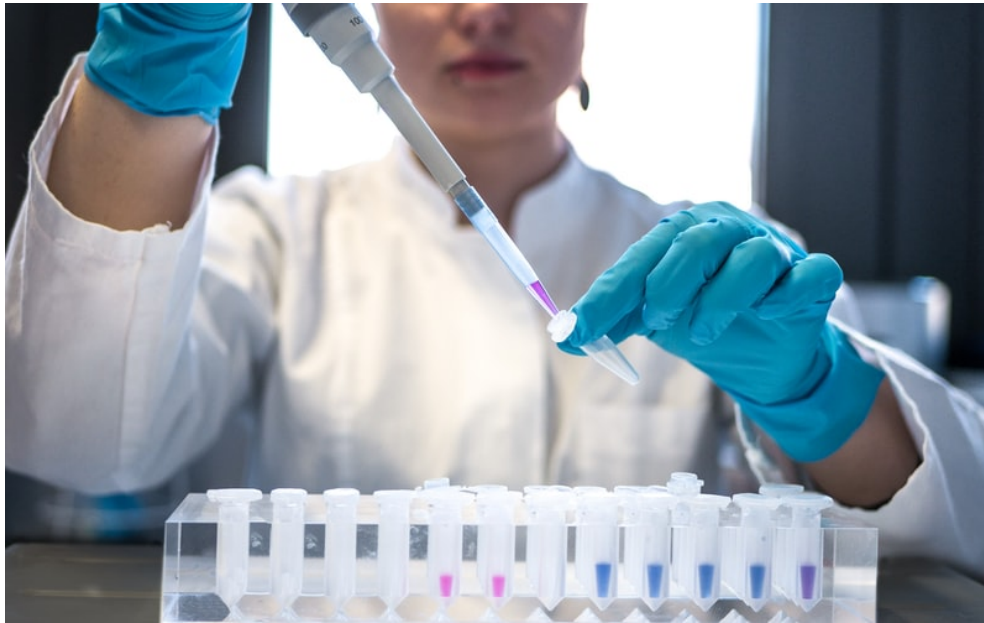


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21407JD High Volume Lab Management and Consulting Firm



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. 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.

Clients consist of Physician Office Labs (POL's), group practices and small independent laboratories with 80-100 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

Revenues are generated from 2 main avenues:

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

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

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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 pharmacogenomics to women's health and oncology.

Supported Tests:

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.

- Hb A1C
- Coagulation
- Diabetes
- Drugs of Abuse
- Fertility
- H. pylori
- HIV
- Infectious Disease
- Inflammation
- Kidney Function
- Microalbumin

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- Metabolic Syndrome

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

Regulatory Compliance

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

- 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. Ads for employees are sometimes used for the process of lab setup

Minimum to set up a small lab is approximately \$27,000.

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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% 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

General Lab Supplies:

A one stop shop of for all your laboratory needs

- Biohazard Containers
- Blood Collection Needles
- Blood Collection Tubes
- Centrifuge Tubes
- Cuvettes
- Diamond Pipet Tips
- Gloves
- Microscope Accessories
- Multi-Purpose Sample Cups
- Pipet Tips
- Pipets
- Plastic/Glass Lab Consumables
- Specimen Containers
- Syringe Tips



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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
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	\$750/account

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



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2	30	50%	-	-
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Clientele

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

- 80-100 active clients
- Lab agreements generally are 3-5 years with autorenewals
- Heavily referral based

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

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Historical Revenues

(Buyer to confirm all numbers and advised to hire CPA to review all financials)

	2018	2019	2020
Annual Revenue	2,831,839	3,378,090	3,445,001
Sellers Discretionary Earnings (SDE)	488,208	801,617	954,502

Hours of operations

Monday through Friday
8am-6pm

Marketing and Growth 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.

There is unlimited growth potential not just in this industry but in this firm as well. Here are some suggestions.

- Developing a sales and marketing program
- Obtain new lab management customers
- 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 Jerry@PacificRB.com or call (949) 427-0304