

908 Devices: Commercializing NIRLAB Without Losing Focus

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In May 2026, 908 Devices acquired NIRLAB, a Swiss developer of handheld near-infrared (NIR) chemical-analysis tools linked to mobile and cloud software. The acquisition added a new screening method and a subscription-based software offer to 908's handheld portfolio. Three months later, 908 reported second-quarter revenue growth and raised the low end of its 2026 outlook. Management also said its U.S. team had engaged hundreds of NIRLAB prospects across more than 30 agencies during the first 60 days after closing.

Those signals did not yet answer the investment question. 908 reported \$0.6 million in total NIRLAB revenue for the quarter, but disclosed neither standalone profit nor how many prospects had become paying customers. Meanwhile, the company's broader portfolio was growing, recurring revenue made up a smaller share of first-half sales than a year earlier, and government orders could be large and uneven.

The portfolio decision

This case asks you to advise 908 Devices' leadership on how to allocate commercialization and integration capacity after the NIRLAB acquisition. The assignment is hypothetical; 908 has not disclosed that management debated these specific options. Analyze whether to:

1. **Accelerate NIRLAB:** prioritize the U.S. launch through 908's existing channels and pursue a more integrated field workflow with adjacent products.
2. **Protect the established portfolio:** concentrate commercial and product capacity on existing products, while limiting NIRLAB expansion to current commitments.
3. **Stage the rollout:** fund a bounded expansion and set explicit evidence gates before committing additional commercialization, engineering and support capacity.

908 reported \$101.5 million in cash, cash equivalents and marketable securities and no debt at June 30, 2026. Financial capital was therefore not necessarily the immediate constraint. The company has not disclosed whether commercial, engineering, validation or customer-support capacity was constrained. Identify which resources your option would require and what you would stop, defer or measure to support the choice.

From handheld instruments to a connected portfolio

908 Devices develops handheld chemical-analysis products used in health, safety and defense applications. At the cutoff, the company listed MX908, ThreatID, ProtectIR, XplorIR, VipIR, NIRLab and components for its aerosol and vapor chemical agent detector program. It sells directly and through channel partners; the company reported that most revenue came through channel-partner arrangements. For those sales, 908's contract is with the partner rather than the end user, limiting what aggregate revenue can reveal about customer usage and retention.

On May 4, 2026, 908 completed its acquisition of NIRLAB. The announced transaction included \$13 million in cash and \$2 million in 908 stock, with up to \$8 million in additional stock consideration tied to performance milestones. NIRLAB's offer combined a handheld NIR instrument with a mobile app, connectivity, cloud functions and a subscription model. In the acquisition announcement, 908 described the combined portfolio as a workflow from rapid screening through trace-level analysis to broader chemical detection. That description was management's strategic rationale, not independently established evidence of cross-selling or customer outcomes.

The announced offer included identification of more than 400 common drugs and purity estimates. The company also cited more than one million historical analyses. Those are issuer-provided product and usage claims; the public materials available by the cutoff did not disclose the number of paid NIRLAB customers, current active devices, subscription attach, renewal or product-level profit.

Growth, mix and uncertainty

For the quarter ended June 30, 2026, 908 reported \$16.074 million of revenue, up 23.3% from \$13.035 million a year earlier. Device revenue was \$11.024 million, recurring revenue was \$4.946 million and contract revenue was \$0.104 million. Recurring revenue represented about 30.8% of the quarter's total; for the first six months it represented 30% compared with 36% in the prior-year period. The recurring category includes consumables, accessories, software, subscriptions, service and extended warranties. It is not a disclosed NIRLAB software-revenue figure.

NIRLAB contributed \$0.6 million of total recognized revenue in the quarter. 908 said it could not determine NIRLAB's standalone net income or loss because the operation was fully integrated. In the revenue bridge, management separately attributed \$0.2 million of the year-over-year increase in quarterly product revenue, and \$0.2 million of the six-month increase, to NIRLAB. These growth contributions are not NIRLAB's total revenue.

Several other indicators pointed to activity across 908's wider business. It reported 198 qualifying handheld placements in the quarter and 4,101 cumulative placements at June 30. The placement metric includes only devices with a selling price above \$25,000 and excludes NIRLAB placements. Management also reported more than 35 VipIR shipments during the quarter and said cumulative VipIR shipments had passed 100 since launch. After quarter end, the company secured a \$6 million ProtectIR order; this was a different product and was not Q2 revenue.

908's GAAP gross margin was 52%; adjusted gross margin was 57%. Neither measure isolated NIRLAB or individual product economics. The company reported \$11.894 million of net loss from continuing operations for the quarter. First-half operating cash flow was positive \$4.376 million, but included substantial noncash and working-capital movements, including a \$12.8 million increase from the change in fair value of contingent consideration. The company raised its FY2026 revenue outlook floor from \$67 million to \$68 million, to a range of \$68-70 million.

Evidence quality matters

The NIRLAB acquisition announcement characterized the product as field-proven. A peer-reviewed 2024 study by Fursman and colleagues evaluated portable NIR methods using a different instrument, a Viavi MicroNIR, on 608 archived Australian Federal Police seizure specimens and 3,673 scans in a laboratory setting. It reported high scan-level classification accuracy for three selected drug classes, while sensitivity differed by drug and by contact or physical-form condition. Some specimens were scanned repeatedly under different conditions. The authors included NIRLAB-affiliated researchers and used NIRLAB infrastructure. The study does not measure 908's acquired commercial product in U.S. agencies, customer adoption, renewals or unit economics.

908's 10-Q says government sales often involve lengthy approvals, testing or trials. It also warns that large government orders tied to budget timing can cause material period-to-period swings and customer concentration. The funnel and revenue figures therefore describe different stages of evidence: prospects, orders, placements, recognized revenue, recurring revenue and profit should not be treated as interchangeable.

Your assignment

Recommend one of the three hypothetical paths. State the evidence that would cause you to change your recommendation. Explain:

- Which customer workflow and portfolio logic make the choice attractive?
- What commercialization, validation, engineering and support resources does it require?
- What evidence should 908 track before increasing the commitment?
- How should 908 distinguish prospect interest from paid adoption, recurring attachment and contribution?
- Which risks arise from concentration, government procurement timing and the current revenue mix?

Exhibit 1. Second-quarter revenue and mix

Revenue stream	Q2 2026	Q2 2025	Change
Device sales	\$11.024m	\$8.282m	+\$2.742m
Recurring revenue	\$4.946m	\$4.733m	+\$0.213m
Contract revenue	\$0.104m	\$0.020m	+\$0.084m
Total revenue	\$16.074m	\$13.035m	+\$3.039m

Source: 908 Devices Q2 2026 Form 10-Q, Note 2, disaggregated revenue table. Dollar changes are calculated from reported values. "Recurring revenue" is the issuer's mixed category of consumables, accessories, software, subscriptions, service and warranties.

Exhibit 2. Reported operating and financial signals

Measure	Q2 or period ended 30 June 2026	Comparison/context
Revenue	\$16.074m	+23.3% year over year, calculated
Recurring revenue share	30.8% Q2; 30% first half	First-half share was 36% in prior-year period
GAAP gross margin	52%	Consolidated; no NIRLAB/product margin disclosed
Adjusted gross margin	57%	Non-GAAP; consolidated
Net loss from continuing operations	\$(11.894)m	Q2 2026
Cash, equivalents and marketable securities	\$101.5m	No debt outstanding
FY2026 revenue outlook	\$68-70m	Low end raised from \$67m

Sources: 908 Devices Q2 2026 Form 10-Q and 11 August 2026 results release. GAAP and non-GAAP figures are kept separate.

Exhibit 3. NIRLAB: announced offer, reported activity and known economics

Item	Evidence available by cutoff	What it does not establish
Acquisition terms	\$13m cash + \$2m stock announced upfront; up to \$8m additional stock tied to milestones	Not a standalone return calculation; later purchase accounting includes adjustments and fair-valued contingent consideration
Product and workflow	Handheld NIR screening with mobile/cloud software and subscription, as described by 908	Independent U.S. product validation or customer outcomes
Historical analyses	More than one million, according to 908's acquisition announcement	Current paying customers, renewal, utilization or revenue
U.S. launch	Management said it had engaged hundreds of prospects across >30 agencies during the first 60 days	Orders, conversions, deployed units or subscription attach
Q2 recognized revenue	\$0.6m total NIRLAB revenue, per 10-Q	Standalone gross profit or net income; 908 said net income/loss was impracticable to determine
Product-revenue growth contribution	\$0.2m contribution to both Q2 and first-half year-over-year product-revenue increases, per MD&A	Total NIRLAB revenue; these are growth-bridge figures

Sources: 908 Devices acquisition release, Q2 2026 Form 10-Q Note 15 and MD&A, and 11 August 2026 results release. Issuer claims are attributed.

Exhibit 4. Portfolio and channel context

Measure or disclosure	Q2 2026 / cutoff fact
U.S. state authorities and local municipalities revenue	\$8.912m of \$16.074m total (55.4%, calculated)
Handheld placements	198 in Q2; 365 in first half
Cumulative qualifying placements	4,101 at 30 June; excludes NIRLAB and only includes devices priced above \$25,000
Channel	Majority of revenue associated with channel partners; for partner transactions, 908 contracts with the partner, not end user
Government procurement	Often long and requires approvals/testing/trials; large orders can depend on budget timing and concentrate period revenue
Post-quarter order	\$6m ProtectIR order announced 11 August; not NIRLAB and not Q2 revenue

Source: 908 Devices Q2 2026 Form 10-Q and results release. State/local share is calculated from reported segment amounts.

Exhibit 5. Technical evidence and transfer limits

Fursman et al. (2024) portable NIR study	Result
Sample and scan base	608 historical Australian seizure specimens; 3,673 scans
Accuracy reported for selected scan classes	Methamphetamine HCl 98.4%; cocaine HCl 97.5%; heroin HCl 99.2%
Sensitivity reported at scan level	Methamphetamine: 96.6% of 1,735 scans; cocaine: 93.5% of 1,406; heroin: 91.3% of 345
Study configuration	Viavi MicroNIR; laboratory scans; reference-lab comparison; contact- and physical-form-specific models
Limits	Repeated scans/conditions; convenience sample from Australian AFP historical seizures; NIRLAB-affiliated coauthors/infrastructure; not the acquired commercial device in U.S. use

Source: *Fursman et al. (2024), "Development and evaluation of portable NIR technology for the identification and quantification of Australian illicit drugs," Forensic Science International 362, 112179, full-text publisher-version PDF: Methods §§2.1-2.4, pp. 2-3; Results §3.1.1, p. 4. The metrics are scan-level study results, not customer success rates.*

Primary company sources

- 908 Devices Q2 2026 Form 10-Q, filed 11 August 2026.
- 908 Devices Q2 2026 results release, 11 August 2026.
- 908 Devices NIRLAB acquisition announcement, 6 May 2026.