

Dragon to the rescue: Michele Romanow and partner launch new venture to source PPE during pandemic

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CEO of Safe Direct Medical Supplies, Anatoliy Melnichuk and investor Michele Romanow are photographed in Toronto, on July 30, 2020.

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Dragons' Den star Michele Romanow and business partner Anatoliy Melnichuk set out to do a good deed when they went looking for scarce personal protective equipment in late March as the COVID-19 pandemic spread.

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My phone erupted," Mr. Melnichuk said. "We had at least 500 calls a day. I realized this is a bigger need and we could probably help."

Four months later, the pair have turned that charitable act into what Ms. Romanow calls “one of the fastest-growing companies I’ve dealt with.”

Their Safe Direct Medical Supplies online marketplace – Mr. Melnichuk is chief executive; Ms. Romanow is a director – has imported and distributed 10 million masks, four million gowns, thousands of bottles of hand sanitizer and hundreds of thousands of face shields throughout Canada.

That has quickly established the startup as a credible, dependable and affordable source of Health Canada-compliant PPE for medical professionals and industrial users at a time when the market has been flooded with faulty or overpriced products by those capitalizing on a global shortage.

Safe Direct has also partnered with several professional bodies, including the Ontario Medical Association, the BC Pharmacy Association and the New Brunswick Association of Optometrists, to get products to members.

“There were a lot of individuals that contacted the OMA to say, ‘We have PPE we can source,’” said OMA president Samantha Hill, whose association represents most Ontario doctors. “It often turned out either they were very expensive, supply was limited ... or they were just fraudulent and couldn’t prove they met Canadian standards.”

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Safe Direct “was different,” Dr. Hill said. “They had quality control standards in place and certification to those standards,” and had sorted out logistics.

After a thorough vetting, the OMA added Safe Direct to its members’ online marketplace in July.

“During the pandemic we’ve needed access to enhanced PPE [but] didn’t have it” as Ontario prioritized hospitals and front-line workers and regular suppliers couldn’t keep up, added David Stevenson, chair of the Ontario Dental Association’s return-to-practice working group. “Safe Direct is one of those [that] came to our rescue.”

Mr. Melnichuk and Ms. Romanow have been business partners since studying engineering together at Queen’s University in Kingston in the mid-2000s. Their first venture was a caviar fishery in the late 2000s, followed by Buytopia and SnapSaves, an online coupon service bought by Groupon in 2014. Ms. Romanow went on to TV stardom and now leads alternative financier Clearbanc, while Mr. Melnichuk manages their investments in other startups.

The idea to get into PPE supply came when Mr. Melnichuk’s former girlfriend told him in March how critical the shortage was in New York, where she works as a radiologist. After the response to their initial mask run, Mr. Melnichuk realized the partners could do more by helping supply-starved health care institutions.

But they realized to do that effectively – and quickly – would be complicated. “Every touch point had major issues,” including unavailability of planes, cancellations and competition for scarce goods, Ms. Romanow said.

They decided to directly source supply from manufacturers and forgo layers of middlemen. “For me the inflection point was early, when Anatoliy said, ‘We have to book our own jumbo jet,’” she said. “It was like, you’ll only solve this problem if you invest significant capital.”

The pair have since put \$5-million of their own funds into the business.

Mr. Melnichuk struck deals with long-established, certified PPE producers in China, hired 15 people and built an e-commerce site for approved practitioners to place orders. And he began chartering planes – a fully loaded Boeing 747 costs almost \$1-million a trip – on a weekly basis in April to bring products, placing further orders by sea.

At first he distributed products from his apartment, then farmed out the task to a pharmaceutical-certified facility in Toronto’s Scarborough neighbourhood to turn incoming shipments into order-sized mailings, from boxes to pallet-loads. The company now also warehouses and distributes products from facilities in Brampton, Ont., and Vancouver.

It has also contacted other associations, including the Canadian Pharmacists Association, for which it secured 200,000 masks in the spring that the group sent to members in need. CPhA CEO Glen Doucet said Mr. Melnichuk “was very diligent and responsive [and] interested in making sure pharmacists were a priority.”

The company is now considering several options – expanding to the United States, adding more products including non-medical grade PPE for corporate clients, and even making products locally.

“We’ll play it by ear” to gauge customer traction and loyalty, Mr. Melnichuk said. “So far it’s been positive.” In the next few months he said the partners may raise outside capital “and see where this can go.”