, 2021-2026 (\$Ms)





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