

# BUSINESS

SANTA CRUZ SENTINEL

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Dan Coyro/Sentinel

Satori Labs Inc.'s mobile digital pen with tiny camera and electronically sensitive paper is geared toward the health-care industry.

## From ink to Inc.

New Scotts Valley product  
eliminates need to transcribe  
notes onto computer

By **GWEN MICKELSON**  
SENTINEL STAFF WRITER

SCOTTS VALLEY — Roy Feague takes a pen and writes on a form clamped to a clipboard. As if he is a magician, he taps a box on the form and the words appear on a digital screen.

The new product, called FusionForm for Healthcare, is an automation package from Feague's company, Scotts Valley-based Satori Labs Inc., founded in 2002. It includes a special pen embedded with a tiny camera and LED. A user physically writes in ballpoint on paper segmented into topic sections and printed almost invisibly with a unique pattern of tiny dots that tells the pen what piece of paper or form it's on, and where it is on the paper.

When the user is done, the written information is sent from the pen via Bluetooth-based wireless radio to the personal digital assistant, or PDA, included in the package. Handwriting recognition software decodes the user's

gestures, and — *voila!* — no need to transcribe written notes to a PDA.

Once verified by the user, the information is sent wirelessly to a PC or other system, saving data entry and transcription time.

Satori Labs originally had been developing a personal organizer product. But when the company realized the size of the market in forms automation for health care, a field notorious for large amounts of paperwork, copious filling out of forms and high transcription costs, it decided to pursue that avenue.

In health care, “we realized that forms automation is not a ‘nice to have,’ it’s a ‘need to have,’” said Feague. “In the personal organizer market, their pants aren’t on fire. In health care, their pants are on fire.”

## Power of the pen

The product eliminates the problem of a physician needing to turn to a computer to enter data while talking with a patient, or use tablet PCs, which Feague said have failed in the health care setting half the time because doctors rebel and throw them out.

“I think writing on a plastic screen with a plastic stick is hard to get used to, and the more you have to accommodate the tool, the more distracting it is,” said Feague. “We’re trying to create transparent technology — something that helps you without you being aware of it.”

More than 30,000 people in the United States die per year because of transcription errors in health care records, according to Feague.

“The ambiguities of handwriting leave that open,” he said.

Also, doctors must review their notes on a patient after they are transcribed, “meaning you have to deal with the information twice, which is a time burden,” said Feague.

The No. 1 recommendation of the Washington, D.C.-based Leapfrog Group for Patient Safety is to implement electronic transfer of data because of transcription error and time delays, according to the group’s Web site.

Electronic data transfer “also allows for immediate review, so the data is fresh in doctors’ minds,” said Feague.

## Inc. it

Feague, whose background is in software development and management, spent seven years as director of engineering at Starfish Software, which was acquired by Intellisync Corp. in 2003.

He had been looking for an opportunity “worth starting a company for,” and he licensed the pen technology from Swedish company Anoto, thinking it was “powerful as a mobile tool.”

Satori Labs’ innovation, he said, is the ability to make pen and paper perform like a mouse and keyboard.

The company was boot-strapped by Feague



Dan Coyro/Sentinel

Satori Labs’ start-up team includes, from left, Roy Feague, Bill Jordan, Dan Horn, Alan Capland, Eric Ornas and Kristina Ross.

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## Satori Labs Inc.

**WHAT:** Mobile information management company.

**LEADERSHIP:** Roy Feague, founder and chief executive officer.

**LOCATION:** Scotts Valley.

**PRODUCT:** Forms automation product for health-care industry that uses wireless technology and handwriting-recognition software to electronically transfer notes written in pen on a form to a personal digital assistant.

**INFORMATION:** 457-9100; [www.satorilabs.com](http://www.satorilabs.com).

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and his wife, Kristen Farrell.

“It’s safe to say we didn’t start out as millionaires, we spent most of what we had getting to this point,” said Feague. “But we’ve always felt really confident that there’s a real need for what we’re doing, that it solves a substantial problem.”

The company struggled its first two years, said Feague, and has just recently “nailed this to where it’s got its own momentum.” The pens used in the product are made by Finnish cell phone giant Nokia Corp. and personal interface manufacturer Logitech Inc. of Fremont.

The potential for the product, Feague said, is “gigantic.”

Hospitals alone represent a several hundred million dollar market, excluding clinics, HMOs and other health-service-related companies, he said.

For an average-size hospital, implementing Satori’s system and using it in most areas of the hospital would cost a couple hundred thousand dollars, said Feague, which he said

is modest in the realm of health care spending on systems.

Hospitals could benefit from such a system by saving money on transcription costs. Also, he said, hospitals can save on liability insurance, because insurance companies offer breaks for electronic transfer of data.

## Future applications

The company is in the pilot stage with several major hospitals and HMOs throughout the United States, said Feague, and has received positive feedback, which Feague hopes will turn into larger sales.

Those pilot users were under nondisclosure agreements and not available to speak with the media, according to Feague.

The company expects to break even by the third quarter of next year, said Feague, and has added four employees in the past few months to bring its total to 10. Feague said Satori expects to employ about 20 people by early fall.

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