



The Most Powerful Name in Corporate
News and Information All rights reserved!
ceocfointerviews.com
Issue: March 10, 2014



Aqueous Organic Chemical Concentrations Measurement Technology



Stephen Witt - CEO

OptiEnz Sensors has developed innovative, breakthrough technology for continuously measuring organic chemical concentrations in water and aqueous solutions. The OptiEnz sensing system is easy to use and provides accurate results at a fraction of laboratory analysis costs—no pretreatment, expensive equipment, or skilled labor are required.

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

CEOCFO: Mr. Witt, would you introduce us to OptiEnz Sensors?

Mr. Witt: OptiEnz is a spinout of Colorado State University, located in Fort Collins, Colorado. The company develops and sells chemical sensing systems that detect organic chemicals in water or other aqueous solutions. The company was founded by Dr. Ken Reardon, a professor at Colorado State University. He has worked in the area of biosensors for the past fifteen years, and in 2010 formed the company to commercialize the technology.

CEOCFO: Are these multiple sensors or is it based on one technology?

Mr. Witt: The sensors utilize specially engineered enzymes to detect the concentration of organic chemicals in water. It is a platform technology that applies to a wide variety of organic chemicals including alcohols, sugars, hydrocarbons, and solvents. There are about 40 different chemicals that we have identified that we can measure and many more that we are considering for future development.

CEOCFO: What are the markets you are targeting? Is your product in the marketplace already or is it still in development?

Mr. Witt: We have developed prototypes and we are in the pre-production stage. We have entered into multiple customer trials and are seeking more. We are addressing the oil and gas business, groundwater monitoring, and industrial control processing for food, dairy, beverage, and biotech.

CEOCFO: Where are these trials conducted?

Mr. Witt: We are focusing on the US for our initial entry into the marketplace.

CEOCFO: Why is that?

Mr. Witt: For one, the large markets that we are going after exist in the United States. The other reason is the lower cost of developing a sales channel here. At this early stage, we do not want to incur the higher costs of developing technology that is specific to international markets or attempt to create a global sales channel.

CEOCFO: How large is your team?

Mr. Witt: We have ten people, mostly focused on research and development.

CEOCFO: Do you have one person that is focused on the marketing side, or are you involved in these areas as well?

Mr. Witt: I have been focused on business development activities since I joined the company last April. We are now bringing in a vice president of business development, Jeff Lints, who will start this week. He will be focused entirely on managing the existing customer trials, seeking out new customer trials, performing business development activities and understanding the markets we are entering.

CEOCFO: So we can get a sense of the market, what is it that your customers are looking to accomplish with your sensors?

Mr. Witt: The main contribution of our sensors is that they provide in-place and continuous monitoring of the organic chemicals and water. There are other techniques in the marketplace. The most widely used is gas chromatography, employed by analytical labs to detect the presence of these chemicals. However, gas chromatography does not make measurements in place and does not make continuous measurements. Today, customers take samples and send them to the analytical laboratories for testing; they get the results back anywhere from hours to days to a week later. We provide the results in real time.

CEOCFO: What is the water being used for so that these tests need to be done and why is there the absolute need for these chemicals not to be there?

Mr. Witt: It probably makes sense to describe this in the context of the four markets which we are focused on. The first is produced and fracking water in the oil and gas business. In this case, the fracking water is being treated to re-use standards and contaminants such as benzene and methanol must be removed. The second market is ground water monitoring, where chemicals such as trichloroethene have contaminated the aquifer and monitoring is required to perform remediation. The third market is biotech, including bio-fermentation and biopharmaceuticals. The final market is food and beverage manufacturing. In the case of food, beverage, and biotech, the industrial manufacturing processes need to be monitored to ensure efficiency and efficacy.

CEOCFO: What differentiates your product from what is currently being used in these industries?

Mr. Witt: It's continuous monitoring versus the gas chromatography that is used in the analytical labs. Our customers want real-time data to make better decisions. If you are trying to control industrial processes, you want either diagnostic information or control information in real time so you can adjust the processes accordingly.

“This is a breakthrough technology for detecting organic chemicals in water. The key contribution is the in-place and continuous monitoring of these organic chemicals, which no one in the market is doing today. Customers are relying on sampling technology that does not give the specific and quantitative results in in real-time that they require.” - Stephen Witt

CEOCFO: What is the cost difference in using your process and product as opposed to what they are currently doing?

Mr. Witt: Our product consists of a sensing unit, which is optoelectronic hardware instrumentation connected via a fiber optic cable to a sensor tip. The sensor tip is placed in the water that is to be tested. Our sensing unit has an ROI of approximately 12 months. On an ongoing basis, compared to performing daily samples, our sensing system reduces annual operating costs by 85 percent.

CEOCFO: Does this have a razor/razorblade component or is it strictly the one-time product sale?

Mr. Witt: This is a razor/razorblade approach. The sensor tips last approximately one month and then need to be replaced; the sensing units last years. You make the initial investment in the sensing unit and then an ongoing investment in the replaceable sensor tips.

CEOCFO: What is your geographic reach?

Mr. Witt: We are initially working with customers in Colorado, where we are our operations are located. There are more than 50,000 fracking wells in Colorado and a lot of produced water and fracking water treatment that is going on in the state. It is lower cost for us to come to market where we can deal with our customers directly and frequently. We are also working with partners that are operating nationwide. We will be addressing the fracking industry in the states that have the large shale oil formations, so we are looking at Texas, Wyoming, Montana, Pennsylvania, as well as others.

CEOCFO: How do you go about your contacts within the pharma and biotech industries?

Mr. Witt: We are entering this market through networking and business development activities. It's a market that we are continuing to develop. Ken Reardon, the CTO and founder of the company, has many contacts in this area, so we have been able to take advantage of those.

CEOCFO: Growing a business like yours is expensive. Are you funded or will you have to raise money?

Mr. Witt: We are actively raising funds now. There are two sources that we are pursuing – equity funding and grant funding. The equity funding started with founder investment. We are just concluding our first bridge round of financing and then we are pursuing a series A equity round in the first half of 2014. The other part of our strategy has been grant funding. We have been able to use grants very effectively for the research of the new sensor tips. The attractiveness of the grants is that they are non-dilutive funding for the company.

CEO CFO: *Do you get out and do road shows for your product or business?*

Mr. Witt: We have been focused on investors in Colorado and there are many investor events in which we have participated. One example is the Cleantech Open. We were a regional finalist in their business accelerator program, and we were therefore able to get investor meetings and contacts. We have used other forums such as the Rockies Venture Club, the Colorado Angels, High Altitude Investors and the National Renewable Energy Lab Industrial Growth Forum. In terms of going to market, there are many conferences in the produced water treatment area. We have just started to participate in these and will become more involved as we introduce our sensing systems in the market.

CEO CFO: *Is there an endgame for you at this point?*

Mr. Witt: We are looking at a five-year strategic plan in which we are continuing to grow the company with the current investment structure. Longer term, we are looking at strategic partnerships in which we would become very well aligned with a larger, complementary instrumentation company in the marketplace; acquisition is something that we would consider at that point.

CEO CFO: *Would you tell our readers what is special about OptiEnz Sensors?*

Mr. Witt: This is a breakthrough technology for detecting organic chemicals in water. The key contribution is the in-place and continuous monitoring of these organic chemicals, which no one in the market is doing today. Customers are relying on sampling technology that does not give the specific and quantitative results in real-time that they require.

BIO: Steve Witt brings a unique blend of technical and business expertise to OptiEnz. As CEO, he oversees day-to-day management of operations; financial operations; customer, investor, and community relations; and the overall strategic direction of the company. Mr. Witt holds a B.S. degree in electrical engineering from Michigan Technological University. He has extensive experience in the test and measurement industry. His technical and leadership experience includes serving as vice president of business development for Constant Wave, Inc., vice president and general manager of the Logic Analyzer product line at Tektronix, president of Compressor Controls Corporation, and vice president and general manager for Agilent Technologies' Network Systems Test Division in Colorado Springs.



OptiEnz Sensors
320 East Vine Drive, Suite 221
Fort Collins, CO 80524
855-678-4369
www.optienzsensors.com