

PLUS DIAGNOSTICS AIMS FOR \$50M WITH EYE ON HEMPATH

Plus Diagnostics (Lakewood, NJ), formerly named Lakewood Pathology, is on track to double its revenue this year and aims to reach more than \$50 million in 2009, according to chief executive Doug Berg.

Berg says the company recently changed its name to Plus (acronym for Pathology Lab of the U.S.) to reflect its national scope. Plus currently provides pathology services to about 250 urology groups in more than 30 states. In addition, Berg says Plus launched a gastrointestinal pathology service in June and already has about 40 clients. He says the company is now looking at opportunities to enter the hematology/oncology market.

Plus Diagnostics was purchased by Water Street Capital Partners (Chicago, IL) in May 2006 in a \$50 million transaction, which included purchase price plus capital investments (see *LE*, June 2006, page 8). At the time of the sale, Plus had annual revenue of roughly \$11 million.

In the year following the transaction, Plus expanded its laboratory, added sales reps and upgraded its Web-based results reporting systems. The company achieved profitable growth at the end of 2007, according to Berg.

He says Plus is growing despite the trend toward in-office histology labs at large urology and GI groups. Berg says the bigger trend among Plus's target market (groups with 3-10 urologists or gastroenterologists) is TC/PC ar-

rangements. Under these arrangements, Plus performs and bills for the slide preparation of patient samples. The slides are sent back to the urology or GI group, which hires a local pathologist to do the professional interpretation. The group bills for professional services and pays the local pathologist a fee per slide.

But Berg says the shifts toward in-office histology labs and TC/PC are not radically changing the pathology business. He notes that Plus performs and bills for global services on 80% of the samples it receives.

In the end, the key to winning and keeping clients is people, including your lab's sales reps, the ability to reach a pathologist immediately and the responsiveness of client services, says Berg.

Plus Diagnostics at a Glance

Chairman.....	Kip Kirkpatrick
Chief executive	Doug Berg
President & chief operating officer	Dave Pauluzzi
Medical director.....	Ali K. Riba, MD
Total employees.....	105
Total pathologists	13
Total sales reps.....	18
Total urology groups served.....	250
Total GI groups served.....	40
Estimated revenue, 2008.....	\$30 million
Estimated revenue, 2009.....	\$50+ million
Owner.....	Water Street Capital Partners
Source: Plus Diagnostics	

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