

Micro-Cap Leads Way for Eco-Friendly Medical Waste Solutions (BMTL.OB)

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Human beings, a wise man once said, are intellectual creatures, with a spiritual component, living in physical bodies. All of the above, however, are flawed and imperfect -- and one day, at least physically, we may well break down and need repair from the medical community.

The term "medical waste" refers to waste products that cannot be considered general waste, produced from health-care premises, such as hospitals, clinics, doctors' offices, labs and nursing homes. One is disturbed to learn of newscasts containing images of syringes, plasma bags and used specimen containers washing up on beaches the world over, many of them dumped illegally because hospital staff members were stumped as to what to do with them.

The problem these days is particularly acute, with efforts to curb the spread of the H1N1 flu virus being redoubled worldwide, resulting in a ramping up in the number of discarded needles.

In 2006, an estimated eight million people in the U.S. administered three billion injections at home annually.

This figure is expected to grow by 2016, to the point where 21 million Americans -- many of them diabetics -- will administer eight billion injections.

According to the U.S. Environmental Protection Agency (EPA), medical facilities generate anywhere from 600,000 to one million tons of medical waste annually. Up to 15% poses environmental risks, and while state regulations are in place, the risk of medical wastes from individuals is unchecked. An Associated Press investigation found that prescription drugs had been found in the drinking water of 41 million Americans, to say nothing of reports of over-the-counter medications like acetaminophen and ibuprofen.

Suffice to say, the problem of waste is a huge one for our health and environment, and a potentially lucrative one for companies who innovate to bring the problem under control. Only two years ago, more than 1.5 billion pounds (or five pounds per person) of biomedical waste was generated in the U.S., costing over \$3.5 billion to remove and destroy. Internationally, the global commercial medical waste market is estimated at five times the U.S. market with an approximate market value of \$6.5 billion.

In total, the U.S. solid waste industry managed approximately 545 million tons of waste as of 1999. Of the total, about 374 million tons, or 68 per cent, were sent to landfills; 31 million tons, or five per cent, were incinerated. Only 140 million tons, or 27 per cent, were recycled.

But the industry is a fairly restricted one, what with larger waste management firms buying up smaller rivals. The latest such transaction involved sector leader Stericycle (Nasdaq: SRCL), headquartered in Lake Forest, Illinois, which in the first week of December, completed the acquisition of Midwestern-based MedServe, and making it a wholly-owned subsidiary.

SRCL prides itself on a full repertoire of services geared to protecting the environment once the patient has been looked after, including medical waste disposal and sharps disposal management, product recalls and retrievals, compliance training, medical safety product sales, and high-volume notification services.

Stericycle also boasts that its sharps disposal management, featuring re-usable containers, has prevented millions of plastic containers from ending up in landfills. Besides the company's strong stand against incineration, SRCL points to its patented Electro Thermal Deactivation (ETD) treatment system, which uses an oscillating field of low-frequency radio waves to heat waste to temperatures that destroy pathogens without melting any plastic content. The ETD process, company literature goes on to say, doesn't emit anything into the air or water, and reduces waste volume.

The deal Stericycle made with MedServe boosted the company's fortunes to a new 52-week high for its stock price. SRCL reached \$58.34 on December 7, a level from which it's crept back since, but still way above its year-long trough of \$44.36 recorded last February, when many markets throughout the world were still quite sick.

Still, the SRCL-MedServe pact did little to resolve the concerns of environmental advocates.

They're stressed that Stericycle's methods for dealing with medical waste create different kinds of waste. Each day, tens of thousands of the company's carbon-emitting trucks and vehicles make the rounds collecting bio-hazardous materials from medical facilities of every size and scope across the country.

These concerns have led to a push by rival companies, big and small, to make their efforts more Earth-friendly. One of them, Colorado-based BioMedical Technology Solutions Holdings Inc. (OTCBB:BM TL) has been focusing on producing solutions for not only small quantity generators like doctors, dentists and veterinary clinics.

One of the problems of hauling away medical waste is that it costs hospitals roughly five times as much as ordinary rubbish. Doctors' offices pay even more. Treating that waste, using more traditional methods, also increases airborne pollutants.

BM TL claims to have a solution, in its Demolizer® point-of-care disposal systems, which eliminate the negative environmental impact rampant in transportation based disposal programs including significant fuel consumption and resulting emissions, landfill dangers and toxic incineration consequences.

Demolizer uses a repeat business model with the Demolizer®II dry heat waste disposal unit (the razor) and the collector (the razor blade) providing the user a long-life, cost-effective and simple to use method to safely dispose of typical sharps and red bag waste at the point of care. No pathogens are spread through the air, and no by-products.

As an investment, one should be mindful of the uniqueness of the product, that there is very little competition out there for BM TL.

The patented technology has been around since the early 1990s, and taken over by BMTL in 2005 from Thermal Waste Technologies, having been successfully used more than 300,000 times. The next year, BMTL introduced the Demolizer® II, a reconfigured, improved version of the technology.

With several patents pending both domestically and internationally, the Demolizer technology is either approved or exceeds the requirements for treatment and disposal in 48 states after comprehensive review by as many as 79 local and state governmental agencies.

Outside of the traditional medical/dental/veterinary marketplace which the Company estimates has approximately 1,000,000 applications, there are numerous large applications in emergency response, hospitality (hotels, cruise ships), public venues (sports stadiums, convention centers, airports) and of course, the home environment.

In fact, the company has an installation of their patented system currently at Coors field in Denver and a pilot demonstration ongoing at Krogers Pharmacy.

Biomedical's ledger has also been singing, a particular achievement during a recession year. First-quarter net revenues increased 157 per cent to \$359,305 over the same quarter the year before, a hike that reflects the success of the company's new sales and marketing division, HealthCare Sales Professionals, Inc., launched in January 2009. Q2 of 2009 revenues also came in at \$365,211 in 2009 as the Company continued to make strides with their distribution networks and sales volumes.

Best news of all for small-cap investors, BMTL's stock price is positively bargain-basement, with that kind of diamond-in-the-rough quality about it. Early this month, the price plumbed a 52-week low of 26 cents, a gulch from which it's on the mend (to use a medical analogy) to about 45 cents, but a far cry from its 52-week peak of \$1.15 achieved last July. It's an opportunity that should at least be examined closely.

The world of waste management is a fascinating one, given our human nature to throw things away. Companies that innovate to help manage what we do throw away are worth looking at, especially if those firms are in the early and growing stages. Any efforts at keeping investors' pockets full -- and landfills empty -- should be saluted, and rewarded.