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ECCO 15 and 34TH ESMO
Multidisciplinary Congress
BERLIN, 20-24 SEPTEMBER 2009

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15TH CONGRESS OF THE EUROPEAN CANCER ORGANISATION AND 34TH CONGRESS OF THE EUROPEAN SOCIETY FOR MEDICAL ONCOLOGY, BERLIN, GERMANY, SEPTEMBER 2009

On the occasion of the first participation of Health Robotics' in ECCO-ESMO and the introduction to this prestigious and long-standing European Congress of its CytoCareTM and i.v.STATIONTM robots, **ECCO-ESMO** interviewed Health Robotics' CEO **Werner Rainer** to discuss industry trends and to review the pioneering IV robotics company's scorecard during 2009 and its future plans for 2010.

ECCO-ESMO (ECSM). Your company Health Robotics seems to be in extraordinary expansion mode, with 2009 participation at many health care industry symposiums when many other companies are cutting back in these difficult economic times. Are you unaffected by the global economic crisis?

Werner Rainer (WR). Yes, we have significantly expanded our marketing budget in 2009 and for the first time directly participated at EAHP, DUPHAT, the World Congress in Munich, and will also attend ASHP in Las Vegas due to the fact that we learnt last month that our prior distributor in America [Devon Robotics] had failed to even make plans to reserve a booth this year. Next year we will also expand our presence to the Hong Kong Pharmacy Conference in January and ISOPP (International Society of Oncology Pharmacy Practitioners) in May at Prague, Czech Republic. We came to realize that as we replaced incompetent distribution channels in America and China, significantly expanded our sales channels [instead of relying on only a handful of partners], and to a lesser extent transformed channel strategies by engaging in joint ventures and direct sales in some countries, we needed to make direct contact with end-customers. Of course we have been somewhat affected by hospitals budget cuts, but we have been fortunate that, since our products have no real competitors other than

companies with a lot of hype and no proof on delivering on 20 year-old¹ vision and promises, we have been relatively isolated from the negative effects of the global economic crisis, especially in the Oncology sector, where there are no competitors in sight beyond hype.

ECSM. Are you now satisfied with the recent marketing and support channel changes and have you now completed global coverage?

WR. I'm very satisfied with progress to date, but we are not finished by any means. We have upcoming announcements in the next few of weeks for new partnerships in Asia and Latin America that will give us around 95% global coverage for CytoCare, but that does not mean we are finished as I wouldn't rule out more sales channel changes for example in Europe and Middle East next year.

I do not expect the changes to be as drastic as this year but a company should always try to improve its global access to markets, no matter how successful their past and current strategy and changes have proven themselves.



¹ **Am J Hosp Pharm 46(11):2286-93 1989**



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WR (continued). Additionally we are at only 25% partner global coverage for i.v.STATION and we are going to have to address this issue very quickly because the product is being released to hospitals very soon and the interest for this new product wildly exceeds what we had seen in the past with CytoCare. We expect to rely much less on indirect sales channels to launch this new product because we have come to learn that there are very few companies that understand robotics technology and its impact on aseptic compounding automation. While we will continue to primarily rely on an indirect channel marketing strategy as directed by Gaspar DeViedma, we are making plans to launch products on our own and only after market success then consider a direct or indirect sales channel decision. This will mean undoubtedly quicker customer adoption in selected markets, and better overall returns for our stockholders.

ECSM. Delving into Oncology, can you please share with us your view on Health Robotics' scorecard for 2009?

WR. One of the most important results for us in 2009 was the completion of the SafeChemo project, sponsored by the EU. This scientific, independent, government-sponsored, real hospital pharmacy study (www.safechemo.eu) sets the new gold standard in measuring and controlling hazardous cross-contamination (in picogram measurement compared to the prior recognized Phaseal standard of nanogram measurement), widely demonstrating the clear benefits for patient safety, worker protection, and financial considerations that CytoCare can bring to oncology pharmacy worldwide. Beware of some other companies "self-tests".

ECSM. Which other CytoCare highlights can you share with us at ECCO-ESMO?

WR. We are also quite proud of CytoCare's flexibility results in adapting to many different IV consumables such as drugs, vial sizes, IV containers, etc. utilized in very different global markets. For example, not very many people are aware that our global customers have utilized CytoCare for over 200,000 doses, with over 400 different drug vials, and over 30 different final containers (syringes and IV Bags). Oncology Pharmacists should compare and contrast this CytoCare experience and results with our competitors, which are still at zero chemotherapy doses after anywhere between ten and twenty years of trying to make Oncology IV Robotics work for them and their customers.

ECSM. Which area or areas are you disappointed about in this year?

WR. I'm quite disappointed for the situation that some of our American customers have been reluctantly put into by the frivolous litigation between and amongst four American companies not affiliated with Health Robotics (HRNA, Primus, Med-Surg, and Devon). As Europeans, we are not used to what it has been popularly described as "legal ambulance-chasers" in the United States, whereby the aggressive attorney culture fosters thoughtless lawsuits mostly motivated by greed and incompetence, and which, in the end, will only serve to maybe discern which of these four companies did the worst job marketing and servicing our products in the past few years when they held our product's distribution rights and partnered with each other, and to put money in the pockets of attorneys. Although Health Robotics is not part of any of these lawsuits, we need to make clear our



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position that we believe that neither the investigation on whom amongst these four companies did the worst job managing our products prior to this Summer channel marketing changes, nor the vast amounts of money flowing to the attorneys in these legal complaints (all these companies are either suing each other or threatening to sue each other and/or their customers) are in the best public interest, and we feel fortunate that none of these frivolous lawsuits would have been tolerated by the competent authorities in the European justice system. We hope for our American customers' sake that the legal threats and unacceptable intimidation attempts against them by some of these ambulance-chasing lawyers is quickly dismissed by the legal justice system in the USA, and that customers can quickly move to forget the dreadful customer support they received from the people that were responsible for it at these companies, and that led to the termination of their distribution rights for some of them at the end of 2008 and for the rest in July 2009.

ECSM. How about the company financial situation given the effects of the global economic crisis in hospital capital budgets?

WR. Everything considered, we are quite satisfied about the company's performance this year. While there is no doubt that changing over fifty percent of the sales channels will have an effect on our planned growth during 2009, I have no doubt that first, the company will nevertheless increase both its top-line and bottom-line growth under very difficult economic conditions, and lastly, that these sales channel changes are the right thing to do for years to come. Incompetent people servicing our products is something we will never tolerate in the future and the sooner

we make changes, the better for the long term prospects of the company. The financial guidance I can offer today for 2009 is double digit growth in top-line revenues and triple digit growth in net profits for the company when we compare 2009 to our prior year performance.

ECSM. How about plans for 2010, are you going to take a break from aggressive growth and changes, and consolidate your position or should we expect more drastic developments and announcements from Health Robotics?

WR. There are no planned breaks at Health Robotics. Global leaders need to continue to lead and in the product development area, we plan to aggressively continue to lead the industry with new product developments such as TPNstation, new software automation products, and a new global initiative to take I.V. Rooms into the future. We now have the bandwidth to tackle these new development projects after the successful completion of SafeChemo. In the sales channel area, we plan to continue making changes although they will not be as drastic as in 2009; expect a few channel changes in Europe and in Middle East as I said before and a renewed focus on direct sales or joint ventures in areas where the indirect sales channel model does not work to our satisfaction. Finally, in the company's governance area, expect some slight changes in stockholders' composition, driven by the extraordinary interest that some external investors and strategic partners alike have shown in acquiring Health Robotics' stock and participating at the Board level in the overall management and strategic guidance of the company.

ECSM. Thanks very much for your insights, we look forward to seeing you again next year.