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BLOOD GLUCOSE TESTING AND DIABETES MANAGEMENT *(SAMPLE COPY, NOT FOR RESALE)*

Trends, Industry Participants, Product Overviews and Market Drivers

TABLE OF CONTENTS

1.	Overview	9
1.1	Statement of Report	9
1.2	About this Report	9
1.3	Scope of the Report	11
1.4	Methodology	11
1.5	Executive Summary	12
2.	Diabetes	15
2.1	Demographics of Diabetes	17
2.1.1	Worldwide Diabetes Incidence	17
2.1.2	Diabetes in the U.S.	19
2.2	Economics of Diabetes	22
2.3	Understanding the Metabolic Conditions Underlying and Associated with Diabetes	31
2.3.1	Pre-Diabetes Syndrome	33
2.3.2	Metabolic Syndrome	33
2.3.3	Diabetes and Inflammation	33
2.3.4	Progression of Diabetes	33
2.3.5	Complications and Co-Morbidities in Type 2 Diabetes	34
2.3.6	Hypoglycemia and Treatment	36
2.3.7	Risk Factors and Diabetes	36
2.3.8	Cardiovascular Disease Facts	37
2.4	Glucose Control in Diabetic Patients	43
2.5	Tight Glucose Control in Treating Diabetes	44
2.6	Glucose Monitoring Devices	45
2.6.1	Key Issues Identified for Glucose Monitoring	45
2.6.2	Device Description	45
2.6.3	Precision	47
2.6.4	Limitations of Existing Glucose Monitoring Products	48
3.	Glucose Measurements	50
3.1	Glucose Monitoring Markets	50
3.1.1	Overview of Market Segments	50
3.1.1.1	Over-the-Counter (OTC) Self-Testing Glucose Market	52
3.1.1.2	Professional Glucose Testing Market	53
3.1.2	Market Analysis: Size, Growth, Share and Competitors	54
3.1.2.1	Worldwide Market	54
3.1.2.2	U.S. Market	56
3.1.2.3	European Market	59
3.1.2.4	Asian Market	60
3.2	Glucose Analytical Test Methods	74
3.2.1	Glucose Oxidase	74
3.2.2	Glucose Hexokinase	75
3.2.3	Glucose Dehydrogenase Pyrroloquinoline quinone (GDH-PQQ)	75
3.2.4	Amperometric Biosensors	76
3.2.5	Interfering Substances	76
3.2.6	Monitoring HbA1c Levels	77
3.2.7	Quality Control Criteria	77
3.3	Reagents and Equipment	77
3.3.1	Lancets	79
3.3.2	Blood Glucose Test Kit	87
3.3.3	Blood Glucose Monitor and Insulin Doser	89
3.3.4	Diabetes Tracking System	89
3.3.5	Blood Glucose Sensors	89
3.3.6	Blood Glucose Reagent Test Strips	92
3.3.7	Control Solutions and Calibrators	93
3.3.8	Sharps Devices	94
3.3.9	Needle Destruction Devices	94
3.3.10	Urine Strips	95
3.3.11	Blood Ketone Testing	96
3.3.12	Voice Operated Glucose Meters	97

3.4	Glucose Meters	100
3.4.1	LifeScan	100
3.4.2	Roche Accu-Chek	102
3.4.3	Bay er	104
3.4.4	Abbott	106
3.4.5	Acon Laboratories	109
3.4.6	Quest Diagnostics Company	109
3.4.7	Agamatrix	110
3.4.8	AiMedics	110
3.4.9	Apex Biotechnology	111
3.4.10	77 Elektronika	111
3.4.11	Arkray	111
3.4.12	Accurex	112
3.4.13	Axis-Shield	112
3.4.14	Home Diagnostics	112
3.4.15	H ypoguard	114
3.4.16	Metrika	115
3.4.17	Biopeak	115
3.4.18	BioTex	115
3.4.19	Integrity Applications	116
3.4.20	Calisto Medical	116
3.4.21	Allmedicus	117
3.4.22	Diabetech	117
3.4.23	Diagnostic Devices	118
3.4.24	DIRAmed	118
3.4.25	Entelos	118
3.4.26	Fifty 50 Pharmacy	119
3.4.27	Fluent Biomedical	119
3.4.28	GenExel-Sein	119
3.4.29	GlucoLight	119
3.4.30	GluMetrics	119
3.4.31	Glucoplus	120
3.4.32	GlySens	120
3.4.33	HMD BioMedical	120
3.4.34	InLight Solutions	120
3.4.35	Insulet	121
3.4.36	IntelliDx	121
3.4.37	Kumetrix	122
3.4.38	Lein Applied Diagnostics	122
3.4.39	Cholestech	123
3.4.40	LighTouch Medical	123
3.4.41	LG Electronics	123
3.4.42	Luminous Medical	123
3.4.43	Menarini Diagnostics	124
3.4.44	OrSense	124
3.4.45	Pelikan Technologies	125
3.4.46	Polymer Technology Systems	126
3.4.47	PreciSense	126
3.4.48	Sens ys Medical	126
3.4.49	Smiths Medical MD	127
3.4.50	TaiDoc Technology	127
3.4.51	U.S. Diagnostics	127
3.4.52	VeraLigh t	128
3.4.53	Zy vex	128
3.4.54	Health Hero Network	128
3.4.55	IN4 Technology	128
3.4.56	Nipro	129
3.4.57	Teco Diagnostics	129
3.4.58	Uchain Industrial	129
3.4.59	GlucoStats System	129
3.4.60	Sanko Junyaku	130
3.4.61	International Technidyne	130

3.4.62	Medtronic MiniMed	130
3.4.63	Diacare	130
3.4.64	Tyson Bioresearch	130
3.4.65	Bionime	130
3.4.66	Home Diagnostics	131
3.4.67	BTNX	132
3.5	Diagnosing Diabetes Using In Vitro Laboratory Tests	133
3.5.1	New Diagnostic Guidelines	133
3.5.2	Fasting Plasma Glucose (FPG) Test	133
3.5.3	Glucose Tolerance Test	134
3.5.4	Test for Glycosylated Hemoglobin	134
3.5.5	Fructosamine	135
3.5.6	Combined Self-Testing Glucose Monitor with Insulin Delivery	136
3.6	Continuous and Non-invasive Glucose Patient Monitoring	137
3.6.1	Medtronic MiniMed Continuous Glucose Monitoring System	146
3.6.2	Cygnus GlucoWatch Biographer	147
3.6.3	Abbott FreeStyle Continuous Glucose Monitor System	147
3.6.4	DexCom, Inc. STS Continuous Glucose Monitoring System	148
3.6.5	Echo Therapeutics	148
3.6.6	Sensors for Medicine and Science	148
3.6.7	New Developments in Glucose Monitors	149
3.6.8	Strategies for Developing Non-invasive Continuous Glucose Monitoring	150
3.7	Glycosylated Hemoglobin Glucose Monitoring	151
3.8	Clinical Laboratory Instruments	153
3.8.1	Ultra-Large Throughput Chemistry Analyzers Large-Throughput Analyzers	155
3.8.2	Large-Throughput Analyzers	157
3.8.3	Mid-Size Clinical Chemistry Analyzers	160
3.8.4	Chemistry Analyzers for the Small Volume Market	163
4.	Business Trends in Glucose Testing	167
4.1	Expanding Opportunities in Blood Glucose Monitoring Market	167
4.2	Home Diabetes Test Kits an Evolving Market	167
4.3	Competitive Strategies	168
4.4	Analyses of the Current Market Conditions, Competition and Product Mix	170
4.5	The New Paradigm	171
4.6	Mergers of Diagnostic Companies	171
4.7	Health Care Cost Controls	174
4.8	Competition for Services	174
4.9	Drivers of Clinical Glucose Testing	175
4.10	Confluence of New Technology	176
4.11	Trends in Reimbursement Practices	176
4.12	Managed Care	179
4.13	Changes in Patient Management	179
4.14	Satellite Facilities	180
4.15	Point-of-Care Testing	180
4.16	Regionalization of Laboratory Care	181
4.17	Drivers of the Point of Care Testing Sector	182
4.18	Diagnostic Testing Growth Trends	183
4.19	PIPE Financing	184
4.20	Brand Loyalty	184
4.21	Insurance Coverage a Key Factor	184
4.22	Medicare Coverage	184
4.23	Products at Competitive Price Points	184
4.24	Drugstores Critical to the Diabetic Care Category	184
4.25	Drugstore Chains Increasingly Running Diabetes Care Programs	185
4.26	Co-branding Strategies	185
5.	Important Technology Trends	186
5.1	Biosensor Technology	186
5.2	Data Management	190
5.2.1	Information Management Advances	192
5.2.2	Patient Care Information System Strategy	195

5.2.3	Connectivity Platforms	196	
5.2.3.1	DataLink Data Management System	197	
5.2.3.2	RALS-Plus	198	
5.2.3.3	LabPortal.com	200	
5.2.3.4	LifeScan Electronic Data Interfaces	200	
5.2.3.5	Computer Software for Home Glucose Meters	201	
5.2.3.6	Health Buddy Systems Monitoring Technologies	201	
5.2.3.7	Medtronic's MiniMed Paradigm Glucose Meter	201	
5.2.4	POL Laboratory Data Management	202	
5.2.4.1	Electronic Medical Record Systems and Physician Office Laboratory Data Linking Software	202	
5.2.4.2	Physician Office Laboratory Data Linking Software and Interface to the Laboratory Information System	204	
5.2.5	Technical Problems of Connectivity	204	
5.2.6	Web-based Data Interface	205	
5.2.7	HIT Competition	205	
5.2.8	FDA Required Software Verification	205	
5.3	Advantages of Connectivity	206	
5.4	Home Care Analysis	206	
5.4.1	Remote Patient Monitoring	206	
5.5	Technology Platform Innovations in Glucose Testing	209	
5.6	Move Away from Central Laboratory	210	
5.7	Trends in Detection and Diagnosis	210	
5.7.1	Minimally -Invasive Devices	210	
5.7.2	Non-invasive Devices Future Developments and Market Strategy	213	
5.7.3	Continuous Test Systems and the Future of Integrated Glucose/Insulin Delivery	215	
6.	Competitive Analysis of the Glucose Testing Markets	218	
6.1	The Market Players	218	
6.2	Device Categories	221	
6.3	Range of Products	222	
6.3.1	Cost of Testing	222	
6.3.2	Sample Size Required	222	
6.3.3	Sampling Other Areas	223	
6.3.4	Time Until Patient Obtains Results	223	
6.3.5	Enclosed Test Strips	223	
6.3.6	Test Strip Calibration	223	
6.3.7	Lancing Devices	224	
6.4	Data Handling	224	
6.5	New Developments	226	
6.6	Marketing New Features	227	
6.7	Test Strip Sales	227	
6.8	Reimbursement	227	
6.9	Market Demand and Composition	228	
6.10	Product Mix	230	
6.10.1	LifeScan	230	
6.10.2	Roche Diagnostics	232	
6.10.3	Bay er Diagnostics	234	
6.10.4	Abbott (MediSense)	234	
6.10.5	Other Players	236	
6.10.5.1	Hemocue	237	
6.10.5.2	Home Diagnostics, Inc.	237	
6.10.5.3	ArkRay Hypoguard	238	
6.10.5.4	Polymer Technology Systems, Inc.	239	
6.10.5.5	QuestStar Medical, Inc.	239	
6.11	Devices that Measure Glycohemoglobin	239	
6.12	Market Drivers and Restraints	240	
6.13	Market and Product Trends	241	
6.14	Increased Market Penetration	241	
6.15	Costs of Doing Business in Europe	241	
6.16	Drivers of European Diagnostics Testing	242	
6.17	European Reimbursement Practices	242	
6.18	Cost Containment in Europe	242	
6.19	Market Overview of Glucose Monitoring	242	

6.19.1	U.S. Market Segment	244
6.19.2	European Market	245
6.19.3	Japanese Market	247
6.20	Competitive Strategies	248
6.21	Price Competition	249
6.22	Analyses of the Current Market Conditions, Competition and Product Mix	249
6.22.1	First-Generation Monitors	249
6.22.2	Second-Generation Monitors	250
6.22.3	Third-Generation SMBG Technologies	251
6.23	Design of Glucose Testing Devices	252
6.24	Insulin Delivery Devices	252
6.25	Key Glucose Testing Sector Developments	258
6.26	Important M&A Activity	259
6.27	Product Launches	262
7.	Government Regulation of Medical Devices	264
7.1	U.S. Regulations	265
7.1.1	Importing Medical Devices into the U.S.	266
7.1.2	Exporting Medical Devices from the U.S.	267
7.2	U.K. Regulations	267
7.3	E.U. Regulations	268
7.4	French Regulations	274
7.5	Japanese Regulations	274
7.6	Korean Regulations	278
7.7	China Regulations	278
7.8	FDA Regulations and Recalls	282
7.9	Legal Liability for Glucose Meters	283
7.10	ISO 9000 Quality System	283
7.11	Recent Regulatory Approvals	284
7.12	FDA Labeling Requirements	284
8.	Corporate Profiles	286
8.1	Abbott Laboratories	286
8.2	Accurex Biomedical	291
8.3	Acon Laboratories	291
8.4	AgaMatrix	291
8.5	AiMedics	291
8.6	Apex Biotechnology	292
8.7	Axis-Shield	292
8.8	Bayser	292
8.9	Biopeak Corporation	293
8.10	BioTex	293
8.11	Calisto Medical	293
8.12	Cybermedical	294
8.13	DexCom	294
8.14	Diabetech	295
8.15	DIRAmed	295
8.16	Echo Therapeutics	295
8.17	Entelos	296
8.18	Fora Care	296
8.19	Glucoplus	296
8.20	77 Elektronika	296
8.21	Flexsite Diagnostics	297
8.22	GenExel-Sein	297
8.23	GlucoLight	297
8.24	GluMetrics	298
8.25	GlySens	298
8.26	Hemocue	298
8.27	Home Diagnostics	299
8.28	HTL Strefa	300
8.29	Hyppoguard	300
8.30	IN4 Technology	301

8.31 InLight Solutions	301
8.32 International Technidyne	301
8.33 Insulet	302
8.34 IntelliDx	302
8.35 Lein Applied Diagnostics	302
8.36 LifeScan	303
8.37 Luminous Medical	304
8.38 Medtronic	304
8.39 Menarini Diagnostics	305
8.40 Newton Photonics	306
8.41 Nipro Medical	306
8.42 OrSense	306
8.43 Panasonic Shikoku Electronics	306
8.44 Pelikan Technologies	307
8.45 Polymer Technology Systems	307
8.46 PreciSense	307
8.47 Roche Diagnostics	308
8.48 Sanko Junyaku	310
8.49 Sanwa Kagaku Kenkyusho	310
8.50 Sensys Medical	311
8.51 Solianis Holding	311
8.52 SurgiLance	312
8.53 Smiths Medical MD	312
8.54 SpectRx	312
8.55 Taidoc Technology	312
8.56 Teco Diagnostics	313
8.57 U.S. Diagnostics	313
8.58 VeraLight	313
8.59 Ypsomed Holding	314
8.60 Zyxel	314
Appendix 1: Contact Information for Companies Profiled	315
Appendix 2: List of Competitors for Glucose Test Meters and Equipment	322
Appendix 3: FDA Proprietary Devices for Measuring Blood Glucose	331
Appendix 4: Overview of FDA Device Regulations	340
Appendix 5: Retail Prices of Glucose Meters	343
Appendix 6: Glucose Meters: Components, Design, Sources	348
Appendix 7: Pharmaceutical Sampling Practices	354

INDEX OF FIGURES

Figure 2.1: Worldwide Rates of Diabetes Cases, 2000-2025	18
Figure 2.2: Prevalence of Diabetes by Age in the U.S., 2007	20
Figure 2.3: New Cases of Diabetes Diagnosed in the U.S. Adult Population, 2007	21
Figure 2.4: Rate of New Diabetes Cases among Children in the U.S., 2007	22
Figure 2.5: Diabetes Death Rate by Race and Sex in the U.S., 1979-2006	25
Figure 2.6: Annual Death Rate of U.S. Population from Heart Disease, 1950-2008	26
Figure 2.7: How Diabetes Dollars Are Spent in the U.S., 2007	29
Figure 2.8: Percentage Breakdown of U.S. Healthcare Spending, 2008	30
Figure 2.9: Percentage of U.S. Population that is Overweight, 1976-2004	32
Figure 2.10: Hypertension Drugs Newly Prescribed or Continued in the U.S., 1994-2007	40
Figure 3.1: Glucose Self-Monitoring Market Share by Geographical Region, 2007	55
Figure 3.2: Share of the U.S. Self-Testing Diagnostic Market, 2008	59
Figure 3.3: Domestic Manufacturers' Share of Chinese Glucose Meter Market, 2007	65
Figure 3.4: Personal Lancet Unit Sales Market Share by Geographic Region, 2008	83
Figure 3.5: Estimated U.S. Inpatient Volume, 2008	154

INDEX OF TABLES

Table 2.1: Normal Glucose Values—Fasting State	16
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Table 2.2: Countries with the Largest Numbers of Diabetics, 2007 and 2025	18
Table 2.3: U.S. Population of Diabetics (Diagnosed and Undiagnosed) by Ethnic Group, 2007	20
Table 2.4: Healthcare Utilization by Diabetic Patients, 2006	20
Table 2.5: Cost of Diabetes in the U.S., 2007	23
Table 2.6: Ten Leading Diagnoses for Co-morbid Chronic Diseases in the U.S., by Percentage of Patient Visits, 2006	24
Table 2.7: U.S. Incidence of Diagnosed Diabetes by Age, 2006	24
Table 2.8: Prevalence and Financial Burden of Major Diseases in the U.S., 2007	24
Table 2.9: Top Twelve Causes of Death in the U.S., 2006	25
Table 2.10: Death Rate from Cardiovascular Diseases by Country, 2008	26
Table 2.11: Life Expectancy Rate by Country, 2008	27
Table 2.12: Per-Event Costs of Diabetes Complications	28
Table 2.13: Odds Ratio of Progression to Complications Associated With Type 2 Diabetes	34
Table 2.14: Prevalence of Complications among Patients with Diabetes	34
Table 2.15: Novel Risk Factors and Possible Mechanisms of the Excess Risk of Coronary Heart Disease in Type 2 Diabetes Mellitus	35
Table 2.16: Average Years Gained Free of Diabetes-Related Disease with Intensive Management	35
Table 2.17: Estimated Direct and Indirect Costs of Major Cardiovascular Diseases and Stroke in the U.S., 2008	38
Table 2.18: Worldwide Market for Cardiac Care Therapeutics, 2003-2010	39
Table 2.19: Top 20 Drugs for 2007 by U.S. Sales	41
Table 2.20: Major Causes of End-Stage Renal Disease	43
Table 2.21: Key Features Considered for Glucose Meter Devices	46
Table 3.1: Laboratory Assessment of Diabetic Vascular Disease	51
Table 3.2: Key Market Drivers for Glucose Testing	51
Table 3.3: Key Aspects of Professional Glucose Testing	51
Table 3.4: Demographic Characteristics Home Testing Kit Buyers	52
Table 3.5: Top Brand Preferences for Home Glucose Testing Kits	52
Table 3.6: Instances When Patients Prefer Professional Glucose Testing	52
Table 3.7: Advantages of a Home Testing Kit	53
Table 3.8: Disadvantages of Using a Home Testing Kit	53
Table 3.9: Popular Shopping Destinations for Buying or Seeking Information on Home Testing Kits	53
Table 3.10: Total Global Professional Glucose Testing Market, 2007-2012	53
Table 3.11: Worldwide Glucose Self-Testing Market Sales (Meters, Strips, Lancets), 2004-2012	55
Table 3.12: Percentage of GDP Healthcare Spending by Country, 2008	56
Table 3.13: Worldwide Glucose Market for Self-Testing Sales (Meters and Strips), 2004-2012	56
Table 3.14: U.S. Blood Glucose Reagent Strip Market, 2004-2013	57
Table 3.15: U.S. Sales for OTC Blood Glucose Meters and Strips, 2007	58
Table 3.16: Top Four Players in the U.S. Blood Glucose Strips Market (Ranked by % Sales), 2008	59
Table 3.17: European Glucose Self-Testing Market (Meters, Strips, Lancets), 2003-2012	60
Table 3.18: Asian Glucose Self-Testing Market (Meters, Strips, Lancets), 2000-2012	61
Table 3.19: Japanese Glucose Self-Testing Market (Meters, Strips, Lancets), 2000-2012	62
Table 3.20: Chinese Glucose Self-Testing (Meters, Strips, Lancets) Market and Professional POC Devices, 2000-2012	64
Table 3.21: China Blood Glucose Reagent Strip Market, 2000-2012	64
Table 3.22: Indian IVD Market, 2006-2012	67
Table 3.23: Number of Clinical Labs in India, 2008	68
Table 3.24: Indian IVD Market Sectors and Market Share, 2006	69
Table 3.25: Indian Glucose Self-Testing Market (Meters, Strips, Lancets), 2000-2012	69
Table 3.26: Indian Blood Glucose Reagent Strip Market, 2000-2012	70
Table 3.27: Top Domestic IVD Companies in India	71
Table 3.28: Leading Global IVD Companies in India, 2008	71
Table 3.29: BRIC countries, Percentage of GDP Spent on Healthcare, 2008	72
Table 3.30: ROW Glucose Self-Testing Market (Meters, Strips, Lancets), 2000-2012	74
Table 3.31: Global Unit Sales of Home care Lancets, 2006-2012	81
Table 3.32: Dollar Sales of Lancets in the U.S., 2000-2012	81
Table 3.33: Dollar Sales of Lancets in the E.U., 2000-2012	81
Table 3.34: Unit Sales of Homecare Glucose Self-testing Lancets in the U.S., 2000-2012	82
Table 3.35: Unit Sales of Homecare Glucose Self-testing Lancets in the E.U., 2000-2012	82
Table 3.36: Competition in the Lancet Market Segment	83
Table 3.37: Currently Available Lancing Devices and Lancets	85
Table 3.38: Customer Priorities—Glucose Meter Self-Testing Market, 2001-2012	88
Table 3.39: Current Blood Glucose Meters: Pricing, Sample Size, Features	88
Table 3.40: Technology of Glucose Testing Instruments	90
Table 3.41: Key Features of Reagent Test Strips	93

Table 3.42: Limitations of Urine Glucose Monitoring	96
Table 3.43: Advantages of Urine Glucose Monitoring	96
Table 3.44: Blood Ketone Reading Indications	97
Table 3.45: Accu-Chek Blood Glucose Monitoring Systems	103
Table 3.46: GlucoTrack Comparison and Results	116
Table 3.47: Home Diagnostics' Current Product Portfolio	132
Table 3.48: Detailed Features of Selected CGM Systems Currently Available	140
Table 3.49: Relationship of A1C to Average Whole Blood and Plasma Glucose Levels	152
Table 3.50: Distributors of Glucose Meters	153
Table 3.51: Ultra-Large Clinical Chemistry Analyzers	157
Table 3.52: JEOL Analyzer Comparison	158
Table 3.53: Large Clinical Chemistry Analyzers	160
Table 3.54: Mid-size Clinical Chemistry Analyzers	163
Table 3.55: Small Clinical Chemistry Analyzers	166
Table 4.1: Medicare Billing Guidelines for Multichannel Chemistry Tests	177
Table 5.1: Customized Reports Must Support CAP and JCAHO Requirements	198
Table 5.2: Applications of RALS Connectivity with POCT Devices	198
Table 6.1: Comparisons of Blood Glucose Monitoring Systems	220
Table 6.2: Major Lancing Devices on the Market	224
Table 6.3: Glucose Meters Offering Data Management	225
Table 6.4: Comparison of A1C Home Test Kits.	240
Table 6.5: Unit Costs of Glucose-Monitoring Supplies in the U.K.	247
Table 6.6: Annual Costs of SMBG in the U.K.	247
Table 6.7: Syringes for Administering Insulin	253
Table 6.8: Insulin Pens	253
Table 6.9: Injection Aids	254
Table 6.10: Jet Injectors	254
Table 6.11: External Insulin Pumps	255
Table 6.12: Status of Inhaled Insulin Products, 2009	257
Table 6.13: Insulin Delivery Device Market, 2004-2014	258
Table 7.1: Leading Global Medical Device Companies, 2007	264
Table 7.2: Imports of U.S. Medical Devices to Japan, 2005-2007	275
Table 8.1: Products Marketed by Abbott in the Diagnostic Market	289
Table 8.2: Key Roche Diagnostic Products	310
Table A1.1: Company Headquarters Contact Information	315
Table A2.1: Glucose Meters and Equipment– List of Manufacturers and Suppliers	322
Table A3.1: Detailed Information on Available Glucose Meters	331
Table A5.1: Glucose Meters' Pricing	343
Table A6.1: Contract Manufacturers for Glucose Meter Components	351
Table A6.2: ASIC manufacturers	353

1. Overview

1.1 Statement of Report

There has been a dramatic increase in the incidence of diabetes worldwide, which has been exacerbated by the growing obesity problem across the globe. Once thought of as primarily a childhood disease—sometimes referred to as juvenile diabetes, now mostly Type 1 diabetes—the obesity crisis linked to the adoption of a high-fat, high-carbohydrate, high-calorie American diet has resulted in skyrocketing rates of diabetes, particularly Type 2 diabetes, among adults across the world. As such, the global market for blood glucose testing products is undergoing a significant transition driven by the advent of new analytical technologies and developments in diabetes treatment. Although the blood glucose testing segment of the *in vitro* diagnostics (IVD) industry is mature, certain segments of the market, such as home testing devices for diabetes management, will exhibit strong growth. What's more, non-invasive testing now represents a major new area for the application of IVD testing. Additionally, direct access testing—or over-the-counter testing, which allows consumers to order tests themselves without visiting a doctor—has emerged as a strong force in the blood glucose testing segment.

The purpose of this TriMark Publications report is to describe the specific market segments for blood glucose testing and diabetes management. This study reviews all of the generally-accepted clinical analytical methods that are currently in use today for measuring serum or plasma or whole-blood glucose concentrations. Moreover, it examines clinical measurement devices, reagents and supplies as utilized in hospitals, clinics, doctor's offices and at-home care locations.

1.2 About this Report

The emphasis in this examination is on those companies that are actively manufacturing clinical laboratory instrumentation, self-testing meters, point of care (POC) devices, reagents and supplies for performing blood glucose testing to facilitate effective diabetes detection and management. The reader should consult other TriMark Publications reports at <http://www.trimarkpublications.com> for a detailed discussion of the important individual market segments which are related to the POC testing (POCT) market, such as clinical chemistry, hematology and coagulation, blood gas and electrolytes, cancer tumor markers, cytology and immunochemistry.

The main objectives of this analysis are:

- Identifying viable technology drivers through a comprehensive look at platform technologies for glucose testing for diabetes management.
- Understanding the different sectors of glucose testing, such as home self-testing, and the professional glucose testing segment.
- Obtaining a complete understanding of the individual glucose testing platforms from their basic principles to their clinical applications.
- Discovering feasible market opportunities by identifying high-growth applications in different analytical diagnostic areas.
- Focusing on global industry development through an in-depth analysis of the major world markets for glucose measurement technology, including growth forecasts.
- Presenting market figures regarding the current value of blood glucose testing, market projections, market share, key players, and sector growth rates.
- Providing a detailed analysis of each of the major device categories, such as blood glucose meters (including non- and minimally-invasive), blood glucose meter test strips, lancets and lancing devices, POC glycated hemoglobin testing products and urine glucose/metabolite monitoring strips.

This analysis defines the dollar volume of market sales, both worldwide and in the U.S., and analyzes the factors that influence the size and the growth of the market segments. Key questions answered in this examination include:

- How can glucose measuring tools and technologies facilitate improved diabetes patient care?
- What are the main types of glucose testing technologies that are currently available?
- Who are the current key players in this marketplace?

- Which glucose testing market areas have the greatest potential for growth?
- What is the current state of the glucose testing market?
- Which diagnostic companies are investing in new glucose testing technology platform solutions?
- What are the main business strategies adopted by leading glucose testing companies?
- What are the benefits of various glucose testing technology platforms?

Additionally, this study contains:

- Detailed analysis of recent trends in the glucose testing marketplace.
- In-depth profiles of the leading companies with glucose testing tools and technologies.
- Perspectives of the glucose testing industry from leading industry experts.
- Analysis of potential new glucose testing applications in the clinical sector as they pertain to diabetes management.
- Market predictions and trends analysis concerning U.S. expenditures on glucose testing solutions.
- Projections of glucose testing market sizes for U.S., European and Asian markets.
- Projections for future applications of non-invasive tests in glucose testing-related screening.
- Review of commercial glucose testing business strategies such as co-branding.

Analysis includes charts and graphs measuring product growth and trends within the marketplace. Company-specific information—including sales figures, product pipeline status and R&D trends—is provided. Also, this review includes:

- Assessment of glucose testing market drivers and bottlenecks, from medical and scientific community perspectives.
- Discussions on the potential benefits of glucose testing for various sectors of the medical and scientific community, as they relate to diabetes management.
- The current total market size and future growth of the glucose testing market and analysis of the current size and growth of individual segments.
- Current and forecasted market shares by companies.
- Discussions on profit and business opportunities by segments.
- Strategic recommendations for near-term business opportunities.
- Analysis of the current commercial uses of the glucose testing market by diabetes management.

The following questions will also be addressed in this report:

- What are the near-term business opportunities in the glucose testing market?
- What are the current and forecasted glucose testing market sizes in the U.S., E.U. and Japan, as well as in other emerging markets such as India and China?
- What are the business models currently used by companies in the glucose testing market?
- How will manufacturers, researchers, physicians and patients influence diabetes management?
- What are the drivers and bottlenecks influencing the glucose testing market?
- What are the barriers to entry for the glucose testing market?
- What are the key technologies used in glucose testing?
- Who holds the proprietary rights to the glucose testing market technology platforms?
- How is this technology currently being applied and utilized?
- In the U.S., Japan and the E.U., what regulatory processes apply to glucose testing technologies?
- How will new glucose testing technologies change diagnostic screening/testing paradigms and reduce diagnostic false negatives and decrease costs of patient care?
- How will new glucose testing technologies reduce healthcare expenditures and affect R&D spending?

1.3 Scope of the Report

This analysis emphasizes companies that are actively developing and marketing instrumentation, reagents and supplies for performing glucose tests. The world's three largest analytical markets, the U.S., Japan and Europe are the primary focus here. Specific attention is paid to the clinical market segment and, separately, to the instruments, reagents and supplies marketed by major companies for the home self-testing market for diabetes management. Market size, growth rates and market components for instruments, reagents, controls, and consumables used in this area are also analyzed. Activity and trends in research, including patterns of information processing in array testing instruments, are addressed. Also discussed are trends that have stimulated this market and the numbers of institutions that use glucose testing and the factors that influence purchasing.

This report surveys all companies known to be marketing, manufacturing or developing instruments and reagents for the glucose testing market, for each of the major market segments of professional glucose testing, and self-monitoring of blood glucose. There are also sections on the companies' histories, product lines, business and marketing analyses, and a subjective commentary on the key companies' market positions. Several subjects related to the major elements of glucose testing, disposable plastic supplies, needles and lancets are discussed only briefly in this report because they are considered entirely different fields or markets. In-depth analysis of these areas of interest can be found in other TriMark Publications reports, such as *Disposable Medical Supplies Markets and Diabetes, Metabolic Syndrome and Cardiovascular Disease*.

1.4 Methodology

The author of this report is a Ph.D. in biochemistry from the University of Minnesota, with many decades of experience in science writing and as a medical industry analyst. He has over thirty years of experience in laboratory testing and instrument and reagent development technology, as well as extensive experience in senior level positions in biotech and medical service companies. The senior editor is a Ph.D. in physiology from the University of Toronto and is a post doctoral research fellow in the Department of Cell and Systems Biology at the University of Toronto. The editor is a Ph.D. in life sciences from Jawaharlal Nehru University with an extensive background in molecular biology.

Company-specific information is obtained mainly from industry trade publications, academic journals, news and research articles, press releases and corporate websites, as well as annual reports for publicly-held firms. Additionally, sources of information include the non-governmental organizations (NGOs) such as the World Health Organization (WHO) and governmental entities like the U.S. Department of Health and Human Services (HHS) and U.S. federal agencies such as National Institutes of Health (NIH), Food and Drug Administration (FDA) and the Centers of Disease Control and Prevention (CDC). Where possible and practicable, the most recent data available have been used.

Some of the statistical information was taken from Biotechnology Associates' databases and from TriMark's private data stores. The information in this study was obtained from sources that we believe to be reliable, but we do not guarantee the accuracy, adequacy or completeness of any information or omission or for the results obtained by the use of such information. Key information from the business literature was used as a basis to conduct dialogue with and obtain expert opinion from market professionals regarding commercial potential and market sizes. Senior managers from major company players were interviewed for part of the information in this report.

Primary Sources

TriMark collects information from hundreds of Database Tables and many comprehensive multi-client research projects, as well as Sector Snapshots that it publishes annually. TriMark extracts relevant data and analytics from its research as part of this data collection.

Secondary Sources

TriMark uses research publications, journals, magazines, newspapers, newsletters, industry reports, investment research reports, trade and industry association reports, government-affiliated trade releases and other published information as part of its secondary research materials. The information is then analyzed and translated by the

Industry Research Group into a TriMark study. The Editorial Group reviews the complete package with product and market forecasts, critical industry trends, threats and opportunities, competitive strategies and market share determinations.

TriMark Publications Report, Research and Data Acquisition Structure

The general sequence of research and analysis activity prior to the publication of every report in TriMark Publications includes the following items:

- Completing an extensive secondary research effort on an important market sector, including gathering all relevant information from corporate reporting, publicly-available data and proprietary databases.
- Formulating a study outline with the assigned writer, including important items, as follows:
 - Market and product segment grouping, and evaluating their relative significance.
 - Key competitors' evaluations, including their relative positions in the business and other relevant facts to prioritize diligence levels and assist in designing a primary research strategy.
 - End-user research to evaluate analytical significance in market estimation.
 - Supply chain research and analysis to identify any factors affecting the market.
 - New technology platforms and cutting-edge applications.
- Identifying the key technology and market trends that drive or affect these markets.
- Assessing the regional significance for each product and market segment for proper emphasis of further regional/national primary and secondary research.
- Completing a confirmatory primary research assessment of the report's findings with the assistance of expert panel partners from the industry being analyzed.

1.5 Executive Summary

Advances in diabetes treatment have revolutionized the blood glucose testing market. Direct access testing—which allows consumers to order tests themselves without visiting a doctor—has emerged as a strong force in the blood glucose testing segment. Indeed, there's an increasing range of test devices now available to consumers to perform self-testing. Moreover, automation is now a well-established trend in the central laboratory, driven primarily by a continuing shortage of qualified technologists and technicians. Information management, including Internet-based reporting and consultation—as well as remote data acquisition and result-reporting for POC glucose testing—is becoming a more important element of many suppliers' product offerings. The analysis and reporting of data from blood glucose tests is another area that will become increasingly important in the future. The risk for the later development of microvascular disease makes it important to identify patients with Type 2 diabetes (sometimes referred to as adult onset diabetes). Demonstration of unequivocal hyperglycemia (plasma glucose > 200 mg/dL [11.1 mmol/L]) two hours or more after a mixed meal is considered diagnostic for diabetes mellitus. As such, frequent monitoring of blood glucose levels facilitates control of diabetes.

Worldwide, there are about [REDACTED] diabetics according to [REDACTED]. Due to rising rates of obesity and increased lifespan, the prevalence of diabetes is on the rise. By [REDACTED], the global incidence of diabetes is expected to increase [REDACTED]%, afflicting [REDACTED] people worldwide. Despite this large patient population, physician research reveals that, even now, only [REDACTED]% of Type 2 diabetics have been diagnosed in the worldwide population. In light of this staggering worldwide prevalence of diabetes mellitus, there is increasing demand for effective monitoring of blood glucose and tight glucose control to delay disease progression, prevent diabetic complications and improve the quality of life for patients. Around [REDACTED] deaths are attributed to health complications arising from diabetes every year. The ten countries containing the largest population of diabetic patients are: India, China, the U.S., Russia, Germany, Japan, Pakistan, Brazil, Mexico and Egypt. There are currently an estimated [REDACTED] people in the U.S. afflicted with diabetes (men [REDACTED]%, women [REDACTED]%, non-

Hispanic black █%, non-Hispanic whites █%). An estimated █ new cases of diabetes are diagnosed each year in the U.S.

The sector for glucose testing devices is lucrative, but very competitive and overpopulated. Worldwide, more than █ companies market blood glucose monitors. In addition, there are a number of large and fully diverse diagnostic products companies that specialize in marketing clinical chemistry analyzers for the professional testing of blood glucose. These dominate the glucose testing sector in all customer categories (POL, POCT, self-testing and central lab). Primarily, the increasing numbers of diagnosed diabetic patients who closely monitor their own blood glucose values drives this extraordinarily diverse market. This sector continues to attract more entrants to the industry and is heavily technology driven. The two major diabetes-related personal medical devices are glucose monitors and insulin pumps. The glucose monitor market is dominated by the four large international companies: Roche, Johnson & Johnson (LifeScan), Bayer and Abbott.

There are two key market segments for glucose testing: home self-testing and professional testing. Self-testing glucose monitors were worth \$█ worldwide in █ and are expected to grow to over \$█ by █. The U.S. self-testing diabetes diagnostic market for glucose monitoring devices is a \$█ market. The global professional glucose testing market (excluding self-testing) was worth \$█ in █. The diabetic test strip market is very large and growing. Sales of blood glucose testing strips led the U.S. industry, with manufacturers' sales of over \$█ in █.

There were more than █ Europeans diagnosed with diabetes mellitus in █ according to the █. Left untreated, the number of diabetics in Western Europe is expected to reach █ by █. Of this, █% suffer from Type 1 diabetes. There are about █% of European diabetic patients practicing self-glucose monitoring. The European glucose monitoring market reached \$█ in █, growing at a compounded annual growth rate (CAGR) of █%. The European glucose monitoring market is estimated to be valued at \$█ by █.

The Southeast Asia and western Pacific region is believed to have had at least █ diabetics in █, and by █ the number of diabetes patients is expected to reach █. Only about █% of diabetic patients are currently undergoing treatment. The rising incidence of diabetes has prompted a flourishing market, not only for the pharmaceutical manufacturers but also for companies producing diabetes monitoring devices and drug delivery systems. For example, this has created a huge market potential for the home care lancet market. Japan, with an aging population and declining birthrates, is the most advanced country for medical care and diagnostic testing in the Asian region. In addition, as the two most populous countries in the world, China and India are hot spots for manufacturers of glucose meters.

According to industry analysts, the market for blood glucose test strips, which comprise nearly █% of the total North American blood glucose testing market, was approximately \$█ in █ in North America and is expected to grow to \$█ in █, at a CAGR of █%. Estimates place the market outside of North America for blood glucose strips at approximately \$█, growing at █% per annum through █. The total home care lancet demand in the U.S. and E.U. was about █ units and █ units, respectively, in █.

Clinical chemistry analyzers are positioned in hospitals, reference labs, independent labs, regional labs, and doctor's offices. They range from the ultra-large to the small, based on their throughput (and price). Glucose testing occurs in virtually every chemistry profile put through these analyzers. The volume of glucose testing in these settings dwarfs the out-sized self-testing market in terms of numbers of tests. TriMark estimates more than █ glucose tests are performed in the U.S. on these analyzers. The price per test is very low, on the order of █ or █ cents per test, due to the efficiency of these highly engineered instruments.

The explosion of glucose monitoring devices on the market has given consumers an unprecedented choice of instruments and reagents to monitor blood glucose levels. It has also given manufacturers and developers of new technology a cohort of customers who are used to changing devices and are looking for new technologies. Underlying all of this is the classic "razor and razor blade" marketing model. Each manufacturer makes a different test strip, and they're not interchangeable from one monitor to another. Some even make a different strip for each individual monitor type. The reagents substantially drive sales, as costs and ease of use are large factors in customer choice.