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Matt Miksic: I'll start the introduction. Hi, my name is Matt Miksic. I cover medical advices at Credit Suisse. Thanks very much for joining us. We are now joined by Keith Pfeil, senior vice president and CFO, and Brian Kearns, senior vice president of business development and IR at Globus Medical. Really pleased to have you with us this year. So thanks, and thanks everyone for dialing in. We're going to pursue a fireside chat model for this presentation. So I'll just jump in with maybe a question that warrants some explaining is, how the pieces come together for a company of your size and scale to grow 17% in US spine, in a market that's probably about flat. So maybe just, if you could, Keith, talk a little bit about the components of growth, what closes that distance from a fast moving innovator, as you always have been, to a company that's growing very, very much faster than the market.

Keith Pfeil: Well, first off, thank you for inviting us to the conference, happy to be here. And I'll shed some light on your first question. So obviously 17% growth. We had an excellent quarter, when you step back and look at it. The business clearly experienced some bounce back from COVID, but I think that was a piece of it, but still within it, specifically in our US spine business, we saw a strong adaptation from some of our new product lines that came to market. HEDRON, RESONATE, SABLE, those are some items that we had talked about on our call. But as we step back and look at our position in the market, it's our view that we still have plenty of runway to continue to grow as we look ahead.

Keith Pfeil: Globus is still going to continue to drive innovation through new product launches. We fully expect our install base to continue to grow from our robotics perspective, to drive that implant pull through. And then lastly, our competitive rep conversions. The onboarding of reps has been a key driver to our growth. And I think that where do you look, we say we're probably a seven, eight share in the market. Our ability to continue to grow is there, and I think the runway will remain robust for us to do so.

Matt Miksic: Great. That's a good overview. Maybe just talk about the rep conversion. In the past, I think the common answer to this question would be, we get a lot of our reps from larger companies, I think sometimes you would build your reps internally, but find the right distributor in the right place. And just the math would tell you that they come from a larger player. Has that changed at all? I know that there was a surge in smaller private companies in this space, struggling a little bit from what we can gather in the last six months. Has the source of attractive rep adds or distributor adds changed a little bit at all in the last six months?

Keith Pfeil: I'd say, no. I mean, from my perspective in the year plus that I've been here, and our approach has been consistent, and the sources of where we're getting the reps also is something that's consistent. As we look out in the market, we want to identify and bring folks in, but we're also always planned for if target A doesn't work, right, we're going to go after target B. I think that we've proven that we've been pretty versatile in terms of bringing folks on, and adjusting our plan midstream. But I do also call out that we do work to grow our internal reps too, and find hi-pos or high potential employees, and look to bring them along and put them in situations that is going to allow them to grow their business and grow their career.

Matt Miksic: Okay. So no real change it sounds like from the rep hiring model. It's a successful period that we're in [crosstalk 00:03:47].

Keith Pfeil: Yeah. And I think one thing I would add to it is when you think about, well how you continue to be successful like this, what is the secret sauce? I think one of the things that's out there is, Globus, it's a good name for us right now. There's a lot of buzz about our business. People know that we're bringing reps over, they know that we want the best and brightest. But I think as you look at reps, reps see that we're continuing to invest in our products. In spine, it's a little bit more mature from a market perspective, but we're investing in product, and we talk about that.

Keith Pfeil: And then thirdly, we have the robot. That's another piece of evidence that says, "Hey, even though we're not just going to continue to develop more and more implants and drive R&D from an implant perspective, we're also doing R&D in ways to help the overall spine business with the robot and the adaptation, and bringing surgeons in to wanting to use the robot. Those are all things that are what I would call a groundswell of opportunities that reps see coming to Globus.

Matt Miksic: Right. No, that's helpful. And I want to come back to the growth model and what makes Globus work fundamentally, and also, what attracts the company and reps like that. But maybe just a current event dynamic that we're witnessing. It's hard to talk about slow downs in the face of a growth number like this, but it is something a lot of companies are talking about either positioning for guiding, for cautioning about, and in some cases, seeing in various geographies, some cancellations of procedures. I guess I'd ask you, what have you seen? What do you expect to see? Where do you expect the next month, or what's your business planning assumptions for the next three to six months?

Keith Pfeil: Yeah, so we're cautious on really giving any forward-looking guidance right now as it relates to 2021. But what I would say, as we think back to our earnings call from almost two weeks ago, one of the comments that Dave raised on the call is that embedded in some of our numbers were what I would call these rolling shutdowns. I think Dave commented on Charleston, he commented on Flagstaff and I believe one other area. What we've seen or what I've demonstrated or seen thus far, is when we were in our second quarter, there was a very large shutdown that affected the entire market and really nothing happened. And during that time, I think hospitals see that elective procedures self-drive margin, and they've worked to help figure out ways that they can treat their COVID patients, but also bring elective procedures back online.

Keith Pfeil: As we've moved into our third quarter, we saw our business come back. Obviously it came back in a big way, but we've also seen some of these, what I would call, these rolling shutdowns. If we get through Q4 and we see another large scale shutdown, obviously we'd probably have results that are a little bit more downtrodden. But we did call out that we were aspiring really to have a Q4 that got us to a place where we finished flat to last year on a full year basis. Last year, we did about 785 million in sales. At a high-level, that points to something about eight-ish in terms of 8% year-over-year growth. That is an aspirational goal that we have out there. And we said that coming out of what looked to be a strong October, when we we jumped on the call last, about two weeks ago.

Matt Miksic: Okay. Anything changed? Not to try to pin you down to week by week updates. But I mean, anything changed at all? You have the vaccine news today, you have what other companies have said, you have what I'm sure your channel and field reps have been bubbling up to you. What would you say?

Keith Pfeil: My perspective, I have no further comments to add from what we said on our earnings call. I think at least in the US, the market's figuring out ways to really get through this, and figure out treating COVID patients while also continuing elective procedures.

Matt Miksic: Fair enough. So I guess the other side of this is managing the P&L. One of the hallmarks of Globus for a long time has been the sort of mid 30s EBITDA margin. Essentially, went public with it, and have managed around that number for a long time. Maybe talk a little bit about what happens to that over the next several months. You did describe this on the earnings call, but it warrants understanding. You have declining investments on the one hand, which leads to rising EBITDA margins on the other. What pushes that back down, if anything, to get around this cycle of investment that you talked about in the past, [inaudible 00:08:17]?

Keith Pfeil: Well, I think that overall, we're going to continue to invest. So today, we're investing in trauma and robotics. And I think that once those start to cycle down, we're going to find something else to invest in. It's a stated goal. We want to continue our level of investment. But looking at the EBITDA range of 33 and 37, that's been something that Globus has historically sought to achieve. I think in 2019, the company really gravitated a little bit outside of that. And the lower ends are 31-32%, but we really work to get back into that 33 to 37 range. Obviously, COVID was an impact in our second quarter, but when we step back and look at our business as we move ahead, things that we would say help drive us, yes, you're going to have products that have price erosion. That's going to be combated with new product launches.

Keith Pfeil: We want to drive manufacturing excellence to maximize our ability to drive strong gross margins. But as we grow our business across all facets, both spine, US and international, grow the robot business, one of the things that you would expect to see us be able to get further fixed cost leverage on our business, which will help expand that bottom line, even if we see some price erosion on the top line. So it's really a confluence of factors, but again, our goal is to be in that 33 to 37 range over the long-term.

Matt Miksic: Okay. So gross margins, one could argue a lot of things have changed in the last, I don't know, several years, since you brought Branch Medical in-house and started insourcing more of your capacity. So that wasn't part of the equation a long time ago, when you were hitting these mid 30s numbers. Maybe if you could talk about how much of a benefit that's been, and maybe what some of the offsets have been, and how you get back to that mid 30s number. If an outsider would look at this and say, "Well, it should maybe be higher," because now we have this benefit from in-source manufacturing. How do you think about the calculus of how that works?

Keith Pfeil: It's a great question. Really bringing manufacturing in-house was a stated goal of the management team. And I think as we look back, I think the management team is even more committed to doing so. Number one, it gives us better line-of-sight to production. Number two, as we manufacture, we really work to find ways to improve upon things. So as time passes, if we bring a new product to market, initially bringing it to market is going to drive an approach. We're going to find ways to take costs out of the business. And I think those are things that Globus has been focused on.

Keith Pfeil: When you think about the gross margins coming down, we said coming into this year that'd be roughly a 75 margin, mid 70s range. We did that I think last year, and some of the previous years we had gross margins that were slightly higher. Well, what's happening there? One of the things that's happening is we're spending more on instruments and sets that's driving higher depreciation expense. And as the business grows and moves forward, well a lot of that is not just coming from spine, it's also coming from some of our newer businesses, IE, trauma. We got to get those businesses online to help drive, again, that fixed cost leveraging. From a success perspective, I would say that we absolutely feel that we are on a track to success, and the ways to really work to improve that are to continue to find ways to fill the plant, because you want to get good fixed cost coverage from a manufacturing perspective. And that's something that we actively look to do.

Matt Miksic: Okay. And-

Brian Kearns: Going back to 2015, when we did the Branch acquisition, probably as you recall, we laid out a number of different objectives and goals we had that were really supporting that decision to get into internal manufacturing. And I can tell you that over the years, we have met, and in some cases, exceeded, those initial objectives. So I think that the current run-through is a little bit higher than 50%, which is something we laid out. But it's wound up to be quite a good move for us. And we've done a number of things since then to build on that as well. But it's important to point out regarding margins that we took out the development work that we've been doing in trauma and INR, the robotics platform, with emerging technologies. Our EBITDA margin would have been even higher, it would have been about 600 basis points higher than we delivered in the third quarter, which is still affected by the COVID pandemic situation, we only delivered 35% EBITA margin. So we currently and plan to continue to invest for future growth drivers in a similar manner.

Matt Miksic: Got it. So the goal here isn't to take 35% EBITA margins and go to 40, because now you have in-source manufacturing. The goal is to continue delivering in that zone while dialing up and dialing back your investment, and growth opportunities for the next, say three, four or five years or something like that. Is that a fair way to... Okay.

Keith Pfeil: Yes, that's a great way to put it.

Matt Miksic: So one thing you touched on was trauma, and not to come at this in a random set of directions, but it's a business that we've all heard. I think the rationale for entering into the business and followed it along and I think everyone's waiting for it to inflect, to start to really lift off in a way that validates the opportunity. How far away are we from something like that, and what are some of the catalysts or pieces that have to come into place for that to happen?

Keith Pfeil: That's another good question. We've commented that the trauma business is still very small to the overall piece, or overall Globus. We haven't commented specifically about the sales numbers. But we have been encouraged by the sequential growth that we've been seeing. That's been something that we've touched on each year. As we think about what's going to help drive the success and moving it forward. Number one is making sure that the salespeople have enough to sell in the bag. Right now we believe that we can cover about 75% of the trauma procedures. There's 13 systems launched, so we feel that the bag is fairly full. We're looking to continue to grow that. But at this point, we're really looking to break down doors and really grow our US market.

Keith Pfeil: Geographically speaking, the focus right now is the US. We have to grow our rep base. And as we grow our rep base, it's not just about adding a number of reps, it's about finding the hunters versus the gatherers. Because we want that are going to come in, actively sell the business and look to break down the doors. And that is a trait that we think is really needed here, because it's a business that it's something that we want to grow. We want to grow it similar to spine. It's going to be a little bit of a slow walk, but our goal now is to break down doors and drive penetration in the US market. Brian, anything you'd add to that?

Brian Kearns: No, I think as you point out, it's not a material source of revenue yet at this point, but we do believe it will be. We believe we have a slightly better than competitor lineup for technology and clinical outcomes. But we're also planning to bring better customer service, to an area that's really been overlooked and not a focus of the attention of the bigger players who have a majority of the market share. I think if you look at the second and third quarter year-over-year growth rates, third quarter year-over-year, basically doubling, I think that's not inappropriate to view that as continuing into the near future. That's the pathway we see in terms of ramp to becoming the [inaudible 00:16:03].

Matt Miksic: Sure. And the current environment I guess, everyone understands how different the current environment is from what they thought it would be at the beginning of this year, but how is that different? How is it affecting trauma differently than it might be affecting say your other more scale businesses?

Keith Pfeil: I would say that it's impacted the business, but again, it's not a really big number. I think that the gains that we've shown have been in spite of everything that's been going on. Maybe you could argue, we could have grown a little bit more. But at the end of the day, it had no real discernible impact on the overall Globus business. It's just, we're just a little bit slower to drive some of the growth that we see coming.

Matt Miksic: Sure. You mentioned filling out the bag a little bit. Are you at the rep scale that you need to be, or is that still a work in process? [crosstalk 00:17:01].

Keith Pfeil: Yeah. We absolutely want to continue to grow the rep base. I would say that we're still small. In terms of selling and having reps come in, we have to show that we have a full bag to sell, and we feel that we're there. And now, it's really finding out how do we drive that penetration in the US by growing the rep network.

Matt Miksic: Okay. A lot to talk about. So let's talk about again, I know it's not something that we covered in depth on the call, but the ortho robot. Is that still doing... Maybe give us a brief update. I know it's not a core business for you currently, but what's the update?

Keith Pfeil: Yeah. The update there is I don't really have much of an update at this point. That's something that we talked about being a little bit of a longer term lead time item, and we still feel that way. Right now, with the robot, what we're really focused on is obviously continued Excelsius placements. The cranial module, that received approval. We should be doing our first procedure, I believe in January. Imaging system, we're still on track to submit that in Q4. And that will be something that would be on the market next year, that's our goal. So those are really the big things that are in front of us right now. The ortho robot I really have no comment on at this point.

Matt Miksic: So let's talk about those. The cranial module, having the sort of, I don't want to say version 1.0, or version 1.2, of ExcelsiusGPS, that plus the fact that you had integrated navigation, these seem to be the features and value proposition, that was enough to really start pulling through and driving more share gains than you had previously. How incremental are some of these other applications? What do they do for you? For example, cranial, what does that accomplish in terms of either pulling through more procedures, accessing other clinicians? How do we think about that strategically?

Keith Pfeil: I think strategically number one, it's another feather in the cap for the robot itself. And it leads what we believe is, allows us to maintain the best in class technology. It does open up some new doors for us, but from my standpoint, inner body and cranial, I view those more as evolutionary steps in the robotics business versus something revolutionary. As we think about some of the new items coming to market with the imaging system, that to us is going to be something that revolutionizes the business. But these, what I would call these little add-ons, are really more evolutionary steps in the process or the life cycle of the Excelsius robot. Brian, anything to add to that?

Brian Kearns: Yeah, I'd say a decent part of our customer base now, neurosurgeons also do spine surgery. When you go into the cranial space you're really just extending the value of the robotic system into additional cases and additional utilization, where accuracy and timeliness are all valued. It's something that, when a surgeon gets comfortable with the robotic system, the more they can use it in different areas, and they view it as a strong plus. As you know, in cranial there aren't as many devices as there may be in other areas of orthopedics, but that's okay, because there's still a lot of potential future clinical benefit from many different procedures, PBS and other things, that are involved in the cranial.

Brian Kearns: So it's early yet. We certainly don't have feedback since we haven't really launched that yet, but the folks that we've spoken to who are looking forward to trying it, or are excited about it. So it's one other area, that as Keith said, we're looking to expand the value of the overall base system, so it can be used and appreciated and valued in other areas as well.

Matt Miksic: Okay. So when I look at some of the things that you've done, not all of them, but some of them, it seems like you're in some ways matching, and you can say beating the competition on features or quality of your technology or whatever it is, but essentially closing competitive gaps. So a year ago, or even now, you roll into a hospital to respond to an RFP around a spine robot. I'm sure your larger competitor shows up with O-arm, or the prospect of an O-arm. And that's a imaging value proposition that you don't have. So in the next, say three months, six months or so, that's a gap that gets closed.

Matt Miksic: Jump to cranial, another feature, the [inaudible 00:21:44] platform, I believe has cranial surgery functionality. And so that's another kind of cap. Is part of this sort of accentuating the strengths of the system, but also just positioning yourself with a better lineup that enables you guys to be winning X number of deals now, to take that number up in the next six, 12 months?

Keith Pfeil: I think that's a very fair comment, a fair way to look at it. Because as Globus grows as a company, our profile is going to mature, and we're going to continue to do all the things that we've said we've done. But at the end of the day, if we have a robot that used to just do spine, now it helps do navigation, there's cranial, there's an imaging system, we're becoming more important because we have a better cadre of products to offer someone. So that if someone's using our products, it's more compelling. Or someone's considering to use our products, it becomes a more competitive or a more thoughtful approach to say, "Hey, Globus can satisfy my needs across a couple of different areas that maybe they couldn't have done a couple of years ago." So it's absolutely something that is a consideration to think about as we grow.

Matt Miksic: Got it. Okay. So maybe geographically, what's working internationally? If you could talk a little bit about where you're seeing strength, where you're still maybe concerned given some of the things we talked about with COVID cases and waves and so on. How would you describe what's happening internationally right now?

Keith Pfeil: The strategy internationally is the focus on penetrating the markets that we're in. We're not actively seeking to grow in new countries. In saying that, we commented on the call that we had seen some lingering COVID impacts in Japan, in India and also, I believe the UK. Really no new comments there at this point. We've seen other areas of Western Europe bounce back. And again, it's regional, week-to-week, day-to-day, in terms of what we're hearing anecdotally out of the field. But the international business had a little bit of a longer hangover from COVID, and that's something that we still continue to see here. Stepping back from that, our focus is again, to drive penetration, to get more direct business in those markets. And in a non-COVID environment we still see no reason why the international business can't be a mid-teens growth story.

Matt Miksic: Okay. Fair enough. And then on another category that you've entered recently, that's kind of gotten hotter even though it's been around for a while, is 3D printed or additive manufacturing. Maybe talk, if you could, a little bit about the types of investments you're making, and where do you think that goes in terms of your product line, in terms of a growth driver for interbodies and all the things you can do with 3D printing?

Keith Pfeil: It's been something that, obviously, coming into the year, we knew the HEDRON line was coming. There's various SKUs that that we've produced. We've brought on manufacturing coming into 2020, and it's been well received in the market. So as we continue to invest in the things that you would think, it's really investing in machinery to bring the ability to make more 3D and print interbody spacers. So that's really the key focus of investment.

Keith Pfeil: As we think longer term, obviously 3D is something that's very, very well received thus far in the market. I think time will tell. I think right now for us, it's still a little early to say, how is this going to affect us a couple of years down the road, but if 3D continues to be something that grows and is successful in the larger market, you would expect us to continue to invest in that from a manufacturing technology perspective and from a design perspective. We're very pleased on how it's turned out thus far. And the demand has really been there for us to continue to want to invest in this type of technology.

Matt Miksic: Okay. And is that still a product in this market now that there are a number of players angling after that category, where you're still able to get a premium in a given category of interbody or whatever? Or it was that we're still in that phase?

Keith Pfeil: Yeah. Yeah. We're still in that phase. As we launch these new products, it's fair to assume that we're able to generate price there that we might not get in some of the more mature products. And that really helps offset the overall price erosion story. But yeah, there's still ability to get price in this market for this technology.

Brian Kearns: We were late in that space for a couple of different reasons. Early on, we decided to be on the sidelines because we felt that the evidence didn't really support clinical improvement, and it seemed like more of a marketing play, which is something that we're generally not interested in. We're only interested in science and fact. But as new versions came out over time, there was an indication that things could be better with this technology. So we started to get quite a bit, and it took us a while to get to a place where we were comfortable. The technology we have now, we believe is the best technology and the most comprehensive in the sense of lineup 3D printed interbody cages on the market.

Brian Kearns: So it wasn't until we were comfortable that we could make that statement, that we wanted to come to market with something. And so far it has been very well received by [inaudible 00:26:42].

Matt Miksic: That's helpful. I think I remember having some conversations with [Andy Ihed 00:26:47] about this over the years. How come you guys aren't... And I think a big part of it was manufacturability. It's interesting because you can do things here that would be hard to do with traditional manufacturing, and that's attractive. But yeah, not willing to jump in with everybody else just because it sounds cool or whatever.

Brian Kearns: And as Keith said, won't be surprising to you, but a lot of our competitors and how 3D printing had been done in a subcontracting manufacturing arrangement. We manufacture in-house.

Matt Miksic: Yep. Yeah. That was my next question on this topic, is how is the margin profile different initially and then over time into what we think of traditional manufacturing, machinery, labor, scrap, all the things that, front-to-back, involved with making a cage or a screw or whatever?

Keith Pfeil: We don't necessarily disclose specific margin targets, but I just think stepping back and looking at the production, obviously the raw materials, the pricing is going to be pretty much the same for everybody that's out there, unless you're buying a gigantic quantity. But you would assume that your variable cost of manufacturing or your raw material is going to be pretty fixed. Really where you want to get your efficiency is in the variable labor component. How do you get that? It's really making sure that you have standard repeatable processes, and you have people that understand how to run the machines. And really, drive efficiency from a production output perspective.

Keith Pfeil: Then, when you think about your overhead, you want to minimize your variable overhead and really get overall coverage with your fixed costs. That's really the approach that we take. So it's really making sure that we understand the labor component that's going into it, and then minimize your overhead, which really comes back to something that Globus is good at, because we really want to focus on being thoughtful with our cost spend. So when you look at that, that's where we feel that we're being successful from a manufacturing perspective.

Matt Miksic: Okay. I mean, screws are pretty automated, right? So maybe some of the other categories, less so. So somewhere in between is maybe the right way to think about the opportunity here.

Keith Pfeil: Yeah. That's fair. That's fair. That's absolutely fair.

Matt Miksic: Right. Everybody wants to know about 2021 and where growth's going to be. So what are you willing to say? Everyone can look at the comps this year and say, "Well, it should be above trend." You know where the street is, somewhere in the teens, I would imagine. What's the right way to... I don't know. What are you willing to say about 2021, is probably the best way to ask the question?

Keith Pfeil: I think at this point, we're really not willing to say anything about 2021. We were very cautious in the feedback that we gave on our earnings call, and we still feel that way. We really want to get through Q4. And when we would expect to give guidance, typically in January, that's when we'll really provide some real feedback on '21. Where we would leave it really is, we believe that the business is well positioned to grow. When you look across our portfolio, whether it's spine, trauma, robots, we think that we're bringing things to market that are going to help drive growth.

Keith Pfeil: We've said historically that the US spine business has been high single digit growth, we still feel that way. We think that the international business has the ability to grow mid-teens in a non-COVID environment, we still feel that way. Trauma is going to continue to come along and we're going to continue to drive incremental placement of new robots in the market. Plus we have new things coming. All of those things point to a business that we believe is healthy and well positioned for the future.

Matt Miksic: That's fair. So we do have a little bit of time left. So unfortunately, I'm going to have to follow up on that 2021 question. But just in terms of the growth calculus, I guess if we think of, as you've described US buying, for example, growing high single digits. And you've delivered above that, which is... Congratulations. But a lot of folks are looking at '19 to '21, CAGR numbers. Are we flat to that? Are we growing at some CAGR less leakage in cases that didn't get done? Is something closer to a simple growth rate off of '19 the way to think about it? I look at your business, and I wonder whether there's much about 2020 that should really not be effected much by what happened, say in March or April. So it's a real challenge. I'm sure you see street numbers are all over the place. But CAGR off of '19, is that a reasonable place to start with some potential leakage, or breakage, or cases that didn't get done? How should we think about it?

Keith Pfeil: I would say that it's probably a fair place to start. But again, the issue, when you think about '20, when you think about [inaudible 00:31:43] breakage, really comes back to Q2 and backlog that was created. Because the question you have to ask yourself, and I think back to my days in retail, is how quickly do those sales come back? Because it's almost like it's a replenishment model, and those sales happen every day. At what point, if they don't come back quick enough, do you almost lose a turn and it goes to the next year? That's some of the anecdotal things that we're thinking about as we look to next year. Because 17% growth in US spine was tremendous. And yes, we absolutely believe we're taking share. But it's really hard to pinpoint as to what's the backlog in that number, that may not continue to repeat itself moving forward? Brian, anything you'd add to that?

Brian Kearns: No, that's a great way to look at it. The answer is we're still working on it. We're gathering additional information and trying to get a better feel on how to answer that question [inaudible 00:32:31]. But going back to pre-COVID, in the first quarter, we were really seeing the huge growth in US spine. So it's not new. We were doing that before there was any backlog to catch up on.

Matt Miksic: Yep. Yeah. No fair. It's been impressive. So I know that you're going to be guiding with a lot of uncertainty still in place. So I don't envy trying to thread that needle, so good luck with that. This may be back to, we talked about reps earlier and the growth model. There's been this perception back and forth over how important rep recruiting is to growth, and how you'll have a quarter like this, this has been a great period for recruiting reps for us, put up this really impressive number. Maybe help us connect the dots on the growth model to great recruiting cycle now, not really reflected in the third quarter would be my guess. I'm assuming we're not yet seeing the benefits of what is a great cycle now. Are those two different things? Is that good news for next year? How do we think about those comments?

Keith Pfeil: Yeah. So it's really broken into, you bring the rep on, and then they actually start to be able to contribute. So really for the first year to year-and-a-half, you're bringing someone on today, they're really not going to be able to drive impact for probably 12 to 18 months going forward. So as you see the growth and you think about it, really some of that growth that you're seeing today really relates to the reps that were brought over a year ago, year, year-and-a-half ago. And that's a cadence of things that continues to move forward. Really, what we track ourselves on is being able to figure out how many folks we're able to bring onboard in a given quarter.

Matt Miksic: Yeah. And so I guess then is it fair to interpret that, when you have a quarter like this and you talk about a strong recruiting element, is that... I'm sure we're seeing the fruits of recruiting that you did a year-and-a-half ago now, but is that the nature of your comment? Or are you basically saying, we've had a great recruiting period now, which bodes well for the next 12-18 months, 24 months, barring any significant change in turnover, et cetera? [crosstalk 00:00:34:59].

Keith Pfeil: My comment really focuses on we had a great recruiting quarter, and we continue to bring folks on and that helps us as we look ahead.

Matt Miksic: Perfect. Okay. So another thing that you mentioned, I think is we don't know how patients are going to respond with willingness to come in. You have breakage. We lose them now, when did they come back? Maybe talk about what you've learned, if you didn't know it already, about the pain motivated patient in the last minute or so. To the extent that a spine fusion patient is likely to be the one that'll need to not get a case done, versus a 60 or 70-year-old patient who might be thinking about a cardiovascular procedure. Maybe talk about what you've seen or learned in terms of the willingness of patient... Or how much of a factor, I guess I'm asking, is sentiment around patients, or have you seen in the last say four or five, six months?

Keith Pfeil: Yeah, I would say that it's a great question. As we think about the hospitals and their downturn in elective procedures, I think when you think of the patient, the patient, if they've made the decision to have spinal surgery, they've seen some drastic decline in their quality of life. So from the standpoint of wanting to have the surgery, I think they absolutely want to have the surgery. It comes back to when can they get back in from a hospital perspective. Once we're able to get that procedure scheduled, I think that from the standpoint of the patient, if that is canceled, they still want to have that surgery. I think that anecdotally, I would say that if your quality of life is diminished at a high-level, you're probably more willing to take the risk to go get the surgery and run the risk of getting COVID. I think that's a very, very, very fair thought process as someone that is at a point where they need spine surgery. Brain, add anything to that?

Brian Kearns: No, that's exactly right. And if you recall, Matt, going back to July, we did admittedly small survey, though we did a survey of some of our surgeon customers, and they were seeing them declining. So new presentations of potential patients with back disorders at about 85% level of normal. So that implies that maybe one out of seven wasn't going to the doctor that otherwise may have due to the COVID environment, which was higher than I would have expected, but that's reflected, I think in our third quarter results. And maybe indicative of the way things are playing out or may play out in the future. But that's what we did see back then.

Matt Miksic: That's helpful color. So with that, I think we're at time. So we should probably stop there, and let you go. But Keith and Brian, thanks again for joining us, really appreciate it and pleasure speaking with you.

Keith Pfeil: Appreciate it. Thank you very much. And we'll be in touch in the future. Have a good day.

Brian Kearns: Thank you, Matt. Thanks.