

Market Overview

The last few years have seen a tremendous amount of consolidation in the pharmaceutical space, leading to significant financial changes in the CRO industry. Although the dollars spent on outsourced research continues to rise, CRO's are competing over a few number of total contracts. Groups have continued to turn to merger and acquisition strategies to better compete for these contracts. With the threat of pharmaceutical mega-mergers on the horizon, Provident expects to see an increasing number of similarly sized mergers in the CRO space, such as the IMS Health and Quintiles merger from earlier this year. The resulting company, QuintilesIMS, continues to make investments of its own into niche providers as evidenced by its acquisition of TKL Research in November. Continued rumors of PPD's intent to pursue an IPO ensures that 2017 will be another active year in the CRO mergers and acquisitions marketplace.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
November 2016	Neopharm Labs	Averica Discovery	Neopharm Labs, an analytical testing lab based out of Quebec, announced its acquisition of Averica Discovery. Averica Discovery operates as an analytical development contract research organization that specializes in small molecule analysis and purification. Together the companies will offer a full range of services that cover every stage of the drug development cycle including R&D, method development and validation, impurity isolation and profiling, stability testing and management, and commercial testing in chemistry and microbiology. Financial terms of the transaction were not disclosed.
November 2016	QuintilesIMS	TKL Research	TKL Research, a dermatology specialty CRO, signed an agreement to sell its Clinical Trials Division (CTD) to QuintilesIMS. Upon closing, TKL's CTD will become part of Novella Clinical, a Quintiles company. Moving forward, TKL Research will retain its Research Clinics Division (RCD) as TKL Research, which operates full-service inpatient and outpatient phase I facilities in northern New Jersey. Financial terms of the transaction were not disclosed.
October 2016	Redmile Group	Science 37	Redmile Group, a Hedge Fund headquartered in San Francisco, led a \$31 million Series B financing for Science 37, a technology-enabled clinical research company based in Los Angeles. The investment will allow Science 37 to expand its operations and partner with more pharmaceutical and bio-technology firms that are looking to modernize their clinical trial operating models.
October 2016	FMD K&L	iMEDGlobal Corporation	FMD K&L and iMEDGlobal Corporation announced that they entered into a merger agreement. Both companies are privately owned contract research organizations. FMD K&L is headquartered in the U.S. and China, while iMEDGlobal is headquartered in the U.S. with main delivery centers in India and the Philippines. Financial terms of the deal were not disclosed.