



CASE STUDY

Exact Sciences



MOLECULAR DIAGNOSTICS COMPANY SUCCEEDS AND EXPANDS IN WISCONSIN®

Established in Boston in 1995, Exact Sciences, a molecular diagnostics company, set out with a mission: to help eradicate colon cancer, the most preventable, yet least prevented form of cancer. To do this, the company focused on developing better screening methods for the early detection of colorectal cancer.

But more than a decade into its research, development and testing phase, Exact Sciences still had no convincing clinical trial data to support a market-ready diagnostic test. And worse yet, the publicly-traded company was down to its last \$30 million (of \$200 million in investment funds) and its stock had slipped from \$14 to less than \$1. Realizing they needed a new business strategy to deliver an effective colon cancer screening tool to market, Exact Sciences board members decided to bring in a new leadership team. In 2009, CEO Kevin Conroy was selected, along with Chief Operating Officer Maneesh Arora, to lead the company's turnaround.

Conroy and Arora, who had previously led a Madison, Wis.-based biotech company, decided to relocate the Exact Sciences headquarters to the world-class university town. Home to the University of Wisconsin-Madison, which raises more than \$1 billion annually in scientific research funding, Conroy and Arora knew the city would provide them access to qualified talent and experts in DNA research to assist with product development.

"We moved Exact Sciences to Madison because of the state's qualified, dedicated workers and access to top universities to recruit talent," said Conroy. "We have phenomenally talented scientists who are graduating every year from UW-Madison."

In the summer of 2009, the company hired Chief Science Officer Graham Lidgard to lead research and development efforts. With the core team in place and a new partnership with Mayo Clinic, Exact Sciences quickly got to work on a plan to execute its mission of eradicating colon cancer.

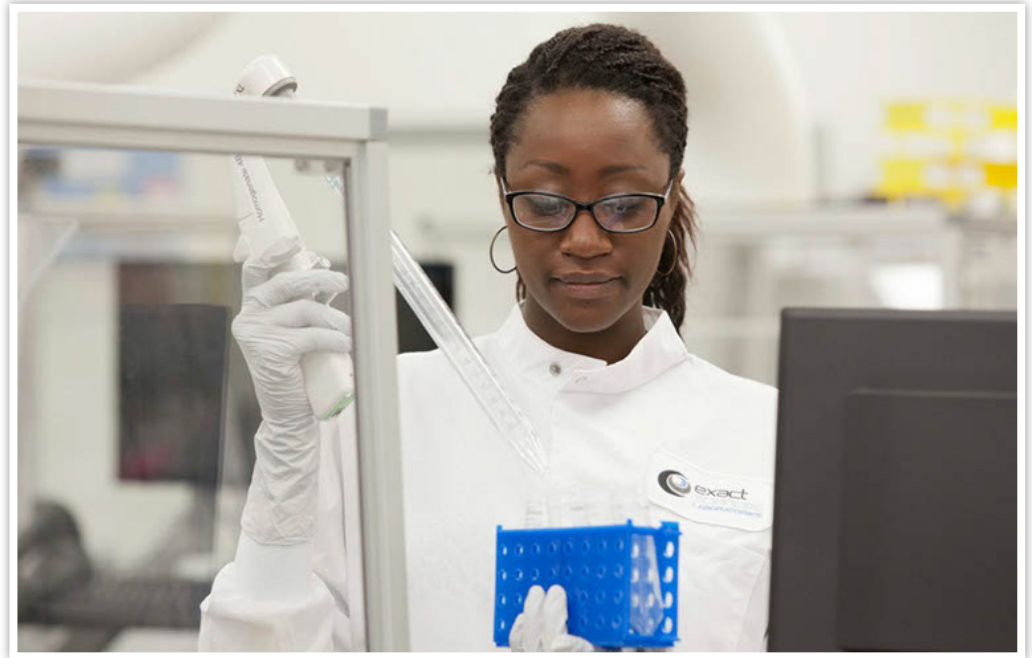


BUSINESS NEED

Five years after relocating to Madison, Exact Sciences had developed and received FDA approval for Cologuard, the first noninvasive screening test for colorectal cancer that analyzes both stool DNA and blood biomarkers. In its clinical test, Cologuard was proven to find 92 percent of cancers and 69 percent of the most advanced precancerous polyps in average-risk patients. Backed by this *New England Journal of Medicine*-published data the, Cologuard received FDA approval and, for the first time in the U.S., a simultaneous national coverage decision from the Centers for Medicare and Medicaid Services (CMS). The at-home test is now available by prescription through health care providers and is covered by Medicare as an alternative colon cancer screening option for people over the age of 50 who are at risk for America's second deadliest form of cancer. With more than 80 million Americans eligible to take the test, Cologuard represents a \$3 billion market opportunity, according to Wall Street forecasts.

Along with the success of Cologuard has come a rapid expansion for Exact Sciences. In just six short years, the company grew from three employees in a single office space to a team of more than 450, located in four buildings throughout Madison. Locally, Exact Sciences is expected to expand to a team of more than 700 during the next few years, with increasing lab and call center staff.

Additionally in 2015, Exact Sciences announced its intention of developing and commercializing a blood-based test for the early detection of lung cancer. This new, groundbreaking blood test would allow health care professionals to screen millions of Americans, including high-risk smokers and former smokers.



With an expected increase in the use of Cologuard as an alternative to a colonoscopy and a need for more researchers to help develop and commercialize diagnostic tests for lung cancer screening, Conroy and fellow Exact Sciences leaders determined an expanded facility would help accommodate and maximize this growth. An expansion would enable Exact Sciences to hire additional employees to keep up with industry demand for its products.

SOLUTION

After working closely with state, local and University of Wisconsin-Madison officials, Exact Sciences announced a goal of expanding its headquarters at University Research Park. The company aims to develop a biotech campus that extends its existing operations and research and development facilities, while retaining access to and grooming top talent from the UW System.

Throughout the decision-making process, Exact Sciences collaborated with the Wisconsin Economic Development Corporation (WEDC) to help grow their footprint in the state. The company is planning to create 750 new jobs and make \$26 million in capital investment, and WEDC has authorized up to \$9 million in tax credits for the project through 2020. The actual amount of credits Exact Sciences will receive is contingent upon the number of jobs created and the actual level of capital investment. “This agreement underscores our commitment to expanding in Wisconsin as we develop new tests that can help eradicate the deadliest forms of cancer,” Conroy said. “WEDC is offering another incentive to continue growing our team in the state.”

“WEDC is pleased to have been able to play a key role in helping secure Exact Sciences’ future in Dane County,” said Mark R. Hogan, secretary and CEO of WEDC. “This is great news for the region and the entire state because it will result in the creation of hundreds of family-supporting, high-tech jobs.”

For further assistance with the project, Exact Sciences worked closely with local officials and organizations throughout the City of Madison, including Madison Mayor Paul Soglin, the City Council’s Board of Estimates and the Madison Regional Economic Partnership. From the beginning, these groups supported the company’s expansion in Madison, which, along with job creation, is helping spur economic growth in the area.

When it comes to hiring additional staff to keep up with demand for its products, the company is working in collaboration with UW-Madison, the Department of Workforce Development (DWD), the Urban League of Greater Madison and other partners on job training initiatives. Currently more than 60 percent of Exact Sciences lab and research and development staff are recruited from the UW System.

“Consumer demand for Exact Sciences’ cutting-edge products is driving job growth and fueling Wisconsin’s economy,” DWD Secretary Reggie Newson said. “The Wisconsin Fast Forward worker training grant program will support the company’s development of customized workforce training solutions that cultivate high-skill talent.”

“Madison is a great place to live and it’s a great place to start a company. Quality of life is really high here, and Wisconsin is a great state to raise a family and send your kids to school in. I honestly wouldn’t want to be anywhere else with this business.”

—Kevin Conroy, CEO, Exact Sciences

SUCCESS

Exact Sciences' expanded headquarters in Wisconsin will enable the company to increase production of its cancer screening products, supporting its mission of eradicating colon cancer. Conroy believes the project will help efficiently bring the company's teams together, as well as retain recent UW-Madison graduates, while attracting new talent to the region.

"Offering the promising young talent we educate a reason to remain in Wisconsin will help bolster job growth, broaden the tax base and strengthen our economy," Conroy said. "This is an opportunity to work with the city, build on our current footprint in Madison and partner with the University to continue grooming its aspiring talent."

Since Exact Sciences relocated to Wisconsin in 2009, the company has never looked back. And by working collaboratively with WEDC and local officials, Exact Sciences is able to expand its business in the state and continue progressing toward its goal of eradicating colon cancer.

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The Wisconsin Economic Development Corporation, the state's lead economic development agency, partners with a network of more than 600 regional and local entities to help businesses start, grow and locate in Wisconsin.



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