

Case Study

NuVasive Australia & NZ

Strategic entry into the Asia Pacific region



Background

NuVasive is a US-based medical device company that develops, designs and markets surgical treatment products for spinal disorders. The company also manufactures biologic, cervical and motion preservation products.

Ranking the fifth largest player in the \$7.7 billion global spine market, NuVasive has eight US and global subsidiary branches.

www.nuvasive.com

The Challenge

As with most cross-border expansions, NuVasive's entry into the Australian and Asia Pacific markets was a challenge. Without regional knowledge and local presence, they had several issues to address. These included the subsidiary's structure, residency and directorship, reporting requirements to ASIC as a foreign company, treatment of transfer pricing, application of R & D tax concessions, and employee benefits such as the local treatment of a US issue of employee share options.

In addition, there were a range of internal accounting system processes that had to be in place to ensure ease of reporting and reconciliation. Tax implications also had to be considered, local banking relationships had to be formed, and establishment in New Zealand also had to be considered.

The Solution

Koustas & Co re-engineered NuVasive's existing Australian subsidiary structure – keeping in mind it had to not only be efficient and tax-effective, but also meet the needs of the parent company.



The Process

We designed a multi-jurisdictional corporate structure and tax strategy. We explored all options, and then educated directors and shareholders. In particular, we made sure their new structure provided flexibility in the case of projected expansion in the future.

As part of our over-arching financial controllership role, we set up new efficient systems and prepared budgets modelling the subsidiary's cash flow.

Additionally, we provided and sought out human resources, processed payroll (a function we still undertake) and processed debtor and creditor payments (which required full banking authority).

At the same time, we ensured that internal financial requirements were met. We also made sure the Australian branch could report performance results within two business days of month-end to the US corporate finance division.

The Results

After 18 months of close collaboration with the Managing Director in Australia and the US parent company, a structure was agreed and implemented. Operational plans were executed, and a new warehouse management system was developed and deployed. Since March 2009, the Australian operation has grown to become a multi-million dollar business that continues to capture increasing market share.

The Testimonial

Merv Kiley
Managing Director
NuVasive Australia & NZ
nuvasive.com

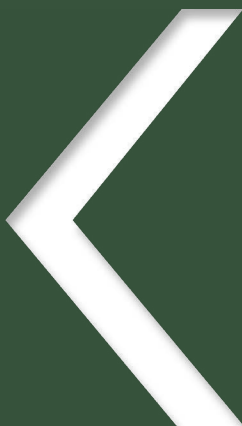
"In January 2009, NuVasive Australia and New Zealand Pty Ltd commenced business as a subsidiary of NuVasive Incorporated, a medical device company with a pure focus on spine technology.

To facilitate entry into a highly competitive market across two distinct geographies in Australia and New Zealand, NuVasive needed to partner with professionals across a variety of specialities including finance/accounting, regulatory, reimbursement etc. Critical to NuVasive's selection of consultants to engage, was, apart from consummate expertise in their area of specialty, an ability to engage and align themselves with the NuVasive culture. Culture being one of three top corporate priorities is a fundamental foundation of our success. It became apparent from the earliest discussions with the team at Koustas and Co that we had encountered a group of unequivocal experts who embraced our culture and who were sublimely expeditious in their counsel and advice.

The complexities of establishing a business like NuVasive in such a competitive and highly regulated environment could not have been executed with such efficiency without the support, professionalism and intellect of the combined Koustas Team. From establishing pricelists thru to payroll and statutory reporting and compliance services, NuVasive could not have chosen a better accounting firm to partner with. Nearly four years later as we post record results and represent the most successful subsidiary internationally for NuVasive Inc., it is with great pride that we consider Koustas and Co an indelible part of the NuVasive 'Family'."



To learn more about how we can provide you with expert financial support, contact Matthew, our Business + Practice Development Manager.



T (03) 8530 1600

M 0413 788 715

matthews@koustas.com.au