



PURITY LABORATORIES, INC.

OVERVIEW OF IN-HOUSE TESTING VERSUS TESTING BY AN OUTSIDE LABORATORY

Risk

1. Liability
 - a. Appearance to the market of a vested interest in “good” results
 - b. New, partially trained technicians versus a contract lab’s professional, experienced scientists
 - c. Risk of the lab becoming an actual source of contamination
 - d. Eliminates protection from outside lab’s liability insurance
2. Upside/downside demand constraints may impact efficiency & costs
3. Assets allocated to the lab may be better utilized elsewhere
 - a. Testing is not a core-competency
4. Impact of personnel issues—vacations, sickness, weekends, etc.
5. Possible conflicts of interests between production and Quality Assurance

Start up costs

1. Must consider protection from becoming source of contamination
2. Purchasing the equipment & supplies needed
3. Hiring/training lab technicians
4. Develop Q/A plan to meet HACCP and tracking/documentation systems

Operational costs

1. Labor cost of unskilled untrained technicians versus cost of professional
2. Cost of supplies as well as hazardous waste disposal
3. Utility costs, heating/cooling/lights/electricity
4. Depreciation of facilities plus scrap costs of expired test supplies

Summary

1. Internal lab will likely reduce out-of-pocket testing costs
2. External lab will limit liability, both actual and perceived
3. External lab will control costs and employee issues
4. Suggest contact current lab to see if they can help achieve your goals

For an in-depth discussion of these issues, please check out the document entitled: “Discussion Regarding In-house Testing” in the Articles section on our website www.puritylabsinc.com.