

Having Completed Six Consecutive Quarters of Profitability with Revenues Growing 16% in 2010, SeraCare Life Sciences, Inc. is Writing a Strong Turnaround Under the Leadership of President and CEO Susan Vogt

**Healthcare
Life Science/Biotech
(SRLS-NASDAQ)**

SeraCare Life Sciences, Inc.

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**Susan Vogt
President, CEO and Director**

BIO:

Sue Vogt has been president, chief executive officer, and a board member at SeraCare since 2006. She was previously president of the biopharmaceutical division of Millipore Corporation, where she led a \$520 million division. Prior, she served as vice president and general manager of the laboratory water division at Millipore. Sue holds an MBA from Boston University and a BA from Brown University.

Company Profile:

SeraCare Life Sciences, Inc., a life sciences company, provides products and services to facilitate the discovery, development, and production of human and animal diagnostics, and therapeutics. The company's portfolio includes diagnostic controls, plasma-derived reagents, and molecular biomarkers, as well as biobanking and

contract research services. It operates in two segments, Diagnostic & Biopharmaceutical Products and BioServices. The Diagnostic & Biopharmaceutical Products segment provides controls and panels used for the evaluation and quality control of infectious disease tests in hospitals and clinical labs, blood banks, and in vitro diagnostic (IVD) manufacturing; and reagents and bioprocessing products, including biological materials for use in the research, development, and manufacture of human and animal diagnostics, therapeutics, and vaccines. This segment sells various controls and panels to hospital laboratories, independent clinical laboratories, public health laboratories, blood banks, IVD manufacturers, and government regulatory and research agencies; and reagents and bioprocessing products to diagnostic, pharmaceutical, and biotechnology product developers and manufacturers, as well as to research laboratories affiliated with government, academia, and private foundations. The BioServices segment offers biobanking, sample processing, and testing services for research and clinical trials; and contract research support services, including method validation and optimization, preparation of information for FDA submissions, and test kit production in molecular biology, virology, and biochemistry. This segment serves the government and academic institutions, IVD manufacturers, and pharmaceutical and biotechnology companies. SeraCare Life Sciences sells its products through direct sales force and independent distributors primarily in the United States, Europe, and Asia. SeraCare Life Sciences was spun out as a separate company

in September 2001 upon the acquisition of SeraCare Inc. by Instituto Grifols, S.A. and is headquartered in Milford, Massachusetts.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Ms. Vogt, what attracted you to SeraCare Life Sciences?

Ms. Vogt: When I joined SeraCare Life Sciences it was in a turnaround situation. The company had gotten itself into trouble, and as a result had entered into bankruptcy and had been de-listed from Nasdaq. But what I saw was that despite those short term obstacles, although they were significant, there was a strong underlying business with good products, strong customer relationships, and good people in the organization. Therefore, there was an opportunity to give SeraCare a new future. That really was what attracted me. It was an opportunity to do something that was transformational. SeraCare was a company that needed leadership. It was at a moment in time when there was a lot to be done, but I knew that I could come in and have a big impact.

CEOCFO: How has SeraCare changed under your leadership?

Ms. Vogt: We just completed six consecutive quarters of profitability. Our revenue last year, fiscal year of 2010, grew sixteen percent. We were extremely profitable, we generated positive cash flow, and we are debt free, so we're really on track now to drive growth going forward. Since I joined the company, we've gone through what I would describe as the first two phases of our turnaround

plan. The first phase was getting through the near-term hurdles of getting recapitalized to come out of bankruptcy, getting our financial house in order and regaining our listing on Nasdaq. The second phase was to restructure and streamline the operations of the company in order to regain profitability and to strengthen our balance sheet, which we did during 2009 and then consolidated that success during 2010. Today, we are positioned now to drive significant growth going forward. Our stated goal is to double our revenues over the next three to four years through a combination of organic growth as well as "bolt-on" acquisitions, and I believe that where we sit today, we have both the organizational as well as the financial wherewithal to execute on that strategy.

CEO CFO: SeraCare is creating a world of solutions for a world of needs; what is your focus?

Ms. Vogt: SeraCare provides products and services that facilitate the development and manufacturing and delivery of diagnostics and therapeutics. We have biological reagents that are used in the manufacturing of diagnostic products as well as used as controls and in using those diagnostics. We also have products that are used in the development of therapeutics; particularly those that are reliant on immune response monitoring. We also have an extensive service capability that includes our bio-repository where we store and manage clinical specimens for both our commercial as well as our government customers. These are clinical specimens that are used as part of either research or clinical trial.

CEO CFO: How does it breakdown between the two segments and do you see a change, or would you like to see a change?

Ms. Vogt: That's a good question. About 70% of our revenues came from products and about 30% from Services this past year. We just had a huge surge in our services last year, but over time our growth should be

coming from the products side. That is really where our focus is and where our investment resources are going. The services are important as a supplement to our products, but we expect the growth to come from the products side over the long term.

CEO CFO: Are your products unique to SeraCare and why are people choosing to use your products as opposed to others?

Ms. Vogt: SeraCare is known for quality, and where we are operating is a very specific niche market. There are other companies that have the capability to do what we do, but what SeraCare really excels at is in wrapping around our offering the quality systems which provide consistency and traceability, which is important to

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both the pharmaceutical and the diagnostic manufacturer. Our strength is based not only on our expertise in what we're doing, but the level of quality at which we execute. That is really how we are differentiated. We are certainly not the low cost provider. We compete on the basis of capability and quality.

CEO CFO: How do you maintain that quality?

Ms. Vogt: We have extensive quality systems. We invest in quality, but, probably more importantly is we drive a quality culture. Everybody in the organization understands their role as part of delivering that quality and the company takes pride on being best in class at what we do. We have a tag line that we use which is "Quality is in our blood". Everybody is responsible for quality, not only in terms of our

systems, we are ISO certified, we are audited by the FDA, we follow GMP, but more importantly, it's the individual ownership that everybody takes for quality.

CEO CFO: How often do you change the mix of what's available?

Ms. Vogt: We have a continuous pipeline of new products that we bring to market. These are generally extensions of what we are already doing, although we have had a few of what would be considered for us a breakthrough. We have a goal in fiscal 2011 to deliver at least fourteen new products, and we have already in our 1st Quarter launched four or five new products. Therefore, we are on track to meet that goal.

CEO CFO: How do you decide what to work on?

Ms. Vogt: We use a portfolio management process and also a stage gate process. We evaluate the opportunity, what the investment is, what the timeline to develop the product is, and then we make choices about which programs we are going to fund, at least through the initial feasibility phases. Then we use a stage gate process to make a "go - no go" decision at each of the major development milestones.

CEO CFO: Do you tend to work with customers on a project by project basis, or are there people that come to you on a regular basis as their regular supplier?

Ms. Vogt: Probably the largest part of our revenue is from repeat customers. A lot of what we do is actually custom. We do a lot of custom manufacturing of products, which may be derivatives of what our standard offering is. We may provide a bulk reagent, which has slightly different specifications that are unique to an individual customer, so as a result we tend to have repeat customers that are buying on a continuous basis. Some of the work we do is project oriented, particularly on the services side where a project has a beginning and an end. Other products that we sell are used by our

customers on a project basis, so they may buy them once or twice, but not be a continuing purchase. However, the majority of our revenues are almost an annuity. People use our products on a continuing basis. They have a regular recurring need for them.

CEO CFO: How do you reach your customers?

Ms. Vogt: SeraCare has a good reputation and is known in this space. However, there are still plenty of customers that don't know us. We have a direct sales force in the United States, and we use a combination of direct and distribution outside the U.S. We do some advertising; we have invested in our website, which has a high level of content. It also has some product selectors on it so that people can come to the website and put in what they need and see if we have what they're looking for. But reaching new customers is an area that I believe we can continue to improve on.

CEO CFO: Would you give us a little bit more about how you?

Ms. Vogt: What we are supplying is generally associated with biological material. A researcher may have a unique need and they may be looking for, as an example, a PBMC, which is a Peripheral Blood Mononuclear Cell, from somebody that has a particular disease state. They could go on our website and use the product selector to see if we have something like that

available, which would be a very, very specific need unique to that customer. In other cases, we supply very standard products. As an example, we sell controls that are used for diagnostic testing. Again, depending on what instrument platform somebody is using, they might go onto our website and determine which would be the right control for them to use and, they could use the product selector to do that.

CEO CFO: Is the investment community starting to pay attention?

Ms. Vogt: We're still a little bit of an "unknown gem", but we do have three analysts that cover us. Two of them just started covering us during the last fiscal year, so we feel pretty good about the fact that we've been able to attract analyst coverage, even though we are a relatively small company. That being said, we are still fairly thinly traded, so becoming better known and having a broader investor base is certainly one of our goals.

CEO CFO: Make the case for potential investors; what should they expect from SeraCare Life Sciences and what might they miss that they should understand?

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or any one drug to be successful in order for us to generate revenues. Our products are used broadly in the industry by those types of customers, so we are a way of playing in the biotech and diagnostic space without all of the risk associated with investing in a company that is dependent on the success of a single product. We also have a strong track record of executing on what we say we're going to do. The results over the last few years have demonstrated that we have a very efficiently run, although diversified, business and that we're able to adapt and execute on our goals under challenging circumstances. That speaks well for the entire management team in terms of what we have been able to accomplish thus far.

CEO CFO: Final thoughts, what should people remember most about SeraCare Life Sciences?

Ms. Vogt: We are now entering into the third phase of our turnaround strategy. We are focused on doubling our revenues over the next three or four years, which we expect to do through a combination of organic growth as well as M&A. I am excited about this next phase and pleased with where we have come thus far, but I'm probably more excited about where we're headed over the next few years.



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