

Valley clinical trial manager poised to acquire two competitors

BY ANGELA GONZALES

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Mark Hanley is no stranger to growth: He founded O2 Science Inc. in 2000 and expanded it to 18 locations in nine states before selling it in 2005.

Because he signed a five-year noncompete agreement with the buyers of that respiratory therapy services business, he had to look for other sectors of the health industry to start over. He found his answer in the rapidly growing clinical trials industry.



Hanley

In 2007, Hanley and his partner, David Bruggeman, acquired Clinical Research Advantage Inc. to help pharmaceutical companies and clinical research organizations conduct trials. CRA

matches research companies with its partner medical practices to recruit patients and conduct studies.

Since that acquisition, Clinical Research Advantage has increased its revenue by 226 percent and expanded its earnings by 106 percent. With Hanley serving as CEO and Bruggeman as chief operating officer, the pair took the company from six sites in the Valley to 23 sites in 12 markets. Neither executive would disclose CRA's revenue.

But with \$50 million in private equity funding from New York-based Kinderhook Industries LLC, CRA is in negotiations to acquire two additional competitors — one in the Valley and one out of state. Hanley declined to identify the companies, but said the deals are expected to close within



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Dr. Judith Pendleton examines Laura Hanley, 6, who is participating in a clinical study for a potential flu vaccine. Her father, Mark Hanley, is so confident in the safety of the clinical trial his company oversees that he enrolled Laura and his three other children.

30 days.

Kinderhook acquired an ownership position with its 2009 investment in the Tempe company. Hanley said he expects to use \$15 million of that funding to buy the two competitors.

"We're going to acquire other clinical research companies as we hope to expand the growth," capitalizing on the fragmented industry, he said.

With that growth will come a need for more employees, he said. Clinical Research Advantage currently has about 100 employ-

ees and expects to hire as many as 30 more after the acquisitions.

Hanley works with physician partners who conduct clinical trials in their own offices. His company has suites either adjacent to or within each physician's office to follow a clinical trial's protocol during patient visits.

For example, he is working with five pediatric offices to conduct a clinical trial for the flu vaccine. His company is in charge of making sure patients receive their check-ups and get their blood drawn according

CLINICAL RESEARCH ADVANTAGE INC.

DESCRIPTION: A management organization that partners with physicians to conduct clinical trials for pharmaceutical companies and clinical research organizations

HQ: Tempe

EMPLOYEES: 100

SITES: 23

PRIVATE EQUITY INVESTOR: \$50 million from Kinderhook Industries LLC, a New York-based private equity fund with \$470 million of committed capital to various health care companies

PHARMACEUTICAL CLIENTS: Bristol-Myers Squibb, GlaxoSmithKline, Sanofi Pasteur, Johnson & Johnson, Merck, Novartis, Pfizer and Takeda

WEB: www.crastudies.com

to the protocols set by the pharmaceutical company whose drug is being tested.

Hanley said he is so confident in clinical trials that he has enrolled all four of his own children in the study. His goal is to enroll a total of 350 children through the five pediatric locations.

Linda Mottle, director of the Center for Healthcare Innovation & Clinical Trials at Arizona State University, said she is familiar with Hanley's work.

"They are a good site management organization and work with doctor groups to help support them doing research," she said.