

Life Sciences Consulting – M&A report

January 2024



Equiteq

Growing equity, realizing value



- 1. Executive Summary**
2. Global Life Sciences Consulting Market Dynamics
3. Recent M&A Activity
4. Case Studies: Adivo, PharmaLex and Alira Health
5. Life Sciences Consulting Valuation Analysis
6. Appendix I: M&A activity before 2023
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Executive summary



The market is growing rapidly due to rising demand for advanced therapeutics and need for digital transformation in healthcare firms



The ecosystem is dominated by global firms, with a fragmented market providing opportunities for consolidation



M&A deals are concentrated in Europe and the US, with PE firms driving almost 80% of transactions, and smaller deal sizes dominating



M&A valuations reflect public markets valuations at an aggregate level, with strategic buyers paying higher multiples than PE firms



~8%

2022-2027 Global Life Sciences Consulting market CAGR



~75%

Deals where targets had fewer than 100 employees in 2023



10.6x

Public markets EV/EBITDA valuation



~80%

PE or PE backed M&A acquirers



243

Total deals since 2018



13.1x

Private markets EV/EBITDA valuation



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The global Life Sciences consulting services market is expected to grow at a CAGR of >8%, fuelled by strong fundamentals and macro trends

Surging Demand for Advanced Therapies Consulting



- **Advanced therapies require specialized expertise** throughout the development, manufacturing, and regulatory process
- Life sciences consulting companies are best positioned to **capitalize on the growing complexity of regulatory requirement** and help their clients navigate them efficiently

Product Commercialization



- Growing requirements to demonstrate **more stringent criteria on drugs efficacy and need**
- Complex reimbursement pathways and compliance adherence, changing evidence requirements, and long procedural timelines pose **risk to successful market access and product launch, boosting demand for consulting services**

Digital Transformation and Data Acceleration



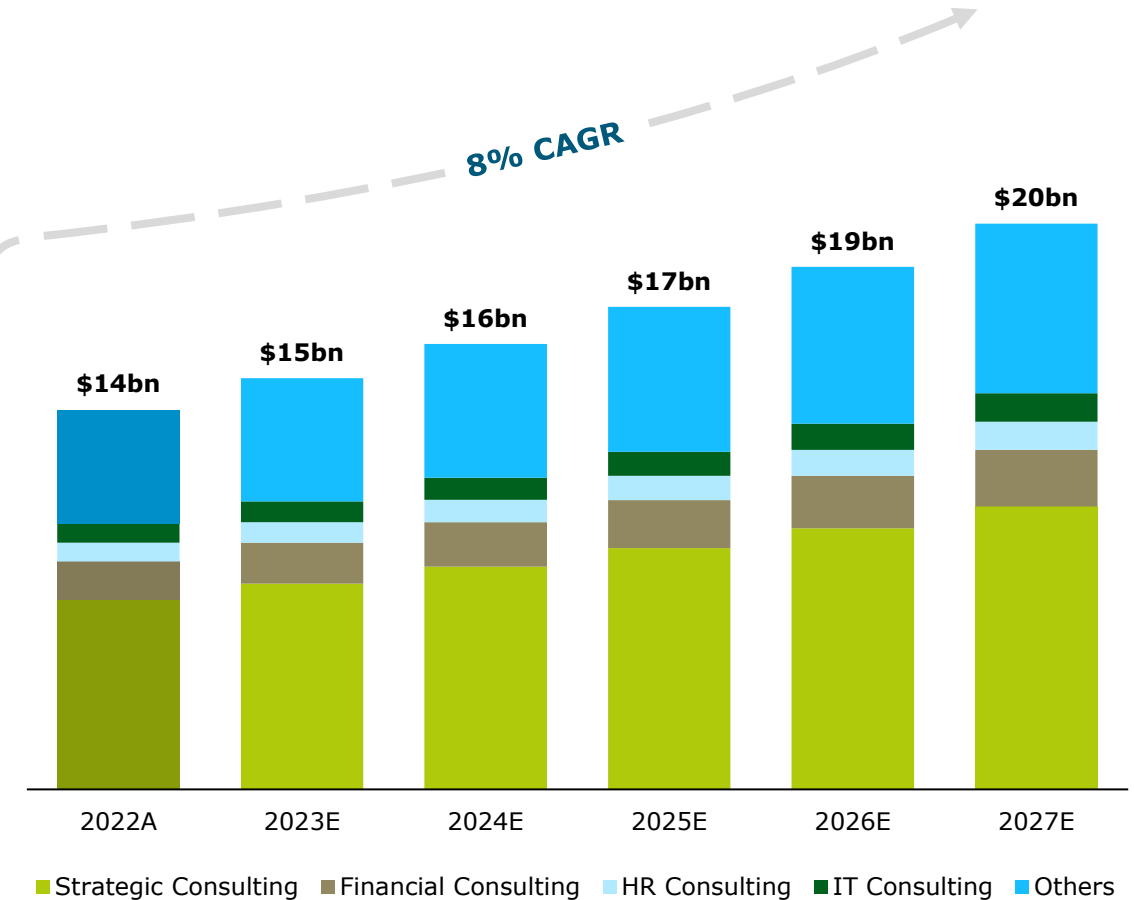
- Pharma and biotech industry is **increasingly seeking technology/IT consulting services** to digitalize operations, migrate to the cloud, strengthen cybersecurity solutions and modernize more broadly existing IT infrastructures
- The amount of data in the space will **drive demand for traditional IT consulting**, for analytics insights and data processing in the context of a regulatory process

Innovation and Communication

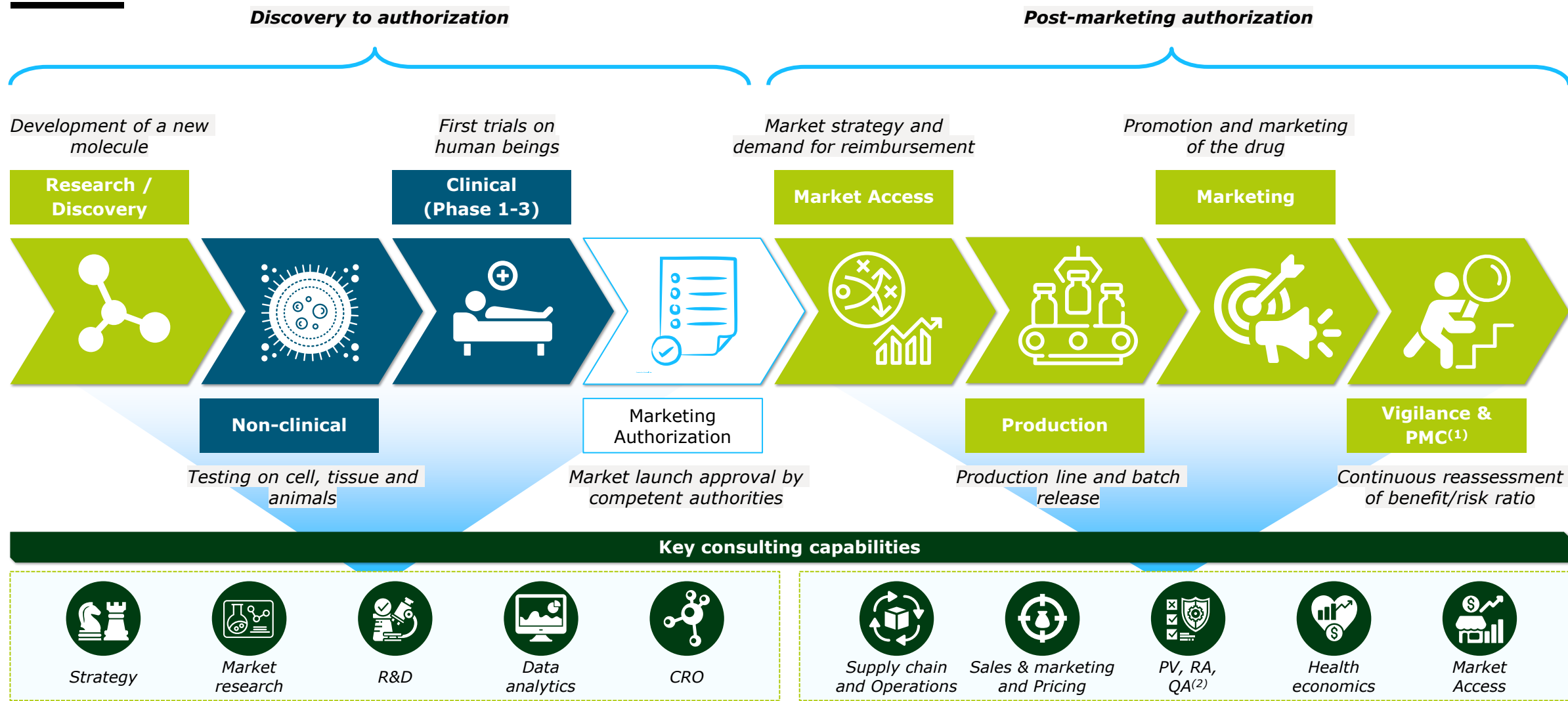


- **Innovation is a key driver for the sector** as pharma/biotech companies race to develop and launch new products
- There will be ongoing **demand for consulting support** throughout the lifecycle to **drive successful innovation** coupled with marketing and communication services

Global Life Sciences Consulting Market



Sources of value creation for Life Sciences consulting and technology players exist throughout the drug lifecycle



The Life Sciences consulting market is characterized by a large and growing ecosystem, often dominated by PEs and PE-backed firms

Sample of ecosystem players

Diversified consultancies active in Life Sciences consulting



- Global consultancies with large life sciences departments are very active in the ecosystem as they leverage globally recognized brand names

Large (>1,000 employees)



- The group of the largest life sciences players is a mixture of listed CROs (e.g. Iqvia, Icon, Syneos) and large, PE-backed life sciences & healthcare advisory firms (e.g. Parexel, inizio, ProPharma Group)

Mid-size (250-1,000 employees)



- Mid-size cohort includes many PE-backed firms in a mixture of CROs, tech-enabled and regulatory consultancies
- Notable investors in the space include GH0 Capital, Bridgepoint and HIG Capital

Emerging (<250 employees)



- The smaller, emerging firms are typically focused on regulatory consulting and marketing services, among others (e.g. Validant, Medical Knowledge Group)
- VC investment is more common than PE in this group

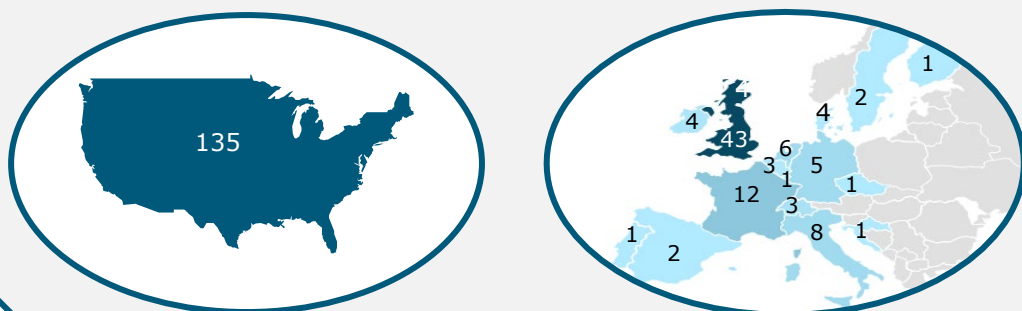


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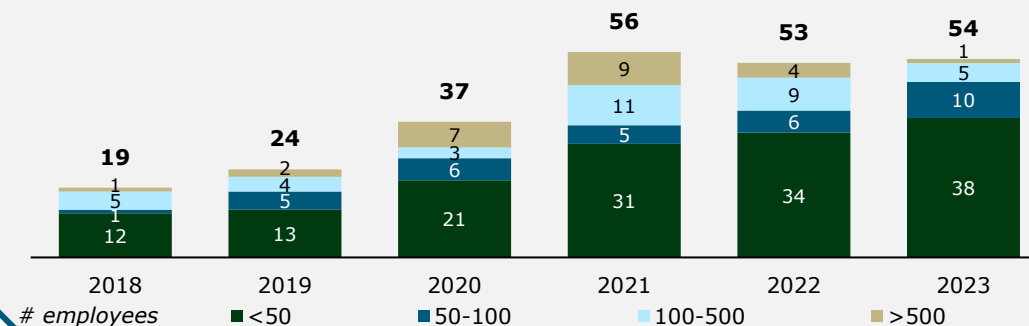


Life Sciences M&A market overview: Deal flow remains strong across the globe, with PE and key strategic buyers especially active

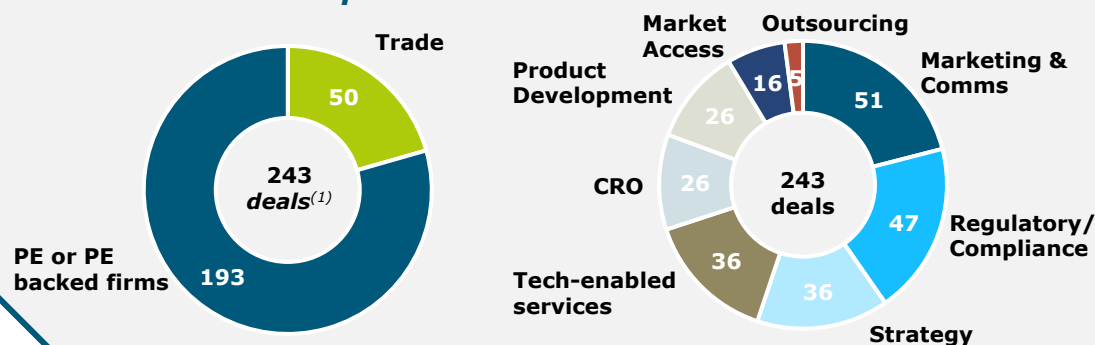
3.1 Life Sciences consulting firms have registered M&A transactions across the globe, with a concentration of deal flow in Western Europe and the US



3.2 The overall deal flow has reached ~50 transactions per year, with a growing concentration on smaller deals



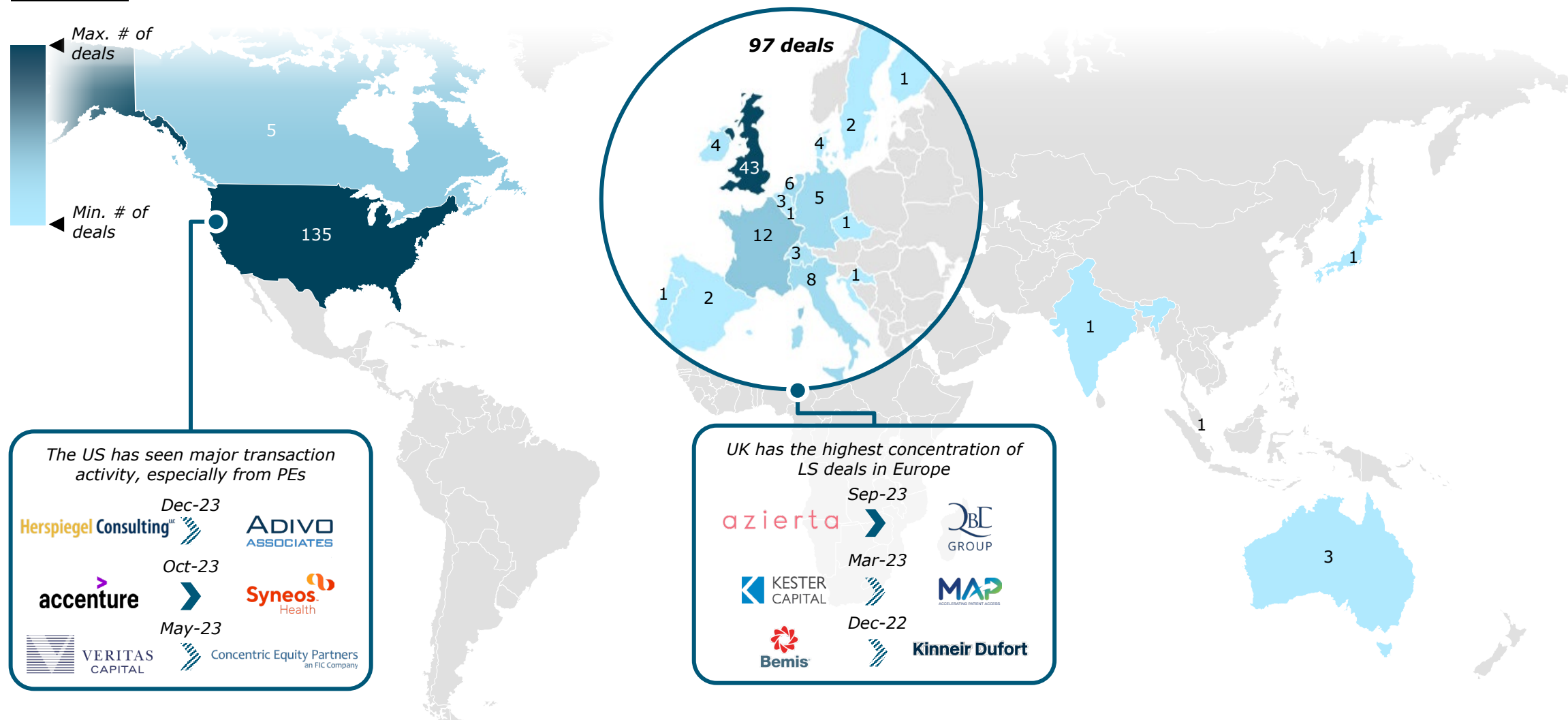
3.3 Over 75% of transactions are investments from PE firms, across the full spectrum of the Life Sciences' value chain



3.4 The M&A market is dominated by key strategic consolidators, covering the whole spectrum of the LS ecosystem



LS consulting firms have registered M&A transactions across the globe, with a concentration of deal flow in Western Europe and the US

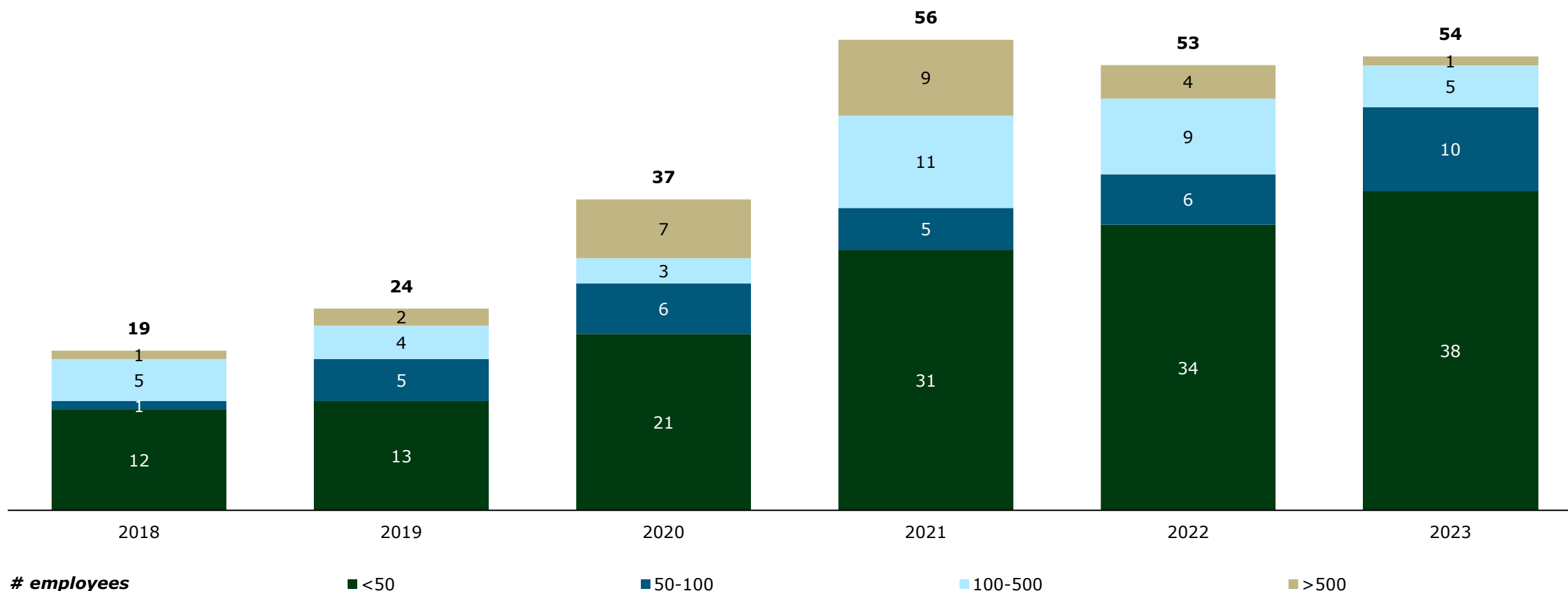


The overall deal flow has reached ~50 transactions per year, with a growing concentration on smaller deals

LS Transactions by Target Company Size (number of employees)

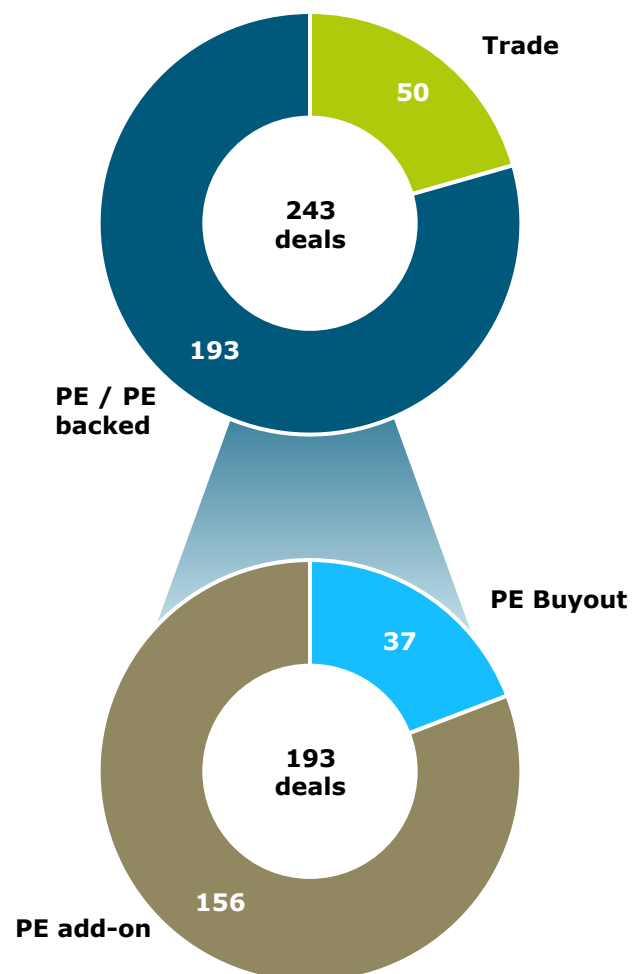
23% 2018-23 CAGR

243 total transactions

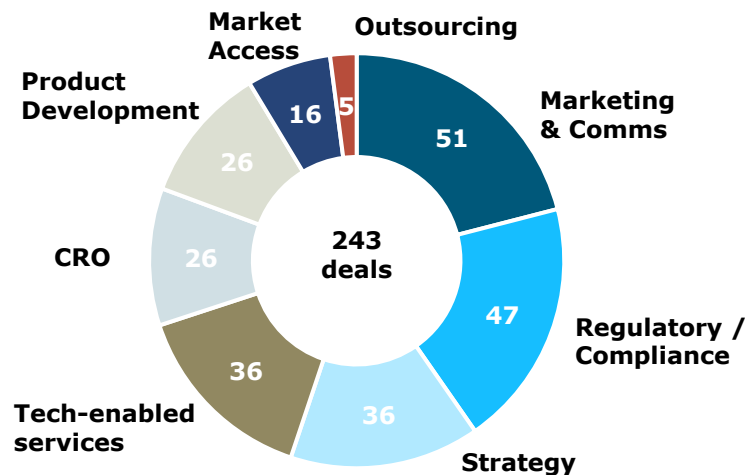


Over 75% of transactions are investments from PE firms, across the full spectrum of the Life Sciences' value chain

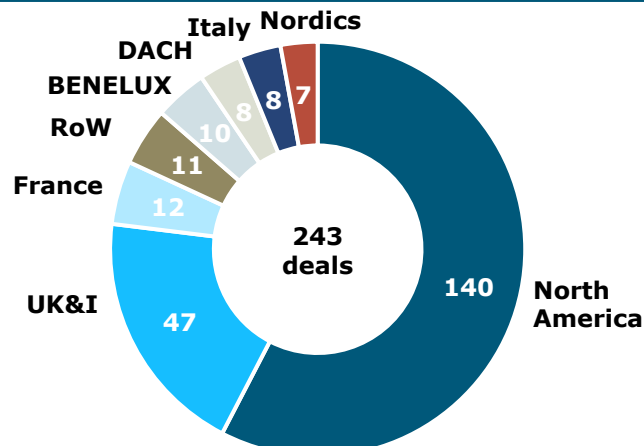
Transactions by type of buyer



Transactions by LS consulting capability



Transactions by region



Key M&A drivers



Scarcity of mid-size high quality LS consultancies is fuelling M&A competition and driving prices



Market consolidation is expected to continue as company scale is a fundamental factor to stay competitive



High PE involvement has driven competition for assets and pushed up acquisition prices



The increasing complexity of regulatory requirements is driving acquisitions for regulatory/compliance consultancies







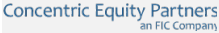











































The increase of B2C healthcare services is fuelling demand for marketing services and driving acquisitions

M&A will also be fuelled by larger consultancies seeking to expand and strengthen their offering across the whole value chain (from "idea to patient") and by smaller firms, enhancing their expertise in specific areas of focus

















































The M&A market is dominated by key strategic consolidators, covering the whole spectrum of the LS ecosystem

Acquirers (no. of acquisitions)	2020 or earlier	2021	2022	2023
► PHARMALEX (25)	Biopharma Excellence A PHARMALEX Company	ERA consulting	ASCENT DEVELOPMENT SERVICES	Cpharm
propharma (16)	SOUTHWOOD RESEARCH 2019	ThePlanet Group	m ² M SQUARED ASSOCIATES, INC.	Digital Lab Consulting
wcg WIRB COPERNICUS GROUP (13)	pharmaseek	Avoca A WCG Company		
AliraHealth (11)	Care Factory	CROS NT An AliraHealth Company	self care catalysts	ARTISAN Healthcare Consulting
PLG ProductLifeGroup (10)		DS INFARMATICS A ProductLifeGroup Company	Pharma IT	inri
FISHAWACK HEALTH (9)	2 ^e 2019	STONEARCH	PAI	Cilatus
iNIZIO (9)	cormis	PHMR A Puran Company		D&S

Sample of M&A activity in the sector in 2023 – Strategic deals

Target	Investor	Ann. Date ⁽¹⁾	EV ⁽²⁾ (\$m)	Emp's	Target main LS capability	Investment rationale
 	 	Nov-23	n.a.	25	Regulatory / Compliance	Enriches the scope and diversity of Versiti's research-based solutions and boosts spectrum of capabilities to support curing diseases sooner
 	 	Oct-23	245	150	Marketing & Comms	Creates end-to-end solutions for Accenture's Life Sciences clients through relevant communications and experiences
 	 	Sep-23	n.a.	20	Tech-enabled services	Enhances Accenture's digital transformation, implementation, and optimization capabilities across the U.K. and global healthcare space.
 	 	Sep-23	n.a.	80	Regulatory / Compliance	Reinforces QBD's global vigilance services and expands its presence in Spain
 	 	Jul-23	n.a.	35	Regulatory / Compliance	Accelerates PA's strategy to drive validated production process improvements through digital solutions
 	 	Jul-23	n.a.	54	Product Development	Provides access to a leading single-cell encapsulation technology, to develop new drugs and therapies
 	 	Apr-23	n.a.	n.a.	Tech-enabled services	Strengthens Tegria's portfolio of MedTech-based offerings and bolsters ability to help clients maximize the full capabilities of their systems
 	 	Apr-23	n.a.	40	Tech-enabled services	Extends Excelra's artificial intelligence, machine learning, and data science capabilities, and enhances its platform and service portfolio
 	 	Apr-23	n.a.	16	Regulatory / Compliance	Expands PharmaLex's footprint in Australia and New Zealand through Cpharm's expert capabilities in drug and device vigilance in the region
 	 	Mar-23	n.a.	26	Strategy	Accelerates 10Pearls' digital transformation growth in the healthcare industry
 	 	Feb-23	n.a.	n.a.	Strategy	Expands Accenture's capabilities and supports its clients in bringing therapeutics to patients faster and more efficiently.
 	 	Jan-23	n.a.	15	Marketing & Comms	Complements Globant's digital offering globally; strengthens its experience in Healthcare & LifeSciences industries

Sample of M&A activity in the sector in 2023 – PE deals

Target	Buyer	Ann. Date ⁽¹⁾	EV ⁽²⁾ (\$m)	Emp's	Target main LS capability	Buyer rationale
 	 	Dec-23	n.a.	100	Strategy	Strengthens capability to provide support from initial market assessment to post-launch market tracking for blue-chip, pharma and bio-tech clients
 	 	Dec-23	n.a.	70	CRO	Expands its presence in Europe and fortifies its competitive position with a blend of high patient access and cost-effective clinical services
 	 	Nov-23	n.a.	70	Market access	Strengthens the leadership of Excellera in the healthcare sector by integrating the expertise of Value Relations in pharmaceutical market access
 	 	Oct-23	n.a.	25	Product Development	Optimises the regulatory and access path as well as partner with clients to execute the entire development program.
 	 	Aug-23	n.a.	58	Strategy	Expands ongoing capability to enhance ability to solve clients' diverse and evolving strategic challenges
 	 	Aug-23	n.a.	150	Product Development	Improves guidance in drug development companies from concept to commercialization, maximising the therapeutic value of novel treatments.
 	 	Aug-23	n.a.	100	Marketing & Comms	Seeks to partner with clients across numerous commercialization domains to overcome marketplace barriers and speed patient access to medical advance
 	 	May-23	7,377	28,768	CRO	Accelerates its transformation, fuel investments in technology that better differentiates its integrated solutions
 	 	Mar-23	n.a.	50	Strategy	Expands its global strategic consulting services to strengthen the delivery of its full continuum development services to the global MedTech industry
 	 	Mar-23	n.a.	133	Tech-enabled services	Further strengthens its innovative data and advanced analytics solutions to help clients address future global health challenges
 	 	Mar-23	n.a.	40	Market access	Invests in broadening its service offering and expands into new territories by targeting acquisitions to accelerate the growth of the MAP platform.
 	 	Jan-23	n.a.	93	Marketing & Comms	Broadens its offerings in market access in support of its healthcare clients

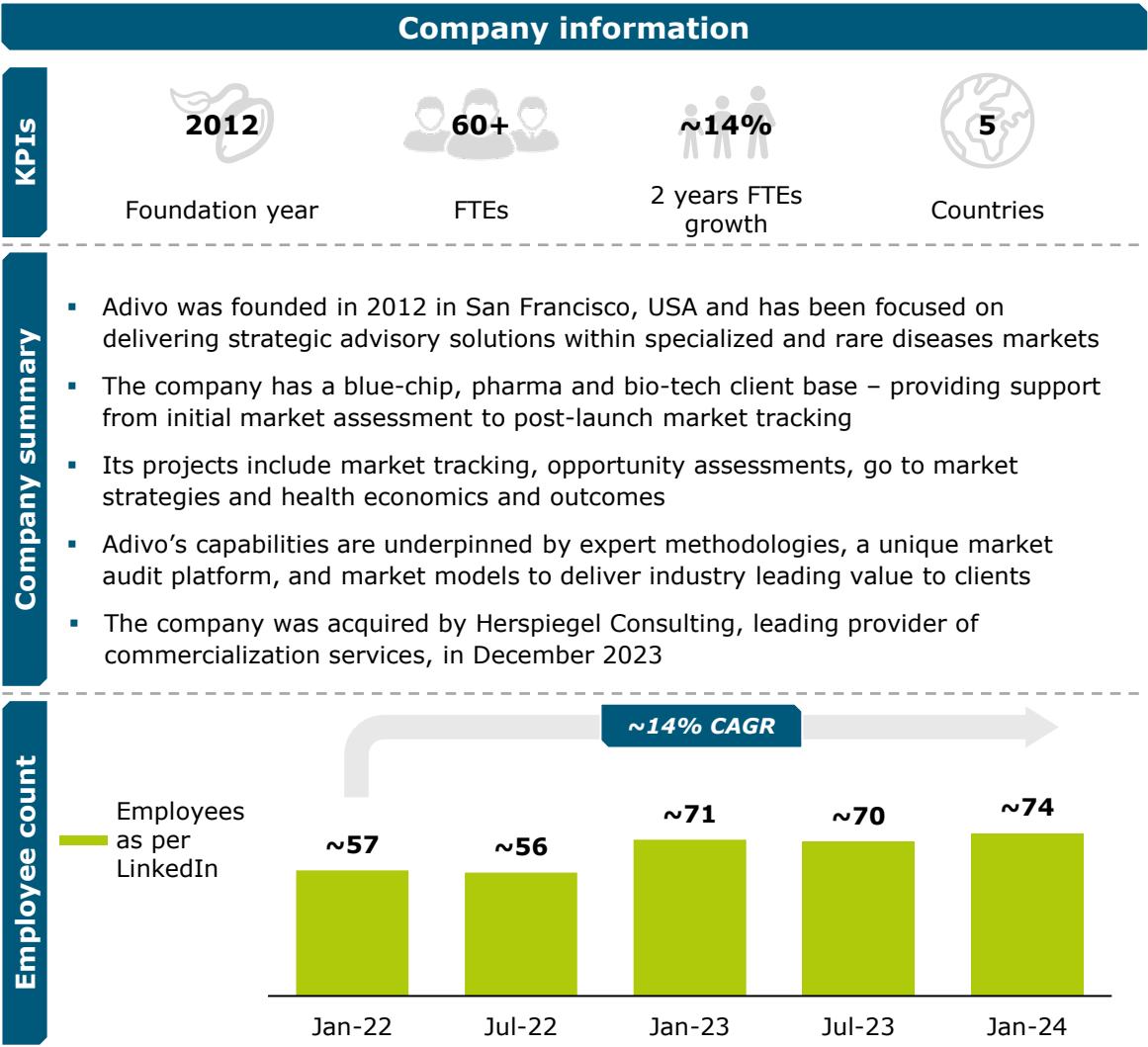


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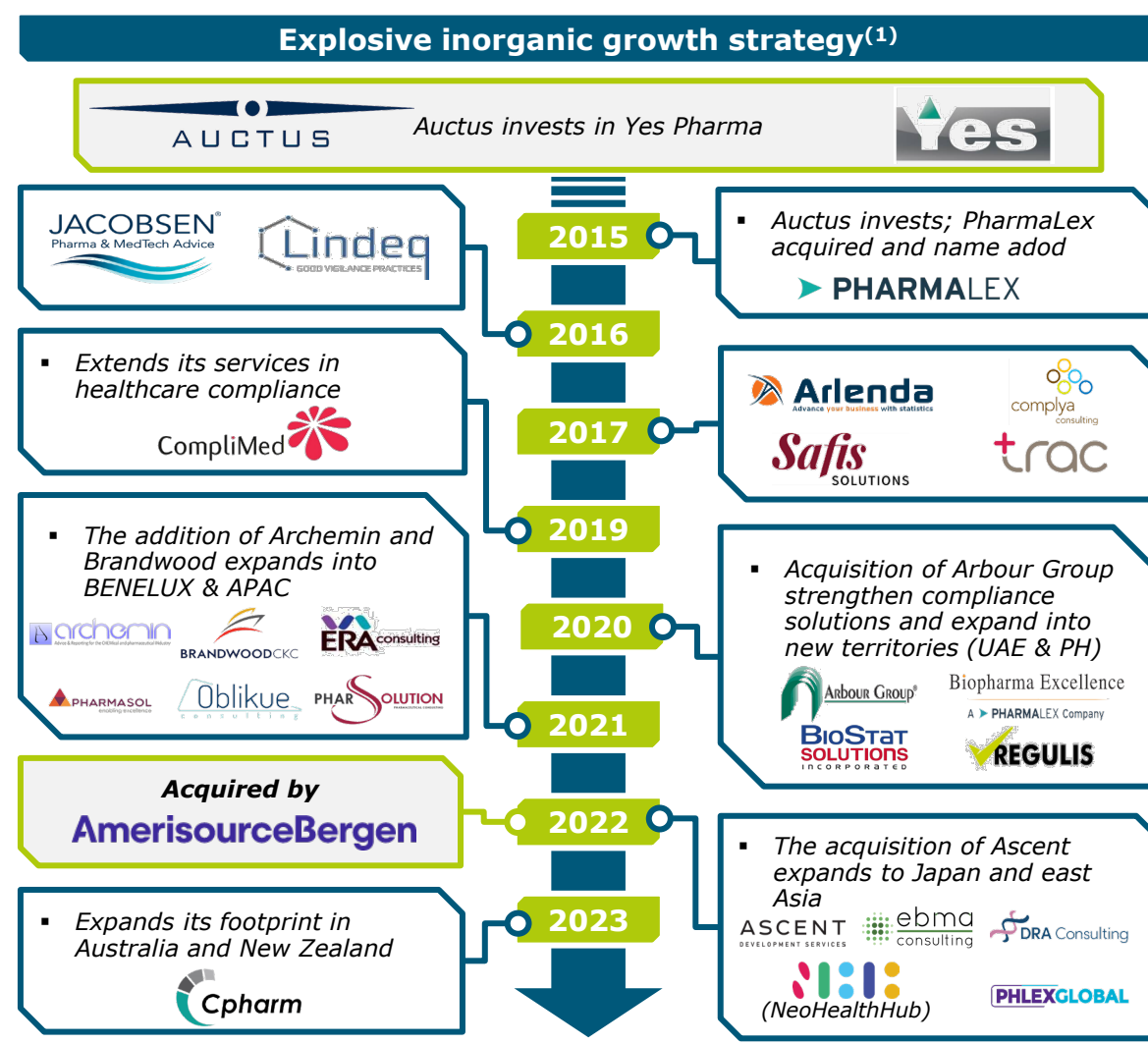
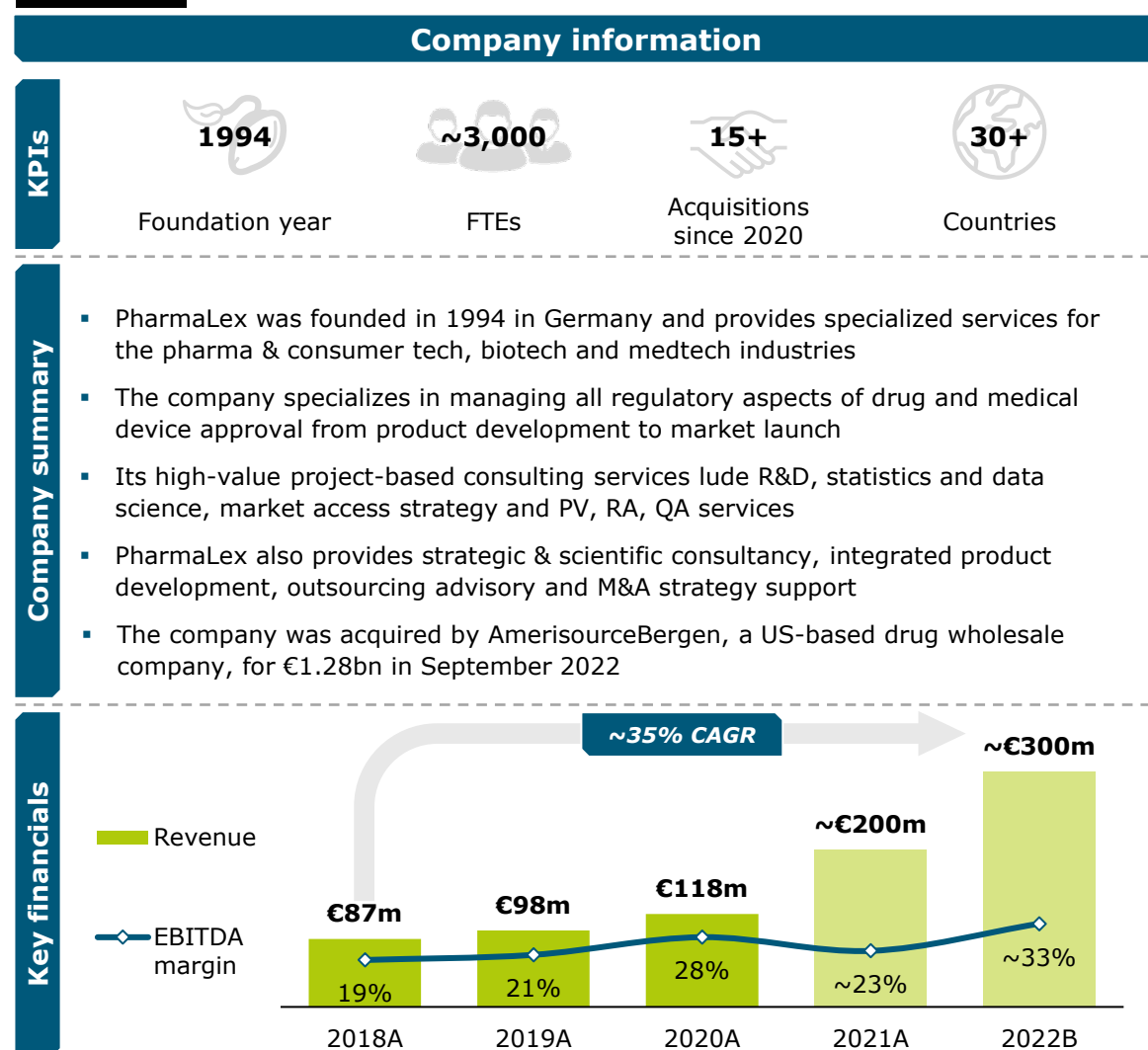


Adivo Associates: a leading consultancy for the Life Sciences industry, participating in a successful buy and build story

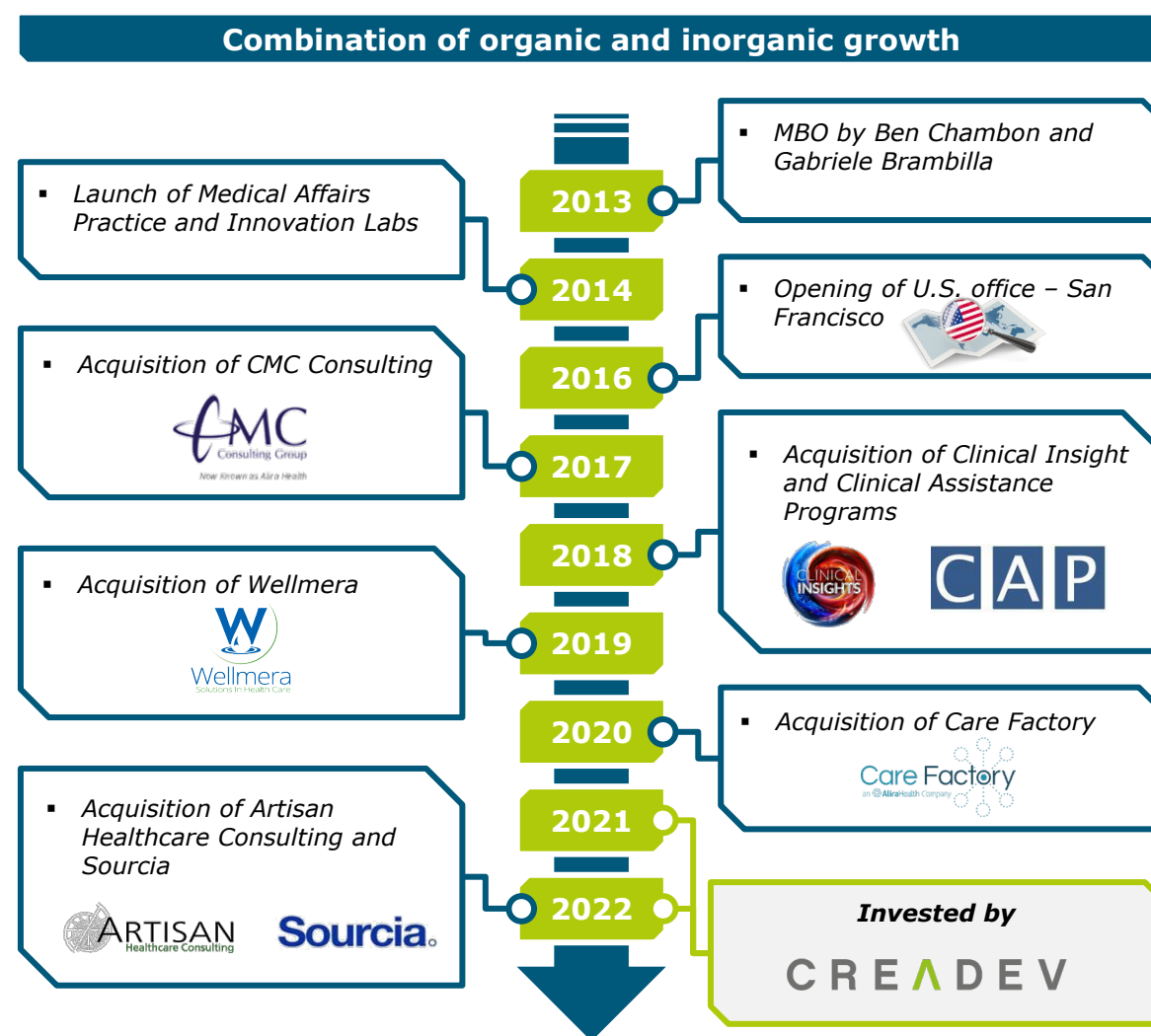
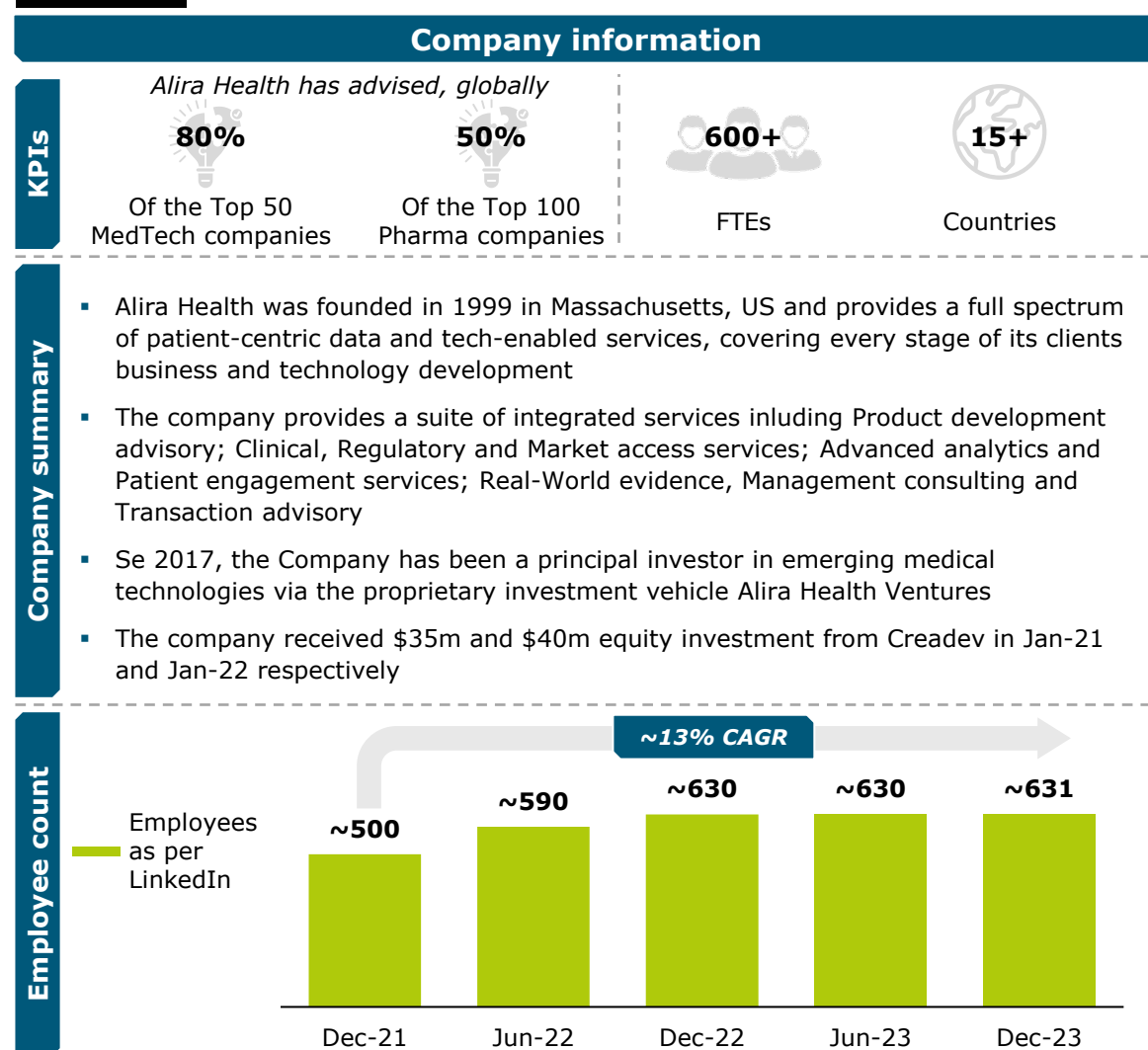
ADIVO ASSOCIATES



PharmaLex: a clear success story of value creation through a targeted VC-backed buy & build strategy



Alira Health: an extensive capabilities expansion story via organic and inorganic strategy



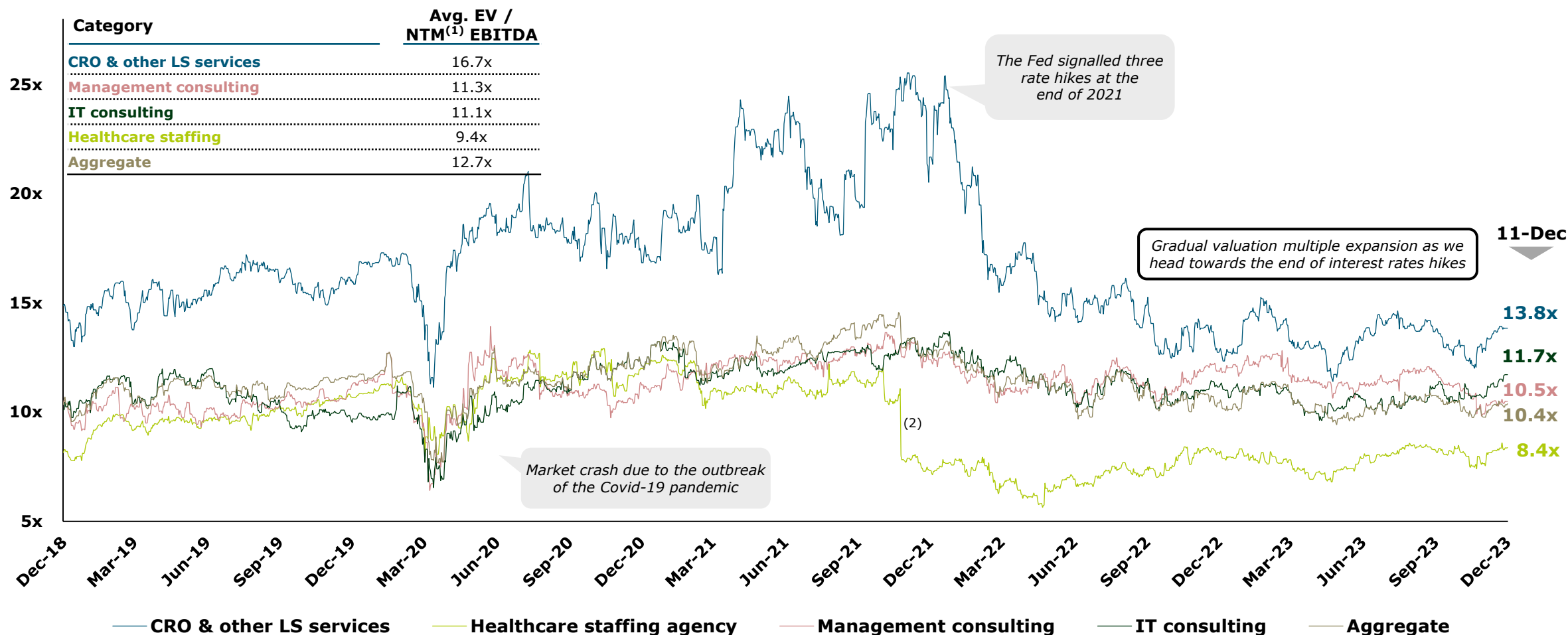


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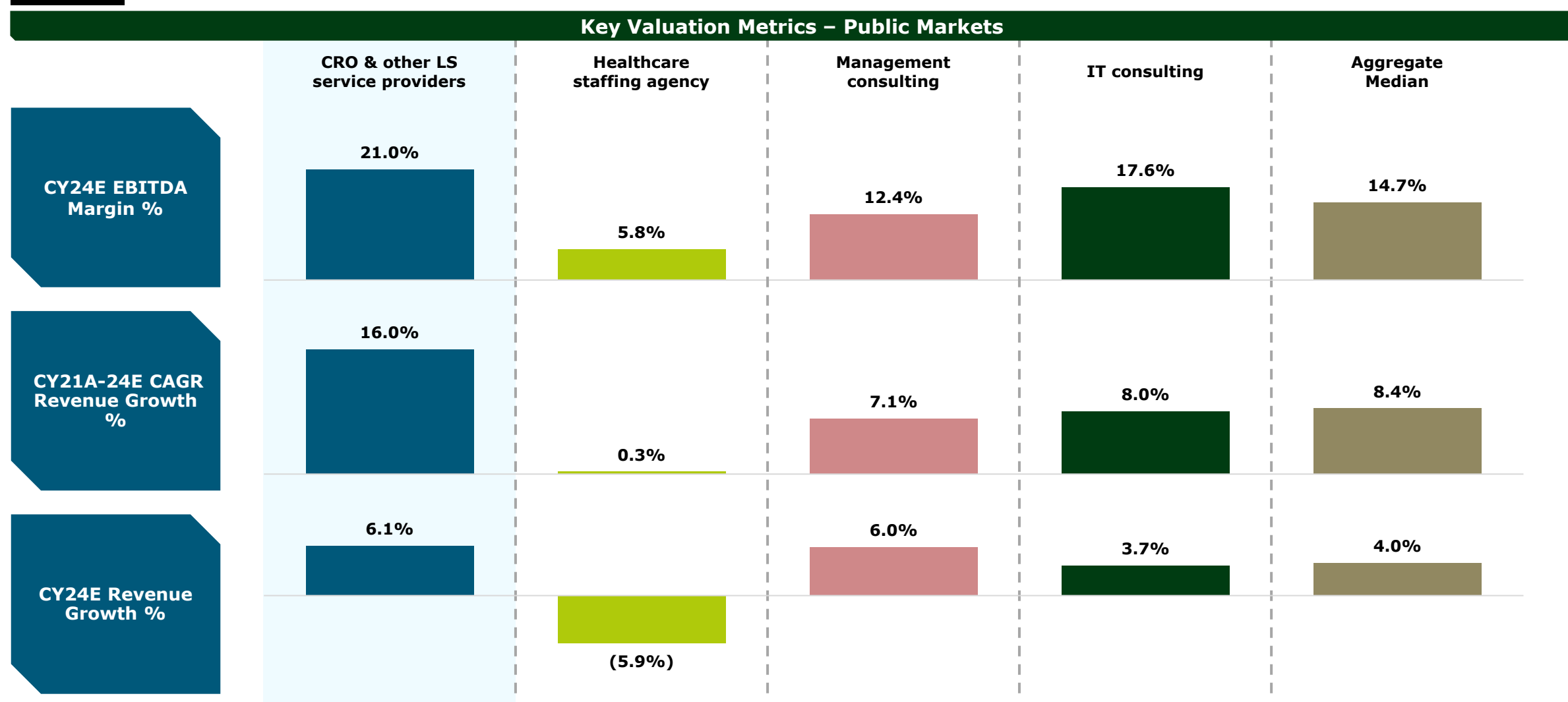


During the last 18 months valuation multiples have been relatively stable with CRO and LS consulting firms trading at a premium

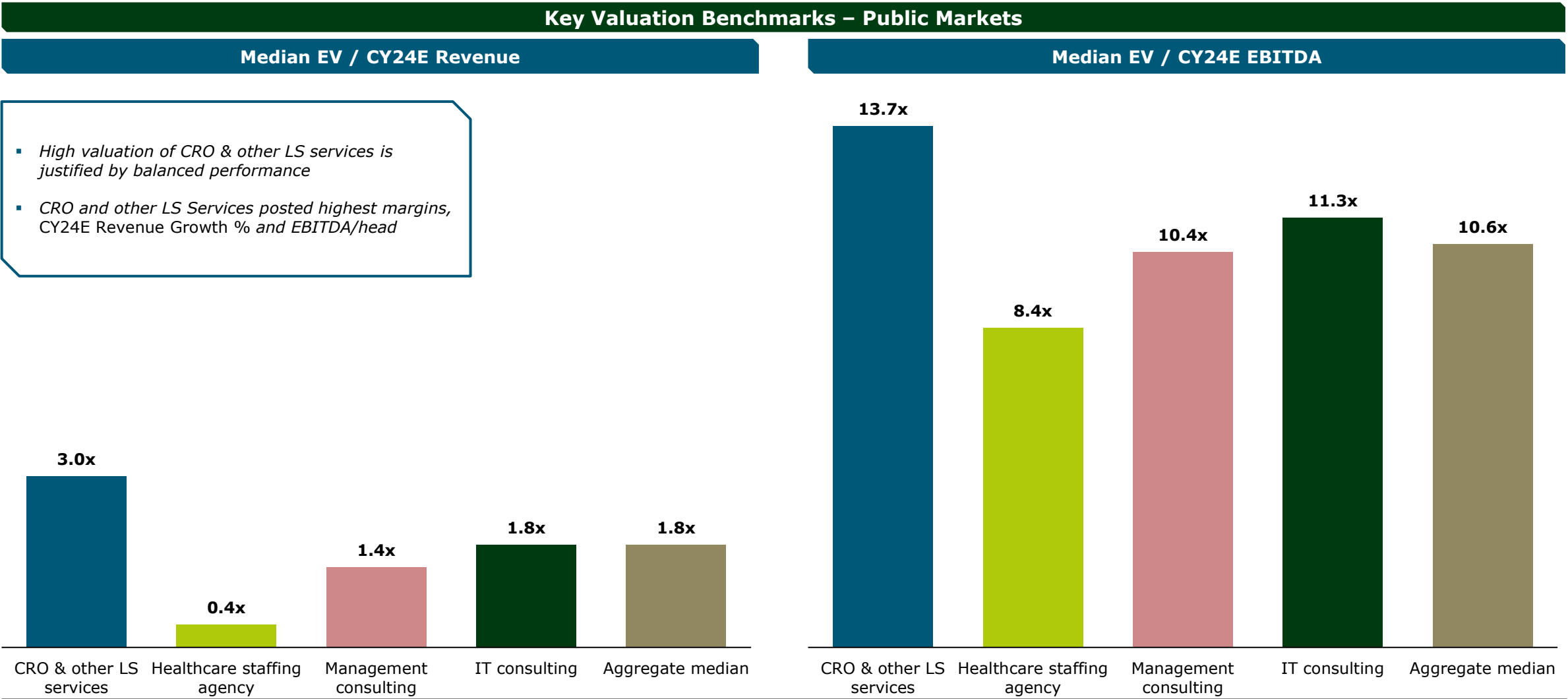
Last 5 Years EV / EBITDA NTM⁽¹⁾ Multiples – Public Markets



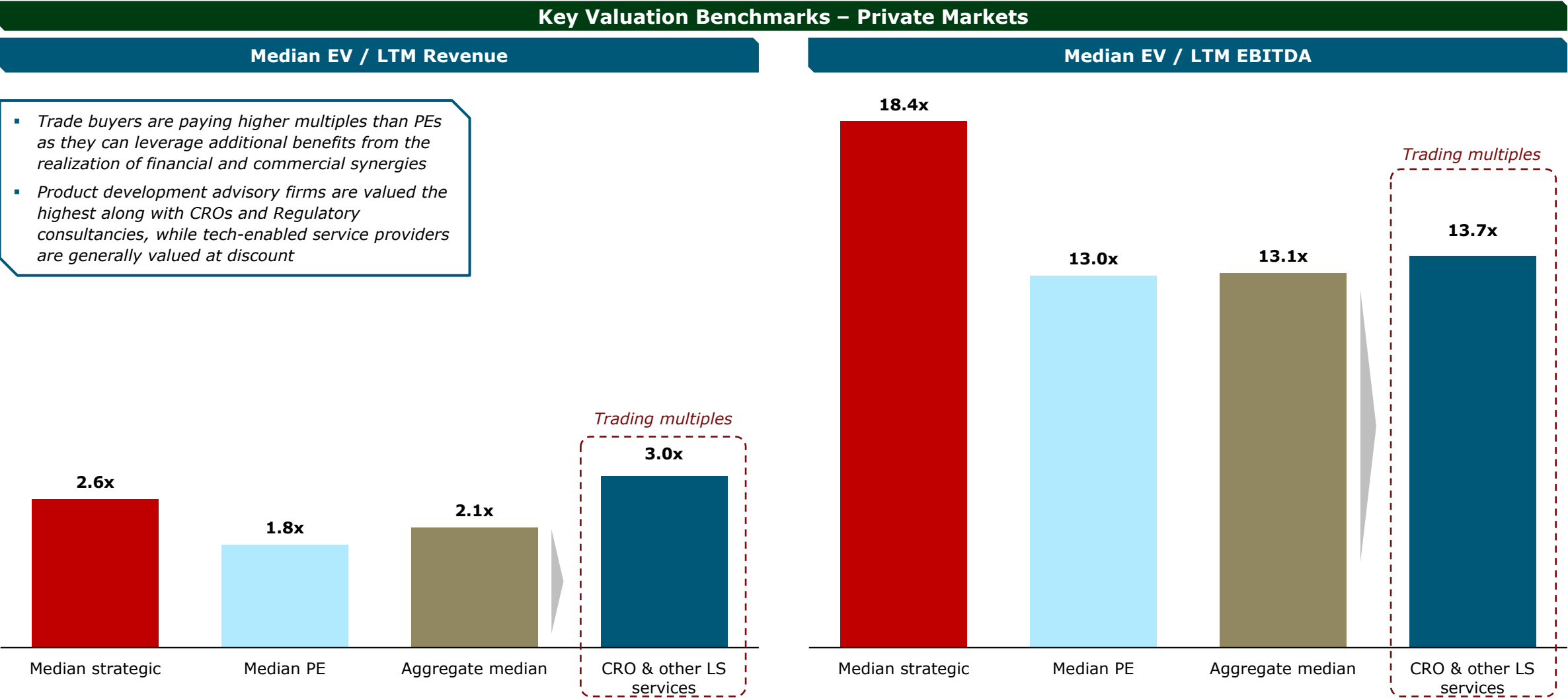
CROs & other LS service providers have delivered high margins while growing above the median for the last 3 years and for the next year



Favourable metrics for CROs & other LS service providers have translated into premium valuations by public markets



M&A valuations reflect public markets for CROs and other LS services, with strategic buyers paying higher multiples than PE





















































































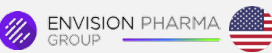







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Sample M&A activity in the sector before 2023 – Strategic buyers

Target	Buyer	Ann. Date ⁽¹⁾	EV ⁽²⁾ (\$m)	Emp's	Target main LS capability	Buyer rationale
 	 	Nov-22	<i>n.a.</i>	60	CRO	Launches a division dedicated to Life Science Consulting, thanks to the acquisition of Latham BioPharm Group (LBG)
 	 	Sep-22	1,296	3,000	Strategy	Expands its global platform of biopharma services, supporting its manufacturer partners throughout the pharmaceutical development and marketing processes
 	 	Jul-22	111	200	Tech-enabled services	Augments its deep life sciences expertise, and expands in the Nordics and across Europe, scaling its digital transformation capabilities with cloud-based solutions
 	 	Nov-21	<i>n.a.</i>	211	Strategy	Impacts the financial, clinical, and operational performance of its clients, adding significant financial performance offerings and advisory services
  (Life sciences practice)	 	Oct-21	<i>n.a.</i>	80	Strategy	Advances its life sciences offering, including services such as commercial strategy, marketing, pricing, market access, and research & development advice
 	 	Apr-21	20,881	26,000	CRO	Expands offering through the whole clinical development spectrum – from scientific discovery, to assessing safety and to managing clinical trial logistics
 	 	Feb-21	12,277	18,100	CRO	Enhances consulting, clinical and commercial services portfolio, geographic presence, therapeutic capabilities and data-powered healthcare technology
 	 	Nov-20	<i>n.a.</i>	87	Product Development	Adds significantly to its US Product Access capabilities, bringing deep US regulatory insights
 	 	Oct-20	<i>n.a.</i>	85	Strategy	Reinforces its healthcare capabilities with the latest innovations in areas such as data analytics and artificial intelligence
 	 	Sep-20	27	80	Outsourcing	Adds differentiator to its current offering across both its Commercial & Clinical and Product Access divisions
 	 	Dec-19	14.8	138	CRO	Strengthens its clinical trial capabilities on drug and vaccine development

Sample M&A activity in the sector before 2023 – PE buyers

Target	Investor	Ann. Date ⁽¹⁾	EV ⁽²⁾ (\$m)	Emp's	Target main LS capability	Investment rationale
 	 	Jun-22	n.a.	1,800	Tech-enabled services	Accrete Health Partners, a strategic holding company that expands and synergizes digital health firms, will help Nordic accelerate its service offering development
 	 	May-22	n.a.	1,100	Product Development	Accelmed and Lauxera join existing investor Summit Partners to help further accelerate Veranex's strategic development
 	 	Jan-22	1,150	500	Marketing & Comms	Novo holding investment provides expertise and liquidity for MKG to further accelerate its capabilities expansion
 	 	Nov-21	n.a.	1,600	Strategy	Kohlberg recapitalization will support Trinity's global expansion and development of services
 	 	Jul-21	8,500	18,900	CRO	The investment provides Parexel with the investor's strong industry experience and with the liquidity to further accelerate the company's growth
 	 	May-21	4,001	9,000	Marketing & Comms	CD&R investment accelerates UDG's organic and inorganic growth
 	 	Apr-21	n.a.	~200	Regulatory/ Compliance	This investment will serve to accelerate Alira Health's growth
 	 	Mar-21	n.a.	250	Marketing & Comms	ICG brings deep healthcare sector expertise, a global network and significant availability of additional capital to support Lucid on its growth journey
 	 	Dec-20	702	1,991	Marketing & Comms	CD&R investment will provide the liquidity to continue Inizio's organic growth and accelerate its acquisitions strategy
 	 	Nov-20	n.a.	~800	Marketing & Comms	GHO Capital and management acquire Ardian majority stake in Envision Pharma Group to accelerate continued growth
 	 	Sep-20	n.a.	~100	Product Development	Baird investment will help Blue Matter to drive faster organic growth and enhance its ability to execute strategic acquisitions



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We are custom-built to deliver optimized transaction outcomes for consulting entrepreneurs

Why Equiteq is best-placed to deliver value to our clients

Focused

Exclusively focused advisory business for consulting M&A

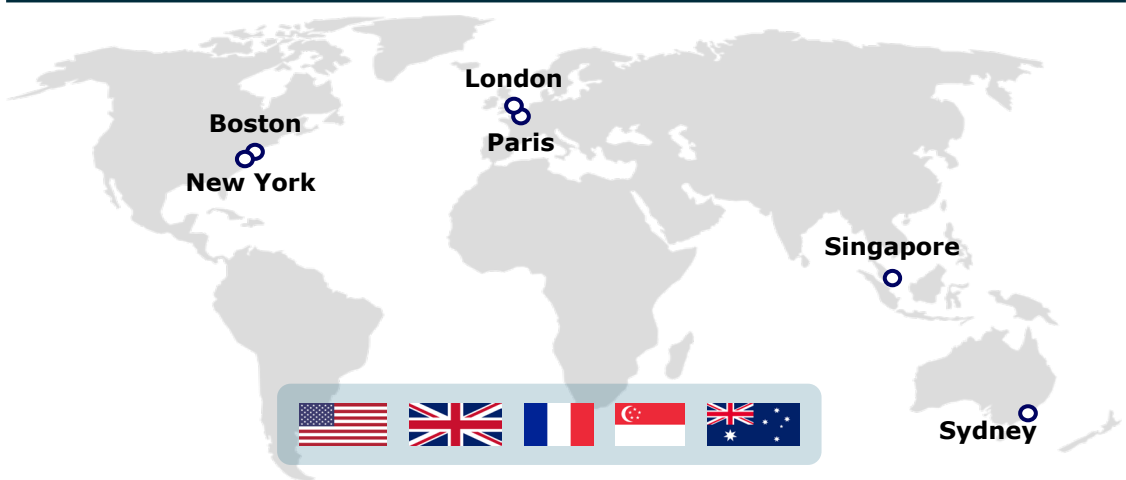
Honest

Hands-on, straightforward advice

Global

A truly integrated global team and network
























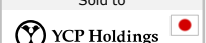
















































Growing equity, realising value



Equiteq results	
<div>170+</div> <div>Completed transactions in consulting and technology services segments</div>	<div>85%+</div> <div>Sell-side vs buy-side</div>
<div>~40</div> <div>Average number of active mandates</div>	<div>€20-250m</div> <div>Average deal size range</div>
<div>6</div> <div>Global offices - London, New York, Paris, Singapore, Boston, Sydney</div>	<div>20-50</div> <div>Average range of consulting specialist buyers engaged for each process</div>

We are the most active M&A advisor for the Knowledge Economy globally

Selected Completed Transactions

 <p>Global Healthcare consultancy Sold to</p>  <p>Advised on the sale December 2023</p>	 <p>IT Services Partner Sold to</p>  <p>Advised on the sale November 2023</p>	 <p>Procurement Services Specialist Sold to</p>  <p>Advised on the sale November 2023</p>	 <p>Acquired</p>  <p>Advised on the acquisition October 2023</p>	 <p>Intelligent Automation Consultancy Acquired</p>  <p>Advised on the acquisition September 2023</p>	 <p>Data Management Solutions Provider Sold to</p>  <p>Advised on the sale August 2023</p>	 <p>Private Equity Firm Invested into</p>  <p>Advised on the investment June 2023</p>	 <p>Salesforce Gold Partner Sold to</p>  <p>Advised on the sale June 2023</p>	 <p>Project Management and Advisory Firm Acquired</p>  <p>Advised on the acquisition June 2023</p>	 <p>Web3 Technology-Focused Marketing Agency Sold to</p>  <p>Advised on the acquisition May 2023</p>
 <p>Project Management and Advisory Firm Acquired</p>  <p>Advised on the acquisition May 2023</p>	 <p>Private Equity Invested in</p>  <p>Advised on the investment April 2023</p>	 <p>Procurement and Supply chain solutions provider Sold to</p>  <p>Advised on the sale April 2023</p>	 <p>Software CPaaS firm company Sold to</p>  <p>Advised on the sale April 2023</p>	 <p>Private Equity Firm Invested in</p>  <p>Advised on the investment February 2023</p>	 <p>Digital Transformation Specialist Acquired</p>  <p>Advised on the acquisition January 2023</p>	 <p>Management Consultancy (ET) Acquired</p>  <p>Advised on the acquisition January 2023</p>	 <p>Data & Analytics Consultancy Recapitalized by</p>  <p>Advised on the sale January 2023</p>	 <p>Public Sector Impact Consultancy Sold to</p>  <p>Advised on the sale November 2022</p>	 <p>Legal Consultancy Sold to</p>  <p>Advised on the sale November 2022</p>
 <p>Managed Cloud Provider Sold to</p>  <p>Advised on the sale October 2022</p>	 <p>Cybersecurity Solutions & Services Sold to</p>  <p>Advised on the sale October 2022</p>	 <p>Digital Consultancy Sold to</p>  <p>Advised on the sale October 2022</p>	 <p>CSD & Digital Transformation Consultancy Received investment from</p>  <p>Advised on the investment September 2022</p>	 <p>RPA Consultancy Received investment from</p>  <p>Advised on the investment August 2022</p>	 <p>Digital Transformation Services Sold to</p>  <p>Advised on the sale July 2022</p>	 <p>Azure Partner & Cloud Specialist Sold to</p>  <p>Advised on the sale July 2022</p>	 <p>Anaplan Gold Partner Sold to</p>  <p>Advised on the sale June 2022</p>	 <p>Platinum Salesforce Partner Sold to</p>  <p>Advised on the sale June 2022</p>	 <p>Anaplan Gold Partner Received investment from</p>  <p>Advised on the investment May 2022</p>
 <p>Design & Innovation Consultancy Sold to</p>  <p>Advised on the sale April 2022</p>	 <p>Infrastructure Consultancy Receives majority investment</p>  <p>Advised on the investment April 2022</p>	 <p>CX Tech Consultancy Sold to</p>  <p>Advised on the sale March 2022</p>	 <p>PE-backed Cybersecurity Specialist Acquired</p>  <p>Advised on the acquisition February 2022</p>	 <p>Financial Services Consultancy Sold to</p>  <p>Advised on the sale February 2022</p>	 <p>AI & Analytics Specialist Sold to</p>  <p>Advised on the sale January 2022</p>	 <p>Data Consultancy Sold to</p>  <p>Advised on the sale January 2022</p>	 <p>Microsoft Gold Partner Growth Financing By</p>  <p>Advised on the financing January 2022</p>	 <p>SAP Consulting Sold to</p>  <p>Advised on the sale January 2022</p>	 <p>Salesforce Consulting Sold to</p>  <p>Advised on the sale January 2022</p>

We will be delighted to speak with you. Please contact us

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Growing equity, realizing value

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