CEO CFO

PharmaSeek

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With a Network of 240 Clinical Trail Sites located throughout the United States, Canada, Mexico and Latin America, PharmaSeek is working with Pharmaceutical Companies and CROs to Shorten the Development Timeline of Therapeutics

Healthcare
Clinical Trials

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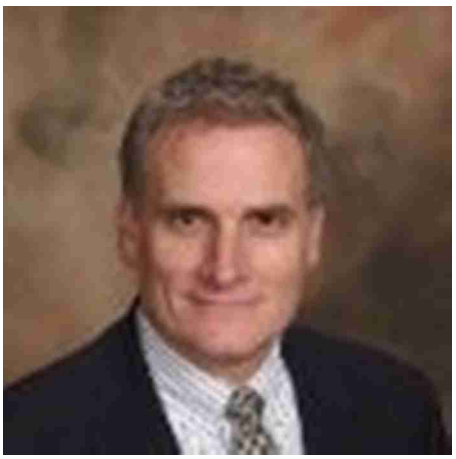

Nicolas Cindric
CEO

BIO: Nicolas Cindric is CEO of PharmaSeek which he joined in 2009. PharmaSeek is a service organization that works with pharmaceutical and device companies to expedite clinical trials. During his tenure, the company's revenues have grown by over 400%. Prior to joining PharmaSeek, he helped start Swallow Solutions, a medical device company focused on the treatment of dysphagia (swallowing disorders). In addition to writing the business plan for that company he led the first round of angel investment. Early in his career, Mr. Cindric served as New Products Manager for Kraft Foods, and later served as a Practice Leader for Cap Gemini Ernst & Young. Mr. Cindric earned his B.A. from the University of Notre Dame, an MBA from Purdue University and a M.S. in Biotechnology from the University of Wisconsin.

About PharmaSeek:
Since its inception in 1995, PharmaSeek has partnered with Sponsors and Clinical Research Organizations (CROs) to identify investigative sites for clinical trials. What initially began as a handful of Midwestern sites has blossomed into a network of 240 sites located throughout the United States, Canada, Mexico, and Latin America. Included in the network are dedicated research facilities, multi-specialty practices, and academic medical centers. As a group, PharmaSeek-affiliated sites practice research in virtually every therapeutic area.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Cindric, would you tell us about PharmaSeek?
Mr. Cindric: PharmaSeek is an eighteen year old growth company. Through 2007, the company was managed as a small, "lifestyle" business. Since that time, it has evolved into a much larger network, now numbering 240 sites throughout North America. We have spun out a couple of companies that support our core operations—PharmaSeek Financial Services and PatientWise Creative. Collectively, we operate as a group of complementary businesses with a shared goal of expediting clinical research studies; with either sites in our network or outside sites to whom we provide business services.

CEOCFO: There are many companies in your general field; why use PharmaSeek?
Mr. Cindric: We have competitors that are focused on expediting trials, but they have gone about it a little bit differently. Most are more narrowly focused and are dependent upon other providers to ensure their success. In contrast, we are amassing a group of complementary businesses that when working in unison, can deliver significant value to pharmaceutical companies and CROs. When a compound is first developed and patented by a pharmaceutical company, that organization has 20 years to get the product to market and recoup its investment. On average, it takes about eighteen years to develop a drug at a cost of $1.2 billion. Once launched, the average therapeutic generates over $1 Million in profit per day. If PharmaSeek can shorten the development timeline by collapsing the length of clinical trials, we can add significant value. Even if we are only collapsing it by a day here, or two days there, each of those days is worth a million dollars to our customer's bottom line.

CEOCFO: Can you walk me through a typical project? Are there certain types of projects that companies would reach out to you for help, or is it really across the board?
Mr. Cindric: We work in all therapeutic areas. We are obviously overdeveloped in some areas and underdeveloped in others. On acute studies like flu or cold, we perform quite well. We also tend to do very well on vaccine studies and in certain therapeutic areas such as diabetes, men and

women's health, and gastroenterology. Typically, these are studies that see a high number of subjects from each site. We tend to not do as well on studies with a limited number of patients from each site, for example oncology or hematology. For some indications, we are at a point where we can provide all the sites for a given study which provides us a significant opportunity for shortening the length of the trial. For a typical study, we will be contacted by a pharmaceutical company or CRO with an outline of their goals for the trial. We take that information to our operations group who make an assessment of which sites in our network are best qualified to do the study, and what level of commitment we are willing to make to the overall recruitment goal. Once sites are selected for that study, we employ a number of proprietary processes to get them initiated quickly and accelerate subject enrollment.

CEOCFO: Do many companies that you are going to potentially work with get the concept quickly?

Mr. Cindric: Yes, the concept is very easy to understand because everyone realizes the value of collapsing the development timeline. If there is hesitancy, it is to put all of their eggs in one basket. We have only done a handful of studies where we provided all of the sites for the trial. More typically, our clients will come to us and say, "We are going to allocate 50% of our need to a PharmaSeek, and will be going to other sources for the other 50%." For the remaining 50% they follow the "traditional" method of identifying and vetting sites, which they admit is very inefficient. On a historical basis, 1/3 the sites in any trial hit their enrollment goal, 1/3 underperform, and 1/3 do not recruit any patients. If that is what you have experienced in the past you initially doubt someone who comes to you and says, "Hey, I am going to hand pick my sites for you, and we are going to deliver our targeted number of subjects in the timeframe we say we are going to deliver them." There is a sense of, "Well, I hear what you are saying, but there is a trust issue here. I have not worked with you, or maybe I have not worked in this fashion with you in the past so I'm a little reluctant to buy in." And then the other concern,, "If I put all of my eggs in the basket with you and for some reason you go bankrupt, or something else—maybe a natural disaster occurs. Well, now I have lost time in the development timeline, because I might have invested six months to two years with you, and for some reason one of those cataclysmic things happen, I have lost a significant amount of time and might not even get the compound to market while it is still has patent protection." To alleviate this concern, we draft contracts that allow customers to work directly with our sites should something happen to our organization.

CEOCFO: How do you reach potential clients?

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Mr. Cindric: We have a business development group comprised of four full-time people that manage relationships with pharmaceutical companies and CROs. This group works closely with our marketing staff to build awareness of our offering and identify potential business opportunities.

CEOCFO: What has changed most in the industry in the last few years? Have you been able to leverage those changes to your benefit?

Mr. Cindric: At a macro level, the industry was growing at double digits through 2008. In 2008, it constricted, and is predicted to grow at only two to three percent through 2016. In the good old days (pre 2008), if you were just treading water you experienced double digit revenue growth. That has changed the dynamics for companies like ours that provide business services. We have to be a lot more nimble and innovative to be successful. On a micro level, the complexity of the trials has increased; in the number of procedures per protocol and the screening criteria to participate in the study. Our clients used to say, "I want males or females, eighteen to sixty-five." But now they will come out with more stringent inclusion criteria – say females ages forty to sixty-five with no diabetes and a body mass index less than 29. The ability to find the patients that you need has got more challenging. That is one of the reasons we launched our patient recruitment firm, PatientWise, because we are finding that we have to do more things up front to identify candidates for our studies.

CEOCFO: Would you like to get more involved in the areas that you do not have, or the types of studies that you do not have a large presence in? Is that something you are working towards?

Mr. Cindric: The only one is oncology. Those studies represent roughly a third of the clinical research activity but account for less than 10% of our revenues. Unfortunately, the makeup of our network does not provide us a lot of opportunities to work in this area. Instead, we have focused one of our sister companies, PharmaSeek Financial Services, to work with sites that perform oncology research – academic institutions and major medical centers. We provide a number of outsource business solutions to these sites. One is Medicare Coverage Analysis, which is an assessment for those trials to determine which procedures should be billed as routine and customary care and which elements should be billed back to the pharmaceutical company. There is a need for that in the industry because of all the attention given to Medicare fraud – if a hospital bills a patient's treatment incorrectly, it can be construed as fraud. This service prevents that from happening. Another service is revenue cycle management for clinical trials, which is making sure that the hospital or the institution is being accurately paid for they are performing. That is different from our traditional model where we are more

involved in the recruitment of patients and management of the trial.

CEOCFO: Are you continually adding companies? Do you feel you need more as far as sites and network, or are you complete now?
Mr. Cindric: We made a conscious decision about three years ago not to increase the size of our network. We have plateaued in the 240 range. What we have done instead is focused attention on evaluating the performance of our sites and work with them to get better. Every six months, we force rank our sites based upon a handful of internal metrics. Those on the lower end of the ranking are pushed out and replaced by sites we believe will be higher performers. On average, we get six to eight requests a week from sites wanting to join our network, so finding replacements is not a problem. We put all these sites through our six step evaluation process, but most do not measure up.

CEOCFO: What are the most important one or two things you do look for in a site?
Mr. Cindric: The two things are historical ability to recruit and the quality of the data. We need sites that can recruit to deliver against our core value proposition, but that is only half the story. If the site does not maintain a high level of quality in their execution of the protocol, they will end up with subjects (data) that cannot be submitted to the FDA. If that occurs, it is a real problem.

CEOCFO: How is business these days?
Mr. Cindric: I would call it good, but not great. There seems to be a cloud over our industry and the economy as a whole. It feels like the whole country is still in recession.

CEOCFO: Our readers are primarily in the business and investment community. We speak with lots of drug development and biotech companies along with others. Why should investors and people in the business and drug development communities pay attention to PharmaSeek?
Mr. Cindric: What we are trying to accomplish in terms of our value proposition, our ability to materially reduce the amount of time that a compound spends in clinical development creates significant value for our clients. We should be able to capture a portion of that value to generate above average returns for our investors. For a pharmaceutical company or biotech, we can help them get their product to market faster. They are spending millions, hundreds of millions of dollars developing this compound, and it is not until they can actually start selling it that they get a return on that investment. The longer they remain on patent, the greater the return on the development costs associated with that compound.

CEOCFO: Final thoughts?
Mr. Cindric: For a number of years we experience marginal growth. In 2008, we brought in new management and a group of motivated employees that has allowed us to rapidly grow the company. We anticipate we will continue growing for the foreseeable future. There is a huge opportunity, and we are still a very small player with lots of upside.

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