

Committee Meeting, Standing Order, 6th March at 7pm

Agenda

1. Summary and update on recent events, including licensing (SMS)

2. Matters requiring determination

a) Application of any surplus on the purchase of the first 1,000 Rotary units - £ 9,500 gross

Options: Fund promotion & marketing costs
 Purchase of additional units for forward donation
 Apply a royalty for donation to Foundation / Charity Account
 Other

b) Funding matters

- i. To consider whether to seek sponsorship to fund expenses
- ii. Subject to 2a above, to agree an budgets for marketing & promotion. See Note 1.

c) Ordering Distribution / nomination of end users

- i. To consider matters regarding orders from or to third parties. See Note 2.
- ii. To guide Ian / Ray on placing orders for each batch of 500 units. See Note 3.
- iii. To consider matters surrounding the draft distribution agreement (SMS)
- iv. Implications of final acceptance trials and Vision 2020 Technical Panel – June (SMS)

3. Other matters for consideration / approval

- a) Wording for Optyse body shell – we await guidance from Evanston
- b) Design scheme for leaflet – examples will be provided at the meeting
- c) DVD concept, approval of Producer and budget
- d) Contract with engraver, T&C's
- e) Conference attendance & logistics incl. hosting of Roger Armour
- f) Approval of printer for leaflet (consideration of quotes to be provided)
- g) Membership if IFECR

4. AOB

Note 1. Initial budget for marketing & promotion

The Committee will want to agree a budget, irrespective of whether expenses are met from the initial surplus or from sponsorship.

I suggest that we need to provide both for initial promotion costs, and follow up marketing costs e.g. attendances at conferences, travel costs, production of supplementary / subsequent material.

Suggested numbers are as follows:

1. Commercial production of initial full colour leaflet – 3,000 copies - £600
2. Production of DVD/Video/Power point presentations in a range of formats £750
3. Conference / exhibition costs / materials £200
4. Contribution to attendances at Cardiff and Belfast Conferences £100
5. Travel costs for attendance at Club meetings etc. £100
6. Administration / Office expenses – year 1 - £150

Initial budget £1,900

Subsequent budget for above £750 p.a

Note 2. End user nomination matters – practical considerations

The current agreement. The current Letter of understanding [The Agreement] approved by Ray and signed by Ian & the Company has the following relevant provisions.

1. “A. The Initiative is to donate such kits to international eye sight charities for the purpose of contributing to VISION 2020’s goal of eliminating unnecessary blindness and to contribute to the early detection of medical conditions in developing countries around the world”
2. Under stock management the agreement states in 4 “b) Ophthalmos will arrange shipping of product to Rotary Club customers and / or to the Charities for donation. “ and “c) The Rotary Club will be invoiced for shipping and handling charges”
3. On costs it states “2c) No VAT will be charged as long as the appropriate paperwork demonstrating the charity status of the Rotary Club is provided with the order as was provided with the first order of 225 units”.

Whilst silent on the matter, there has to be a presumption that SGRC will not resale the product, and will only entertain orders for purposes consistent with 1 above ... with its primary focus on the developing world.

The issues: 1. Requests are being received by Clubs to handle the product and make direct arrangements to ship these to nominated end users, rather than have these distributed by Sight Savers on our behalf. The Agreement appears to cover this, providing the donor complies with the Distribution agreement terms i.e. identification of end user beneficiary for QA purposes.

2. An order is due shortly from a member of the public who wishes to donate units, via our nominated distributor(s), to a nominated hospital in India. The agreement does not cover this, as the target market is Rotary Clubs and Rotarians. Personally I see no problem with this provided we ensure that end user details are provided to Ophthalmos ... but see Note 4..

3. Enquiries are being made about purchasing, or even donating units for use by medical students, who may or may not ultimately work in developing countries. Here the matter is less clear and needs clarification with Ophthalmos, as this is potentially a key market segment for commercial sales. See Note 4.

Note 3. Placing purchase orders with Ophthalmos

There is a potential cash flow implication here as we have to decide when to place orders for each batch of 500 units. The agreement requires that 50% of the order value has to be paid with the order. There is a production elapse time of some 8 weeks from date of order.

Clearly at this stage we do not know how quickly orders will come in, but we will no doubt wish to have the product shipped at the earliest opportunity ... at least for the first shipments. Order donations will be accompanied by full payment, and will effectively be held by us in trust pending completion of the order.

Logic therefore suggests we can place a PO with Ophthalmos when funds for 225 units have been received. The committee may wish to order before or after this break-even point, in the first instance.

Note 4. Discussion with CEO, Ophthalmos Limited on appropriate end users

This is applicable to Note3, Issues 2 & 3 above.

- a) Laura Garcia, CEO, is prepared to turn a blind eye to non-rotarian donations, so long as these are not significant in volume, and the end user is consistent with our target market as laid down in the Agreement, i.e. resident or operating in developing countries.
- b) Enquiries and potential orders from, or to be donated to medical students / personnel within the developed world must be referred to Ophthalmos Limited as these are defined commercial targets. By way of exception donations to students, training away from their home developing country may be covered by us, provided:
 - i) The student will return home to work
 - ii) The training organisation is specifically endorsed by VISION 2020
 - iii) The scale of donations is modest.