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HEALTHCARE TECHNOLOGIES
LOCAL COMPANY DEVELOPS
WHAT SHOULD BE LUCRATIVE TRACKING
SOFTWARE FOR PRESCRIPTION DRUGS

Keeping It Simple

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PD-Rx Pharmaceuticals Inc. is living proof the best of plans aren't always hatched in executive boardrooms.

In March of 2005, the publicly-held corporation headquartered in Oklahoma City completed the software development necessary to comply with nine separate states' reporting requirements on controlled prescription medications.

Significant on several fronts, the PD-Rx Net software enables clients to meet the legal reporting requirements in their states of residence, while providing a mechanism for states to track the movement of controlled substances, including pseudoephedrine, the primary ingredient in methamphetamine.

Nearing its 20th year in business, the company's formula for success has been built upon an evolving platform of services designed to streamline the pharmaceutical delivery system.

PD-Rx was established by two pharmacists-turned-physicians who had insight into both industries, as well as foresight into the age of technology.

"It was a simple idea that grew," said Jack McCall, executive vice pres-

ident and COO of PD-Rx. "These two doctors were working together in a clinic and had a brainstorm."

According to McCall, the two believed delivery needed to be simple and automated. They sat down in a Kettle restaurant and laid the groundwork for a business that would prepackage medications that physicians could buy and dispense at the point of care in offices, clinic settings or urgent care facilities.

Twenty years later, PD-Rx's strategy is still simple: cutting edge technology and diversification. But make no mistake — the simplicity of PD-Rx is purely on the client's side.

With multi-faceted operations housed in 27,600 square feet at 727 N. Ann Arbor, the company has more than 2500 clients in more than 800 sites nationwide.

In the first 10 years of its history, it posted \$6 million in sales, growing 300 percent from 1992 to 1997 by focusing on establishing a solid client base for its prepackaged medications. The company bought medications in bulk and subse-

quently bottled, labeled, and capped them on-site.

More recently PD-Rx has gotten into software development. It provides its software free-of-charge to those who purchase its pharmaceutical products.

"Most physicians went to school to practice medicine, not to stay in compliance with state board of pharmacy regulations," McCall said. "What we've done is simplify that aspect for them."

Applicable in all 50 states, the company's software program is multi-purpose. In addition to bringing customers into compliance when the labels are printed, it aids in the reporting and tracking of controlled substances and assists with inventory tasks.

"It's taken us 15 or 20 years to master all the [compliance regulations] in 50 different states," McCall said. "Plus we have the state boards of pharmacy, OSHA, the FDA, the DEA and multiple rules and regulations at the state and federal levels. The broader your product line, the more complex it gets."

In a diversification phase that geared up from 1997 to 2002, PD-Rx expanded into injectables, gels and creams, while also adding pharmaceutical supplies and pre-stocked medical kits to its inventory.

Simultaneously, the company's proprietary software management system, PD-Rx Net, continued to evolve.

"In the beginning, it was a Tandy 102 with an LCD screen, and then



PD-Rx's Shawn Stephens, MS director, Robert Holsey, chief executive, and Jack McCall, chief operating officer, showcase the company's PD-Rx Net software. PHOTO/JEFFREY HADERTHAUER

there were laptops and a disc," McCall said. "Now we're on a Windows platform that's interchangeable and carries product information and other data — and we've enhanced that software to offer a third-party billing system, electronic scripting, and other management tools."

In 2002, PD-Rx posted sales nearing \$9 million, a 50-percent increase, and initiated research and development of its own product line. In 2003, its sales climbed another 26 percent, topping the \$11.5 million mark.

Attributing some of the increase to the government's purchase of pre-packaged medications for troop deployment, McCall said a dip in 2004 was a result of a drop in the military sales and added R&D costs.

This year should be a banner year, however, with the company

launching a new trade division, TriMarc Laboratories, mid-2004.

"Our first products were over-the-counter," McCall said. "And now we're working into the prescription market."

Currently, PD-Rx's staff of 43 includes technical and programming specialists, pharmacy techs, office and warehouse personnel, as well as about 15 sales representatives across the country.

McCall projected a 25-percent growth curve by 2007, adding that four new items are in the R&D pipeline. One, he said, is therapeutically substitutable for a \$300 million-dollar-a-year product.

"We have multiple projects in the works to take PD-Rx from a packager to an innovator," he said. "When you own the patent and you own the formulations, it's much more profitable." ♦