



Empowering Personalized Cancer Treatment

May 14, 2014

CGI Announces Acquisition of BioServe India



CGI and BioServe India Enter Into Acquisition Agreement

On May 14th, 2014 Cancer Genetics, Inc. and BioServe BioTechnologies (India) Pvt. Ltd. are announcing their plans for CGI's acquisition of the Indian-based biotech company, to take place in the 3rd quarter of 2014.

Frequently Asked Questions

1. Where is BioServe India based?

A: BioServe India is based in Hyderabad, Andhra Pradesh, in a 14,000-square-foot NABL-(National Accreditation Board for Testing and Calibration Laboratories) accredited facility for its GMO services, equipped with NGS capabilities.

2. How many employees work at BioServe India?

A: BioServe India currently has approximately 33 employees, including 19 scientific staff members working in the laboratory and seven in sales.

3. Who are the founders and backers of BioServe India?

A: BioServe India was founded in 2002 by N. Sastry Modali and Ramakishna (Rama) V. Modali, who has since served as the president of the company. BioServe India is backed by VenturEast, a pioneering healthcare- focused venture capital fund manager based in India with close to \$300 million under management.

Frequently Asked Questions

4. Why was BioServe India attractive to CGI?

A: With this transaction, CGI is able to access the high-growth Indian healthcare and diagnostics market, increasing our global presence in personalized cancer care. BioServe India has the infrastructure and scientific experience required to integrate CGI's DNA-FISH Probe manufacturing and proprietary FHACT™ business into the Indian biotech market. This acquisition will reduce operating cost for CGI while increasing its global cost and revenue in the personalized treatment of cancer.

5. What customers will the combined entity serve?

A: The combined entity will continue to serve biotechnology and biopharmaceutical companies, diagnostic companies and research hospitals, as well as expand its customer base to include diagnostic services for hospitals and physicians.

Frequently Asked Questions

6. What are the financial expectations of the transaction?

A: We expect the transaction to contribute revenue once closed during the third quarter and we expect it to be accretive to EPS during fiscal 2015.

7. Does the transaction help CGI's proprietary FHACT™ business?

A: Because of the prominence of cervical cancer in the region, CGI's proprietary FHACT™ business has a unique market in India. CGI has partnered with Kamineni Hospitals in India for continued validation studies for FHACT™ and will additionally market FHACT™ through the combined entity. India alone accounts for more than 25 percent of the deaths that occur globally from cervical cancer.

Frequently Asked Questions

8. Will CGI be investing in order to develop additional sales in India?

A: CGI plans on investing in the expansion of BioServe India's sales team and marketing plans are being developed to increase penetration of CGI's products and services into the Indian health care and diagnostics market. CGI will also invest in BioServe India's laboratory facility and genomic analysis equipment.

9. Who will be managing the integration?

A: BioServe India's founder and president, Rama Modali, will serve as CGI's VP and General Manager for India, facilitating the company's integration.

10. Is this CGI's first acquisition since going public?

A: Yes.

Frequently Asked Questions

11. When will the acquisition close?

A: This acquisition will close during Q3 2014.

12. Was the acquisition voted on unanimously?

A: Yes, the board voted unanimously to acquire BioServe India.

13. What will the website address be for the new Cancer Genetics India?

A: BioServe India's current website is www.BioServeIndia.com.

14. Will CGI only retain ownership of BioServe's India holdings?

A: CGI's acquisition is limited only to Bioserve India's facility and operations.

Frequently Asked Questions

15. What is the size of the Indian Dx market?

A: PM Live Pharmaceutical Industry News and KPMG reports specific to the Indian economy, note that the total Indian healthcare sector was worth \$65 billion USD in 2013 and is projected to increase to approximately \$100 billion USD by 2015. The diagnostic and medical equipment market makes up 5% of the total healthcare market, and has experienced growth rates of 15-20% over the past few years. It is anticipated that the diagnostic and medical equipment market alone in India will be worth \$5 billion USD in 2015, with growth continuing at 15-20% for up to another decade.^{[1](#), [2](#)}

Frequently Asked Questions

16. How is NABL similar to CLIA?

A: NABL (National Accreditation Board for Testing and Calibration Laboratories) is an agency under the Government of India's Department of Science and Technology established to provide a third-party assessment for formally recognizing the technical competence of laboratories. The accreditation services are provided for laboratories in accordance with International Organization for Standardization (ISO) Standards. Similar to CLIA (Clinical Laboratory Improvement Amendments) in the United States, NABL aids in the assurance of quality and reliability, as accreditation demonstrates the laboratory's capability to perform tests and provide accurate and reliable results. NABL accreditation creates a relationship with the government agency and provides accredited laboratories with the benefits of controlled operations and continued feedback concerning quality assurance systems and technical competence. BioServe India has accreditation for its GMO services laboratory.

Frequently Asked Questions

17. Will CGI Seek CLIA Accreditation for the BioServe India labs?

A: CGI will work with BioServe India to obtain CLIA accreditation for the lab in India, enabling BioServe India's current facility to perform as an additional reference lab.

18. What is the makeup of BioServe India's current client base?

A: BioServe India's current clients consists of biotech companies, clinical research labs, biopharmaceutical companies, research hospitals, seed companies and national research lab and academic institutions. BioServe India is known for providing its nearly 200 clients with cutting-edge genomic services, including Next Gen Sequencing, food pathogen testing and DNA synthesis.

Frequently Asked Questions

18. What type of talent-pool does this acquisition offer CGI access to?

A: BioServe India's existing connections with industry leaders in biotech and biopharma, as well as with academic research institutions provide the company with access to some of the top scientific minds in India. BioServe India's internship programs in both sales and clinical laboratory positions attract talent from India's leading universities.



Thank you