

Cologuard Case Study

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Background

Colorectal cancer (CRC) is the [second leading](#) cause of cancer death in the U.S. The American Cancer Society estimates that over 50,000 people will die from it this year. It is arguably the most preventable of cancers with procedures like a colonoscopy and screenings like Cologuard widely available and effective.

Cologuard was brought to market a decade ago and has detected 623,000 cancers and precancers across [16 million screenings](#).

Executive Summary

Cologuard is estimated to have a 20% market share within the \$8b CRC screening market. While there are competitors in the space such as FOBT tests, it appears the biggest competitor is inertia: people who are eligible for CRC screening but for a variety of reasons, do not take such a screening.

Cologuard also has an opportunity to **leverage its customer distribution by expanding its product offering to include microbiome testing and analysis**, even if such testing is not immediately reimbursable by insurance.

[Viome](#) is a \$100m+ revenue business that analyzes gut microbiome health from at-home stool testings. People pay \$279 out-of-pocket for this test.

Can Cologuard use the same stool sample they are already collecting to screen for CRC to also analyze the health of someone's gut microbiome? This increases the lifetime value of each customer to Cologuard and increases the value provided.

Market Size and Cologuard Market Share

There are 110 million Americans between the ages 45 and 75. [60 million](#) of such Americans are behind on CRC screening, of which the American Cancer Society recommends testing [once every three years](#). From a TAM perspective, Cologuard could screen 20 million Americans every year.

In the [second quarter of 2024](#), Exact Sciences reported:

- Screening revenue of \$532m across 1 million Cologuard screenings
- Screening revenue is comprised of Cologuard and PreventionGenetics¹

If we assume \$400m of screening revenue comes from Cologuard (76%), then the revenue per screening is \$400 (\$400m / 1m screenings). Extrapolating the \$400m in quarterly revenue results in annual Cologuard revenues of \$1.6b.

This results in a 20% market share in the estimated \$8b CRC Screening market.

	Product Penetration / Market Share				
	Today	Future			
	20%	25%	50%	75%	100%
Screenings / Year	4m	5m	10m	15m	20m
Price / Screening	\$400	\$400	\$400	\$400	\$400
Cologuard Rev.	\$1.6b	\$2b	\$4b	\$6b	\$8b

Growth Opportunity: Leverage Distribution to Upsell Customers

Cologuard has distribution and brand awareness with millions of Americans that have taken the Cologuard screening. The question turns to **whether Cologuard can offer additional value to these customers beyond the current test?**

Cologuard should consider expanding its product offering to include microbiome testing and analysis. This pushes Exact Sciences into more of a consumer-facing brand.

Such a move aligns well with Andreessen Horowitz's [2022 thought leadership piece](#) stating they believe **the biggest company in the world will be a consumer health tech company.**

¹ Exact Sciences [purchased PreventionGenetics in 2022](#) for \$190m at a time when PreventionGenetics' 2021 revenues were \$36m (5.3x revenue multiple)

They argue that this company won't be a consumer tech company like Apple, Meta, Google, or Amazon (based on lack of core competency) nor will it be a healthcare incumbent like United Healthcare (lack of consumer engagement; NPS of 4 out of 100). Considering a16z is a VC, they of course argue that the biggest healthcare company in the world is currently a startup, one that they are funding.

But, why can't an existing healthcare company expand its product offerings beyond what insurance pays for today? There are market tailwinds that suggest an existing player may be wise to do so.

Health tech startups like Oura Ring, Whoop, Levels, Function Health and 8 Sleep all generate tens of millions to hundreds of millions in revenue every year from customers that are not seeking insurance reimbursement.

[Viome](#) is the best comparison to what Cologuard could offer in the future. Viome offers at-home stool testings, priced at \$279, that analyze gut microbiome health. Viome then offers probiotics and other products based on their test results. Viome has sold 500,000 stool sampling tests to date. **500,000 people have paid \$279 out of pocket (\$140m in revenue for Viome)** for this test and information.

Cologuard already collects stool samples from millions of Americans, providing a distribution edge over Viome. Can Cologuard use the same stool sample to analyze gut microbiome health? Insurance may not cover this today, but it could be offered as an add-on, **allowing Cologuard to establish a direct relationship with the person and increase value services to patients.**

If 20% of the 4 million people that take a Cologuard screening every year pay for the microbiome test, **Cologuard will generate an additional \$223m**, a 14% increase from today's revenues.

	Company		
	Viome	Cologuard	
	Microbiome Test	CRC Screening	Microbiome Test
Customers	500k	4m	800k (20%)
Price / Test	\$279	\$400	\$279
Revenue	\$140m	\$1.6b	\$223m