

The Russell Transcript



The Genomics Gold Rush

JOHN RUSSELL

Beckman Coulter is betting the mainstreaming of genomics-based research and the future growth of personalized medicine will create a large, robust market for genomics services. Last March, the services giant purchased Cogenics and combined it with previously acquired DNA sequencing specialist Agencourt Bioscience to create Beckman Coulter Genomics (BCG). As research and medical communities rush to dig gold from mounting genomics data, BCG hopes to sell the needed picks and shovels.

"Although we are still staunch advocates of the value of sequencing and the tremendous future of next-gen and third-gen sequencing, it was very important to develop a more comprehensive offering," says Susan Evans, BCG general manager.

"We've all watched the trend toward outsourcing versus creating core centers internally," Evans continues. "We still believe we're seeing more outsourcing." She adds that as sequencing technology evolves, companies are searching for an experienced service laboratory that keeps up with the new platforms.

Beckman has long been a leading manufacturer of biomedical testing instrument systems, tests, and supplies as well as a services provider. The Fullerton, Calif.-based company jumped into genomics services in 2006 with the purchase of Agencourt for \$100 million. It quickly spun out the sequencer business, Agencourt Personal Genomics, later selling it to [Applied Biosystems](#). The company is transitioning away from the Cogenics name but will keep Agencourt as a product brand name for now. Services available through BCG include sequencing, sample preparation, genotyping, gene expression, biological efficiency, and safety testing, with support for all levels of regulatory compliance, including Clinical Laboratory Improvement Amendments (CLIA).

BCG is headquartered in Beverly, Mass., and has roughly 250 staff worldwide. It offers three next-gen sequencing platforms: [Roche/454](#), ABI SOLiD and [Illumina's](#) Genome Analyzer. While pricing for sequencing is declining, platform costs

are only part of the buy-versus-outsource question. Evans says needed know-how, sample prep expertise, bioinformatics, and other issues increasingly incline companies to outsource. In line with this, she says BCG can collaborate on study design questions with research organizations.

Customer Consolidation

[Beckman Coulter](#) has a diverse customer population from academic to biotech and biopharma, but is probably stronger on the research, academic and agbio space, says Evans. Cogenics also nurtured a broad customer base with facilities in the U.K. and Germany and a co-marketing partnership in China, but focused on partnerships with pharma companies and utilizing the clinical genotyping and gene expression resources. BCG is now focused on integrating the two businesses and driving revenue. "Our near-term initiatives are a combination of business efficiency and operation consolidation," says Evans. "We're looking for best practices across each of these laboratories. We're looking for increased automation. We're looking for ways to enhance our information flow from lab to lab and be able to integrate support our customers."

The genomics services business has long been a patchwork of big and small players. Recently CROs have shown interest in expanding their genomics services offering. Julie Moore, director of global strategic marketing for BCG, points to the Covance acquisition of Rosetta in Seattle. "That's an interesting expansion for their business. I think there's increasing overlap between the CROs and the typical genomics services providers such as us," she says. Consequently, CROs that constitute an important customer segment for BCG can sometimes become competitors.

BCG's customer set represents a jumble of opportunistic sales and longer-term relationships. Evans concedes uncertainty as to how this will evolve over time, although deeper relationships with big customers are clearly desirable. Moore adds that BCG has strong relationships with the biopharma community, some of those based on Cogenics' safety testing service for biologics. BCG is now wading more forcefully into the services market, trumpeting its newly-gained global presence, its heritage of next-gen sequencing expertise, and the stability of being part of services industry powerhouse Beckman Coulter.

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