



Hospitals share medical images with telco vet's aid

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Abraham Gutman started his Boston company, AG Mednet Inc., after driving around New England to rural hospitals, where administrators told him they would pay to access his then-theoretic network for transferring medical images electronically.

The feedback supported Gutman's hypothesis: A shortage of physicians such as radiologists to review diagnostic images, particularly in rural areas, created a market for a network to transfer the images from remote hospitals to medical groups in metropolitan areas, where such doctors are less scarce.

The bootstrapped firm has operated quietly since being formed two years ago, yet the company now touts that it has the world's largest medical-image exchange network. Today, radiologists at Boston's Brigham and Women's Hospital are tapping the system to read medical images from 15 hospitals throughout New England. AG Mednet has about 70 hospitals as customers, from Maine to North Dakota.

"(The network) has allowed hospitals ... to be able to access everybody else on our network without having to create" their own information-technology infrastructure, said Gutman, president and CEO of AG Mednet.

Though first developed to transfer radiologic images, AG Mednet's network transfers multiple types of medical scans, including magnetic resonance imaging, ultrasound, computerized tomography and others. The network is also supporting image exchanges for clinical trials. Hospitals have transferred medical images electronically to physicians at separate locations for years. Yet AG Mednet's network gives hospitals an alternative to installing an IT infrastructure to support such image exchanges. So rather than buying the expensive IT equipment, hospitals pay AG Mednet a \$3,000 annual subscription to access the network and from \$2 to \$6 for each image exchanged over the system, Gutman said.

For hospitals, the network provides a means to expand services to patients. And for physicians such as radiologists, the network gives them an opportunity to grow their practices by charging fees to read medical images from remote hospitals linked to the system.

Gutman founded AG Mednet with a background in telecommunications. He is the former chief executive of Waltham telecom firm Emperative Inc., which was sold to AT&T Inc. in 2003. The CEO said that he and a former Emperative investor are the primary backers of AG Mednet, which has not accepted venture capital investments. He expects the company to become profitable as early as the fourth quarter of this year.

The company is not alone in the image-exchange game. Boston's Veraxa Health Inc. which launched last year, markets a network that links hospitals to ophthalmologists at Joslin Diabetes Center, where retinal images are inspected to diagnose patients for retinopathy and other eye diseases.

Demand for medical imaging is growing due in part to the aging population, according to a new report by Cleveland-based market research firm The Freedonia Group Inc. Annual U.S. demand for medical-imaging products such as CT scanners is about \$16 billion.

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