

With End Users Selecting their Prescription and Over-the-Counter Pharmaceuticals because of Price and Excellent Service and their RapiMed Children's Pain Reliever to be Release in 2013, ScriptsAmerica, Inc. is Well Positioned to Exceed their \$5.9 Million Revenue of 2011



**Healthcare
 Pharmaceuticals
 (OTBB: SCRC)**



**Robert Schneiderman
 Chief Executive Officer**

BIO:

Mr. Schneiderman has an extensive background of accomplishments. His experience includes using his established network to facilitate the financing of both public and private companies and assist with mergers and acquisitions. His clients have included

StarMed Group Inc., Direct Pharmacy Services Inc., Radius Well Care Inc., Aquantum Pharmaceuticals Inc. and Coral Water Inc.

Mr. Schneiderman has been involved with consulting on a vast array of projects including the expansion of clients' customer bases, product development and placement into mass retail, development of marketing programs and effectively establishing and maintaining communications between all involved parties.

Mr. Schneiderman has several areas of expertise which include: facilitating a company's growth, developing marketing strategies for joint venture partners and advertising-media programs, project management, contract negotiations, structuring of operational systems, facilitating client needs, developing procedures, expanding marketing channels and acting as a liaison between marketing channels-services and clients.

He has 32 years of experience in personnel, operations, financial management and supervisory for a prominent Philadelphia Recruiting firm. In addition, he has served as committee chairperson for charity and community service organizations by guiding, advising, recruiting and motivating volunteers as well as providing services and hands-on supervision in the areas of fundraising and the writing of newsletter articles and speeches.

Company Profile:

ScriptsAmerica, Inc. distributes prescription and over-the-counter (OTC) pharmaceuticals to a range of customers across the health care indus-

try, including physician's offices, retail pharmacies, long-term care sites, hospitals, and government and home care agencies throughout the United States. The company provides pharmaceutical supply chain management services ranging from strategic sourcing to delivering niche generic pharmaceuticals to market.

ScriptsAmerica is also developing of a line of products that use the latest oral delivery technology. The first of these products, which will use proprietary rapid-dissolving drug formulations, will be RapiMed, a children's pain reliever to be released in early 2013. The company also plans to develop Compound SA-1022, a non-steroidal anti-inflammatory drug.

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

CEOCFO: Mr. Schneiderman, would you provide us with a brief description of what ScriptsAmerica does and how long the company has been in business?

Mr. Schneiderman: ScriptsAmerica is a distributor of generic and over-the-counter drugs to end users that include hospitals, doctor's offices, nursing homes, retail pharmacies as well as government facilities. The company has been operating since the beginning of 2010.

CEOCFO: What type of drugs does ScriptsAmerica distribute?

Mr. Schneiderman: All types ranging from aspirin to prescription drugs. And of those prescription drugs, approxi-

mately 90% of what we distribute are generic. At the moment, ScripsAmerica can readily distribute about 75 individual drugs in various doses and sizes.

CEOCFO: Who is ScripsAmerica's largest customer?

Mr. Schneiderman: McKesson Corporation is our primary and by far our largest customer as they are the largest pharmaceutical distributor in North America and a multi-billion dollar corporation. ScripsAmerica's ability to establish a working relationship with McKesson is what enabled the formation of the company.

CEOCFO: What is the current competitive landscape in the drug distribution market?

Mr. Schneiderman: In a word, "opportunistic." The reason I say that is because while there are some competitors out there, there really is not one that has the lion's share of the market. For this reason, the Company is very excited about the upcoming launch of our RapiMed pediatric pain reliever during the first quarter of next year – we believe that the timing is perfect for a product like this in the US market.

CEOCFO: Before we discuss your RapiMed product line, can you discuss a little bit about the drug distribution process and how ScripsAmerica's relationship with McKesson Corporation ties into that process?

Mr. Schneiderman: Absolutely. Our business model can seem a little complicated to anyone who isn't familiar with the industry but once understood, it is easy to see the significant growth potential of a company that is in our position.

ScripsAmerica generates business based on our relationships with end users such as hospitals, nursing homes, government agencies, doc-

tor's offices and retail pharmacies to name a few types.

What happens is we communicate with the end users who have formed groups. There are regional hospital groups, regional nursing home groups, etc. and they aggregate their drug purchases through master distributors such as McKesson, whom we do the most business with as I mentioned earlier.

The groups indicate to their master distributor that they would like to place an order through ScripsAmerica. McKesson, in turn, issues a purchase order to us and we then contact our manufacturers, prompting them to send the goods in bulk to our re-packager. The fact that these

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- Robert Schneiderman

goods are provided in mass quantities is what enables ScripsAmerica to offer such competitive prices.

ScripsAmerica's re-packager operates out of an FDA-approved, state licensed facility in New Castle, Delaware where they re-package the goods into smaller bottles in a sterile environment. They re-package the items, label them and then send them to various distribution centers throughout the United States, which in turn will send them to the end users or hold them in inventory, which is part of the service provided by the master distributor.

CEOCFO: In the process that you just outlined, could you elaborate on the relationship between ScripsAmerica, McKesson Corporation and end users of generic prescription drugs?

Mr. Schneiderman: Basically, ScripsAmerica adds value to the drug production and distribution process by handling issues such as price fluctuations and manufacturing schedules that are simply not in a master distributor's business model to handle. It is more cost-effective for McKesson to outsource this service to us because through ScripsAmerica, they can provide the highest quality products at the most competitive prices to end users. Because of this and our positive record of accomplishments for McKesson, we have established an outstanding and ongoing relationship with them.

CEOCFO: Why do the end users want ScripsAmerica over your competitors and what have you and the Company learned that enables you to be so successful?

Mr. Schneiderman: End users select ScripsAmerica because of our extremely competitive prices and excellent service. We can provide drugs at a tremendous discount to our customers because we purchase our goods in bulk and don't have the expense of storing inventory as a result of operating on a purchase order basis with McKesson.

ScripsAmerica is more of a service business than anything else and we provide very rapid and reliable turnaround for our customers so they continue to come back to us and facilitate growth by spreading positive word of mouth to other potential customers. While I have learned several things since our inception in 2010 as has the rest of our company, I would say that realizing how critical those factors are, price and service, to our level of success is definitely the most important lesson.

Secondly, we have a terrific relationship with our re-packager, which is very important because the transformation from bulk to individual packaging can be problematic. Our re-packager operates out of a modern, world-class facility, and runs a very

lean and efficient operation as does ScripsAmerica.

At a moment's notice, if they need extra people to get an order out, they can call in the staff necessary to satisfy the order in a timely fashion. The combination of our smooth working relationship and mutually efficient and flexible operating styles greatly contributes to our success.

CEO CFO: Clearly, many end users know about you, but how do you reach the people who are not using your services?

Mr. Schneiderman: It is as much networking as anything else. As I just mentioned, our current customers spread the word to potential customers and we experience growth that way but again we are dealing with large groups. There are 10 to 20 hospitals in a regional group so if you provide great prices and rapid turnaround like ScripsAmerica does, word will spread among the group regarding our high level of service.

They would say something like, "We got a good price from ScripsAmerica on aspirin and I do not know what you are paying, but when you put your order in you should certainly save if you designate that you want ScripsAmerica to fill the order". The important thing for ScripsAmerica is to keep our customers satisfied and we will experience organic growth. In some cases, when it comes to the government we do have contracts, so that is a bidding process and once we get acceptance there we kind of get locked in for a number of years.

CEO CFO: Have you been affected by the drug shortages over the last year or is it an opportunity for the generics when that happens?

Mr. Schneiderman: It really is the latter. We have not felt any effect on our business based on drug shortages. The only negative thing we have seen is at times a drug of fashion will be replaced by something else. Therefore, we have to shift gears and come up with something else to fill that void, however that does not happen often.

Generic drugs are used more widely because of cost and the state of the economy and healthcare in the United States. Because there is a tremendous number of popular name-brand drugs that are coming off of patent in the next couple of years, such as Lipitor®, which came off this year, the opportunity for generic drugs to capture even more market share is evolving.

CEO CFO: What is the RapiMed pain reliever and how does that fit into your business model?

Mr. Schneiderman: ScripsAmerica performed the research and development for this RapiMed, which is an improved version of a children's pain reliever that was on the market in 2004. RapiMed fits into our plans because we are looking to release a branded product into the market. The distinguishing factor that gives RapiMed a competitive advantage in our opinion, is an oral delivery technology that is both taste masked and microencapsulated.

Microencapsulation makes it smaller and the taste masking takes away any negative or bitter taste caused by acetaminophen. We expect to release our first product by the end of this year or the first quarter of 2013

There are competing products in the market but we feel that none offer what RapiMed will. Johnson & Johnson has a syringe liquid that has proven to be ineffective because the dispensing of the liquid was very inaccurate and haphazard. In addition, with acetaminophen, which is the active ingredient in children's pain relievers, is that if you do not take enough of it, it is not effective, however, if you take too much of it you run the risk of liver damage. RapiMed's dosing is precise, coming in 80mg and 160mg doses and two flavors, wild grape and bubble gum.

The dosage will depend upon the age of the child. It is going to be labeled in both English and Spanish. RapiMed is about one-third the size of any competing product and dissolves in the mouth in about fifteen seconds, compared to other products that can take up to a minute to dissolve. RapiMed

will be competitively priced and labeled in both English and Spanish in order to appeal to the rapidly growing population of Hispanic Americans.

Children's Tylenol was the leading product in children's pain relievers but it is basically off the shelf right now because of production problems and will continue to be off the shelf going into at least 2014. Therefore, there is a huge void to be filled and subsequent market opportunity in children's pain relief right now. We displayed and introduced RapiMed in February at a tradeshow in Las Vegas and received a tremendous response from the retail sector. Now we are gearing up our capacity to fill what our anticipated market demand will be. There are store brands out there, but they are not really competition in my opinion because the retail sector is looking for a quality product with strong brand recognition, which ScripsAmerica will provide with RapiMed.

While RapiMed is ScripsAmerica's first product, we plan to apply its rapid-melting and precise dose technology to other products. In fact, we expect to follow this up with a migraine headache pain reliever and the process/formulation can also be used for vitamins, sleep aids, cough or cold products and various other applications. It is just a matter of getting the first product that uses this rapid dissolving technology on the market and doing well and we thought it would be best to do this one because of the void there is to fill with the absence of Tylenol for children right now. ScripsAmerica intends to establish the RapiMed brand name and build from there.

CEO CFO: Are you able to leverage your expertise as ScripsAmerica with the hospitals to get on the shelf space or is it a completely different process?

Mr. Schneiderman: It is an entirely different concept. This is straight to retail.

CEO CFO: How do you plan to get recognition from retailers?

Mr. Schneiderman: We have a network of brokers who are presenting this to retail stores. In addition, we

have spoken to both smaller regional chains and large chains and have received very positive responses. The company had also just received financing which will enable us to manufacture the product. This is a critical next step because with retail chains, if they like your product initially, you need to be able to satisfy their demand.

If you cannot fill orders initially or after they sell through the first order, and be able to support it with the proper marketing, then you lose a customer. If you lose a customer once, you lose them forever. ScripsAmerica will walk before we run and would rather launch our product regionally unless conditions facilitate a larger product rollout. We realize that a massive product launch can make it more difficult to adequately service everyone that you are dealing with and support the product with the proper marketing budget.

CEOCFO: ScripsAmerica recently became a public company; why was this the right time?

Mr. Schneiderman: We think it better serves our purpose to be a public company because it will give us the leverage needed when it comes to our future plans of expansion through strategic acquisitions as well as organically.

CEOCFO: What is the financial picture like today for ScripsAmerica?

Mr. Schneiderman: We are on track for growth during the rest of this year and throughout 2013 based on verbal commitments and anticipated contracts. These are obviously in addition to our RapiMed product launch in early 2013, which we expect to be extremely successful for all of the reasons that I just highlighted.

CEOCFO: Were there any unexpected challenges while you put the company together?

Mr. Schneiderman: Financing has always been our biggest challenge. Getting committed investors to fund a vision that I, and the rest of ScripsAmerica, truly believes in has been extremely rewarding. We have been very fortunate that we have had a couple investors along the way who have been with us, stepped up and helped ScripsAmerica move forward and execute our business plans to this point.

CEOCFO: Why should investors be interested in ScripsAmerica?

Mr. Schneiderman: We are a company that recorded \$3.1 million in revenue in 2010, \$5.9 million in 2011, and expects to do better this year. Add to that the tremendous potential

of our RapiMed product, which we expect to begin generating significant revenues upon its launch in early 2013, and from a potential investor's standpoint, this would seem to me like the perfect opportunity to get involved with a growth company that also provides great value right now.

Moving forward, we intend to expand our current business and are looking at potential acquisition targets that would greatly increase shareholder value. ScripsAmerica is looking to be providing drugs from top to bottom as a manufacturer, distributor, repackager and acquirer of product lines. Because ScripsAmerica is mid-sized, we fill a niche in the market. Large companies are not interested in our level of business and small operations cannot handle it.

Will ScripsAmerica ever be as big as a McNeil? Who knows, but one thing I am certain of is that the distinguishing technology used to create our rapid melting drug products, combined with the ability to provide the most competitive pricing in the market and an efficient operating model with no inventory and minimal overhead, ScripsAmerica is positioned to dramatically increase our revenues and profits and could absolutely become a takeover target, which could potentially dramatically increase shareholder value.

