

Wellness Center seeks commercialization partners for Psoria-Light device, CEO says
by Deborah Balshem and Jeff Sheban
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Wellness Center USA (OTCQB:WCUI), the Schaumburg, Illinois-based alternative healthcare sales company, is seeking licensing or distribution partners, or both, for its Psoria-Light medical device, said Chairman and CEO Andrew Kandalepas.

Psoria-Light has been FDA-cleared and CE-marked for sale in the US and Europe. Wellness Center, which has a market cap of approximately USD 20m, is looking for domestic or international commercialization partners, or both, for the device, which delivers targeted UV phototherapy for the treatment of certain skin disorders, including psoriasis, eczema and vitiligo.

The device is the first to use deep UV LED technology, and is covered by most medical insurers, including Medicare. It competes with drugs such as Stelara, made by **Johnson & Johnson**, as well as the excimer laser, according to Jay Joshi, MD, a board member and Wellness Center's medical director. It is considered less toxic than systemic or biologic drugs, and treats more disorders than the excimer laser, he added, noting treatment does not have to be administered by an MD, physician's assistant or advanced registered nurse practitioner.

The unit's price ranges from USD 40,000 for distributors to USD 60,000 at retail, according to Kandalepas, who said the cost is significantly lower than excimer lasers, as are the annual maintenance fees of USD 4,000 compared to USD 15,000 for excimer lasers. Twelve percent of the world's population, or 700 million patients, have reported psoriasis, eczema, vitiligo and alopecia areata (off-label), for a USD 22bn global market, according to Kandalepas.

Psoria-Light is sold to dermatologists, who are offered revenue sharing, Kandalepas said. In 2013, there were an estimated 9,600 dermatologists and 7,800 dermatology practices in the US, according to IMS Health.

Graig Suvannavejh, an analyst with MLV & Co., doesn't believe Psoria-Light will threaten the four billion-dollar drugs currently used for psoriasis: Stelara, Remicade, Enbrel and Humira – treatments that can cost roughly USD 30,000 a year. "A lower-cost alternative always has a chance in the marketplace," Suvannavejh said.

It's not likely the makers of those four drugs, or another major drug maker, would want to partner with Wellness Center, added Suvannavejh, who said dermatology companies focused on devices are more likely suitors.

India-based generic drug-maker **Sun Pharma** could be a possible partner and eventual buyer of Psoria-Light, as generic device makers are looking to get into branded drugs and products with higher profit margins, though not until after the company establishes some track record of success with the product, said Suvannavejh. So far, Psoria-Light is in several US and Mexico-based clinics, and receiving positive feedback, Joshi said. It is marketed under Wellness Center's Psoria-Shield subsidiary, which has five employees.

Suvannavejh noted that Levulan, a photodynamic treatment applied with a pen-stick developed by Massachusetts-based **DUSA Pharmaceuticals** for various skin disorders, though not for psoriasis, was on the market for 10 years before DUSA sold to Sun Pharma for USD 230m in 2012. Because medical device companies generally sell for 2x to 4x revenue, he estimated DUSA had sales of between USD 60m and 100m.

Kandalepas said Psoria-Light could be a potential USD 200m business in several years. Based on Levulan's numbers, Suvannavejh believed that projection might be a bit aggressive, though he did note the psoriasis market is large.

The two biggest players in the dermatology space are **Allergan** (NYSE:AGN) and **Valeant Pharmaceuticals** (NYSE:VRX), and both might be potential buyers of Psoria-Light at some point down the road when the product matures, Suvannavejh said.