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Pharma Commercialization Services Update

1st Half 2024 Update



Canaccord Genuity: Leaders In Pharma Commercialization Services

 <p>Financial Advisor to Healthwise on the Sale of its Operating Assets to WebMD</p>  <p>February 2024</p>	 <p>Financial Advisor on sale to</p>  <p>November 2023</p>	 <p>Financial Advisor on sale to</p>  <p>October 2023</p>	 <p>Financial Advisor on sale of its Healthcare Vertical Business to</p>  <p>July 2023</p>	 <p>Financial Advisor on sale to</p>  <p>March 2023</p>	 <p>Financial Advisor on sale to</p>  <p>February 2023</p>	 <p>Financial Advisor on investment in</p>  <p>December 2022</p>
 <p>Financial Advisor on investment from</p>  <p>August 2022</p>	 <p>HEALTHCARE COMMUNICATIONSSM ideas that resonate</p> <p>Financial Advisor on sale to</p>  <p>August 2022</p>	 <p>Financial Advisor on sale to</p>  <p>March 2022</p>	 <p>Financial Advisor on investment from</p>  <p>November 2021</p>	 <p>A Sovereign Capital-backed company</p> <p>Financial Advisor on acquisition of</p>  <p>August 2021</p>	 <p>A Healthcare Identity Company</p> <p>Financial Advisor on sale to</p>  <p>August 2021</p>	 <p>A Global Communications Alliance</p> <p>Financial Advisor on sale to</p>  <p>July 2021</p>
 <p>Financial Advisor on acquisition by</p>  <p>Transforming lives. Always.</p> <p>June 2021</p>	 <p>Financial Advisor on investment in</p>  <p>April 2021</p>	 <p>LEADING HEALTH FORWARD</p> <p>Financial Advisor on acquisition by</p>  <p>April 2021</p>	 <p>Financial Advisor on investment in</p>  <p>March 2021</p>	 <p>Financial Advisor on acquisition by</p>  <p>January 2021</p>	 <p>Financial Advisor on sale to</p>  <p>December 2020</p>	 <p>Financial Advisor on investment in</p>  <p>October 2020</p>

Pharma Commercialization Services Update

Welcome to our latest update on the outsourced Pharma Commercialization Services sector. As ever, our report looks at deal activity over the last six months, and where it has been happening. In addition, in this issue we are pleased to share some insider perspectives on the sector, in the form of a Q&A with Nick Sullivan, an experienced business leader in market access and HEOR.

In our last edition, covering the second half of 2023, we predicted a busy 2024, but with activity weighted toward the end of the year.

The last part of that prediction feels safe – as you will read on the following pages, activity was subdued in H1 2024, albeit with a steady flow of bolt-on acquisitions by strategics. The remainder of 2024 still has the potential to bring a higher level of dealflow, and the sale processes currently underway on both sides of the Atlantic will likely set the tone for 2025.

We hope you enjoy reading this edition – do get in touch if you'd like to discuss the sector in more detail.

Pharma Commercialization Services Update



Nick Sullivan

Nick has spent the past 20 years in biopharmaceutical consulting, specializing in market access and HEOR. Nick was previously Global Head of HEOR at Lumanity where he was a member of the founding executive team and closely involved in the early foundational acquisitions. Nick is co-founder of Leadout, a specialist advisory firm helping to bridge the needs of founders and investors in pharma services.



Last year saw more pressure on commercialisation budgets than we have seen for some time. Is this a short-term headwind, or something more permanent?

- It's unlikely that last year's pressure on commercialization budgets will abate. Persistent macroeconomic headwinds, increased scrutiny of drug prices, post-pandemic turmoil in R&D, and significant investments in digital transformation, will drive ongoing cost containment by pharma.
- But the imperative to deliver commercial forecasts for approved assets, coupled with the escalating complexity of gaining market access and driving adoption, may alleviate some budget pressures for well-positioned service providers.
- The dynamic global environment also presents new opportunities. Initiatives such as the EU Joint Clinical Assessment (EU-JCA), and the Inflation Reduction Act in the US, are expected to drive increased investment that will likely flow through to some budgets.



Do you think barriers to entry in the sector are increasing?

- While initial barriers to entry remain relatively low, there are several significant challenges to achieving success and scale.
1. The complex regulatory, medical, policy and access environment necessitates specialized knowledge and a multidisciplinary team of experts who are continuously up to date on the latest trends and trained to an advanced level in their respective fields.
 2. There is a relative scarcity of suitable talent and high costs associated with acquiring and developing people.
 3. Focus of biopharma procurement on cost savings and efficiencies through supplier base rationalization, making it more challenging for newer entrants to compete.
 4. Critical need to invest in R&D and thought leadership to provide value-added services that are distinct from competitors.
 5. Need for investment in secure and compliant technology to support digitized products and services, as well as advanced technologies such as AI.

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Are the growth drivers of today's pharma commercialisation market noticeably different to when you started your career in the industry?

- The promise of personalized medicine, rapid adoption of technologies, and an evolving policy landscape are profoundly shaping commercialization.
- Having begun my career in market access when it was in its infancy, I've observed firsthand how the growth drivers and opportunities in this field continually evolve.
- Market access and HEOR continue to offer strong growth potential, benefiting from a sharper overall focus on product value, and have evolved from expert-based consulting to a sophisticated blend of data, analytics, technology and multidisciplinary insights.
- Service providers face the ongoing challenge of aligning their offerings with these evolving trends and leveraging the opportunities presented by digital transformation.



Do you see any threat to pharma commercialisation businesses from the adoption of AI technologies?

- For businesses servicing biopharma's commercialization needs, the biggest threat will be from not making AI a top priority. Rapid AI adoption is transforming operational efficiency and cost management in areas such as predictive analytics for forecasting, stakeholder insights collection, ultra-targeted marketing campaign development, and enhanced/automated content creation.
- The deployment of AI in scientific and technical domains remains more uncertain. Clients will require rigorous validation and demonstrable proof of AI's efficacy before fully accepting AI-driven approaches.
- Partners who are not AI-enabled risk obsolescence – either because their capabilities will not be differentiated, or because they will be uncompetitive on price as procurement teams increasingly expect AI-powered efficiencies to be reflected in service pricing.

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Growth through M&A has always been a big theme in commercialization. Is this route still open in the way it was 5-10 years ago?

- The commercialization segment's robust underlying growth rate and attractive upside potential – via business expansion and technological transformation – will sustain the attractiveness of M&A, particularly as accelerated organic growth remains hard to achieve.
- Investors must balance the challenges of valuations, integration, and synergy realization with the potential to unlock significant value from enhanced capabilities, market reach and operational efficiencies.



Which capabilities do you see as the most critical and strategic for biopharma clients?

- The most critical capabilities for biopharma service providers will be those that are challenging to in-source, possess high strategic value, and address the industry's most significant challenges. Key areas include:
1. Mastery of the key therapeutic areas and treatment modalities, such as cell and gene therapies, that are aligned with client growth priorities.
 2. Leveraging data analytics and integrating AI. The utilization of **real-world data**, for example, is increasingly integral to drug development, with its importance rising further as issues of product value and personalization of medicine continue to increase in prominence.
 3. Approaches that consider the needs of patients at each step. This will add, for example, to the growing importance of **medical affairs** within pharma – the critical bridge between clinical development and commercialization.
 4. Engagement early in development to ensure continuity of service and deepening of insight, particularly in areas related to **value and access**. Early understanding of the complexity of the payer environment, for example, crafting early access strategies, and, crucially, payer know-how across global markets is critical and often underserved within pharma.



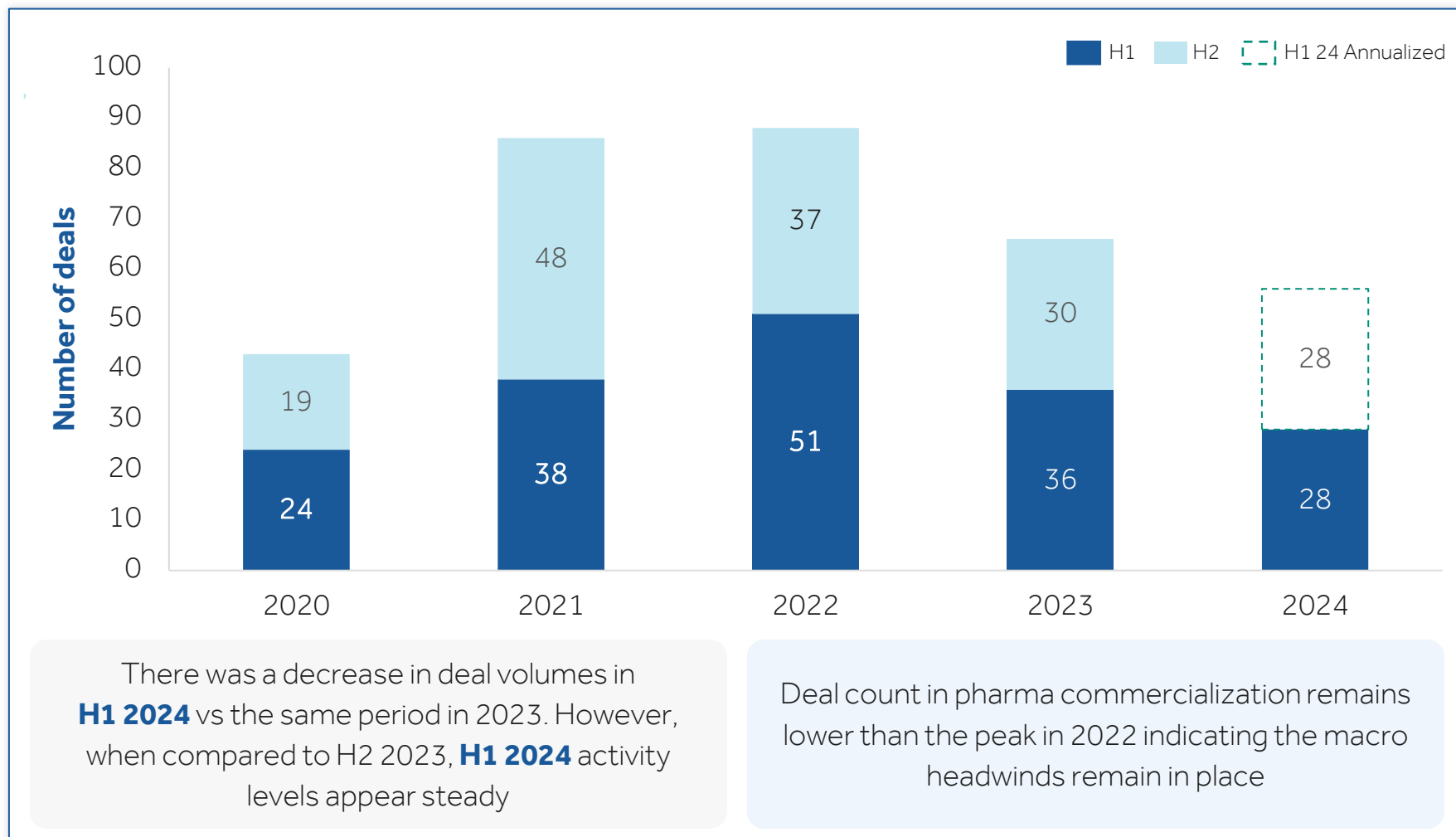
Looking to the future, do you think pharma clients will want one-stop-shop providers, or a mosaic of smaller specialists?

- I won't be the only one to believe that one-stop shops in pharma services are a fallacy. Pharma is too large, complex and fragmented to make it a practical possibility to any meaningful extent.
- Pharma will continue to outsource to a range of providers of different sizes, particularly for: 1) Differentiated services in areas that are hard to in-source fully; 2) Scaled operations in key areas where there is a high need for expertise and capacity e.g. medical communications; 2) Joined up capabilities in adjacent areas – e.g., market access, HEOR and RWE – where a common function will have influence over buying in pharma or when working with biotech where operating models are more streamlined.

M&A Activity



Pharma Commercialization dealflow slowed further in H1

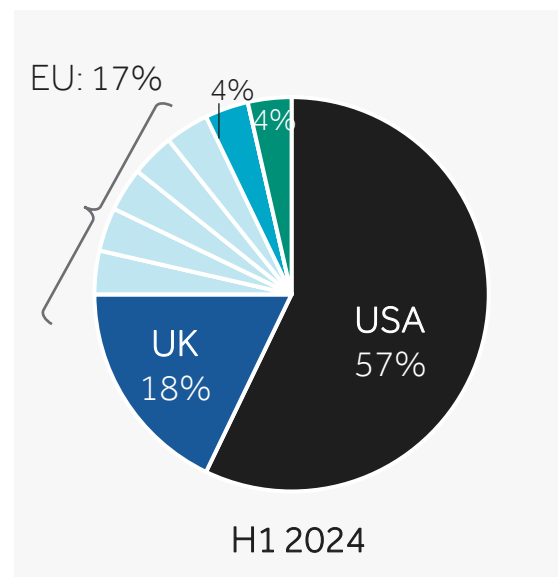
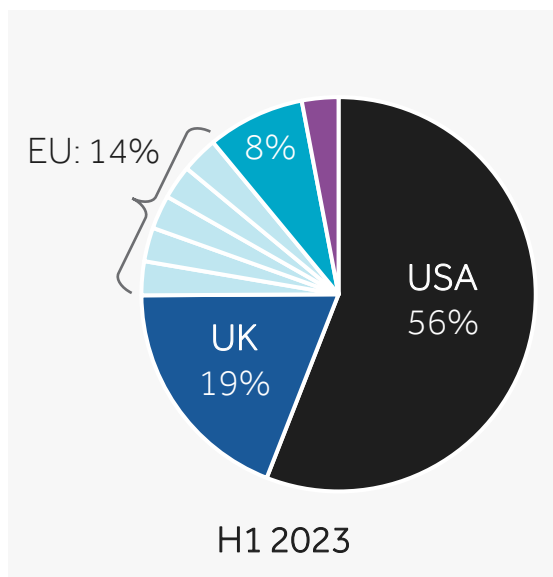
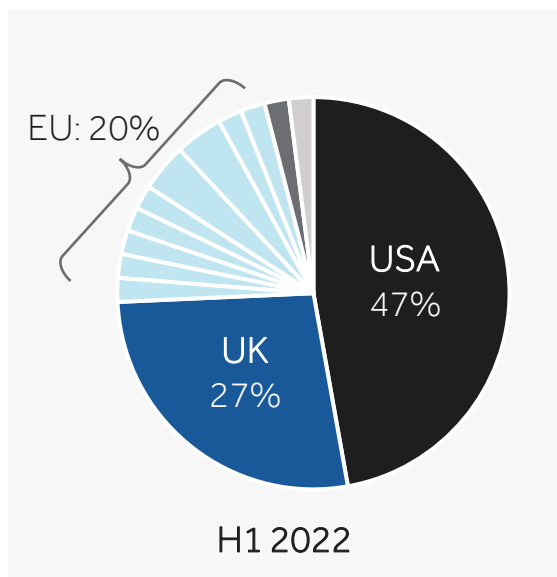


H1 2024 Deal Activity Continues to Exhibit Similar Regional Trends

- The geographic distribution of deals that took place in H1 2024 remains consistent with previous periods
- However, more activity is being seen in Europe in H1 2024 compared to H1 2023
- The USA and UK still lead pharma commercialization deal activity

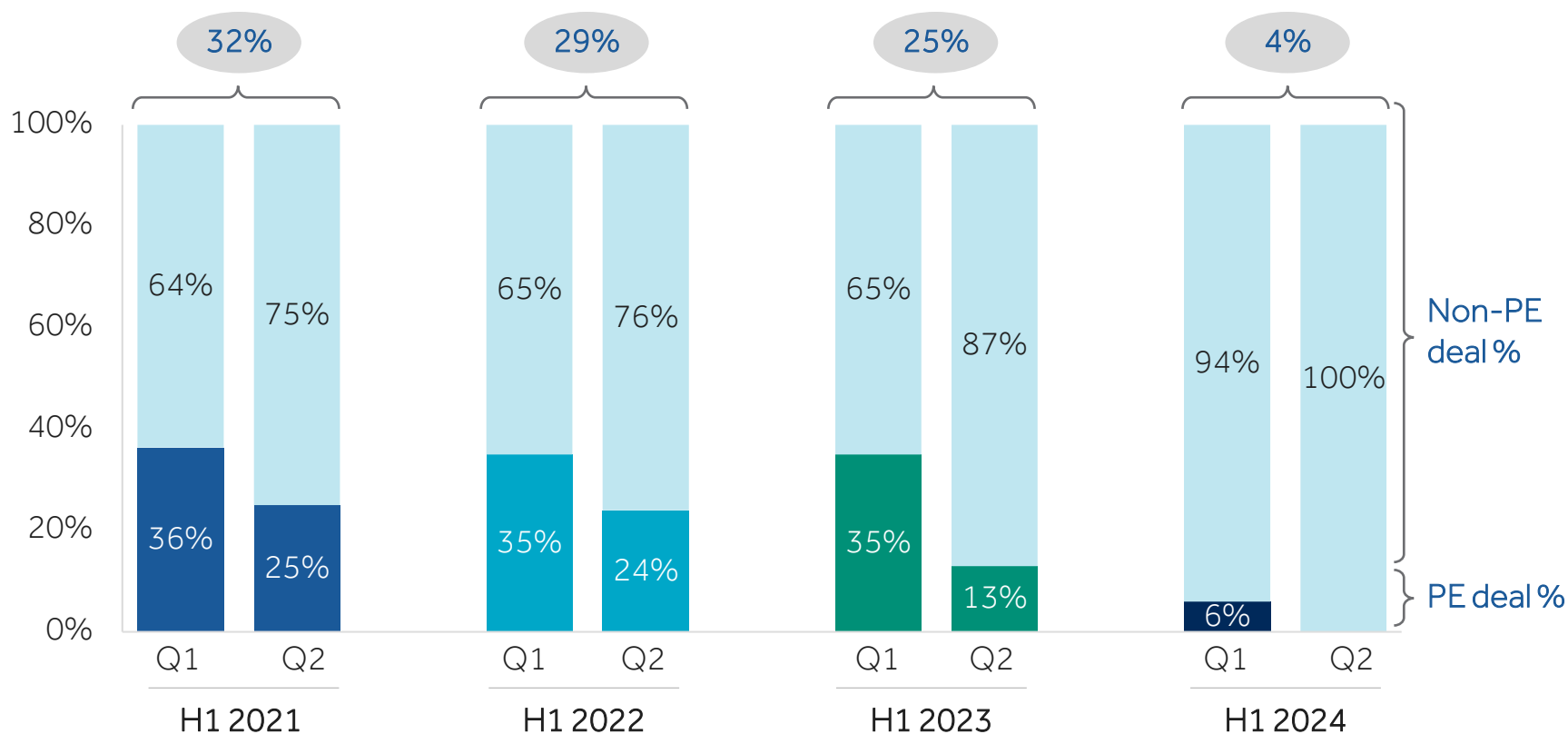
Geographic distribution

● Europe ● Canada ● Australia ● China ● Japan ● Russia



Strategic Buyer Activity Levels Have Increased

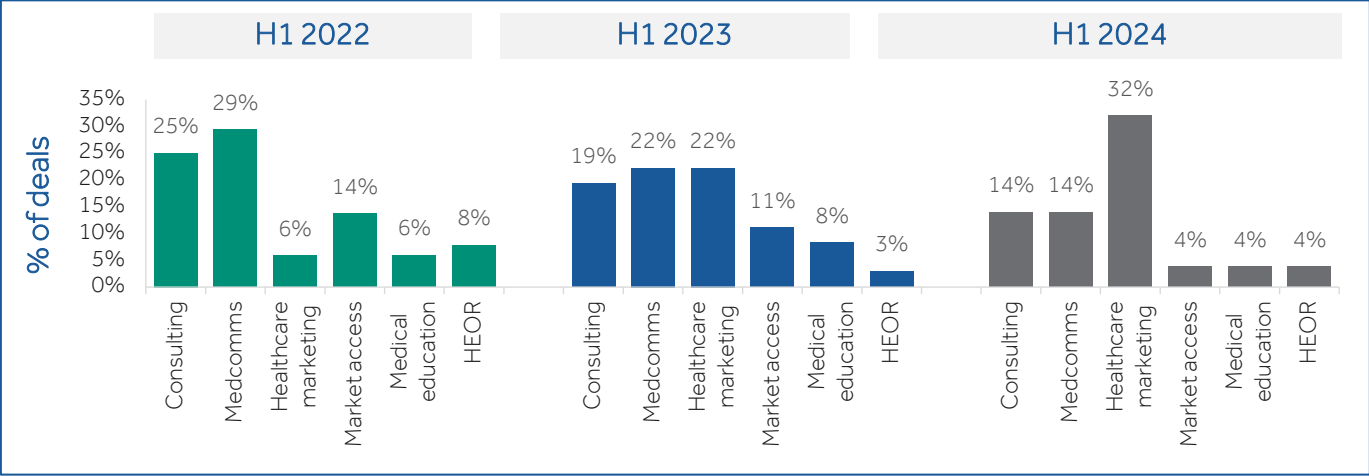
- Interest among PE within the pharma commercialization services sector remained positive; however, higher cost of debt and falling macro-economic confidence led to fewer PE platform deals in H1 2024.
- Strategic buyers who closed deals in H1 included Bioscript, MAP Patient Access and Petauri Health



Sources: Canaccord Genuity analysis, CapitalIQ, Mergermarket

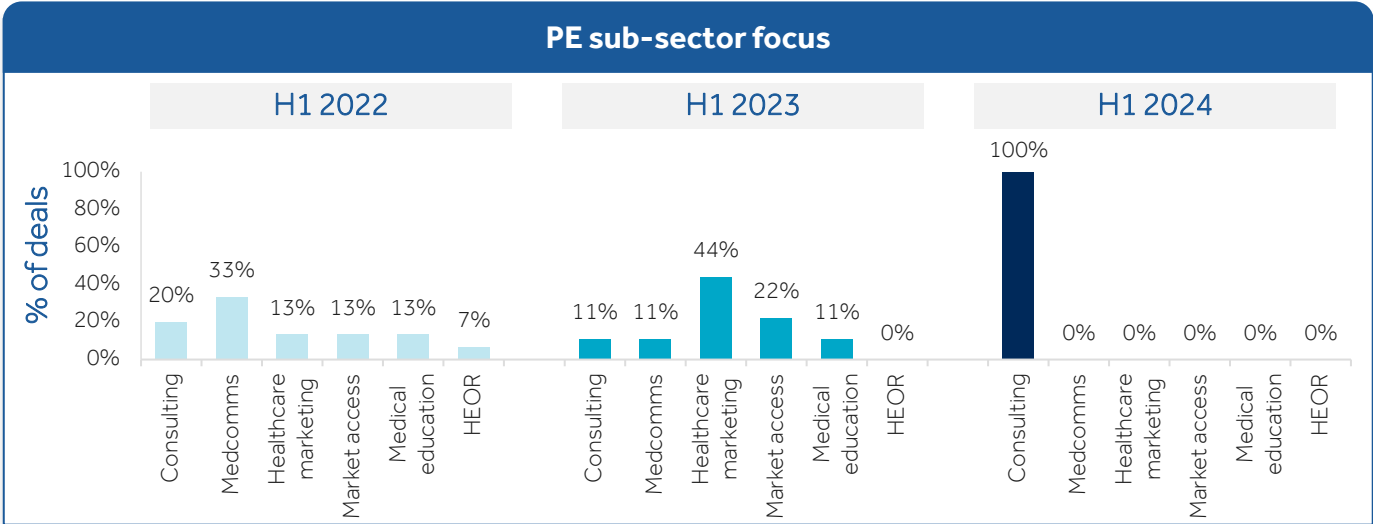
Note: PE deals comprise platform deals only – M&A by PE-backed businesses is considered non-PE

Healthcare Marketing saw most M&A activity in H1 2024



Healthcare marketing, Medcomms and Consulting remain in the top 3 most active sub-sectors in H1 2024

The only PE platform deal in H1 2024 was in the Consulting sub-sector



Recent Pharma Commercialization Services M&A Transactions (1/2)

Selected transactions – H1 2024

Date	Target	Country	Service	Buyer
Jun-24	Sensified		Medical communications	ClinicalMind
	Embedded		Agency & marketing services	Deerfield Agency
	Mtech		Market access	Petauri Health
	Delta Hat		HEOR	Petauri Health
May-24	BW Health Group, LLC		Agency & marketing services	Danforth Advisors
	ProductLife Group		Regulatory affairs, pharmacovigilance, PRMA, consulting (regulatory compliance, quality & audit)	Oakley Capital & 21 Invest
	BioCentric, Inc.		Agency & marketing services	JPA Health Communications
	Berry & Company Public Relations		Agency & marketing services	CG Life
	AxTalis		Regulatory affairs, PRMA & medical affairs	MAP Patient Access
Apr-24	Enzyme Communications		Medical communications	Bioscript
	nspm & eluSCIdate		Medical communications & PR	Cactus Life Sciences
	G&L Healthcare Advisors		Regulatory affairs, quality & compliance consulting	Armira
	CHEORS		HEOR, PRMA & RWE	PharmAlliance
	Insife ApS		Pharmacovigilance	Qinecsa Solutions

Buyers in bold represent private equity firms

Sources: Public data, CapitalIQ, Mergermarket = only publicly disclosed deals are shown

Recent Pharma Commercialization Services M&A Transactions (2/2)

Selected transactions – H1 2024

Date	Target	Country	Service	Buyer
Apr-24	Toolhouse		Medical communications & digital	CG Life
	Six Degrees Worldwide		Agency & marketing services	Reverba
	11Ten Innovation Partners		Strategy Consulting	ClinicalMind
Mar-24	Trilogy Writing & Consulting		Pharmacovigilance, regulatory affairs & medical writing	Indegene Lifesystems
	Health+Commerce		Agency & marketing services	Supreme Group
	CareContent		Agency & marketing services	SFC Group, LLC
Feb-24	FORCE Communications		Agency & marketing services	Petauri Health
	Cogentia		PRMA & HEOR	Helios Medical Communications
	Avant Healthcare Marketing Inc		Agency & marketing services	Real Chemistry (fka W2O Group)
	Healthwise		Medical education	WebMD
	Glocalmind		Market research	Apollo Intelligence
Jan-24	Commercial Eyes		Regulatory affairs, pharmacovigilance, PRMA, quality consulting & market research	ProductLife Group
	Vivisum Partners		Agency & marketing services	ZoomRx
	Drug Channels Institute (DCI)		Market research, intelligence & analytics	HMP Global



Buyers in bold represent private equity firms

Sources: Public data, CapitalIQ, Mergermarket = only publicly disclosed deals are shown

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