

**2006 Frost & Sullivan European
Competitive Strategy Leadership Award**
Award Recipient: GeneGo Inc.

2006

FROST & SULLIVAN

Competitive Strategy Leadership Award

AWARD DESCRIPTION

The Frost & Sullivan Award for Competitive Strategy Leadership is presented to a company whose competitive strategy has yielded significant gains in market share during the research period. Often, the recognised company has taken advantage of recent market changes that facilitate the introduction of never-before seen methods of capturing and solidifying market presence. Alternatively, the Award recipient may have executed an innovative strategy within the existing competitive landscape, empowering the company to overtake the competition. In either case, the company captures the attention of the competition, which quickly adjusts in order to protect its own market position. Frost & Sullivan analysts expect such innovations to produce lasting, precedent-setting trends in the industry.

RESEARCH METHODOLOGY

In order to select the Award recipient, analysts quantify several market factors for each market participant according to predetermined criteria. The research process includes interviews with industry experts, industry participants, and end-users, as well as extensive secondary data research. Formulated criteria determine industry rankings. The Award recipient is ranked number one among all industry participants.

MEASUREMENT CRITERIA

In addition to the methodology described above, specific criteria are used to determine the final rankings of industry competitors. The recipient of the Award has excelled based on one or more of the following:

- Percent growth in revenue
- Degree of strategy innovation
- Successful alliances, mergers, and acquisitions
- Market share growth
- Mind share growth
- Correlation between revenues and investment
- Penetration rate of new markets
- Organisational restructuring



The 2006 Frost & Sullivan Award for Competitive Strategy Leadership in the European bioinformatics market is presented to GeneGo Inc. GeneGo Inc. has excelled in its competitive approach to the bioinformatics market because of its unique position as a company that is attractive not just in terms of profitability and sustained commercial viability but also because of its technical strength. The company demonstrates clarity in its understanding of the scientific community and their needs and has trained its strategic focus on areas of high growth potential.

Company Overview

GeneGo was founded in 2000 by Dr. Tatiana Nikolskaya who was then a wet lab molecular biologist at the University of Chicago. At present, the company's team features over 100 biologists, chemists, M.D.'s and software developers. The company headquarters are located at St. Joseph, Michigan. GeneGo has business offices in San Diego, CA, Paris, France and it has a research facility in Moscow, Russia.

GeneGo develops tools for integration and systems level analysis of high-throughput experimental data in human biology and medicinal chemistry.

GeneGo's products include:

- **MetaCore™** - GeneGo's flagship product is MetaCore™. It is designed to assist scientists in drug target selection, validation, and identification of molecular biomarkers for disease states. MetaCore™ is an integrated analytical suite with intuitive interface, data parsers, visualisation tools and flexible network building algorithms. MetaCore™ has utility in the functional analysis of microarrays, SAGE, proteomics as well as other experimental data.
- **MetaBase™** - Offers direct access to GeneGo's manually curated databases on human biology in normal vis-a-vis disease states.
- **MetaDrug™** - GeneGo's MetaDrug™ systems pharmacology platform deals with prediction of human metabolism and toxicity of novel small molecules and compounds. This is offered through licensing models that enable users to add their own proprietary data.
- **MapEditor™** - Provides the ability to draw pathway maps from scratch, convert a network to a map or make changes to GeneGo's proprietary maps using the MetaCore back end database.
- **MetaLink™** - Allows researchers to overlay their own interaction data on top of GeneGo's manually curated pathway networks.

GeneGo also offers contract research services applying its core Systems Reconstruction™ technology. It offers bioinformatics contracts involving the

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creation of functional models of tissues and diseases of human and other higher organisms that address customer interests.

The GeneGo customer base includes many of the largest pharmaceutical companies and leading university laboratories.

GeneGo's proprietary SR (Systems Reconstruction) technology awaits a patent from the USPTO which is likely to be processed within 8 months to a year. This technology forms the foundation of the company's flagship product which is an analytical systems biology suite. GeneGo is innovative in its approach and the functional reconstruction idea that the company is working on itself represents a relatively novel approach in the bioinformatics market. The company's tools include a functional modelling of human-specific biochemical pathways. GeneGo wishes to be an active participant mainly in the applications area by providing a positive scientific and commercial platform for genomic research through the designing of novel products, processes and services.

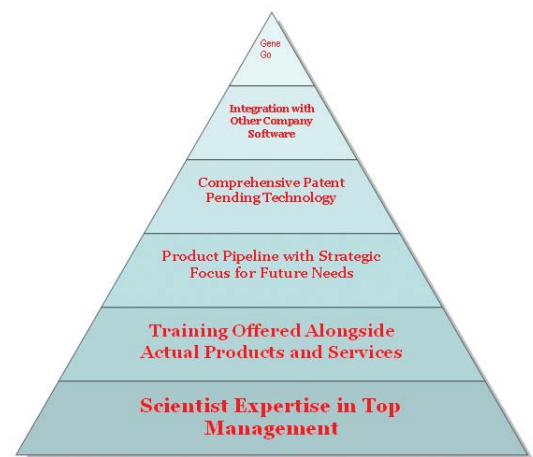
GeneGo enjoys the patronage of hundreds of distinct clients. It is worth noting that their client base spans the globe with companies not just from the US but from Europe, the Asia Pacific and Australia as well. In Asia, its products are marketed through distributors in Japan and Taiwan and the company also has a few client companies in Singapore. As part of its efforts to increase integration capabilities and smooth cross usage and compatibility with software tools built by other companies, GeneGo currently has between 12 to 15 collaborations in the pipeline. The company's rigorous efforts in validating its proprietary methodologies and establishing the soundness of its scientific principles is obvious through the 9 research grants that the company has been rewarded thus far. Not many other participants in the specialised 'systems biology' commercial undertaking field have been very successful in terms of validation, federal approval and recognition through grants. This is certainly a competitive edge that GeneGo has over other companies.

GeneGo is privately funded. It is a highly profitable company whose profits almost double annually. This is a considerable accomplishment for a company that was founded just over 5 years ago. Moreover, the company's future revenues are assured through the sizeable clientele that it has been able to develop within this short span. The year-on-year growth

achieved through additions to the number of customers has worked in favour of GeneGo and the company has gained forty new customers in the past year.

The executive leadership of the company being technically competent scientists themselves, GeneGo is a company that is ahead in terms of innovativeness and product quality. Traditional bioinformatics areas only serve life science studies in relation to proteins, genes and pathways. However, 'systems biology' is vast in its scope, both in regard to the depth of study possible as well as the reach. Here the entire system is considered at once and the possible areas served include the chemical industries as well. Elucidation is provided through these tools in diverse areas including metabolomics, toxicogenomics and signal transduction pathways.

Based on these factors, Frost and Sullivan selects GeneGo as the recipient of the 2006 Competitive Strategy Leadership Award in the European bioinformatics market.



Source: Frost and Sullivan

Chart I.1 Reasons for Strategic Competitive Leadership (Genego Inc.): Opportunities for European Bioinformatics Outsourcing Markets; (Europe) , 2005