

CENTRAL NEW YORK

BUSINESS JOURNAL

Avalon sells Infotrak to Colorado firm

Health-information subsidiary gains resources to grow faster

By Kevin Tampone

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SYRACUSE — Avalon Copy Centers has sold its health-information subsidiary to a software company based in Pueblo, Colo.

Verisma Systems, Inc. bought the subsidiary Infotrak Record Management, LLC, in a deal that closed Sept. 30. The companies did not disclose financial terms.

The move will allow Infotrak to become a major, national player in the health-information market much faster, says Andrew McManus, Infotrak's president.

Verisma's connections in the health industry, McManus says, are a big reason for his optimism. The company's CEO, Michael D. Pugh, is a past top executive at several hospital systems. He founded Verisma in 2002. On its Web site, Verisma says it focuses "on helping our customers comply with federal and state privacy and security mandates governing the release of protected health information."

Pugh could not be reached for comment.

The deal presents Infotrak with some new opportunities, McManus says.

"There's contacts across the country that are interested with the two companies coming together," he says. "I think a lot more doors are going to open a lot

more quickly for us now."

Infotrak's 44 employees work on-site at hospitals and other health-care providers in five states. They fulfill the barrage of daily requests for medical information those providers receive from insurance companies, attorneys, patients, and others.

Infotrak, which generates annual revenue of more than \$1 million, uses software to scan documents on site and then transmit, process and fulfill the requests for information from a 1,400-square-foot office in Syracuse's Clinton Square.

Avalon, which originally launched Infotrak as a division, spun it off as a separate company in 2005. Avalon retained sole ownership.

Avalon was not actively looking to sell Infotrak when the opportunity arose, says Jonathan Denney, Avalon president. The company was shopping for a new vendor to supply the software Infotrak uses when it came across Verisma.

Infotrak and Verisma shared a common goal of becoming national forces in health information, Denney says.

"I just threw it out to their CEO and said 'Hey, listen. If you ever want to talk about merging our two companies, that's a conversation I wouldn't mind having,'" Denney explains. "He was on the next plane to Syracuse."

That's because more and more health-care organizations are outsourcing their health-information work to companies like Infotrak. Verisma develops and sells health-information software and trains hospitals' staffs on how to use it, but was not a service provider until now, Denney says.

As for why Avalon was interested in selling, Denney says Infotrak needs to be a core business, not a side project.

"The challenge was that we needed a big infusion of cash to grow this business," he says. "It's all about resources."

In addition to money, those resources include things like industry experience and knowledge of the legal minefield surrounding health-care privacy, he adds.

As part of the deal, however, Avalon received some stock in Verisma, which is privately held. Denney says that was important because it allows Avalon to remain involved with Infotrak, but play a more passive role.

"It really came down to, do we want to be a big company sometime in the future hopefully? Or do we want to have a smaller piece of something much bigger that'll happen much sooner? It was really kind of an easy decision for me," he says.

All of Infotrak's employees will be retained and all of its Syracuse operations will remain intact, company officials say. McManus will stay on board as president and the business will also keep its name and identity.

The deal will also allow Avalon to focus completely on its own growth, Denney says. The company employs 70 and has locations in Utica and Rochester, in addition to its 11,000-square-foot headquarters at 901 N. State St.

Avalon is on pace to generate more than \$4 million in sales this year.

"It refocuses everything on our core business," Denney says of the Infotrak sale. "But the gist of it is, this is a huge opportunity for Infotrak. It's as simple as that." □

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