SPECIFIC FINDINGS

1. Market Composition, Size and Growth

An analysis of available secondary data was performed in order to assess the market potential for clinical laboratory and diagnostic products in the United States. Special attention was given to diagnostic products in the categories of clinical chemistry, microbiology/bacteriology, radio immunoassay (in vitro), and hematology.

The data sources pointed to a dramatic increase in U.S. sales of all laboratory products. In 1976, total sales volume for all laboratory products was $1.35 billion and in 1978, $2.25 billion. This 68% sales increase was attributed to increased laboratory testing due to physician fear of malpractice, and increasing sophistication of laboratory instrumentation.

The sales volume was distributed among diagnostic products, instruments, apparatus/equipment, lab supplies and computer products. The largest category was diagnostic products which in 1976 accounted for $553 million. This volume rose to $955 million in 1978, and projected volume for 1984 is more than $2 billion.

2. The Competitive Environment

Available secondary data on the U.S. market for clinical lab supplies shows that each specific product category functions in a distinctive competitive environment. For clinical chemistry products, the top two market leaders (Du Pont and Technicon) own between 30-60% of market share, depending on the specific product (i.e., whether it is enzyme chemistries, regular chemistries, etc.). For microbiology/bacteriology products, the market leaders vary depending on specific product markets, but in each case, the top two market leaders own between 50-80% of market share. Most hematology products are dominated by Coulter with 65% of share. A slightly lower degree of market concentration exists in in vitro radioimmunoassay products, where the top two market leaders in each specific product market own an average of 40% of share. Information about the competitive environment in the Mid-Atlantic market for clinical laboratory products suggest that more than 25 suppliers are used and the most frequently used ones are:

For: Clinical Chemistry Products

Beckman (42%); Scientific Products (35%) and Fisher (32%)

For: Radioimmunoassay Supplies

Abbott Lab (42%); Beckman (29%) and Corning (26%)