

# Transitioning Emerging Companies into **COMMERCIAL POWERHOUSES**

► *Ronald Andrews, President and CEO of OncoCyte and a serial entrepreneur with nearly 30 years of experience, shares lessons for fostering the growth of development-stage companies.*

**PV:** You joined OncoCyte as president and CEO in July 2019. Before that, you were the founder of the Bethesda Group, a consultancy focused on small and mid-stage diagnostic companies. What do you think makes a successful life-sciences company?

**ANDREWS:** One thing I've learned in my years of building companies is that no matter how great the technologies and how great the strategies are, it's the people who matter most. It's important to have a great group of people who are dedicated to the mission, who have the experience, the energy, and the aptitude that align with other people around the table. There are always ups and downs, and the resiliency of your team and your culture become pivotal to the success of the company.

Another thing that I have learned over the years is understanding the critical decision point that the company is trying to solve. No one technology is going to provide all the information necessary to manage a patient throughout his or her journey. Leaders need to understand where their product fits. It's also necessary to have the clinical data to support your position. And, of course, access to capital to get the job done is

critical. Recently diagnostic companies have had a much more difficult time raising the type of capital necessary to get across the go-line.

**PV:** How can small life-sciences companies attract good people?

**ANDREWS:** Companies have to set a compelling vision that's achievable yet stretched. Then leaders need to energize their employees every time they get in front of them; they need to make themselves available to their employees. Employees need to know their leadership team cares about them and the mission. Then leaders have to incent their employees to achieve and overachieve, especially in a start-up situation. At OncoCyte, we expect a lot from our people; we have put in place appropriate incentive programs so when our teams achieve their objectives they are rewarded. And it has to be an immediate reward, not when they can cash out their stock 10 years down the road. There have got to be incentives in place along the way that help make employees feel loved and important to the mission.

There's a quote I like from Daniel Goleman, who wrote several books on the subject of emotional intelligence: "Our job as leaders is to use our passion to release the energies of others." I like the word release because it's not about driving the energy of others. I'm not going to do everybody's job. My job is to hire really talented people and release their energies and create a fearless environment. If they make mistakes, we all learn from them. No one gets fired for making a mistake. As they gain in confidence, decisions become real time and the company picks up speed.

**PV:** What is the capital environment like for diagnostic start-ups?

**ANDREWS:** For diagnostic companies especially, over the last five to seven years, I've seen a migration away from early-stage investment to up-stream investment at either revenue or right before revenue. This is the time when VCs start to invest. Private equity funds come even further up; they want to buy EBIDTA.

Right now, there is a real void of investment in early-stage ideas, and only a handful of VCs will allocate money for what I call pure innovation in



Ronald Andrews

diagnostics. The same is not true in pharma, but it's very true in diagnostics.

Diagnostic companies have to have data underpinning their arguments and their performance to show market access strategies. They have to have compelling data to show how rapidly they're going to get uptake in the market and what market share adoption is going to look like. The data has to be real. If companies go to investors with a pie in the sky idea, they will lose them.

**PV:** What are some important takeaways for a diagnostic company that is transitioning from the early stage to commercial stage?

**ANDREWS:** Don't try to go into the commercial world too early. Wait until your diagnostic assay or molecular profile has been extremely well vetted and there is some prospective data, even if it's samples that have been collected and blinded. The second thing is to begin to prep the market early on to ensure reimbursement. During this time, it's important to start prepping key opinion leaders.

In the diagnostics world, it's very difficult to get revenue uptake unless there is reimbursement. For that, companies have to hire the right people and know what territories to put them in. Also, the messaging has to be right. This is more than tactical marketing; it's good old-fashioned, bare-knuckle marketing and sales, which is hard to do if the product doesn't support the message.

**PV:** Who has inspired you through your journey as an entrepreneur?

**ANDREWS:** I grew up in the deep south. I was oldest of a "litter" of grandchildren. My grandmother had breast cancer when I was 11 years old, and we thought she wasn't going to make it. When I was 13, she hugged me and said, "You're smart enough to go cure this disease." And at the time, I was dumb enough to believe her.

My grandmother lived another 30 years, and on her deathbed, she made me promise to do something about cancer. That was 22 years ago. I stepped away from an amazing job, left our hometown of Atlanta, and started chasing cancer. It's been an amazing experience and despite the day-to-day challenges we face helping improve the patient condition, I don't regret the decision. **PV**

## About OncoCyte

OncoCyte is focused on the discovery, development and commercialization of novel, non-invasive, liquid biopsy diagnostics for the early detection of cancer. Non-invasive liquid biopsies move the standard of care away from risky, more costly procedures that take tissue from the tumor for biopsies to a simple blood draw or urine specimen.

The company's work is based on a proprietary set of cancer markers characterized, in part, by broad gene expression patterns in numerous cancer types. The company's biomarkers were discovered as a result of ongoing research within OncoCyte on the gene expression patterns associated with embryonic stem cell development. Additionally, lung biomarkers were discovered through agreements with The Wistar Institute.

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