

## Developing, Manufacturing and Marketing Cell Imaging Equipment, Preparation Kits and Software to Medical Institutions, Commercial Laboratories and Universities, BioView Inc. is in the Niche Market of FISH Probes for Cancer Detection

### Healthcare Medical Equipment

**BioView Inc.**  
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**David Kutas**  
President, CEO

### BIO:

Mr. Kutas joined BioView in 2007 and has more than 25 years of experience in multinational Medical Device companies. David served in senior management positions in Research and Development, Marketing and Sales and also served as President of Menen Medical Inc. in the United States. Prior to joining BioView, he was the Director of Sales and Marketing of the Life Care Systems Division at Analogic Corporation.

### About BioView Inc.:

BioView develops, manufactures and markets cell imaging equipment, preparation kits and software to medi-

cal institutions, commercial laboratories and universities.

### Interview conducted by: Lynn Fosse, Senior Editor CEOCFO Magazine

**CEOCFO:** Mr. Kutas, what attracted you to BioView Inc.?

**Mr. Kutas:** What attracted me to BioView was the fact that it is a multinational company tied into Israel, which I have ties back to. I lived in Israel for fifteen years, and my kids were born there. A multinational company from Israel was always an interest for me because it gave me ties back to a country, which I have strong ties with.

**CEOCFO:** Would you tell us about BioView?

**Mr. Kutas:** BioView does research and development of scanning systems for different types of cancers, which are detected in the laboratory. We scan slides specifically with fluorescent probes, so our niche market is FISH probes, which stands for Fluorescent in Situ Hybridization. These probes are used to detect different types of cancers such as lung cancers, blood cancers, prostate cancers, and bladder cancers. Our equipment does the scanning in place of a human looking through a microscope, and our computers capture the image, do the scoring, and present it to the users for their review, which saves a tremendous amount of manpower.

**CEOCFO:** Is what you do unique to your company? What have you figured out that other companies have not?

**Mr. Kutas:** We can quickly capture many cells using a high resolution camera and score them, saving a lot of manpower. Typically, this is done in a manual mode. The actual process of preparing the slide has already been developed by somebody else. We are taking out the human effect, and giving consistent results to report now. We do not develop the test that discovers the cancer, although we are in clinical trials for a marker for early detection of lung cancer.

**CEOCFO:** You are providing the equipment?

**Mr. Kutas:** That is correct.

**CEOCFO:** Is your equipment standard in most hospitals today?

**Mr. Kutas:** The FISH industry is relatively small. It is new and has been developing and growing. In the past ten years, I would say that it has been growing a lot. Many labs do not have it, but the larger labs, hospitals, and research centers have it. I would say that 75% of places do have it now. There are a couple of competitors, but we are known as one of the leaders in the market. When people are introducing this new test, they do look at us. If they can afford automation- because it is a product that is a capital expense in the area of \$150,000 they do look at us or at one of our competitors. Fortunately, we are lucky enough to be the leader, and we do get our sales that way.

**CEOCFO:** Would you tell us more about the accuracy of the results?

**Mr. Kutas:** The probe manufacturers will tell you that the results are in the 95-98% accuracy of predicting wheth-

er the cancer is there or not. The actual results from an automated piece of equipment such as ours gives 95-98% concordance with what a manual read would be. I do not think that anyone would say a computerized scan is more accurate, but it is definitely more consistent. During all of the concordance tests, sometimes a computer will find positive results where a human did not, but vice or versa could also happen. It is more consistent because a computer will read a slide the same way every time.

**CEO CFO:** Where do you manufacture your equipment?

**Mr. Kutas:** It is manufactured in Israel.

**CEO CFO:** Would you tell us about your geographic distribution?

**Mr. Kutas:** I am in charge of the USA, and my boss is the CEO of Israel who also handles the rest of the world. We have three sales representatives- we divide the US in to East, Central, and West, and we have a director of sales. We are selling all over the country. Typically, laboratory sales are stronger in the North East and in Southern California, but we are spread out all over the rest of the US and the world as well.

**CEO CFO:** Do you sell directly to hospitals or are you working through distributors?

**Mr. Kutas:** We sell directly to hospitals.

**CEO CFO:** How do you reach hospitals? Tell us more about your sales model.

**Mr. Kutas:** Our sales model involves a lot of word of mouth. The user group in the FISH arena is relatively small. People are calling us and we like to provide immediate attention. We do many trade shows through which we meet people. We have our sales people calling different laboratories in cities to find out who is doing which kinds of tests. We also have relationships with the probe manufacturers because there are a limited number of probe manufacturers who typically know where the tests are

being done. We are talking to them and when we find out that a site is starting to do a large number of a certain test we will approach the site and see if they are interested in automation.

**CEO CFO:** Is cost an issue for many organizations? For the organizations that are interested in your product, what is the 'aha' moment?

**Mr. Kutas:** The cost is clearly an issue because if they are not doing many tests, the cost of capital equipment spread out over a few tests is quite expensive. Once the number of tests increases and they see how the equipment can save them in manpower and provide consistent and accurate results it becomes a no-brainer. Usually the equipment does not replace people, they are able to find other work or do more tests with an automated scanner.

**CEO CFO:** Is there much customer service or need for an organization to

**"We can quickly capture many cells using a high resolution camera and score them, saving a lot of manpower." – David Kutas**

work with you once the machine is up and running?

**Mr. Kutas:** It would be nice if customer service was not required, but because we are talking about laboratory equipment and there is a wet lab involved, where specimens are not always consistent, there is a lot of customer service. Half of our employees here are customer service, and we have a call-center through which we are able to access the equipment remotely and see the same screens as our customers so we can make adjustments on the fly as required. Unfortunately, there is a lot of customer service required, but it is not usually difficult. It is usually a quick tweak here and there to adjust the parameters and image quality.

**CEO CFO:** Is it easy to find the right employees to provide the high standard of customer service?

**Mr. Kutas:** It is very difficult to find employees and it takes a long time. I would say that the break-in period for each employee is six months before

they can actually take a call on their own, and it is almost a year before they are able to progress into the training arena and go out in the field on their own to train from start to finish.

**CEO CFO:** How is business these days?

**Mr. Kutas:** Business could always be better, but it is good and it has been good. In the past six months we saw a small slow down, but we are starting to see a pick up now and we hope it continues.

**CEO CFO:** Have you seen fallout from the recession or from the current economic scenario?

**Mr. Kutas:** It has only been the past six months in which we have seen any fallout. No one knows for sure, but I have a feeling that capital equipment has virtually been put on hold. There have been many questions about reimbursement in the past few years with the changes in

Obamacare. Especially in the hospital area, many capital purchases have been put on hold waiting to see what is going to be reimbursed and what is not going to be reimbursed. These past six months have been slower than in the past, but up until then we did not see any slowdowns, which one would have thought would happen with the recession. I tend to think it had to do with Obamacare and people worrying about what the reimbursements will be.

**CEO CFO:** Would you tell us what is ahead for BioView?

**Mr. Kutas:** We are developing more tests and relationships with the probe manufacturers to get in earlier with the development of tests, so when a test is development it is developed to be run on our equipment. That way, when the tests come out they will be automatically ready to run on our equipment. We also have our own tests that we are working on which we hope will be successful for the early detection of lung cancer. That is in the clinical trials right now, so hopefully that will also bring us additional business.

**CEOCFO:** Why should people in the business and investment community pay attention to BioView Inc.?

**Mr. Kutas:** We are a very small niche company with a very specialized group of scientists. We only have thir-

ty-five employees, with about twelve here in the states. Our sales are about six to seven million dollars, and we have been profitable the past couple of years. We intend to grow quickly, and we are public on the Israeli stock

exchange so we can be looked up there. I expect that we will see additional growth in the near future.

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