



FY 2023 – H1 2024 Clinical CRO Market

Highlights, Trends, Opportunities & Outlook

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Pharma Services Focusing In On Phase I-IV Clinical Trials

FY 2023 – H1 2024 Clinical CRO Market

Outsourced Pharma Services Overview

Preclinical CROs

Contract research provider offering earlier-stage drug discovery services, non-human laboratory testing before clinical trials

Select Market Leaders



Clinical CROs

Outsourced service provider leading clinical trial design, recruitment, data & project management

Select Market Leaders



CMOs/CDMOs

Outsourced manufacturing services specializing in formulation developments & manufacturing (pre- & post-commercialization)

Select Market Leaders



Growing Pharma Innovation Underpins Clinical CRO Segment

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Global Clinical CRO Market

Contract service providers for involved in later stages of drug development, including clinical trial design & management, data analysis & pharmacovigilance





>\$54B

Global Market Size
(2024)

7%

CAGR
(2024 – 2030)

Select Market Leaders

Company	LTM Revenue
 IQVIA	\$15.2B
 labcorp	\$12.5B
 ICON	\$10.3B
 MEDPACE	\$2.0B

Key Offerings



Market Dynamics

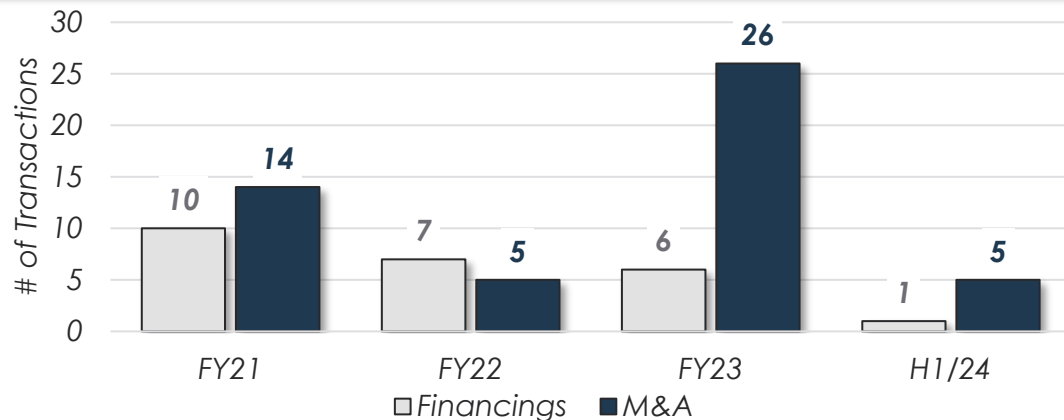
- >50% of clinical processes outsourced due to high-costs associated with in-house drug development
- Decline in clinical trial starts (~15% from 2022-2023) primarily due to fewer multi-study trials conducted by strategics
- Increasing R&D investment to bolster pipelines as well as growing focus on precision medicine requires specialized expertise
- CROs typically faster to adopt digitized, AI-enabled & analytical technologies for R&D; opportunity to leverage these technologies for streamlined development with minimal investment
- Opportunity for CROs to develop tech-enabled solutions for decentralized & remote trials, increased patient engagement & streamlined patient recruitment

Strong R&D Pipelines & Expedited Timelines Support Demand For Outsourced Clinical Services

Platforms Seek Specialized Capabilities & Expanded Capacity

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Clinical CRO Transaction Overview (FY21 – H1/24)



Transaction Drivers

- ✓ Seeking **additional clinical trial sites** to expand network & operational capacity
- ✓ Expansion into **new therapeutic areas** to enhance reach, bolster customer base & diversify offerings
- ✓ Enhance efficiencies through adoption of **advanced technologies & analytical capabilities**
- ✓ **Tech-enabled, analytical & data-driven solutions** garnering interest for up & downstream capabilities



Key Highlights

- Uptick in transaction activity in FY23 as platforms continue to bolster capabilities as well as geographic footprint
- H1/24 experiencing slowdown in transactions as key buyers continue to integrate targets from recent deals
- Strategic & financial acquirers expected to add-on adjacent targets to support end-to-end service providers

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Clinical trial sites are undoubtedly the hottest category of pharma services as previously [physician practice management]-focused firms pivot into the life sciences category closest to their historical area of expertise...Research Network, both of which closed in late 2023. Given that the trial site niche is still fragmented, there's plenty of room for M&A activity, according to the analysis.



Acquirers In Process Of Integrating Recent Targets; Anticipating Uptick In Tuck-In M&A To Differentiate Capabilities

Private Equity Continue Platform-Building Strategies

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Target	Deal Date	Description
	10/1/2023	Biometrics-specialized clinical CRO focused on biotech & medical devices
	6/12/2023	European-based medical writing consultancy focused on regulatory & medical communications

Target	Deal Date	Description
	1/9/2023	Regulatory consulting group servicing pharma companies navigate the FDA approval process
	1/9/2023	Clinical CRO focused on providing clinical trial services across Europe

Private Equity CRO Platforms Expand Capabilities Via Geographic Presence & Niche Tuck-In Capabilities

Buyouts Of Clinical Service Leaders Likely To Spur Future M&A

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Date	Target	Buyer	Target Description
05/13/2024	 iPROM GROUP		Japanese healthcare entity spanning four business units: Advanced Medicinal Treatment, CRO, Site Management Organization, and Medical Support
08/07/2023	 WORLDWIDE CLINICAL TRIALS		Global CRO providing bioanalytical & clinical solutions across a variety of disease areas including cardiovascular, metabolic, and neuroscience
05/10/2023			Biopharmaceutical solutions organization providing clinical development, medical affairs, commercial delivery, and consulting services
01/10/2023			European CRO with broad disease area coverage (oncology, cardiology, CNS, etc.) while leveraging local expertise in 20 countries
01/03/2023			Global pharma solutions organization focusing on strategic planning, preclinical & clinical development, regulatory affairs, and commercialization

Transaction Insights

- Targeting new therapeutic area expansion through tuck-in transactions
- Decentralized Clinical Trial expertise enhances position as M&A target
- Profitability is key criteria for private equity firms evaluating platform targets
- Clinical trial sites garnering interest to enhance operational capacity as well as commercial footprint
- Acquirers seeking to create value through specialized service add-ons with efficient timelines

Recent Platform Formation Provides Foundation For Near-Term Expansion In New Therapeutic Areas

Complementary & Data-Enabled Services Garner Investor Interest

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Date	Target	Investor(s)	Target Description
01/19/2024	 圣方医药研发	 太美医疗科技	CRO providing clinical research services including real-world research to help streamline drug development for expedited launch
12/14/2023	 LIFE SCIENCES	 Marula Square  KALEO VENTURES	CRO providing real-world data, analytics, visualization, commercialization, and patient management services to pharmaceutical companies
06/30/2023	 PHARMASEAL	Undisclosed	Developer of unified clinical trial management & control platform for biopharma, medical devices, animal health, and CROs
05/18/2023	 HIGHTHINK MED 至诚服务 · 健康中国	 中信建投证券股份有限公司 CSC FINANCIAL CO., LTD.	Provider of phase I-IV clinical contract research services for pharmaceutical & medical device companies
03/30/2023	 QLBio	 德联资本 Delian Capital	Provider of systems biology services including research, pharmaceutical, translational medicine, and bid data processing

Transaction Insights

- Targets offering services in complementary areas (i.e., regulatory, real-world evidence, data analytics, etc.) garnering investor interest
- Clinical service providers seeking to develop trial management offerings as opportunity for differentiation
- Leveraging investment capital to continue capability development with emphasis on data-enabled solutions to drive value
- Development of differentiated solutions prime clinical CROs for high-value exit

Targets Offering Differentiated Capabilities & Upstream/Downstream Services Prime For Future M&A

Global Platform Creation Through Syneos Acquisition

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 Target	 Buyer
Date: September 28, 2023 Type: M&A	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> \$7.1B <small>Deal Value</small> </div> <div style="text-align: center;"> Commercial <small>Deal Stage</small> </div> </div>
<p>Target Description: Biopharmaceutical solutions organization providing clinical development, medical affairs, commercial delivery, and consulting services</p>	
Transaction Structure & Overview	
<ul style="list-style-type: none"> • Take-private transaction valuing Syneos at \$7.1B including outstanding debt • \$43/share all-cash offer represents 24% premium to the trading price prior to the announcement of the acquisition 	

Outcome Strategic Insights

“ In May 2017 InVentiv Health and INC Research Holdings merged to become Syneos Health (Nasdaq: SYNH), a global CRO valued at ~\$7.1B. The completion of this transaction has been a long time coming, as the company has been looking for a suitor since 2020. This transaction should provide more flexibility for Syneos to make strategic investments to grow and expand their business, without the watchful eye of Wall St.

Financial buyers have focused on the Clinical CRO sector, as both pharma and biotech continue to outsource clinical trials due to the increasing complexity and costs. This transaction is a prime example how the allure of Wall St. can hinder a company’s growth. Focusing on quarterly earnings and short-term plans to maintain status in the public markets can come at the expense of long-term growth and investment. Let’s see how Syneos and the new team can grow this business in the coming years. ”



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Outcome Capital Overview

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Outcome Capital is a **highly-specialized life sciences & healthcare-dedicated** investment banking & strategic advisory firm adopting a unique **market-driven, strategy-led** approach to value enhancement. Our team consists of industry veterans with broad **entrepreneurial, strategic & operational expertise with deep scientific, clinical & financial expertise.**

Industry Expertise

Pharma	 Life Sciences	Biotech	 Healthcare	Digital Health	HCIT
Diagnostics		MedTech		Services	RPM
Tools		CRO/CDMO		Payers	Telemedicine

Strategically Focused Transactions



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