# 23andMe files for Chapter 11 bankruptcy as co-founder Anne Wojcicki steps down



Anne Wojcicki, co-founder and now former CEO of 23andMe, has found her company at a critical juncture, as the genetic testing firm filed for Chapter 11 bankruptcy protection on Monday. This announcement marks a significant development in the company's history, which saw it evolve from an innovative Silicon Valley start-up to a publicly traded unicorn with a valuation of nearly $6 billion, before plummeting to a market valuation of approximately $48 million as of this week.

The filing took place in the US Bankruptcy Court for the Eastern District of Missouri, where 23andMe intends to expedite a sale process to maximise the value of its business. Wojcicki, who stepped down earlier, reportedly holds a 20% stake in the company and is poised to participate as a bidder in the forthcoming auction of its assets, which could potentially attract various parties interested in the lucrative but challenging market of genetic testing.

Despite boasting a subscriber base of 15 million users and innovative at-home genetic testing capabilities—allowing customers to send saliva samples for analysis—23andMe has struggled to establish a sustainable business model. The company faced stagnating revenue, hovering around $200 million annually, against rising operational costs. Compounding these issues was a failed telehealth initiative that cost the firm $400 million in an acquisition, and significant challenges within its drug development division, which was marred by high expenses and minimal successes, despite collaborations, including one with pharmaceutical giant GlaxoSmithKline.

An alarming factor contributing to its financial difficulties includes a significant liability stemming from a data breach in 2023, which exposed personal genetic information of users, prompting a $30 million settlement and potential further liabilities. The breach has raised serious concerns regarding the security of sensitive health data and has been felt deeply by customers, some of whom may have unwittingly placed their families at risk by sharing their genetic information.

As 23andMe navigates the Chapter 11 process, the company has indicated that it will operate as normal throughout the sale period, assuring customers that there would be no alterations to data management or protection measures. However, amidst the financial upheaval, there is apprehension about the future of the vast trove of genetic data amassed over the years.

Experts have noted that the potential sale of 23andMe's data could attract interest from AI companies seeking high-quality datasets to advance their algorithms. Subodha Kumar, a professor at the Fox School of Business at Temple University, was quoted saying, “Data is the new oil—and this is very high quality oil,” emphasising the allure of such genetic data in the increasingly competitive landscape of AI development. However, the sale of user data raises profound ethical concerns, as many customers engaged in ancestry testing may not have envisaged their genetic information being used for purposes other than what they initially consented to.

The uncertainty surrounding the fate of user data has prompted state officials, including California Attorney General Rob Bonta, to advise 23andMe users to consider requesting the deletion of their data and the destruction of genetic samples, as is their right under state law. As the situation evolves, questions linger regarding the ultimate handling of the data repository and the responsibilities of any entities that may acquire it.

With a stark contrast between the promise of personalised medicine heralded by advances in genetic research and the current realities of consumer data rights, the case of 23andMe underscores the challenges facing companies at the intersection of technology and personal data in a rapidly evolving landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://investors.23andme.com/news-releases/news-release-details/23andme-initiates-voluntary-chapter-11-process-maximize> - This URL supports the claim that 23andMe filed for Chapter 11 bankruptcy to maximize stakeholder value through a court-supervised sale process.
* <https://www.courts.michigan.gov/492eca/siteassets/publications/benchbooks/evidence/evidbb.pdf> - Although not directly pertinent, this URL generally relates to legal proceedings and could be relevant for understanding the broader legal context of data privacy issues, though it does not specifically address 23andMe.
* <https://abcnews.go.com/GMA/News/23andme-data-delete/story?id=120135468> - This URL corroborates concerns about the future of 23andMe's customer data and the advisory from state officials for users to delete their data.
* <https://customercare.23andme.com/hc/en-us/articles/30805135934615-Questions-related-to-23andMe-s-Chapter-11-Filing> - This URL supports the claim that 23andMe continues to operate as usual during the Chapter 11 process and assures no changes in data management.
* <https://www.23andme.com/about/ (Note: The 23andMe website does not specify this URL for the details, but it generally provides company history)> - This URL, though not a specific page, would lead to information about 23andMe's history as a startup to a publicly traded company.
* <https://www.forbes.com/sites/chriswestfall/2020/06/30/glaxosmithkline-23andme-partnership/?sh=4dd65c5b63e9> - This URL supports the claim about 23andMe's collaboration with GlaxoSmithKline, highlighting their partnership in drug development.
* <https://www.ft.com/content/31249f14-7c6e-4f06-b9c0-6ef372228af8> - Please view link - unable to able to access data