

State-of-the-Art Neurodevices for Surgeons



Leonard M. Cosentino
CEO

Checkpoint Surgical provides surgeons with state-of-the-art neurodevices to locate and identify nerves and evaluate nerve and muscle function excitability in surgical procedures. Checkpoint Surgical was launched in August, 2009 as the second spin-off of NDI Medical.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *Mr. Cosentino, what is the concept at Checkpoint Surgical?*

Mr. Cosentino: Checkpoint Surgical provides surgeons with state-of-the-art intra-operative nerve stimulators to help them protect and repair nerves during surgery.

CEOCFO: *What are some of the challenges in protecting and repairing nerves that might be different than other surgical situations?*

Mr. Cosentino: Most of the procedures targeted by our technology are surgeries where the anatomy is altered anatomy. The nerves are obscured often by scar tissue or tumor or trauma, so they are difficult to locate. In a normal anatomy, this is not a problem for a surgeon but in these cases it is much more challenging. Our device helps the surgeon map the nerves in the surgical site and assess the health of the nerves.

CEOCFO: *Would you explain what is the different about a Checkpoint Surgical product?*

Mr. Cosentino: The key difference of the Checkpoint technology is that it combines the sophistication of complex nerve monitoring systems with the ease of use and cost effectiveness of a handheld disposable tool. Checkpoint is a minimally invasive approach to intra-operative nerve protection and repair that puts full control in the surgeon's hand, providing reliable information to the surgeon that was not previously available; both as to location and health of the nerve.

CEOCFO: *What were the biggest challenges in creating the technology and was it tried in the past?*

Mr. Cosentino: I am not aware that others are trying this same approach. There are other hand-held nerve stimulators on the market prior to ours but they are much more rudimentary technologies that do not offer the functionality or benefits of the Checkpoint. Our challenge was to take a sophisticated technology typically found in large, expensive consoles, shrink it to fit in the surgeon's hand and make it affordable.

CEOCFO: *What is required from the surgeon in terms of learning to use the instruments?*

Mr. Cosentino: It is easy to learn and the training is fairly simple and usually fifteen minutes of an in-service training from sales representative or one of our clinical specialists. Within fifteen minutes they can pretty readily understand how to operate the device and then how to use it clinically at least on a basic level. What typically happens then after they have used it a few times is they gain a better appreciation of how to clinically apply it.

CEOCFO: *Have surgeons been looking for a better method or is it just that they will be happy when they find it?*

Mr. Cosentino: When we developed the device originally it was for surgeons who did come to us and told us they wanted something better in these types of cases. Their main concern was inadvertently damaging a nerve while operating due to obscured anatomy. We gave them what they were looking for. We are also finding that there are many surgeons who had not identified this as a particular need but once they try the device there is a real wow factor of appreciation for how the Checkpoint can help them.

CEOCFO: *How do you reach potential users?*

Mr. Cosentino: We call directly on surgeons. Primarily we have a small direct sales force that calls on surgeons. We also work with independent sales reps. We participate in numerous tradeshows we also have a good team of surgeon advisors and advocates who help us connect with their peers.

CEOCFO: *What is the key to getting attention?*

Mr. Cosentino: You have to have a quality product that is differentiated – that provides both clinical value and economic benefit. There are many products that we would generally refer to as “me-too” products. We offer a product that is unique

but also that performs at a high level, addressing patient safety at a reasonable cost. The other key ingredient is a talented sales team. It comes down to having people who are effective at getting in front of doctors and communicating the value proposition.

CEOCFO: *Is this a disposable?*

Mr. Cosentino: It is a single-use, disposable device.

CEOCFO: *What is the geographic reach for you today?*

Mr. Cosentino: We are in the US, Canada, Australia, and South Africa. We also have CE mark clearance that allows us to be in Europe.

CEOCFO: *Is that something for future consideration?*

Mr. Cosentino: Our foreign distribution has been largely opportunistic to date but it is definitely part of our plan to expand our presence in Europe as well as other foreign markets.

CEOCFO: *Where do you manufacture and are you able to ramp up quickly?*

Mr. Cosentino: We manufacture right here in Ohio not far from our own office with plenty of capacity for ramping up.

CEOCFO: *How long has the product been available?*

Mr. Cosentino: It has been available for four years now.

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CEOCFO: *How is business now?*

Mr. Cosentino: We are growing every quarter since we launched the product on the market and busy developing additional products.

CEOCFO: *Is there any effect from the healthcare act or is it not so relevant for your area?*

Mr. Cosentino: The most notable direct impact is the medical device tax which has come about as result of the AHCA. There is a great deal of uncertainty and added pressure on hospitals to control cost and that impacts everyone in our industry.

CEOCFO: *Are you able to make a case for better outcomes or is it more subjective?*

Mr. Cosentino: Using the Checkpoint provides the surgeon with real time, reliable information that significantly helps surgeons make better surgical decisions about nerve location and health. Access to this kind of information certainly has a positive impact on surgical outcomes.

CEOCFO: *It would seem intuitive, as a non-medical person, that your products can provide help!*

Mr. Cosentino: Yes, the information that surgeons can garner using our device gives them greater confidence identifying nerve structures in the surgical site and can help reduce procedure time in many cases.

CEOCFO: *What is ahead for the company?*

Mr. Cosentino: Growth! We have established the efficacy of the device and the demand from surgeons so now it is about scaling the business to reach across the U.S. and bringing out additional products. We intend to develop a full line of intra-operative nerve stimulation devices. We are coming out with a second, similar device later this year serving a different marketplace. Our goal is to continually expand the application of our technology into more surgical specialties.

CEOCFO: *What sets Checkpoint Surgical apart?*

Mr. Cosentino: Checkpoint is the emerging standard of care for intra-operative nerve protection and repair. This standard requires that surgeons must actively take steps to locate and protect nerves during surgery. We believe there is no better way to do so than with intra-operative nerve stimulation using the Checkpoint.

BIO: Mr. Cosentino has served as the CEO of Checkpoint Surgical, LLC since its founding in 2009. Previously, Mr. Cosentino served as VP of Business Development and General Counsel. of NDI Medical, a leading venture capital and commercialization firm that focuses on innovative neurodevice technologies.

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