

CHEMICAL HERITAGE FOUNDATION

MIKE BONNEY

Life Sciences Foundation

Transcript of an Interview
Conducted by

Mark Jones

Boston, Massachusetts

on

14 June 2015

(With Subsequent Corrections and Additions)

CHEMICAL HERITAGE FOUNDATION
Center for Oral History
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INTERVIEWEE

Mike Bonney was born in Massachusetts and spent his life between his birthplace and Maine. His father was a commercial banker and was the CEO of the largest bank in Maine. From a young age, Bonney aspired to become a physician, inspired by the news of the first successful heart transplant done by Christiaan Barnard. He attended Bates College in Lewiston, Maine, where he was able to do an internship for a food and drug retailer through an endowment program. After graduating, Bonney was hired at the supermarket chain Hannaford Brothers. He did a training program with them to learn how to run a drugstore, after which he was assigned to a store in Bangor, Maine to be their store manager and raise their gross margins. Not wanting to continue his work in retail, Bonney left Hannaford Brothers and was later contacted by Steward Pharmaceuticals about a sales position. Bonney accepted the job and relocated his family to Wilmington, Delaware. With Steward, Bonney trained new representatives and managed their antibiotic, CNS, and inflammation immunology portfolios. He later began working with Zeneca and Abbot Laboratories on some of their drug launches, such as Seroquel with Zeneca, as well as established new accounting systems, software, and training programs.

Bonney was contacted by a headhunter in Boston, Massachusetts asking him to interview for the Vice President of Sales position at Biogen. Unfamiliar with biotechnology companies, Bonney interviewed anyway and accepted the position. His first project was to develop and launch Avonex, a drug that treats multiple sclerosis. Bonney set up a phone line for patients to call if they had questions about the drug, as well as for nurses and doctors for training purposes. The launch of Avonex was a major success for Biogen, and Bonney was reassigned to Europe to develop infrastructure and launch medications there. He was promoted to the chief commercial officer but retired in 2001 after feeling he was no longer developing professionally in his job. Bonney devoted his time to his family and non-profit work before deciding to reenter the corporate world. He began working for Cubist Pharmaceuticals as the chief operating officer. The company was running pneumonia studies in hopes of developing an antibiotic, which ultimately failed. This caused Cubist's stocks to plummet, and Bonney and his staff began reviewing their data to understand why the antibiotic had failed. They determined that their antibiotic would work if administered intravenously, leading to the development of Cubicin. Bonney became Cubist's CEO after their previous CEO's cancer diagnosis. Cubicin was finally launched in November of 2003 and was the most successful IV antibiotic launch at that time.

INTERVIEWER

Mark Jones holds a PhD in history, philosophy, and social studies of science from the University of California, San Diego. He is the former director of research at the Life Sciences Foundation and executive editor of LSF Magazine. He has served in numerous academic posts, and is completing the definitive account of the origins of the biotechnology industry, entitled *Translating Life*, for Harvard University Press.

ABOUT THIS TRANSCRIPT

Staff of the Life Sciences Foundation conducted this interview, which became a part of our collections upon the merger of the Chemical Heritage Foundation and the Life Sciences Foundation into the Science History Institute in 2018. The Center for Oral History at the Science History Institute edited and formatted this transcript to match our style guide, but, as noted, Science History Institute staff members did not conduct the interview. The Center for Oral History, Science History Institute, is committed both to preserving the recording of each oral history interview in our collection and to enhancing research use of the interviews by preparing carefully edited transcripts of those recordings. The preparation of interview transcripts begins with the creation of a verbatim typescript of the recording and proceeds through review and editing by staff of the Center; interviewees may also review the typescript and can request additions, deletions, or that sections be sealed for specified periods of time. The Center keeps track of all changes that staff, interviewers, and interviewees make to the original typescript. Please contact us if you would like additional information about these materials. We have established guidelines to help us maintain fidelity to the language and meaning of each recorded interview while making minor editorial adjustments for clarity and readability. The transcript also includes time stamps at five-minute intervals. We omit without noting most instances of verbal crutches and all instances of nonlexical utterances. We also make small grammatical corrections where necessary to communicate interview participants' meaning. Finally, staff of the Center create the abstract, chronology, and table of contents. With the availability of online full-text searching of our transcripts, the Center for Oral History opted to discontinue the practice of preparing a back-of-the-book index for each oral history transcript in 2020. **The Science History Institute is committed to the responsible presentation of the history of science by addressing evidence of inequality and oppression as well as the subsequent silences in our collections. To that end, we recognize there may be language in our oral history collection that is outdated, offensive, or harmful, such as, but not limited to, the following: racist, sexist, Eurocentric, ableist, and/or homophobic language or depictions.**

INTERVIEWEE: Mike Bonney
INTERVIEWER: Mark Jones
LOCATION: Boston, Massachusetts
DATE: 14 June 2015

JONES: Maybe we can start with a bit about your background—family, education, growing up?

BONNEY: Sure.

JONES: You're from Maine originally?

BONNEY: Well, I'm actually—technically I was born in Massachusetts. I was the first one on either side, however, born outside of Maine since about 1780, and we moved back to Maine before I was seven. So, I went to school in Maine from second grade to midway through junior year of high school, then we went back to Massachusetts. I finished up high school in Massachusetts, went back to Maine to college, started my professional career in Maine. I'm one of four, I have three sisters—I'm third in the birth order, but the only son, and was told at an early age I had—by my eternal grandmother, Jones—that I had an obligation to produce a male heir since there were multiple generations of only sons.

JONES: Have you fulfilled your duty?

BONNEY: I have, I have a son who's just graduated from college. I have a degree in economics from Bates College in Maine. I started probably five years after I got out of college, I started in MA economics, combined MA economics and BA program at University of Delaware.

JONES: Yeah, let me ask you just a little bit about your family. What did your parents do?

BONNEY: So, my dad was a commercial banker. He became a CEO of the largest bank in Maine when I was about eight or nine years old. He was basically a CEO from that point until he retired except for a few years in his fifties. He retired early, he went back to school and got an MBA and became an executive in residence at University of Maine. He's a Horatio Alger

kind of figure—grew up on a chicken farm, very—in Rural Maine, enlisted in the navy in World War II, was able to go to college on the G.I. Bill.

He and my mom were high-school sweethearts and they got engaged just before he was mustered out and married as soon as—he was mustered out. They were married when he went to college. My oldest sister was in fact born when my dad was a sophomore. She, my mom, worked fulltime teaching school and as a hairdresser while he was in school. And we had a very strong family; my folks are both still living, they're eighty-nine almost eighty-nine and almost ninety. They've been married for sixty-eight, sixty-nine years. They celebrated—they will celebrate in two weeks' time.

JONES: That's very rare.

BONNEY: Yeah, it's very rare. We moved a lot when I was a kid, though, always in Maine and Massachusetts. As I said, I started in Situate, Mass., started school in Situate, and we moved from a very rural community with less than a hundred people. For second and third grade I went to the next town over for school. It wasn't a one-room schoolhouse but there were only fifteen or twenty kids per grade. Then we moved into the big city, Augusta, which was ten or twelve miles away and I was in Augusta school systems from fourth through eleventh. And then to the North Shore of Massachusetts, where I went to Gloster High for half of my junior year and Manchester High for my senior year. So, I think up until I got married I had never lived anywhere longer than about six and a half years, staying in one house.

My folks were very—Dad had traveled all over in the Navy. He started out in North Africa and ended up at the war in the Pacific. He had never been out of Maine until he enlisted but he got a travel bug and so we were fortunate to be able to see more of the world than they had been able to see as we were, particularly my younger sister and I who's just a year younger than I, we were able to travel with them across the country and eventually internationally. But once I <T: 05 min> became an adult, I moved—I went to Europe but I think my folks really instilled in all of us an interest in learning about other cultures and learning about other parts of the world. And that's been an important theme throughout my life both professionally and privately.

The other thing that I think has influenced that, my dad was very—he viewed his life as a life of great fortune, to be able to provide for his family in the way that a bank president, bank CEO, could provide. That was something that was unknown in his family or my mother's family up to that point. Both had been raised in sort of agricultural families, cattle farmers, chicken farmers, truck drivers, those kinds of things. And that also I think in some ways informed how they raised us. They wanted us to view the world much more broadly than one would typically be exposed to in rural Maine. Like, I remember the first time I went to Washington D.C.—gosh, that was something. The first time I went to New York my father told me not to sunburn the roof of my mouth from doing that. [laughter]

As a kid I had a great interest in science. Christiaan Barnard did the first heart transplant when I was nine or ten years old and I was –

JONES: It's '69.

BONNEY: It was '69, I was eleven, ten or eleven. I was completely enthralled by that, did a lot of research, found out he went to University of Minnesota's medical school. I had set my sights on –

JONES: I thought he was South African?

BONNEY: He was but he went to University of Minnesota's medical school. And from the time I was ten until I was probably nineteen or twenty, my ambition was to be a physician. I was very interested in the natural world. I spent most of my free time in my youth exploring the woods and the streams and the fields and so forth in Maine; became an ornithologist, participated in the Audubon bird counts when I was a kid. There were only seven nesting eagles in the state of Maine and one of them was on a cliff up above our house and I knew where it was so they'd always call me and say, "Can you go put eyes on the eagles?"

I was also encouraged to earn my own way so I had jobs from the time I was ten on. I had a paper route, I mowed lawns. Work was always a part of life at home—I also participated in athletics and so forth but by the time I was in eighth grade the expectation was that I provide all of my own sporting equipment, skiing gear, and I always was encouraged to work.

And I always found it actually quite fulfilling. I didn't like collecting on the paper route but I liked getting up early in the morning and being the only one out in the neighborhood. I had about seventy customers, seventy-five customers. In reflecting, I used—this is a theme that has run throughout my professional life, it started when I was ten—every morning I used to time how long it'd take me to do my paper route. And my goal was always to shorten and shorten and shorten the time, and that sort of continuous improvement maybe you would call it is something that has manifested itself many times throughout my professional life.

JONES: Did your father's career in banking, did the banking business make any impression on you?

BONNEY: No. So, I actually had a bit of a rift with my father—I don't think it's that unusual – when I was in my late teens. I was very resentful of the fact that he moved us from Maine and I had no voice in that. And I was a quiet nerd in high school and I had just sort of gotten my feet under me through athletics and student government and various things like that when he came

home one day and said we're gonna move to Gloster. I had just gotten my driver's license in Maine, which at a younger age, and I couldn't—he wouldn't let me drive in Massachusetts 'cause I was too young to drive in Massachusetts. My girlfriend was in Maine, big high school romance, you know, and there was a period of time through the end of high school and through a good portion of my college career where my primary objective was to demonstrate that I could make my own way, though it took me quite a while to actually do that.

So with respect to banking, <T: 10 min> Dad was a very large, larger than life, banking figure in Maine and he's—I subsequently learned through a friend's wife who was a Mainer and a banker that he was known as the “lion” of Maine banking. And it was very important to me not to be in his shadow, to make my own way, so I never really considered going the banking route. By the time I graduated from college I wanted to make my own way. I ended up in my—Bates had a new program, I think I was one of the first class to be able to participate in a subsidized internship program. The Ladd family had given the college some money to set up an endowment that would pay summer wages for students who did internships in a professional field. I was hired the summer after my junior year to work for a food and drug retailer. Scanners were new in those days and my projects were to use the data that you could generate from the scanner to optimize profitability. We looked at a variety of merchandising –

JONES: Inventory control, that's kind of –

BONNEY: Less inventory control and more about how do you set up the supermarket? I worked in the supermarkets as an intern. How do you set up the various sections of the supermarket to optimize profitability to meet the selection needs of the consumer but also to ensure that the highest-margin products were displayed prominently and so forth.

JONES: That's kind of a behavioral research –

BONNEY: A little bit, a little bit. [Yes], there was certainly behavioral aspects of it but more it was around—I had three distinct projects if I can remember them. One was to optimize the profitability of the cookie, cracker, and snack section, so I did research at a bunch of different stores and developed a plan-o-gram for that section of the supermarket to meet these needs of how do you make sure the higher-margin products are prominent but that you maintain enough facings so that you can have the selection that will bring customers into the store and so forth? One project was looking at the combination of advertising and in-store specials to see how you could affect revenue; that was less about margin than it was about pulling people into the store. And admittedly, I can't remember what the third one was.

This was all done pre-computer though, so I'd get these enormous printouts from the scanners and then I'd have to go back to my office and crunch all the data on an adding

machine, and ultimately created a report and delivered—that was the penultimate project. I delivered these reports to the senior managers at the end of the summer.

JONES: Yeah, so that's actually a pretty impressive project for an intern, yeah?

BONNEY: Well, you know, I didn't think of it at the time as an impressive project. I was sort of a data wonk and I was very strong analytically, I always have been, and so it just was an opportunity to do something for the summer that might have some relevance post-college. It was a Maine-based firm and I, after having been pulled out of Maine as a junior in high school, the only thing I knew I wanted to do when I graduated college was stay in Maine. I didn't have much sense beyond that, and this was one of the best employers in the state of Maine so –

JONES: And this is Hannaford?

BONNEY: That was Hannaford Brothers, that's right, which was—at the time the CEO Hannaford Brothers was a Bates alum and he was chairman of the board, which I'm sure had meaningful influence on him willing to take a Bates student in. So they, at the spring of my senior year they were recruiting at Bates and going to Colby and other places, and they asked me if I was interested. They have an accelerated—I think they call it a marketing management training program, one of these accelerated programs to—and in fact, Jim's successor was a Dartmouth alum, he was president of the firm at the time, and he'd gone through this program. And it was quite interesting because they brought a group of us together and we had a two-day set of interviews with group activities, individual interviews, et cetera—at the end of which they offered me a job in their supermarket marketing management training program.

But in one of the manifestations of how I was trying to prove that I was independent of my father, I told him I was not gonna take it and I was gonna be a ski bum. So, much to my surprise, they asked me to—when I had exercised that particular demon, if I was still interested they were still interested in me. I spent a winter as a skiing video cameraman and on-air weather and trail reporter, so I got up every morning at the crack of dawn, made it look like it was live but taped myself giving the weather and trail report. And then I spent all day with <T: 15 min> sixty pounds of video equipment, early in the life of video technology. This camera would have been great. If I had sixty pounds of gear, I never held a video camera in my hands until the interview but I could take sixty pounds' worth of stuff, and it was probably worth fifteen thousand [dollars] at the time, any place on the mountain safely. And that's how I got the job.

And the other part of that—so I'd ski all day, I'd take video of the events on the mountains and people skiing, and then I'd put together a half-hour show that we'd run continuously on a closed-circuit TV station for après-ski. In that role I also ended up putting together two pieces that were picked up nationally which was pretty cool. We had a race where your times were handicapped based on your weight so the winner was about a three-hundred-

pounder but we had some six hundred, seven-hundred-pound people racing on skis. And that was picked up by one of the network's evening magazine shows. And at Winter Carnival we had a race down the mountain and it was canoes, which I put together a three-minute piece on which was also picked up nationally, which was kinda fun.

So, after the season was over Hannaford was in the same cycle as they'd been in the previous year and they asked me to participate again and I did, and this time they had decided that they were gonna expand this marketing management training program from the supermarket business to the drugstore business. So, a young man from Bates—from Dartmouth—and I were selected as the first two marketing management interns in the supermarket business. So they offered me the job, six months of training and they were gonna put us and the store managers into problem stores.

So, I spent six months learning how to run a drugstore, during which time I was—a brand new pharmacist and I were the only two in the store late one night and we were held up at gunpoint, which was quite exciting. And neither of us knew—you know, we'd set up the pharmacy shelves alphabetically by company but all the scheduled drugs were arbitrary, and he was brand new and I was brand new and we didn't know where they were. And it was a little uncomfortable but eventually we got this guy some of what he was looking for and he left the store, and we called the police and they ultimately caught him. But it was a little bit exciting for a twenty-two-year-old to be staring at a revolver with a nut-job on the other side of the counter.

They then assigned me to a store in Bangor, Maine as a store manager, and in an interesting move, the previous manager who was a pharmacist was kept on in the store as one of the three pharmacists, which was a bit challenging for a young guy, to be the manager of the previous manager and the manager of people who had reported to this other guy for a number of years. He was very good about it, but I think it was indicative of the fact that the guy who ran the drugstore division really didn't like this marketing management training program. And they, I don't think they overtly tried to make Brian and I fail but they certainly made life difficult for us.

The big issue on that store was the gross margins were half of what they were supposed to be. It was one of the largest volume stores of the thirty, but gross margins were half, and it was very clear that that was my job, was to figure out what was going on. Was it pilferage? Was it pricing problems, et cetera? And over around eighteen or twenty-four months I found all the problems and fixed them and we got the gross margins up to where they needed to be, and I learned a couple of things. I learned, number one, I spent most of my time in the pharmacy counter asking the pharmacists whenever they had a break, "How come we're selling so much of Metoprolol or [inaudible]? How much are we—why are we selling so much of this? What's it for?" And that was really the part of the work that I enjoyed.

The other thing, I managed twenty-two or twenty-three people, some fulltime some part-time, including these two and a half, really, pharmacists who were much older than I, made a lot more money than I made, and I made a lot of mistakes managing these people. It was very clear. I made the classic mistake of treating them the way I wanted to be treated instead of treating

them the way they wanted to be treated. At that time, I also in Bangor reconnected with a friend I'd had in college, a woman who, as I said we had been friends but never an item if you will, but in Bangor we became an item. And we got engaged very quickly, <T: 20 min> and just before we were due to get married, she was transferred from Bangor to Portland, which was an a) much nicer place for twenty-five-year-olds to live, twenty-four-year-olds, and b) she had a much better job than I did financially. She was an oil buyer for one of the big local gas companies.

So I told Hannaford that I was going to be moving to Boston—to Portland rather, with my wife, and they offered me a store in the Portland area, but I had pretty much figured out at this point that retail was not my shtick. And in fact, what I wanted to do was to run my own business. So I figured I knew how to manage people, I had made enough mistakes that I was starting to figure it out, I knew how to manage a PNL, and my father was in a position to be able to support me financially. He said, “Look, you find the business, do the diligence, and if I agree with you I'll support you.” I spent the first six months after we were married unemployed, looking for business to buy, and was literally a day late and a dollar short in a nursery business.

I'd always liked the outdoors and my father had been a gardener—we'd always had big gardens. My grandfathers had always had big gardens. I'd always spend my summers helping them in the gardens and so forth. But we made an offer on the Wednesday—no, the Friday after Thanksgiving, and on Wednesday they had accepted an offer for this business. So, you know, I'm at this point five or six months into marriage, I don't have any income, and figured it's time that I contribute to something more than doing the cooking, the marketing, and the cleaning. So, I started to look for other jobs and one of the pharmaceutical representatives that called on us in the drugstore in Bangor heard that I was looking. The company he worked for, which was Steward Pharmaceuticals, had a bounty program as many companies did, where if you recommended someone to the firm and they were hired you as a recommender got a couple hundred [dollars].

So, Marty recommended—he called me and he said, “We have an opening in southern Maine and southern New Hampshire where you live. I think you'd be good at this. What do you think?” Well, I frankly had this vision of sales that was informed by the old—by Herb Tarlick on the old WKRP in Cincinnati, or the Fuller brush man where, you know, integrity's not part of the deal and it's fast talkers and so forth. But I was relatively desperate at this point so I said, “What the heck? I'll take the interview.” First interview, I really liked the young man who was interviewing me, and between first and seconds they gave us a study guide. The big drug for Steward Pharmaceuticals at that time was a beta-blocker called [inaudible].

They gave us a study guide where we had to learn cardiovascular physiology, the pharmacology of beta-blockers plus what they were competing with. And if you were invited back for a second interview, you were tested and if you didn't do very well on the test, you were done. Well, I had taken all kinds of biology and chemistry when I started college as a premed and I loved it—this was no issue to learn all this material. I liked the people, there was multiple people in the second round, I liked them very much, and they offered me a job. I'd had a couple of irons in the fire but the people are what really—the combination of the people, who were

really different than my supervisors in the retail chain, and the material convinced me that I should take this job.

So I said, yes, and I almost didn't get that job, though, because between saying yes and starting—so they had me start based on a training class date and part of the process, I filled out a form and I had injured my back in retail. I had never lost any time from work and I didn't really understand workers' comp. But I had injured my back quite badly and had to go through a rehab program. Again, I never lost any time at work but I had done this, and I acknowledged that in the forms.

And so the day before I was due to get on a plane and fly to New Jersey and start, I think it was actually a Friday and I was supposed to leave on Monday morning, I got a call and was told the medical department is suggesting you're high-risk and we are contemplating rescinding your offer. So, I had a lot of conversations with my wife and with my dad and I had decided that on my own nickel, I was gonna fly to New Jersey and say <T: 25 min>, "I'd like to start up a training program at my risk, because I would like to have this job and I'm quite certain that upon investigation, the medical folks will figure this out." Well, that was all set up ready to go and then Sunday afternoon playing basketball I broke my hand. So I held off, I did not get on an airplane Monday morning and they did work it all out and I started three weeks later.

We had then in those days a prescription business driven largely by Tenorma, that was the biggest product but we also sold Molvidex, which was a drug for breast cancer [inaudible]. We had a surgical scrub business that we sold into hospitals and we had an over-the-counter business—Mylanta, GI kinds of products—and this was 1984 and the reps handled everything. We had a specialized salesforce [inaudible] academic medical center which I had none of, but I had, I don't know, ten or fifteen hospitals and a number of primary care docs and specialists and so forth. And the combination, I think, of my interest in the science and the fact that I knew how retail operated resulted in very strong performance—and the fact that the territory had been vacant for a time, because they had promoted my predecessor into one of these hospital rep jobs in Boston, meant that I showed very strong results very, very quickly.

My district manager was a terrific, terrific guy, Mike Orecchia, who was very development oriented. He held us to high standards in terms of our results, though, in those days we couldn't really look at results. DDD came in which actually started allowing us to see data at the territory level, while I was a rep. But he could tell that things were working and he got me some exposure and I did some training down in New Jersey for the regional office. I was in that job about eighteen months and they asked me to move to Wilmington, to the U.S. headquarters—Delaware, to become a sales training instructor. my wife and I talked about it. It was clear I liked this very much and that if I was gonna stay in pharmaceuticals, I would likely have to be willing to move. She had a terrific job but it wasn't a perfect job and so she decided to go back to school and get an accounting degree and become a CPA, which she did while I went off to Wilmington. And she did it at one of these quick programs, got an associate's degree but passed the accounting exam on the first go-round.

JONES: Because she wanted to be independent, is that –

BONNEY: She wanted to be independent and she wanted to have a job that was interesting and mobile, and reasonable remunerative. And she was a math major at Bates so she'd done some accounting in her job at the oil company, so it was an obvious step for her at the time. So, I moved to Delaware and Steward Pharmaceuticals at that time was a division, it was the U.S. pharmaceutical arm of ICI [Imperial Chemical Industries]. ICI was a big British-based chemical company. I think, this is early '80s, I think our market cap at the time was in the twenty-five billion to thirty billion dollar range. We had a hundred and twenty thousand employees worldwide, not in the pharmaceuticals business alone but in the total ICI.

And we had U.S. headquarters in Wilmington, so pharma was a piece of a very large entity down there. I became a trainer where my primary objective was to teach selling skills to newly hired reps. But each trainer also had a therapeutic area that they were supposed to be expert in, and as the new trainer I got the GI franchise, which wasn't very interesting, and after about six or eight months I went to the boss and said, "I'd like something more technically challenging," and so they expanded my portfolio. We were growing very rapidly at the time and one of the things that we did in the eighteen months I was in that role was we trained the first Steward Pharmaceuticals antibiotic salesforce.

So we had a phase—a second-generation cephalosporin, Cefotetan, Cefotan was the brand name. That was nearing the end of development and this was gonna be an adjunct to our hospital scrub business. While I'd never sold an antibiotic at that point, I was tasked with building the training program for the two hundred fifty, three hundred salespeople we needed to train <T: 30 min> and actually conducting the trainer and then trained the rep courses, which was really my first exposure to microbiology. That all went off well, we launched a drug; it did okay, it didn't do great. About the same time, we were expanding our total sales footprint, which required more district managers and so I was approached about —Steward in those days didn't really—you had an interview process but you weren't really offered your job, you were told what your next job was.

So, my next job was to go to Minnesota, to Minneapolis, and be the district manager. We were splitting our salesforces, so we had mirrored salesforces. I was in a new division called ICI Pharma, which was the Tenorman, it was a cardiovascular portfolio and the oncology portfolio, and Steward Pharmaceuticals was [inaudible] this new antibiotic and surgical scrubs et cetera. Because we were undergoing this split and this expansion, of my eleven original sales reps, five were brand new. They were hired by my predecessor, so I got five experienced or six—I think it was six experienced and five new ones. And I'm sure that part of the reason I went there is because I was a good trainer and I had a bunch of new people in this district, and part of it was because I was from Maine and they figured I wouldn't run away the first winter in Minneapolis.

Our daughter had been born about two months before they told me what my new assignment was, so I went off to Minnesota, bought a house, Allison and Erin came out four or five weeks later, after they had sold the house in Delaware. And I took over this district. Well, what I found out when I got there was it was the top-performing district in the country and it

was made very clear to me by my boss that it better continue to be the top-performing district in the country. So, geographically I had western Wisconsin, all of Minnesota, North and South Dakota.

JONES: Meanwhile, this is a new situation in the sense that it's already here and—taking it is a real challenge, [inaudible] maintain it but, yeah.

BONNEY: Right, I did that job for about three years and one of the wonderful—first of all, it was my first management job after being a store manager so all the mistakes I've made as a store manager I was able to integrate and change as I took on this new district. Half of whom, half of the people, were older and much more experienced than I [inaudible] brand new. But the other thing that was going on at the time in Minneapolis in particular, but across Minnesota, was managed care. This was the late '80s and the industry hadn't created dedicated sales organizations, so, as a district manager, if my business was gonna continue, I had to figure out how to work with managed care organizations. So, I used to call on the pharmacy directors of United Healthcare, of all of these things, and it was a wonderful opportunity to learn a model that at that time existed really only in California, Minnesota, and Massachusetts, but became ubiquitous ten years later, five years later.

I did maintain our top rating; we launched an ace inhibitor while I was a district manager, and an LHRH analog for prostate cancer. A couple of my people got promoted, the new group that I had, and the company ran—a couple of times a year they'd bring in a handful of people and run them through an interview process broadly across the commercial internal operation in Wilmington. So, I was asked to participate in one of those and was offered my next assignment, which was back in Wilmington, and it was in the new product planning department. So I had one of these surveys they had sent around; around interest I had marked “market research” given my experience at Hannaford Brothers. That's something I had experienced and was interested in and not many salespeople would do that, and that I think was a flag for them.

So I went to work in the new product planning department, which essentially had two roles. One was to be the commercial representatives on the various therapeutic area teams, the development programs, and the second was to support the business's development activity via the analytical underpinning if you will, for whatever deals we wanted to do. And I was assigned half of the antibiotic portfolio, the full CNS [central nervous system] portfolio—we had no CNS drugs at that point but we had an early-stage schizophrenia drug, which became Seroquel, <**T: 35 min**> that I attended to. Plus, we had a bunch of research programs going on in depression and other areas—in other CNS diseases.

And I got a part of the inflammation immunology portfolio and most of our focus in those days was on asthma. I worked for a couple of—I probably learned more in that job and one other job at Zeneca than I've learned in any jobs I've had. I worked for a couple of very experienced marketing guys who are great fun but also just, sort of, knew the business and knew how to navigate a big, complex, international organization and they were wonderful mentors.

JONES: So when you say you learned more in that position, what's coming to mind, the particular lessons –

BONNEY: I learned about drug development. I had been at the customer interface after things had been approved but I didn't really understand all the steps you had to go through to get something approved. But I sure did sitting on all those development team meetings in those, sort of, parts of three therapeutic areas. We also were undergoing a review, we had seven therapeutic area teams at that time—did we want to keep all seven? Should we focus? Should we expand, et cetera? So a lot of work around what are the opportunities? Where's the science going? Et cetera. And we got to be, again, involved in business development which was a very—for a young, relatively junior person it gave us a lot of senior exposure. I'd present to the head of sales and marketing and I'd present to the U.S. president et cetera, on these business development opportunities.

And one of the BD opportunities that I was asked to lead the analytical work on was another antibiotic that was being developed by Abbott, quinolone, IV and oral quinolone, called Temafloxacin. We ended up doing a deal with Abbott to co-launch Temafloxacin, both primary care and hospital. And along the way I'd become the first international, non-U.K. based international marketing manager for the CNS portfolio, which I was very—terrible disease. I'd lost a high-school friend from schizophrenia so I actually started—there was a wonderful woman doc, [inaudible], who was a psychologist, board-certified in psychology and neurology, who was leading this development program. And she was incredibly generous with her time and I used to just pick her brain about what happens here, what shows up clinically, what's going on in the brain, et cetera.

I learned a lot about it and I was very passionate about Seroquel. This was a drug—we hadn't named it yet, I can't remember its generic name but this drug looked like in the early phase-two studies it was gonna be able to really help these patients and not have the liabilities that some of the previous anti-schizophrenia drugs have had. And as a result, they asked me to be this international marketing manager for the first time ever outside of the U.K., which meant I was now going to the major affiliates—France, Germany, Japan—learning about schizophrenia in their markets and how do we need to develop this drug so it's successful not just in the U.S. but around the world? Which was pretty heavy stuff for a little kid from Maine who was still in his twenties, and so—but I was also doing all this analytical work on the Temafloxacin deal.

So we did the deal; it was very important for the company that we launched this thing successfully, and my boss came to me one evening and said, "The senior commercial guy is gonna offer you in the next few days, he's gonna offer you the job as product manager for us for Temafloxacin." And I said, "Well, I don't want it. I want to be the international marketing manager for Seroquel." And he said, "I know, but I want you to understand, Mike, that Jack thinks he's offering you the best commercial job we have available right now, and you just need

to think about—you need to make your own decision but you need to think about how he would react if you say no to this.” I felt it was very unfair that that was the orientation but I was very appreciative of Tom that he actually would share this perspective with me. So it was over a weekend, I thought about it, and Jack offered me the job and I said, “I’ll do it.”

JONES: Did you feel like there was any way that you’d have a conversation with him about it?

BONNEY: It was not part of the culture to have that conversation with him, though, we’ll fast-forward in a few minutes a couple of years and in a similar kind of circumstance I did feel confident by that point. One of the things they had done was because I was a new product planner, <T: 40 min> I didn’t think that my portfolio was a fulltime job. I always used to go to my boss and say, “I’m available if you want me to do projects.” And one of the things they’d asked me to do given my relatively recent history as a DM, was to start building with a very good technical guy a model for assessing salesforce productivity and tradeoffs between products. What’s the promotional response of this product versus this product? Et cetera, et cetera. And we really made some incredibly good work, which shortly thereafter became critical to the company as ICI decided to split, and Zeneca was gonna become a standalone traded company. And we’d always been sort of buried.

And that also got me lots of exposure with the senior people, which over time got me more confident that I could say, “Hey, wait a second, there’s some other stuff going on in my life here,” or, “I’ve thought about my career differently,” but at that point I did not feel confident that I could do that. So, I took the job as product manager and it turned out to be a very good decision, not only because of what happened ultimately with Cubus, but because for the first time in my tenure at Zeneca or ICI, I had been there at that point probably five years, six years, something like a year and a half, a year and a half—about seven years actually.

JONES: So this is about ’89, ’90?

BONNEY: Oh, early ’90s probably, yeah, early ’90s. In order for me to do this job, I spent three days a week at Abbott Park with the marketing team at Abbott Park preparing for the launch for nine months. So, I saw how another firm operated and they operated differently than Zeneca. I’m not sure it was better but it was different, and it sort of broadened my horizons. We launched the drug, we were way ahead of schedule, six months into the launch, and first Friday night I got home at 5:00 p.m. in a year and a half probably, and as soon as I got home my wife said, “The head of sales is on the phone.” So I got on the phone with Jane and she says, “Mike, there’s been a couple of deaths and you need to come back. We need to figure out what we’re doing.”

So, I go into the office, we spent all of Friday night and all of Saturday with the senior people, right up to the president of the U.S., and he had the CEO from U.K. on the

speakerphone, he had the CEO of Abbott on the speakerphone. This was a worldwide deal but the U.S. had launched it first. And he was superb, the U.S. president was superb in the circumstance. The data were pretty clear that in rare cases in diabetics that this drug did something to the kidneys that caused people to die. We'd had I think two or three deaths at this point reported to the FDA.

And it wasn't clear that there were—it wasn't clear whether this could be managed or not, and Bob was incredibly persuasive that the reputation of both companies were—Abbott was building a company on this antibiotic and another one that they were launching similarly, and they were quite resistant to voluntarily withdrawing it. But Bob convinced both them and the CEO in the U.K. that for the greater good we needed to pull this off the market. And so by, I don't know, one or two o'clock Saturday afternoon, they had—everybody had aligned that that's what we needed to do. All the Zeneca, ICI senior people were then going off to a national sales meeting and I was told that my job was to get every tablet and vial out of the market within three days.

And as they were walking out the door, my direct supervisor said, "Well, Mike, have a great weekend and I don't know what your job's gonna be but there aren't many people in the industry who have launched a drug and pulled a drug off the market at your age, so I'm sure something will come up." [Laughter] And away they went. We did execute the plan and we pulled everything off the market very quickly and when they got back from the meeting they—they said to me, look, there's some wrap-up activities here, that's fine, but we want you to become the product manager for an IV anesthetic that had been launched Diprivan, Propofol but was about ready to—was at the FDA for significant label expansion to be used in ICU sedation. Completely different call audience, different use of the drug. We even debated whether we should rebrand the drug for that use.

So they said, "Okay, so you're gonna build a marketing team now and we're gonna get ready to launch this drug." Meantime, all these extra projects kept coming my way. <T: 45 min> I built a team and I built a launch plan for Diprivan for ICU sedation, and while this was going on, the board of ICI had decided to split the company into two. ICI was gonna retain the sort of capital-intensive, heavy-chemical businesses around the world, and Zeneca had been created and had actually been separated out so we were a separately traded stock with a separate board, et cetera. We were now Zeneca, and Zeneca was sort of the high-tech business' pharma, [agriculture], and some specialty businesses.

About two weeks before we were launching Diprivan for ICU sedation, the senior commercial people kept stopping by my office saying, "*Hmm*, you're gonna look good as a director," something like that. I knew something was up but I wasn't sure what. So I got a call from the president, which never happened at my level. He said, "Could you come see me?" "Of course." And what had happened was that in the contract to divide the company Zeneca had committed that they would be off of all the old ICI legacy accounting systems and everything by a date certain.

They had, Zeneca management, had twice kicked off the project to make this happen and it had failed both times, so now we had—it was February, I remember, we had less than two years, or as the way it was characterized to me by Bob was, “We want you to run this project, Mike. You have until,” I forget—a year it was but you have—it was February of year one. “You have until December thirty-first of the next year to install a system. But you don’t have to just install the system. We’ve already made the decision we’re gonna buy SAP and so you have to figure out how to pay for the project. And I don’t know if you can do it by yourself or if you need to build a four-hundred-person team, but the bigger team, the more you have to reengineer the business to take the costs off, to pay for the project.” And he said, “If you fail, you’re gonna be fired and I’m gonna be fired, so you better not fail.”

And I said, “Bob, look, I’m flattered but I’m a marketing guy. What the hell—I mean I can run an excel spreadsheet; what do I know about technology?”

He said, “We’ve had consultants up the wazoo and they said we don’t need a technologist. We have plenty of SAP experts, what we need is someone who’s a leader who can make the project work.” So he said, “You’re gonna report to me on a dotted-line basis, you’re gonna report to the head of manufacturing on a straight-line basis because he can intimidate anybody that you need to have intimidated, and to get done what you needed to do. And you have basically a blank sheet to build this team and make this work.” It was a very high-visibility project and the opportunity to truly have a [inaudible]. There were six I think technical people that we had hired who were experts in software and there was Anderson Consulting who we’d hired to advise us on this. So –

JONES: And how big was the company?

BONNEY: The company at that time was—the U.S. organization was about twenty-four hundred people and about a billion and a half in revenue. One of the first things we had to do was scope the project and the project turned into an international scope, though most of my efforts were in the U.S. And we had to coordinate with the ag. businesses and the specialty businesses who had to have the same software implementation. They went about it differently but we had to implement the same software and we had to have the same timeline. So it was, again, my first exposure to Greenfield and it got me—I used to meet monthly with my counterpart in the ag. business and in the specialty businesses. I had to go to Alderly Park, where the CEO of Zeneca was, on a quarterly basis report to him on what was going on. And I went to the U.S. leaders staff meetings every month and had to give them a report and assignments to all the senior people on what had to happen in their areas.

The only part of the value chain that was off-limits to me was core discovery research, two-thirds of which was done in the U.K. and one-third of which was done in the U.S. But all development activities, all manufacturing, all accounting, all commercial, all IT, everything. So, I built a team of initially—I forget, it was probably about forty full-time equivalents, which required that I negotiate with every functional senior vice president and I needed their best

people, their most forward-looking people. So there was a lot of arm-wrestling on that, <T: 50 min> but Bob, to his credit, made it very clear that this was not an optional exercise for them, and we structured the project, we structured our work plan, and built a big project plan.

And I ended up with five teams reporting to me with—I forget—initially there was about fifty people but at the height there were about a hundred and seventy-five people full time and by the time we got ready to train, we trained over seven hundred users. It was the largest SAP implementation in North America at the time. And we came in on budget and we were able to close the books in January. We were able to implement the software January 1 and we were able to close the books on January 30. When Bob offered me this job, I didn't really know what he was offering me but the first thing—when he started talking about, “We don't know how big the project is but you have to figure out a way to save the money,” and so forth, I said, “Okay, are you willing to put a hiring freeze on right now?” And he did, literally he pulled—he sat back in his seat like this and he said, “What are you talking about?” I said, “I'm not gonna be known as the butcher of this project, the butcher of Zeneca, so I think it's critical that you put a hiring freeze on.”

And he wouldn't commit—to his credit, he wouldn't commit in the moment but we talked a few times over the course of that week because I met the consultants and started understanding the project scope and so forth better. And he finally said, “Okay, we're gonna freeze everything but this small group of core roles that we have—if someone leaves, we have to be able to fill.” I said, “Okay, I can live with that.” So, when we rolled the project publicly it was—and my title was Director of Core Business Systems and Reengineering, and reengineering in that time, everybody knew you were the butcher. I could commit to them that we had put this hiring freeze in place specifically so that we had the opportunity to retrain people whose jobs were eliminated for new jobs at Zeneca.

And away we went. So in new product planning I should have learned about the development process but now I learned everything—how you buy a clinical trial, how you monitor a clinical trial. Everything was in scope, how you did preventative maintenance in a manufacturing facility.

JONES: So this is your conversations with the senior vice presidents?

BONNEY: Yes, and we had to figure out where could we find efficiencies in the process so that we could reduce the cost space to pay for the project. It turned out it was about a 15 percent reduction in the cost space in order to pay for the project. And I'm very proud to say we were able to accomplish the objective of the project, reengineer the business so take 15 percent of the cost space out. So at the end of the day I think we ended up laying off about eleven people out of a twenty-six hundred, twenty-five hundred-person workforce, so I think it was successful by all accounts. I can remember the manufacturing packets, we had this big manufacturing facility in Delaware. It was his responsibility, and he was my day-to-day supervisor and he's passed

away now unfortunately, but he was a big, tough guy and of Polish descent, and he played and it became apparent to me after a couple of weeks that he was playing at the “Dumb Polack” role.

He was smart as a whip, but he came to my office one day as I was scoping out all the project and he slammed the door and he said, “If you cause a union to come into my plan, I am going to kill you.” [Laughter] I said, “But, Bob, if you can’t —” eventually—we went back and forth on this a lot, the union never came into plan but he—I come forward with here’s a way I think we could save two million [dollars] a year on manufacturing in this plan. And he’d say, “Yeah, but it’s gonna upset everybody and the union will come in.” And I said, “Bob, if you can’t do anything for fear of a union, maybe we should have a union, right? Because you’re operating like they’re in control anyway. And if you can’t make the changes that we have to make...” He said, “You have no idea what it’s like to run a union plan. I know what it’s like to run a union plan.” I said, “You’re right, I don’t know. I think we can do this without that threat,” and we ultimately made pretty good progress there.

But it was incredibly educational, I saw from an operational standpoint. I saw everything. I never coded the equipment, the software, but I was the process design decider and these five different teams had businesspeople and technical experts on them and they’d engage with the business to say, okay, how do we drive more efficiency? Let’s not just automate an inefficient <T: 55 min> process, let’s figure out a new process. And it was everything, it was a hit, it was great. So one of the recommendations we made at this point commercially was Zeneca had three distinct nationally-managed salesforces. They had a primary care salesforce and an oncology salesforce, and a hospital salesforce—so actually four—and a national accounts salesforce. Managed care, this was in the early ’90s, managed care had spread its wings and we were—it was Hilary Care was being discussed.

There was great concern, Merck had bought Medco, there was great concern about the power that the payers were getting. So we did an in-depth review of how we went to market as part of the project. And I came forward with the recommendation that we consolidate, we change the profile of a regional manager to be a true PNL manager, and we consolidate the four national salesforces into local units so that United Healthcare could deal with one person across the full book of business, instead of having to deal with one person for the primary care stuff and a different person for the hospital stuff. This was very controversial within that firm at that time largely because of power issues and in part because of the profile of this new regional tsar if you will, was fundamentally different from our regional managers.

And there was a lot of debate about whether we had the manpower to implement this model. It took me about a year to convince the head of commercial and the U.S. head that we needed to go in this direction, but they finally said yes. About six months before we would go live, two months after that, I was approached again by the U.S. president and said, “Okay, looks like the project’s gonna be successful and I’m not absolving you of this responsibility and you continue to be the Director of Core Business Systems, and you’re on the hook for going live January 1. But I also want you to head sales up and make this go-to-market change happen, so go see the head of commercial.”

So I go to see the head of commercial and he basically says, “This is great, Mike. This is a way to get you back into commercial and get you retrained on what it’s like to be a commercial guy.” He basically undermined everything I had been doing for the last eighteen months, which didn’t leave a great taste in my mouth but at least we’re headed in the direction I thought we should be headed in. So I became Head of Sales and Core Business Systems Director of Reengineering in the fall of ’94, with an agreement in the salesforce to make this change happen, which meant firing a bunch of long-time senior sales guys who had trained all the senior people and creating a new model. I had put in HR—a woman out HR in as one of the regional heads, and I put a twenty-nine-year-old Black man in who had terrific broad skills into one of the other six regions in the country, and gave them a lot more responsibility and accountability.

And, you know, December 31 came around, we had trained six-hundred-and-fifty people or whatever it was. January 1, we were able to actually pay our bills, ship product, generate invoices, [inaudible] accounts—we were all set to go. January we could—so the end of January, I was absolved of the core business systems responsibility and just focused on the go-to-market. We were getting ready to launch a whole series of mostly oncology products at the time and that summer I decided to take my first two-week vacation ever. We had three children at this point, they were all—let’s see, this was ’95 so they were seven, four and one.

And both families were in New England; my wife’s family had retired to Wolfborough, New Hampshire [inaudible] and my family was in Portland, Maine. That included most of our siblings, not all of them but most of our siblings. Allison was gonna take the kids and come to Maine—or come to New England for the summer and I was gonna come up for two weeks. And the Friday before I was ready to get on the plane, I got a call from a headhunter and I had never taken a call from a headhunter before, but the pitch was basically, “It’s a biotech company in Boston, it’s cash-flow breakeven, they are looking for a VP of sales to bring in and create their commercial infrastructure to launch their first product. <T: 60 min> Are you interested?” I said, “Well...” I had this experience with the head of commercial where he sort of, I don’t know what the right word is, it didn’t feel to me like he appreciated the experience I had gained in the previous job and he put me into a role that he thought I would have no problem doing as a way to sort of turn me back into a commercial person. Because I’d spent all of, almost two years, outside the commercial organization.

JONES: And you felt that would be confining? You wanted to do –

BONNEY: I thought that it was the way that he operated. I’ve been working for him since they made me head of sales so it had been maybe nine months or eight months at that point. The way he operated was nobody ever got the full picture. We got assignments and after having had the full picture of the whole company, that didn’t sit very well with me. So I was a little more—well, it was the first time I’d ever actually even answered a call so I said, well, look, I’m headed up this evening for two weeks in New England—sure, I’ll have a conversation with him. That turned out to be Biogen. I went down on Monday and I had a full day, I had never seen

interviews like this. I had a full day of interviews, I've never seen—I met with the CEO, I met with the head of commercial, who actually was really the CFO, never been a commercial guy in his life. I met with the COO, I met with the medical director, I met with the head of R&D.

JONES: It's a much different kind of –

BONNEY: Completely different, it was four hundred people at the time. I had a thousand people reporting to me and this whole organization was four hundred people.

JONES: Yeah, let me ask, you were with the pharmaceutical company for ten, eleven years?

BONNEY: Yeah.

JONES: And you know, the biotech industry's gaining some momentum during this period but was that on your radar screen at all? What was going on there?

BONNEY: Not really, most—within Zeneca at that time there were a small group of people in BD and I was very close with the head of BD at the time, who was sort of a mentor, who thought biotechnology was actually gonna have some impact. The vast majority of people thought it was crazy science experiments and we really had—we've come close. I mean, I had done some analysis on a long-acting GCSF, Nupogen, but that was really my only exposure to anything but small molecules at that point. But this headhunter did a nice job, he basically said to Greenfield they don't have anybody in the business who's ever launched a pharmaceutical product before, it's not as risky as many biotech companies—it was cash-flow breakeven based on a royalty stream.

I thought, well, jeez, I got three kids, they were born in three different states, all the family's in New England, I'm gonna be up there anyways, why don't I just talk to him? So, that first day at Biogen I was very impressed a) with the lack of—I had been essentially spending the last two and a half years of my life dealing with siloes, as I did the three engineering projects. Everybody seemed to be on the same page. I was shocked. No matter who I talked to they all said the same things about what was critical for the firm and how we needed to get from here to there and what they knew and what they didn't know, and so forth and so on. So, I left that day actually quite impressed and I drove back to Maine, and before I actually got back to my folks' house they called and said, "Can you come back on Wednesday?" I called them back and I said, "No, I cannot. I committed to my children and my nephews that we would go camping on Tuesday night and that's a commitment I'm not going to break but I can do it on Thursday." So they rearranged everybody's schedule and I came back on Thursday. The other thing that had

happened was, there's a great story in here too, the guy who hired me at Biogen loves to tell this story—

JONES: I'd like to hear some of the names of the people who you interviewed with?

BONNEY: Okay, so I interviewed with this—the first time through I interviewed with Jim Toven who was the COO, Ken Bate was the guy who was gonna hire me, John Allen, who was the medical director on Avonex, Mark Lucktenberger who was the director of marketing, and the program lead on Avonex—what was his name? He unfortunately died soon after he joined the company, Smith, Herb Smith, who essentially ran—he was the head of regulatory but he was really the development guy. The chief medical officer was Irving Fox, I interviewed with him. I may not have whether it was the first name or the second name but it was all these senior people, a bunch of the—**<T: 65 min>** they had a product manager who was ex-Merck, I met with him, Mark Stabock. Lilla Swan, who'd been at [inaudible] and was heading up market research, I met with her during this interview process.

JONES: Jim Vincent's still the CEO?

BONNEY: Jim Vincent's still the CEO. I met with him at the end of the process; I didn't meet with him at the beginning. I have some Jim stories I could share with you. So, I get back and they say, "Can you come back on Wednesday?" "No, Thursday would work, though." So they rearranged the schedule so I come back on Thursday. Now, I'd been coming home from vacation and at the last minute I had thrown in a pair of slacks and a sport coat and a tie. At Zeneca of course casual Fridays in the mid '90s was a huge move and casual meant you took your tie off—you still wore a suit. But I didn't have any clean clothes and where my folks live, we didn't even have a washer and dryer there.

So I said, okay, everybody else seemed to be casual on the first day so I showed up in a pair of khakis and a fishing shirt, and I camped actually on an island on Wednesday night with my—Tuesday night and Wednesday night—with my three little kids and my two nephews, who are roughly the same age [laughter]. And in order to get off the island you had to paddle, canoe, on and off the island. Well, I got up at 4:00 a.m. on Thursday morning and it was low tide so to get off the island I had to drag a canoe across a couple hundred yards of mud, paddle a short distance, and then drive, drag it across another couple hundred yards of mud. I get in the car, my dad's car, and I start heading south and I realize fifteen miles down the road I'd forgotten my wallet. I can't pay the main tolls, I can't actually get to—I'm supposed to be there at 8:30 a.m.

But of course, in the way I was raised, I had enough time so I turned around and went back, dragged the canoe over, paddled to drag the canoe, got my wallet, dragged to paddled to dragged, went to my folks' house and showered and put on a pair of khakis and a clean fishing shirt, and showed up on the nose at 8:30 in the morning for this set of interviews. And when I

walked in in this very casual attire and Ken Bate, who was the hiring manager, I didn't know it at the time but he said, "I figured this guy has to be confident if he can show up at a second interview in a fishing shirt and a pair of khakis." So, I had another terrific day. Again I came away very impressed with the people and with the opportunity and so forth and so on.

So, they had been doing the search for some time. Avonex was at the FDA at that point. Their plan was to be launch-ready April 1 and this was July, so we had whatever that is, eight months, nine months, and as July moved into August they kept calling me. I had made it back here one other time; they flew me back for other meetings. And then, yeah, they flew me back in August for a couple meetings and they asked me to bring Allison, so this was the check-out-the-spouse meeting. I said I can't really take any time off, so we came up on a Friday late in the day and we met Ken and his wife for dinner and we walked into the restaurant over on Charles Street, and there's Allison's boss sitting at the bar, unbeknownst to us. And we couldn't not say hello so Allison said, "Hey Stacy, how are you?" And I said hello to Stacy and Ken jumped in and said, "Yeah, we're old college friends." And so we had dinner there and so forth.

And then the next morning I had breakfast with the head of manufacturing, Jim Mullin, who it turns out graduated from high school with my wife in the same class. And then after I had lunch with—or breakfast with Jim, they drove me up to Jim Vincent's home in Weston and I spent four hours in his basement being interviewed, an interview unlike any I have ever experienced previously or since. I mean, we started with, "What did you do when you were eight? Who are your heroes?" It went everywhere. And Ken Bate, having worked for Jim Vincent for quite some time, had arranged to meet me for lunch as soon as I was done with Jim Vincent to deprogram and he—

He knew what it was gonna be like. So, we met and he said, "Well, how'd it go?" And I said, "Well, I have no idea. I've never had an interview like that," <T: 70 min> and we sort of replayed some of it and so forth, and then I went back to Allison and—Allison had done a little looking around the area, real estate kind of stuff. We flew back to Pennsylvania and a couple of weeks went by and the headhunter kept calling me but I never heard from Ken. Then the headhunter called me and said, "Ken's gonna call you and he's gonna make you an offer, and here's what the offer's gonna be. Are you prepared to accept it?" And I said, "I'm actually very encouraged by this. This is a Greenfield opportunity, I've had one of those and I like the risk-reward aspect of it," risk-reward meaning a large part of the compensation was gonna be equity.

I had just begun to get a little bit of equity in Zeneca but I couldn't really affect Zeneca overall in my role. I mean, it could have some impact but here I could have major impact. It was in a place in the world where my kids could get to know their relatives so there were some personal issues associated with this move, and I was quite enthusiastic. And I communicated that to the headhunter and then Ken called and he made me the offer. And first he apologized for doing it over the phone. He said, "I would much prefer to fly to you but given your schedule and my schedule," and I was putting some pressure on him to make a call because there was a launch meeting coming up that I was hosting for a new product in September.

And I said, “Look, if you don’t—I’ve got to give them a month to replace me. It’s just not fair, and so if you’re unprepared to make your decision then you have to give me—I won’t be willing to say yes until three weeks after this launch meeting. Which means I’m—we’re in October now.” And I said to him, “Look, I don’t think there’s that many people that can build you this organization in six months. I think I can do it but if you don’t make up your mind pretty damn quick, I’m only gonna have four months and I’m telling you, nobody in the world can do it in four months.” So, Ken called and he apologized for doing it over the phone and he made me the offer and it was different and less than what the headhunter had said. And I reacted in—I was—I listened to it and I said, “Ken, I was led to believe this was gonna be a very different offer so I’m a little concerned about whether you guys are aligned and whether you’re communicating effectively with your partners and so forth and so on.”

That’s the first major red flag I had—I’m gonna have to think about this a lot. He got on a plane and flew down and took me to dinner that night and without disclosing inappropriately what was going on he gave me a very clear idea that he had given up a lot of flesh to get Vincent over the goal line. Jim had asked me—one of the things I have learned subsequently, when I had talked to Jim about this period of time that was the gap in my CV when I was looking to buy a business, I said, “This is why—I’m looking to buy a business.” He said, “Well, tell me about—” And I told him what I’ve told you which is I was a day late a dollar short. He said tell me about the business. I said, “Well, it was a nursery business. They had a flower shop, they had [inaudible] and a bunch of greenhouses and all this stuff.” And he evidently heard that as evidence that I had no real ambition because this is not what Jim would ever have thought was a successful life.

JONES: And you’re twenty-two at that age?

BONNEY: I’m twenty-two, twenty-three at that age, right. Well, I had—Ken—I can’t remember the sequence but Ken had asked me about this and I said, “Well, look, I had met this guy a few years before when I had met my wife’s family’s friends who ran the largest rose business in the world.” And I thought, “Well, this is a base. It’s cash-flow positive, it has some land, I could probably—I don’t know if it’s roses but I could turn this into something significant.” I didn’t tell that to Jim. He asked me who my heroes were and I said, “My dad’s one of my heroes, the guy who led my Outward Bound course, who, if you were gonna be in a plane crash in the Andes, you would want right beside you. He was so competent and calm. And I said Thomas Jefferson, and that of course didn’t—Jefferson might have flown with him but the other two wouldn’t fly with Jim. [Inaudible] to these guys as heroes.

Anyway, he made me the offer, he explained to me what was going on, it was substantially more than I was making. I was a bit unnerved by the sequence of events but he, based on his willingness to get on a plane and come and talk to me, convinced me that this was a good move, so I gave my notice the next day. The president called me up and he said, “You’re <T: 75 min> sort of the first person we’ve ever had a conscious, planful program to develop you into a senior leader and you could be in my job or something bigger than that if you

stayed.” And I said, “Well, that’s very flattering, Bob, it would have been great if someone had told me that’s what was going on here, number one. Number two, I’m working for a guy who doesn’t appear to value those experiences that you just told me were planful experiences, and so I’m not sure how to interpret that, number one.

But frankly the bigger issue is this is a Greenfield. You gave me the opportunity to create a team from scratch. I was completely energized by doing that, that’s what I’m gonna be doing here.” He said, “Is there anything we can offer you to counter?” I said, “Can you offer me a Greenfield opportunity?” He said, “I don’t think I can.” I said, “That’s what’s appealing to me, Bob.” So we parted friends and they—I was right at the edge of my own internally defined timeline but they were able to have their launch meeting successfully and so forth. And I came up here and started, I forget what it was, mid-September or something like that, and basically was told, okay, build a commercial organization to launch this drug. You’ve got to be launch-ready by April 1 and I knew that coming in. They had a bunch of CVs of people that they had interviewed for the role I took so we started there.

JONES: Let me ask you, at this point you can tell me going forward how you’re getting started but you mentioned risk-reward and looking at this opportunity, how did you assess the technical risk and the market risk for Biogen at this point? I mean, Zeneca’s a pretty, you know—and Biogen is...

BONNEY: Well, look, we had about three-hundred million [dollars] worth of royalty income a year between the hepatitis and [inaudible]. And the hepatitis-B vacs, and interfere and Alpha from [inaudible], Smith Kline, et cetera. And Vincent had managed the business to be about breakeven. I was very impressed with the leaders of the firm, Vincent, Tobyn, Cam, and I was incredibly impressed with, as I said, the alignment in the organization after having spent two years fighting internal battles. I was very confident that Avonex was gonna get approved. I had some concerns about the IP; I raised them and they put the GC in front of—they got me in front of the GC, it was Mike Astro at the time, and he sort of took me through the technical aspects.

I wasn’t an IP expert by any stretch at that time but he convinced me that they had a solid case. Mike’s a very persuasive guy. Actually with what I know now, if I had known as much now as I knew then I’m not sure I would have taken the job but he convinced me. Ken also did a very good job of talking me through what the options would be there and so forth. It was a vice-president level job, I was a director, a senior director of something at Zeneca. I had been the youngest person ever at Zeneca as far as I know to ever become a director but this really—money had a piece of it but it was really about impact. I could have an impact on this firm unlike anything I could see over the next ten years, any job they would have given me at Zeneca over the next ten years.

And I was thirty-six, thirty-seven. I was thirty-seven at the time. I had young children—the family aspect of this was not insignificant. You know, both sets of folks were getting older and family was very important to both my wife and me. We had been bending over backwards

for many years as we were corporate vagabonds trying to make sure that the kids knew their cousins and their grandparents and aunts and uncles, and this move would have made it that much easier. It seemed like a pretty clear decision when the time came down to it. I was [inaudible] frankly more by this disconnect on the offer than I pretty much satisfied—I guess another way to say this, I pretty much satisfied all of my diligence questions and gotten comfortable that I was gonna have the scope to do the job that I thought needed to be done. And so the likelihood of professional success felt good to me and then the other stuff was sort of more life issues <T: 80 min> than it was professional issues.

The fact that there was—it was nowhere near as robust at the time as it has become since but, you know, Genzyme was in the area, Millenium had been up and running, there were a few other small companies up and running, suggested to me that if this didn't work out, if I did my part of it the way I thought I could do it, I would be fine, my family would be fine. So, it never felt like a hugely risky decision but I did like the fact that a big chunk of my compensation was only gonna be realized if I had a positive impact on the firm. And that's all I wanted—that's what drove me, is that positive, can I have an impact? Not just in the firm but given the kinds of drugs, it's also—in order to have an impact on the firm, I had to have an impact on patients too.

That was a big part of the difference, too, is I did my diligence. Everybody at Biogen was very focused on the patients and at Zeneca it didn't always come up. It was about the opportunity for the drug, what kind of revenues would be generated, what kind of margin we could generate. It's not that we ignored the patients but it wasn't central; at Biogen it was central, and they had done terrific work understanding the life of a person with MS, evaluating beta [inaudible] which had been in the market a couple years before. Go ahead.

JONES: Yeah, just to make notes.

BONNEY: Need some power?

JONES: Yeah, there we go.

BONNEY: That also felt right to me. Anyway—so I immediately upon joining Biogen, I got these CVs, I started pawing through them. I wanted to build a team that was complimentary. We had done some work on competency-based evaluation and so forth at Zeneca and I had been—I had taken what the corporation was doing and I had taken it maybe two steps further in the sales organization as I thought about this new model and what leadership in the new model would look like. And so as I went through the—I figured the first thing I needed to do was to get a few more hands on deck because I didn't—I mean, I had never built a fleet, I had never—there was all kinds of stuff here that I didn't know how to do but I knew what we needed to do.

So, I hired—I spent the first roughly five weeks splitting my time between interviewing sales managers and trying to educate the internal organization about what it meant to have a commercial operation, all the way up to Vincent. Jim, you know, had been—he'd built a [inaudible] company, self-described, in High Tech, Abbott Diagnostics being one of them, and he really felt like he—there was very little I could teach him.

JONES: So the previous products that Biogen had developed that were partners with—

BONNEY: They hadn't developed it, they had licensed the technology and the partners had developed and we got a royalty on it—brilliant move. Jim saved the company by his ability to do that. They were in the market and generating as I said about three-hundred million dollars of 100 percent margin. We'd have half of one analyst looking at the data trying to predict what our royalty rate was gonna be so we could plan our business, but other than that we had no costs associated with this revenue. And he managed the company so that he—some quarters we'd make a penny and some quarters we'd lose a penny; he basically managed to breakeven, so he didn't have to keep going back to the market.

So, I remember I made three offers that were accepted for regional managers and they all started on the same day. One of them was one of the guys who had worked for me at Zeneca, which was interesting. I sort of had committed to myself that I was not gonna recreate Zeneca, that both—I owed it to Zeneca to not disrupt their business but also I wanted to create something that was different. I never ever at Biogen proactively reached out to a Zeneca colleague to see if they would come and join us. What had happened was there was a young man who had worked for me a little bit on one of the project teams in the SAP project. He actually came in—when I got promoted out of the Diprovan project management job, my assistant product manager got promoted into the role.

I was told to make sure that he's ready to handle this launch, they wouldn't tell me why. So to fill his assistant product manager role we brought in a district manager for Southern California, who I played in a basketball league with, a corporate basketball league, <T: 85 min> and so I got to know him that way, and was very impressed with him. And then we were putting together a team to define what kind of reports did we need to have out of this system in order to manage the business, so we got the senior marketing guy, the senior sales guy. And I said to them, “We need some young people as well,” and so we all agreed that Rob would be one of them. So Rob—so I left and Rob, about two weeks after I left when I was still in the sorting phase of which of these people I want to interview and I was flying around the country interviewing these potential sales managers, he asked me if I would be willing to give him some advice. I said sure.

He called me and he said, “I've been approached by Amgen.” He was a regional manager for Zeneca for Southern California, so he'd come in, done the Diprovan job, gotten promoted as we redid the sales stuff, to Southern—he was actually I think in San Francisco at the time but his family and his home were in Southern California. He had been approached by

Amgen to basically take the same job at Amgen and he wanted to bounce it off of me. So I listened to his rationale, I asked him a bunch of questions, et cetera, et cetera, but I said to him, “Look, if you’ve made –” one of the questions I asked him was, “Have you decided you’re gonna leave Zeneca?” He said, “I think I have because I really would like to be in a firm where I can build a career without having to move transcontinentally all the time.”

I said, “Well, I’m not sure I can meet that but if you’ve made the decision you’re gonna leave Zeneca, I think you should co-process a same job with us that you’re processing with Amgen. Obviously if you take the Amgen job and you do well, you’re gonna be able to stay in Southern California and build your career. If you do that here you’re gonna have to move across the country again. But I think it’s—you should have some alternatives.” He said yes. Rob, this man, ended up being my successor at [inaudible]. So he and two other guys, each from different divisions of J&J started on the same day and it was early in November of ’95. And I can remember that, you know, they did all the paperwork so at 10:30 a.m. they came into my office and I had a big white board like this. And I had put on the white board all the tasks we had to get done between now and April 1.

JONES: You got five months or something? Less than five?

BONNEY: It’s early November and we’ve gotta beat April 1—right, so it’s five months. And I said, okay, who knows anything about—and literally this is how we did it—first we said, okay, what have I forgotten? And we added a couple of things. And then we said, okay, who knows anything about this? Okay, you got an assignment for that. Who knows anything about this? Okay, you’re gonna take that one, I’m gonna take this one, et cetera. Those three, they were all men. I ended up hiring a very diverse leadership team but the first three were all men. To this day—it’s twenty years—to this day reflect on that meeting, you know, the white board meeting. They’d all come from much larger organizations, they had never—all this stuff had been done for them but they remember it as incredibly energizing and one of the three had been much more senior at one of the divisions of J&J. In fact, he was a vice president in one of their divisions.

JONES: How did you get him?

BONNEY: He was very enamored on the mission, I think he saw the growth potential, and quite frankly the values of Biogen and how I interpreted those values, I think meant an awful lot to him. He had been in some situations at the division he was in at J&J that were uncomfortable to him and yet, I think he had the perception, I’m not sure it was accurate or not, he had the perception that this was what you were gonna need to do to continue to build your career in that business. And I think he came away from—because remember, he met a bunch of people previously because he had been in—he had been a candidate for the job I had so he’d met a bunch of the Biogen folks, saw that I sort of shared their view around values, and I think he just got comfortable with that. And he liked the Greenfield aspect of it as well but he was much

more experienced than I was and than these other two guys were, but he was a great member of the team.

So, away we went, and we had to [inaudible] relationships off where we had to size the salesforce, which I had done a lot of that work since I had already—I knew how to do—I could do that in my sleep. We had done that—<T: 90 min> I had done that before I hired these guys so that was part of what we were talking about in the interview process. And away we went. We were launch-ready on April 7, meaning we had everybody hired, we had the customer service model staffed, the partnerships done, we had our distribution plan in place, we had everybody trained. And then we waited, and the approval came on a Friday in May. We knew we were gonna get our patent challenged so that meant that having patients on the drug and benefiting from it was critical, so we had set up a process date.

We got a fax from the FDA at 11:00 a.m. on Friday morning saying, “Avonex is approved, here’s what your label looks like.” And we had people stationed at every place they needed to be along the supply chain to edit and correct and ensure the label was right. And we had patients, by noon on Saturday, we had patients objecting. We had various [inaudible] centers around the country who were unnoticed and so by noon, twenty-four hours after we got the notice, we had people objecting Avonex.

JONES: So the physicians were waiting for this?

BONNEY: [Yes], so it was a two-product market at that time but we had a much better label and I think a better product. It was more convenient, fewer side effects, we had better data in terms of affecting the course of the disease, et cetera, and we went to school on the mistakes that the Sharon folks had made when they launched Betaseron. We had set up a model, we didn’t know how successful, but we had a very patient-intensive model. So in those days, retail wouldn’t do assignment of benefits and these were expensive therapies, and we were very concerned about patients’ ability to pay out of pocket and then wait, submit the claim to the insurance company, and then wait for reimbursement.

So we set up a single eight-hundred number and on that—you’d call that eight-hundred number and first you would get a live human being, never a recording, and that human being would listen to your question and you could report an adverse event, you could ask about insurance, you could ask about distribution, you could ask about training. It was a self-injected subqueue. I am sorry, not subqueue, IM, and I had encouraged but not insisted, I had done it myself, we had the manufacturing guys fill those IM syringes with saline and as part of the training we all injected ourselves—but we didn’t all do it, but everyone had the opportunity to do it—so we understood the patient experience. So we had the nurses that would come in and train a patient or train a patient’s caregiver, husband, wife, whatever, to do this injection.

JONES: And you’re talking about things that Sharon hadn’t done before?

BONNEY: Nope, and we would send it to your pharmacy but we'd have somebody on the distribution end who would take assignment of benefits, so you'd go to your pharmacy and pick it up. They got a small stipend for that; they never had to pay for it, that paid for it differently. And we'd take assignment of benefits. Retail now doesn't, I think in part because of what we did. We would ship it direct to your house if that's—we had set up a national distribution through a pharmacy, a mail-order pharmacy. They would take assignment of benefits. We coordinated the—nurse training was part of the deal. What happened was, and we didn't know the volume, right, we didn't know the volume of calls we were gonna get to the call center so we created this very interesting model where it was a temp to perm model.

Right, so we brought in a bunch of people, we said the first handful, four or five of them, something like that, we said we're gonna train you and when this drug gets approved you'll become a fulltime employee. And then that all worked and then we'd line up a whole bunch of additional people that said, "Okay, if the volume increases we're gonna do the same thing for you." And that worked great, and we ended up by the time I left in 2000, we had more customer service representatives answering these phones and dealing with all these issues than we had salespeople.

JONES: This is a pretty complex system?

BONNEY: Very complex, not unprecedented.

JONES: So did it come together as sort of a combination of things that the different people you brought in for the team came up with, pulling pieces from—

BONNEY: How did it come together? We had—as I said, Mark and Mark, Lucktenberger and Stabock and Lilla, had done a lot of work to understand what the life of an MS person was like and what had worked for betaseron and what had not worked for <T: 95 min> Betaseron. They had a strong relationship with the National MS Society as well so we had access to patients, we could talk to them about what was going on. So in that first couple of months as I was recruiting, anytime I went out on a recruiting trip I'd go to the local MS chapter and I'd sit down with the patients and talk, hear them out. And they had, Mark and Mark and Lilla, had a concept about how to do it differently. What they didn't have was the experience to figure out how to operationalize it, that's what I brought. How do you deal with the wholesalers in this circumstance? You know, and you can't really—it had a—I think it required a call chain if I remember correctly, so how are we gonna handle distribution and that kind of stuff?

So we figured that all out and we actually developed a relationship with this mail-order pharmacy in Tennessee, Accretive Health? I forget what their called. Accredo, they're called

now. That business was built on the back of Avonex. I can remember, I had it somewhere in one of my offices. It was an article in the Wall Street Journal soon after we launched that was titled, “The Avonex Launch: A thing of Beauty.” And even today and it’s twenty years later—

JONES: Where was this?

BONNEY: In the Wall Street Journal.

JONES: Wall Street Journal.

BONNEY: Even today, occasionally, although they haven’t done it in the last few years, they’ll reference that Avonex launch in terms of the most successful Biotech launch ever. We were in the market six months before we had market share. We were getting more than 50 percent of the new prescriptions, at which point we changed our marketing focus from differentiation—how’s Avonex different from Betaseron, and so who’s appropriate for it?—to market growth. So we started working more with the MS Society, more with neurologists, around—up till that point neurologists didn’t want to diagnose MS because they couldn’t offer the patients anything.

And frankly the way neurologists operated in those days, they didn’t have—they were often sold to practitioners. They might have a receptionist and them; they didn’t have the staff and we knew this was gonna be an issue, which was part of the reason we built all this. And all they needed to do was call an eight-hundred number, write the prescription, call an eight-hundred number, and we’d tell them where to fax it and we could take care of the patient from that point, and we would loop it back to the doc so the doc was always in the loop. He could keep, or she could keep her records up to date with what was happening with the patient. We could handle in a compliant way adverse events, adverse event reporting.

Within two years of the launch we were getting more adverse event reports, because we essentially had this enormous MS support network through our CSRs. We were getting more adverse event reports than Glaxo was getting, because the patients would call us and when you started this drug you had terrible flu-like symptoms—it was just part of being on Interferon. And every time of course a company employee or an agent hears something like that you have to report it, and so we could do that in a warm transfer. We have specialists who are pharmaco-vigilant specialists. So you’d get the CSR, the patient or the caregiver would be talking to the CSR, they record everything—not record like this but they listen to everything.

We did what was called a warm transfer at the time so they’d call up—which was a safety report—they’d call the pharmaco-vigilant specialist and they’d say, “I have Mary Smith on the line. Mary Smith started Avonex three weeks ago. She’s experiencing these symptoms.” And then they would connect Mary Smith to the pharmaco-vigilance experts and Mary Smith

wouldn't have to repeat ever. And it didn't matter if it was pharmaco-vigilance or distribution or reimbursement or whatever, we handle it. It was an incredibly positive experience for the patients to engage with us.

JONES: They get their message across?

BONNEY: And even today when I call somebody, while first you have to go through the “press one if it's this, press two if it's that,” we tracked each individual CSR and each individual call. If the calls weren't answered in less than five seconds, we'd have a person. And obviously we'd listen in on calls, we'd coach them. We did a lot of training on these people. We hired bachelor-degree people, these were not—these were young professionals and it was very rewarding for them. It was a hard job though 'cause they were often hearing terrible stories about, not about the drug—sometimes about the drug—but often just the lives of these patients, “I woke up this morning with a flare. I can't get out of bed. Can you send someone to help me?” That kind of thing.

So we ended up—and as we got more mass, we'd rotate them, they'd end up getting about a week a month off the phones doing support and quality work training work so that'd we give them a little bit of an emotional break. <T: 100 min> But many of them didn't even want to take that because they had developed relationships, phone relationships, with these patients. They'd call and they'd say—we eventually got a system that was so sophisticated basically the phone number of the incoming person you'd get to a small team. So the teams were regionally oriented. And a patient would call and say, “Oh, you're Rodney, you're great but actually I was talking to Mary about this. Can you transfer me to Mary?” And we could do all that.

So, it was very novel I think and the salesforce really felt like they were making a difference in the patients' lives too. We had to go through—when HIPPA was passed we had to go through all the—you know, we got permissions, et cetera, et cetera. We were very conscious of compliance but we were very focused on supporting the patients through this terrible experience of having this diagnosis and then having to self-inject. And you felt awful for the first few months but we tracked when they would drop off therapy and we'd then interview the patients and we'd try and figure out what can we do to keep them on therapy? 'Cause you're never going to get the benefit if you don't—

JONES: [Inaudible] working with physicians on that as well?

BONNEY: Absolutely, [yes], but the physicians, most of—MSNers had the staff to be able to be supportive of the patients but a high percentage of the patients were not treated at adverse centers, they were treated at individual neurologist's office. And in those days it was a receptionist and the neurologist; there was nobody to provide the support. So we sort of did it for them, but we always kept them in the loop so they never felt like they were blindsided

because we've done something with a patient, that they should have been aware of. So, we did that, launched the drug; six months in we changed the focus from differentiation to market growth. You as a person with MS had the right to be treated to have a better future, and that was a very difficult internal transition to make.

Our sales organization, I remember one joint regional meeting as we were rolling this out, a number of this reps said, "You're asking us to teach neurologists how to practice medicine. That's not what we do." And I had to get up and say to them, "Look, we're not telling them how to practice. What we're telling them is these patients have an option to have a better future. You owe it to them to make the diagnosis and let them make the decisions, get them involved." And people with MS are very knowledgeable about their disease, they're generally mostly women, they're generally very well educated. It's a disease that has a genetic component. If you're of Northern European descent, you grew up within "X" and "Y" in the latitudes, degrees of latitude, you had increased risk.

So, we almost had a, yeah, revolution when we made this change, 'cause we were only, you know, six months into the launch and we were rolling out this new thing. And we had to—we let a few people go who just couldn't make the transition and I took one regional manager out of the job because he was not supportive of this. But it was clearly the right thing to do for the patients, so we did it. So then Ken resigned. Ken was my boss, he was a large part of the reason I came. I figured he's a—he'd been CFO at Biogen for many years, he'd been CFO at a big industrial company before that. It was a real gap I felt in my development.

I didn't—I understood PNL but I didn't understand how you raise money, I didn't understand how you interact with the street, any of that stuff. And he committed that he would teach me how to do that when I came to work for him. And then for reasons I don't think we need to go into, he decided to abruptly resign and we were right in the Vincent-Tobyn transition period and they made Mark Lucktenberger the head of sales and marketing. And I nearly resigned. Mark's a terrific guy, we wouldn't have [inaudible] but it was very clear to me—I mean, I had launched tons of drugs, he hadn't. He didn't know how to do this but he was very well thought of by Jim Vincent in particular I think and Jim Vincent owed him a debt of gratitude because despite Vincent's efforts to kill Avonex in development, Mark and Irv Smith had advocated to keep it alive.

So he became—and so my whole—one of my key theses for coming to work here was learning this financial stuff and now the guy who can teach me that's gone. And I hadn't had a chance to learn it because I had been so focused on building the organization and launching the drug. So what they did at the same time that they promoted Mark is they made me, in addition to VP of sales they made me the Avonex program exec. The model at Biogen at that time was the program leader was sort of supposed to be the CEO of the program and figure out what the strategy for the ongoing development of the asset was, et cetera. And the way <T: 105 min> it was—so Tobyn asked me to come to his office. He said, "We'd like you to do this. In this role you're gonna report directly to me so you're gonna have a dual reporting relationship to Mark and to me."

And that helped a lot because Jim had also grown up in the finance world and he obviously had a lot of experience with street, so it gave me the opportunity to fill the gap that I felt had been created by Ken's departure. But he said you're gonna have two jobs in this program management, traditional program management function—how do we continue to develop this drug, are there other indications? Et cetera. Withdrawals are going to be going to Europe. Jim Mullin had just been appointed the head of our European subsidiary; Jim had come out of manufacturing. You know, his whole career he had been in manufacturing. He said, "You're gonna be side by side with Jim to build the European infrastructure so that we have as successful a launch there as we've had in the U.S."

I said, "Well, what's your expectations?" He said, "You're gonna be in Europe at least a week, maybe two weeks a month for the foreseeable future." And so this was great. I had built a really strong people, we had promoted one of the regional people to a national sales manager role so he took some of my direct reports, and then I did in fact for about eighteen months spend at least a week a month in Europe with Jim, sitting in his senior team meetings, helping him recruit that whole leadership team and then the people below them, the country regional guys and all of that stuff. And we launched there and then Jim came back as COO in '98, Jim Mullin did. Mark Lucktenberger went over to take his role and I became the chief commercial guy at that point.

And a few months later we gave the program leadership job to the country manager from France who'd worked for Jim Mullin. Jim Tobyn made all of that happen early in December of '97 and then—no, December of '98, and then just before Christmas of '98 it was announced he was leaving. I'm sure you've heard there was sort of a him-or-me kind of conversation with the board and the board said him, and so Jim Tobyn left. Jim Vincent came back as CEO, Mullin became the COO, but it was very clear that Mullin was gonna become the CEO once he screwed up. I was a big advocate for that. Jim and I had developed an effective relationship; our styles were very different but I think we shared a lot of—I never had a disagreement with Jim on any element of strategy.

So, he came back and he became my boss when I was chief commercial officer and at this point we're now working on building out the portfolio and getting prepared for the next launch and that kind of stuff. And we got to the budgeting cycle in '98—no, '99—and I put in the budget and I always felt like you should be—you can't do this definitively but there should be relationship between how much you think you need to spend commercially and what kind of revenue you can generate, right? So, I said, "Look, here's what I think we can generate next year. Here's how much it's gonna take." And I think it was 80 percent of the revenue. Jim had the view that we had become fad-happy in the U.S. and that we were spending money like big pharma.

And so he said, no, I want—"The revenue's right but you have to cut this." I said, "Fine, you're the boss. I'll do whatever you want me to do but understand that I don't believe that I can deliver that revenue. I will support it, I will advocate for it publicly, but I don't think you're going to get it. In fact, with that budget you're gonna get this revenue number," was my assessment. He said, "I'm willing to take that risk." I said, "Fine." And the other thing that was

going on, sort of the dynamic between Jim and me at that time was it didn't seem like he would—it seemed like he asked—what's the best way to say this? Jim was very comfortable making decisions without a lot of input but it seemed like the key decisions—strategy decisions, business development decisions, personnel decisions—he wouldn't make without consulting me, which was very flattering and I felt like I was really having an impact.

So I was quite confused as we went through this. The area of the business that I know the best you seem to have less confidence in my than the areas of the business I know the least or that I don't know as much. Anyway. **<T: 110 min>** And we had a lot of conversations about this and we worked it all out. So we signed up for this revenue, we signed up for this cost space for the 2000, and 2000 unfolded and we hit the revenue I told him we were gonna hit which was not the revenue that was in the plan. And we got into the budget cycle and he said—and the same—and it was repeating itself. At which point I said, “Look, Jim, I'm spending way too much of my time and emotional energy away from my family for this to continue so I think it's time for me to resign.”

And he asked me to hold off; that was in the summer of 2000. He asked me to hold off and he spent a couple of months trying to find a new role for me. He said, “You've been in this job too long, you're tired, I get it.” I said, “I'm not really that tired. I think the cost to my family has been substantial.” I felt as though the return I was getting for it professionally wasn't balanced. “I don't feel like I'm getting that professional return. You don't seem to have confidence that I know what I'm doing in this part of the business so better for you to find someone you have confidence in.” He offered me a bunch of—he designed a bunch of different jobs, offered them to me—none of them made any sense to me.

So I was getting ready to leave in September and he asked me to stay on till the end of the year and lead a research discovery project. He had recruited— Joe Davies had retired. He recruited in Mike Gillman. Mike Gillman had gotten off to a great start in 2000 but he was still getting his arms. Mike was still getting his arms around what do we have in discovery, both assets and capabilities? He was saying to Jim, “I understand you wanna do a new discovery strategy for Biogen but I don't have the bandwidth to deliver that to you right now.” But Jim I think had committed to doing it, in delivering to the board in December. He asked me to work with BCG [Boston Consulting Group] and to work through a discovery strategy that Mike would support but that Mike couldn't have time to spend in depth with BCG, another wonderful opportunity for me personally. I mean, he is a commercial guy.

I was being asked to learn about all of our discovery. I had been involved some, you know, I had some—but, and come up with a discovery strategy that the guy was going to have to implement it would buy into even though he couldn't have a lot of time developing it. It was a very interesting period. He took me out of the commercial role which was fine, named Bob Hamm to be my successor. So I was there to help Bob as he transitioned in, and I worked with BCG on this discovery project. We presented it to the board in the December board meeting. I didn't present it because I was leaving at that point. We had agreed that at the end of the year I was gonna retire, so BCG and Michael presented it to the board. They did invite me to the board dinner that evening, the holiday celebration, and the highlight of my career was, in the cocktail

hour beforehand Phil Sharpe walked in and told me that this was the most well thought-through research strategy he had ever seen. So, here's a Nobel Laureate, founder of the company—

JONES: And was he on the board at that time?

BONNEY: He was on the board, [yes]. He and Jim Vincent were very close. And the other—I can't remember her name but the woman who was the chief technology officer for the Clinton White House from the University of Arkansas who was also on the board at that point, and independent of Phil she approached me and said something similar. So, that was actually—that was a wicked highlight for me.

JONES: Can you talk about some of the details of the strategy?

BONNEY: Well, we came at it from a whole host of positions. You know, most biopharma companies develop strategy based on therapeutic areas. So we examined that. Should we broaden beyond sort of neuroimmunology, etc. We looked at it from the standpoint of we were right. You know, this was the point just before the final mapping of the human genome. Maybe we should think about this from the standpoint of biologic pathways and let the biology drive whatever our commercial or development activities should be and so forth. And that's essentially where we ended up. And we thought— it looks very prescient now— we thought that our strengths in immunology could be expanded beyond neuroimmunology to other immunologic diseases, including cancer. We said we should really double <T: 115 min> down on immunology, but we should put some cancer biologists into our discovery organization and move in that direction.

And in fact, what happened was soon after I left— I forget the dates, but you can look them up— Jim went out and negotiated a deal to buy IDEC and that's how he got his cancer biology expertise. I'm not sure that I would. . . I am sure it was not part of the strategy that we do a merger of equals with an oncology company. What we delivered was a plan to organically grow this, but we thought immunology could have— even back in 2000, we thought immunology could have a significant role to play in oncology, and that it would leverage its expertise that we already had.

JONES: So that was not while you were still there? There were no discussions about acquisitions at that time?

BONNEY: Not of IDEC. We had done— you know, this is one of the confusing things. We had a VLA-4 [very later antigen-4] program, small molecule program, that we had partnered with Merck and had been working on for some time. We just couldn't get evidence of clinical

effect. So Elan had this antibody program, which became Tysabri, and Jim Vincent didn't— he didn't want to do a big deal in MS, because he felt like it would just cannibalize Avonex and it wouldn't be incremental.

So one of the things I had been asked to do, and I can't remember if it was Tobin or Mullin, I think it was Mullin who asked me to do this, was to present to Jim and to the board a therapeutic area— not a therapeutic area, a franchise view of the MS market and as underpinnings for why we should do what turned out to be the Tysabri deal, the VLA-4 deal. I had done that and I had put together a whole bunch of different scenarios, given assumptions around what the profile of this product could be eventually. And it was very specific around VLA-4, but it wasn't limited to VLA-4. I'm not sure I ever truly convinced Jim Vincent, but I convinced him enough that he let Mullin do the deal. And this was, again, one of those examples where I was a little confused. I'd had experience with BD [Becton Dickinson], but I had never done a deal of this size, and I'd never been in the room with a CEO doing the deal.

And as we worked this through, he asked me to join him with the CEO and chairman of Elan and their BD head, Seamus Mulligan. Is that a perfect name or what? Wonderful guy. And come with him to New York and see if we could get this thing closed. So we did. I can remember we had dinner in a hotel suite so that nobody could see us, and we did what turned out to be the Tysabri deal, which I think probably caught Jim Mullin. Subsequent to that many years of his life, given both the relationship with Elan, but also the PML [progressive multifocal leukoencephalopathy] issue. I mean, that is a wonderful story, the way they pulled it and work through it. That's a really terrific story, I think, for the patients. It looks to me like Tysabri for some small subset of patients actually allows them to regrow myelin and it doesn't just halt the disease. In some patients, it looks like it may at least a little bit reverse the ravages.

JONES: Who would be the people to talk to get that story? Jim Mullin and who else would be key?

BONNEY: Jim Mullin was the key guy to do the deal. I'm trying to remember who our BD head was at the time. It was Case Bane. He was new in that role and if I remember correctly, our conversations with Elan predated Case but he was he was central to it. Do you know Case?

JONES: No.

BONNEY: I've lost track of where Case is. He was CEO. He left Biogen a few years after me and became CEO of this fidelity captive CNS company that Deborah Dunsire is now the CEO of. It was named something different when Case led it, but he would be one. We also put one of the guys I had taken a risk on in the commercial organization. He'd been hired as one of our salespeople, brought into marketing very quickly after we launched, had a variety of roles inside commercial. Then we made him the Canadian country manager way before most people would

have done that. He did a fantastic job. His name was Andrew Komjathy. He <T: 120 min> became the program exec for Tysabri after we brought it in, before it was named Tysabri, as a development opportunity for him and to lead the development program, the coordination between the two companies. He could give you some of that, too.

JONES: Yeah. Okay.

BONNEY: He's at Genzyme now running their MS business.

JONES: You mentioned taking a risk on people. Is that something that— did you do that a lot? Was that part of your operating formula or. . . ?

BONNEY: It was what I would consider a liberating aspect of the Biogen experience relative to the Zeneca experience. Biogen was very willing to take risks on people. Think about it. I mean, the guy they put as chief commercial for their first proprietary product launch was the ex-CFO. Incredibly talented guy. They took a manufacturing guy and made him head of Europe to prepare for a launch. They asked me to do a research strategy. You know, it was something that Biogen was willing to do to a much greater degree than I had seen previously, and it just seemed to make a lot of sense to me. I had seen so many highly talented people at Zeneca who weren't moved along very quickly, and when they were moved along, it was in a very sort of vertical way. They weren't given breadth; they were given depth. That, it made all kinds of sense to me. And I was an early and strong advocate for it.

Andrew and there were a couple of other people, too, that came into the commercial world. There's a woman now. That's awesome. We actually hired her— I didn't hire her, but our chief compliance officer at Cubist hired her, who was brought in as a sales rep. We call them area business managers. Long, very successful salesperson in biopharma. She's now an industry expert on compliance. Not patient compliance, regulatory compliance. And she goes everywhere doing that compliance work. There's a lot of this at Cubist. We did this a lot. I mean, we had a small organization, but where we could we did it quite frequently. Sometimes it works and sometimes it doesn't. But I think I'd much rather lose a person because you've overstretched them than lose a person because you've under challenged them.

JONES: Yeah. I'm just wondering, do you think that's a function of size at a certain point? That an organization gets to have, you know, the operating stability that you have to follow?

BONNEY: I think what happens is as organizations get bigger, functional leaders become mini tsars and an extraordinary percentage of organizational energy is spent protecting and enhancing the silo. And if that's your orientation, you don't let your best people go. And I think that's the

fundamental problem. I don't think there's something, anything, inherent in a large organization necessarily being unwilling to take risks on people. I just think that internal politics makes it very difficult for that to be a key part of the culture.

I will not disclose to you with whom I've had this conversation, but one of the major pharma CEOs and I have engaged in a conversation about this particular shortcoming as it relates to developing his successor. And, you know, people come up in a pipe. If you start in clinical development, you end your career at that company in clinical development. You start in commercial; you end in commercial. You start in manufacturing; you end in manufacturing. Except at the highest level. The highest level, they'll move people around if they look like succession candidates. But I have experienced some of those people from this very company, and they are not broad thinkers. When you're fifty-five years old and you've spent thirty years in one function, you can't spend two years in another function and really understand the nuance of it. You can't put yourself in that perspective. You do that job from the perspective that you developed in thirty years.

JONES: Yeah, you had an opportunity at Zeneca to do— and that was not necessarily part of the culture there?

BONNEY: It was not. No, it was not at all part of the culture. I think the reason I had that opportunity is I had a very strong reputation for delivering results. And the guy whose butt was on the line was a commercial guy. So when he was told by the consultants, "You need somebody who can lead broadly," his initial thought was, okay, who's my best commercial leader? <T: 125 min> Not who's my best leader in the organization? Who's my best commercial leader? Because that's where he grew up. And I just lucked out to be somebody that people thought was that person.

JONES: Yeah. And it was also a function of, you know, they have to split up the organizations, right?

BONNEY: Right. It was mission critical. It was very clear to me that his butt was on the line. If we weren't successful in this project, he was not going anywhere except out the door.

JONES: Have we concluded the Biogen story?

BONNEY: Pretty much. Yep.

JONES: We're at 2:40 [p.m.]. You've got a 3:00 call. We've got the Cubist story ahead. Should we do this another time?

BONNEY: My call's at 3:30.

JONES: Oh 3:30.

BONNEY: Let's go until 3:15. And then if you feel like you'd like to spend more time on Cubist, we'll spend more time on Cubist.

JONES: Okay. Let's see where we get. Yeah.

BONNEY: I retired from Biogen in actually January of 2001 and there were two things in terms of what I was looking to do. One was to develop— my kids were thirteen, eleven, and seven, and my two oldest were girls. I knew that if I was going to have the kind of relationship that I had always envisioned having with my children, I needed to get on it. Fifteen-year-old girls don't want to spend a lot of time with their dad, right? The second thing was, I had been so focused on building my career and providing for my family that I had not really ever been able to give back to the community. And the way I was raised was, if you're fortunate enough to be fortunate, you better pay it forward. So I thought I would step away and spend some time with my children and had the second part of my professional life be in the nonprofit world.

So we pulled the kids from school. We traveled extensively. I threw myself into a handful of nonprofits. Oldest child was in eighth grade, so we really didn't want to move her given the experience I'd had moving multiple times in high school. We were very committed to this area. And after about, I would say six or seven months, it became quite apparent to me that at least the nonprofits I had gotten involved with were not going to provide the intellectual stimulation, the pace, or the impact that I wanted to have in my professional life.

My wife at this point had stopped working. She was a full time— she didn't stop working. She stopped working outside the house. She was a full-time mom. She was very active in the community. She was on the, you know, the local school foundation. She was giving back a lot and I didn't want my kids to grow up in a home where neither parent worked. So that summer of 2001, I decided I would start reengaging. And I thought, you know, I'm a builder. What really has turned me on over the last five or eight years of my career has been building something new. I started with very early-stage technology companies in healthcare. You know, we lived in Sudbury, [Massachusetts], at the time. I went to Boston, to Worcester, anything in that area. I spent days with numerous companies, you know, ten, twelve, eight, fifteen person companies. I could see how I could contribute. I could see where the technology could go for both commercial and societal benefit, but I didn't feel that passion.

So I spent some time after I had done this for a few weeks, met with half a dozen companies. I had come home and said, you know, it was more analytical than passion. I don't think you can. . . I think you have to do stuff that you can get passionate about. It's hard to build these companies if you're not passionate. If this is just a job, you shouldn't try to build a life sciences company.

JONES: So you come across the right. . .?

BONNEY: The right thing. After reflecting what I found was they were too far from patients, that it was the distance, the amount of time and energy it was going to take to get the technology from where it was into a patient in clinical development that created that passion gap, as I called it. I redirected my search to companies that were in the clinic. I can remember this happened just about the same time as 9/11 [September 11 attacks]. I was in my car, headed out to mountain bike in Harvard, and my wife called me and she said, "Oh my God, what's going on?" I turned around and came home and I watched that. And I don't want to over dramatize it because it didn't feel like it at the time, but that was, I think in retrospect, one of the things <T: 130 min> that said, oh, don't waste your— forty, whatever. It was 2001, I was forty-three years old— do not waste this productive period of your life doing something that you don't feel is real important.

So I was talking to a number of the development stage companies in the area. I had a good enough reputation that pretty much anybody would talk to me. Not everybody had a need, but pretty much anyone would talk to me. Soon after that there was a notice in the journal that Cubist had parted ways with its COO. I didn't envision being a CEO. And a guy I had trained twenty years before, Tom Chen— at my very first training class, which was one of the best when I was a sales training instructor at ICI— was the head of marketing at Cubist at the time, and a neighbor.

I called Tom and I said, "I saw this notice, you know, what do you think? Would I be a good fit? Do I have the right skills, etc.?"

And he said, "Oh, I don't think we're going to replace him."

So I just moved on and I was talking to other people. And then he called me back a few weeks later and said, "We just had a board meeting. We are going to replace him. I think you should throw your hat in the ring." So I did. I ended up whittling it down over the fall of 2001 to two opportunities. One, the Cubist opportunity and one other. Cubist opportunity was the COO role. The other one was not. It was a less traditional organization. I knew of Frank [Tally]. When we launched that second-generation cephalosporin way back when at Zeneca, Frank had been at Tufts and he was a leading light academic ID guy, and he blew us apart. There was a side chain on the chemical structure of cefotetan that he was very concerned about. Turns out he was right. But I knew his name from that. I'd never met him but he was a force of nature. And I

spent a lot of time with him in my diligence and got convinced that Cubicin needed to see the light of day, had lost track of the fact that everybody had gotten out of antibiotics. So he sort of helped— he and Scott [Rocklage] helped me understand the opportunity set not just for the drug, but also for the strategy and for humanity.

JONES: So what was the picture back then at that time?

BONNEY: So in 2001, most of the big companies had left. A few more left after that. There were still a few in the space, but most had left. We hadn't had a new antibiotic of any substance since. . . by accident. Zithromax, which had been launched in the '93, '94 time frame. Levaquin had come in. Everyone was headed toward quinolones. And, you know, I had this quinolone experience with temafloxacin that had been launched and pulled. Frank actually taught me a lot more about quinolones and why you really should only use them as a last resort. They upregulate a gene in bacteria that causes more genetic mutations as a way to evade them. Actually, the more quinolone you put into the environment— this may be a little bit of an overstatement, but it's generally true— the more quinolone you put in the environment, the greater the likelihood that you're going to get resistance and you're going to get resistance clones in many different ways, because you're increasing the bacteria's ability to mutate when you turn on this gene.

So, you know, it was very clear to me in both circumstances what needed to be done. But in one circumstance— in the other circumstance, I was having a harder time being convinced that the leadership of that firm had the heart to do what they needed to do. They were saying the right words, but I'm not sure that they— I wasn't convinced that they could act in concert with that intellectual view. Cubist was very clear to me how my skills could be applied. The conversation, the diligence that the board did on me, it was around a [inaudible] COO. There was some talk about potential succession, but it wasn't— I didn't join Cubist expecting to become the CEO. I joined Cubist expecting to get them ready to launch Cubist.

JONES: Yeah. And the thought of being a CEO, that was not an ambition or hadn't crossed your mind anywhere at some point?

BONNEY: No, I wouldn't go that far, but I didn't think I was ready. I was forty-three or whatever. 2001 is forty-three. I thought I needed more development. I was probably a little intimidated, both because my dad had been a CEO basically the whole time I knew him and was this sort of larger than life guy. I think of my experience, the CEOs I'd gotten to know were him, Jim Vincent, Jim Tobin, who was a much more accessible guy than Jim Vincent, and **<T: 135 min>** the Seneca CEO. He had a scar. He was a rugby player. Terrific guy, but again, a larger-than-life guy. And I'm not a larger-than-life guy. I'm a behind the scenes. . . I can get in front of a crowd and get them all fired up, but I've learned how to do that. That's not something I wake up every morning desiring to do. I don't think I'm the smartest guy in the room, unlike most of

these people. I thought I needed more experience. In fact, I can remember I called both Jim Tobin and Ken Bates, two important mentors in my professional life, as I was going through the search and I asked them if I could buy them lunch. And basically what I was saying to them is, do you think I can be a COO? They both commented on that over the years. They both said yes. I thought I could be a successful COO.

So I took that job at Cubist. I tried to get the other company not to make me an offer. I was very explicit with them, but they made me an offer anyway, which I then had to turn down. But I took the Cubist job. I started on January 2, and we had two phase III studies for daptomycin successfully in the bank. We had one pneumonia study that had just finished and a second pneumonia study that was— this is community acquired pneumonia— that was enrolling. It was about 50 percent are enrolled.

JONES: And there were two studies that were for different indication?

BONNEY: Yeah. So up until that time to get an antibiotic approved, you had to have multiple indications. The FDA knew that docs do a relatively straightforward calculation. Does the antibiotic kill the bacteria I'm worried about, yes or no? If it's yes, then the second question they ask is, does it get to the site that the bacteria is causing the infection? If the answer to that is yes, then they'll say, I don't really care what the indication is. I got a pretty good chance of solving the problem here. So as a result, your safety database had to be bigger and you had to look at multiple indications.

So they had only one circumstance where there was a resistant bacteria [inaudible]. It was a few years before 2001, '99 I think, had they approved a drug based on less than two indications and they approved it under a special protocol because there was nothing that was working against vanc-resistant enterococci. We had two successful phase III studies in skin, complicated skin. These are post-surgical, nasty skin infections. And we were doing pneumonia. I signed all the papers on whatever that first day was, you know. And Scott, my predecessor, asked me to have lunch with him. I went into his office and we had lunch, and he said, "Look, we've unblinded the data of the first pneumonia study and the drug has failed."

I said, "Oh, isn't that something? What does that mean?"

He said, "I'm not sure what it means."

We had pre-specified a cut— 60 percent of the patients in this study came from the US or Western Europe, and 40 percent came from Eastern Europe. In the statistical plan for the study, we had specified that we were going to look at these two cohorts. We actually succeeded, even though it was only 60 percent of the patients, in the Western Europe and US patients, and we had failed in the Eastern European patients.

He said, "I'm not really sure."

I said, "Well, are you confident in the SAP? That we've applied the sap appropriately?"

He said, I think we have but that's a fair question."

I said, "Don't we need to notify the board?" "Yes."

I said, "Do we do that immediately?"

He said, "I think so, but I'm not sure. I'm still working through it."

So I said, "Well, I think this is only the third time we've had to have a phase III— that we've had a phase III data set that the biostatisticians have run through and the clinicians have run through. I think we ought to get a new team and have them redo everything."

So he said, "That makes good sense. I'll tell the board that."

And we did that, obviously highly confidential. It took us about a week to rerun those stats and it confirmed that we had failed the study. We convened the board, we made the announcement, the stock plummeted. It was really the first bad news the company had gotten on daptomycin since we licensed it in '97. I said to him at one point, I said, "Look, you may not need me. I mean, right, it's going to be a while now, I think until we get daptomycin to the market if we ever do, and I understand if we need to part ways. I'm not going to be [a pain] about this, but I also think I can help the organization. I've been in organizations that have failed in important drugs, and I can help the organization sort of work their way through this. If you'd like me to do that, I'm happy. I'm open to whatever." "No, I'd like to stay and work it through." So we announced it. The stock went from thirty-five to seventeen within hours of the announcement. It ultimately got to as low as four. We had an ROW relationship with Gilead they walked away from. They bought another antiviral <T: 140 min> company, HIV company, instead. They walked away from our relationship and that of course was more bad news to the for the investors.

Frank and I basically spent many hours with the data and developed a whole set of hypotheses. We weren't very big at the time. We were maybe a hundred twenty, a hundred twenty-five, a hundred thirty people. Most of the clinical group and the regulatory folks had written the drug off. Frank had not, but he couldn't understand why we could cure pneumonia for the same bacteria infecting rodents and we couldn't in humans. We pored through the data and our initial hypothesis was treatment differences between Western Europe and Eastern Europe, or Western world and Eastern Europe.

So we cut the data in lots of different ways, trying to figure out if we could get any insight there and what we found was that, in fact, there was a treatment difference. In the US and Western Europe, standard of care was you present with pneumonia, you immediately get prescribed a broad spectrum, long-acting antibiotic. In this trial, almost everybody got either ceftriaxone or Levaquin. But in Eastern Europe, if you're a clinical trial candidate, you don't get

prescribed a drug until you enter the trial. They got their first dose twenty-four hours later relative to presentation than Western Europe and US patients.

And Frank of course, he knew a lot about this. And I'm like, so if that's the only difference, it means. . . He said "I'm just not convinced that could be the difference." I said, "What could—" We went back and forth a lot. We designed a whole bunch of experiments. We brought in all kinds of experts— pulmonary experts, pulmonary infectious disease specialists— displayed all the data, and we developed all these hypotheses. They just couldn't believe that that one difference was significant. We said, well, could the drug not be working? So we reran it with different rodent models. We reran some— we were running out of money, by the way. We had two hundred and twenty-five million in debt. We had a hundred and sixty-five million in cash. We had no revenue, no royalty income, nothing. We ran re-ran in different rodent models, what some might say are more classic rodent models of pneumonia, and the drug failed.

So now we had another bit of data, even though they had succeeded in the other rodent models. We continue this conversation with the experts and so forth and he designed a bunch of experiments. Ultimately around about May of that year, we proved that when you administer daptomycin intravenously, you basically obviously are delivering the drug through the bloodstream. But in the community acquired pneumonia, you inhale the bacteria that caused the problem, and they lodge outside of the lungs and infect in. If you seed the lungs from the bloodstream, like with hospital acquired pneumonia, the bacteria get lodged interior to the lung and infect out. Turns out daptomycin binds with surfactant. Surfactant is a proteinaceous material that covers the lung and allows for the gas exchange CO₂ and O₂. And so effectively, what we were doing was administering a placebo because there was no daptomycin available to kill the bacteria which were right under that layer of surfactant.

So we ran in the post-antibiotic era, the first ever placebo-controlled pneumonia study. And what we proved was a single dose of a broad-spectrum, long-acting antibiotic cures CAP [community acquired pneumonia]. We put all this data together and we went to the FDA. The drug still had terrific results in skin. It had an incredibly potent activity against MRSA, which was becoming a huge problem. And we started to engage with the FDA about— there was no other infectious disease, really, that we could do a phase III on in any precedent way, meaning no one had ever done one where it's only gram-positive bugs, because that's all the spectrum that this drug had. It didn't cover gram-negatives. Gram-positive infections are ubiquitous in skin, and— [inaudible] And so when you treat those patients— [inaudible]

And the FDA said, "Well, you know, this is precedent setting." But they were very impressed with the science and the thoroughness with which we did this. What happened that summer as we were engaged in these conversations with the agency is Hershey Hospital in Pennsylvania, a patient who had a decubitus ulcer, diabetic patient with a terrible <T: 145 min> open skin wound that was infected with both MRSA and vanc-resistant enterococci. Those bugs shared genetic material. The VRE transferred to the MRSA, the vanc-resistance gene. The MRSA picked it up through a plasmid. We had our first confirmed vanc-resistant staph aureus [VRSA]. This was catastrophic. The CDC immediately called every manufacturer of drugs in the world and asked for samples to see what would kill VRSA [inaudible]. We had been in

conversations as well in parallel about running— after the first approval, running an infective endocarditis study. In the pre-antibiotic era, if you got staph in your bloodstream and you are over fifty-five, 100 percent of the time you died. If you are under fifty-five, you had a one in twenty chance of living, 5 percent chance of survival. It is one of the worst manifestations of bacterial infection that can exist. No one had ever done a phase III because these are terribly sick, complex patients. You get bacterial vegetations on the heart. It's hard to get antibiotics into it. The academic experts said there's no way you can do this study.

But the combination of VRSA and our willingness to try and undertake this study— and we had protocols in front of the FDA for the infective endocarditis study, bacteremia endocarditis— I think, and a very strong leader in Mark Goldberger, who ran the anti-infective division of the FDA at that time, allowed them to eventually. . . I think it was around July, they said, "Okay, given what you've proven in the science with the surfactant, we agree with you that you can use the one and a half pneumonia studies as part of your safety database because these patients got systemic exposure to your drug at the levels that you're looking for approval in. And the fact that it failed in pneumonia doesn't change the fact that if there were adverse events that would show up from this drug, these patients would get them. It'll be difficult to do the analysis because many adverse events associated with failed pneumonia treatment are serious. But if you're willing to undertake that, you can use that as safety data and we will consider a single indication in skin." I had to fire essentially the whole clinical— except for one doc, Bob Arbeit— and regulatory group because they lost confidence in the drug and I couldn't get them motivated to doing it.

The scientist in the lab did the work, not the clinical guys and so forth. So I fired all of them. We cobbled together some consultants and hired a couple of people. We started working on the NDA and we got the NDA together. We filed it by year end. And much to everyone's surprise, Frank and I went back and forth a lot about, is this a priority review or not? Do we really need another skin drug? The conventional wisdom was no, we don't need another skin drug. You'll never get a priority review. But we believe that the VRSA, the potency of this agent, the rapid nature, its ability to actually kill a biofilm, which happens in endocarditis. . . bacteria metabolism changes when they get into a biofilm. And if you have a cell wall, they stop making cell walls. They stop dividing. If you have a biofilm, that's what's going on. If your agent works by interrupting the cell wall synthesis, which is how penicillin and virtually all the beta lactams work, it won't work in a biofilm. Cubicin worked in a biofilm. We proved that.

So we had all these things. And I said, let's give it a shot. So he drafted and he and I worked together on a letter requesting priority approval, and they actually accepted it when we filed the NDA. We had a PDUFA [Prescription Drug User Fee Act] date in June of 2003. You know, we had now Doctor Arbeit and Frank and we had a good microbiology team. They were working on responding to the FDA questions. We hired a new head of BD in the summer of 2002. His name is Oliver Fetzner. Turns out he was actually hired to be my competition to succeed Scott. I didn't know that at the time, but I knew we needed a new BD head. Oliver and I really focused a lot on trying to bring in additional assets. We're going to build a commercial infrastructure. Nobody would license this drug at that stage. Everybody thought, best case, this is a two hundred-million-dollar drug. We did a deal in 2003 with Chiron for ROW <T: 150

min> rights— most of ROW— which was a little bit of a positive. We worked diligence on a bunch of different anti-infective assets, not just antibacterials, but antivirals as well, trying to bring them in that we could run through the commercial infrastructure and have something to develop.

Development team was scared to death we were going to fire them all because we were starting the endocarditis study, but we built for more than that and we had more capacity than we needed. We get to about, I don't know, April or May, and I get this call from the division director at the FDA, who basically says— so it was early in the days of electronic filing. We'd filed electronically and the FDA had a software program that sat on top of these electronic files, called JUMP, which basically allowed them to do their own analysis. They could go into the core data and they could make their own judgments about whether a patient was a valuable or not a valuable, etc., and recut the data. They couldn't make it work on our data set.

So we said, well, let's see what we can do. And then we went back and forth with them. We had a young man that we hired into Oliver's group in BD who was an ER doc, an engineer, an IP expert, just a brilliant guy named Praveen Tipirneni. And he basically [inaudible]. He said, "I can make it work." We said to the FDA, look, we've got this guy. How about if we send him down there?

JONES: How does he know he can make it work?

BONNEY: We've got copies of the electronic files.

JONES: So he's been working—

BONNEY: He bought the software. He installed it on his own computer, installed the NDA, and he said, "I can cut the data with this." But it's not obvious how you do it. So, you know, based on my training at Zeneca, I wouldn't even have considered this possible, but it was an existential threat. The FDA was basically saying, "[. . .] You're going to have to pull this file, or we're going to say no, and you're going to have to redo it and refile it because we can't do our work." We said, let's try something else first. The woman who worked for Mark, who ran this group, Janice [inaudible], was also very courageous and very bold. And I said, "Janice, this is way out of whack, but we've got a young man here. Here's his background," and sent her the CV. "He can make this work. He's also trained as an MD. So how about if we have him come down and work with your project team and see if we can. . . Give us a couple of weeks to see if we can do this." Okay, fine. We don't have the PDUFA date until June. That's fine.

So Praveen goes down to Washington [D.C.] and it works. He can sit with the medical reviewer, he can sit with the toxicology guys and he can say, "Okay, tell me what question you

have. I can write the program on JUMP to pull that data and you can do your analysis." And it worked.

So the second week of June, PDUFA date is approaching, and we get the official letter from the FDA that there's been a major amendment to the filing, which is this JUMP— that's code for the JUMP issue. And so they're going to push the PDUFA date three months. Very unusual at the time in 2003. It became very common but it was very unusual at the time. And oh, by the way, fall of 2002, we submit the NDA on like December 19, on December. . . must have been 27 or [28], I'm home with my family and Scott lived in the same or in the next town over. He said, "Mike, can you come over?" I went over to his house and he said, "Mike, I've been diagnosed with head and neck cancer." I'd been racing with him in that fall that, you know, I was getting to a point where I felt comfortable that we should maybe affect a transition.

He said, "We have to accelerate this. So here's my plan." He laid out the plan. He introduced the subject at the December board meeting— or no, to the board in January and February. We put out a press release at the annual meeting in June. Mike's going to become the CEO. Scott is going to become the non-executive chair. Away we go. But then he had to be treated. So he was remarkably strong and throughout this whole period he showed up a lot at work, but we couldn't count on him. I was essentially running the company from that point forward. We get to June now and PDUFA date is after the annual meeting. I'm now officially the CEO. Within a week—

JONES: My question is, you're not even reflecting on this at this point? It's just—

BONNEY: I've got to go.

JONES: Yeah. Okay.

BONNEY: I gotta go. It's existential for the company. And frankly, I was very convinced that this was a drug that needed to get into commercial use so they could do stuff that other drugs just couldn't do. And Frank predicted the problem with MRSA, and I believe— I mean, he showed me the data that supported <T: 155 min> his prediction, and most people weren't predicting that it was going to become as big a problem as it did. But I believed him. And so we were off and running. This is critical for human health.

JONES: And people at FDA had the same. . .?

BONNEY: Mark and Janice had the same view. And I think that's what encouraged them to be as bold as they were. So I became the CEO, whatever, January— or June 4 or 5 at the annual

meeting. And on June 10, I announced— the dates might not be accurate, but in the right ballpark, it was within a week— that we got this major amendment. It's going to take three more months. So oh my God, there was— we had a conference call. Our biggest shareholder at the time, which was. . . Deerfield— top three anyways— get Frank and I on the conference call. Answer all the questions as best we can. Some we just can't answer.

We get done the call about 7:30 that night, and immediately my phone rings and it's the lead guy, the PM at Deerfield. "So the word on the street is you're either a liar or incompetent. Which is it? You and Tally on the phone. 8:00 tomorrow morning." So we get on the phone with him. He repeats this with, you know, half a dozen of his colleagues from Deerfield. "So the word on the street, Bonney, is you're either a liar or incompetent. Which is it?" And I said, "Well, I guess if given that choice, I guess I'd rather be a liar because I can affect that incompetence. I just probably can't overcome." Right? We took him through everything. At some point, I just said, "Well, we're done, Bob. I've told you everything I'm going to tell you. Everything that's in the public domain. You can believe it or not, but this is all there is to say."

And, you know, we worked through over the summer with the FDA. Our new PDUFA date was September 12. That was the first day of ICAAC [Interscience Conference of Antimicrobial Agents and Chemotherapy], which is our big infectious disease meeting. And on the Friday before the 11th, I think it was. No. . . yeah, I think it was the 11, whatever it was. No, it was September 12— was the Friday because it was my sister's birthday and ICAAC started on the 13. Six o'clock, I got a fax and a phone call simultaneously from Janice, the division director, saying, congratulations, Cubicin is approved, here's the label, etc. We turned on a dime and you know, we're able to put Cubicin up, but we had no money, so we couldn't build any inventory. We couldn't launch. We then cranked up the production. We went out and raised some money. We raised, I don't know, I think, eighty-two million bucks that year in a secondary offering to get us through the commercial build and the pharmacovigilance and all the things you have to have if you go to market.

JONES: Did you feel good about doing that at that time? You've got an approved drug.

BONNEY: Once we had the approved drug, I felt very confident doing that. I was more bullish about the possibility for the drug financially than anybody on the street was. But I have in the garage downstairs, you know, the banker silly stuff. "Staffbusters". You know, the Ghostbusters, they had the CFO and me and the IR person in those, head superimposed. We convinced people that there was an opportunity for this drug. We said five hundred million dollars peak at that point. I think people were highly skeptical, but we had a pretty successful deal. It was oversubscribed. I forget how much. We were trading at ten bucks or eleven bucks, something like that, a share. That gave us enough money to be able to build the inventory and to pay the salespeople. We hired some of the senior salespeople and made contingent offers to everybody else. So now we could fulfill those contingent offers. We had the training program ready to go. We launched on November 3 of 2003, and by the end of 2004, we had the most successful IV antibiotic launch. At least for that period of time in history.

We had initiated the endocarditis bacteremia study. We didn't have any data from that. It was still accruing at that point, but we had figured out how to put a protocol together that the FDA said, if successful, would allow them to write a label. We had the sites up and running. We were dosing at a 50 percent higher dose. So remember, this is a drug that Eli Lilly put on the shelf for tox problems, but we figured that out. We launched with about, I would say, a half—the head of commercial Greg Stea at the time would say a third— <T: 160 min> of the number of people that the models told us we needed to have. But I said, we can't afford to take on two hundred and twenty-five people. We got to do this with fewer people. We were very rigorous about cutting the hospitals based on the use of vancomycin and where the bugs were. We put seventy-five salespeople in the field. And because we didn't have much inventory, we decided we couldn't afford to stock the wholesalers. Our CFO at the time, David McGirr, was a Wall Street CFO, not an industry CFO, and he was rightly so concerned, based on everything he'd heard and read and learned, about revenue recognition if you stock the wholesalers anyway.

So we decided—we set up again a unique distribution system. We hired a small company that was a sub of one of the big wholesalers to be our outsourced warehousemen. And the way we did this is, the hospitals could order Cubicin vials the way they ordered every other drug. So it went to a wholesaler and then we paid the wholesalers their 2 percent discount essentially, although we never ship them product. But we'd ship it from the warehouse— so the order would come in to the wholesaler, they would split it off. If it had the Cubicin NDC, they'd send it over to our outsourced warehouse where they would ship it directly to the hospital, but the billing would go through the original wholesaler. Our receivables were with three major wholesalers, not thousands of hard-to-pay hospitals. They got their 2 percent, thirty. So they made money on it. It looked the same to the hospital, except when it came in, it came in in, you know, its own package instead of the big bins that they get from the wholesalers.

But what it gave us, which we insisted upon but didn't realize the value of initially, was real time data. So at the end of every day, this warehouseman that we hired would send us a tape, transmit us data that showed us who bought the drug yesterday. So when our salespeople woke up in the morning, they knew who of their accounts bought Cubicin yesterday, and no other pharmaceutical company has that insight into what's happening in a hospital. And that became a huge advantage. If somebody bought, the sales rep could go in and say, "Okay, what's going on? Is there a patient that you need this for, or is this just a stocking order," etc. We could discern patterns of orders. So if the pattern changed either up or down, the sales rep again go in and say "You have an MRSA outbreak locally?" If it went down they said, "Is there a competitive threat here, or did you see some adverse events? What's happening here?" And that level of market knowledge became an enormous competitive advantage. It cost us. We did multiple analysis. It probably cost us seventy-five basis points in the cost of goods and the gross to net calculation. But it became apparent very soon that that was an inexpensive price to pay for the quality and timeliness of that data.

We're at 3:15 and I'm worn out, so.

JONES: Okay. Very good. And maybe at some other time we could take just, you know, a short period and finish out the story. Great stuff.

BONNEY: That drug, the last quarter before Merck bought us. Close on the deal. That drug did worldwide, end-user sales, a run rate of about 1.2 billion. It's the largest IV antibiotic ever. Twice failed.

JONES: And you didn't project anything close to that initially.

BONNEY: Initially. When I was doing my diligence, I told the board I thought it could be a seven— this was before I knew it failed in pneumonia, but I thought it could be a seven to eight hundred-million-dollar drug. And when we launched, we said publicly we thought it could be a five—

[END OF AUDIO, FILE 1.1]

[END OF INTERVIEW]