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Rheonix – A Pandemic Pivot



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Dr. Greg Galvin, Ph.D**

CEOCFO: *Dr. Galvin, what was the original idea behind Rheonix?*

Dr. Galvin: The idea behind Rheonix was to make access to molecular diagnostics testing more affordable and accessible in many different settings, as opposed to the very complex laboratory setting, which it was originally developed for.

CEOCFO: *What is the focus today? Has it changed?*

Dr. Galvin: That is still our focus today. We have developed a fully automated molecular diagnostic system that we have applied in both human clinical situations as well as in non-clinical, such as in food and beverage testing.

CEOCFO: *Would you tell us about the system you developed and how that differs from what might be available today?*

Dr. Galvin: The key distinguishing points are the full automation, from loading a raw sample onto the instrument, pressing "go", and getting the results back, with no other human intervention after loading the sample and pressing "go". In addition, what separates us is the lower cost of the system itself and the consumables that are used in it.

CEOCFO: *Do customers care, as long as the results are accurate? Are the results more accurate with automation?*

Dr. Galvin: There is some improvement in accuracy by taking a lot of the human element out of it. All customers are cost sensitive, maybe a little less in the human clinical setting, but very much so in food and beverage testing, so cost is a major factor.

CEOCFO: *Are there many other automated systems available today or is it still something that is outside of the mainstream?*

Dr. Galvin: I would say that it is becoming the mainstream. There is a half dozen vendors out there that offer some level of an automated

system. There is some marketing gamesmanship where something is stated as fully automated, but there is actually a pre-step or a post-step that is not part of the automation. However, in general, the industry is moving to full automation.

CEOCFO: *Do you do much in the way food and beverage? Do you do more in health? How does it break down and what do you see in the future?*

Dr. Galvin: Like most things in the world today, we have a pre- and post-pandemic, if there is a post pandemic. Prior to the COVID-19 pandemic, we were commercially focused on beverage testing and had just made a submission to the FDA for our first clinical assay. Then when COVID came along we switched to focusing on COVID and received an emergency use authorization for our COVID assay from the FDA. Therefore, for the last year and a half, all of our attention has been on the clinical settings, specifically for COVID. However, now as COVID has dropped a little bit, we are refocusing and putting more effort in the food and beverage area. Certainly, in terms of revenue over the past year, it has all been clinical.

CEOCFO: *What are you doing today at Rheonix regarding COVID?*

Dr. Galvin: Today, we are just servicing our customers with the consumables they need for the instruments they have. With the Omnicron variant, we have seen a little up-tic in the consumption of test kits, which had dropped off previously. We have also developed a flu plus COVID assay, which we have applied to the FDA for emergency use authorization, but that is still pending.

CEOCFO: *As you are putting together these kits do you have any supply chain problems today? Are you able to get the various components today or is it somewhat challenging?*

Dr. Galvin: In general, we have not had any supply chain issues throughout the pandemic. It has been touch-and-go on occasion, but we have been able to get what we have needed. One of the conscious decisions we made at the beginning was because we knew from our potential customer base that they were having difficulties getting kits for existing instruments, so we made a promise that we would not supply any more instruments than we were able to supply kits to service them. Therefore, we always had kits available.

CEOCFO: *Are customers contacting you? Do you do much outreach? Would you tell us about the business side of Rheonix?*

Dr. Galvin: That has evolved. Certainly, a year ago, when the pandemic was first starting to hit, customers were coming to us by-and-large. We had almost no outreach because we did not have the capacity to support the demand that was coming in. However, about 9 months ago that trend started to change. Therefore, we are now in more of a conventional sales and marketing activity, with our sales team reaching out to potential customers and seeking additional placements.

CEO CFO: *What is your grand strategy for the food and beverage? It is a big industry. Are there particular segments you want to target?*

Dr. Galvin: We chose to enter the food and beverage sector because for one, it does not require FDA type regulatory approvals, so barriers to entry into the market are much less. Number two, that industry has minimal use of molecular testing because of their historically high complexity and high cost. Therefore, it is a market that truly could use a lot more molecular testing if the tests could be affordable and be used by non-highly skilled lab technicians, which is what our product offers. We think it is a great fit for food and beverage.

CEO CFO: *What have you learned about molecular testing over time? What has changed? Are there continual changes in the equipment? What about the mechanics of doing the assays?*

Dr. Galvin: The basic concepts do not change. What the market is looking for is faster turnaround times and lower costs. Those are the two things that keep driving our engineering efforts around the product, as well as creating the different assays that can be run on the same platform.

CEO CFO: *Is there something that you would like to be able to test for that is not available today? Can almost anything be automated?*

Dr. Galvin: Pretty much anything can be automated. One of the emerging areas that that I think would be interesting to explore is the oncology applications, particularly looking for circulating tumor cells and identifying specific cancers from the genetic makeup of those cells.

CEO CFO: *What do you see a year or two down the road?*

Dr. Galvin: We see continuous expansion of the assays that we are able to offer, although keeping in mind that any of the clinical ones have to go through an FDA approval process, which in the past year and a half the FDA has been completely consumed by COVID. Therefore, that has been a pretty slow process outside of COVID. We also see expansion of our food and beverage offerings.

CEO CFO: *How is business?*

Dr. Galvin: As I always say to that question. It can always be better.

CEO CFO: *Have you had any problem getting workers today?*

Dr. Galvin: That has not been a problem.

CEO CFO: *Where are your customers? What is your geographic reach?*

Dr. Galvin: Food and beverage is worldwide. The COVID testing has been much more localized in part because at the beginning of the pandemic we did not want to be traveling extensively, as well as the nearby demand was exceeding our capacity to supply. Therefore, our COVID tests are primarily in New York State, and then the adjoining states around there. Then an outlier in Florida.

CEO CFO: *Are people a little skeptical that if you are lower cost that the quality might be compromised?*

Dr. Galvin: There is no question about that, particularly on the clinical side. It is a regulated product that has been through the FDA process. Therefore, the quality systems are in place, so that question does not come up.

CEOCFO: *There are many companies to look at in your industry. Why choose Rheonix?*

Dr. Galvin: Primarily it comes down to offering the lowest cost solution, as well as a very easy to use, turnkey, ready to go instrument.

