



 Harris Williams

Pharma Commercialization Services Market Update

May 2021

Care
Hospital
Pharmaceutical
Nurse
Dentist
First
Surgeon
Em

Executive Summary

- Cost and revenue pressures have led to an explosion in demand for outsourced pharmaceutical services.
- The pharma services sector is a very active area of the healthcare M&A market, and public valuations currently exceed pre-COVID-19 levels.
- The pharma services landscape is large and diverse, encompassing a wide variety of businesses, including consulting firms, analytics and data platforms, marketing and communications providers, and commercialization platforms.
- Here, we focus on commercialization services, sharing essential details such as segmentation, specific service offerings, and key differentiators and value drivers.

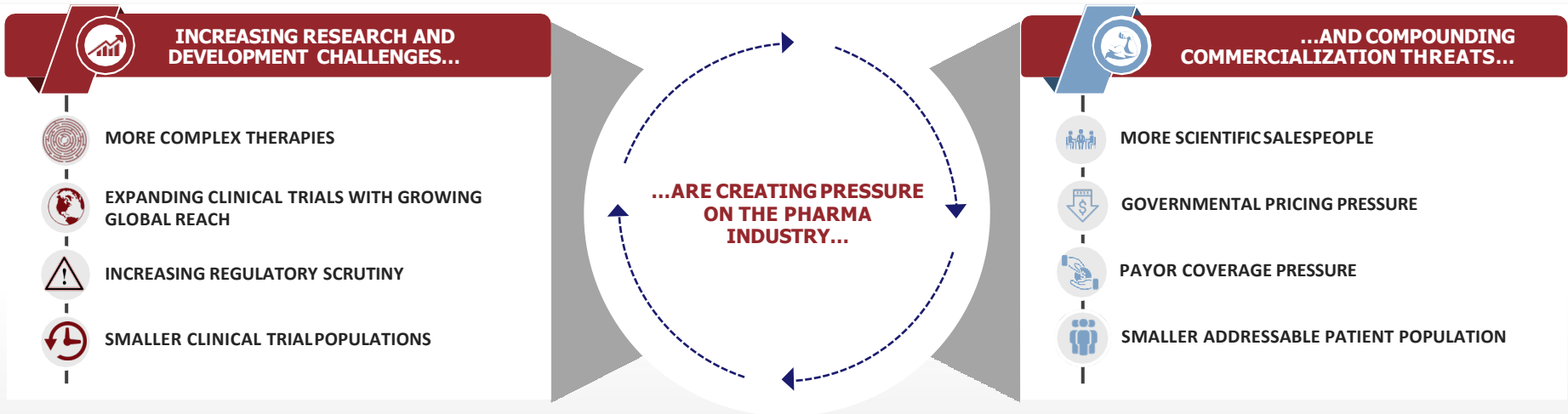
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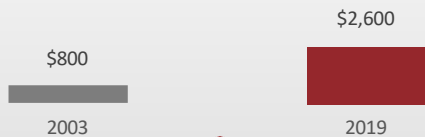
End-Market Back Drop – Pharma Services

The pharmaceutical industry is experiencing cost and revenue pressures as a result of the persistent shift toward specialty and high-cost drugs as the primary business driver for manufacturers, which has produced an explosion in demand for outsourced pharma services.

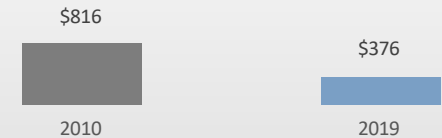
- Rising R&D costs and declining sales have led pharmaceutical companies to outsource more services
- Though the industry is consolidating, ample runway remains, particularly on the commercialization side



Average Development Costs Per Drug
(\$ in millions)



Average Peak Sales Per Drug
(\$ in millions)

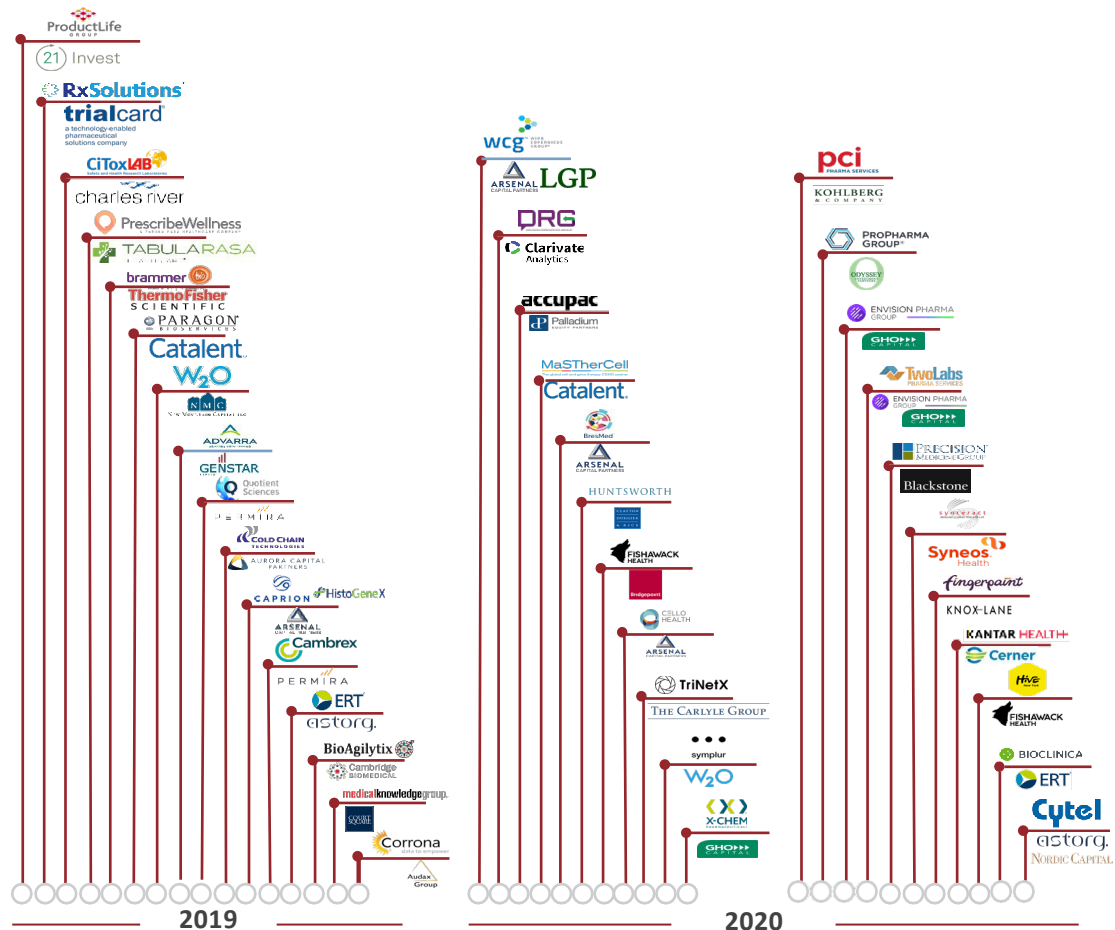


...WHICH IS DRIVING INVESTORS TO RUN TOWARD PHARMA SERVICES AS OUTSOURCING TRENDS EXPAND



Pharma Services M&A Activity

Pharma services is one of the most active areas of the healthcare M&A market, attracting interest from both financial sponsors and strategic partners.



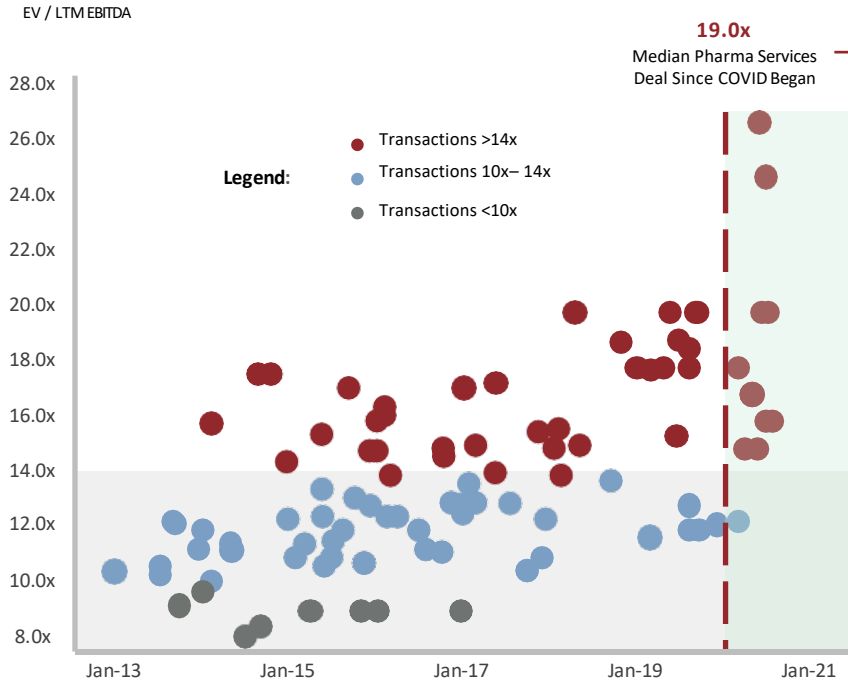
44%
With Strategic Buyer

56%
With Financial Buyer

Outsourced Pharma Services Valuations

The valuation multiples of outsourced pharma services companies were rising before COVID-19, and the sector's resiliency during the pandemic has only accelerated this trend.

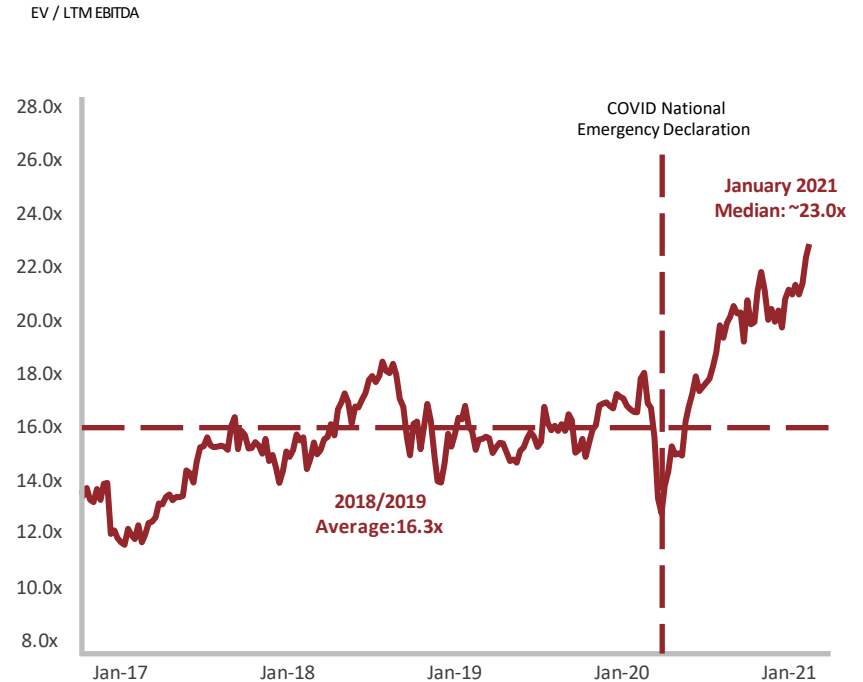
TRANSACTIONS TRADING AT RECORD VALUATIONS



Most Recent Pharma Services Activity

DEAL COMPS	18.0x	17.0x	27.0x	20.0x	25.0x	16.0x	20.0x	16.0x

PUBLIC VALUATIONS EXCEED PRE-COVID-19 LEVELS



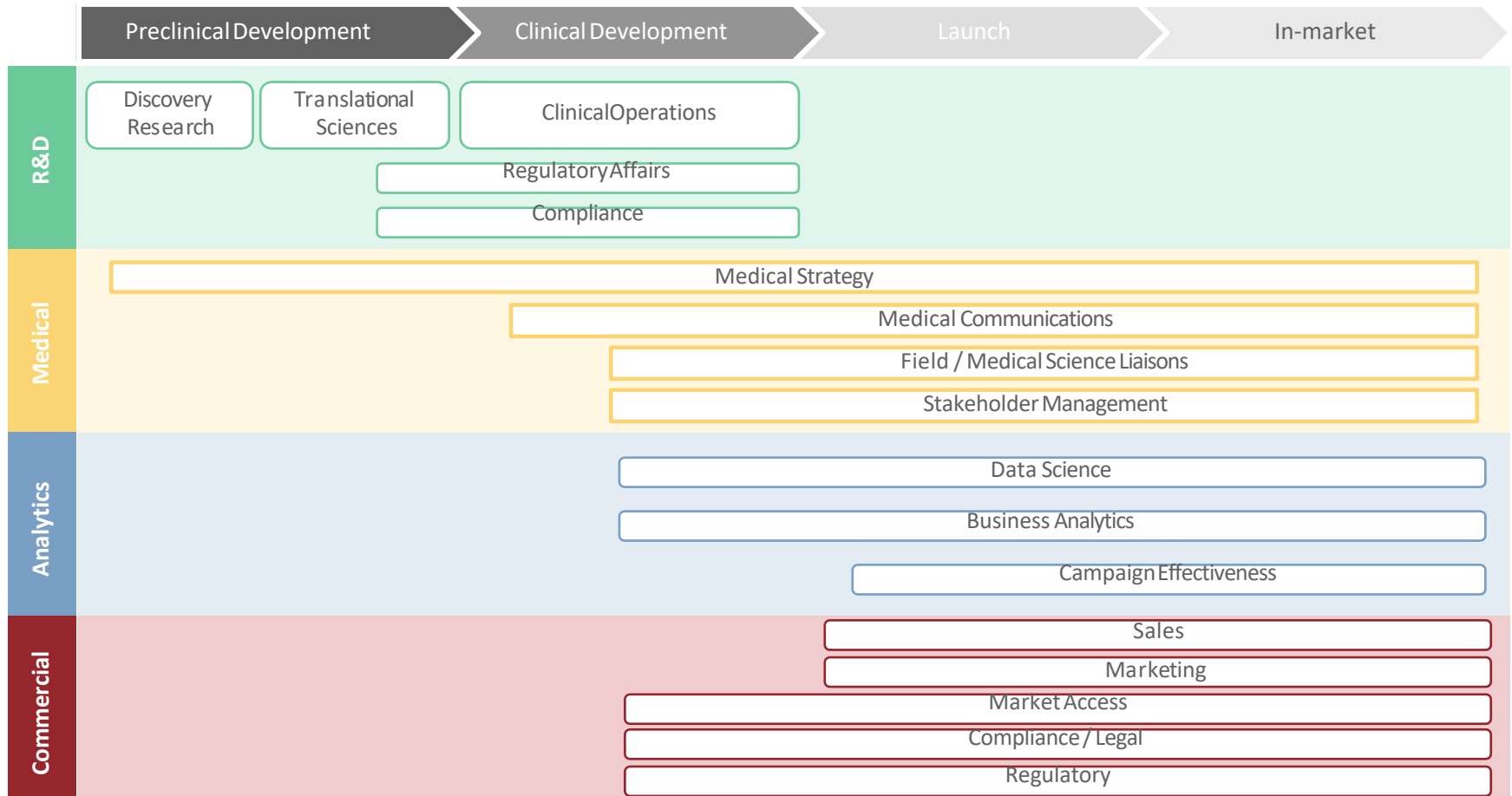
PUBLIC COMPS



Pharma Services Market Overview: Key Stakeholders

As a brand moves through the drug life cycle, numerous stakeholders across the organization are critical to its success.

- At every stage, there are multiple stakeholders, each addressing their unique challenges and using independent purchasing criteria in evaluating outsourced service providers



Pharma Services Market Landscape

INSIGHTS

STRATEGY

EXECUTION

CONSULTING / RESEARCH

CLEARVIEW
Healthcare Partners
Riordan, Lewis & Haden

Corrona
data to empower
Audax

GENESIS RESEARCH
PROMISED | DELIVERED
Rallyday Partners

CELLO HEALTH **BresMed**
Pharma Value Demonstration
Arsenal

TRINITY

Target RWE
Health Evidence Solutions
Norwest Venture Partners

UBC
Avista Capital

COMMERCIALIZATION PLATFORMS

Amplity
HEALTH
Altamont Capital

BW Health
Group

EVERSANA
JLL Partners

FISHAWACK
HEALTH
Bridgepoint Advisers

HUNTSWORTH
Clayton, Dubilier & Rice

medicalknowledgegroup.
Court Square Capital

OPEN HEALTH
Amulet Capital

PRIME GLOBAL

trialcard
Odyssey Investment Partners

W2O
New Mountain Capital

MARKETING / ADVERTISING

BEACON
HEALTHCARE COMMUNICATIONS

BGB GROUP

butler/till

closerlook
AT THE HEART OF WHAT MATTERS

Greater Than One
Made with Imagination

guidemark
HEALTH
High Road Capital

HealthMonitornetwork
WestView Capital

JUICE
PHARMA WORLDWIDE

Medicx Health
From Insights to Actions

Outcome
HEALTH
Littlejohn & Co.

PatientPoint
Searchlight Capital

relevance
HEALTH GROUP
Mountaingate Capital

REVHEALTH

thebloc

ANALYTICS AND DATA PLATFORMS

3prime
Vantagepoint Digital

AKTANA

Apollo
Intelligence
Sararas Private Capital

DEFINITIVE
HEALTHCARE
Advent International Corporation

IntegriChain
Accel-KKR LLC

MMIT
Welsh, Carson, Anderson, & Stowe

PHARMASPECTRA
Inflexion Private Equity

rednucleus
The Riverside Company

SteepRock

TI Health
Halyard Capital

VOXX
ANALYTICS

MEDICAL COMMUNICATIONS

ACCESS MEDICAL
Screening. Digital. Storytelling.

APTITUDE HEALTH

Brandcast
Health

ClinicalMind
Renovus Capital

conisus
A Global Communications Alliance
Webster Equity Partners

EHG
EVOLUTION HEALTH GROUP

HCG
Healthcare Consultancy Group
TO MAKE YOU FIRST, WE LEAD

HealthSTAR
COMMUNICATIONS
H.I.G. Growth Partners

Lockwood

LUCiD
GROUP
Transforming Data. Always.
LDC

MedThink
COMMUNICATIONS

MH life sciences
knowledge that matters

rareLife solutions

MEDICAL ANIMATION

3FX
Medical Animation + Digital solutions

hybrid
MEDICAL ANIMATION

RANDOM42
Graphite Capital Management

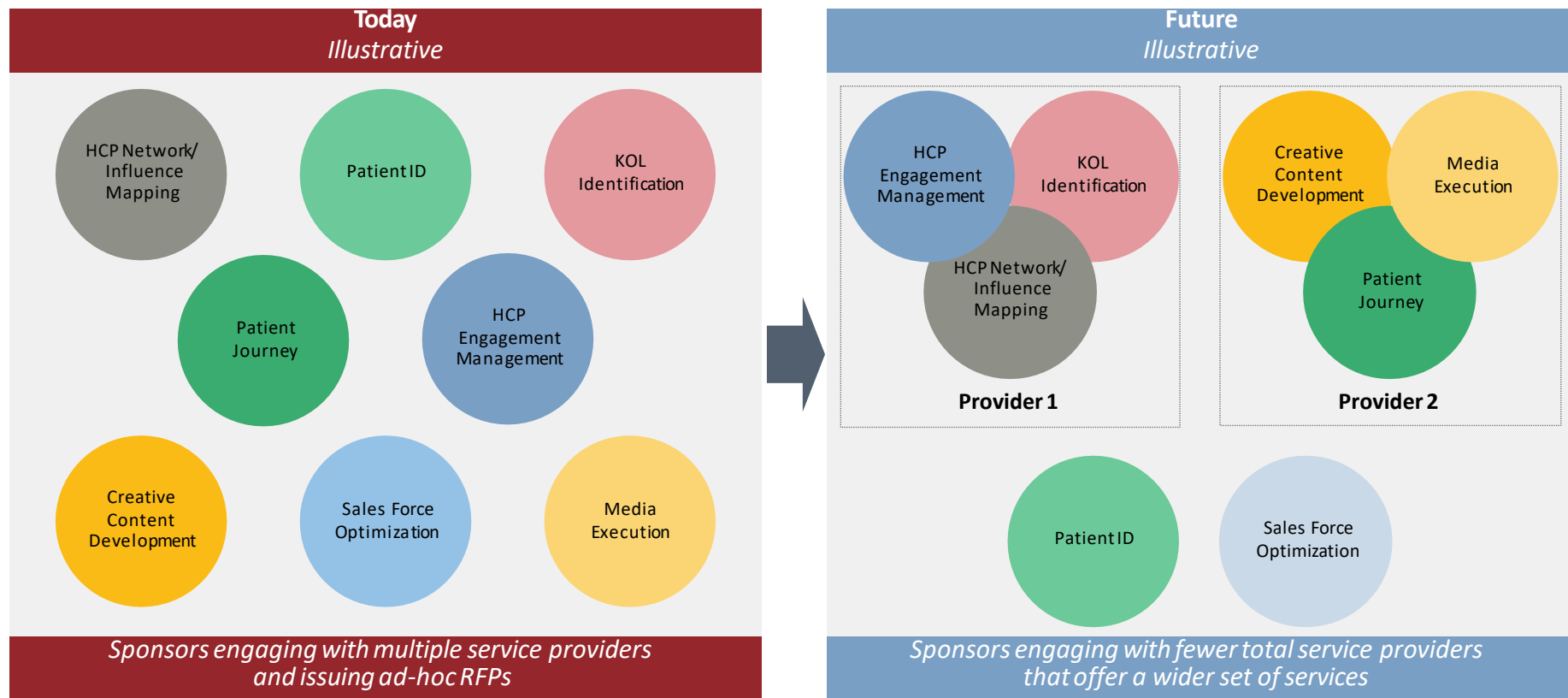
Zooming in to Pharma Commercialization Services: Segmentation of the Competitive Landscape

Pharmaceutical companies outsource commercialization services and data analytics to a range of firm types.

	FIRM TYPE				
	MEDICAL COMMUNICATIONS	ANALYTICS SPECIALISTS	HEALTHCARE CONSULTANCIES	DATA VENDORS	AD AGENCIES
Description	<ul style="list-style-type: none"> Communications firms engaged by medical affairs and marketing teams for the development of materials targeting HCPs May plan in-person or remote sponsored events in addition to providing in-office materials 	<ul style="list-style-type: none"> Focused providers of data analytics to the medical affairs and marketing teams of pharmaceutical companies Specific capabilities often vary by player 	<ul style="list-style-type: none"> Consulting firms used by pharmaceutical brands in commercialization strategy, including HCP and patient engagement May provide marketing analytics 	<ul style="list-style-type: none"> Providers of prescriber information, claims data, sales, and other prescription-related data to the pharmaceutical industry 	<ul style="list-style-type: none"> Advertising and marketing agencies used by pharmaceutical brands Provide branding and creative content development, and media strategy and buying services
Prevalence	<ul style="list-style-type: none"> Often engaged by marketing teams for internal sales force training and HCP-facing educational materials Can work with medical affairs on unbranded/brand-agnostic content development 	<ul style="list-style-type: none"> A brand may employ multiple firms to provide different capabilities Typically do not focus on end-to-end marketing analytics Some firms may offer proprietary software platforms 	<ul style="list-style-type: none"> Best known for overall strategy consulting and patient journey mapping May also be employed on KOL and HCP engagement strategy Usually do not provide proprietary data 	<ul style="list-style-type: none"> Most pharma companies purchase data on prescription claims Data vendors are transitioning from raw data providers into analytics and insights 	<ul style="list-style-type: none"> Ad agencies are engaged on almost all branded marketing Agencies rarely possess proprietary data for analytics Limited in insight they can provide beyond basic media performance metrics
Extent of Capabilities					
Example Firms					

Pharma Commercialization Services Competitive Landscape: Service Provider Evolution

Firms with a broad set of services and differentiated capabilities are well positioned to consolidate spend as the market evolves.

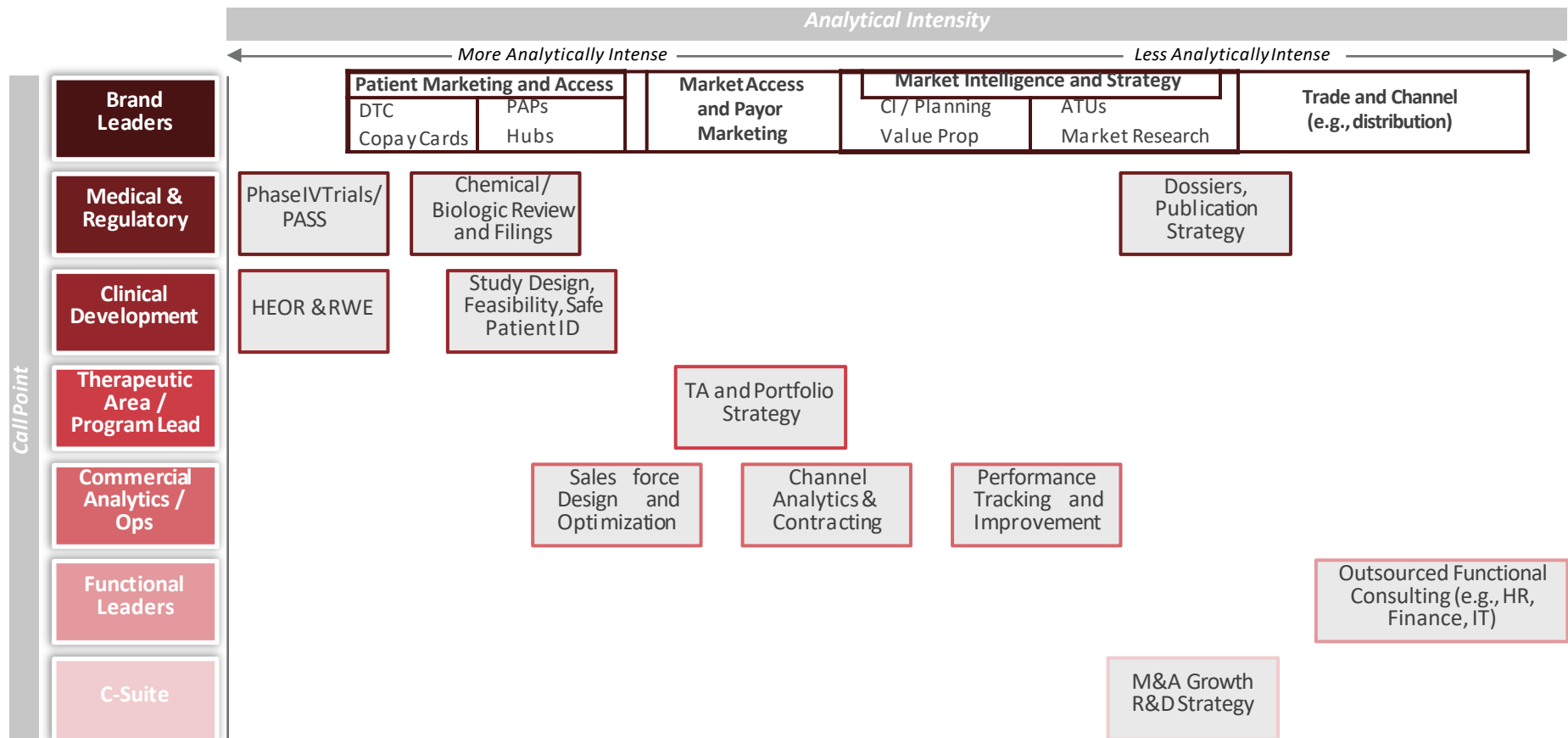


While independent RFPs are the norm, decision makers across pharma note the value of a provider with clear differentiation and broad capabilities driving a greater share of its work across commercialization work streams

Pharma Commercialization Service Offerings

An expansive range of commercialization, consulting, and clinical offerings serve call points throughout pharmaceutical companies.

- An extensive suite of point and platform solutions provide innovative services to pharma companies throughout the drug life cycle
- Within a large pharma company, each call point typically works independently of the others, making its own purchasing decisions
- Biotech and emerging pharma typically lack robust infrastructure, which causes decision-making to become more centralized and drives reliance on vendors with multiple capabilities
- Given the difficulty of selling across multiple call points, a proven ability to do so is incredibly valuable for outsourced pharma services companies



Key Value Drivers for Pharma Commercialization Services Companies

The following categories represent key characteristics that drive growth and long-term value creation for pharma services companies.

Value Driver	Key Proof Points
Attractive, Diversified Customer Base	<ul style="list-style-type: none"> › Long-tenured relationships with a diverse mix of blue-chip pharma brands and emerging mid-sized/biotech firms › Roster of brands with positive long-term outlook and significant remaining exclusivity › Consistent "land and expand" execution strategy for existing brand customers
End-to-End Service Offerings	<ul style="list-style-type: none"> › End-to-end service offerings that allow the company to work with brands from pre-launch through LOE › Proven ability to upsell additional services and analytics tools within new brands › Strong position in strategic pockets of HCP-focused, rather than consumer, marketing
Integrated Data Analytics	<ul style="list-style-type: none"> › Ability to pair competitive, front-end analytics solutions with comprehensive back-end services, subject matter expertise, and execution › Relevant services include Patient Adoption Analytics, Patient Adherence Analytics, Patient Outcomes Analytics, HCP Profiling, and Payor Mapping & Profiling › Ability to prove ROI for customers
Adjacent Service Offering Strategy	<ul style="list-style-type: none"> › Expansion into logical adjacencies: <ul style="list-style-type: none"> › HEOR and RWE: Extend data analytics capabilities into healthcare economics and outcomes research ("HEOR") and real-world evidence ("RWE") to gain traction with medical affairs teams and add post-commercialization touch-points › Clinical Trial Patient Recruitment and Support: Leverage patient community engagement to extend reach into R&D teams and engage with brands pre-commercialization
Proven M&A Strategy	<ul style="list-style-type: none"> › Disciplined and actionable strategy to identify and track M&A opportunities that fit a coherent strategic framework › Track record of successfully integrating add-on acquisitions to increase addressable market size, rapidly scale business, and acquire new technologies
Growth Potential & Scalability	<ul style="list-style-type: none"> › Expertise in high-growth therapeutic areas › Significant white space in core market/brands/therapeutic areas › Ability to recruit and retain talent across all core delivery functions of the business, including in new geographies where necessary

Harris Williams Update

With a global platform and recognition for consistently exceeding our clients' expectations, Harris Williams is the preferred M&A advisor for premier assets within their respective sectors.

375+

Employees
worldwide

170+

Transactions
closed in the
past 24 months

10

Industry Groups
with deep
experience across
sectors

Global Platform



24

Record Years
across firm
history

95%

Revenue
from sell-side
transactions

70%

**Revenue from
Repeat Clients**
worldwide

Consistent Recognition for Quality



Core Principles



One Firm



Trusted Relationships



Execution Excellence



Professional Integrity

Robust Pharma Services Experience

HW has built a leading pharma services franchise and maintains active dialogue with the most relevant strategic and financial investors across both clinical and commercial solutions.

- HW's recent deal experience provides additional insight into key investors' playbooks and hot buttons while reinforcing our thought leadership with practical experience

SELECT PHARMA SERVICES EXPERIENCE

<p>Engaged Client A</p> <p>RWE Data Provider</p>	<p>Velocity CLINICAL RESEARCH</p> <p>a portfolio company of</p> <p>NAVIMED CAPITAL</p> <p>has been acquired by</p> <p>GHOH CAPITAL</p>	<p>ALTASCIENCES</p> <p>a portfolio company of</p> <p>Audax Group</p> <p>has been acquired by</p> <p>NOVO holdings</p>	<p>KANTAR HEALTH+ a division of KANTAR</p> <p>a portfolio company of</p> <p>BainCapital PRIVATE EQUITY</p> <p>has agreed to be acquired by</p> <p>Center PENDING</p>	<p>medicalknowledgegroup.</p> <p>a portfolio company of</p> <p>WINDROSE HEALTH INVESTORS</p> <p>has been recapitalized by</p> <p>COVANCE</p>	<p>COLD CHAIN TECHNOLOGIES</p> <p>has been acquired by</p> <p>AURORA CAPITAL PARTNERS</p>	<p>MMIT</p> <p>a portfolio company of</p> <p>SGE BUSINESSMANA PRIVATE EQUITY, LLC</p> <p>has been acquired by</p> <p>WCAS</p>
<p>Milkart</p> <p>has been acquired by</p> <p>NAUTIC</p>	<p>ERG</p> <p>a portfolio company of</p> <p>DEW CAPITAL PARTNERS</p> <p>has been acquired by</p> <p>LINDEN</p>	<p>EAG LABORATORIES</p> <p>a portfolio company of</p> <p>CONVENSE GROUP</p> <p>has been acquired by</p> <p>eurofins</p>	<p>wcg <small>WORLDWIDE CONFERENCE GROUP</small></p> <p>has been recapitalized by</p> <p>ARRIVAL CAPITAL PARTNERS</p> <p>MSD Capital LP</p> <p>Other Leading Institutional Investors</p>	<p>WILRESEARCH</p> <p>has been acquired by</p> <p>charles river</p>	<p>Synowledge Knowledge You Can Trust</p> <p>has been acquired by</p> <p>BIOCLINICA Global Outsourced Pharmaceutical Services</p> <p>a portfolio company of</p> <p>JLL Partners and WATER STREET</p>	<p>trialcard</p> <p>has received a significant investment from</p> <p>EP EXCELLERE PARTNERS</p>

SELECT STRATEGIC BUYERS ENGAGED ON RECENT DEALS

BIOCLINICA SEE MORE CLEARLY	charles river	eurofins	EVERSANA
ICON	IQVIA	LabCorp / COVANCE SOLUTIONS MADE REAL	parexel
PPD	PRA Health Sciences	PRECISION MEDICINE GROUP	Syneos Health
UDG Healthcare plc	wcg WORLDWIDE CONFERENCE GROUP		

THOUGHT LEADERSHIP IN PHARMA SERVICES

Return on Innovation, Part 1: Commercialization Services

A MULTI-PART SERIES ON OUTSOURCED PHARMACEUTICAL SERVICES

Return on Innovation, Part 2: Contract Research Organizations

A MULTI-PART SERIES ON OUTSOURCED PHARMACEUTICAL SERVICES

Pharmaceutical companies are increasingly using outsourcing to be more efficient and effective in drug development, help reduce time-to-market and boost the ongoing commercial success of their products.

Return on Innovation, Part 3: Pharmaceutical Safety and Risk Management

A MULTI-PART SERIES ON OUTSOURCED PHARMACEUTICAL SERVICES



The outsourced pharmaceutical services sector provides a wide range of opportunities for strategic acquirers and private equity investors. Motivated by the need to become more efficient in drug development and maximize returns on approved therapies, pharmaceutical companies are turning to outsourcers to drive efficiency across their value chains.

In this article, Paul Hepper, a managing director in the Harris Williams Healthcare & Life Sciences (HCLS) Group, discusses a segment within outsourced pharmaceutical services offering robust opportunities for buyers. Hepper draws up a list of strategic buyers, including WCG and Synowledge to identify three top

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Managing Director

Get in Touch

Our Healthcare & Life Sciences and Technology Groups collaborate to bring a unique perspective and deliver strong outcomes in the pharma commercialization services sector.



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HW Harris Williams

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10 INDUSTRY GROUPS

With Robust Experience
Across the Globe

THREE DECADES

Providing Award-Winning
M&A Advisory Services

1 UNIFIED TEAM

Bringing Firmwide Dedication
to Every Engagement

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