

Business Intelligence & Inspiration For People In Charge

Maine Ahead
BUSINESS INTELLIGENCE & INSPIRATION FOR PEOPLE IN CHARGE

PODIUM—Jean Hoffman

by [TORI BRITTON](#)



Portrait by Irvin Serrano

Anything But Generic

*With her latest venture—the generic pet meds company Putney—**Jean Hoffman** is doing what she always does: quietly, brilliantly, doggedly transforming the marketplace.*

When Putney, a Portland-based generic pet meds company founded in 2006, released news that it had attracted \$21 million in investment capital—a very large wad here in Maine—it didn't get a lot of column inches in statewide press.

Perhaps the achievement seemed natural, given the size of the market. Over 60% of U.S. households have at least one cat or dog, and spent about \$48 billion on these companion animals in 2010. Some of this cash was for medications—which can be as

pricey for Buddy and Whiskers as it is for the human members of the family. Yet, while 78% of human prescriptions are now filled by generics, only 6% of pet meds are. Putney is primed to fill that need with a pipeline of some 20 products. Read that on the Dow Jones Venture Wire, and the capital influx makes sense.

But the truth is, the story is less about market size and projected earnings, and more about a soft-spoken powerhouse named Jean Hoffman.

The daughter of journalist Burton Hoffman (1929–2010), who became editor in chief of *National Journal* magazine, Jean Hoffman was trained from an early age to be correct, careful, and, simultaneously, to reach for the top. While her dad grappled with national news and world affairs, Hoffman's grandparents conquered a smaller world in Newport, Rhode Island, as owners of a busy nightclub called the Ideal Café. Hoffman, it seems, inherited both her dad's journalistic curiosity and her grandparents' entrepreneurial grit.

As a young woman (who'd had the smarts to become fluent in Mandarin Chinese), Hoffman was one of the first Americans allowed inside Chinese factories in the early '80s. She was named CEO of a Swiss pharmaceutical subsidiary before the age of 30. She founded the company behind the most widely-used industry intelligence software in the pharmaceutical world. Now, through Putney, she is out to lead a generics revolution in animal health.

In a 2009 interview with *MaineBiz*, Hoffman, asked when she'll be able to relax, said, "I'll sleep in 2011." That's one of the few projections she's missed over her career. Make that 2016.

Maybe.

Please tell us a bit about your growing up in Washington, D.C. What were your interests? What kind of a kid were you?

I think I was a pretty serious kid. My greatest interest as a child was in plants and animals. My first job was in taking care of people's pets when they went away for vacation, and I wanted to be a veterinarian, so I loved animals from a very, very early age.

My dad was a journalist, and then active in politics, so we grew up in an exciting place in exciting times, and were exposed to a lot of journalists who were covering the important events in the world. Both of my parents were tough taskmasters. My brother and I used to have to do 12 drafts in elementary school, so I was certainly brought up with high standards and to work very hard.

How did you end up at Bowdoin College, and why East Asian studies?

I wanted to go to a small, high-quality New England liberal arts college. My father had grown up in Newport, Rhode Island, and summer vacations were going to Newport and

staying with grandma and grandpa. So it was really the connection to Newport and to my grandparents that drew me to New England.

Through my father's involvement in reporting around the world, we were exposed to Asia. It was the Vietnam War days, and, as a girl, I got interested in China. I think China was the most different place in the world to me, and I was very interested in learning about that. I had a particularly inspiring professor at Bowdoin who taught me a lot about Chinese philosophy and culture, and I studied my junior year in Hong Kong. I learned to speak Chinese, both at the Middlebury Summer Language Program and during that year in Hong Kong. It was my first trip overseas, and a very important part of becoming independent and learning to understand myself in the context of how I fit into the world.

How did you end up in China, working in the pharmaceutical industry?

After graduating from Bowdoin, I went back to Washington and worked for a trade association. This was prior to diplomatic recognition of China, so it was actually a quasi-official organization called the National Council for U.S.-China Trade. It was headed by a former ambassador, and there were a lot of very bright young people there at the time, and some experienced foreign service professionals, so it was a wonderful opportunity to learn and to excel. From the National Council, I was offered a position by one of the council's members, a New York-based pharmaceutical company that was part of a big, privately-held Swiss conglomerate called the Zuellig Group, and ran business development with China for them globally, which was also a very exciting opportunity.

One of my roles was in helping the Chinese understand how to export to the U.S. So I did quite a bit of research into who were the top-ranked FDA law firms, and introduced the Chinese to a number of firms that had experts in food and drug law, and consultants who could help them understand the regulatory and legal requirements for exporting pharmaceuticals to the U.S. I was also involved in technology transfer and the sale of machinery and equipment to upgrade Chinese factories so that they could produce more efficiently and meet U.S. regulatory standards.

You eventually become CEO of a Swiss pharmaceutical company, a Zuellig Group subsidiary called ZetaPharm, at age 29. Your job was to turn the company around. How did you do it, and what did you learn?

I put in place the plan to turn the company around, and others continued the work after I left. My plan was to develop a business in supplying the active pharmaceutical ingredients for the generic industry in the U.S. The generic industry was given its big start by the passage of an important piece of legislation in 1984, and this was that period of time. So I was involved in the very beginning of the human generic industry.

The next phase of your career was developing pharmaceutical industry intelligence software for a company you started, called Newport Strategies.

You developed it into a global leader and sold it to Thompson Reuters in 2004. Why did you start it, and what did you offer customers?

I got the idea of putting together a database that I could sell repeatedly to clients, and that was the genesis of Newport Strategies. I raised capital; IBM had a little venture capital group in Paris, and that provided seed capital to launch that business. Newport became very successful. IT was really a lot of hard work and took a lot of time, but it was also fun because we created a global brand that survives to this day, and which became really well-known.

It was a proprietary system with proprietary and in-license data, and it created a new category. It enabled generic pharmaceutical companies to analyze product targets for development and licensing on a global basis. A different version of the software system enabled branded pharmaceutical companies to calibrate the erosion curves of their branded products when generic competition hit. So the data could be analyzed and deployed to serve both sides.

Originally I had a partnership with a very talented developer, whom IBM set me up with. I had the idea for the company, and had the idea that I would learn how to write code myself. I'll never forget the advice of a gentleman at IBM. He said, "Jean, you could spend the rest of your life learning how to be a mediocre developer. You need to go out and get somebody good."

So IBM found me someone great, Richard Hong, who was a key partner for me in developing several generations of software at Newport. Eventually it became too big for one guy in New Jersey to do, so we built our in-house development team, and when Thomson acquired the company, they found that our development team was more productive and more cost-effective than their development groups at the big company. Thomson still maintains the Newport office right here in Portland, Maine. Some of my team are still there. I see them out at trade shows with a great big booth we never could have afforded in the early days, and I'm really proud.

Why did you sell the company?

One of the reasons I sold Newport was that I wanted to build a company around the kind of profitable, niche products that the Newport system had been built to identify. I found an ideal opportunity in the vet pharmaceutical space: a very inefficient market with limited generics, very little generic competition, and a great group of product opportunities for a company to have sustained profits and to also really contribute something to pet owners and veterinarians.

You founded Putney in 2006, and launched its first product for pets, a generic equivalent of the pain reliever Rimadyl. With a generic equivalent like Carprofen caplets on the market, why would any vet buy Rimadyl, which costs more?

Great question. We wish you were out asking that question in the market. On the human side of course, generics are well established and fill 78% of the scripts. To date, 94% of the products that have been approved by the FDA for pets don't have a generic, so veterinarians and pet owners are not familiar with FDA-approved generics for pets. So it will take some time, particularly for the veterinarians, to understand the value that generics bring to their practices and to pet owners.

Why does Putney only offer two generic equivalents at this point? What takes so long?

The key challenge is to get our pipeline of drugs developed and approved by the FDA. That is hard work, because it takes time to develop a drug, and the FDA has high standards, which it should have. The key challenge in particular is bringing the drugs through the FDA approval process that are the large-selling items. Carprofen caplets is a generic of a relatively small drug, in terms of usage, and so the much more dramatic conversion to generics will occur with the approval of Carprofen palatable chews. Chews are more widely used because of their palatability, and palatability is important for dogs and cats being willing to take the drugs.

How do you and your team decide which products to develop?

I like to say that we do product development backwards. Most pharmaceutical companies, if they are a branded pharmaceutical company, base their product development decisions on their medical research expertise. They may be experts in cancer, or in the digestive system, so they're doing research in a particular set of organs or diseases. Other companies base their product development decisions around their manufacturing capacity. They are injectable drug manufacturers or they are manufacturers of tablets or capsules.

At Putney, we develop products backwards, which means we develop the products that the market needs, and we base our manufacturing choices on what is the lowest regulatory risk. We look for a manufacturer who has developed the same or a very similar drug and has a sterling track record with the FDA. We also make our development and manufacturing decisions in a geographically-neutral way, so the decision is driven by who's the best partner—who can develop with the least risk, the highest quality and the best time frame. We are developing and manufacturing products in the U.S., in a number of European countries, in India, and potentially in China.

Why don't human generic drug companies move into the pet industry?

The human generic companies have not focused on pet generics because it is a completely different market, and requires a dedicated sales force calling on veterinarians. It requires dedicated product development, and expertise to conduct the science and research that is specific to the animals. And it requires dedicated regulatory affairs to deal with a different center at the FDA, the Center for Veterinary Medicine, which is a different center from CDER, the Center for Drug Evaluation Research, where human drugs are evaluated. So the human generic companies that have the skill sets to

overcome barriers to entry and formulate generic drugs, do not have the veterinary-specific expertise.

The barriers to entry are high; this is not an easy market. It's not for the faint of heart. We have taken on this challenge and we have a great team here who are really, really excited about overcoming these challenges. But it isn't easy.

Why is veterinary-specific expertise so important?

Veterinary medicine is quite different, because veterinarians both prescribe drugs, like human doctors do, but they also dispense them. Human doctors give you a script, and you go fill your script at your pharmacy. The human doctor's not involved and in fact doesn't know what you pay for it, and they don't know what your insurance plan pays and how the economics work out. Veterinarians, on the other hand, sell the drugs. So they are very economically aware, and, in fact, a significant portion of veterinarians' income and profits comes from drug sales.

If pet owners are not filling their prescriptions, if they're not giving their dog heartworm medication every month in the South, not only is the dog at risk of getting heartworm, which, if not treated, will be fatal for the dog, but the veterinarian is also losing income. If the pet owners aren't filling their scripts, then the pet owner may not be bringing the dog in for its vaccinations or its checkups, so it's a dangerous spiral in terms of disease, in part, because some diseases are zoonotic and can transfer to humans. And it's negative for the veterinary practice in terms of income and profits. By offering drugs that the vet makes more on, but can offer at a cheaper price, it's really solving a number of problems.

One of the shocking things to me, as I delved more deeply into this market, is how many pets go untreated, or are treated with a drug that isn't ideal, in order to help the pet owner save money. With some of the infectious diseases in particular, the drugs are prohibitively expensive, so we really look forward to helping the pets get treated with the right drug for the disease.

How long does it take to get a generic product for companion animals to market?

The total process from pulling the trigger on a portfolio decision to FDA approval is anywhere from three to six years.

Some of that time line is not FDA evolution; it's actually development and testing of the product. There are requirements, for instance, for stability testing, where the product is actually kept in a chamber and exposed to heat and required to sit there for a period of time. That's frustrating time to wait while your product sits there, but it's important to demonstrate that the product won't degrade once it's in the market.

I wish things were faster, and we're actually working hard with the money we now have through the new investment to do some things to accelerate some of our development

time frames, but it's important for the process to be very, very rigorous for any drug, whether it's for an animal or a human.

What kind of time line are you looking at for future product launches at Putney?

We don't disclose time lines, as is common in the generic industry, and we don't disclose our pipeline, except I will say that we believe we have the largest pipeline in animal health, and we expect significant product approvals in the not too distant future. We will be expanding into the other side of the office—we have the whole floor here—and we will be moving some of our people into the other side. We have a lot of hiring going on, all in anticipation of increasing our pipeline and bringing to market some very significant veterinary generic products.

Any particular talent you're looking for?

We're recruiting very aggressively from both human generics and animal health, and we're looking for really strong performers with a track record of success. Portland is a great place to live; it's a great place to raise a family. The schools here have a pretty good reputation and that's a very important component of what people are looking for as they relocate with their families. So we're excited about Portland. We have a lot of people that we need to relocate here from outside of the state of Maine and will be announcing several additional key members of the management team very shortly.

A very important part of our challenge is to scale up the company, and, at the same time, preserve our core values, and preserve and enhance a very performance-driven, entrepreneurial culture.

So you're looking for people who behave as if they own the company.

Exactly. People here get good compensation, but they also get stock options. So they actually do own the company. The kind of person who's eager to own a piece of the company is the kind of person we're looking for.

How long does it take to get the right person?

It depends, and we're committed to finding the right person, not to filling chairs with live bodies. Hiring decisions are the most important decisions that you make, and they're the most important decisions that I make as the CEO. It's what I spend the majority of my time on right now.

What tools or processes do you use at Putney to help you make good hiring decisions?

We have a very rigorous process here. It is designed around the recommendations of a talent consulting company called GH Smart. There is a book that the founder of GH Smart wrote called *Who*. We actually were very privileged to have one of the principals

of GH Smart join our board of directors for a period of time. He transformed our hiring process, which will have a dramatic, lasting impact on the success of the business.

The GH Smart process focuses on rigorously defining the mission for each position, the measurable outcomes expected for each position, and tying that to bonuses, and then looking for people who've demonstrated success achieving similar outcomes over their past career, as well as evaluating for cultural fit. It's a very rigorous process. There's a lot of common sense to it. It's really about the discipline of defining what you're looking for and then matching people against that clearly defined set of criteria for the position. It's been incredibly, incredibly helpful and important here. I've really learned a lot.

You recently brought in \$21 million in C-round investment capital to Putney. What did that take?

Like everything else, raising money is a function of having a good business plan, a good strategy, a credible story, and good relationships. One of the new institutional investor's principals, one of the gentlemen who has just joined our board, Bruce Downey, is one of the most successful human generic CEOs and someone I have known and respected and admired for several decades in the industry. We also had outstanding investment bankers at First Analysis out of Chicago. The depth of knowledge and the relationships to high-quality institution investors that that investment banking firm brought to the table were instrumental.

Do you have any insights on why Maine seems to have trouble attracting investment capital?

It really isn't that Maine has trouble bringing in investment capital. It's that venture capital investing tends to be concentrated in a small number of places, because of critical mass.

Around Silicon Valley, around Boston, there are concentrations of experienced venture capital investors, experienced entrepreneurs, academic institutions of sufficient caliber to spin out scientifically interesting discoveries, and a pool of companies that also provide training grounds for talent. Obviously there are some smaller clusters as well: the mid-Atlantic area around Philadelphia; Austin, Texas. But operating outside of those clusters is always more difficult, because you have less access to all of those pieces that you need for a successful business.

Here in Maine, we are in the midst of an early-stage growth in a cluster of veterinary biotech-related entrepreneurial successes. IDEXX is obviously a very highly successful company, and there are a lot of tremendous people there, some of whom leave and have started other businesses, some of which succeed and some of which don't. But there is a nucleus growing here of veterinary, biotech-related startup businesses that I think can be not only successful but also very important in creating employment and technology investments in the state of Maine.

The companies selling branded meds for animals must not be too happy about Putney's existence.

We have a lot of fans among veterinarians; I'm not sure we have fans among the branded companies.

The lack of generic competition has allowed the big pharma animal health companies to have evergreen products with limited innovation, and they raise prices on these old products every year. You don't see that on the human side, because generic competition comes along, and unless you're innovating and launching new products, you're dead. So generics help to spur innovation, and I think they will be helpful at prodding these sleepy vet- branded companies to actually develop more new products to treat disease for pets. That's a great thing. And those provide the generic drugs for the future. Innovation is good.

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The Hoffman File

Born: Washington, D.C.

Education: BA (double major) in East Asian history/government and legal studies, Bowdoin College, 1979. Hoffman also completed language studies at Middlebury Summer Language Program and Chinese University of Hong Kong, and executive education programs at Stanford and Columbia Universities' Graduate Schools of Business.

Career: After working for the National Council for U. S.-China Trade in Washington, D.C., for two years, Hoffman entered the pharmaceutical industry. Positions include: manager, China business, Zuellig Group, 1982; general manager, China, Zuellig North America, 1984; CEO, ZetaPharm, 1987. Hoffman returned to the U.S. and founded Newport Strategies in 1990, which she sold to Thomson Reuters in 2004. She founded Q Street Advisors in 2004; Putney in 2006.

Affiliations: Charter board member, Maine Small Enterprise Growth Fund, 1997. Current affiliations include: editorial board, *Journal of Generic Medicines*; member, UNE College of Pharmacy, Dean's Kitchen Cabinet; mentor, Maine Center for Enterprise Development Top Gun Program.

Awards: Woman to Watch, *MaineBiz*, 2009; Woman to Watch, *Mass High Tech*, 2011.

Personal: Hoffman and her two children live on Peaks Island. Her daughter attends Waynflete School, and her son is a mechanical engineering major at the University of Vermont.

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