

BioXconomy

Biopharma Partner Benchmarking Report 2024



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Introduction

Our *BioXconomy Biopharma Partner Benchmarking Report 2024* was designed to establish a current baseline on biotech and smaller biopharma views on pharma partnering. We define pharma partnering as all interactions that are conducted by the buy-side, primarily the pharmaceutical company that is focused on acquiring, developing, and commercializing new assets.

Historically, the resources afforded large pharma, as well as their need to replenish pipelines to address patent exclusivity losses and limited internal R&D investment, puts them solidly in a camp to be evaluated for their efforts in partnering. While large pharma partnering is not new, the complexity and challenges of uncovering innovative research opportunities have grown as quickly as the science and progress around them.

The list of how to find those therapeutic nuggets range from expert scouts, large language models that cull scientific journals, databases of intelligence, establishing locations near and in innovation hubs or academic research centers, to networking tools that nurture relationships and communications. These are only a slice of what the current partnering market is using to manage the potential therapeutic medicines, as well as make the best deal based on the current market conditions.

This report examines the current market conditions, the recent and predictive partnering landscape, and explores the attributes most desired in a pharma partner against this backdrop.



Bright spots persist in mercurial biopharma market



Experts have predicted that successful dealmaking trends in the biopharma and biotech industries will continue to flourish in 2024. Mergers and acquisitions (M&As), where spending in 2023 was up 34% from 2022, progressed with a strong first quarter 2024 as companies strengthened pipelines with novel technologies and late-stage drug candidates.

[Syneos' Health Dealmakers 2024 report](#) indicated licensing agreements would become increasingly important in preparation for patent expirations coming in 2024 and beyond. Investment in therapeutic areas – specifically immuno-oncology, rare diseases, and cardiovascular – were mentioned, as were cell and gene therapies (CGTs) and antibody drug conjugates (ADCs), along with machine learning-enabled technologies.

With the remainder of 2024 ahead and the 2025 horizon in view, dealmakers are striking a “business as usual” stance for partnering strategy.

“I think partnering is very much alive and active, and things are getting back to normal.”

Experts at the BIO International Convention in June [shared their insights](#) on the best strategies to navigate dealmaking in the

current market environment. Joseph Baroldi, executive vice president and chief business officer of the RNA-focused company Ionis Pharmaceuticals, defined a choppy market as one currently in a downturn or at its peak. He emphasized a company's partnership strategy should remain consistent, regardless of whether the market is experiencing an upswing or a downturn.

Stacy Feld, regional head of the venture group at Johnson & Johnson Innovation, said her company's approach is to make strategic investments and partnerships regardless of the macro environment, but as a large company it needs to maintain a consistent approach.

Barbara Kosacz, COO of clinical-stage biopharmaceutical Kronos Bio, echoed these sentiments, stressing the importance of maintaining a steady and consistent strategy. However, while consistency is integral, logistics also play a crucial role, and if the logistics are not in place, then strategy may be compromised.

Kosacz also warned about the dangers of business development professionals “driving while looking in the rearview mirror.” She suggested advisors who recommend deals based on past successes should be viewed with caution as it is essential to understand current market conditions.

Ultimately, the panel maintained a level of optimism surrounding dealmaking in the sector. “Public markets are pretty tight, but the private markets seem pretty open if you have a good idea,” said Baroldi. “I think partnering is very much alive and active, and things are getting back to normal.”

M&A

The pharmaceutical and life sciences sector had a solid M&A performance in 2023, according to PwC, with deal values and volumes close to pre-pandemic levels. For 2024, the research firm said in a recent report it expects similar levels of M&A activity, “with total deal values projected to range between \$225 billion and \$275 billion across all subsectors.”

Additionally, financial services company Leerink Partners reported that biopharma M&A activity had increased in the first quarter 2024 by more than 100% with over 10 transactions compared to the six transactions in the same period last year. Based on this data, the outlook for the remainder of 2024 M&A activity appears promising.

Announced in early February, one of the largest deals was Novo Holdings' acquisition of Catalent for \$16.5 billion, or \$67.50 per share in cash. As a part of this agreement, biopharma Novo Nordisk, which is backed by Novo Holdings, will acquire three of Catalent's fill/finish sites from its parent company for \$11 billion. The merger is expected to support Novo Nordisk's production of its popular weight-loss drug, Wegovy. On May 29, Catalent said its stockholders approved the transaction and expecting it to close at the end of 2024.



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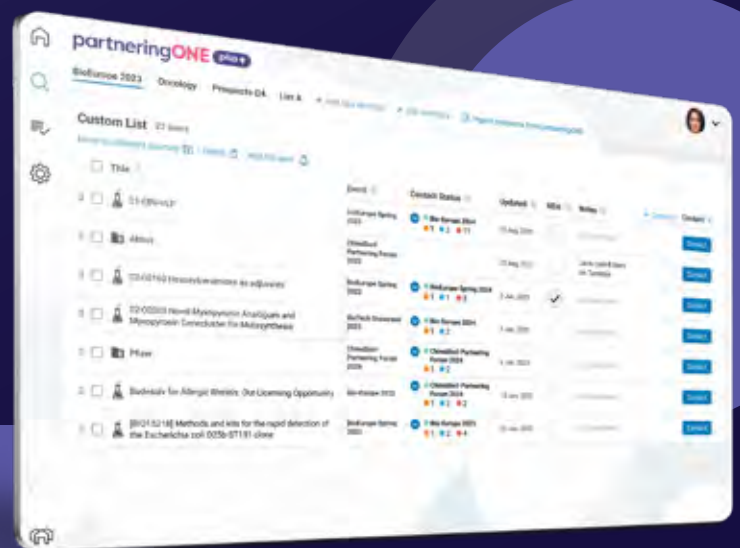
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Expanding on its immunology pipeline, Vertex agreed in April to buy Alpine Immune Sciences, a clinical stage biotech company, for \$4.9 billion in cash, or \$65 per share. Vertex will acquire Alpine's lead product, povetacicept, which the company said has demonstrated potential treatment for patients with kidney disease IgA nephropathy.

Another strategic deal that made headlines earlier this year was Gilead Sciences' acquisition of CymaBay Therapeutics for \$4.3 billion, or \$32.50 per share, expanding on the company's liver disease portfolio. Gilead will obtain CymaBay's investigational lead drug candidate, seladelpar, a potential treatment for primary biliary cholangitis.

Other notable transactions for 2024 show that oncology continues to be a key therapeutic area for biopharma M&A. They include:

\$2.4bn

Ono Pharmaceutical's acquisition of Deciphera Pharmaceuticals

\$2bn

AstraZeneca's purchase of Fusion Pharmaceutical

\$2bn

Johnson & Johnson's acquirement of Ambrx Biopharma

\$1.3bn

Boehringer Ingelheim acquires Nerio Therapeutics

IPOs

Some analysts see indications the biotech/biopharma IPO market is set for continued growth based on first quarter offering activity.

As of June 20, more than 10 biopharma companies have gone public. Together these companies raised more than \$3 billion, according to PitchBook.

In January, the industry saw its first IPO of the year with CG Oncology, a cancer drug developer, raising \$380 million. The biotech company's primary focus is developing bladder cancer treatments.

In the area of nervous system diseases, the June IPO of clinical-stage Rapport Therapeutics raised \$154 million. The firm's focus is on the discovery and development of precision small molecule product candidates to treat patients with central nervous system disorders.

Kyverna Therapeutics, a cell therapy developer for autoimmune diseases, debuted in February at a more-than-expected offering of \$319 million, one of the highest in proceeds on record this year.

However, not all companies proceeded as planned, with Telix Pharmaceuticals withdrawing its IPO in June due to "current market conditions."

OTHER IPOs THAT TOOK PLACE THE FIRST HALF OF THE YEAR INCLUDE:

\$175m

ArriVent BioPharma

\$100m

Boundless Bio

\$129m

Alto Neuroscience

\$94m

Metagenomi

\$110m

Fractyl Health

\$7m

Telomir Pharmaceuticals

\$110m

Contineum Therapeutics

\$7m

Chromocell Therapeutics

Licensing

Announced in January, one of the largest licensing agreements this year was between Shanghai-based biotech Argo Biopharmaceutical and Novartis, with Argo entering two exclusive license and collaboration agreements potentially worth up to \$4.2 billion. Argo granted Novartis a license to develop and commercialize an ex-Greater China Phase I/IIa stage cardiovascular treatment program as well global rights to the development and commercialization of a Phase I siRNA-based therapy program. Argo said it will receive upfront payments of \$185 million from Novartis.

The month of January continued to thrive with more strategic licensing agreements underway. MOMA Therapeutics granted Roche exclusive rights to develop oncology therapies utilizing its KnowledgeBase platform, a deal potentially worth more than \$2 billion. Meanwhile, Ribo Life Science and Ribocure Pharmaceuticals partnered with Boehringer Ingelheim to develop novel treatments for liver diseases for \$2 billion.

One of the latest deals is Takeda entering an exclusive global license for Ascentage Pharma's late clinical stage inhibitor olverembainib, for chronic myeloid leukemia treatment. If exercised, Takeda said the option would "allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of mainland China, Hong Kong, Macau, Taiwan and Russia."

Venture rounds

Venture funding has also remained active in the biopharma industry. According to DealForma data, biopharma raised \$6.5 billion from 104 funding rounds in the first quarter of 2024.

Some of the top ventures this year include:

- Alumis: secured \$259 million in series C round to advance clinical-stage oral therapies
- Freenome: secured \$254 million in series E funding to develop cancer detection tests
- Sionna Therapeutics: secured \$182 million in series C round to advance cystic fibrosis treatments
- Capstan Therapeutics: secured \$175 million in series B round to advance its lead in vivo CAR-T product candidate

Geopolitical challenges

One significant challenge is the impact of the Inflation Reduction Act (IRA) of 2022, particularly its terms on Medicare drug price negotiations. Established to lower drug prices, the IRA allows Medicare to negotiate prices directly with pharmaceutical companies, which could potentially affect revenues and profit margins. For that reason, some licensing and collaboration deals have added provisions to decrease royalties by a particular percentage if a drug becomes subject to the IRA.

And with the United States still looking ahead to its presidential election in November, Feld noted during the panel at BIO that an "election year is always tough." Meanwhile, other countries – India, UK, France, etc. – are recognizing their own political party changes over the summer.

Additional challenges include the tension between the US and China, specifically around the Biosecure Act, which could have effects on manufacturing and supply. Also, the ongoing war in Ukraine has been taxing to both clinical trials and supply chains in the region.

While Kosacz acknowledged the complexities of the industry and the challenges posed by election years, she emphasized the importance of being realistic in dealmaking, saying there is often a discrepancy between the deal a company wants to pursue and the deal that can realistically be achieved.





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Survey Methodology

The survey that served as the basis for our report included a list of 16 attributes that biotech executives would use to evaluate a pharma partner, which was adapted from a previous industry survey.¹ Which pharma companies would be evaluated was determined by a list of top 30 pharma by 2023 prescription revenue.² In our survey, respondents were asked to choose up to five of those pharma they had worked with in the past two years. From there, the data was analyzed to determine which pharma had interacted most with our respondents; how they performed against the attributes; how other pharma companies ranked on highly rated attributes, as well as expert around the results.

We surveyed the respondents during the month of May 2024. The 402 respondents were sourced from the databases within

Informa Connect that represent the overall partnering and business development landscape for Informa Connect Life Sciences – LSX, EBD Group, and partneringONE. LSX and EBD Group are event and in-person networking leaders in this space, and partneringONE is a networking platform used by these events producers, as well as others in the biopharma marketplace.

Respondents received the option to participate in a raffle to receive one of five free passes to attend one of the upcoming LSX or EBD Group events as an incentive.

We intend to conduct this survey annually or biannually depending on the market need. This report is a beneficial tool for the partnering ecosystem, which can help the buy-side, sell-side, and investment community derive insights to facilitate

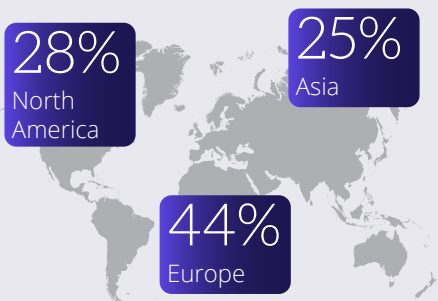
better relationships, strengthen reputations, and engage with stakeholders in a more proactive way.

1. Boston Consulting Group's Biopharmaceutical Partnering Survey – "Partnering in a rapidly changing market," November 2012.

2. Citeline, top 30 pharmaceutical companies by 2023 prescription drug revenues (excluding medtech, consumer health/OTC, animal health, CDMO services). Sourced March 2024.

Respondents

LOCATION



JOB TITLE



NUMBER OF EMPLOYEES



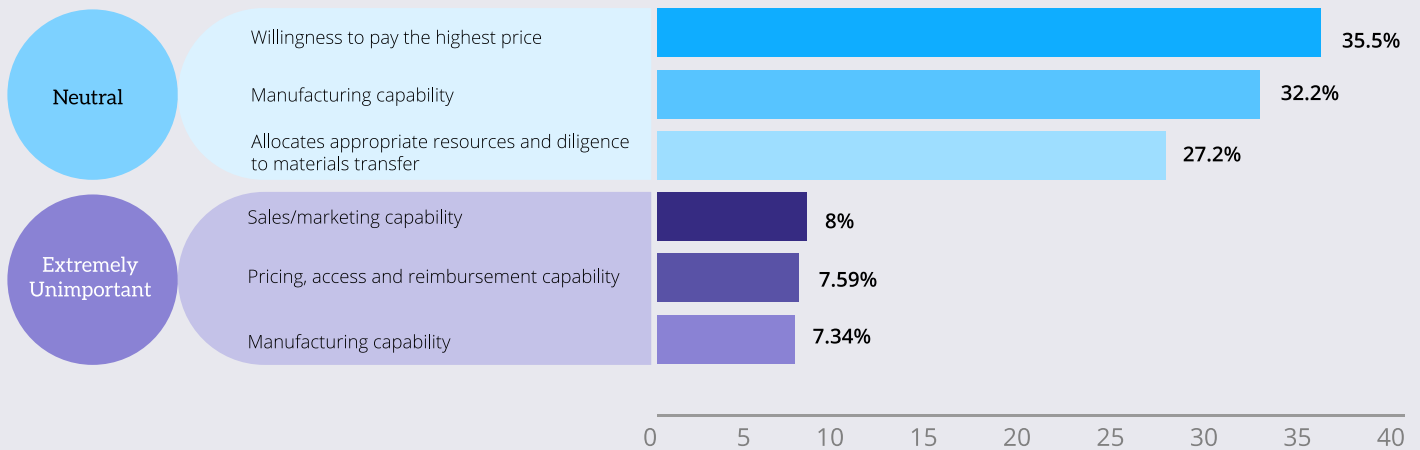
What Attributes Do You Look for in a Partner?

Attributes Considered in Choosing a Pharma Partner



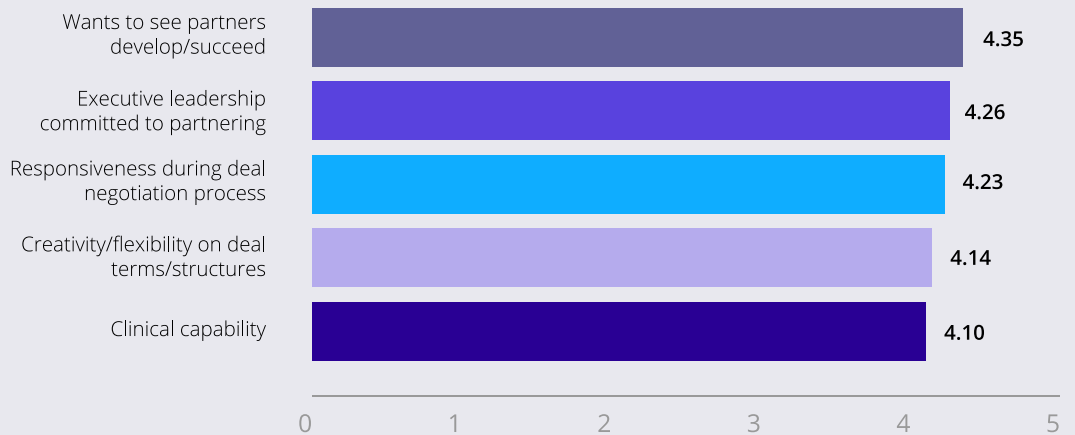
Attributes are listed by highest to lowest rating by mean. Average response rate was 395. Source: BioXconomy Biopharma Benchmarking Report, September 2024

Attributes Considered Neutral or Extremely Unimportant



Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Top 5 Attributes By Mean



Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

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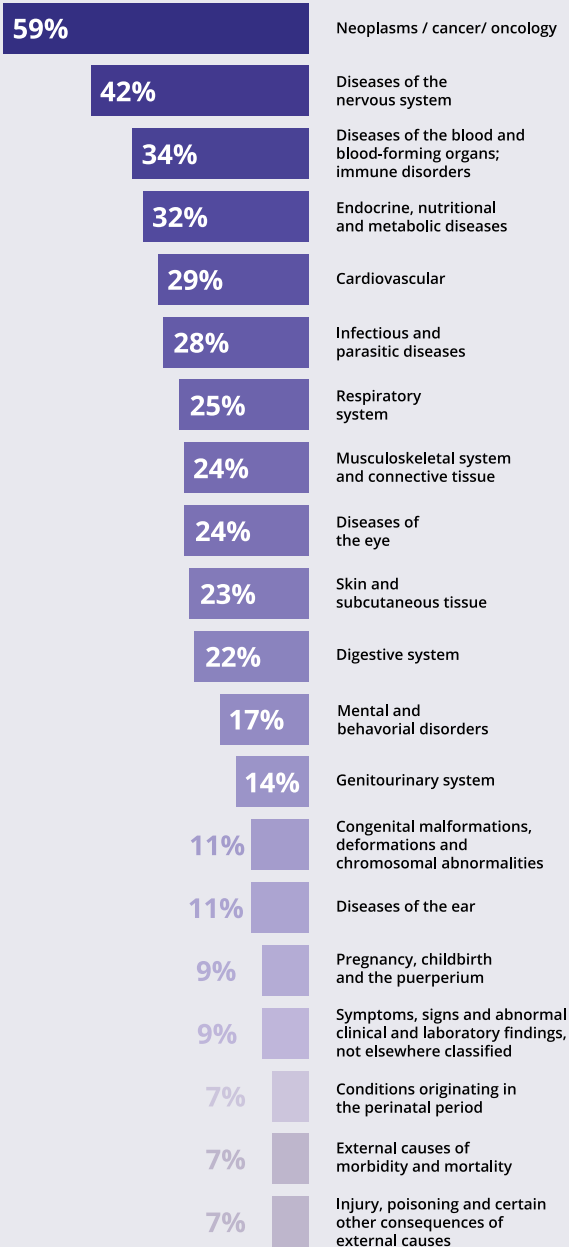
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Therapeutic Areas of Interest

Therapeutic Areas of Operation

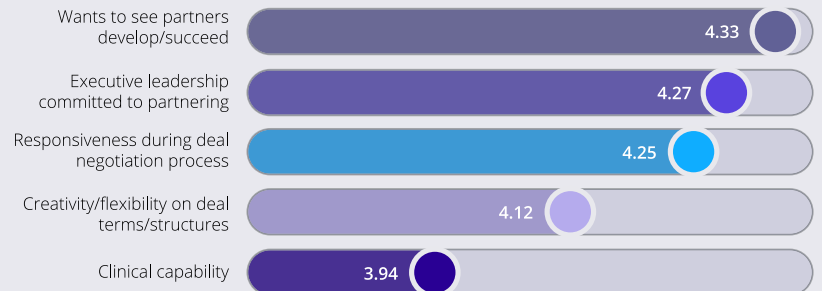


Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Neoplasms, Cancer, Oncology Size of Company (By # Of Employees)

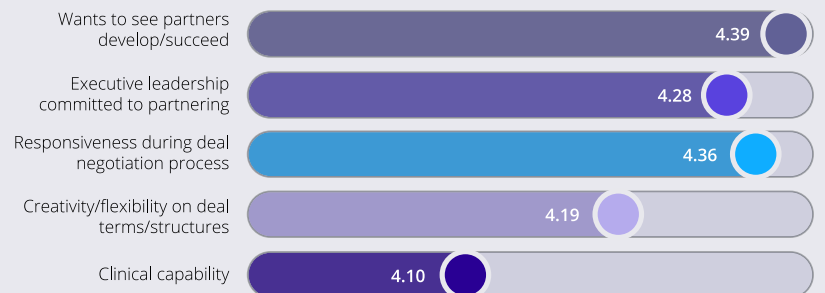


Neoplasms, Cancer, Oncology Ratings on Top 5 Attributes



Companies that operate in neoplasms, cancer, oncology, mean average to the overall top five highest attributes.

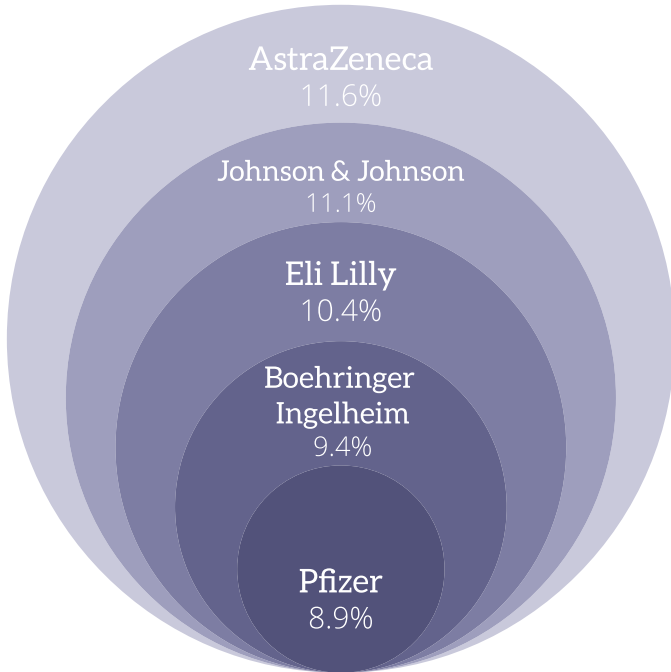
Diseases of the Nervous System Ratings on Top 5 Attributes



Companies that operate in diseases of the nervous system, mean average to the overall top five highest attributes.

Top 5 Most Worked with Partners in Past 2 Years

Top 5 Most Interacted Companies



Companies chosen from list of Top 30 by 2023 prescription drug revenue. Companies chosen reflect respondents top 5 most interacted within the past 2 years. Response rate was 404. Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Barbara Ryan, senior advisor at EY and Board Chair of MiNK Therapeutics as well as member of a number of other biopharma boards, told *BioXconomy* that according to EY's Annual Firepower Report, the leading biopharma companies currently have a record \$1.5 billion in dry powder to fund deals. She said, "This is combined with a high sense of urgency fueled by the large growth gap these companies face as a result of a much-anticipated patent cliff with impending losses of exclusivity for products with combined revenues in excess of \$350 billion annually. Not surprisingly, deal activity has been steadily increasing, currently stands at a record pace, and the momentum is expected to continue."

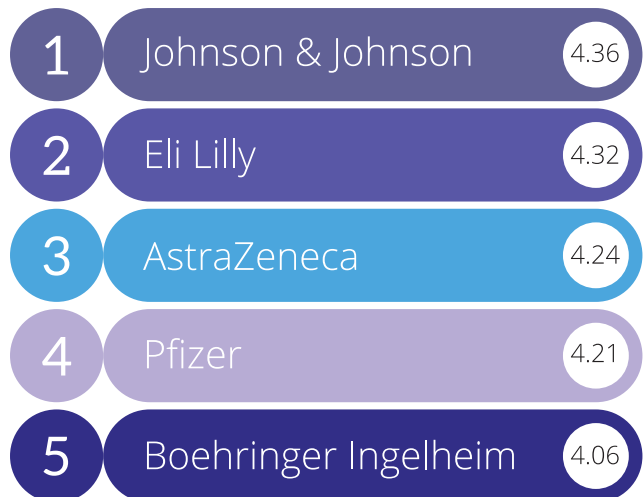
For the larger pharma companies, Ryan said, "Given the need for additional near-term revenues, there is a clear trend in M&A for larger deals focused on late stage—near commercial or commercial—assets."

M&A deals, she says, catch the market's attention as they drive the capital recycling process for the sector, and healthy source of new capital to be invested in the sector. "That said, there have been 10 M&A deals over \$750 million in the private market - which is already two-times the previous high of five in all of 2021."

Ryan also noted that at the same time there is a decided shift from Phase III and commercial assets to Phase II assets because of necessity. "There are simply very few late-stage assets left to choose from and acquirors are forced to focus a bit earlier on assets with both higher risk and later potential commercial impact." According to Brian Gleason, Managing Director at Raymond James, the activity is spread across a wide universe of companies; 19 have announced at least one acquisition since the beginning of 2023. The most active buyers during that time have been Novartis (6), Eli Lilly (5), AstraZeneca (5), Merck (4) and AbbVie (4).

Rolling into our survey results, the top five most interacted companies by our respondents mirror, but do not duplicate, the most active buyers listed in the previous paragraph. Below are the top five interacted companies rated as "Overall Partner of Choice" by our respondents.

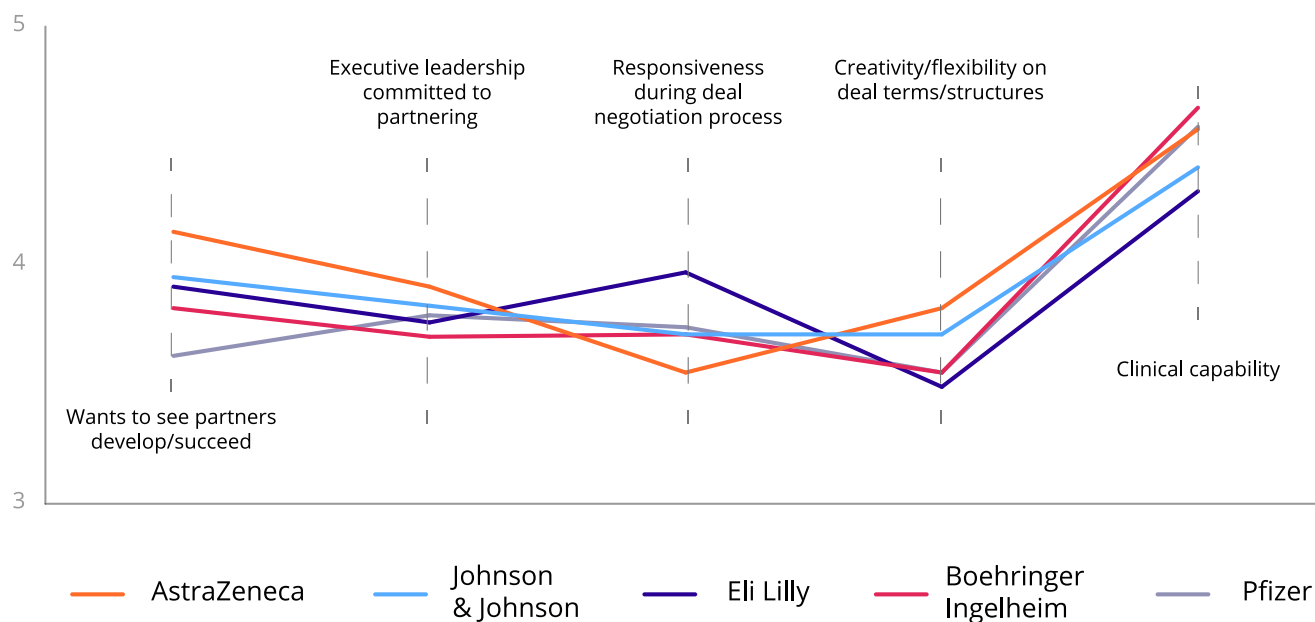
Top 5 Most Interacted Overall Partner of Choice



Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Top 5 Most Worked with Partners in Past 2 Years

How the Most Interacted Companies Compare on Top 5 Attributes



This chart compares the Top 5 Most Interacted Companies on how they ranked comparatively on the respondents top five attributes choices. Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Aniket Kaloti, MBBS, PhD, Senior Managing Director, Healthcare Mergers & Acquisitions with Leerink Partners, told *BioXconomy* that a number of companies are quite active in partnering but are not in the large pharma bucket. They are mostly grouped in Europe and Asia, are mid-sized and are therapeutically aligned.

Kaloti mentioned Parma, Italy-based, family- and privately-owned Chiesi. "It's a larger size and they do quite a bit of partnering. Not everywhere, but they are very active in their specialized areas [mostly rare diseases]." Chiesi's last two acquisitions in 2023 included rare and orphan-disease biopharma Amryt Pharma for a reported \$1.48 billion. Following that April announcement was the closing

of a licensing transaction with Santhera Pharmaceuticals, where it licensed its rights for the development, commercialization and distribution of Raxone for the treatment of Leber's hereditary optic neuropathy (LHON).

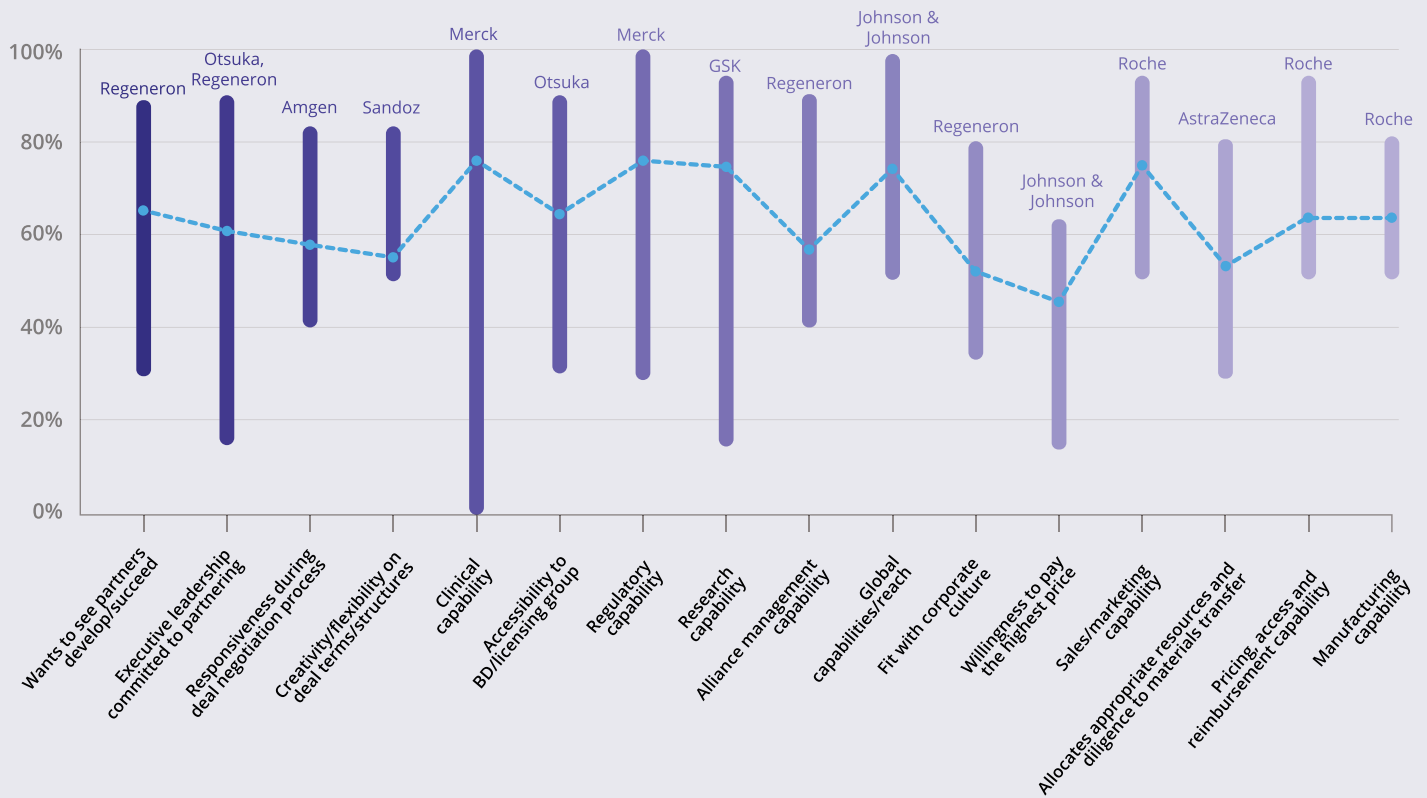
Kaloti added Ipsen as another therapeutically-focused active dealmaker, based in France, with a focus on oncology and neuroscience. "It's a fairly common partner, as well as another mid-size, European company. They are relatively prolific dealmakers on that front," noted Kaloti. Ipsen most recently announced a new global partnership with Day One Biopharmaceuticals outside the U.S. for tovorafenib, a recently FDA-approved oral, once-weekly, type II RAF inhibitor for pediatric low grade glioma (pLGG), the most

common form of childhood brain cancer, and any future indications developed by Day One.

Diving back into our respondent results on pharma partners, we now delve into results for the top 30 pharma included in our survey. These results are not based on how many companies which were interacted with, and therefore, tend to be large pharma. These are the attribute results across the whole field.

Overall Partners Scores

How Do All Attributes Compare Across All Companies



Dotted blue line represents median percentage of all companies rated in the survey.
 Companies' percentage attribute ratings on Y-axis are based on statistical significance.
 Source: BioXconomy Biopharma Partner Benchmarking Report, September 2024

Key Takeaways

- M&As of late-stage assets are essential for large pharma's need for near-term revenues. However, as that pool shrinks, there is a shift to higher-risk, but potentially higher reward, Phase II assets.
- Preferences for which of these deal structures suit both the acquiror and the target at any given time may vary significantly and be dependent on many factors - asset's stage of development, competition for the asset, appetites for risk (on either side), strategic alignment and optionality in terms of access to alternative sources of capital.
- The current partnering environment is robust on both the sell- and buy-side. The current environment is conducive to dealmaking and biopharma of all sizes continue to be active.
- Geopolitical challenges are becoming more the norm than the exception, and dealmakers are pivoting accordingly... remaining steady no matter what the external environment is.
- Survey respondents represent a slice from our EBD Group, LSX and partneringONE databases, providing a robust and engaged group of stakeholders.

Learn More

To learn more about the data behind this report and discuss opportunities with our team, please contact:



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