

10-Year-Old Company Goes International

The Caledonia-Record - January 29, 2005
by Lyn Bixby and Ellie Dixon, Staff Writers

ST. JOHNSBURY, VT - Inside a cavernous manufacturing building on Route 2, Rick Cochran grins like the father of a newborn as he watches his workers scurrying to put the finishing touches on two gleaming white 48-foot trailers destined for shipment to Saudi Arabia.

One unit is a surgical operating room on wheels. The second is equipped for CT scans and can be expanded for other medical uses. A third trailer is going to be outfitted as a combined medical laboratory and pharmacy and will be shipped later. The three trailers, which sell for a total of about \$5 million, are expected to be deployed together to create a small hospital on wheels in the desert.

The sale of the units to the Saudi royal family is a milestone and possibly a turning point for Cochran, a determined 45-year-old Walden resident, and his 10-year-old company, Mobile Medical International Corporation, which has been struggling to pay its bills."

"These (Saudi) units have opened the door to many, many more opportunities," Cochran said. "Many people don't know what we do here. We've been a stealthy company. In the early stages we didn't want a lot of attention." In an interview this month, he brought up a conversation he had with an architect in 1981, when he started thinking about the opportunities created by a change in federal law that allowed doctors to open their own ambulatory surgical centers. "The architect said, Rick, you'll never be doing surgery in the back of a truck," Cochran recalled. "But it just made so much sense to me. I understand rural, and I could see mobile units around the state."

More than 20 years later, the concept has not caught on in Vermont, but Cochran is devoting a considerable amount of time to marketing his units around the world and, as the Saudi sale shows, he is having some success. "We're not where we thought we would be. I'd like to be selling more and doing more, but this is a complex project," he said. "What's happening now is we're finally reaching the point where the ramp-up is about to begin."

He said Saudi officials have told him orders for more units are planned. "I anticipate doing business in Saudi Arabia for a very long time," he said. Growth at Mobile Medical would be particularly gratifying for U.S. Sen. Patrick Leahy, who has been one of the company's most important backers. Leahy said he has secured more than \$8 million in federal defense spending for the company because he believes in Cochran's vision.

"It's my credibility that's on the line, and in this case I think it's going to work," Leahy said in an interview this month. "There are amazing things going on in some of the back roads of Vermont."

Through Leahy's efforts, Mobile Medical has received a number of contracts from the U.S. Department of Defense to create a mobile medical hospital system for the military. The company delivered a prototype of the system last week, while also shipping the Saudi units. Leahy said he regards the funding he helped obtain for Mobile Medical as an investment in the state. "It's a win-win to me," he said. "First, you save the lives of our troops, and then you end up creating jobs in Vermont. Like so many of these things, it takes awhile."

Too Much Consulting

Cochran grew up in Walden and West Danville and attended Brigham Young University in Provo, Utah. He started at BYU as a chemical engineering student, switched his major to business and then left after a year and a half to take a job in Salt Lake City with a company that made contoured chairs for dental patients.

The company, he said, added surgical chairs to its product line as ambulatory surgery centers proliferated in response to the change in federal law. He stayed with the company for about 2 1/2 years before taking a job with one of the company's distribution firms, which was based in St. Louis, Mo. While in St. Louis, Cochran said he put together a catalog for ambulatory surgical centers and discovered that many of the centers were not well designed. "We put equipment in some very nice buildings, but it didn't flow well," he said. "So I asked, Why don't we design them differently?"

While continuing his work for the St. Louis firm, he said he started a surgery center consulting business that started to grow. "My St. Louis employer felt I was doing too much consulting. I told him there was a real opportunity there, and he said, No," Cochran recalled. "That was the second time someone had told me that."

The first was the doubting architect. Cochran started consulting full-time around the country. The name of his company was Outpatient Services of America, and it specialized in the planning and development of ambulatory surgery facilities. "In my mind," he said, "it was always a stepping stone toward the mobile concept."

At the same time he was consulting, he said he was also going to school as a full-time student and won the Missouri Collegiate Entrepreneurial Award. He said he wanted to move back to northern Vermont so he could be closer to his family to start his next company. He recalled a project he developed during his senior year in high school equating poverty in the Northeast Kingdom with Appalachia. "I thought, I grew up healthy and happy,' and I didn't see why I couldn't go out in the world and bring something back to the area," he said. He knew returning home to develop a startup business would be difficult. "Vermont has never had a good investment capital structure," he said, "but you couldn't have a better work ethic than here."

Financial Challenges

Cochran moved back to Vermont on Dec. 7, 1993. He remembers the date because it was Pearl Harbor Day. He created Mobile Medical in 1994 and got his first round of funding for the venture in 1995 from a small group of investors that included several doctors he knew from his consulting business. He said he wanted to do something nobody else had done - build a mobile surgery unit that would meet the highest medical standards possible, the same standards that would apply to the country's most prestigious hospitals. He set his sights on commercial as well as military markets.

Accomplishing his objective would require a substantial amount of money. "That's why nobody else has done it," he said. "It's a huge capital-intensive effort. A couple of companies have been watching us, and if we take off, they tell me they will jump in."

The financial challenges for Mobile Medical are evident in the files of Caledonia Superior Court, where the company has been sued a dozen times for non-payment of debts.

"We've never had the capital we should have had or needed," Cochran said. "I see that starting to resolve itself quickly É It's one of those challenges an entrepreneurial company faces." He said his company has ultimately paid its debts, and the court files seem to bear that out.

At some point, he expects his company will make a public stock offering, but in the meantime Cochran still has to knock on doors to keep it going. He estimates he spends 15-20 percent of his time on fund raising. "It wasn't what I expected to be doing so much of," he said.

He estimated he has raised about \$8 million from private sources during his company's first decade.

Cochran bears a striking resemblance to one of the world's most successful and recognizable entrepreneurs, Bill Gates, the computer whiz kid and founder of Microsoft Corporation. He said he has had people take his picture, thinking he was Gates.

If Mobile Medical does go public or is acquired by another company, he said he will do all he can to make sure it does not leave Vermont. "The better established we are, the harder it will be to move us," he said. "Ideally we would like to stay in this building." The company is leasing space at the Fairbanks Scales building on Route 2, where it has room to expand. Cochran said he expects in the coming months to increase his work force, which numbers about 30. Some of his employees work out of offices in other states, but many were raised in Vermont and went to school here.

Positive Reviews

While Mobile Medical has not sold any of its units in Vermont, it has put its products on display in this area and one component of its military model went through a field test last summer at the Phish farewell concert in Coventry. Cochran said he saw the concert as an opportunity and called organizers to offer use of the unit. "They said, This is perfect, it's exactly what we need," he said. "For us it was a clinical trial."

More than 3,700 people were treated in the mobile hospital for a variety of injuries and conditions dur-

ing the four-day event. "I'm really glad he had a chance to set up one of his units at the Phish concert and that everyone seemed pretty impressed with it," said Betty Hatch, a longtime resident of Walden, where Cochran lives. "I hope more people start buying his product because I don't think there's anything like it anywhere." She said she checked out Mobile Medical's breast care unit some years ago when it was on display at the Green Mountain Mall. "Some folks don't realize just what he has done," she said. "It amazes me how much money he deals with and how much he travels."

The company's products drew positive reviews in interviews with officials at facilities that own or lease them.

A Mobile Medical surgery unit that was produced in 1997 has been used by Washington Hospital in Fremont, Calif., since 2001 to provide primary care for people who are uninsured. The unit, which is driven to parks, senior centers, school sites and other public places, has worked out very well, according to Ruth Young, the hospital's community outreach manager.

She called Mobile Medical "a very wonderful company, extremely customer friendly and nice to do business with."

The University of Virginia Medical Center in Charlottesville has leased two surgery units from Mobile Medical, and Jim McGowan, the center's administrator, said he has been "very impressed."

The units are built into the center so that from the inside they appear to be part of the building. "We created a design that connected the waiting room to the operating facilities, which turn out to be the two leased trailers," McGowan said. "We have met all tests we had to meet."

He said the units operate five days a week, 10 hours a day, and are used for plastic surgery, orthopedic surgery, eye surgery and general surgery. Off To Australia

Paul Bengtson, chief executive officer at Northeastern Vermont Regional Hospital, got to know Cochran through discussions about the possibility of dialysis on wheels in the Northeast Kingdom. Bengtson called the concept problematic for a number of reasons:

- The cost of purchasing mobile units appears to be greater than the cost of adapting existing buildings for dialysis treatment.
- Winter weather conditions can make it difficult to move from one location to another.
- Mobile dialysis is not certified for Medicare reimbursement. While Vermont is regarded by many as one of the most rural states in the country, Bengtson said, "it's not like the rural west where there are vast distances between places." He suggested Mobile Medical's units are better suited to those types of areas, which are more akin to places like Saudi Arabia. When he first met Cochran, he recalled, "I thought certain countries overseas would be extremely interested in his ideas."

Bengtson thinks the greatest potential for Mobile Medical lies with military applications and major disasters, such as the devastating tsunami in the Indian Ocean. "You could fly (the units) in by airplane," he said, "and they give you a lot of flexibility in meeting the health needs."

He called Cochran a remarkable man. "The concepts he has in mind have incredible potential," Bengtson said. "He's got vision, drive and stamina, and I guess perseverance."

Cochran said he has not given up on the idea of a mobile dialysis unit in the Northeast Kingdom. "I think it would be a perfect situation for our area," he said.

And he has not given up on getting a college degree. He said he is taking courses at Lyndon State College. "Education is really important," he said. Ten years after the birth of Mobile Medical, despite financial difficulties, he remains upbeat.

"For years people have said I'm ahead of my time," he said, "and now time is catching up with my thinking."

Although his projections of how quickly the company would grow were overly optimistic, he said, "I'm seeing more potential now than I thought I would." He is heading back to the Middle East on a sales trip in February and then he said he will fly on to Australia.

"This is not a mom-and-pop company," he said. "Ultimately it will be an international effort."