

Executive Summary

Delancey Street Partners is pleased to present our Outsourced Pharmaceutical Services Sector Review for the year ended 2020. Outsourced Pharmaceutical Services companies, such as contract research organizations (“CROs”), provide support to the pharmaceutical and biotechnology industries through outsourced research and development and other services that span early stage drug discovery, through commercialization and product launch. As they have evolved and matured, biopharmaceutical and other healthcare product manufacturers have increasingly leveraged external vendor relationships to perform non-core operations. CROs and other outsourced pharmaceutical services providers have benefited from this trend, capturing a growing share of the functions that large biopharmaceutical companies now seek to outsource.



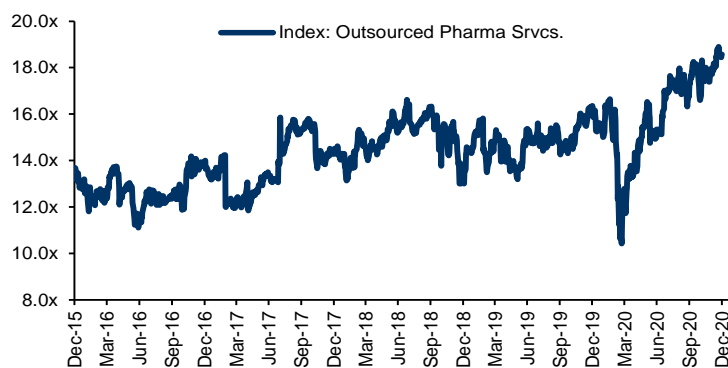
Topics of Discussion

- Review of public company stock performance
- Notable M&A activity
- DSP Spotlight Trend: Increased Adoption of Digital and Technology Capabilities for Clinical Trials

Review of Public Company Stock Performance

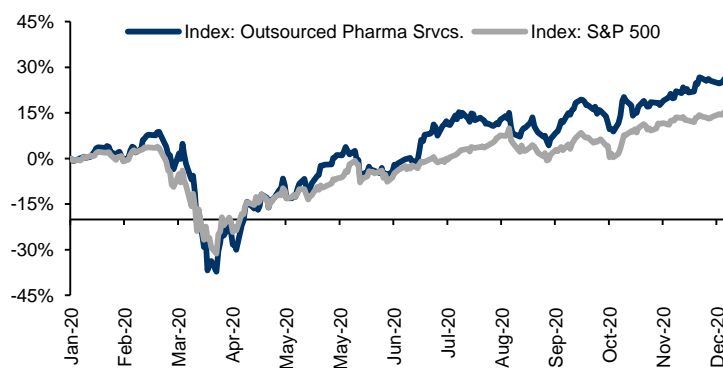
Outsourced Pharmaceutical Services stocks posted strong gains in 2020 with an average annual return of 26%, outperforming the S&P which returned 16%. Primary factors driving the strong performance of the sector included: a robust funding environment from large and mid-sized pharma companies which converted to solid revenue growth, a healthy recovery of backlogs despite COVID-19, and margin expansion due to increased operating leverage.

5-Year EV / LTM EBITDA Multiple ⁽¹⁾



(1) Source: Pitchbook

DSP Outsourced Pharmaceutical Services Index ⁽¹⁾



Delancey Street Partners

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Comparable Company Analysis: Outsourced Pharmaceutical Services

In prior year in review publications, DSP has grouped the Outsourced Pharmaceutical Services comparable companies into two categories (End-to-End Providers and Commercialization) to better understand the value characteristics associated with these companies. In 2020, two of the three public Commercialization companies were taken private. Huntsworth plc was taken private on May 1, 2020 by Clayton, Dubilier & Rice and Cello Health was taken private on August 11, 2020 by Pharma Value Demonstration, a portfolio company of Arsenal Capital Partners. For the purposes of this year's report, we have included the sole public Commercialization company (UDG Healthcare) into the General Outsourced Pharmaceutical Services compset and added Pharmaceutical Product Development (PPD) which went public on February 5, 2020.

In terms of the individual stock performance of the Outsourced Pharmaceutical Services companies, Medpace and Charles River rose 66% and 64%, respectively, in 2020 primarily due to robust funding from key biotech clients, healthy backlogs despite COVID-19, and EBITDA margin expansion through SG&A leverage. LabCorp's stock increased 20% due primarily to strong performance from its diagnostic division which outperformed as a result of the testing needs associated with COVID-19. The company's Covance CRO segment also grew 6.5% YOY due to strong bookings and margin expansion. IQVIA's stock gained 16%, driven by strong revenue growth, especially among early-stage biotechs. In addition, IQVIA was one of the top net award winners among CROs for COVID-19 vaccines and therapeutics. Syneos' stock gained 15% due to stable site access and patient enrollment metrics, as well as cross-selling benefits from their recent Synteract and Illingworth acquisitions. ICON's stock gained 13% due to an acceleration in R&D spend by clients and continued margin expansion through SG&A leverage. PPD's stock rose 14% since its re-entering of the public markets with its initial public offering on February 6th, 2020. The company's performance was driven by 20% YOY growth in net bookings and healthy growth in its backlog (15% YOY growth). PRA Health Sciences' stock gained 13% primarily due to strong bookings and revenue growth, particularly in the third and fourth quarters. Management also noted a solid and diversified backlog and client mix at the end of 2020, which they expect to contribute to strong growth in 2021. We note that on February 24, 2021, ICON agreed to acquire PRA Health Sciences for approximately \$12 billion. The per share merger consideration consisted of a combination of \$80 in cash and 0.4125 shares of ICON stock, representing a 30% premium to PRA's closing price of \$127.73 on the day prior to the announcement.

UDG Healthcare's stock rose a modest 1% in 2020. The company's underperformance was driven in part by challenges to meet demand at its Sharp division (contract packaging / clinical manufacturing) in the first half of 2020 due to on-site staffing and supply chain issues as a result of COVID-19. The company also experienced slight revenue contraction (~4%) at its Ashfield division (healthcare advisory and communications) primarily as a result of reduced activity levels for in-field services within its Commercial & Clinical unit as a result of COVID-19. However, revenues grew steadily in the fourth quarter of 2020 as the company experienced a rebound in infield rep activities, and the sales pipeline remains strong headed into 2021.

Comparable Company Analysis: 2020 Performance ⁽¹⁾

COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		GROWTH		VALUATION DATA			
	12/31/2020	30 Day % Change	YTD % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	EBITDA LTM % Margin	Long-Term EPS % Growth	3-Year Revs CAGR	EV / Revs LTM	EV / EBITDA LTM	2020	P / E
Medpace (NAS: MEDP)	139.20	6.2%	65.6%	4,944.4	4,870.9	30.1%	21.8%	8.1%	28.5%	5.4x	26.2x	24.2x	32.0x
IQVIA (NYS: IQV)	179.17	4.6%	16.0%	34,257.3	45,795.5	34.0%	19.6%	18.0%	5.4%	4.2x	21.1x	20.5x	22.5x
Icon (NAS: ICLR)	194.98	(1.2%)	13.2%	10,292.6	9,992.8	29.2%	19.1%	11.9%	16.7%	3.6x	18.8x	18.7x	31.8x
Charles River Laboratories International (NYS: CRL)	249.86	5.3%	63.6%	12,434.8	14,401.0	36.7%	28.2%	14.0%	16.3%	5.1x	19.5x	17.5x	39.2x
Syneos Health (NAS: SYNH)	68.13	3.7%	14.6%	7,081.1	9,647.8	23.0%	14.3%	12.0%	18.2%	2.1x	16.5x	15.2x	22.3x
PRA Health Sciences (NAS: PRAH)	125.44	10.7%	12.9%	8,095.7	9,191.6	27.3%	15.5%	N/A	12.1%	3.0x	18.7x	18.6x	28.2x
Laboratory Corporation of America Holdings (NYS: LH)	203.55	1.0%	20.3%	19,846.1	25,862.3	35.4%	21.7%	10.8%	10.7%	2.1x	9.6x	7.1x	18.5x
PPD, Inc. (NAS: PPD)	34.22	(1.8%)	14.1% (2)	11,981.5	15,650.4	39.5%	16.3%	17.2%	16.0%	3.6x	22.0x	20.8x	33.2x
UDG Healthcare	10.63	1.2%	0.6%	2,669.2	2,804.1	30.9%	17.0%	6.9%	N/A *	2.2x	12.9x	12.9x	23.9x
Group Mean		3.3%	24.5%	\$12,400.3	\$15,357.4	31.8%	19.3%	12.4%	15.5%	3.48x	18.4x	17.3x	27.9x
Group Median		3.7%	14.6%	10,292.6	9,992.8	30.9%	19.1%	11.9%	16.2%	3.59x	18.8x	18.6x	28.2x
Group Max		10.7%	65.6%	34,257.3	45,795.5	39.5%	28.2%	18.0%	28.5%	5.44x	26.2x	24.2x	39.2x
Group Min		(1.8%)	0.6%	2,669.2	2,804.1	23.0%	14.3%	6.9%	5.4%	2.08x	9.6x	7.1x	18.5x

(1) Source: Pitchbook and public company filings (10-Ks, 10-Qs, and investor presentations).

(2) PPD YTD stock performance reflects prices since IPO on 2/6/2020

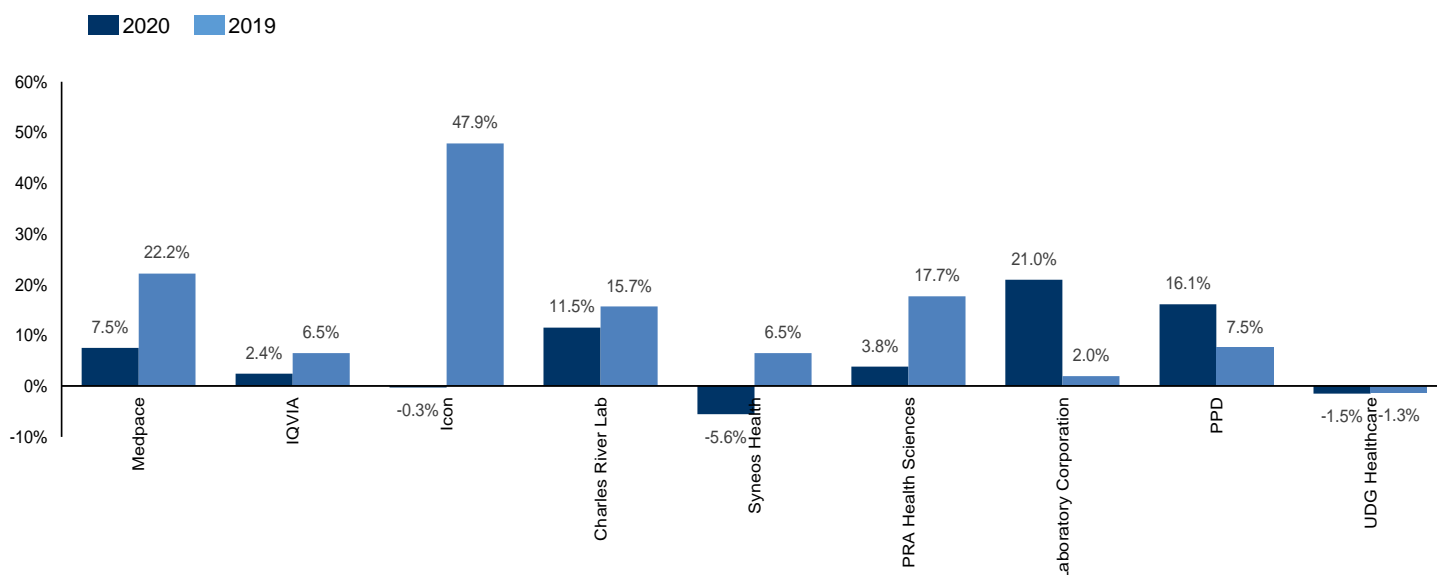
Comparable Company Analysis: Outsourced Pharmaceutical Services

In terms of overall financial metrics, the majority of the Outsourced Pharmaceutical Services companies experienced positive revenue growth in 2020, with the exception of ICON, Syneos, and UDG, which saw revenues decrease -0.3%, -5.6%, and -1.5% respectively. As a group, the Outsourced Pharmaceutical Services companies revenues grew an average of 6.1% in 2020, which was modestly lower than the 13.8% average growth recorded in 2019. As stated in the prior sections, the moderate revenue growth across the majority of the group can be attributed largely to robust funding environments from large and mid-sized pharmaceutical companies and a healthy recovery of backlogs despite COVID-19.

Gross margins expanded across the majority of the Outsourced Pharmaceutical Services companies in 2020, with a group average of 31.8% in 2020 relative to 30.7% for 2019. Notably, Medpace, Charles River, Syneos, LabCorp, and UDG Healthcare saw an average expansion of 2.5%. LabCorp's impressive gross margin improvement of 7.3% was primarily driven by a material decrease in direct selling costs related to its diagnostic segment and savings from its multi-year LaunchPad business process improvement initiative. DSP has historically found the gross margin metric not meaningful for UDG, which is based in the United Kingdom, due to differences in financial reporting standards between IFRS and GAAP. Specifically, IFRS standards do not define gross profit, thus there is flexibility as to what items are included in its calculation.

The Outsourced Pharmaceutical Services companies frequently point to EBITDA margins as a more meaningful benchmark for overall profitability. This metric accounts for all SG&A costs associated with employees in a consistent manner and demonstrates the ability of these companies to control costs across the organization. In 2020, EBITDA margins were up slightly across all of the Outsourced Pharmaceutical Services companies with the exception of IQVIA, PRA Health Sciences and PPD. Those that declined attributed the decrease in margins to (i) increased expenses associated with virtual trial technologies designed to counter material disruptions to clinical trials and face-to-face services and (ii) increased business development expenses. The companies that achieved margin expansion (Medpace, ICON, Charles River, Syneos, LabCorp, UDG Healthcare) did so through temporary cost reduction initiatives related to COVID-19, increased SG&A leverage (which continues to be a point of emphasis on earning calls), and the realization of synergies from recent acquisitions. Notably, Charles River's EBITDA margins expanded 4.6% from 23.6% in 2019 to 28.2% in 2020. Management cited increased efficiencies in its manufacturing division as well overall improvement in SG&A leverage as drivers for this margin expansion. Also of note was UDG's expansion in EBITDA margins from 14.6% in 2019 to 17.0% in 2020. Management cited that 7 of the 9 acquisitions completed since 2016 have continued to perform "exceptionally well" including Cambridge, SmartAnalyst, CreateNYC, and Incisive. Additionally, UDG has been shifting a greater portion of its business mix over time towards higher margin Communications & Advisory services from its Commercial & Clinical business. UDG management has stated that it continues to have an appetite for acquisitions headed into 2021 and is committing resources to accelerating M&A at both its Sharp and Ashfield divisions.

Revenue Growth of Outsourced Pharmaceutical Services Companies ⁽¹⁾



(1) Source: Pitchbook and public company filings (10-Ks, 10-Qs, and investor presentations).

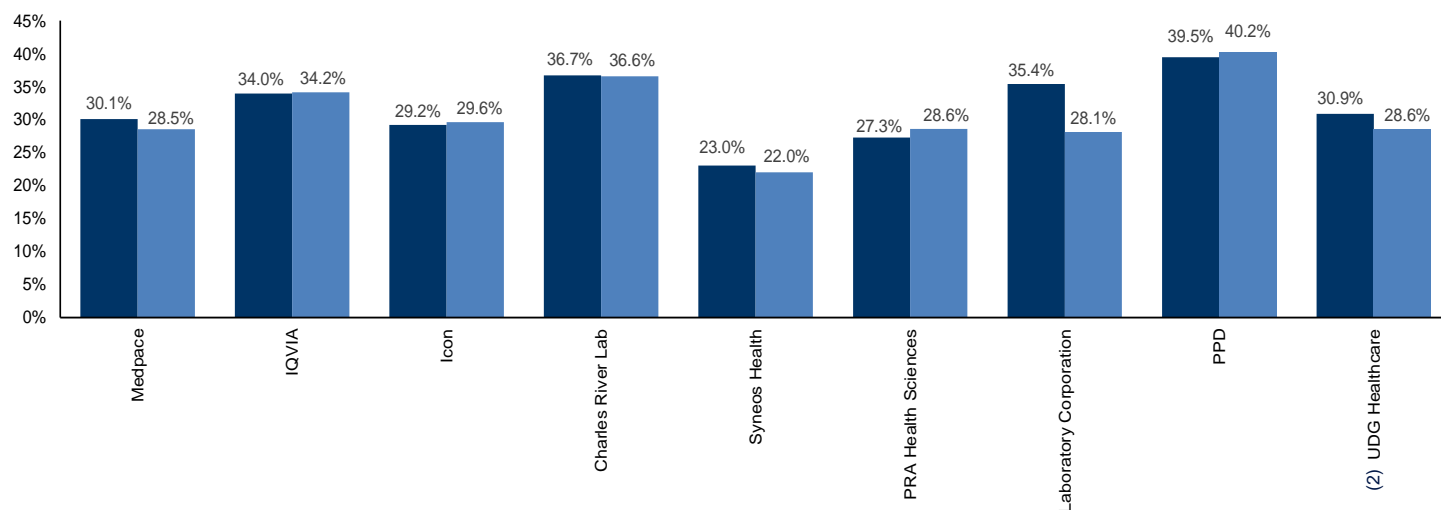
Comparable Company Analysis: Outsourced Pharmaceutical Services

Gross Margins of Outsourced Pharmaceutical Services Companies ⁽¹⁾

■ 2020 ■ 2019

2020 Average: 31.8%

2019 Average: 30.7%

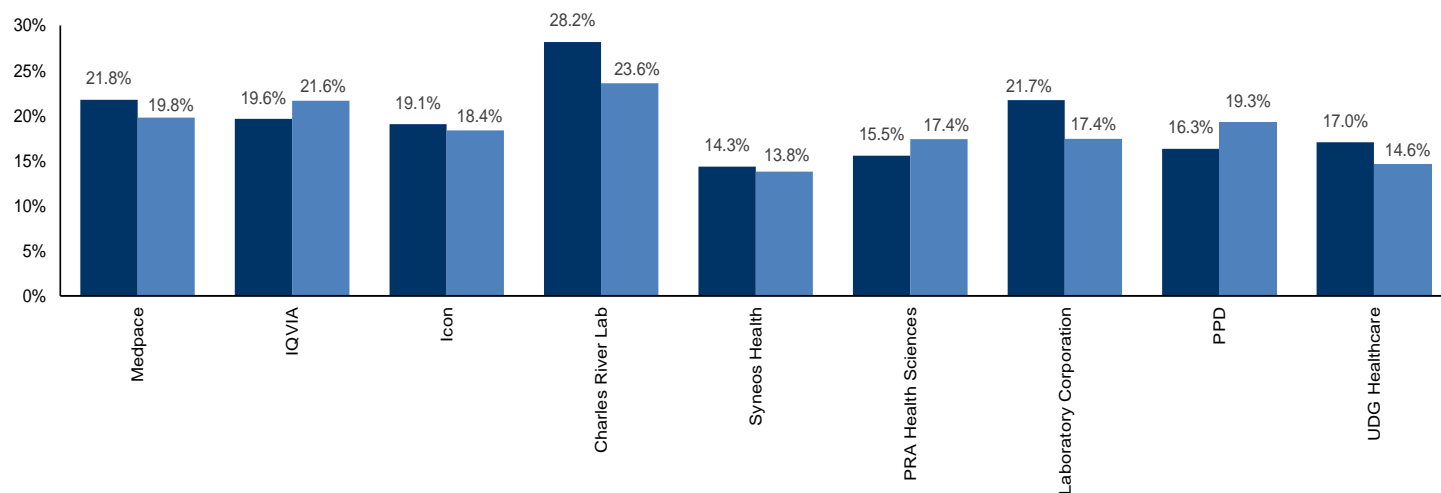


EBITDA Margins of Outsourced Pharmaceutical Services Companies ⁽¹⁾

■ 2020 ■ 2019

2020 Average: 19.3%

2019 Average: 18.4%



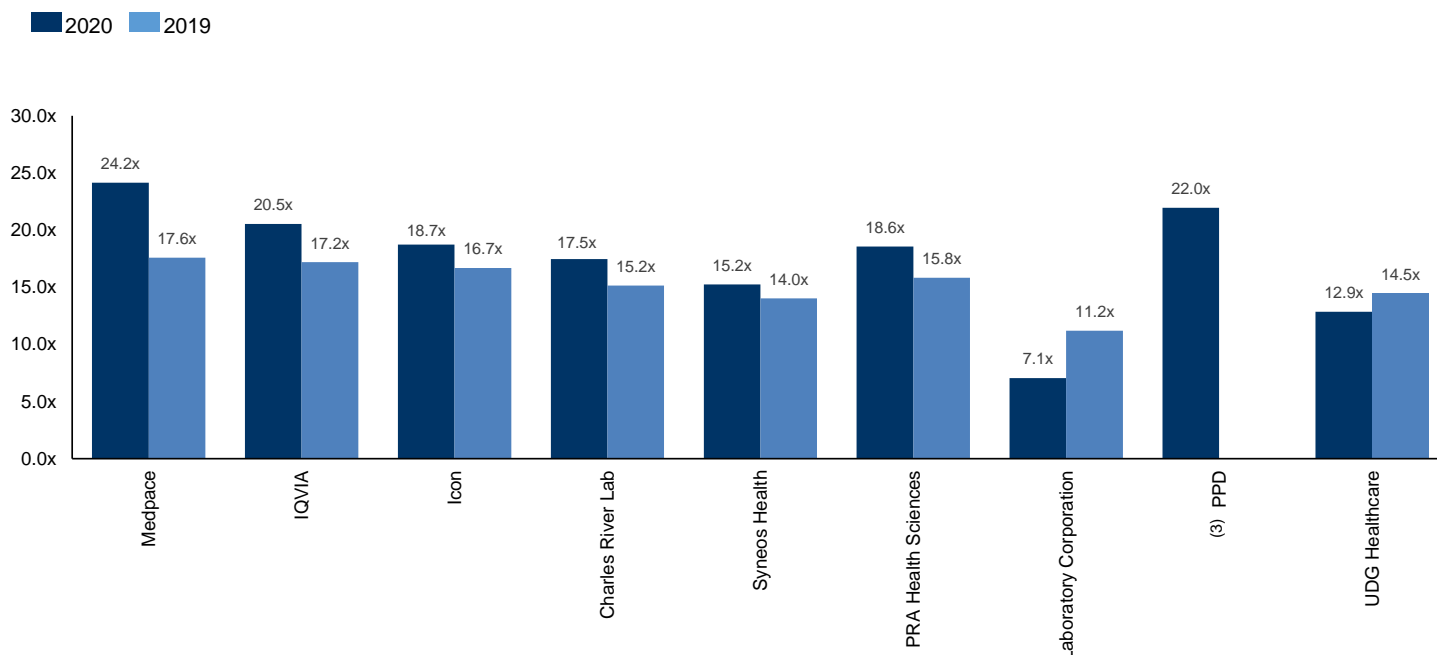
(1) Source: Pitchbook and public company filings (10-Ks, 10-Qs, and investor presentations).

(2) Note: UDG reports its financials in accordance with IFRS which does not require consistent reporting of Gross Margins with US GAAP standards.

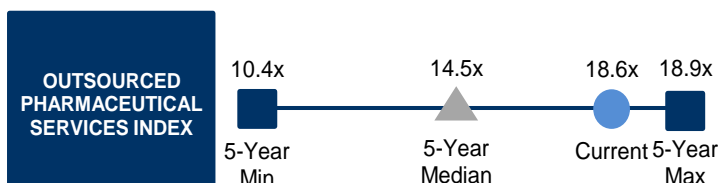
Comparable Company Analysis: Outsourced Pharmaceutical Services

As of year end 2020 EV / LTM EBITDA multiples were up for almost all of the Outsourced Pharmaceutical Services companies with the exception of LabCorp and UDG Healthcare. From 2019 to 2020, the median for the Outsourced Pharmaceutical Services companies increased from 15.5x to 18.6x. We note the December 31, 2020 Implied EV / LTM EBITDA median multiple of the Outsourced Pharmaceutical Services Index of 18.6x is above the 5 year median of 14.5x, suggesting that Outsourced Pharmaceutical Services companies are trading at a premium to historical levels.

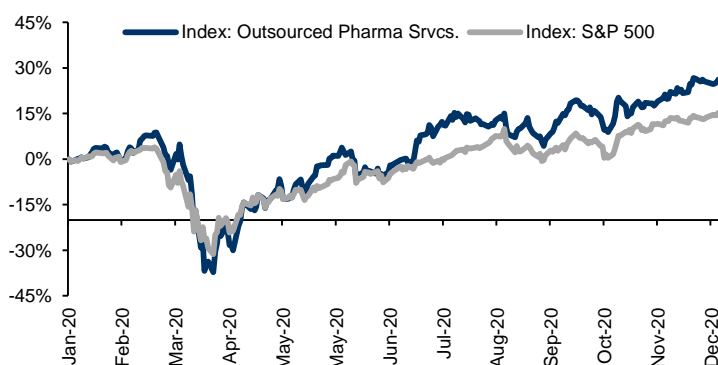
EV / EBITDA of Outsourced Pharmaceutical Services Companies ^{(1) (2)}



5-Year Trading Statistics (EV / EBITDA) ^{(1) (2)}



DSP Outsourced Pharmaceutical Services Index ⁽¹⁾



(1) Source: Pitchbook

(2) Based on stock prices as of 12/31/2020

(3) 2019 information not available for PPD as it went public on 2/6/2020.

Select Outsourced Pharma Services Data

Chart 1: Drug R&D spend by the top 500 pharma and biotech companies (2002 – 2026E)

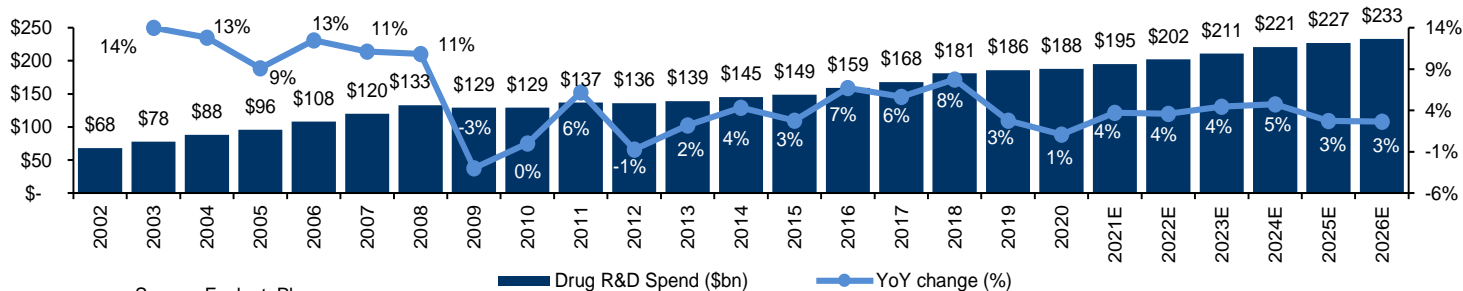


Chart 2: Biotech Drug Sales (2002 – 2026E)

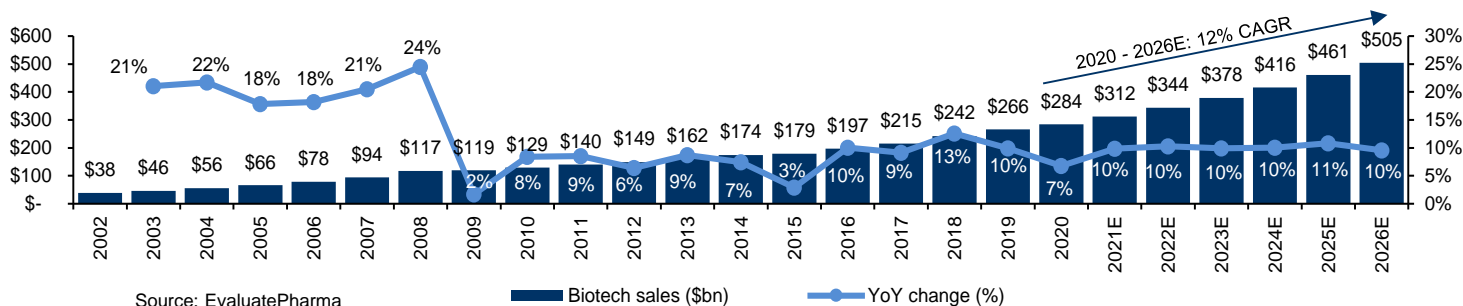


Chart 3: Biotech Financing (1996 – 2018)

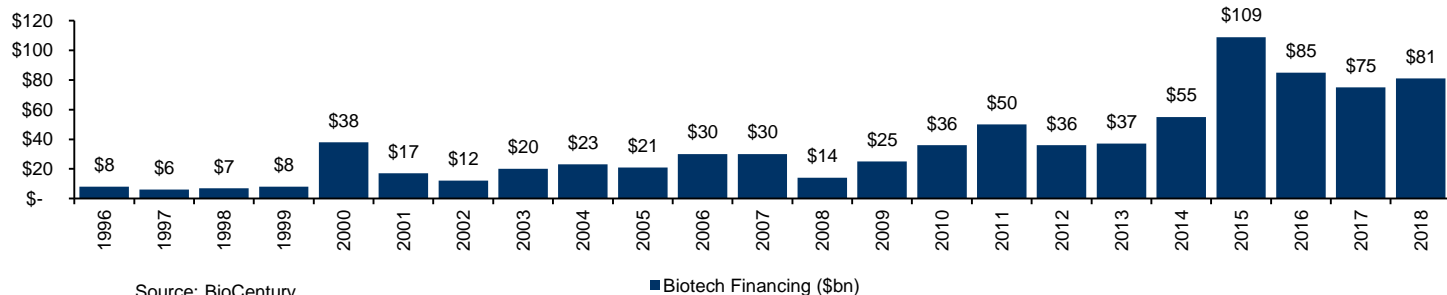


Chart 4: Drug Pipeline (2001 – 2020)

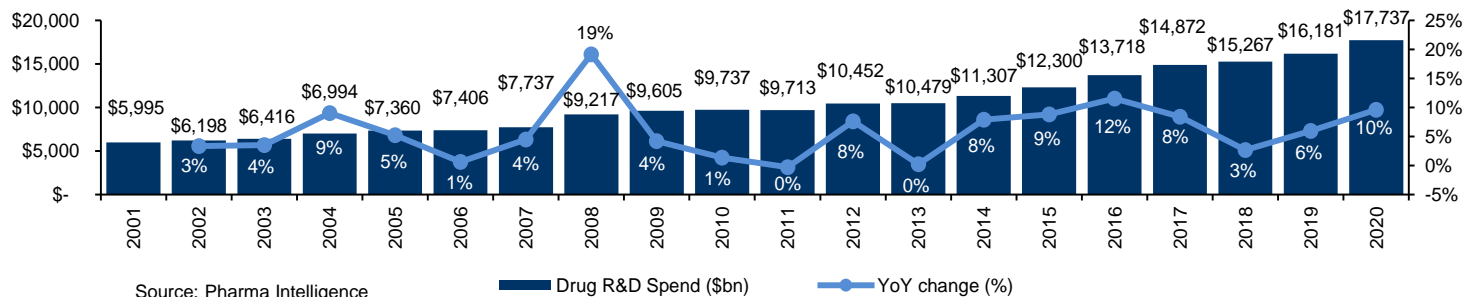
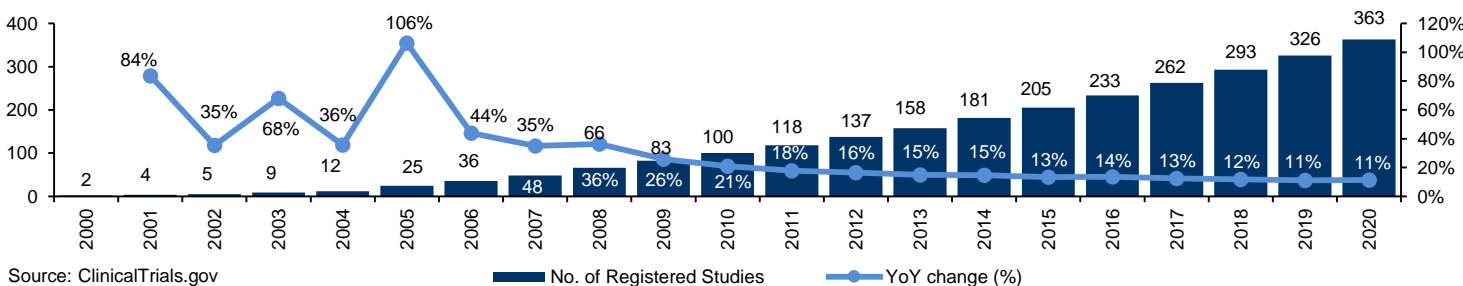


Chart 5: Number of Registered Studies (2000 – 2020)



Notable M&A Activity ⁽¹⁾

In the past few years, Outsourced Pharmaceutical Services companies have actively used M&A to acquire additional capabilities and specialized expertise. Multiple mega mergers and acquisitions have occurred leading to consolidation in the industry. Several noteworthy transactions included:





2017: Merger of INC Research and inVentiv Health, forming Syneos Health

2017: Pamplona take private of PAREXEL

2016: Merger of Quintiles and IMS Health, forming IQVIA

2015: Labcorp's acquisition of Covance

There were no blockbuster transactions from 2018 through 2020, however Outsourced Pharmaceutical Services companies have continued to fill in the gaps in their portfolio of capabilities. Representative transactions that were made by each of the large public Outsourced Pharmaceutical Services companies in 2020 are detailed below:

Company Name	# of 2020 Transactions	Description
	1	<ul style="list-style-type: none"> Allcare Plus Pharmacy- Provider of reimbursement support, adherence support, patient assistance programs, financial & copay assistance, an integrated technology platform and non-commercial pharmacy dispensing services
	1	<ul style="list-style-type: none"> Medpass International (\$39.2 million)- Provider of clinical research, regulatory, and reimbursement consulting services to medical device and biometric companies
	3	<ul style="list-style-type: none"> Hemacare (\$376.8 million)- Provider of human derived biological products and services for drug discovery and cellular therapy process development Cellero (\$38.0 million)- Provider of cellular products for cell therapy developers and manufacturers worldwide Distributed Bio (\$83.0 million)- Developer of antibody discovery tools and libraries, which are used for life science research and drug discovery
	2	<ul style="list-style-type: none"> Synteract (\$400.0 million)- Provider of clinical development and consulting services Illingworth Research Group- Provider of clinical research home health services, providing highly trained, qualified and experienced research nurses to the biopharmaceutical and medical device industries

(1) Source: Pitchbook and public company filings (10-Ks, 10-Qs, and investor presentations).

Notable M&A Activity

Company Name	# of 2020 Transactions	Description
	2 (non-diagnostic)	<ul style="list-style-type: none"> • GlobalCare- Provider of patient-centric decentralized clinical trials support services including mobile healthcare services, site staffing support, patient transport assistance and contracted central pharmacy services • snaploT- Provider of a digitized clinical platform (mClinical) that supports remote participation in clinical trials
	1	<ul style="list-style-type: none"> • Care Innovations (\$211.4 million)- Provider of technology solutions that help employers, payers, providers and health systems track the health and wellbeing of individuals for clinical trials
	1	<ul style="list-style-type: none"> • Canale Communications (\$31.0)- Operator of strategic communications and creative firm that specializes in corporate communications, creative services, public relations and investor relations for life sciences companies
	-	<ul style="list-style-type: none"> • No identified disclosed acquisitions in 2020
	-	<ul style="list-style-type: none"> • No identified disclosed acquisitions in 2020

Recent M&A and Strategic Commentary



"We will continue to evaluate acquisition opportunities across our businesses and across a number of drug modalities and scientific capabilities. We will invest in a disciplined manner, strengthening our portfolio and focusing on speed and responsiveness as we meet our clients' individual needs and promote a more efficient drug development model... As 2020 has demonstrated, we are operating in a robust business environment with excellent growth potential; to continue to successfully execute our strategy, to maintain and enhance Charles River's position as a leading early stage CRO and to expand our manufacturing support to CDMO capabilities, we will continue to make investments in our scientific capabilities through M&A, strategic partnerships and internal development." (James Foster, Chairman, CEO and President, 2/17/21)



"There is always further innovation, further technology and we'll be open to those sorts of opportunities as this, particularly on the decentralized trial market, moves forward and as that momentum continues into the future. We'll be active in that space, making sure that we are engaging with the best providers and even potential further acquisitions around that, so that we can deliver strongly." (Steve Cutler, CEO and Director, 2/25/21)



"We are always looking for opportunities to take advantage of any anything that can help us grow our business. One of the areas I'd like to move into is a real-world evidence late phase type of work, but finding an appropriate asset is always a difficult part. But that would certainly be very helpful for us, particularly, we have all of the data resources that we could utilize and help grow that business even faster. It's an area that we continue to look for. Other than that, we do get visibility to a lot of things. But it's been tough this year, just trying to keep focused on what we're doing and making sure we keep on top of the workflow and keep supporting our clients. So yes, you're right, maybe next year, when we get to catch a breath, we can start to look at our strategy." (Colin Shannon, President and CEO, 11/5/20)



"So as I look at capital deployment, the first thing we look for is to see if there are hospital laboratories, local or regional laboratories that we can acquire. And those make a lot of sense. They are accretive in the first year, typically, you return your cost of capital in about two years, and we know how to integrate those. The second thing I look for is strategic acquisitions. So if there's something in one of the pillars of our strategy, for example, oncology, that we need to acquire in order to be successful, we would look to do something like that. And those would be kind of smaller tuck-in type of acquisitions versus large-scale megadeals." (Adam Schechter, President and CEO, 2/11/21)



"We're still focused on organic growth. We do look at what's out there but there's nothing that's in the market that we're interested in that we aren't already doing organically whether that's growing across the geographies that we're in or expanding our laboratory capabilities. We have plenty of growth opportunities organically and it's just a distraction at this point to go after acquisitions." (Jesse Geiger, CFO and COO of Laboratory Operations, 2/25/20)



"We have maintained our balanced approach to capital deployment, remaining focused on strategic M&A activity that will help expand our access to new markets and add key services to our portfolio. During the fourth quarter, we closed the acquisition of Synteract, which provides us with an expanded presence in the emerging biopharma market where strong biotech funding and innovation are driving double-digit growth. The prime priority for us is to continue to pay down debt. And we've been bringing leverage down over the last 2 or 3 years on that basis, but if there are deals to be done that help us drive toward strategic goals like we did with Synteract and Illingworth, we're going to be interested in taking a look at those deals." (Alistar Macdonald, CEO, 2/18/21)



"You can expect in 2021 we will spend some capital on acquisitions as well as share repurchases, and together we will evaluate the trade offs between the two. Our normal assumption is that we expect to utilize about \$1.5 billion between the two during the course of the year." (Ron Bruehlman Executive Vice President and Interim CFO, 10/20/20)



"While organic growth is the bedrock of our UDG story, we do supplement it with solid M&A growth. And as you can see, we have been assembling assets that are core or in adjacencies that are attractive around the core areas of which we operate and we expect this to continue." (Brendan Patrick McAtamney, CEO, 5/19/20)



"On the M&A front as a source of capital allocation, we're pretty clear on our strategic growth drivers for the business over the planning horizon. Our planning horizon is 5-plus years. And we're clear on where we see opportunities to reduce cost or time of evidence generating. We are constantly looking for tuck-in acquisitions that have service capabilities that we don't think we can build organically or the value of acquiring them would be better than the value we would get by investing organically." (David Simmons, Chairman and CEO, 2/21/21)

Recent Private Equity Outsourced Pharmaceutical Services Platforms

In addition to strategic M&A activity, private equity firms have also invested in Outsourced Pharmaceutical Services platforms with acquisition focused growth strategies. The following are examples of private equity owned platforms acquired in 2020.

Financial Sponsor	Portfolio Company	Classification	Business Description
	 Pharma Value Demonstration	Commercialization	Global healthcare-focused advisory firm comprised of a set of leading scientific, commercial advisory and digital delivery capabilities. The company provides services such as strategic consulting, healthcare communications, and business insights and analytics to its biopharmaceutical and pharmaceutical clients.
	HUNTSWORTH	Commercialization	International healthcare communications and public relations company that provides marketing and medical communications services to healthcare clients, which are primarily large and mid-size pharmaceutical and biotechnology companies.
		Clinical	Provider of imaging core laboratory services and other blinded centralized review services for pharmaceutical and medical device clinical trials.
		Clinical	Developer of a physical activity and sleep or wake monitoring device designed to facilitate users to configure and initiate data collection from a mobile device. The company's products are used in research studies and clinical trials involving physical activity, energy expenditure and sleep or wake behavior and their relationships to a wide range of health conditions.
		Commercialization	Operator of an on-demand global platform for gathering critical payer insights. The company specializes in technology that automates and modernizes life sciences companies that capture critical insights that drive decision-making across the product lifecycle, enabling clients with insight and feedback from the payer network.
		Clinical	Developer of an eSource technology designed to eliminate paper source documents used for clinical research purposes. The company offers a suite of solutions for capturing and integrating electronic data from sites, clinicians, and patients.
		Clinical	Leading contract research organization intended to provide a broad range of clinical research services to worldwide pharmaceutical, biotechnology and medical device industries. The company's services include biostatistics and statistical programming, clinical data management, medical coding, trial subject randomization, trial drug dispensing and inventory management.
		Clinical	Global provider of outsourced pharmaceutical supply chain solutions supporting pharmaceutical and biopharmaceutical companies throughout the various stages of drug development, clinical trials, and commercialization through packaging & labeling, clinical trial supply, and manufacturing services.

Select Recent Outsourced Pharmaceutical Services M&A Transactions

Date Announced	Target	Target Business Description	Acquiror/Investor	Classification	Enterprise Value	Rev	EBITDA
12/31/20	Distributed Bio	Developer of antibody discovery tools intended to be used for life sciences research and drug discovery. The company's tools offer readily formattable antibody fragments to support antibody and cell and gene therapy candidates to biopharmaceutical clients along with analysis and engineering of antibodies.	Charles River Laboratories	Clinical	\$83.0	\$15.0	--
12/18/20	Illingworth Research Group	Provider of clinical research services to pharmaceutical, healthcare, biotechnology and medical device companies.	Syneos Health	Clinical	--	--	--
12/10/20	Bioclinica	Provider of technology-enabled services to contract research organizations and pharmaceutical companies, supporting the development of new medical therapies globally.	Ares Capital	Clinical	--	--	--
12/10/20	Synteract	Provider of a complete range of clinical development and consulting services in clinical operations, safety surveillance, bio-statistics, data management, medical monitoring and medical writing.	Syneos Health	Clinical	400.0	--	--
12/7/20	Everest Clinical Research	Leading contract research organization intended to provide a broad range of clinical research services to worldwide pharmaceutical, biotechnology and medical device companies. The company's services include biostatistics and statistical programming, clinical data management, medical coding, trial subject randomization, trial drug dispensing and inventory management.	Arlington Capital Partners	Clinical	260.0	--	--
12/1/20	Market Access Transformation	Operator of an on-demand global platform for gathering critical payer insights. The company specializes in technology that automates and modernizes life sciences companies that capture mission-critical insights that drive decision-making across the product lifecycle, enabling clients with insight and feedback.	Silversmith Capital Partners	Commercialization	--	--	--
11/30/20	Virtrial	Provider of software solutions to pharmaceutical companies and CROs which enables them to perform remote and decentralized clinical trials through a combination of secure video, audio, chat and messaging.	Signant Health	Clinical	--	--	--
11/30/20	PCI Pharma Services	Global provider of outsourced pharmaceutical supply chain solutions supporting pharmaceutical and biopharmaceutical companies throughout the various stages of drug development and commercialization.	Kohlberg & Company, Mubadala Investment Company	Clinical	--	--	--
11/12/20	Two Labs	Provider of consultancy services for the pharmaceutical and biotechnology sectors across the product lifecycle from strategy to implementation.	Envision Pharma Group	Commercialization	280.0	--	19.0
9/23/20	Starpower	Operator of an entertainment and influencer marketing agency intended to counsel and connect brands across health and wellness, consumer, lifestyle, and sports through data-driven social media strategies.	W2O Group (New Mountain Capital)	Commercialization	--	--	--
9/9/20	Alkemy Partners	Operator of a full-service field learning and development company committed to solving market access, sales and clinical engagement through training, content creation and digital solutions.	Eversana (JLL Partners, Water Street Healthcare Partners)	Commercialization	--	--	--
8/26/20	Clinical Ink	Developer of an eSource technology designed to eliminate paper source documents used for clinical research purposes. The company offers a suite of solutions for capturing and integrating electronic data from sites, clinicians, and patients.	GI Partners	Clinical	--	--	--
8/11/20	Cello Health	Provider of strategic consulting, healthcare communications, and business insights and analytics services to biopharmaceutical and pharmaceutical companies.	Arsenal Capital Partners, Pharma Value Demonstration	Commercialization	237.3	212.8	19.4
8/6/20	Cellero	Provider of critical raw materials, specifically human cells intended to advance life science from discovery, through R&D, and into curing disease.	Charles River Laboratories	Clinical	38.0	--	--
7/28/20	Discern Health	Provider of health economics and outcomes research (HEOR) consulting services for life sciences companies, government agencies, nonprofits and health insurers. The company specializes in designing payment models and commercialization strategies.	W2O Group (New Mountain Capital)	Clinical	--	--	--
7/15/20	HVH Precision Analytics	Developer of an analytical platform designed to provide actionable insights utilizing real-world data. The Company's platform collects, aggregates, analyzes, and creates a longitudinal patient journey powered by predictive analytics.	Eversana (JLL Partners, Water Street Healthcare Partners)	Clinical	--	--	--
7/7/20	Deciphex	Developer of software applications intended for preclinical pathology specializing in human gastrointestinal and toxicology pathology use cases.	Charles River Laboratories	Clinical	--	--	--

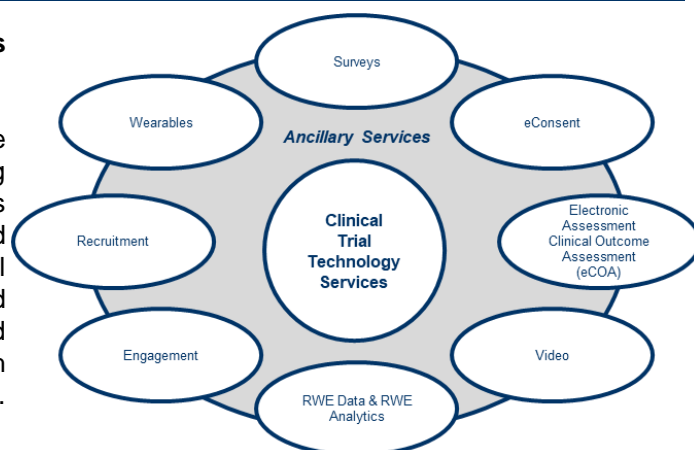
Select Recent Outsourced Pharmaceutical Services M&A Transactions

Date Announced	Target	Target Business Description	Acquiror/Investor	Classification	Enterprise Value	Rev	EBITDA
7/7/20	Acme Bioscience	Operator of a contract research organization that offers a synthetic chemistry service, thus helping clients to address challenging medicinal targets.	Frontage Laboratories	Clinical	--	--	--
6/30/20	Mirador Global	Provider of drug commercialization assessment and launch planning services including strategic planning, marketing, market access, pricing, medical affairs, and analytics in strategic global commercial development for specialty diseases, including rare diseases, oncology/immuno-oncology, immunology, and CNS disorders.	Coeus Consulting	Commercialization	--	--	--
6/16/20	Pharma Value Demonstration	Global healthcare-focused advisory firm comprised of a set of leading scientific, commercial advisory and digital delivery capabilities. The company provides services such as strategic consulting, healthcare communications, and business insights and analytics to its biopharmaceutical and pharmaceutical clients.	Arsenal Capital Partners	Clinical/Commercialization	--	--	--
5/18/20	ActiGraph	Developer of physical activity and sleep or wake monitoring device designed to facilitate users to configure and initiate data collection from a mobile device. The company's products are used in research studies and clinical trials involving physical activity, energy expenditure and sleep or wake behavior and their relationships to a wide range of health conditions.	ArchMed	Clinical	--	--	--
5/1/20	Huntsworth	Leading international healthcare communications and public relations group that provides marketing and medical communications services to healthcare clients, which are primarily large and mid-size pharmaceutical and biotech companies.	Clayton, Dubilier & Rice	Commercialization	719.0	337.9	60.5
4/20/20	IRB Company	Provider of central and single-site institutional review board services to healthcare companies. The company has extensive experience with all phases of clinical research including Phase I-IV investigational new drug studies, investigational device exemption studies, socio-behavioral studies, chart reviews, and investigator-initiated studies.	Advarra (Genstar Capital)	Clinical	--	--	--
4/14/20	Symplur	Developer of an analytics platform designed to allow healthcare organizations and government entities to rapidly identify social media trends among physicians, patient advocates, life science professionals, media and other key audiences.	W2O Group (New Mountain Capital)	Commercialization	--	--	--
4/1/20	Biotranex	Provider of contract research services that offers clients a full range of ADME and pharmacokinetic laboratory and consulting services to facilitate drug discovery and development.	Frontage Laboratories	Clinical	--	--	--
2/28/20	Metis Laboratories	Provider of radiotracer services to pharmaceuticals, biotechnology and academic organizations.	L2P Research	Clinical	--	--	--
2/26/20	BresMed Health Solutions	Provider of consulting services to pharmaceutical clients enabling them to demonstrate the clinical and economic value of their products to healthcare providers. The company's services include initial portfolio planning, strategy development, health technology assessments, and post-launch value demonstrations.	Arsenal Capital Partners	Commercialization	--	--	--
2/19/20	Medpass International	Provider of consulting services to medical device and biometric companies to assist Icon throughout all phases of medical device development.	Icon	Clinical	39.2	14.7	4.6
1/23/20	Statistics Collaborative	Provider of biostatistical consulting services intended for clients developing drugs, biologics, and devices. The company specializes in clinical trials along with epidemiological studies, preclinical studies, and non-clinical research further working in a wide range of therapeutic areas.	WIRB-Copernicus Group (Arsenal Capital Partners)	Clinical	--	--	--
1/13/20	21 Grams	21 Grams offers electronic distribution of business documents and direct mail to simplify their communication processes.	W2O Group (New Mountain Capital)	Commercialization	--	--	--
1/3/20	Hemacare	Provider of biological blood products and services intended to address various issues related to immune therapy, including stem cell therapy.	Charles River Laboratories	Clinical	376.8	--	--
1/1/20	Care Innovations	Provider of healthcare-based technical and operational services designed to connect people to caregivers.	PRA Health Sciences	Clinical	211.4	--	--

DSP Spotlight Trend

Increased Adoption of Digital and Technology Capabilities for Clinical Trials

A growing number of CROs, biopharmaceutical companies, life science companies, and non-profit researchers are utilizing technology platforms to capture clinical study data in between, as well as during or instead of clinic visits. COVID-19 has created heightened awareness and adoption of remote / virtual clinical trials technologies. At the on-set of the pandemic, clinics and hospitals that served as trial sites were forced to shut down and as a result clinical trials had to be paused. According to research firm GlobalData, more than 1,100 clinical trials across the U.S. and Europe had been disrupted as of the end of May 2020.



Eager to continue trials during the pandemic, many researchers, and pharmaceutical companies have adopted virtual or remote clinical trials. Virtual trials address a number of problems that have plagued the traditional site based clinical trial model including higher costs, travel, and time requirements that have excluded large portions of the population. In March, the U.S. Food and Drug Administration helped clear the path to virtual trials by issuing guidelines for clinical studies during the pandemic. These guidelines included “evaluating alternative methods for assessments, like phone contacts or virtual visits, and offering additional safety monitoring for those trial participants who may no longer have access to investigational product or the investigational site”. The Centers for Medicare and Medicaid also relaxed the rules for Medicaid reimbursement for telemedicine visits. In June, Michelle Longmire, Co-Founder and CEO of Medable, a decentralized and remote trial platform said, “I think it would have taken us at least five years to generate the adoption of virtual trials that we’ve seen over a matter of 60 days. We’re seeing this across therapeutic areas, where before someone was like, ‘Oh, we can’t do that,’ and now it’s like, ‘How do we do it, and not in a week, but tomorrow?’”.

As previously highlighted in this piece, many of the public CROs have made acquisitions or strategic investments aimed at expanding their digital and technology capabilities that are playing roles in clinical trials accelerated by the pandemic. Notable acquisitions / strategic investments include: LabCorp’s Covance division acquisitions of GlobalCare and snapIoT, PPD’s investment in Medable, and PRA’s acquisition of Care Innovations among others. Following its acquisition of snapIoT, Covance noted in a press release, “This acquisition provides Covance with internal expertise to enhance speed of decentralized / virtual clinical trials platform development and adoption, while supporting scalability of innovative solutions across the drug development continuum meet their needs.”

Numerous private equity firms have also acquired or been involved in growing clinical trial technology platforms through add-on acquisitions. Notable recent clinical technology platforms include: THREAD (acquired by Water Street Healthcare Partners and JLL in April 2019), VirTrial (acquired by Signant Health backed by Genstar Capital in November 2020), Clinical Ink (acquired by GI Partners in August 2020), and ERT (investment from Astorg, Nordic Capital, and Novo Holdings in October 2019). Two of these platforms (THREAD and Signant Health) are profiled in case studies on the following pages. These clinical trial technology platforms are focused on achieving scale and are uniquely positioned to be acquired by some of the larger CROs seeking to add decentralized / virtual clinical trial capabilities, rather than attempting to build these capabilities in-house.

DSP expects the public CROs and private equity platforms to continue to actively seek acquisitions of clinical technology companies, particularly with digital and technology capabilities that assist decentralized or virtual trials. Large and small pharmaceutical companies will increasingly look to these organizations for their wide-ranging expertise and ability to apply these technologies to the virtual monitoring of study subjects as their trials are performed in alternative settings. These organizations will be critical in enabling remote participation in clinical trials and helping pharmaceutical companies reduce patient burden while accelerating trial implementation and improving data quality. As a result of the competition for these assets, valuations multiples for these type of assets will likely continue to trend upward.

Genstar Capital's Signant Health Platform (previously CRF Health)

Financial Sponsor

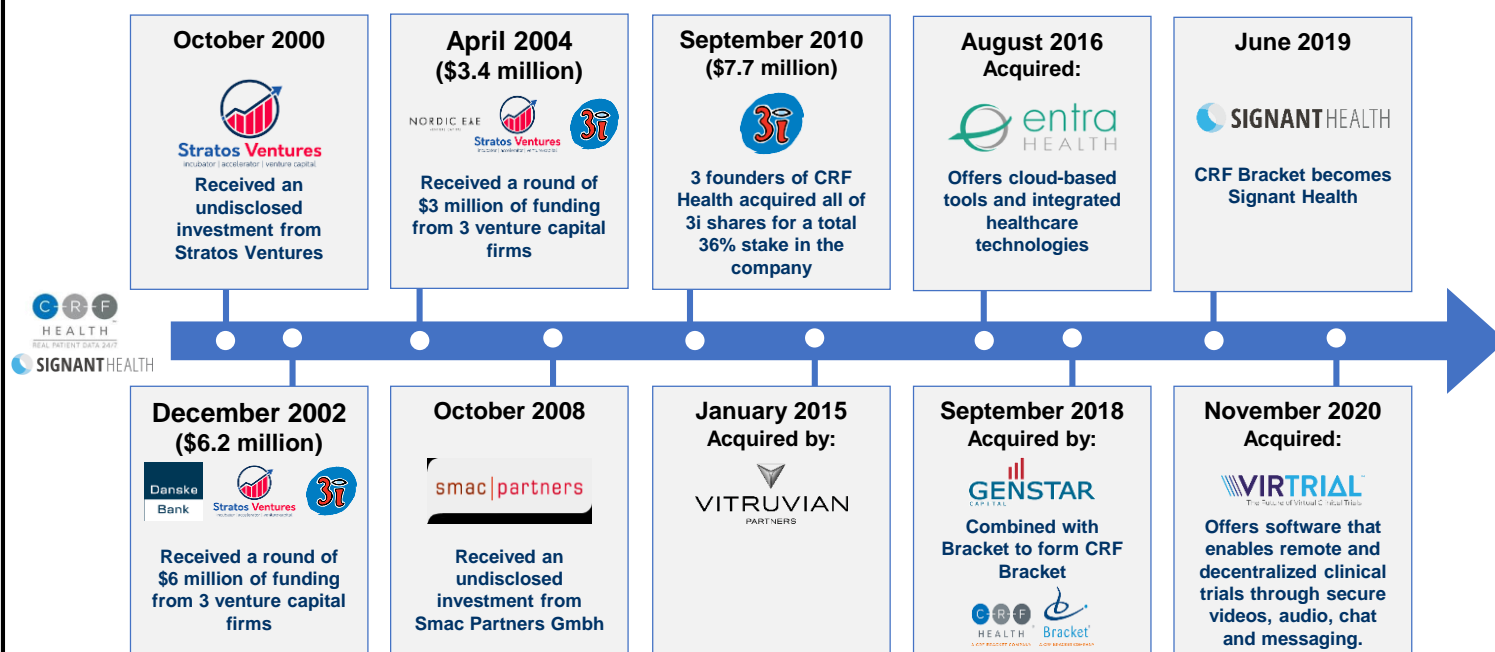


Portfolio Company



- CRF Health (now Signant Health) was founded in 2000 as a leading global provider of Electronic Clinical Outcome Assessment (eCOA) solutions for the life sciences industry.
- From 2000 to 2010, CRF Health raised capital in multiple rounds from various institutional investors including Stratos Ventures, 3i Group, Nordic Venture Partners, and Smac Partners.
- In January 2015, the Company was acquired for an undisclosed amount by Vitruvian Partners, a European middle market private equity firm.
- In August 2016, CRF Health acquired Entra Health, a provider of mobile health IT, cloud-based remote learning. The acquisition added additional connectivity to CRF's eCOA technologies and created a larger network to capture and analyze clinical trial data.
- In September 2018, CRF Health was acquired by Genstar Capital, a private equity firm with strong experience in investing in outsourced pharmaceutical service companies. As a part of the acquisition, Genstar merged CRF with one of its existing portfolio companies Bracket, forming CRF Bracket. Bracket is a clinical trial technology and specialty services provider dedicated to assisting biopharmaceutical sponsors and contract research organizations.
- In June 2019, CRF Bracket changed its name to Signant Health. Today the company combines an integrated suite of applications including eCoA and eConsent, and advanced analytics with therapeutic area-specific scientific consulting expertise.
- The Company's client base includes the top 20 global pharmaceutical companies, as well as CROs, biotechs, and academic institutions. Its technology is currently utilized in more than 4,000 global clinical trials.
- In November 2020, Signant acquired VirTrial from private equity firm Kinderhook Industries. VirTrial is a leading provider of software solutions for remote and decentralized clinical trials. VirTrial's platform enables pharmaceutical companies and CROs to perform virtual visits through a combination of secure video, audio, chat and messaging.
- The acquisition of VirTrial expands Signant's software capabilities to further enhance digital trial sites and offer sponsors superior evidence generation across traditional, decentralized, and hybrid trial models.

Select Signant Health History



Water Street Healthcare Partners and JLL Partners Acquire THREAD

Financial Sponsor



WATER STREET

Portfolio Company



- THREAD was acquired by Water Street Healthcare Partners and JLL Partners on August 27, 2019, for an undisclosed sum.
- Based in Tustin, California, THREAD is a known leading developer of a remote patient research platform designed to conduct clinical trials and virtual trials.
- The Company's platform uses an Electronic Patient-Reported Outcome (ePRO) library to simply add validated and digitally licensed ePROs to studies on IOS and Android devices.
- On August 12, 2020, the Company received an additional capital commitment of \$50 million from Water Street Healthcare Partners and JLL Partners.
- The recent capital infusion will allow the Company to accelerate its expansion plans and allow it to capitalize on the increased demand for decentralized Phase Ib-IV clinical trials being conducted by CROs and pharma sponsors amidst the COVID-19 pandemic.
- Since Water Street's and JLL's acquisition of THREAD in August 2019, the Company has leveraged the health care firms' combined pharmaceutical expertise, network of industry resources and capital to:
 - Expand its global footprint to more than 40 countries
 - Develop and implement COVID-19 clinical trial risk mitigation tools to advance critical research during the pandemic
 - Add new features to its proprietary, configurable decentralized research platform
 - Enhance its capabilities to include features such as eConsent, eCOA/ePRO, sensors, reminders and telehealth virtual visits to support remote data capture
 - Support customers with virtual visits, hybrid decentralized studies and fully decentralized studies customized to their individual study needs in key therapeutic areas
- “THREAD leads the industry with its knowledge and experience in decentralized trials. This newest investment marks the next phase in our long-term strategic plan. Working together with Water Street and JLL Partners, we are deeply committed to keeping THREAD at the forefront of providing clients with innovative, high-quality decentralized solutions they can count on to safely bring new therapies to market faster.”

- **Mark A. Goldberg, M.D., Executive Chairman of THREAD after receiving additional investment from Water Street and JLL in August 2020**

- “Every decision, initiative and action we make is focused on expanding THREAD's leadership position to further benefit our customers and support them with decentralizing their global clinical trials. Now more than ever, our biopharma and CRO customers need solutions that enable them to continue research during the pandemic and enhance their designs for future studies. We are fully focused on ensuring THREAD is their long-standing partner in developing and implementing fit-for-purpose decentralized study solutions for patients, sites, home health and study teams.”

- **John Reites, President of THREAD after receiving additional investment from Water Street and JLL in August 2020**

Recent DSP Outsourced Pharmaceutical Services Transactions



Delancey Street Partners is pleased to announce that Deerfield Agency Inc. (“Deerfield”) has received an investment from The Edgewater Funds (“Edgewater”). Delancey Street Partners served as exclusive financial advisor to Deerfield, managed a competitive process, and negotiated the terms of the transaction.

About Deerfield

Deerfield Agency (www.deerfieldagency.com) is a healthcare marketing services company. Deerfield provides a range of marketing and operational services to pharmaceutical and biopharmaceutical clients including multi-channel marketing strategy and automation, creative services, analytics, digital design, media buying and management, salesforce integration and print management.

Deerfield has developed and maintains strong and long-standing client relationships with brand leaders at leading pharmaceutical and biopharmaceutical companies. Clients seek out Deerfield for its responsiveness, creativity, and ability to meet and exceed demanding project requirements. Deerfield utilizes its proprietary technology and process flows to save time, optimize resources, and ultimately save its clients money. Deerfield was founded in 2014 and is based in Wayne, Pennsylvania.

About The Edgewater Funds

The Edgewater Funds (www.edgewaterfunds.com) is a Chicago-based private equity firm with over \$2.8 billion of capital commitments raised since 2001. Through Edgewater Growth Capital Partners, Edgewater partners with management teams to help accelerate growth in their businesses. Edgewater focuses on funding high quality middle market companies where it can add substantial value through capital, experience, and its broad network. Edgewater leverages the experience of its Partners and Executive Advisory Board who have distinguished themselves as successful CEOs and business leaders.



Delancey Street Partners is pleased to announce that KPS Life, LLC (“KPS Life”) has completed a senior debt financing with Santander Bank, N.A. (“Santander”). Delancey Street Partners served as exclusive financial advisor to KPS Life, managed a targeted process, and negotiated the terms of the senior debt financing.

About KPS

KPS Life (www.kpslife.com) is a stand-alone functional service provider (“FSP”) that offers global functional clinical trial outsourcing services to pharmaceutical and biotech companies of all sizes across all phases of clinical trials. Services include clinical monitoring, clinical monitoring oversight, clinical trial management, data management, biometrics, and medical writing.

Operating in 29 countries across the globe, KPS Life is committed to working together with its clients through a hands-on operating model rooted in a partnership approach. KPS Life has carved out a leadership position within the FSP market by providing customized and scalable solutions that improve the quality and execution of clinical trials while mitigating costs and increasing transparency for its clients.

Founded in 2006 and headquartered in Malvern, Pennsylvania, KPS Life is institutionally backed by LongueVue Capital (“LVC”). LVC is an entrepreneur-centric New Orleans based private equity firm with ~\$500 million of assets under management focused on partnering with management teams through both growth and control investments across a variety of sectors, healthcare being the largest.

About Santander

Santander (www.santanderbank.com/us/commercial) is one of the country's largest retail and commercial banks and an active provider of capital, treasury management, risk management and international solutions. Santander earns the loyalty of its commercial banking clients by offering services that help them manage their operating needs, maximize their working capital, and grow their businesses domestically and internationally. The Bank is a wholly-owned subsidiary of Madrid-based Banco Santander, S.A. (NYSE: SAN) – one of the most respected banking groups in the world with more than 148 million customers in the U.S., Europe, and Latin America.

Recent Healthcare Transaction Experience

Outsourced Pharmaceutical Services

 <p>has received an investment from</p> <p>the edgewater funds</p> <p>Advisor to Deerfield</p>	 <p>has completed a senior debt financing with</p>  <p>Advisor to KPS Life</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>NEW MOUNTAIN CAPITAL LLC</p> <p>Advisor to Seller</p>	 <p>has merged with</p>  <p>a portfolio company of</p>  <p>Advisor to Pyxa</p>
 <p>has completed a majority recapitalization with</p>  <p>Advisor to Emmes</p>	 <p>has been acquired by</p> <p>WATER STREET</p> <p>Advisor to Seller</p>	 <p>has agreed to be acquired by</p> <p>PAREXEL</p> <p>Advisor to Seller</p>	

Healthcare Services

 <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>The GEO Group, Inc. (NYSE: GEO)</p> <p>has divested</p>  <p>in a Management Buyout</p> <p>Advisor to Independent Committee Fairness Opinion</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>Advisor to Seller</p>
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Life Science Tools

 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>Advisor to Seller</p>
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