

Growth Tools

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Lighting the way

Optim Inc.

Endoscope company brings products beyond medical to new markets

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JOURNAL STAFF

STURBRIDGE — About a decade ago, **Optim Inc.**, a manufacturing company headed by CEO **Thomas Root**, made a key strategic decision that ultimately put it on firmer financial footing: focus on a product area the company could grow into — in this case, endoscopes — and, ultimately, find new markets to sell those products to.

Since then, Sturbridge-based Optim has used product innovation, fueled by a healthy infusion of outside capital several years ago, to better compete in the marketplace.

A key turning point was the introduction in 2006 of its FreedomView Fiberscope, a portable, hand-held industrial inspection tool that utilizes LED (light-emitting diode) lighting to provide remote imaging for visual inspections in tough-to-reach internal areas such as jet engines and cargo holds.

As a result, the company's endoscopic products, once marketed primarily to medical practitioners, have since landed in such diverse industrial markets populated by the likes of the **U.S. Department of Homeland Security** and **Nascar** racing



FAST FACTS

Optim Inc. manufactures, markets and services endoscopic products for medical and industrial markets.

Optim's FreedomView LED Fiberscope has been selected as a 2007 "Product of the Year" finalist in Photonics Tech Briefs' Annual Readers' Choice Awards.

The company plans to launch its new ENTity Fiberscope, a LED-illuminated endoscope for the ear, nose and throat market, in 2008.

BY MARC BERNBAU | BUSINESS JOURNAL

Thomas Root, president and CEO of Optim Inc., displays the company's FreedomView Fiberscope. The LED-illuminated device is an example of how the company has successfully moved its endoscopic products into new markets beyond medical applications.

teams. At the same time, Optim's product price point has grown to a range currently between \$5,000 and \$8,500 — up from about \$4,500 two years ago.

"I think that's what tipped the scale for us to drive to the LED lighting — we

were selling essentially 'me, too' products against companies that were better branded in the marketplace," says Root, 55. "We had to sell on price. So, that put a

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OPTIM: Product innovation

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lot of margin pressure on us. We were the 'low-cost' kids."

All of Optim's manufacturing is performed in Massachusetts; the company employs 42 people at its headquarters in Sturbridge and a plant in North Brookfield.

The company's revenue grew from \$5.5 million in 2006 to \$6.4 million in 2007, and it is projected to hit \$8.5 million this year. Because it continues to invest heavily in R&D, Root says, the company currently "operates at break-even."

✓ Sales from its medical products, which once constituted 70 percent of Optim's business, are now about 40 percent, while industrial products now constitute 60 percent.

✓ "By selling products on the industrial side, we can do it very quickly without the sort of regulatory elements that come in with the FDA and so forth (on the medical side)," Root says. "And then we can migrate what we learn about the use in the industrial environment over to the medical."

Optim customer **Andre Cote**, a senior technology adviser in the detection technology section of the **Canada Border Services Agency**, observes, "The FreedomView scope is more rug-

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Thomas Root
CEO, Optim Inc.

ged and more user-friendly than any previous scope we tested or own."

An example of the product migration that is lighting the way to the company's future growth is Optim's new ENTity Fiberscope, a device equipped with a LED light engine that will be targeted to ear, nose and throat doctors. Optim is currently awaiting FDA approval for the new medical scope, for which it has spent approximately \$300,000 in research and development.

With its patented LED technology now a key selling point, Root says Optim is planning to launch a sepa-

rate wholly owned subsidiary specializing in LED illumination products for non-endoscopic applications. That venture is expected to launch in mid-2008.

When Root was appointed CEO in 1997, he says the company, which was then known as Applied Fiber-optics Inc. (founded in 1970), needed to reassess its business focus. To wit, between 1997 and 1999, the company sold off several underperforming product lines — surgical headlights, veterinary products and colposcope products.

"We needed to narrow the focus of the company and get into products that we could focus our attention on and grow with," says Root. "And those were the endoscopy products."

Renamed Optim Inc. in 1998, the company further strengthened its financial stability by securing a \$2 million private equity investment from New York-based **Juno Investments** in 2004. In return, Juno acquired an 80 percent stake in Optim. That funding, says Root, ultimately enabled Optim to bring FreedomView to market.

Jimmy Haber, CEO of Juno Investments, says, "We knew we were taking a risk; we were really buying into the future. ... Tom put together a great team of people and came out with some great new products. They have great ingenuity."

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