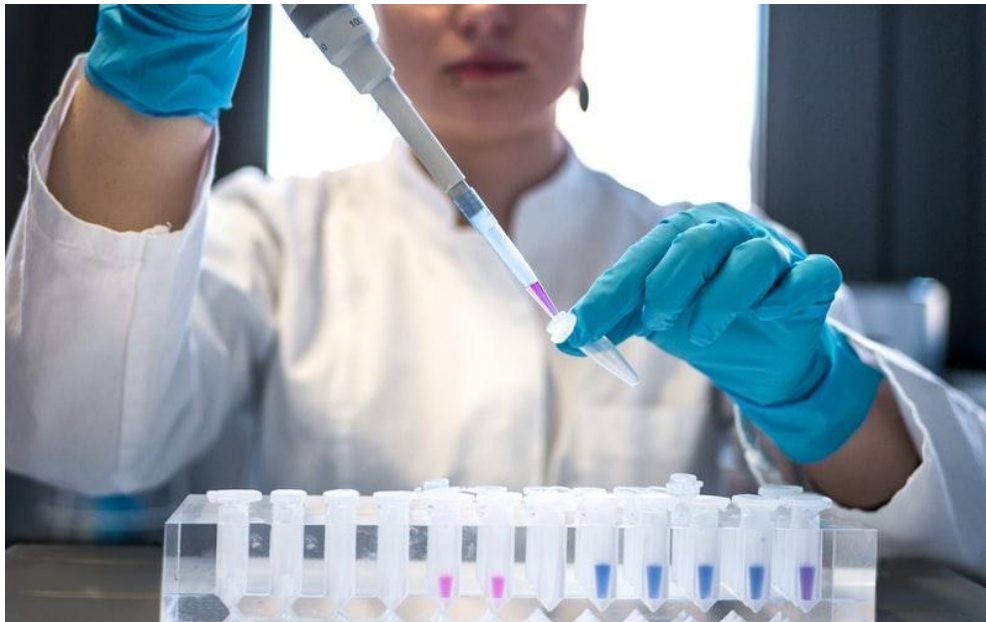


CONFIDENTIAL BUSINESS PROFILE

21407JD High Volume Lab Supplier & Consulting Firm



Presented by: Pacific Reliance Medical Business Brokers



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Description of Business:

Established in 1988, this business started its journey as a laboratory supply company. In 1999 they decided to branch out into laboratory management services, making it one of the early pioneers in the clinical laboratory services industry. This company provides Complete Lab Care (CLC) under which it provides analyzers, supplies, lab personnel, testing products, training, administration support, technical support, management and compliance assistance for one monthly fee based on production report and work performed at the Physician Office Laboratories (POLs). It is a win-win situation for both, Physician office group and firm. For the labs they are allowed to expand their services while maintaining regulatory compliance and making additional profits by not have to worry about running their labs. For the firm, it provides growth in a niche market and an area where it enjoys high margins, limited competition, and a large potential market.

Gaining trust in the industry quickly led to gaining a solid reputation for quality and expert services in this field. They have become well known for supporting laboratories specializing in clinical chemistry, immunology, hematology, toxicology, and most recently genomics. The company now has over 30 years of providing expert knowledge and unparalleled support for laboratories especially for those specializing in clinical chemistry, immunology, hematology, toxicology, and most recently genomics.

Clients consist of Physician Office Labs (POL's), group practices and small independent laboratories with 80+ active LONG-TERM (5+ years) contracts that spread across the state of California and Midwest United States. These labs are inspected and accredited by CLIA. Operations has ability to grow nationally. The office is located in the Los Angeles County, California and has the flexibility to move.

Highlights

- Infrastructure is ready for **nationwide** laboratory management services
- Stable lab and admin staff
- Major agreements with key manufacturers
- Distribution agreement with key suppliers
- Excellent references available from current customers who are well respected in the healthcare industry
- Experts in the field of Lab consultation
- High margins, and high growth
- Long-term contracts ensure recording revenue and with most being auto renewals
- Relocatable – this can be operated anywhere
- Large potential market of over 300,000 laboratories in the United States



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- Limited competition

Revenues are generated from 2 main avenues:

1. **LAB CONSULTING AND MANAGEMENT**
2. **PRODUCT SALES**- lab supplies, reagents, Laboratory Instruments, etc.

Product/ Service	Sales %
Laboratory Consulting and Management	70%
Laboratory Product Sales	30%

A. LAB CONSULTING, SET UP AND MANAGEMENT

What makes this lab consulting firm unique is their specialized services and their distinctive business model, which differentiates it among its limited competitors. Medical labs serve a necessary part in the medical field and will become even more vital in the years to come.

The company makes lab setup, operations, and the review process easy with a cost-effective fee structure and an efficient business model. This provides a full turnkey operation. A team of 11 employees use their expertise to leverage the work of laboratory needs in the most optimal fashion while tailoring needs to help physicians increase revenues. This requires a special skillset in such a niche market. With decades of experience, this lab consulting firm offers services and resources to the 3 highest growth potential testing specialties.

1. **Routine testing/general chemistry:** Routine testing has become a staple in the health services industry. Although commonly found, an outstanding routine testing laboratory is still hard to come across let alone build/maintain. Only with true hands on experience and intimate knowledge of the particular needs of the clinical market can one succeed in building such a facility.
2. **Urine Toxicology:** The number of Urine Toxicology laboratories in the U.S. has grown substantially in the last several years. Two key realizations by the industry has driven that growth. First is the acceptance that drug metabolism testing is a true asset to the regular day-to-day practice of medicine, contributing to the improvement of the safety and improvement of the lives of patients. Second is that it can be used to confirm a number of commonly misinterpreted clinical symptoms, from drug abuse to overdose; confirmation testing is now easier and more powerful than ever.
3. **Genomics:** This company offers a number of services in meeting the needs of the new and growing Molecular Genetics Laboratory, from infectious disease to women's health and other special applications.

Supported Tests:



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A team of experts and seasoned professionals at this consulting lab pride themselves in research and implementation of their products and services. They are extremely selective and proudly support these tests, making sure that they are of highest quality.

- Chemistry
- Immunoassays
- Hematology
- Infectious disease
- Toxicology
- Specialty Testing

Laboratory Management

The company assumes key responsibilities to create a sound infrastructure for the laboratory. It facilitates and manages all set up operations, including but not limited to the following:

- Layout & Design
- Customized Testing Menu
- Equipment & LIS Selection
- Installation & Validation
- Service & Maintenance
- CLIA & Lab Accreditation

Operations Management

The company manages day to day operations of the laboratory with focus on providing reliable results and overall growth of the laboratory.

- Personnel & Training
- Workflow Management
- Growth
- Communications
- Reimbursement Evaluations
- Administration
- All regents and supplies
- Instrument maintenance and service

Regulatory Compliance

The company keeps laboratory up to COLA, CLIA, & OSHA regulatory guidelines to ensure Good Laboratory Practice.



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- CLIA, COLA, & OSHA Compliance
- Customized Manuals
- Quality Assurance
- Procedures & Policies
- Technical Consultation
- On-Site Inspection Preparation
- CPT Billing Assistance
- Proficiency Testing
- Calibration Verifications

Many aspects make this a highly desirable business on the market today. Long term contracts with a loyal base of clients that refer services provides a strong recurring stream of revenue.

Lab management services have high gross and EBITDA margins (66% and 28% respectively in 2020). This makes this type of business recession proof.

B. LAB PRODUCT SALES

The company provides the labs with most common needed reagents, consumables, and equipment. It supplies products from 50+ different vendors. The products include equipment, reagents and basic lab supplies.

Clinical Chemistry	Hematology
Immunoassays	Immunology
Rapid Tests and CLIA waived Products	Infectious Disease Testing
Reagents and Consumables	Toxicology
Specimen Collection Supplies	Genomics

- Lab product: over 500+ items 30-35% profit margin, sourced in U.S
- 35% of products are drop shipped
- There is about \$120,000 - \$150,000 worth of inventory being held at a time
- Inventory turnover is on a monthly basis
- Company does own billing and can do employee management
- 50%-60% of inventory is refrigerated
- UPS and courier service for delivery



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General Lab Supplies:

A one stop shop of for all your laboratory needs

- Specimen collection supplies
- Lab consumable supplies
- Laboratory reagents
 - Chemistry
 - Immunoassays
 - Serology/ Immunology
 - Hematology
 - Toxicology
 - Genomics
- Rapid diagnostic kits
- Laboratory testing equipment
- Lab support equipment
- General lab supplies

Employee/personnel:

Operation consists of 11 highly skilled employees that are experts in their field as well as 2 Independent Contractors. Employee turnover is low and majority of employees have been with company for 5+ years.

Title/Position	Years with Company	Duties/Responsibilities	PT/FT/IC	Wages
Lab Operations Manager	8	Overall operations of all management accounts	FT	\$80,000
Clinical Lab Scientist/ Consultant	5	CLIA Compliance, lab personnel supervisor Lab testing supervision	FT	\$115,000



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Lab Testing Personnel (5 People)	4	Performing lab testing	FT	\$22-35/hr
Purchasing Manager	7	Purchase orders, inventory, management, billing	FT	\$30/hr
Warehouse	8	Shipping / Receiving, So processing	FT	\$20/hr
CEO Assistant	10	Payroll, HR, AR,AP, general office	FT	\$27/hr
Lab Consultant	4	Laboratory Consulting	FT	Varies

Employee Benefits and Bonuses:

- 2 weeks of vacation after 1 year of service
- 3 weeks of vacation after 5 years of service
- 4 sick days per year
- \$150 medical insurance allowance per month

Ownership Info: The business ownership is an S-corporation. Buyer should have some understanding of the medical diagnostic industry in order to be successful. Owner is retiring and has other commitments.

Current Owners	Years owned	% Owned	Hours & Days/Week	Primary Duties
1	30	50%	30-40	Administrative Management
2	30	50%	-	-

Clientele

Customer Type	Description	%
Small independent labs		25%
POL's	Physician office labs	75%

- 80+ active clients
- Lab agreements generally are 3-5 years with autorenewals
- Heavily referral based



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Channel Distribution

Firm has created strategic partnerships with many of the largest manufacturers in the world to provide a "Best Fit" solution on your laboratory needs based on performance, cost and volume.

- Analyzer & Related Equipment
- Reagents
- Consumables
- General Laboratory Supplies
- Point of Care Products
- EMR & LIS

Facility

LEASED

- Rent: **\$3200**
- Office building consists of about **3100** square feet
 - 50% Office
 - 50% Warehouse
- Both office and warehouse have room for expansion
- Office can be moved
- Recently added walk-in fridge
- 1 block away from a major freeway
- Year to year lease

Historical Revenues

(Financials extracted from seller provided tax returns and profit & loss statements. Buyer to confirm all numbers and advised to hire CPA to review all financials)



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	2021	2022	2023	YTD as of August 31
Annual Revenue	2,831,839	3,378,090	3,445,001	2,239,946
Sellers Discretionary Earnings (SDE)	488,208	801,617	954,502	526,403

This business comes debt free to the client, comes with an experienced team, good recurring revenues with high margins, and excellent growth potential.
 See attached ytd profit and loss statement provided by seller.

Hours of operations

Monday through Friday
 8am-6pm

Growth Prospects

There are more than 309,914 clinical labs in the United States. About 128,651 (over 42%) of these labs are physician Office Labs (POLs). Others include hospital-based labs (about 3%), independent labs (about 3%), and other labs (52%) that includes a variety of labs in urgent care centers, nursing homes, ambulatory centers, community health center, etc.

There are about 16,000 moderate and high complexity POLs, and all these labs are potential customers for this lab consulting company. By outsourcing the lab management to this firm, the practice can focus on patients and the lab can run efficiently and have stronger chance for increases in revenue and cost can be controlled. The monthly fees are comparable for overall cost of running POL's.

At the moment this firm manages labs mainly in the metro LA area, but have recently signed lab management agreements in Texas and Central California. The Lab Management division is very profitable and has excellent reputation. This model can be applied to other geographies as well.

More recently the company has been offering to set up and run Turn-key CLIA / CAP / COLA accredited Reference Laboratories with on-going support. Although they have set up some such labs, all their management clients currently are POLs/ There is a strong demand currently of labs, genetic testing and drug testing (toxicology labs).

Initially, it seemed like a good idea to have both, as it felt that the distribution business will grow in lockstep with the management business. Since the last 3 years, the company has focused much more efforts on the management side of the business and efforts are bearing fruit. With additional growth, they will continue to go higher. The distribution business can also bring substantial revenue with focus on marketing and sales.



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Marketing Potential

Most marketing is referred or word of mouth. No marketing activities are currently being done. A new buyer can easily increase revenues by:

- Hiring an outside sales force.
- Creating e-blast and e-mail marketing to existing clients.
- Advertise NATIONALLY as this business is duplicable and scalable. Policies and procedures are in place.
- Cross marketing with various medical based companies.
- Adding Molecular testing (in process of)
- Add more toxicology testing
- Rapid diagnostic kits
- Expand services to more states across the nation
- Becoming a member of AACC and anything clinical laboratory related.

For additional information, please contact Jerry Diza at Info@PacificRB.com or call (949) 427-0304