



From the Desk of R. Lewis Dark

THE DARK REPORT

RELIABLE BUSINESS INTELLIGENCE, EXCLUSIVELY FOR MEDICAL LAB CEOs / COOs / CFOs / PATHOLOGISTS

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Early this year, Manhattan Labs of New York City tapped the capital markets for \$3.7 million in equity financing. It is a sign that these Wall Street investors remain bullish on the prospects in the clinical laboratory testing marketplace. For its part, Manhattan Labs intends to use the money in several important ways. It will expand its lab and patient service infrastructure within the tri-state region of New York, New Jersey, and Connecticut. It will also use these funds to advance research and development of new lab assays, along with an expansion of its marketing and sales capabilities.

Manhattan Labs Gets Infusion of Equity Cash

► **Company will use \$3.7 million investment to support growth, new services, and innovation**

►► **CEO SUMMARY: Manhattan Labs tapped a private equity company for growth capital last month. The company says its strategy is to deliver concierge-level quality lab services to the high-end physicians and patients within the tri-state area of New York, New Jersey, and Connecticut. These are savvy healthcare consumers who seek the best care from the best physicians and who recognize that quality lab testing is important if they are to identify future health risks.**

IN WHAT MAY BE THE NATION'S MOST INTENSIVELY COMPETITIVE MARKET for clinical laboratory testing services, some professional investors are bullish on one fast-growing independent clinical laboratory company.

Just last month, **Manhattan Labs** of New York City announced it received \$3.7 million in equity financing. The money came from **Trevi Health Capital LLC**, an investment firm also in New York City that specializes in investing in healthcare companies.

Manhattan Labs will use the new funding to beef up its marketing and sales department, develop signature tests, and open new patient service centers in the tri-state area of New York, New Jersey, and Connecticut.

► **Funding Will Support Growth**

"We will use this funding to support our growth," said CEO Ken Cerney. "Our goals are to support better patient access in terms of patient service centers and to expand further into contiguous geographical areas."

As an independent lab company, Manhattan Labs focuses on what Cerney calls high-end physicians and patients. He noted that this strategy requires high quality service and good execution.

"Physicians and patients in the tri-state area demand a high level of lab testing services," he explained. "In these communities, consumers are quite savvy and they seek the best care from the best physicians."

► **Concierge-Level Lab Service**

"Our strategy is to deliver personalized, and even concierge-level service," continued Cerney. "That is complemented by our ability to innovate and invest rapidly. We are prepared to add the new tests and equipment required of a nimble lab company in a competitive market."

Cerney explained that his lab team is in regular interaction with client physicians for the express purpose of understanding their changing clinical needs. This information then drives additions to the test menu offered by Manhattan Labs.

"We call on ob-gyns, *in vitro* fertilization specialists, cardiologists, rheumatol-

ogists, and internal medicine physicians,” he explained. “These are our core client physicians.

“We meet with these physicians in roundtable discussions,” he said. “They share with us the changes in their clinical practice and what lab tests would be most useful for them. Because of these sessions, we now run more than 45 stat tests in our midtown STAT lab on East 52nd Street. This list may be the most comprehensive list of stat tests in New York City.

► **Fast Test Tat Adds Value**

“As an example, the women’s health physicians wanted fertility tests because of the patients they see here in New York,” noted Cerney. “These are affluent and professional women. They are often older and delaying pregnancy in favor of careers. They plan to have children later in life.”

Cerney discussed another lab test that is tied to the rather unique needs of patients living in New York City. “For diabetes, our client physicians not only want a STAT blood sugar level but they want the Hemoglobin A1c as well,” he explained. “This helps them better manage their patients and adjust dosages of patients who are on drug therapy.

“However, in New York, physicians tell us it is their patients who want to know the lab test results as soon as possible because that information is important to them,” continued Cerney. “These patients understand that these tests are important to help them identify their downstream health risks.

“We believe that the most successful labs are those labs that listen to the patients’ needs and partner with their client physicians,” he added. “Given the recent anemic growth in the lab industry and the decline in patient visits to physicians, it is particularly important to have a strategy that differentiates your laboratory from the competition.”

Manhattan Labs has two facilities, 170 employees, four pathologists, and runs 1.5

Company Building Up Its Executive Team

OVER THE PAST YEAR, Manhattan Labs has actively worked to beef up its executive team. The lab company has hired a number of new officers as part of its strategy to develop concierge-level laboratory testing services.

The newest member of the team is Tom Hitchcock, who joined Manhattan Labs earlier this month as Chief Information Officer. He had previously held positions with **Plus Diagnostics** and **Dianon Systems**.

On November 1, Ken Cerney started in his position as CEO. Prior to that, Cerney was President of **Strand Diagnostics, LLC**, in Indianapolis. He has also held positions with **Laboratory Corporation of America** and **Quest Diagnostics Incorporated**.

Rounding out the executive team at Manhattan Labs is Bill Nouri, President and COO. Nouri previously served at Quest Diagnostics Incorporated and its subsidiary, **Nichols Institute Diagnostics**.

million billable tests per year. The company’s core lab is in Pine Brook, New Jersey, about 25 miles west of the company’s rapid response laboratory in midtown Manhattan.

Looking ahead, Cerney said that accurately predicting how the changing health-care system will alter or disrupt the status quo in laboratory testing is a major challenge. “It’s the beginning of a very interesting phase in healthcare,” he noted. “Clearly payers are taking more aggressive steps to reduce costs. It’s time that labs showed payers how significant dollars can be saved by recommending appropriate testing and helping payers avoid the downstream risk. That has to be the role of successful labs going forward.”

TDR

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