

Starting From Scratch

With Quang X. Pham

by Andra Brichacek, Associate Editor

When Quang X. Pham came to the United States as a political refugee from war-torn Vietnam, his family had nothing. In the years following his family's immigration, Pham—founder and CEO of the up-and-coming pharma marketing venture MyDrugRep.com—has risen to the top of the business world.

Pham arrived in the United States as the Vietnam War drew to a close in 1975, a 10-year-old boy accompanied by his mother and three sisters. His father, who flew fighters as a lieutenant colonel in the South Vietnamese Air Force, was forced to remain in North Vietnamese labor camps for 13 years before finally rejoining his family in the United States. In a new country, Pham would carry on family traditions, following his father's footsteps into military service and eventually entering the pharmaceutical industry, in which his aunt and uncle enjoyed great prosperity as employees of Bayer in Vietnam.

He attributes much of his success to his early mastery of communication skills. "If you're a great speaker in this country, you can go very far—in entertainment, in the military, or in business," he explains.

Pham is living proof. He began at the beginning, by learning a new language. But it would pay off. After graduating from the University of California

at Los Angeles with a degree in economics and gaining full citizenship, he fulfilled his childhood dream of serving in the military. As a competent communicator, he presented himself confidently in the Marines, where he flew assault support helicopters in the Persian Gulf War and in Somalia. He also attracted much public attention as a motivational speaker and commentary writer with the unique perspective of being one of the few Vietnamese-born US Marines.

After a seven-year tour of duty, Pham became a sales rep for the pharmaceutical industry, a top employer of former junior military officers. In 1994, he went to work for AstraMerck, a joint venture between Astra AB and Merck that marketed Prilosec (omeprazole), one of the top-selling pharmaceutical in the world.

The physical and mental rigors of military training prepared Pham for the teamwork he would need in sales. "The Marines were very regimented, but there was a lot of ability to make decisions at the lower level—just like in sales," he says. "A young 19-year-old Marine in Somalia could be out there making decisions on the streets of Mogadishu that can affect national policy and make headlines. It's the same in sales. If a drug rep says something wrong, it could be disastrous for the company; on the other hand, if he or she does the job right, a patient gets healed."

As a member of the industry's growing sales force, Pham once again found that his carefully honed communications skills enabled him to excel,



Quang X. Pham

Title: CEO, president, founder

Company: MyDrugRep.com

"The 'round-the-clock resource for all things pharmaceutical"

Virtual Detail, customer relationship management, drug database, market research, ordering samples, contact sales reps

confidently presenting his company's products to doctor after doctor. But he soon realized that he worked in a system rife with inefficiencies, in which each rep had only minutes to present a complex product's profile to perpetually busy doctors.

"I saw a lot of reps tripping over each other in the field," Pham recalls. "By mid-1997, we had three reps calling on the same doctor in addition to competitors' reps."

Pham's training in the Marines cultivated a desire to improve such inefficiencies, and he soon began to formulate a solution to the dilemma sales reps faced vying for doctors' limited time. He was also intrigued by Compass, AstraMerck's proprietary software that integrated physician profiles with market data in a computer model.

The idea that would eventually become MyDrugRep.com was born. "I thought if doctors were able to access information via the Internet or an auto-

mated process," Pham says, "it would really complement the existing system."

But the Internet revolution had not yet reached the pharmaceutical industry, and Pham was still new to the business. So his sales career moved forward, taking him in 1998 to Genentech, where he sold monoclonal antibodies for cancer treatment. By 1999, he had become one of the biotech company's top oncology specialists. Genentech sponsored Pham in an executive MBA program at the University of California at Irvine.

But in business school, as Pham sat reading about the phenomenal success of Internet companies, he realized the e-commerce revolution was

MyDrugRep.com's launch at the American Academy of Family Physicians conference.

Left to right: Mike Wells, Matt Pickens, Quang Pham, Vincent Nguyen, Kendra Adamson

ANDY BAGNALL, PRIME ACCESS INC.



now in full swing and was passing by without him. By the end of his first term, he had reached a decision that would forever alter his life.

That was less than a year ago. After taking a leave of absence from UC Irvine, Pham quit his job with Genentech and founded his own company. Since then, his life—and business—have been on a fast track to the top.

Pham incorporated MyDrugRep.com—a Web-based resource for doctors that allows 24-hour access to interactive detailing presentations and to a comprehensive product information database—in January as the sole founder. By February, the power and potential of his dream had inspired three top pharmaceutical executives to leave their own jobs and join him.

“You have to convince investors you’re the team and business model they can believe in.”

David Ramsay, former vice-president and treasurer of ICN Pharmaceuticals, is now vice-president and chief financial officer of MyDrugRep.com. Alan Heim, also a senior executive at ICN, became the company’s senior vice-president of operations. And Michael Wells, Merck’s senior marketing manager for products such as Singulair (montelukast) and Fosamax (alendronate), is now MyDrugRep.com’s vice-president of marketing.

“They were the right kind of people,” Pham says of his business partners. “They all did very well in their careers. They were exposed to many opportu-

nities and they chose MyDrugRep.com. They were risk takers with entrepreneurial spirits and a sense of teamwork. Additionally, they had to believe that I could pull this off with them.”

The four co-founders provided the new company’s initial funding with \$70,000 from their own pockets. But more money was soon to come. In March, two months after the company’s inception, the team beat hundreds of competitors to secure \$5 million in venture backing from Hummer Winblad Venture Partners’ “February Madness Start-Up Tournament: Nothin’ but the Net”—a pun on the “March Madness” college basketball tournament.

Pham says that his new management team’s combined experience lent credibility to his idea, and he had little doubt that MyDrugRep.com would win the competition. “The start-up mode is fast and furious,” he says. “You’ve got to convince investors that you’re the team, you’re the business model they can believe in and give \$5 million to and make ten times their investment within several years.”

Pham successfully convinced Hummer Winblad that his start-up’s business model and management team were the best, and his little start-up walked away with millions in backing. MyDrugRep.com has used the money to develop and patent new technologies and to entice other top executives to join its ranks. The company is currently seeking its second round of funding.

Pham’s confidence in his venture’s potential for success has yet to falter. “The investors have really taken a liking to us,” he says enthusiastically. “They like the drug industry; they like the potential of complementing the sales reps and having the Internet as an option for busy doctors. They just like everything about us!”

They have good reason to like it. In its inaugural year, MyDrugRep.com has met or exceeded every milestone it set for itself, including the launch date of its Web site, which went live in September. The company is even on track to exceed its revenue projections for the year. (See “The Little Start-Up That Could,” page 106.)

Pham is currently in the throes of convincing the pharmaceutical industry—known for its resistance to change—of the benefits e-detailing has to offer. Dan Steel, MyDrugRep.com’s vice-president of sales, has presented the company’s services to the industry’s top ten companies. And although several have signed on with MyDrugRep.com, others are unsure of the return on investment (ROI) guaranteed by the relatively young Internet. ➤

“They have to be patient,” Pham advises pharma companies. “They have to invest a little bit now to get the ROI down the road. They’re willing to put \$300–\$400 million into a product and wait 7–11 years for its commercialization; I guarantee that if they spend \$1 million with us, they will see an ROI in six months or less.”

As Pham sees it, it’s only a matter of time before the industry realizes that e-detailing—and specifically, MyDrugRep.com’s services—can improve products’ direct-to-physician campaigns. (See “What Doctors Want,” page 108.) But for now, he’s more than satisfied with his company’s phenomenal growth during the past seven months, which he attributes, more than anything else, to the contributions of his newly hired staff.

Pham says it took a lot to get his executives to leave

their old jobs, but it was worth it. MyDrugRep.com currently has a full-time staff of 30 that he describes as among the best of AstraZeneca, Bristol-Myers Squibb, Genentech, ICN, Merck, and several top business schools. His company relies on the staff’s industry contacts and expertise, offering in return a corporate culture based on freedom, trust, and leadership by example—an amalgamation of cultures Pham has been exposed to in his family, in the Marines, and at AstraMerck and Genentech.

“It’s like in the Marines, on the front lines: you just can’t be everywhere, controlling everything on the battlefield,” Pham explains. “It’s the same with sales VPs—they couldn’t do that to their sales force. So you’re going to have to trust your people and give them leeway and know that they will make the right decisions and do what’s best for the company.” ➤

The Little Start-Up That Could

MyDrugRep.com—offering every service a salesperson offers, including the opportunity to order samples—entered the pharma industry’s imminent Internet boom at the ground floor. In fact, the company’s rapid advancement through the start-up phase may be the secret to its success on the Internet, where light-speed changes are the norm.

Founder Quang Pham has seen many examples of what happens to companies that wait to launch a Web initiative, such as the fate met by financial advisor and brokerage firm Merrill Lynch. “In 1998,” he recalls, “a top Merrill Lynch executive called some of their highest-net-worth investors and found that they were day trading online. So they turned on their Internet strategy. But by that time, Schwab and E-Trade already dominated the industry.”

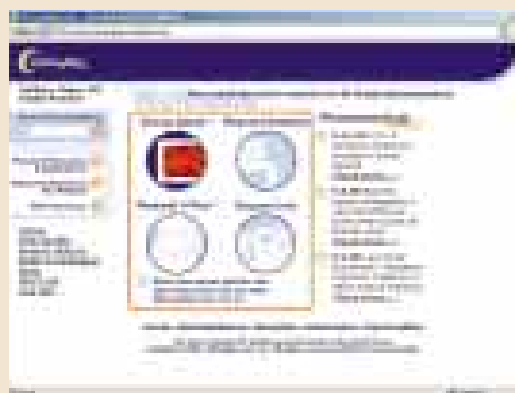
But he adds that Merrill Lynch’s current Web site was a model for MyDrugRep.com, because it solved the problem of how to get a piece of a sales market without displacing its human reps. Every time Merrill Lynch’s



Web site generates a sale, the broker whose client traded online gets the credit and the commission. In like fashion, Pham—still loyal to his former peers in the sales force—makes it a point to never take sales away from reps. MyDrugRep.com, he says, is only a complement to the existing system because it cannot replace human interaction.

According to Pham, e-detailing fills a void in a pharma company’s promotional mix somewhere between journal ads and contract sales organizations—a gap with just enough room for two or three clear winners. So far, it faces only a few competitors, such as RxCentric.com, AllScripts/Phys-Interactive, and iPhysician.net—also one of MyDrugRep.com’s many business partners. Other partners include Siebel Systems, an e-business applications software company.

MyDrugRep.com’s unique offerings make it a top candidate for the winners’ circle. Pham claims that its Virtual Detail method, which quizzes visiting doctors about the information it presents, is the only e-detailing vehicle that is interactive. Companies pay significantly less than they would for an in-person detail only after a doctor has viewed a Virtual Detail and answered three to five questions about it. The doctor’s requests are then sent to companies and third-party vendors. MyDrugRep.com also has big plans for the future, including market research, overseas expansion, medical equipment sales, and the format’s conversion to handheld personal digital assistants (PDAs), voice portals, and videoconferencing.



Secrets to Success

- Believe that your business model will work.
- Find a flaw in the way things are currently done and focus on fixing it.
- Overcome personal ego in management and trust employees to do the right thing for the company.

Sometimes, Pham concedes, doing what's best for the company may even mean replacing yourself. He is currently interviewing applicants for two more top executive positions, including the CEO/president's seat that he now fills. Pham admits that a high-level executive with 15–20 years in Big Pharma would surely top his five years of experience in the pharmaceutical industry.

"I was taught in the Marines that you do what's best for the unit," Pham says.

"And even if it means taking yourself out of battle, that's what you do. We are looking for a few good pharmaceutical executives to lead our expansion. I think that's important for investors to know as well as customers."

But what will the founder do then? According to Pham, he would best serve the company in business strategy and development. To him, the move is not a

step backwards, because he is "in this to win, not to be CEO."

And as the 36-year-old founder of a successful start-up, most would agree that Pham has won. He adds that MyDrugRep.com is only the first of many companies that he plans to start.

But he believes that his victories in the business world are no more important than his health and his personal relationships with associates, friends, and family. Most of his time away from work is spent with his girlfriend Shannon, vice-president of sales for a leading healthcare magazine.

As someone who has always been healthy, Pham's relationship with the pharma industry had been strictly business. But when his father was diagnosed with cancer recently, he underwent a profound change in perspective. He now sees the prices of pharmaceuticals, which have drawn much public criticism lately, in a different light.

"Americans spend thousands of dollars on vacations, cars, and houses," Pham points out. "Isn't your health—your quality of life—most important? If it's something that's going to help your loved ones or yourself, it's worth it. There's nothing more precious than life and freedom." ■

What Doctors Want

Will e-detailing ever replace the walking, talking sales rep in doctors' hearts? According to Datamonitor, nearly 90 percent of doctors want e-detailing. In fact, almost 50 percent would prefer getting their pharma information from a Web site to hearing it from a salesperson.

PE asked Dana Wallace, MD, for her perspective.

PE: Have you ever used MyDrugRep.com?

Wallace: Not yet. But I'm likely to check out the service, particularly if they make it physician- and area-specific. Entering office zip codes could bring up reps so you could communicate directly with them or request samples or information.

PE: What would you like to see on MyDrugRep.com?

Wallace: A lot of Web sites, PDRs, and patient handouts have information about approved drugs. But [MyDrugRep.com] is easily accessible from Salu.net, which is helpful. If you could also request new studies and information about drugs in testing and have e-mail addresses to access individual reps, that would be a unique service you couldn't find anywhere else.

PE: What about requesting samples?

Wallace: I'd like to be able to get a message to my rep. If the site could personalize services for physicians' specific areas, it would be more meaningful.

PE: Will you use the information at MyDrugRep.com?

Wallace: I don't see myself reading about everything new on the market there. But when I have a question about a product, drug interactions, or how many studies for the drug have been done on children, I would go there. It would enhance reps' visits. If I happen to think of a question two days after they leave, it would be a lot easier to get the answer on the Web site.

PE: What influences your prescribing habits?

Wallace: You review new drugs' advantages and look at safety issues. And interaction with drug reps reminds you to think about the new drug. If you're not met with the new product's name and information on a repeated basis, you don't think about it very much.

PE: Do you think the Web will replace reps?

Wallace: No, because reps do have an effect on physicians. Some companies have too many reps, but it must be to their benefit or they wouldn't be keeping that many on the payroll.

—Sibyl Shalo

Dana Wallace is chief of pediatric medicine and chair of the Department of Medicine at Joe DiMaggio Children's Hospital in Hollywood, Florida.