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LAB INNOVATOR 2017



PLASTIC PLUS



SLUGFEST P7



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the ONE HOUR ADVANTAGE

PG. 2

43 YEARS AND COUNTING

Since its founding in 1974, Plastic Plus continues to adapt and grow.

1974

Company founded in Toronto and is the only lab in Canada to process plastic lenses. Sydney Faibish is a silent investor.

1980

Sydney's son Paul takes over Plastic Plus, becoming sole owner and president.



1985

Company moved to current location at 14 Leswyn Road, Toronto.

1988

Partners with Seiko.



1989

Switches manufacturing to LOH machinery (now Satisloh).

2005

First lab in North America to process free-form lenses; first lab in North America to install several pieces of Satisloh equipment.

FOR PLASTIC PLUS, CHARITY IS NOT OPTIONAL

From North America to Africa (and many places in between), Plastic Plus is dedicated to helping those in need receive quality vision care.



"We don't advertise it, but I will never turn down a mission. We never say 'no'," Paul Faibish told *OLP*. "I always say if we don't do it, no one is going to do it, and it's also important to teach the next generation."

Whether its pre-making glasses or actually grinding or cutting stock lenses to prescriptions, Plastic Plus has worked in Toronto's inner city schools as well as in countries such as Jamaica, Kenya and the Philippines, to name a few. Most recently, the company partnered with The Michael Clemmons "Pinball" Foundation and the University of Waterloo to provide exams and eyewear to local children, as well as with Canadian Vision Care, which conducted a mission trip to help children in Malawi. Plastic Plus also sponsors several full scholarships to Hadassah Academic College (HAC), an optometry school in Israel.

"Income and geography should not prevent a person from having access to basic care," Faibish explained. "We are pleased to work with so many opticians and optometrists who devote countless volunteer hours to providing exams and care."

2009

The first MEI Bisphera TBA in the world is installed in lab. (In conjunction with Bisphera, the TBA unit enables lens loading and inspection without a finishing block.) Location expansion doubles lab size. Plastic Plus also introduces AR coating and becomes fully automated.



2014

Introduces Rodenstock and IOT products; Paul's son Jason joins Plastic Plus as vice president.

Our expansion will ensure full redundancy, and we're going to have greater capacity for production and partnerships.

—Paul Faibish

2016

2016: Purchases a 30,000-square-foot building next to current location.

2017-2018

Move to new facility expected to be complete.

HEDGING BETS AND TAKING CHANCES

Plastic Plus's bold strategy of taking risks took the lab from near bankruptcy to success. Here, owner Paul Faibish along with his son Jason tell OLP how these investments paid off.



OLP: Can we start by talking about the roots of your company, when you started, how you started, why you started?

PAUL FAIBISH: I grew up in an optical family. My father was an optometrist with a very large practice in Toronto. When Plastic Plus started in 1974, my father was a silent investor, but he was the main guarantor at the bank. The company wasn't doing very well. So in 1980 the management team said to my father: "Either take it over or we'll bankrupt it." So we took it over and began taking it in the direction the industry was moving.

If we looked at the balance sheet today, we never would have

touched this company as it was only doing \$600,000 to \$700,000 a year, the debt load was over \$1 million, and the interest rate was over 20%. But I understood which direction we needed to go. I didn't take any salary for a number of years, and as we began to add new technology the business quickly began to grow.

OLP: You took it over and obviously you changed some things to become successful. What did you do differently?

FAIBISH: We took some chances. Imperial Optical was a dominant player in this industry, and when they went bankrupt in 1992, our business probably grew about 25% overnight.

But we also invested in new and innovative lens technology. When free-form came in 2005 we were the first lab in North America to process digital free-form, and that was the main turning point in our operation. A lot of people said it was never going to work, but we took the chance. We bought the equipment, and we've been doing free-form for 12 years. Currently, 99% of our progressives are free-form, and a good chunk of our single vision is free-form.

We've never been afraid to invest in technology. Our lab is totally automated, and we're moving from a 14,000-square-foot building to a 30,000-square-foot building that's going to be even more automated. There's nothing out there that we haven't bought or adapted to.

OLP: What attracted you to free-form when it was first being introduced because it was a huge financial investment?

FAIBISH: The quality of lenses has changed the industry. The technology synergies paired with the lower production cost, lack of inventory and less expensive

blanks allow labs to run a more lean organization. I never envisioned it would get to where it is today.

OLP: So you obviously invested in the equipment to measure to 1/1,000ths of a diopter.

FAIBISH: Yes, we did. We have all the A&R equipment. Everything goes on a digital line, even single vision or flat tops. Everything is processed cut-to-polish. Our entire surfacing is Satisloh and edging is MEI. We keep investing: We have more equipment sitting in a warehouse right now waiting to be installed in the new building. Our one claim to fame is that any independent lab in the world that is processing free-form, all the protocols, all the standards were tested in our building. We were the first lab in the world to integrate free-form with our LMS. All the VCA standards were established in our building.

OLP: So Satisloh came to you and wanted to make you kind of a beta site?

FAIBISH: No. We've always been





a Seiko distributor, and Seiko had free-form and shared their technology. Satisloh understood that we were willing to take chances and invest in new technology. We had a head start over U.S. labs because of the patent issue. In fact, in that first year, we should have opened up a hotel as we had people from all over the world coming to see us and see free-form in action. That was one of the risks that paid off for us.

OLP: Just for the sake of people who haven't been around for 12 years, can you quickly summarize that patent issue?

FAIBISH: Both Zeiss and Seiko had similar free-form patents in the U.S., and labs there were reluctant to enter the market until that was settled. In Canada, we have the exclusive for Seiko, so we just dove in. We also now have the exclusive for Rodenstock, and then we have our house brand as well.

OLP: How do you position the three?

FAIBISH: The price is determined by the cost of the substrate and the click fee, so obviously the non-branded costs a lot less, and we sell it for a lot less. Some customers want only

branded, some want non-branded, some want a combination. For non-branded we deal with IOT. We're a big fan of IOT.

We have added the Camber lens technology to our lens portfolio, and that will be a Vandelay house brand as well.

OLP: Is the Canadian market different from the U.S.?

FAIBISH: In a couple ways, yes. Not in numbers, but percentage-wise, more free-form is sold in Canada than any country in the world. In addition we do a high percentage of AR coatings.

OLP: Why is that?

FAIBISH: Mainly all the major manufacturers up here and the larger independents are virtually all free-form with AR. Any independent lab who couldn't adapt to free-form or AR coating has basically gone away. We run 75% to 85% AR coatings up here as well.

OLP: That's been traditional thanks to Imperial Optical?

FAIBISH: Yes, they did a great job starting that. I think traditionally we've also done much more premium lenses than other markets. I think that's part of the reason we were also able to adapt much faster to

CONGRATULATIONS

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LAB INNOVATOR OF THE YEAR

satisloh

free-form than the U.S. market.

OLP: In terms of materials, what's popular in the Canadian market?

FAIBISH: Definitely higher index. We do tons of 1.74 and 1.67.

OLP: You don't do poly anymore?

FAIBISH: Most of our poly is in the chain segment. The ECPs here generally do the 1.5, 1.6 and 1.67. I believe we're the only lab in Canada to have an index-matching 1.67 lacquer. It's a significant added cost, but we get an absolutely perfect index

matching on a 1.67 and as good as an index matching as you're going to get on a 1.74. We have many ECPs who only give us their high index work strictly for the index matching we provide.

OLP: Do you contend with third party in any way, shape or form? Are eyeglasses covered by your health insurance?

FAIBISH: No. The government used to pay for eye examinations. Now, the government generally only pays for eye examinations for kids and seniors, but the norm is most people working have benefits, which include

dental and eyeglasses.

OLP: You're doubling the size of your facility. What else is the move going to bring you?

FAIBISH: Since our last expansion eight years ago we have more than doubled our workforce and our top line has doubled. Once we add the new conveyor system, we're going to install the new equipment and then gradually bring the old equipment over, so we will run parallel for at least a month or two.

OLP: And what are you going to do to stimulate the growth that the new building will accommodate?

JASON FAIBISH: It's going to allow for more opportunities, from lens partnerships to different technologies and smartglasses and a lot more innovation.

OLP: Well, when you're talking about partnerships would you partner with frame companies to create frame/lens packages?

FAIBISH: Yes, we are presently working on several partnership opportunities to help give ECPs more options in a competitive marketplace. ECPs not only have to compete with industry players but with online. We can give them the tools they need to offer the same products as their competitors.

We have a couple approaches to building business, and the key element is service so jobs will be

produced faster and at a higher level of quality.

Our expansion will ensure full redundancy, and we're going to have greater capacity for production and partnerships.

There's a place in our market for an independent lab that does all of its production in Canada. We buy goods and services in Canada. We provide employment in Canada. We're not sending the work offshore, and I think people are starting to embrace the importance of local work. Our clients realize that we are not their competition.

OLP: What about the growth potential in the U.S.? What would be driving that and how would you execute that?

FAIBISH: We do have FDA approval, and we are selling to a few people in the U.S. right now. We do have an advantage with the currency. Our dollar fluctuates to 25%, 35% price discount, so that gives us a huge advantage. We are the perfect partner for companies looking to expand in Canada.

OLP: So your export is favorable?

FAIBISH: About 11% to 12% of our business is export. We do work in five or six islands in the Caribbean, and we even have a couple of accounts in Europe that we send work to as well. We can grind lenses thinner in Canada because there is no FDA



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testing, so we appeal to the world outside the U.S. And I'd like to think our AR coatings are a little bit crisper; a little bit better index match.

Last year our top line grew by about 35% growth. A lot of people knock on our door, and my son Jason works with them. We are always looking for new opportunities to grow in Canada and the U.S.

OLP: Jason, what are you doing to extend yourself into the sales side?

JASON FAIBISH: We've upped our game with a lot of merchandising resources and P-O-P

materials. We offer customizable P-O-P for our clients, which allow them to present in-depth information to patients. We take the time to understand our clients and their patients' needs. Based on this we know whether I offer them a Rodenstock line, a Seiko, or our house brand, Vandelay.

OLP: What's one of the biggest issues or challenges that your customer base is facing now?

FAIBISH: In 1990, the chains controlled 10% of the market and nine out of 10 people went to an ECP. Currently, only about 40% of consumers go to an ECP.

So think about it, about 60% of the market is dominated by chains, mass merchandisers and the internet.

We're helping ECPs help their customers make informed decisions because they don't really know which lens is best for them. We provide our ECPs with resources and tools to take to their customers.

OLP: What do you think this business is going to look like in the next five years?

FAIBISH: The industry is moving in many different directions from online to 3D print technology to ever changing lens technology.

OLP: You've already mentioned another area where you can compete and that's customer service.

FAIBISH: We're responsive and can customize lens options to the needs of our clients. I am personally on the factory floor from early in the morning to mid-afternoon every day. You can't manage a lab from the office reading reports. It just doesn't work. You have to be present and a part of the day-to-day operations. The optical industry is my life, and I pride myself on taking a leading role in the products we make and the direction the industry is moving in the future. □

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ON BEING NAMED
LAB INNOVATOR OF 2017



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