

## Sermo maestro's got docs chatting

Heading a hot startup isn't always a bed of roses, says Daniel Palestrant, MD, founder and CEO of Sermo, the online community for physicians. "Somebody asked me what it's like, and I said I'm becoming all my own pet peeves," he chuckled. "I don't return phone calls, I'm always late and I'm developing ADD."

For the record, he was prompt and sharp as a scalpel as he shuttled to yet another meeting. Palestrant is doing a lot of traveling these days, as his brainchild mushrooms in members and authority. In June, Cambridge-based Sermo inked a deal with the American Medical Association, becoming the de facto message board for the AMA's 130,000 members, and the number of registered users is north of 20,000 and climbing fast. By a 3-1 ratio, most of those users aren't "Web natives," but over-45s.

"To my knowledge, it's pretty much unprecedented to have a technology adopted by older users rather than younger," says Palestrant.

Palestrant's knowledge of healthcare IT is fairly exhaustive. He got his start in the field as a 22-year-old medical student interning for the summer of 1996 at CIGNA, where he ended up designing CIBUR, the CIGNA Internet-Based Universal Resource. "I remember telling them, 'There's this thing called the Internet, and maybe you should use it.'" The dotcom boom was just beginning, but it occurred to Palestrant that insurers had a lot of information—formularies, pre-approvals, etc.—that they weren't sharing efficiently with physicians. Why not use this new technology to connect the dots? "It was one of those weird moments when naiveté, opportunity and ambition all come together."

He went back and finished med school (at Duke, where he went so he could take courses from the MBA program), launching and sell-

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**Daniel Palestrant**  
CEO, founder of Sermo

**2002-2006**  
Beth Israel Deaconess  
Medical Center surgical res.

**2001-2002**  
BioNetrix dir. of healthcare

**1998-2001**  
Azygos founder, CEO

ing a startup along the way, but three years into his surgical residency at Harvard's Beth Israel Deaconess, a herniated disk put him flat on his back. It was a stroke of serendipity, he says, that made him rethink his career path. He'd noticed how docs on the front lines often spotted patterns years before the medical journals ever cottoned on to them. What if they could share those observations? Palestrant used the time-out recuperating to develop the business model for Sermo. It was convincing enough for a couple of venture capitalists. The site launched in September 2006.

Having built a lively community, he is now working on tweaking the business model to engage healthcare companies—particularly pharmas. Though he's had talks with 20 companies about how they might access anonymized data from the site, like Sermo's Wall Street and market research clients do, but Palestrant isn't rushing it. Though he hasn't encountered nearly as much resistance to the idea as he expected, Palestrant wants to preserve the value of his ad-free, physicians-only site and keep members comfortable.

"We're finding the balance," says Palestrant. "There's definitely concern among our physicians that they don't want to see the purity of their community biased or poisoned by industry involvement. Physicians are tired of being constantly marketed to, so we know if we put in banner ads or allowed the industry to sponsor things, there would be a tremendous negative response. What we're considering doing is saying to them, here are some opportunities, and if you're interested, great, and if not, you don't have to go anywhere near it." Such opportunities might include tastefully understated tags inviting docs to work on clinical trials or offering starter kits for patients, he said.

A native of Johannesburg, South Africa, Palestrant grew up in Phoenix, AZ, where his father, a radiologist, settled after a stint in Boston. When he's not working like a dog, Palestrant and his wife, Deborah, (they married in February) do a lot of walking with their two miniature longhaired dachshunds and their Wheaton terrier, Sidney. No surprise, then, that Sermo boasts a dog-friendly office—complete with doggie-doors in the conference rooms.

—Matthew Arnold

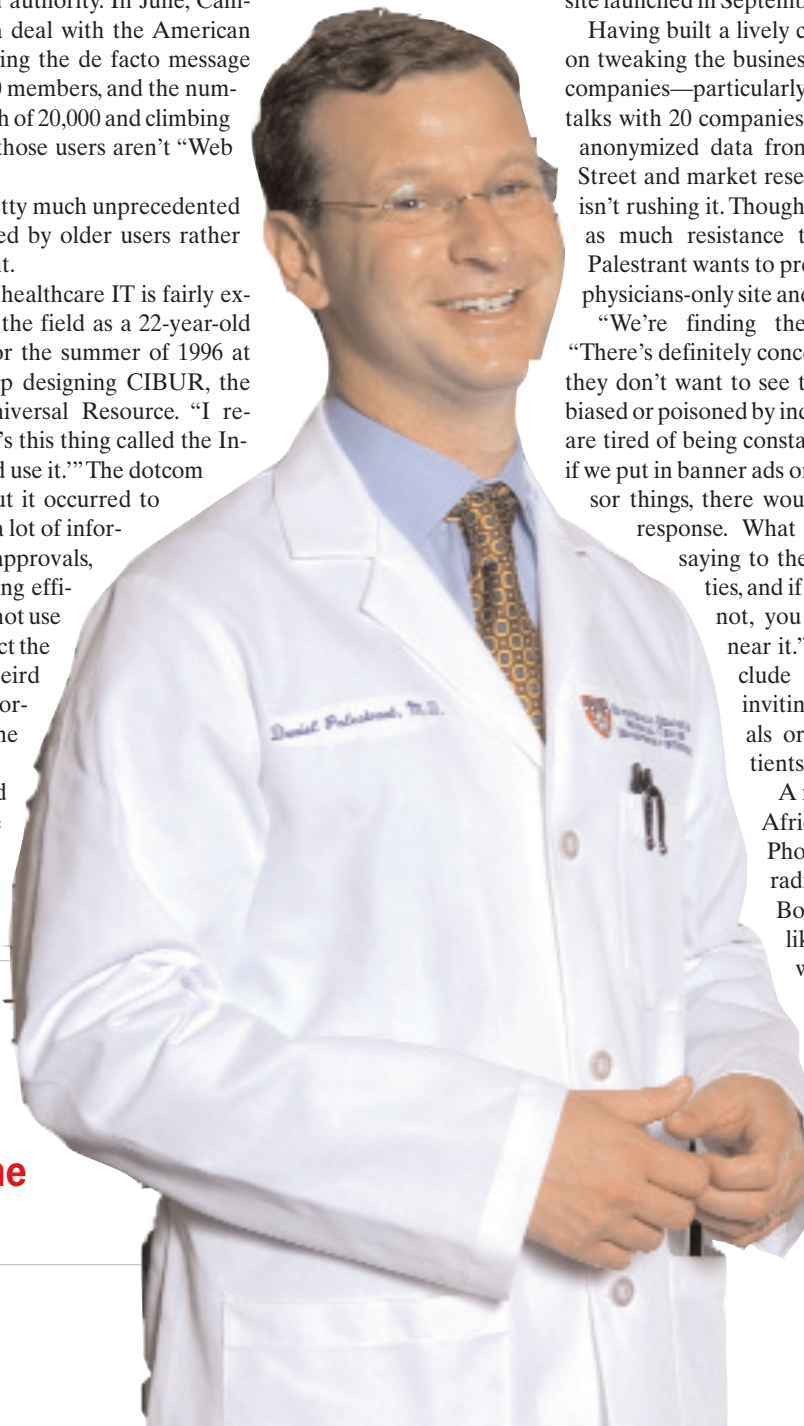


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