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How This CEO Consumerized Cancer Diagnostics Into A $13B Enterprise

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Exact Sciences' (NDAQ: EXAS) history is a tale of two halves. Founded in 1995 in Marlborough, Massachusetts, "Exact," as the company is known, went public in 2001 but struggled to find its footing, flirting with delisting. But the second half of the Exact story is a dramatically different one, and it begins in 2009 with Kevin Conroy's arrival, and the transformative journey - literally and figuratively - he has authored for Exact. From Marlborough to Madison, Wisconsin, and from the threat of delisting to a diagnostic powerhouse with a ~$13 billion market cap.

Behind that dramatic growth - 7,000% percent since Conroy's arrival - is a singular bet that Exact and Conroy placed on consumerization. A bet that has redefined Exact Sciences and its company trajectory, and that threatens to disrupt the business and practice of diagnostic testing far more broadly.

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Kevin Conroy, CEO and Chairman of Exact Sciences EXACT SCIENCES

A decade ago, and five years into Conroy's role as CEO, Exact Sciences commercialized Cologuard. But this was more than just a product launch.

Cologuard represented a major push by Exact Sciences to revolutionize early cancer detection, starting with one of the deadliest cancers. According to the American Cancer Society, colorectal cancer is the third-leading cause of cancer-related deaths in men, and the fourth-leading cause in women. Across all patients, colorectal cancer death is the second most common cause. And those numbers are increasing. A study from the American Cancer Society (ACS) shows the number of individuals in the United States diagnosed with advanced-stage colorectal cancer increased by 8% from the mid-2000s to 2019. And for those patients under 55 years of age? It has increased from 11% in 1995 to 20% in 2019. The ACS estimates 53,010 deaths due to colorectal cancer in 2024 alone.

Each of those deaths is personal. Conroy himself has seen multiple friends and family, including a childhood playmate, succumb to colorectal cancer. And the tragedy is that this type of cancer is readily treatable in most instances. But only if detected early. Enter Cologuard and Conroy, which have proved to be a near perfect pairing.

Kevin Conroy was well prepared to take the helm at Exact Sciences by 2009. A lawyer by training, Conroy came to Exact with a diverse background as an IP litigator, a startup operator, and an executive at GE Healthcare and Third Wave Technologies, which was acquired by Hologic HOLX (NDAQ: HOLX). He was also steeped in the policy and politics of healthcare, thanks to his father Joe Conroy, who served as a state senator and a representative in Michigan for more than two decades. “I always had a deep passion and interest in science,” reflects Conroy. “Visiting my mother who ran nursing at a hospital in Flint, Michigan, exposed me to healthcare at a young age. I considered pursuing a life in public service, but recognized there could be many ways for me to have an impact.”

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While Conroy credits his time in law school for his analytical skills, and his upbringing for his exposure to healthcare, he emphasizes the mix of luck, curiosity, and a willingness to risk failure that pushed him to pursue what was, at the time, a very risky CEO role at Exact. “I’ve always had an endless curiosity and a strong desire to succeed, regardless of the amount of failure faced. There were a lot of things that had to go right for Exact Sciences to have the impact it’s having,” admits Conroy. “But you could see that the potential for success - and the need - were both obviously there. And that’s what I bet on.”

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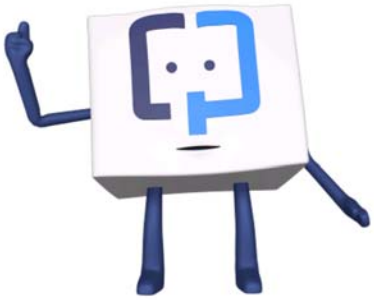
After Conroy’s arrival, Exact set out to develop and launch Cologuard, following a playbook that looks familiar in many respects. Large clinical trials and key academic and research partnerships, in this case with the Mayo Clinic. But Exact and Conroy also bet big on an additional factor, one that certainly at the time - and still largely to this day - is absent from most diagnostic testing commercialization playbooks: consumerization.

Exact Science' innovative approach to consumerization is vividly embodied in their creation of "Little CG," the mascot for Cologuard. This move is a standout example of the company's commitment to making diagnostics more accessible and less intimidating to the general public. In an industry often characterized by complex jargon and impersonal communication, the introduction of a friendly, relatable mason to represent a colorectal screening test is a refreshing departure from the norm. It not only demystifies the screening process but also fosters a more approachable and engaging relationship with consumers.



Little CG, Cologuard's famous mascot EXACT SCIENCES

In addition to the creation of a mascot, the sponsorship of a golf tournament by a diagnostic product, as seen with the Cologuard Classic, represents a groundbreaking approach in the intersection healthcare and sports marketing. Traditionally, sports sponsorships have been the domain of consumer goods, automotive brands, and financial services, among others. Jerry Kelly, an American professional golfer in the PGA Tour inspired Conroy to launch the Cologuard Classic. "I'll never forget a conversation where Jerry told me to send a JPEG of our Cologuard logo. He never told me why but just told me to send it. Next thing, I see Jerry on TV wearing the Cologuard logo on his shirt. He didn't ask for anything! He just did it voluntarily. He wore it for the rest of the season," said Conroy enthusiastically. The next season, after agreeing to wear Cologuard on his hat, Kelly surprised Conroy at Exact's headquarters with the commissioner of the champions tour. "Weeks before what would become the Cologuard

Cologuard Classic Logo EXACT SCIENCES

Classic, Jerry and the commissioner pitched the idea. They said it's the start of colon cancer awareness month, we think we can do something big, and we don't have a sponsor. An hour later, they had a sponsor," smiled Conroy. After the Cologuard Classic, Exact had a peak for all time searches.

But Conroy's push to consumerize Cologuard was not without its skeptics, including internally. In order to convince Exact Sciences's Board that such a novel commercial approach was worth taking, Conroy pointed to Digene (NYSE: QGEN), a diagnostic company that had previously launched a diagnostic test for HPV. "Digene ran TV commercials and radio ads in a dozen markets and saw a massive uptick in HPV tests," says Conroy. "We watched that at Third Wave Technologies and learned from it. It was always in the back of our minds that we were going to educate consumers directly, so they can speak to their doctors who are busy and often have a lot on their minds."

So Exact adopted a similar strategy, running direct-to-consumer (DTC) marketing tests in five cities shortly after Cologuard's launch. "We ran targeted TV commercials in these five markets and compared them to the five control markets. These markets grew cumulatively 10% per week over the five control markets. After 9 weeks, we were up 100% compared to the control markets." Concludes Conroy: "The Board - and our investors - did not need more proof than that in order for us to really ramp up investment in DTC - $28 million in 2016."

While many life science manufacturers are willing to innovate and take risk on the development of new drugs and diagnostics, few are willing to risk the sort of innovation - and potential failure - that Exact and Conroy pursued by making a direct-to-consumer approach such a central part of Cologuard's commercial strategy. But Cologuard's success demonstrates the upside of taking deeply analyzed bets with conviction, especially when you're going against the common thread of what commercial tactics worked best previously for the life science industry.

Highlighting Exact Sciences' significant role in the diagnostics arena, the **Saturday Night Live video below** exemplifies Cologuard's widespread acceptance and underscores its success in resonating with mainstream audiences:

To be clear, Conroy and Exact have not relied solely - or even primarily - on DTC tactics to turn Cologuard into a powerhouse. Their playbook has included more traditional elements, including innovation, discipline, and grit, that have led to Cologuard achieving adoption by more than 10 million patients over the past decade. “Getting into the clinical guidelines required an immense amount of effort,” points out Conroy. “To get to over 10 million patients, you needed to: (1) get into the USPSTF Colorectal Cancer Screening Guidelines guidelines (2) have broad insurance coverage, and (3) educate 100 million patients and 300,000 doctors. This requires enormous and sustained effort.”

That effort has borne fruit. Conroy proudly notes that "Cologuard is now widely used by primary care physicians across the country as a primary screening test." He highlights the critical role of R&D in developing innovative diagnostics but underscores that their true effectiveness relies on

"the awareness and engagement of both physicians and patients with these technologies."

The same mix of experience, risk-taking, and grit that helped Conroy and Exact launch Cologuard with an unconventional, consumer-oriented strategy, have also served as the foundation for a diagnostic company that has grown rapidly, and is poised to continue on a trajectory of further growth and innovation. Under Conroy's guidance, Exact Sciences has defied the odds, scaling from 150 to ~6,500 employees—a feat many companies aspire to but seldom achieve.

"When I started with the company, we were a small team navigating the 2009 financial crisis. Raising capital was a real challenge, and the science behind what became Cologuard was unproven. Bringing on great people with grit helped us overcome a lot of the unpredictable challenges. And regardless of how the company evolved, our curiosity had to remain very high," says Conroy.

Where many companies stumble by expanding too rapidly and diversifying prematurely, Conroy's determined focus on achieving end-to-end success with Cologuard has built a strong foundation from which to propel Exact to further and sustained growth. "The rigor and discipline we've applied to launching Cologuard, and to ensuring that it is and stays successful, is what fuels the engine that allows us to invest in innovation. It's the power of discipline and innovation. You have to create an organization that deeply believes in both," Conroy emphasizes.

Understanding the importance and functionality of diagnostics is essential for everyone, regardless of health literacy, medical expertise, or demographics, to make informed health decisions. The full potential of diagnostic tools can only be unlocked when both patients and healthcare providers recognize their benefits.

Everett Cunningham, Exact Sciences' Chief Commercial Officer, highlights the significance of making diagnostics more consumer-friendly and accessible. "Beyond traditional education methods, we're exploring next-generation marketing, customer experience, innovation, and technology to simplify access and use," says Cunningham. Cunningham's team is innovating beyond conventional healthcare delivery models to enhance patient access.

Everett Cunningham, Chief Commercial Officer at Exact Sciences EXACT SCIENCES

"We're committed to improving access by meeting patients where they are, ensuring that factors like socioeconomic status or demographics don't hinder care. This means reaching out to patients in their homes, on their phones, and through easier access via payers, overcoming obstacles such as lack of transportation or access to clinics," Cunningham emphasizes. "Our goal is to find ways to make healthcare more convenient for our customers."

For Conroy, Cunningham, and Exact, as they continue Cologuard's commercial journey, and expand the company into other diagnostic categories, one point of continued emphasis is reducing the friction in the customer experience (CX). Because even for a company that has bet big on the consumer, there is still plenty of room to grow in providing the sort of friction-free, user-friendly experience that is so common in other areas of life, yet remains so foreign across almost every inch of the healthcare landscape. Notes Conroy: "How we make the delivery of preventative care as frictionless as possible is one of the areas most intriguing to me. Exact is working to make it incredibly easy for customers to order a Cologuard test, and then building off that experience to make it easier for tens of millions of people to then be prompted with getting tested

for hereditary caused diseases such as cancer, neurologic, cardiovascular disease, and more. But we still have a lot of work to do in this area."

To meet this need, Conroy and Cunningham have assembled a team of customer experience experts under the leadership of Mark Fallai.

Mark Fallai, VP of Customer Experience at Exact Sciences MARK FALLAI

"The goal of a customer experience in our field should be no different than any other best-in class consumer experience," stresses Fallai. "After all, the same patient who utilizes Cologuard also uses Apple products and the Amazon experience." Fallai brings a background in design to the challenge, and is focused on the importance of design in shaping patient and consumer journeys. "We strive to create experiences that are straightforward and effortless. This method conveys to our patients that we value their time, preferences, and unique situations, thereby building trust," promises Fallai. "Trust, fostered by simplicity, ease, and intentional design, motivates action."

Exact Sciences is strategically capitalizing on Cologuard's success to significantly expand its presence in the competitive cancer diagnostics market. The company has broadened its portfolio through the acquisition of over ten companies, such as Genomic Health, Thrive, Prevention Genetics, Ashion, and Biomatrica, enhancing its offerings. Currently, Exact boasts an impressive pipeline that includes tests for early multi-cancer detection and molecular residual disease.

Jake Orville, a seasoned executive in the diagnostics industry who previously sold Cleveland HeartLab to Quest Diagnostics and now serves as the General Manager for Screening at Exact Sciences, emphasizes the importance of evolving Cologuard with advancements like Cologuard Plus,

Jake Orville, General Manager for Screening at Exact Sciences EXACT SCIENCES

and beyond. Orville shares his enthusiasm for the broader implications of Exact's work, stating, "as great as Cologuard is, it's really a warm up for what we can do in multi-cancer. I'm still amazed that 70% of the cancers that will be diagnosed this year don't have a guideline recommended screening option." His statement highlights the company's ambition to bring its innovative approach to the vast majority of cancers that currently lack screening protocols, reflecting a profound commitment to transforming cancer diagnostics.

In the end, for Conroy, Cunningham, Orville, Fallai, and the Exact Sciences team, all of the work is reduced to a single goal: "We want to be able to help prevent and detect cancer as early as possible, even in a pre-cancer state, so that we can guide and support the treatment of it." Simply stated, and incredibly ambitious, Conroy and his team continue to drive forward toward that mission each and every day.

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As a disclosure, I'm the Co-Founder and CEO of Ostro. Ostro works with a variety of life science manufacturers on AI-driven commercialization solutions for HCPs and patients.

Chase Feiger, M.D.

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