

Clinical Research Sites

Q2 2024

Market Update

Clinical research sites remain one of the most active M&A sectors across all of healthcare services. The sector is highly attractive to private equity firms for its strong industry tailwinds (e.g., high margins, cash rich pharma and biotech sponsors) and ability to bolster many operational levers on both the revenue and expense side of the equation (e.g., increased contract values, centralized corporate functions, economies of scale). COVID-19 also accelerated the presence of site management organizations (SMOs) that could complement an accelerated clinical process at speed and scale. Many middle-market private equity firms are willing to come downstream and acquire clinical trial assets that would otherwise be too small from an equity check perspective. It is becoming increasingly common for PE firms to acquire platforms with just a few locations and pursue an aggressive M&A strategy to build density, scale, and diversify their therapeutic mix. The fragmentation of the market coupled with the amount of investment in the last 12-18 months will lead to significant consolidation through 2024 and 2025.






Notable Transaction

K2 Medical Research, an integrated clinical trial site platform specializing in central nervous system (CNS) trials for leading pharma and biotech sponsors, received a significant growth investment from TPG. The Company specializes in conducting multi-phase clinical trials in complex therapeutic areas including Alzheimer's, psychiatry, and liver disease, among others. K2 has participated in more than 150 studies for over 35 sponsors across Florida.

K2 plans to continue to scale the business via new contracts with pharma and biotech sponsors, coupled with de novo and M&A expansion to become a multi-regional integrated site platform.



Select Transactions

Month	Investor	Target	Deal Description
June	 FLOURISH RESEARCH NMS CAPITAL	 ENCORE Research Group Improving Clinical Research and Education	ENCORE is a leading clinical research organization with eight locations across Northern Florida. With 100+ investigators, ENCORE brings expertise across multiple therapeutic areas including cardiology, metabolic, neuroscience, gastroenterology, orthopedics, autoimmune, pediatrics, early phase and infectious disease. Since its inception, ENCORE has conducted 3,200+ clinical trials across 50+ therapeutic areas.
May	 InTandem CAPITAL PARTNERS	 ADAMS CLINICAL	Adams Clinical is clinical trial site network with locations across the Northeast that conducts independent evaluations of drugs to treat psychiatric and neurologic illnesses. With its platform investment in Adams Clinical, InTandem Capital Partners intends to build a nationally recognized, integrated site network across numerous CNS therapeutic areas.
May	 ALCANZA CLINICAL RESEARCH FOR ALL MARTIS CAPITAL	 KANSAS CITY RESEARCH INSTITUTE ALCANZA SITE NETWORK	Alcanza Clinical Research acquired Kansas City Research Institute (KCRI), a Phase II-IV clinical research site based in Kansas City, MO, with therapeutic specializations focused in gastroenterology, gastrointestinal oncology, hepatology, and a host of metabolic diseases. The acquisition enables Alcanza to enable more trial participation to patients who are not traditionally represented in clinical research.

Provident Industry Coverage Team

Michael Patton
Managing Director
(617) 226-4272
mpatton@providenthp.com

Eric Major
Managing Director
(617) 226-4212
emajor@providenthp.com

Conor Duffey
Vice President
(617) 226-4294
cduffey@providenthp.com

Kevin McDermott
Vice President
(617) 226-4256
kmcdermott@providenthp.com