

Revvity: Where to Place the Next Three Years of Bets

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Classroom case | Corporate strategy and resource allocation

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This is a hypothetical strategy exercise based on public information. It does not describe an actual internal assignment or include later transaction or operating results.

The decision

In October 2026, Revvity's hypothetical executive committee is setting priorities for the next three years. A definitive agreement to divest substantially all assets related to China Immunodiagnostics (China IDX) has been signed, but the transaction has not closed. The committee must decide how to direct incremental management attention and investment across the continuing Life Sciences and Diagnostics businesses as the agreement proceeds toward closing.

The question is not whether to sell China IDX. That agreement is already signed. The question is how to build the remaining portfolio while the closing date, net proceeds, retained obligations, and customer effects remain uncertain. Which capabilities should receive priority, what should be funded in stages, and what evidence should determine whether a program expands, changes, or stops?

Two businesses with different customers and clocks

Life Sciences sells research reagents, antibodies, assay technologies, instruments, preclinical imaging, software and services. Its customers include pharmaceutical and biotechnology companies, academic researchers, and government laboratories. Instrument placements can support later reagent and consumable use, while software may become embedded in research workflows. But the public record does not show instrument orders or utilization, reagent pull-through, Signals software renewals or churn, or customer-level returns. Research budgets and laboratory capital spending can also move with funding cycles.

Diagnostics includes reproductive-health testing and immunodiagnostics. Its customers and decision makers include screening programs, laboratories, hospitals, and clinicians. Named product families include DELFIA Xpress, NeoBase/GSP, EONIS, Vanadis, and Specimen Gate. The company describes EONIS as FDA-authorized and CE-marked; this does not establish product adoption, screening coverage, comparative outcomes, reimbursement, or profitability. Regulatory review, clinical validation, public procurement, country-specific screening policy, and tender timing can shape how quickly an opportunity develops.

These businesses may share scientific capabilities, informatics, brand, commercial reach, or support functions. Yet Revvity reports that intersegment revenue and transfers are not significant. Public disclosures do not quantify cross-selling, shared intellectual property, common-account wins, or incremental savings from shared infrastructure. Similar language about innovation or “platforms” is not evidence that capabilities produce value across both segments.

What the reported results show-and do not show

In fiscal 2025, Revvity reported \$2.856 billion of revenue: \$1.431 billion in Life Sciences and \$1.425 billion in Diagnostics. Reported segment revenue growth was 2% and 5%, respectively. Life Sciences Solutions revenue declined \$3.1 million while software increased \$35.6 million. Diagnostics immunodiagnostics grew \$41.3 million and reproductive health grew \$27.2 million. The company changed segment presentation after moving most Applied Genomics into Life Sciences Solutions, so earlier segment comparisons use recast classifications.

For the second quarter of 2026, ended July 5, reported revenue was \$729.7 million, up 1% year over year. Reported Life Sciences revenue was \$358.7 million, down 2%; Diagnostics was \$371.0 million, up 5%. Within those reported amounts, software declined \$10.2 million and Life Sciences Solutions rose \$3.0 million; reproductive health rose \$20.7 million while immunodiagnostics declined \$4.1 million. These reported figures include China IDX.

The company also supplied an unaudited pro-forma view excluding China IDX. On that basis, Q2 revenue was \$711 million, up 4%, and organic growth was 3% overall, with Life Sciences down 3% and Diagnostics up 11%. These are company-defined pro-forma measures, not the reported GAAP results and not a completed post-sale quarter. The public bridge does not reveal product-, country-, price-, or volume-level drivers sufficient to determine whether the segment divergence is durable.

Q2 reported segment operating income was \$111.5 million for Life Sciences (31.1% margin), versus \$115.5 million (31.6%) a year earlier. Diagnostics reported \$112.9 million (30.4%), versus \$89.4 million (25.2%). The company said cost containment and mix helped Diagnostics. It also received and recognized \$16.2 million of tariff refunds in cost of revenue during the quarter; a further \$4.0 million of the \$20.2 million applied for remained uncertain, with no receivable recorded at July 5. Q2 pro-forma adjusted operating income was \$209 million, or 29.3%, including about \$16 million of refunds. The refund should not be assigned mechanically to either segment, and one quarter does not settle future margins.

Management raised its FY2026 pro-forma forecast after Q1. The Q2 release gave a pro-forma revenue range of \$2.83-\$2.86 billion and pro-forma organic growth of 4-5%, compared with Q1 guidance of \$2.81-\$2.84 billion and 3-4%. Pro-forma adjusted EPS guidance rose from \$5.20-\$5.30 to \$5.30-\$5.40. These are management forecasts, not an approved FY2027 segment budget or evidence of project returns. Management said some tariff refunds would support increased investment but did not disclose a three-year segment allocation, project hurdle, or expected return.

A signed transaction with unresolved economics

On July 31, 2026, Revvity signed a definitive agreement to divest substantially all assets related to China immunodiagnostics. The August 4 Form 8-K states consideration of **up to \$200 million**, subject to adjustments and conditions. The company said it believed closing by the end of 2027 was probable, subject to conditions. At the October 4 cutoff, the agreement remained pending.

Three transaction figures must remain distinct. The August 4 announcement says China IDX represented approximately **6% of FY2025 total revenue**; it does not provide a product/customer allocation or a disclosed dollar value for the sold business. The unaudited pro-forma financial exhibit assumes **\$140 million of potential consideration**, including certain liabilities to be transferred and excluding certain contingent consideration. It also records a **\$42 million estimated loss on probable disposition, including tax impacts**. These are pro-forma assumptions, not an estimate of net cash proceeds. The agreement and detailed schedules were not included in the reviewed 8-K exhibits. Final cash, taxes and fees, working-capital adjustments, contingent payments, stranded costs, retained obligations, and retained customer or channel access are not established by the public record.

The pro-forma Q2 comparison removes China IDX revenue and expenses, but does not prove what operations will look like after closing. The transaction does not imply a sale of Life Sciences in China, all China operations, or all Diagnostics. Revvity reported \$425.1 million in China customer revenue and \$34.9 million in China-located long-lived assets for 2025, but those figures cover the company broadly and are not China IDX figures. Public information does not give a complete product-, customer-, or segment-by-country bridge for the assets being divested.

The resource-allocation problem

At the end of 2025, Revvity reported R&D expense of \$112.0 million for Life Sciences and \$103.6 million for Diagnostics. Adjusted segment operating income was \$458.3 million and \$344.2 million, respectively. The CEO is the chief operating decision maker, and selected corporate costs are allocated or recharged by benefit. The company does not report segment assets to the chief operating decision maker. These aggregates provide context but cannot show marginal project returns, capital employed by product, or the right FY2027 budget.

Revvity must decide whether the China IDX exit should change the way resources are assigned. A divestiture could focus leadership and capital on businesses with better opportunities. It could also introduce carve-out work, transition obligations, lost scale or customer access, and stranded costs. No public evidence establishes the net amount or timing of resources released. Likewise, Q2 Diagnostics growth could signal a strong continuing platform-or reflect geography, product mix, timing, comparison effects, refunds, or cost actions. Life Sciences investment could strengthen customer workflows-or be delayed by customer funding and laboratory capital cycles.

Three paths for the next three years

1. **Accelerate Life Sciences.** Prioritize instruments, recurring reagents and consumables, and Signals software in pharma/biotech and research workflows. This could deepen workflow relationships and support future pull-through. It also exposes investment to customer capital cycles, instrument utilization, uncertain software retention, and a gap between product interest and recurring revenue.
2. **Scale continuing Diagnostics.** Prioritize reproductive health and immunodiagnostics outside the divested China IDX perimeter, with investment in assay development, validation, and market access. This could build on Q2 growth and repeat testing. Returns depend on product and country mix, approval and validation, screening policy, tenders, reimbursement, and realized test volume. The public data do not isolate non-China product economics or prove that Q2 growth will persist.

3. **Balance the portfolio and retain flexibility.** Stage investment across both businesses against evidence gates; use partnerships or licensing in selected markets; and preserve capital flexibility until the transaction closes and post-divestiture demand and costs become clearer. This can limit early commitment and create learning, but may defer attractive opportunities or weaken accountability if every project remains underfunded.

A hybrid is possible. Any proposal should state how resources are allocated, which capabilities are shared or segment-specific, who owns each gate, and what results cause expansion, redesign, or a stop. Students should distinguish management attention from cash investment and account for uncertain timing and availability of transaction resources.

What evidence would change the decision?

Useful Life Sciences evidence would include instrument placements and utilization, customer cohorts, reagent pull-through, Signals software renewals and churn, product-level margins, customer capital plans, and project-level R&D milestones. Diagnostics evidence would include test volumes, country and product mix, tender wins and renewal rates, approval and validation milestones, reimbursement, screening-program rules, customer retention, and product-level economics. For both segments, leaders need a price/volume/foreign-exchange bridge, incremental cost and cash needs, and a comparison that separates organic demand from timing and mix.

The committee would also need a transaction bridge covering close conditions, timing, net proceeds, taxes and fees, transferred liabilities, transition services, carve-out expense, stranded overhead, and continuing obligations. For any claimed portfolio benefit, it should ask which customer or capability is shared, what it costs to share, what result improves, and how the result would be measured against a credible counterfactual.

Academic research offers mechanisms for asking these questions, not company-specific answers. Work on corporate scope cautions that portfolio adjacency does not establish a productive resource transfer. Historical divestiture studies report associations between focus changes and subsequent performance, but are observational and do not predict this transaction. Innovation-sourcing evidence is cross-sectional and from Belgian manufacturers; it cannot prove that Revvity's segments complement one another. A newborn-screening economics review finds heterogeneous studies with frequent proxy inputs and long-horizon assumptions; it is not evidence of Revvity product efficacy or adoption. A separate Texas screening cost-effectiveness estimate is available only as a publisher abstract and is provisional. None of these results should be used as a Revvity forecast.

Assignment

Advise the hypothetical executive committee as of October 4, 2026. Select an allocation path or a clearly specified hybrid for the next three years. Explain:

- which segment capabilities and initiatives receive priority, and why;
- what management attention, capital, and decision rights should be assigned;
- the milestones and evidence gates for expanding, redesigning, or stopping initiatives;
- how to test whether any cross-segment capability creates measurable value;
- how transaction timing, retained obligations, and uncertain proceeds affect the sequence; and
- which missing information could reverse your recommendation.

Separate reported results, company forecasts and claims, academic mechanisms, and your assumptions. The public record does not establish a single correct allocation. Do not use post-cutoff events or present the China IDX agreement as uncompleted by choice. Financial valuation and Excel modeling are outside this exercise.

Selected sources

- [Revvity 2025 Form 10-K](#)
- [Revvity Q2 2026 Form 10-Q, filed August 11](#)
- [Revvity Q2 2026 results and reconciliations, Form 8-K / Exhibit 99.1](#)
- [Revvity unaudited pro-forma financial statements, Exhibit 99.2](#)
- Montgomery, “Corporate Diversification” ([DOI](#)); John & Ofek, “Asset Sales and Increase in Focus” ([DOI](#)); Cassiman & Veugelers, “In Search of Complementarity in Innovation Strategy” ([DOI](#)); Cacciatore et al., newborn-screening economic-evaluation review ([DOI](#)). See the private research package for detailed source locators and evidence limitations.