



Healthcare Services Market Update

Healthcare Services Post-4Q24 Update

March 2025

Table of Contents

Section One — Healthcare Services Update

Healthcare Services Commentary	5
Key Topics of Interest	6
Selected Recent Transactions	9
Public Trading Comparisons	10
Healthcare Services Indices	14

Section Two — Bourne Partners

Thought Leadership	16
Bourne Partners Overview	17



Don Hooker, CFA
Director of Research
dhooker@bourne-partners.com
+1 980-414-0945



Jeremy Johnson
Senior Managing Director, Head of IB
jjohnson@bourne-partners.com
+1 704-714-8351



Aaron Olson
Managing Director, Head of Healthcare Services
aolson@bourne-partners.com
+1 917-763-8972



Xan Smith
Managing Director, Head of Sponsor Coverage
xsmith@bourne-partners.com
+1 980-372-7962



Carson Riley
Director
criley@bourne-partners.com
+1 615-483-9689



Evan Goldstein
Vice President, Healthcare Services
egoldstein@bourne-partners.com
+1 980-449-6717



Bourne's Healthcare Services Expertise

Healthcare Services Sector Expertise



Industry Segments

Healthcare Services

- Post Acute Care
- Behavioral Health
- Managed Care
- Physician Practice Management
- Alternate Site



Outsourced Services

- Distribution
- Home Medical Supplies / DME
- Labs
- Pharmacy & Pharmacy Services
- Staffing



Technology & Tech-Enabled Services

- Virtual Care-Enablement
- ProviderTech
- Payor Services & Technology



Transaction Structures

- Sell/Buy-Side M&A
- Carveouts
- Alternative Financing Solutions



Healthcare Services



Pharma Services



Pharma



Consumer Healthcare

Representative Healthcare Services Transaction Activity

 Growth Recapitalization and Fund-to-Fund transfer of 	 Sale of Home Infusion Assets to A portfolio company of PPC Partners	 Advisor to Board of Directors on Strategic Alternatives	 Sale to A portfolio company of Sell-Side M&A
 Acquisition of a Majority Interest in Integrated Healthcare	 Sale to Sell Side Advisor	 Financial Advisor to Quorum Health on its Chapter 11 Reorganization	 Advisor to Kinderhook on its acquisition of Buy-Side M&A
 Sell-side Advisor to Brand New Day 	 Buyside Advisor to BCBS of Arizona 	 Sale to A portfolio company of Buy-Side M&A	 Sale to Sell Side Advisor

Note: Includes transactions completed at prior firms.



Section One

Healthcare Services Update

i. Healthcare Services Commentary

ii. Potential Budget Cuts for Public Health Coverage

iii. Resistance to “Parity” By Employer-Based Health Plans

iv. Reaccelerating Momentum for Value Based Reimbursement



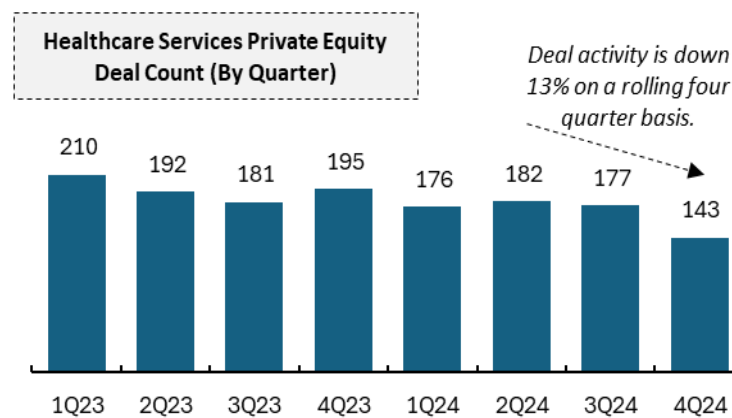
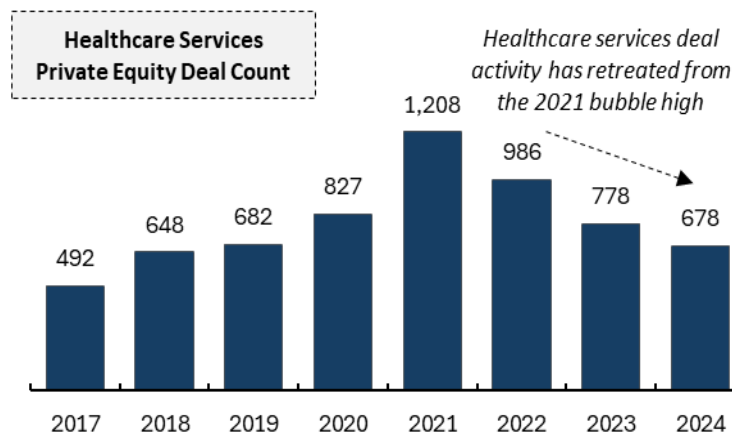
Healthcare Services Sector Update

We remain optimistic for a recovery in healthcare services deal activity in 2025 and 2026. In particular, we have been receiving a lot of inbound interest in the home and alternate site infusion space and the behavioral health space. More specifically, in the behavioral health space, we have seen a sharp uptick in consolidation activity among autism therapy providers in recent quarters -- with healthy valuation (EBITDA) multiples in the mid-teens.

In March, President Trump signed a continuing resolution (CR) that funds the federal government through September 2025. The CR extended existing Medicare telehealth flexibilities; however, it did not address the 2.83% Medicare physician pay cut that went into effect in January. Also, the CR did not address the pending expiration of enhanced tax credits for the *Affordable Care Act* (ACA) health exchanges, which are scheduled to expire at year-end.

The CR also did not specifically address Medicaid spending. In February, the House Republicans had passed a budget resolution calling for \$880 billion of cuts to the federal budget over the next ten years. It is difficult to see how this could be achieved without major reductions to Medicaid spending. Several obvious targets for savings, in our view, include a Medicaid block grant system, the elimination of federal matching payments for the ACA Medicaid expansion, and the implementation of Medicaid work requirements.

Outside of the CR, **we expect ongoing unfriendly regulatory actions by Trump towards the ACA exchanges.** ACA enrollment reached a record of 24.2 million in the open enrollment period for 2025. Going forward, enrollment will likely be pressured by regulatory actions already taken by the Trump administration, including the elimination of funding for navigators and the shortening of enrollment periods.



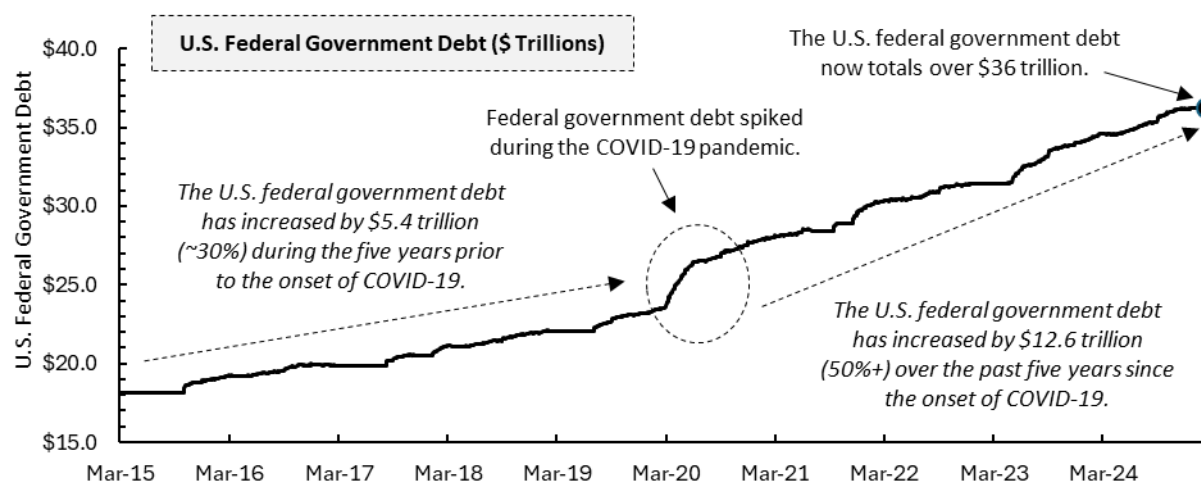
Sources: Pitchbook, S&P Global Market Intelligence, and Company filings

Potential Budget Cuts for Public Health Coverage

A top concern among healthcare providers is the potential for significant cuts to Medicaid spending by the Trump administration as a way to better control federal government spending/deficits. Financial support and subsidies for the *Affordable Care Act* (ACA) health exchanges are also an obvious source for savings/cuts as well.

In February 2025, the House Republicans passed a budget resolution calling for \$880 billion of cuts to the federal budget over ten years. It is difficult to see how this level of reduction can be generated without significant cuts to Medicaid, particularly given promises by the Trump administration to not cut Medicare or Social Security spending. Several obvious opportunities for Medicaid savings, in our view, would include the creation of a system of block grants, the elimination of federal matching for ACA Medicaid expansions, and the implementation of work requirements on certain beneficiaries.

Also, we expect the Trump administration will aggressively look at the *Affordable Care Act* (ACA) exchanges as well. For instance, the Trump administration will likely not extend the enhanced ACA exchange subsidies under the *Inflation Reduction Act*, which are set to expire at the end of 2025. Adding to this, President Trump recently cut the budget for ACA exchange “consumer navigators” by 90%, and the Centers for Medicare and Medicaid Services (CMS) has recently proposed shortening the open enrollment period by a month. In aggregate, we think these actions may reduce exchange enrollment by 5M-10M over time (vs 24M currently).



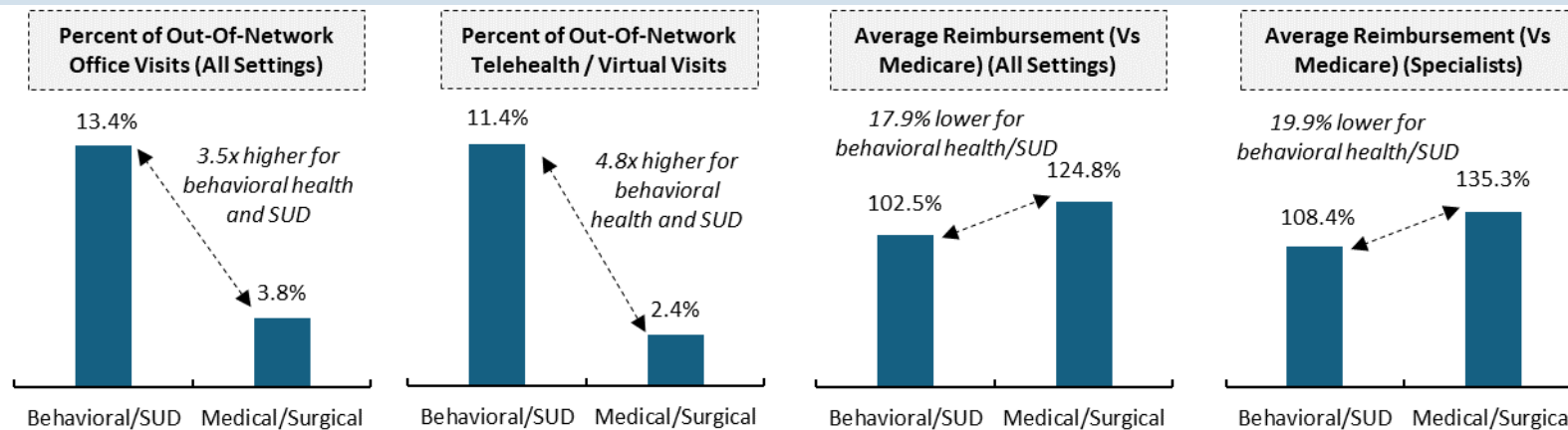
Resistance to “Parity” By Employer-Based Health Plans

“Parity” regulations require private/employer-based health plans to provide coverage for behavioral health conditions that are, at least, equal to the coverage provided for physical/medical care. Yet, there is good evidence that these “parity” regulations have not been enforced, and there are concerns about their future enforcement under President Trump.

The policy pursuit of “parity” for private behavioral health coverage has been around for a long time -- dating back to the *Mental Health Parity Act* of 1996. However, in our view, the federal government only started serious enforcement of “parity” with the *Consolidated Appropriations Act* of 2021. Also, recent “parity” regulations issued in September 2024 under former President Biden brought even more regulatory clarity and enforcement, which was hoped to improve access to behavioral healthcare.

However, the focus of the new Trump administration on deregulation raises questions on the prospects of “parity” regulation. In particular, we are monitoring a lawsuit by the ERISA Industry Committee (ERIC) that the Biden parity regulations are overly complex, vague, and burdensome and are in violation of a number of federal regulations themselves. In our view, it is possible that the Trump administration does not defend the rule at all (letting the lawsuit prevail) -- or maybe he will defend only part of it. The federal government typically has 60 days to respond to a civil lawsuit, so this would imply a response from the Trump administration sometime in March. Otherwise, the new Biden mental health parity regulations would fully go into effect at the start of 2026.

Evidence Suggests that Private Health Plans Are Not Complying with Federal Behavioral Health “Parity” Regulations



Reaccelerating Momentum for Value Based Reimbursement

The U.S. Department of Health and Human Services (HHS) has a stated policy goal of having *every* Medicare beneficiary and *half* of Medicaid beneficiaries under value-based reimbursement by 2030 -- versus 38.5% and 21.1%, respectively, in 2023. Also, the HHS ambitiously wants to see *half* of the commercially insured population under value-based reimbursement by 2030 as well (vs 21.6% in 2023).

As background, the *Center for Medicare and Medicaid Services (CMS)* created the *Health Plan Learning & Action Network* in 2015 to track and evaluate the adoption of different types (categories) of value-based reimbursement models -- across public and private payers. The analysis pulls medical claims data from 73 health plans, accounting for well over 90% of Americans.

The U.S. healthcare system saw a steady shift towards value-based reimbursement from 2015 to 2019 on the heels of the *Patient Protection and Affordable Care Act*. This was driven by Medicare Advantage (e.g., Category 4) and the use of alternative payment models in traditional Medicare (e.g., Category 3).

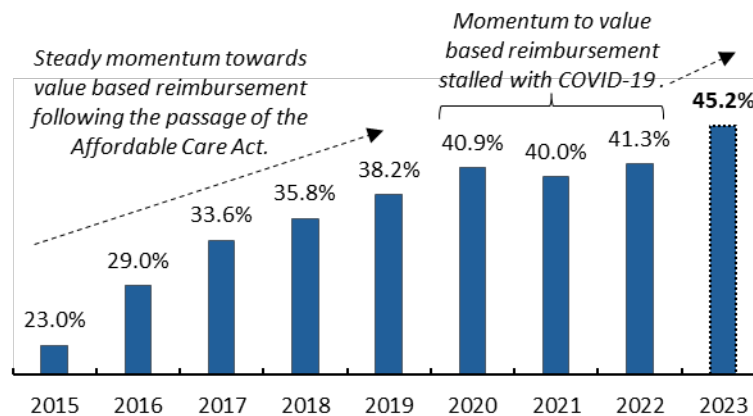
Momentum towards value-based reimbursement temporarily stalled with the onset of the COVID-19 pandemic (from 2020 to 2022), due to regulatory factors and uncertainty around patient volume trends. In our view, this has resulted in a general cynicism about the prospects of healthcare payment reform.

However, momentum towards value-based reimbursement appears to be reaccelerating based on recent data from the *Health Plan Learning & Action Network*. We think this new data may embolden policymakers and regulators alike. The percentage of U.S. healthcare dollars generated via an alternative payment model, or a capitated arrangement, surged from 41.3% in 2022 to 45.2% in 2023, the most rapid rate of progress since 2017.

Use of Value Based Reimbursement Models (Category 3 and Category 4) (All Private and Public Payers)




















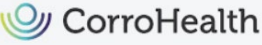
Category 3: Alternative Payment Models Built on Fee-For-Service Architecture. Payments are linked to the management of a segment of the population or an episode of care. This includes opportunities for shared savings or two-sided risk.

Category 4: Population Based Payment. Payment is not directly triggered by service delivery, so payment has no association with volume. Payment covers the care of a beneficiary for a period-of-time (e.g., over a year).



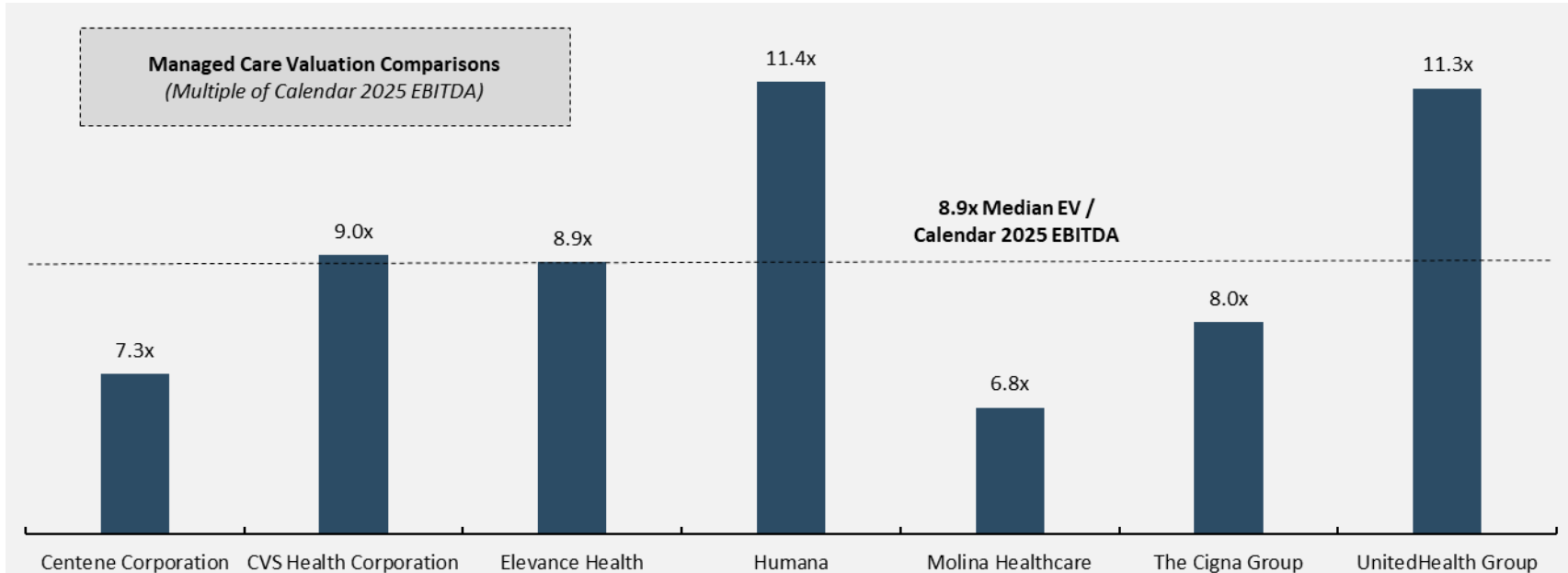
Source: *The Health Care Payment Learning & Action Network (November 2024)*

Selected Healthcare Services Transactions

Date	Target	Acquirer	Commentary	Tags	Deal Value
Feb-2025	 SOLEO HEALTH Simplifying Complex Care	 SQUARE WINDROSE HEALTH INVESTORS	Specialty pharmacy and infusion services through a network of pharmacies and ambulatory infusion suites	Infusion Therapy	\$1.1 Bil
Feb-2025	 Proud Moments ABA	 NAUTIC	Provider of various behavioral health services, including ABA, intended for children who are affected by autism	Behavioral	Not Public
Jan-2025	 FLEXCARE INFUSION CENTERS	 OPTUMRx	Regional provider of ambulatory infusion suites focused rare, complex, and chronic conditions	Infusion Therapy	Not Public
Jan-2025	 NISA VISTA INFUSIONS	 Infusion ASSOCIATES	Network of upwards of 90 ambulatory infusion centers across 15 states	Infusion Therapy	Not Public
Jan-2025	 RETINA CONSULTANTS OF AMERICA	 cencora	Network of retina specialists and surgeons, providing care for a variety of complex eye conditions	Vision	\$4.6 Bil
Jan-2025	 Already Autism Health	 TritonPacific	National provider of ABA therapy through centers and home-based programs primarily in the Southeast	Behavioral	Not Public
Jan-2025	 GI Alliance	 CardinalHealth	Gastroenterology management services organization working from 135 ambulatory surgical centers	Gastroenterology	\$2.8 Bil
Dec-2024	 Integrated Oncology NETWORK	 CardinalHealth	Physician-led independent community oncology network with more than 50 practices across 10 states	Oncology	\$1.1 Bil
Nov-2024	 R1	 TOWERBROOK CLAYTON DUBILIER & SIZCI	Provider of outsourced revenue cycle management services and software technologies	Healthcare IT	\$8.9 Bil
Sep-2024	 Xtend Healthcare	 CorroHealth	Adds economies of scale to existing revenue cycle offering as well as new patient engagement capabilities	Healthcare IT	\$365 Mil



Trading Valuations: Managed Care and HMOs

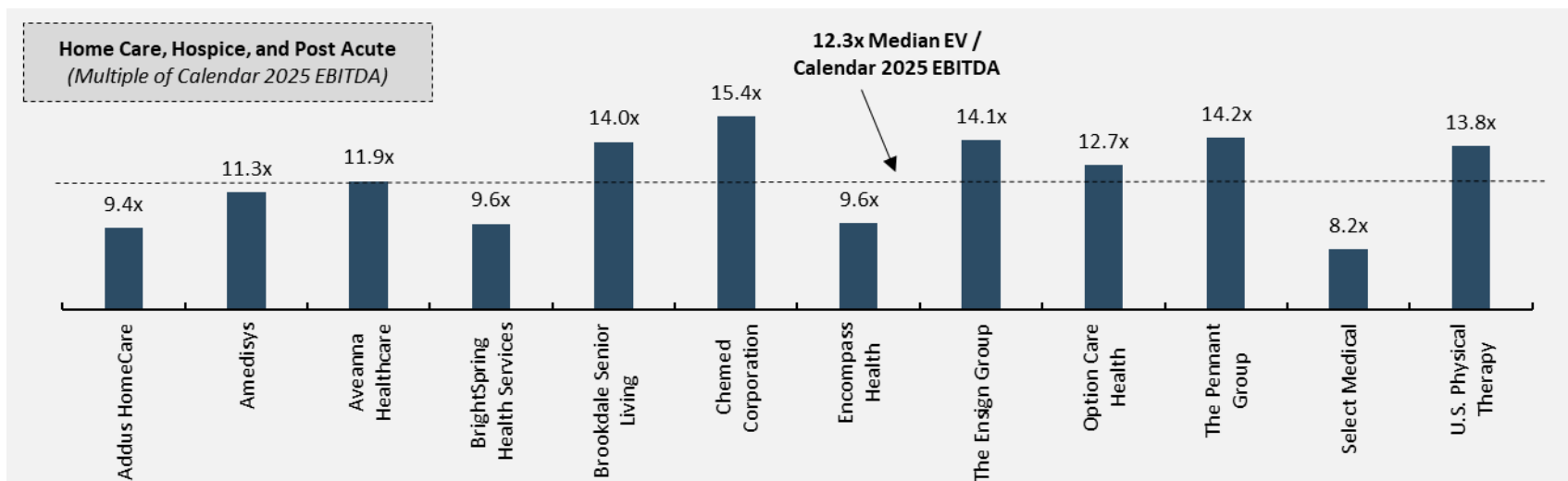


Company Name	Ticker	Equity Value	Net Debt / Enterprise Value (Net Cash)	Enterprise Value	Projected CY2025		Projected CY2025			Debt Ratio
					Revenue	Growth	EBITDA	Growth	Multiple	
Managed Care										
Centene Corporation	CNC	\$29,217	\$5,366	\$34,583	\$175,703	2.4%	\$4,760	10.9%	7.3x	1.1x
CVS Health Corporation	CVS	84,536	71,927	156,463	408,160	4.9%	17,470	9.6%	9.0x	4.1x
Elevance Health	ELV	97,122	26,060	123,182	205,514	7.1%	13,916	10.9%	8.9x	1.9x
Humana	HUM	32,125	10,425	42,550	127,016	1.8%	3,727	-7.9%	11.4x	2.8x
Molina Healthcare	MOH	17,201	(1,438)	15,763	47,557	7.8%	2,321	12.1%	6.8x	-0.6x
The Cigna Group	CI	85,846	23,757	109,603	263,364	4.4%	13,705	6.8%	8.0x	1.7x
UnitedHealth Group	UNH	472,769	56,481	529,250	487,642	7.9%	46,767	10.1%	11.3x	1.2x
Average (Mean)						5.2%		7.5%	8.9x	1.7x
Average (Median)						4.9%		10.1%	8.9x	1.7x

Note: Market values as of the close of business March 21, 2025.

Source: S&P Global Market Intelligence

Trading Valuations: Home Care, Hospice and Post-Acute Care

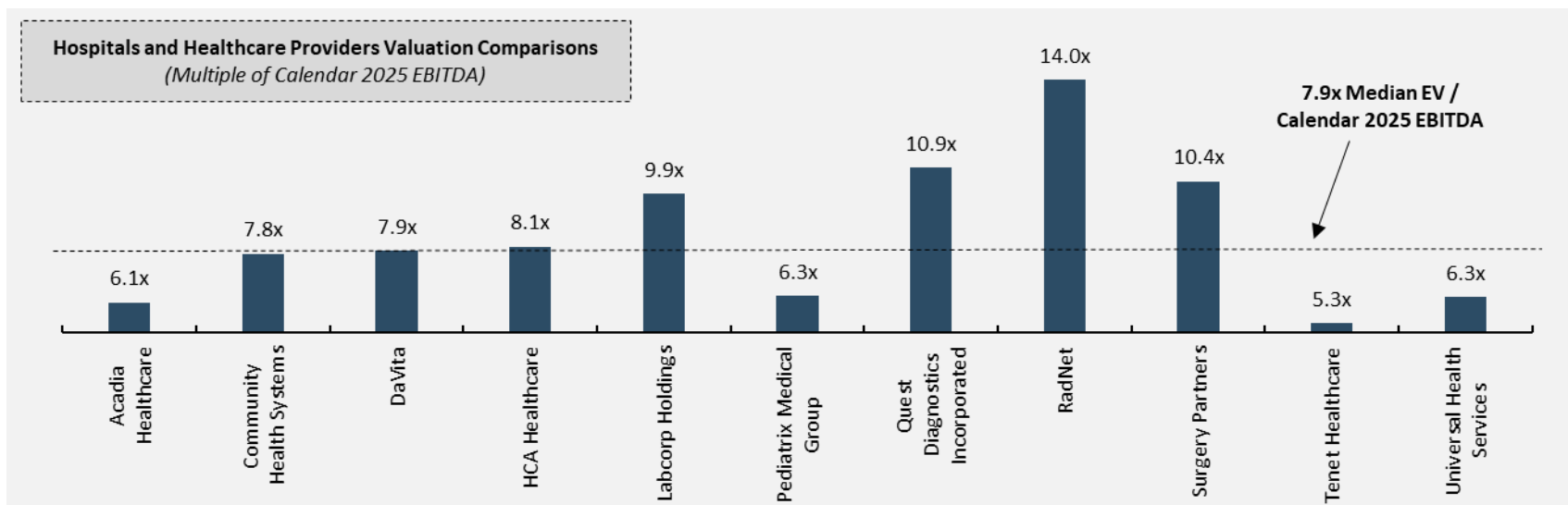


Company Name	Ticker	Equity Value	Net Debt / Enterprise Value		Projected CY2025		Projected CY2025			Debt Ratio
			(Net Cash)	Value	Revenue	Growth	EBITDA	Growth	Multiple	
Home Care, Hospice, and Post Acute										
AdaptHealth Corp.	AHCO	\$1,347	\$2,018	\$3,365	\$3,425	4.8%	\$722	5.6%	4.7x	2.8x
Addus HomeCare	ADUS	1,611	174	1,785	1,495	5.9%	\$190	7.8%	9.4x	0.9x
Amedisys	AMED	3,031	156	3,187	2,591	5.5%	282	6.9%	11.3x	0.6x
Aveanna Healthcare	AVAH	1,032	1,418	2,450	2,222	5.0%	206	6.8%	11.9x	6.9x
BrightSpring Health Services	BTSG	3,158	2,833	5,991	13,315	11.3%	624	10.9%	9.6x	4.5x
Brookdale Senior Living	BKD	1,205	5,323	6,528	3,098	-3.6%	466	6.0%	14.0x	11.4x
Chemed Corporation	CHE	8,696	(38)	8,658	2,800	6.7%	563	6.2%	15.4x	-0.1x
Encompass Health	EHC	9,779	2,628	12,407	6,363	8.7%	1,290	8.7%	9.6x	2.0x
The Ensign Group	ENSG	7,312	1,448	8,760	5,330	9.5%	621	10.5%	14.1x	2.3x
Option Care Health	OPCH	5,717	797	6,514	5,907	9.0%	511	11.2%	12.7x	1.6x
The Pennant Group	PNTG	806	249	1,055	902	8.1%	74	14.0%	14.2x	3.4x
Select Medical	SEM	2,136	2,645	4,780	5,834	6.2%	580	9.1%	8.2x	4.6x
U.S. Physical Therapy	USPH	1,106	252	1,358	797	6.3%	99	8.2%	13.8x	2.6x
Average (Mean)						6.6%		8.9%	12.2x	3.6x
Average (Median)						7.4%		8.3%	12.3x	2.3x

Note: Market values as of the close of business March 21, 2025.

Source: S&P Global Market Intelligence

Trading Valuations: Hospitals and Healthcare Providers

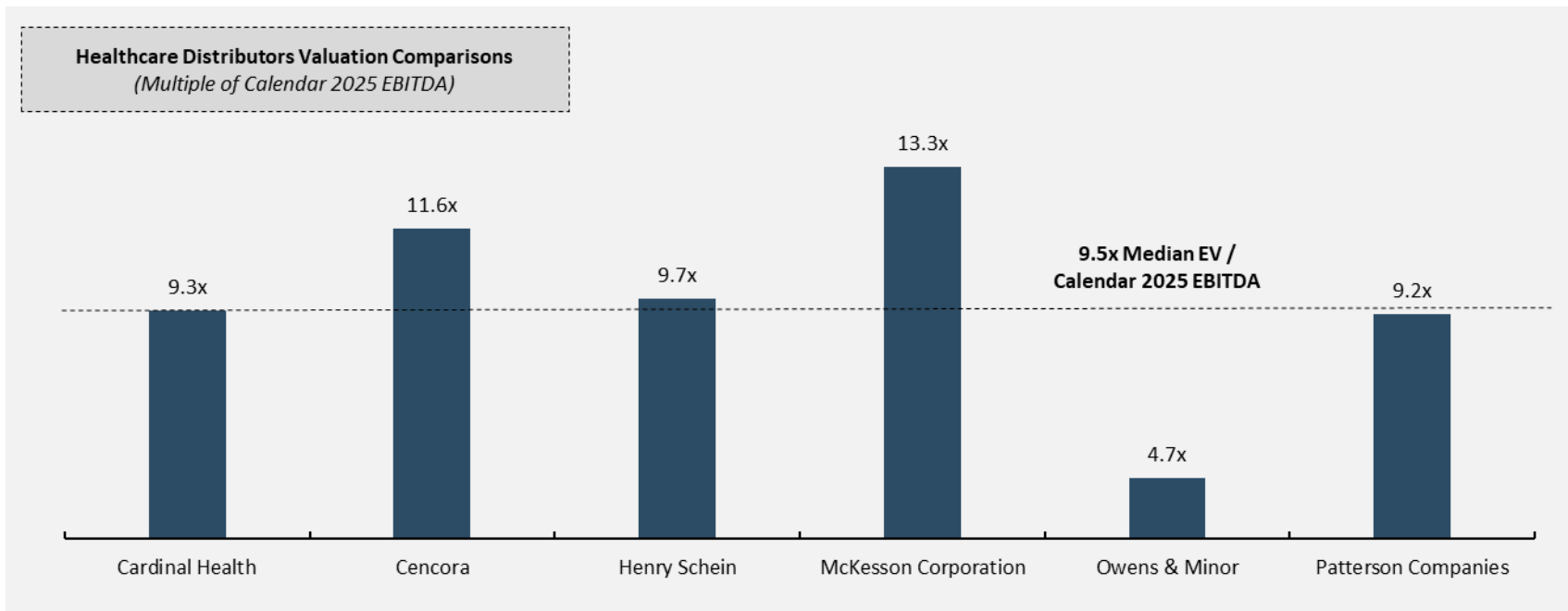


Company Name	Ticker	Equity Value	Net Debt / Enterprise (Net Cash) Value	Projected CY2025		Projected CY2025			Debt Ratio	
				Revenue	Growth	EBITDA	Growth	Multiple		
Hospitals and Healthcare Providers										
Acadia Healthcare	ACHC	\$2,666	\$2,020	\$4,685	\$3,625	8.6%	\$771	10.1%	6.1x	2.6x
Community Health Systems	CYH	344	12,065	12,409	12,936	4.0%	1,587	4.5%	7.8x	7.6x
DaVita	DVA	11,852	11,221	23,073	13,872	3.3%	2,918	4.9%	7.9x	3.8x
HCA Healthcare	HCA	80,949	43,216	124,165	78,480	5.1%	15,390	5.0%	8.1x	2.8x
Labcorp Holdings	LH	19,603	5,831	25,434	14,575	4.7%	2,557	7.2%	9.9x	2.3x
Pediatrix Medical Group	MD	1,196	314	1,509	1,916	2.8%	239	5.3%	6.3x	1.3x
Quest Diagnostics Incorporated	DGX	18,546	6,572	25,118	11,198	3.9%	2,309	5.3%	10.9x	2.8x
RadNet	RDNT	3,647	989	4,635	2,081	8.0%	331	19.1%	14.0x	3.0x
Surgery Partners	SGRY	3,068	3,444	6,512	3,696	9.2%	626	11.8%	10.4x	5.5x
Tenet Healthcare	THC	11,719	11,258	22,977	22,021	5.1%	4,306	5.9%	5.3x	2.6x
Universal Health Services	UHS	11,319	4,829	16,149	18,057	5.4%	2,576	6.2%	6.3x	1.9x
Average (Mean)						5.5%		7.8%	8.5x	3.4x
Average (Median)						5.1%		5.9%	7.9x	2.8x

Note: Market values as of the close of business March 21, 2025.

Source: S&P Global Market Intelligence

Trading Valuations: Distributors

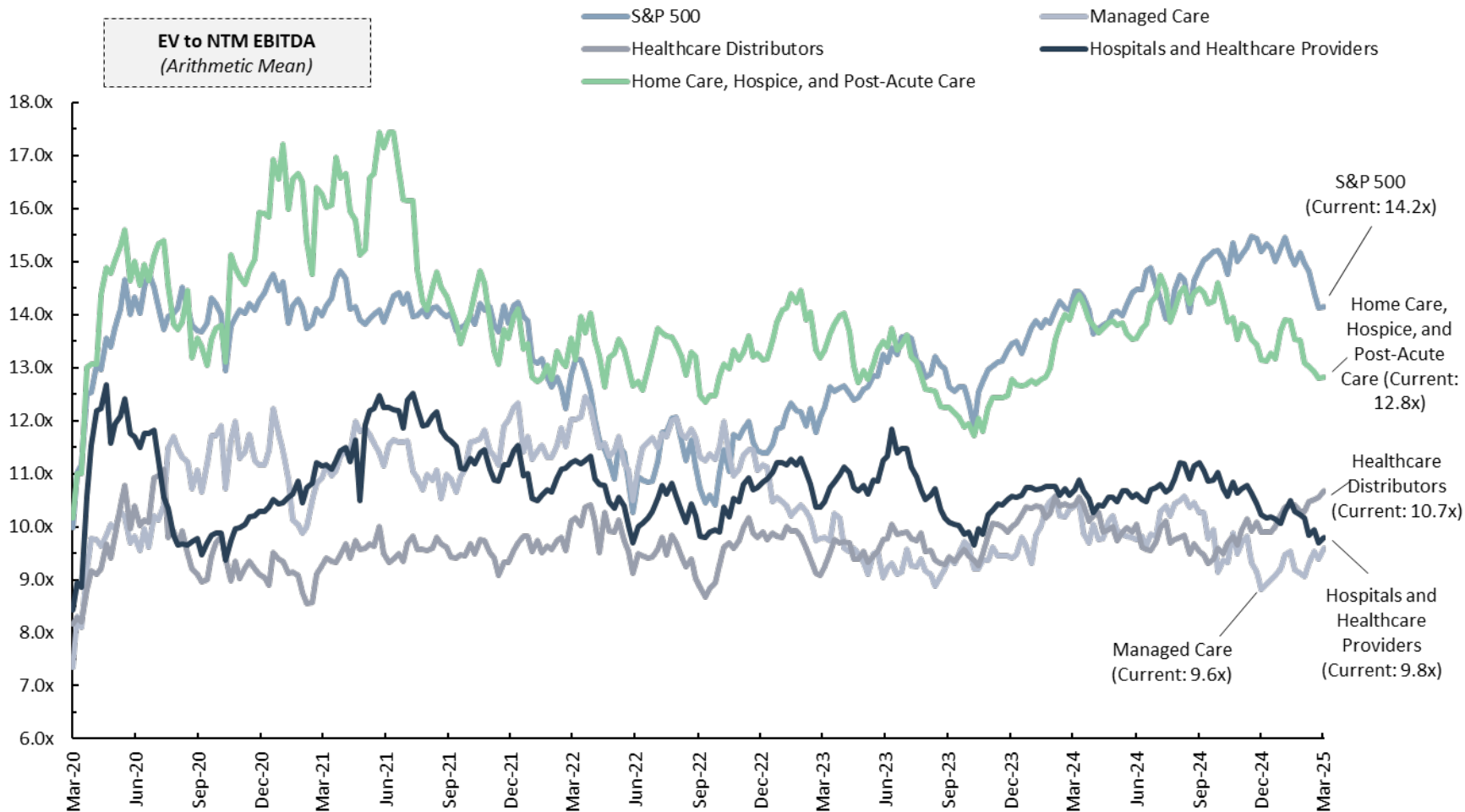


Company Name	Ticker	Equity Value	Net Debt / Enterprise Value		Projected CY2025		Projected CY2025			Debt Ratio
			(Net Cash)	Value	Revenue	Growth	EBITDA	Growth	Multiple	
Healthcare Distributors										
Cardinal Health	CAH	\$31,860	\$3,596	\$35,456	\$257,750	9.4%	\$3,793	10.5%	9.3x	0.9x
Cencora	COR	51,859	6,509	58,368	350,889	6.8%	5,030	7.3%	11.6x	1.3x
Henry Schein	HSIC	8,617	2,751	11,368	13,511	3.7%	1,176	5.4%	9.7x	2.3x
McKesson Corporation	MCK	82,862	8,659	91,521	420,690	7.7%	6,867	7.7%	13.3x	1.3x
Owens & Minor	OMI	695	2,182	2,877	11,218	2.4%	615	7.3%	4.7x	3.5x
Patterson Companies	PDCO	2,757	742	3,499	7,036	4.3%	379	11.5%	9.2x	2.0x
Average (Mean)						5.7%		8.3%	9.6x	1.9x
Average (Median)						5.6%		7.5%	9.5x	1.6x

Note: Market values as of the close of business March 21, 2025.
Source: S&P Global Market Intelligence



Bourne Healthcare Services Indices (By Sub-Segment)



Note: Market values as of the close of business March 21, 2025.
Source: S&P Global Market Intelligence

Section Two

A modern conference room with a large wooden table and black chairs, overlooking a city skyline with skyscrapers. The room has large windows and a dark blue overlay on the left side.

Bourne Partners

i. Thought Leadership

ii. Bourne Partners Overview

iii. Investment Bank Overview



Research and Thought Leadership at Bourne Partners



Donald Hooker, CFA
Director of Research

Over twenty years of experience as a publishing sell-side equity analyst at UBS, Morgan Stanley, KeyBanc Capital Markets, and Capital One, among others

Extensive background in healthcare services, pharma services, and healthcare information technology

Joined Bourne Partners in July 2024 to build out a research function

Morgan Stanley



The Bourne Partners Perspective

With 20+ years of exclusive industry and capital markets coverage, we are committed to providing insights to clients. We provide cutting-edge thought leadership on all things Pharma, Pharma Services, Healthcare Services, and Consumer Health.

BOURNE PARTNERS

Clinical Trial Site Networks

Market Research Report
September 12, 2024

BOURNE PARTNERS

Clinical Trial Technologies

Market Research Report
January 22, 2025

BOURNE PARTNERS

Infusion Therapy Market Update

Perspectives and Research on the Infusion Industry
August 7, 2024

BOURNE BRIEF

Will Interest in Artificial Intelligence (Finally) Drive Greater Vendor and Tech Consolidation in the Clinical Trial Space?

Key Thoughts and Insights Gained Out of the 2024 SCOP Summit

The Bourne Partners team attended the 2024 Summit for Clinical Ops Executives (SCOP) in Florida last week to meet with software vendors, the operators, and hospital executives to get "inside on the ground" insight on software adoption trends in the clinical trial space. We believe that there is a consensus understanding that integrated software technology platforms provide a number of benefits for their users, including accelerated clinical trial timelines, enhanced data quality, scale efficiencies, and volume-based pricing. This, in turn, should lead to opportunities for greater consolidation among "best" software-enabled service solution vendors.

In our view, the adoption of integrated technology platforms could be accelerated in the coming years by competitive pressures to adopt artificial intelligence (AI). As a result of our deep expertise in quality and reliable data, with integrated technology platforms, data can be captured and updated in one place, improving data quality and enabling and creating a single source of truth across all clinical trial activities. Also, integrated platforms reduce the risk of lost and erroneous data that can occur due to double data entry and the interlocking of disparate software applications. For more discussion, see our new research report on software vendors in the clinical trial space: [Software Vendors in the Clinical Trial Space](#) (July 22, 2024).

Interest in clinical trial software technologies appears to be increasing with over 4,000 attendees at this year's SCOP Summit in Orlando, Florida. This was up from over 3,500 in 2024 and 3,000 in 2023. By the way, the topic of consolidation at SCOP was artificial intelligence (AI), followed by the continued impact of the assumed President Trump administration and the increasing market influence of clinical trial site networks. We think that the rising interest in AI for clinical trials has a number of important implications going forward, including the need to address "data silos" caused by the adoption of disparate "best" software solutions.

Figure 1: Adoption of AI is Still Limited, But Early Feedback is Broadly Positive (Survey Data)

Source: Presentation by Mr. Tom Conley (Co-Founder & CEO, Development of the SCOP Summit) (February 5, 2025)

February 11, 2025

BOURNE PARTNERS

BOURNE BRIEF

Incremental Insights into Clinical Trial Site Networks

Key Take-Aways From the SCOP Global Site Solutions Summit

The Bourne Partners team attended the Society of Clinical Research Sites (SCRS) Global Site Solutions Summit in Florida this week to get observational visibility into the trends regarding the clinical trial site space. We continue to expect ongoing consolidation of clinical trial sites to begin to take hold as management organizations in the same space, in our view, are all of the revenues is bringing much needed economies of scale to an otherwise fragmented collection of disparate clinical trial sites.

For more discussion, see our recent research report: [Clinical Trial Site Networks: Market Research Update](#) (September 2024).

Take Away 1:

A Challenging Environment for "Standardized Clinical Trial Sites"

We view the clinical trial site landscape as overly fragmented, overly consisting of single-destination sites that lack the economies of scale that drive their value. The increasing reliance on managed organizations, and the environmental challenges of supporting one complex clinical trial. Our thesis was reinforced by our attendance at the Summit this year. One theme the SCOP Summit attendees focused on was the need for standardization and economies of scale. We believe that the consolidation of the sites in the coming years will be a natural result of the industry's need to address the challenges of supporting one complex clinical trial. Our thesis was reinforced by our attendance at the Summit this year. One theme the SCOP Summit attendees focused on was the need for standardization and economies of scale. We believe that the consolidation of the sites in the coming years will be a natural result of the industry's need to address the challenges of supporting one complex clinical trial.

Figure 1: Many Fragmented Clinical Trial Sites Operating on "Single-Site" Budgets

Source: The Society for Clinical Research Sites (SCRS) Annual Site Landscape Survey (September 2024) and Bourne Partners

Most specifically, we heard these common challenges at the panel discussion at the Summit that seem to be contradicting the benefits of integrated technology platforms. First, most clinical trial sites are not getting fully funded to support their most important activities. This has resulted in many sites being in a state that can only support their most important activities, but not all. This has resulted in many sites being in a state that can only support their most important activities, but not all. This has resulted in many sites being in a state that can only support their most important activities, but not all.

Figure 2: Estimates of the Exposure of U.S. Pharma to China Varies Depending on the Route

Source: Bourne Partners (2024)

The passage of the BIODIVERSITY Act will be the backdrop of regulatory approval activities within the Biotech industry, particularly in the areas of manufacturing and supply chain. The Act will have a significant impact on the industry, particularly in the areas of manufacturing and supply chain. The Act will have a significant impact on the industry, particularly in the areas of manufacturing and supply chain.

September 30, 2024

BOURNE PARTNERS

BOURNE BRIEF

Patient Centricity, Innovative Technology, and Site Engagement: What's Next for Clinical Trials?

Conversations at the Bourne Partners 12th Annual Global Healthcare CEO Summit

Last week, we hosted the Bourne Partners 12th Annual Global Healthcare CEO Summit in Charlotte, North Carolina, which featured a wide variety of panel discussions on the healthcare topic. The Summit also included informal meetings with industry executives allowing for a greater shared visibility around trends and expectations.

One panel discussion, featuring executives from Genentech Research and Science, focused on the use of software technologies and site networks to accelerate clinical trials and improve patient experience. We see the consolidation of clinical trials as particularly conducive for disruptive innovation, and we expect to see significant consolidation of software and software companies in the clinical trials space in the coming years. For more discussion, see our recent research report on the site network marketplace: [Site Network Marketplace](#) (July 22, 2024) as well as a research report on patient-centricity and recent research from the Society of Clinical Research Sites Summit (July 22, 2024).

1) Volatile Market Conditions to Catalyze Cross-Consolidation

We continue to be optimistic for the modernization of pharma services (and software) companies, including site networks, over the next decade. However, the panel discussion at the Summit confirmed what we have considered to be a "temporary correction period." Over the past six to twelve months, we have seen a significantly elevated volume of site filings and cancellations across all therapeutic areas, and this is having a negative impact on site capacity, site quality, and services across the pharma ecosystem. We are sure that much of this comes from our mid-to-late stage pharma sponsors who were initially funded during the "bubble years" of 2021 and 2022 and have since struggled to re-assess capital markets to sustain their businesses. We see also hearing more and more executives of large pharma sponsors re-examining their product development strategies in response to the macroeconomic and price cuts associated with the ongoing rollout of the Inflation Reduction Act (IRA) of 2022. Finally, adding to all of this, the surge in demand from COVID-19 related trials has waned down, resulting in more companies who become comfortable relying on "new" vaccine work versus scrambling to find new work to fill the lost COVID vaccine.

Figure 1: Publicly Traded CROs Highlight Recent Spikes in Clinical Trial Completions & Re-Enrollments in 2024

Source: Research and CROs (October 2024)

October 30, 2024

BOURNE PARTNERS

BOURNE BRIEF

Bourne Meetings at the BIO 2024

Hopes and Concerns Related to the Pending "BIOSECURE ACT"

In our view, the pending BIOSECURE Act could create significant near-term volatility in the global biotech industry by increasing regulatory manufacturing and process research (particularly work on the drug store in Biotech). The proposed amendments to the regulations in May will be necessary to include an 18-year manufacturing process for existing products. Even so, we think that the bill's passage is necessary to consider that it will be passed in the coming months. We expect some amendments to the bill (e.g., government (and possibly regulatory) process) by the Chinese government. This has been highlighted by recent news released by the Biotechnology Innovation Organization (BIO) in our meeting at the BIO 2024 Conference in San Diego this week. In fact, we also anticipate that the legislation is already getting a review in U.S.-based biotechnology manufacturing and process research.

Our Key Takeaways from the BIOSECURE Act

We are very concerned about the BIOSECURE Act's overall ability to drive biotech innovation and its impact on the industry. We are very concerned about the BIOSECURE Act's overall ability to drive biotech innovation and its impact on the industry. We are very concerned about the BIOSECURE Act's overall ability to drive biotech innovation and its impact on the industry.

Figure 1: Estimates of the Exposure of U.S. Pharma to China Varies Depending on the Route

Source: Bourne Partners (2024)

The passage of the BIODIVERSITY Act will be the backdrop of regulatory approval activities within the Biotech industry, particularly in the areas of manufacturing and supply chain. The Act will have a significant impact on the industry, particularly in the areas of manufacturing and supply chain. The Act will have a significant impact on the industry, particularly in the areas of manufacturing and supply chain.

Bourne Partners Overview

Our Service Offering

For over twenty years, Bourne Partners has focused exclusively on providing investment banking advisory services and making direct investments in the Pharmaceutical, Pharma Services, Healthcare Technology and Services, Pharmacy Services, and Consumer Health and Wellness industries. Since 2015, we have successfully executed on **over \$15B** in transactions, having worked with many leading companies and private equity investors in these core focus areas.

Value Beyond the Deal

Total Perspective

Experience advising, investing in, building, operating, buying, and selling companies
Unmatched 360° perspective for every project

Uncompromised Service

Direct involvement of senior management throughout process
High level of attention regardless of transaction value

Global Reach

Experience working with companies around the globe
Extensive network of potential international buyers

Investment Banking

Mergers and Acquisitions

Sell-side and buy-side assignments
Transaction Experience: \$10M - \$3.5B

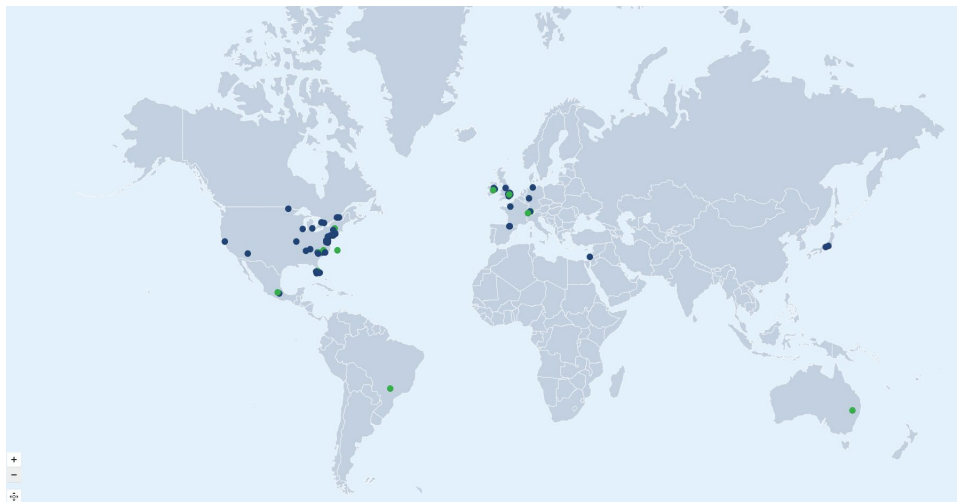
Capital Sourcing

Debt / Equity / Hybrid
\$10 - \$500 million raises

Business Development Support

Development stage and approved products
Local and international

Geographic Coverage



Sector Expertise

Pharma & Life
Sciences

Pharma
Services

Healthcare
Services

Healthcare
Technology

Consumer
Health



550 South Caldwell Street, Suite 900
Charlotte, NC 28202
+1 704.552.8407

