CEO Seeks to Make Connections With Hospitals

San Diego Business Journal

AWAREPOINT CORP.

CEO: Jay Deady.

Financial information: Not disclosed.

No. of local employees: 45.

Investors: Company has received equity financing of $32 million to date from sources such as Cardinal Partners, Avalon Ventures, Venrock Associates and Jafco Ventures.

Headquarters: Downtown San Diego.

Year founded: 2002.

Company description: Creates a wireless sensor network that tracks the location of patients, equipment and devices with a radio frequency identification tag.

Growing market share in the year ahead is at the top of the priority list for Jay Deady, who on Dec. 1 was hired as president and chief executive officer at Awarepoint Corp., the San Diego-based provider of tracking systems for equipment and patients.

Hospitals around the country currently use the companys ZigBee-based wirelesses sensor systems, connected to radio frequency identification, or RFID, tags to locate instruments and other equipment that may go missing. Its sensors also have the ability to locate patients remotely using technology in wristbands.

Awarepoint provides both software and hardware for the real-time locating systems, or RTLS. The name of the brand refers to the behavior of honey bees after their return to the hive.

With the companys product installed at 80 facilities, including hospitals operated by UC San Diego, UC San Francisco and Kaiser Permanente, Deady is aggressively planning to increase the customer base in 2011.

Most of the earliest adopters of the Awarepoint technology have been West Coast customers, said Deady, the former executive vice president for Atlanta-based Eclipsys Corp., a company that provides health care information technology services. It recently merged with Allscripts.

"We do have a robust pipeline and we will more than double revenue on a year-over-year basis," said Deady, whose hiring also coincided with the announcement that the privately held firm raised an additional $9 million from investors.

Wide Range of Applications

When Awarepoint was established in 2002, its founders recognized that RFID technologies had applicability for addressing a wide range of needs in the health care industry.

It is an ideal time to expand in the market, said Deady. He said Awarepoint and its four to five competitors are currently serving only 9 percent of the overall hospital market. He said Awarepoint is the only business in the space that delivers software as part of the total package, which reportedly can start at a half-million dollars or more depending on the scope of the tracking.

Citing a survey conducted by the business research and consulting firm Frost & Sullivan, Deady said 40 percent of hospitals and medical centers indicated that they plan to invest in RTLS in the next 24 to 36 months.

With health care reform imposing mandates related to electronic records implementation and other operations, the most successful route for increasing sales would be through the major health care providers which have multiple hospitals, Deady said.

Many hospital customers, such as Kaiser Permanente, a nonprofit integrated managed care system based in Oakland, have already invested heavily in medical records technologies, and now are turning their eyes to the cost savings that RTLS can provide, said Deady.

"Most of our clients are in a more comfortable financial position compared to the average community hospital, which allows them to make this kind of investment," he added.

Pursuing More Business

An example of a client that Deady hopes to do additional business with is Kaiser. "Our product is at 12 of their medical campuses" in the Northern and Southern California divisions, but the organizations San Diego hospitals have yet to implement the system.

"RFID is an exceptional tool for us," said Terri Simpson-Tucker, assistant administrator of Kaiser Permanente San Jose Medical Center, who said the hospital acquired Awarepoints system in December 2009.

She said a hard-wired locating system would have been too expensive for the facility because of its age, and California construction requirements which make the installation of wires a challenge. Awarepoints nondisruptive technology and tags, which can be sterilized, were significant factors in Kaiser choosing the San Diego

vendor.

Simpson-Tucker estimated a nearly 40 percent reduction in rental costs since the locating system launched.

"Its been live for a year now," said Simpson-Tucker, who said the hospital has tagged 4,000 items. She said staff members are able to more easily locate items for equipment maintenance or clinical use.

Simpson-Tucker said the equipment should pay for itself in several more months.

"We are looking at the feasibility of extending RTLS at other locations," said Simpson-Tucker.

Deady said he looks forward to growing business with customers such as Kaiser. Emerson Hospital, the companys first sale in the Boston area, is a recent addition to its customer base.

Deady said Awarepoint was looking at adding 12 to 20 positions to its 80-person work force in the next year in the areas of sales and software development.

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