

OncoCyte eyeing more tuck-ins as it grows cancer diagnostic portfolio, CEO says
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by Claire Rychlewski in Chicago

OncoCyte Corporation [NYSE American:OCX], a developer of tests for early detection of cancer, is on the lookout to acquire additional diagnostics assets to build out its portfolio, said CEO Ronnie Andrews.

The Alameda, California-based company, which acquired Razor Genomics this month, is seeking pre-revenue entities with cancer detection tests close to commercialization, said Andrews.

Andrews joined OncoCyte as CEO in July, coming from a career in both leading and consulting for diagnostics companies.

"VCs have a bit of an allergy toward those [pre-revenue diagnostics companies]," said Andrews. "We have a channel and can de-risk commercialization based on reimbursement. So our goal is to work with founder-scientists and say, we have a way for you to participate in the upside and not get pushed out by VCs."

OncoCyte paid USD 10m in cash to acquire a 25% stake in Razor, with rights to acquire the remainder at a later date.

Razor's diagnostic, which helps to identify lung cancer patients with high risk of recurrence, has a reimbursement recommendation from the Centers for Medicaid and Medicare Services (CMS), the CEO said. OncoCyte intends to launch the Razor test in the immediate-term, he added.

OncoCyte is also focused on moving its proprietary DetermaVu test through Clinical Laboratory Improvement Amendments (CLIA) validation in order to obtain CMS reimbursement, Andrews said. OncoCyte will submit DetermaVu for CMS reimbursement in 2H20, Andrews said. DetermaVu is a liquid biopsy test to identify suspicious lung nodules.

The company may seek a "larger, more brand name" accounting firm with experience in laboratory billing collections to audit OncoCyte, particularly as it moves through the clinical validation and reimbursement submission process, said Andrews.

"We want [a firm] who would understand accrual accounting and how payors work," said Andrews. DLA Piper is the company's lawyer.

While DetermaVu and Razor's test are both focused on detecting lung cancer, Andrews said he sees "plenty of opportunities across all solid tumors."

"We know our tech can be used for other tumor types, and we want to play that out after we take the lung cancer beachhead," Andrews said.

OncoCyte could explore partnering with or licensing its technology to strategics focused on different kinds of cancer, he said. Andrews cited ovarian and pancreatic cancer, both of which can often be asymptomatic, as particular areas of interest for early detection.

This strategy contrasts that of OncoCyte competitor Biodesix, which is pointedly avoiding expanding its diagnostic capabilities beyond lung cancer, as COO Scott Hutton told this news service in July.

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“I’m a firm believer, having run large companies and some startups, that [generating] an overwhelming force in a narrowly-focused market is how small companies build their revenue base—then we partner out to someone in a different disease area, or build that ourselves,” Andrews said.

OncoCyte was spun out of former parent company **BioTime** in 2016. The company’s shares were recently trading at USD 2.05, giving it a market cap of USD 106m.

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