

## **Opportunity and Market for Decision Diagnostics (OTCBB: DECN) Shasta GenStrip(R), at Home Diagnostic for Testing Blood Glucose**

The Associated Press

Investorideas.com ([www.investorideas.com](http://www.investorideas.com)), an investor research portal specializing in sector research for independent investors, publishes CFA commentary for Decision Diagnostics Corp. (OTCBB: DECN) by Patrick J. Murphy of Murphy Analytics LLC, a provider of sponsored research coverage on small cap stocks.

Decision Diagnostics Corp. (OTCBB: DECN)

Patrick J. Murphy

Decision Diagnostics Corp. is developing products that offer unique solutions in medical care. The Shasta GenStrip® is an at home diagnostic for testing blood glucose designed to run on the Johnson & Johnson's LifeScan(i) LifeFirst□ OneTouch® family of meters(ii), which are used by over 5 million people in the U.S. alone and for which JNJ estimates 97% of patients, including those with Medicare, are insured(iii).

Of the products developed by DECN, the Company's Shasta GenStrip® in particular, has significant potential for helping the rapidly growing diabetic population. DECN reports that the application for the Shasta GenStrip® was submitted to the FDA in December of 2010, and although the approval process typically now takes in excess of two years, DECN is now responding to a short series of follow up questions from the FDA, subsequent to recent meetings(iv).

### Select Stock Trading Data

Recent Stock Price:	\$0.17
Shares Outstanding:	11.48 million
Float	8.4 million
Recent Market Cap:	\$1.95 million
52 Week Range:	\$0.05 - \$0.65
Exchange:	OTCBB
Ticker:	DECN
URL:	<a href="http://www.decisiondiagnostics.com">http://www.decisiondiagnostics.com</a>

/ Data sourced from Yahoo! Finance; [otcbb.com](http://otcbb.com); Company filings

In terms of the overall market opportunity, a report from Research and Markets estimates that the global blood glucose monitoring market was estimated to be worth \$8.9 billion in 2010 and is expected to grow 4.5% annually to reach \$12.2 billion, with blood glucose test strips representing nearly 90% of the market at \$10.9 billion. The report also cites International Diabetes Federation that diabetes affected 366 million people in 2011, or 8.3% of the global population, and that this is projected to increase to 9.9% of the population by 2030.

Trends in the U.S. serve to illustrate what is driving the increase in diabetes -- the rise in obesity. According to the American Diabetes Association(v), approximately 26 million people in the U.S. have diabetes, representing 8.3% of the population, with 1.9 million new cases in 2010. The high prevalence of diabetes is not surprising in light of the data from the Centers for Disease Control (CDC)(vi), which reports that during the past 20 years, there has been a dramatic increase in obesity in the United States and rates remain high at nearly 36% of U.S. adults and approximately 17% of children and adolescents aged 2-19. Similarly, metabolic syndrome affects nearly 50 million(vii) people in the U.S. Alone(viii): As addressed by the National Institute of Health:

"Metabolic syndrome is a name for a group of risk factors that occur together and increase the risk for coronary artery disease, stroke, and type 2 diabetes. Metabolic syndrome is becoming more and more common in the United States. Researchers are not sure whether the syndrome is due to one single cause, but all of the risks for the syndrome are related to obesity."

Unlike many competing product offerings, GenStrip employs a razor blade only model, a diagnostic test strip, and DECN has stated that the product is likely to cost less than 50% of the branded product without sacrificing quality. As an illustration of the potential appetite for the GenStrip product, DECN's 10-Q notes that the Company was approached by the largest retailer in the world, recently(ix) revealed to be Wal-Mart by DECN President and CFO Keith Berman, regarding the sale of GenStrip at its 5,000+ stores globally. DECN reports that a contract was negotiated in September 2010 and subsequently renegotiated and renewed in April 2011. However, while conducting market research during this time and seeking pre-orders, DECN reports that initial market interest was greater than the product capacity of the Company's contract manufacturer, and the Company ended the pre-order initiative while remaining confident there is a very large opportunity for GenStrip in a market dominated by four large pharmaceutical manufacturers which DECN reports sell similar products at similar pricing.

It seems reasonable to speculate increasing prosperity around the world is creating greater disposable income for increasing segments of the population, with increasing leisure time and presumably less manual labor. Whatever the cause or causes may be, the trend towards an increase in obesity and a resulting increase in the diabetes population seems clear, as does the potential opportunity for products that serve that market. Although FDA approval is of course not a certainty, DECN seems to have developed a product with significant potential if approval is

obtained.

DECN also has developed a line of medical IT products for the rapidly expanding EMR/HER market. Unlike other medical information systems using standard computer terminals, Decision Diagnostics Corp. uses smart phones, which allow physicians to carry, access and update their patients' histories, medication data, and best care guidelines -- all at the point of care. Decision Diagnostics Corp. is a provider of prescription drugs, home testing products for the chronically ill, a fulfillment provider of direct to patient diabetes programs, and a developer of cutting edge cell phone centric e-health products and technologies.

## Patrick Murphy Bio:

Patrick J. Murphy is the owner of Murphy Analytics LLC, a provider of sponsored research coverage on smallcap stocks. Mr. Murphy has nearly 20 years of capital markets experience providing institutional investment and transaction analysis across a range of asset classes including microcap equities, commercial real estate debt and equity, municipal derivatives and public finance, venture capital, fixed income, CMBS and mortgage REIT's. In addition to his work with Murphy Analytics, Mr. Murphy also serves as a consultant to a municipal derivatives advisory firm. Mr. Murphy is an alumnus of the University of Notre Dame (1991), with an undergraduate degree in Economics, and earned a Master's Degree in Finance from St. Louis University in 1997. Mr. Murphy is a CFA Charterholder and a member of the CFA Society of St. Louis.

## Patrick Murphy Disclaimer:

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Decision Diagnostics Company website <http://www.decisiondiagnostics.com/>

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DECN SEC quarterly file <http://biz.yahoo.com/e/120820/decn10-q.html>

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(i) <http://www.lifescan.com/about-us> (ii) <http://www.onetouch.com/onetouch-diabetes-testing-supplies> (iii) <http://www.pharmpro.com/News/2011/05/Animas-and-LifeScan-Strengthen-Strategic-Focus-to-Better-Serve-People-Living-with-Diabetes/>  
(iv) <http://www.investorideas.com/CO/DECN/news/2012/11211.asp> (v) <http://www.diabetes.org/diabetes-basics/diabetes-statistics/?loc=DropDownDB-stats>  
(vi) <http://www.cdc.gov/obesity/data/facts.html> (vii) <http://www.ncbi.nlm.nih.gov/pubmed/17893688> (viii) <http://www.ncbi.nlm.nih.gov/pubmedhealth/PMH0004546/> (ix) <http://www.investorideas.com/CO/DECN/news/2012/11281.asp>

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