

Health Economics And Outcomes Research (HEOR) Services – A Global Outlook



July 2023



Table of contents

- Executive summary
- Introduction to pharmaceutical market access and Health Economics and Outcomes Research (HEOR)
- Evolution of HEOR
- HEOR services market landscape
 - M&A and investments in the space
- Technology is enabling more efficient HEOR services
- Key considerations for expanding into the HEOR space
- MP group can help catalyze your HEOR initiative

Executive summary

Health Economics and Outcomes Research (HEOR) is an integral part of drug launches



- 1/3rd of drug launches don't meet revenue expectations, one of the key reasons being limited market access
- HEOR helps communicate value of a drug to stakeholders and enables affordable therapy for appropriate patients
- Current market size of HEOR services is \$1.5B expected to grow to ~\$2.7B in the next 5 years at a CAGR of 12%

HEOR has evolved from supporting field dialog to supporting pricing and reimbursement decisions



- Complex and expensive R&D has led to an increase in drug prices
- Government and payer's efforts to reduce healthcare costs have led to an increased need to demonstrate value
- HEOR is becoming critical in demonstrating therapeutic value (safety, efficacy, real-world evidence) and economic value (budget impact, cost-effectiveness)



Industry is adopting inorganic growth strategies to rapidly expand into the HEOR space

- Dearth of skilled HEOR professionals and increasing demand has led to an increase in M&A
- There has been a spurt of acquisitions and strategic investments in the last 2 years
- US and UK-based firms with a small yet experienced team and broad clientele have been key targets

Technology solutions to improve efficiencies are gaining traction



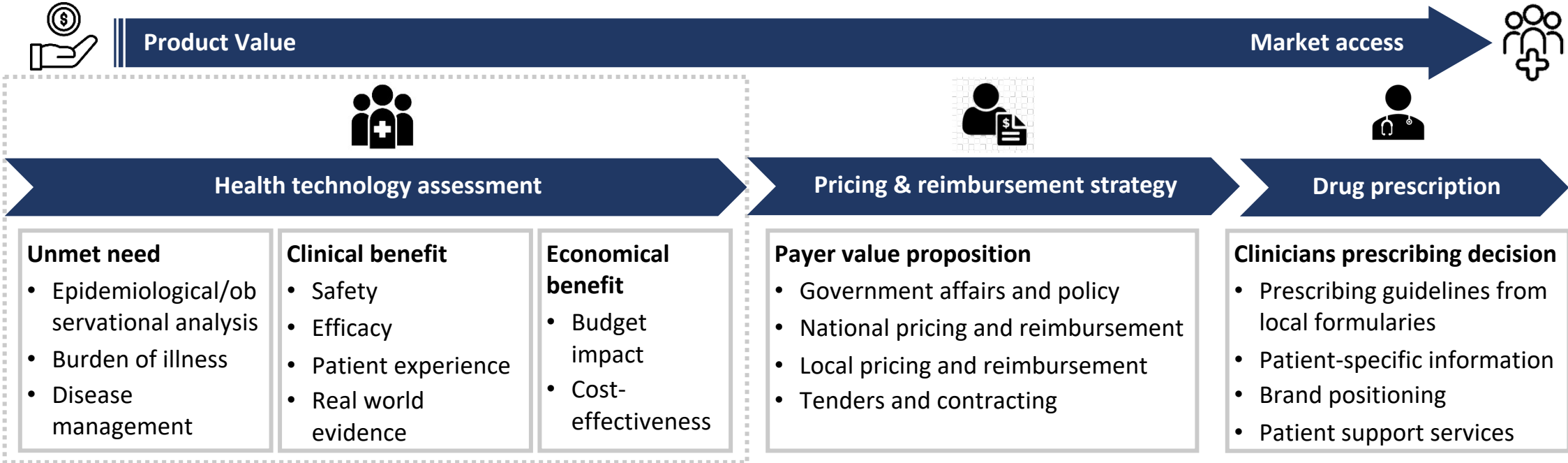
- Artificial intelligence has enabled more efficient literature reviews, real-world data collection and analysis, economic modelling and insights generation
- A step-wise approach is prudent in identifying key areas of interest in HEOR and additional offerings and technologies that can augment your portfolio

MP Group with >30 years of global biopharma experience and a thorough understanding of the HEOR landscape can help catalyze your journey to expand into the market access space

Market access – The key for successful drug launches

The average cost of bringing a drug to market is ~\$1.5-2B, however, 1/3rd of the new launches in the US fail to meet revenue expectations. The key reasons for failures are limited market access, inadequate understanding of market and customer needs, and poor product differentiation.

A successful market access strategy consists of clinical and economic evidence, negotiation with healthcare access stakeholders and enabling affordable and timely fulfilment for appropriate patients.



This presentation focuses on **Health Technology Assessment** and **Health Economics And Outcomes Research**.

Source: Secondary research, MP Analysis

Health technology assessment – An integral part of market access

Health technology assessment consists of **Health Economics and Outcomes Research (HEOR)** – An exhaustive process used to determine the value of a therapeutic intervention as compared to existing options.

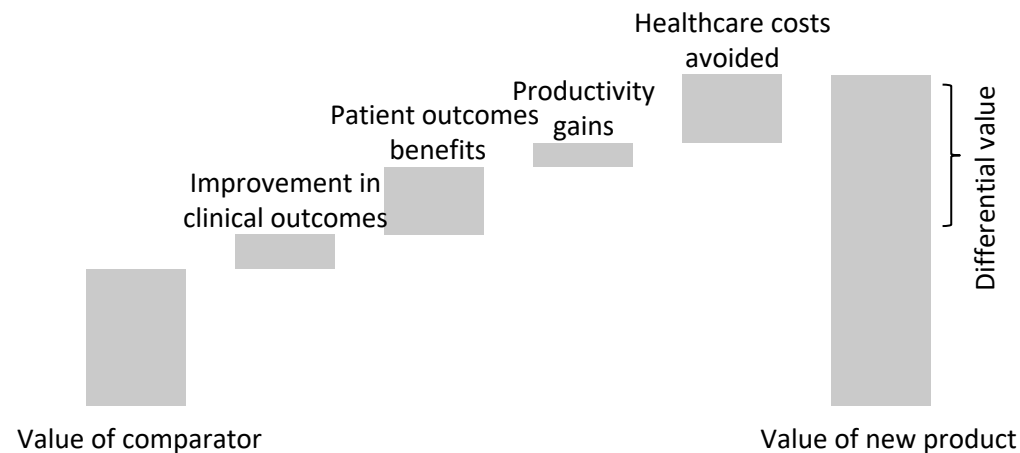
Introduction to HEOR

HEOR is the combination of 2 fields that provides data and insights for healthcare decision makers –

Health economics – Measures and values outcomes of a therapy

Outcomes research – Evaluate the effect of therapy on patients

Defining product value compared to existing therapeutic options



HEOR segmentation

HEOR consists of evidence generation, syntheses and economic models to build a value story that is then communicated to payers, prescribers, and patients.



Evidence synthesis

- Clinical trial outcomes
- Literature reviews
- Meta-analysis
- Real-world evidence



Economic modelling

- Cost minimization analysis
- Cost-effectiveness analysis
- Cost-utility analysis
- Cost-benefit analysis



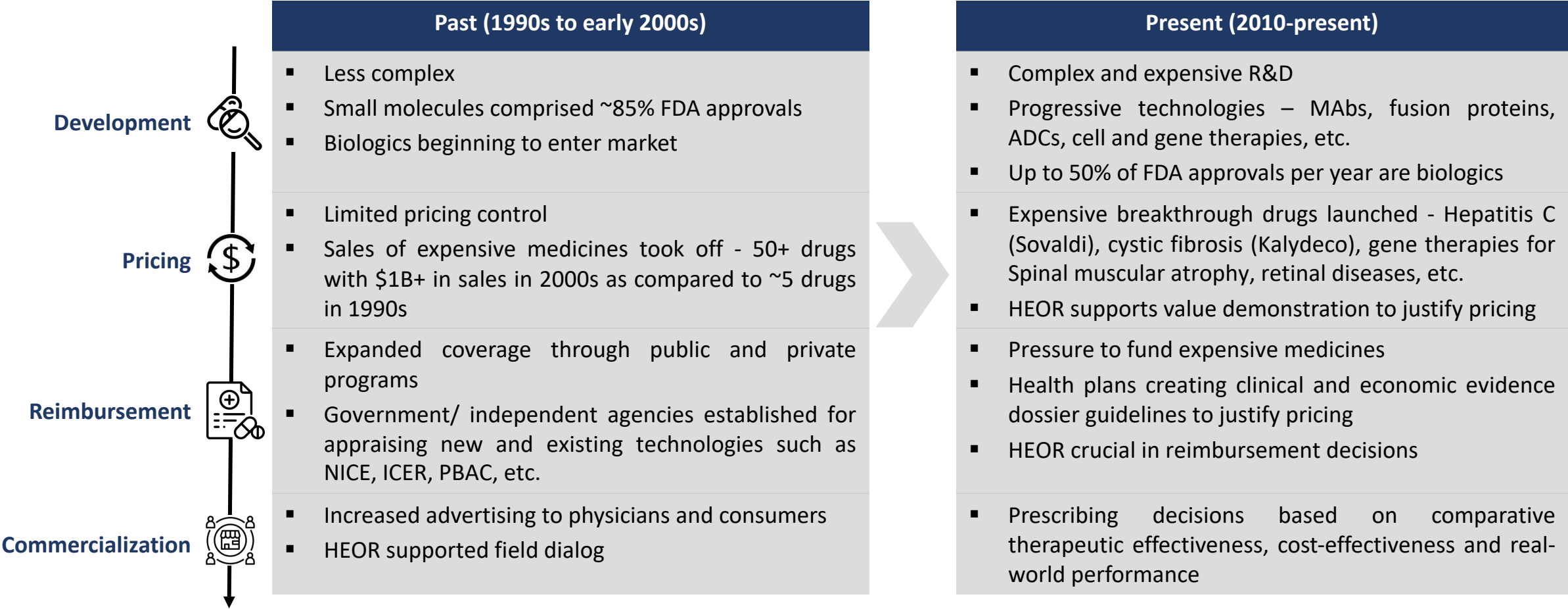
Value communication

- Health technology assessment
- Dossiers
- Publications
- Medical communication

Source: ISPOR, Secondary research, MP Analysis

HEOR has evolved from a support function to a more central role

Increasing R&D and drug prices combined with the need to demonstrate value have led to a surge in demand for HEOR.

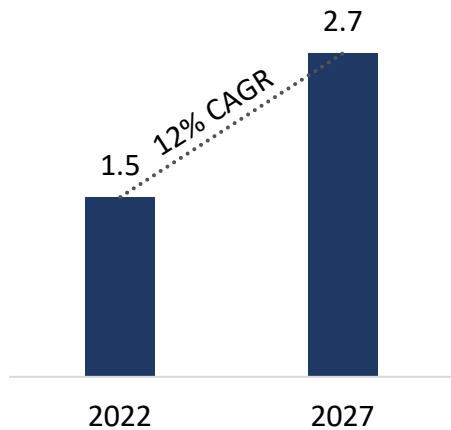


Source: ISPOR, Secondary research, MP Analysis

HEOR services industry space is expected to witness high growth owing to its central role in drug launch strategies

HEOR services market landscape

HEOR services market size (\$B)



Key growth drivers –

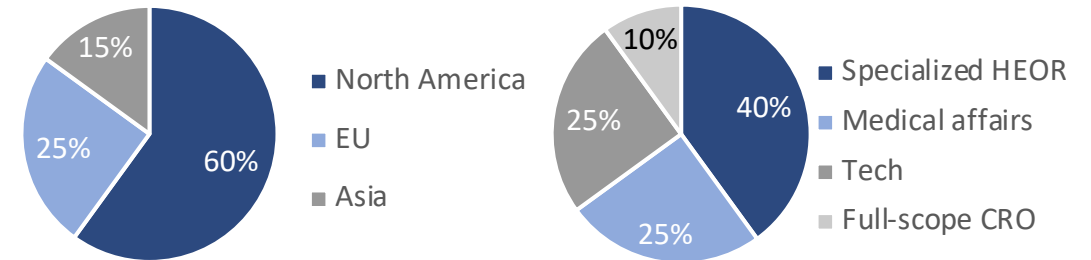
- Increase in pharma R&D
- Decreased affordability of medicines
- Government and payers taking measures to control healthcare costs
- Increasing availability of real-world data
- Lack of internal resources leading to ~75% of HEOR work being outsourced by pharma companies

HEOR competitive landscape

HEOR services is a fragmented market with 100+ companies across US, EU and Asia. Key categories of companies include –

- Full-scope clinical research organizations with HEOR capabilities
- Full-scope medical writing companies with HEOR capabilities
- Specialized HEOR companies
- Technology companies providing tech-enabled HEOR services

HEOR company distribution by geography and type



Full-scope CROs



Medical affairs companies



Technology companies



Specialized HEOR companies

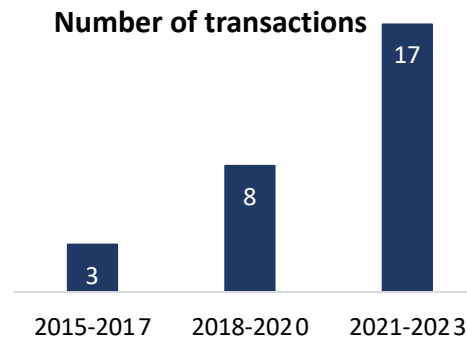


Source: Company reports, Secondary research, MP Analysis

Desire to expand in the HEOR space has led to increasing M&A activities

Increase in M&A deals

- A recent increase in M&A and PE investment in the HEOR services space to expand the footprint
- The key reasons for the spurt and corresponding examples –



Strengthening HEOR offerings



Open Health strengthened its market access offerings with Pharmerit's HEOR expertise.

Expansion into HEOR



Excelra, a data solutions company acquired Anlitiks to foray into the HEOR space.

Geographical expansion



PHMR's HEOR expertise will strengthen Ashfield's market access offerings and reach in the EU and Japan.

Key trends observed in M&A deals

- **US and UK are the most preferred geographies for expansion**
80% of the acquirees were based out of US and UK, however, there were some acquisitions in Canada and EU countries too.
- **Boutique agencies with niche HEOR offerings are primary targets of interest**

The majority of acquirees are boutique firms with <50 employees having specialized HEOR offerings.

- **Technology solutions are increasingly gaining traction**
AI interventions that facilitate more efficient HEOR offerings are becoming an area of interest.
- **Sizable team led by experienced leadership**
Targets of interest typically have highly experienced senior leadership and strong clientele, including some big pharma companies.

Source: Company reports, Secondary research, MP Analysis

Recent M&A deals

Non-exhaustive

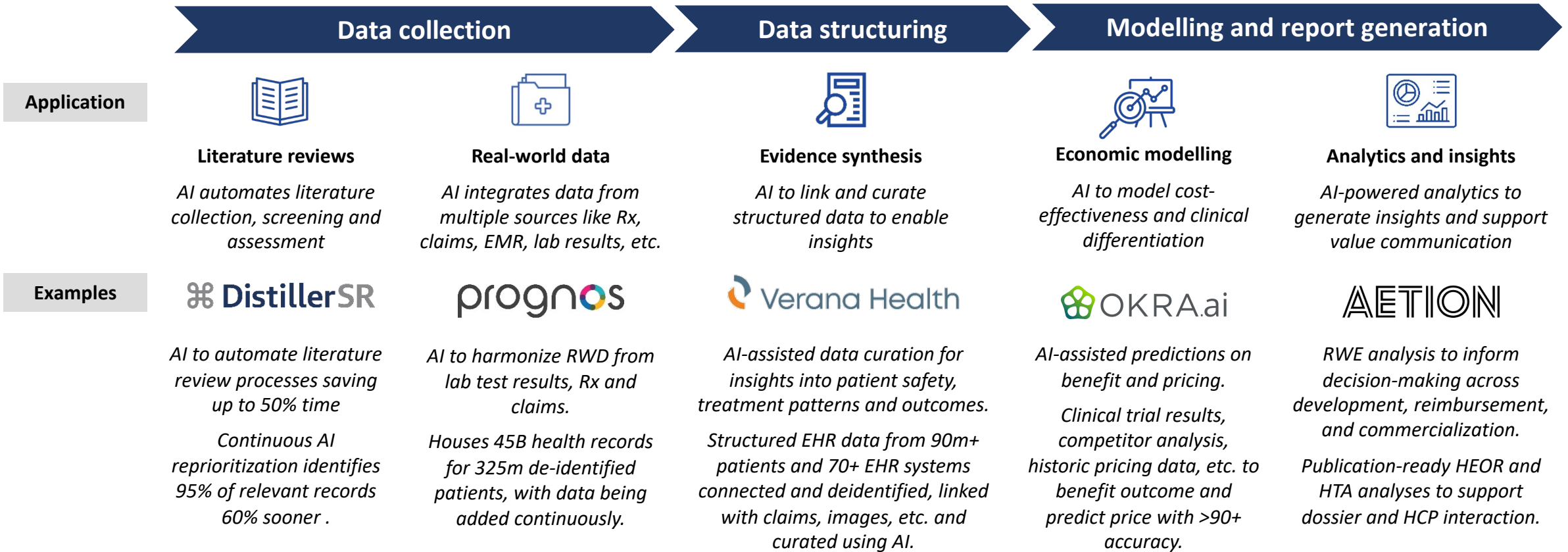
Date	Acquirer	Location	Size	Core strengths	Acquiree	Location	Size	Acquired/partnership for
February 2023	Vivactis Group	Belgium	300	Clinical research, marketing and communication, market access, health economics and public affairs	Weber	Spain	25	Market access and HEOR expertise, expanded reach in Europe
January 2023	SCIRIS	UK	300	Healthcare communications, brand strategy, market access, medical compliance, and insights	Source Health Economics	UK	30	HEOR expertise
March 2022	Fishawack Health	UK	1300	Commercialization for biopharma, medical technology and wellness cos	Policy Analysis	US	30	HEOR expertise
Jan 2022	Prime Global	UK	350	Publications, medical communication, HEOR	HCD Economics	UK	45	HEOR and RWE expertise
Oct 2021	Bioscript Group	UK	100	Regulatory writing, medical communications, market access	Valid Insight Fortis Pharma	UK	20 20	Market access and medical communications expertise
June 2021	PharmaLex Group	Germany	1400	Technology enables solutions for clinical development, regulatory submission processes and post-approval	Oblikue Consulting	Spain	30	Health economics and market access expertise, strengthen footprint in Spain, expertise in LATAM countries
May 2021	Validant	US	NA	Quality, compliance and regulatory consulting	Clinical Outcomes Solutions	UK	NA	HEOR and clinical outcomes assessment expertise
March 2021	Fishawack Health	UK	950	Commercialization for biopharma, medical technology and wellness cos	PRMA Consulting	UK	100	Market access and HEOR expertise in APAC and EU markets

Companies such as Cytel, Genesis Research, Open Health, PharmaLex Group, Fishawack Health, UDG Healthcare and Precision for Medicine have acquired multiple companies to build a comprehensive HEOR portfolio.

Source: Company reports, Secondary research

AI interventions are catalyzing every facet of HEOR value chain

The key objective of technology intervention is to optimize efficiency and increase the accuracy of evidence synthesis and health technology assessment.



Note: The illustrated companies may have other overlapping expertise

Source: Company reports, Secondary research

The industry is pursuing M&A to access tech capabilities

Several partnerships/M&As anchored around technology have been already witnessed, with the objective to provide faster and more accurate HEOR services. Some of the acquisitions in the tech space are below –

Data collection



January 2022

Aetion, a provider of real-world evidence technology acquired Replica Analytics, a provider of privacy-protected copies of real-world data



January 2021

Genesis Research, a provider of RWE and HEOR services acquired Evid AI, a provider of AI-powered literature review tools

Data structuring



February 2020

Verana Health, a real-world data analytics company, acquired PYA Analytics, a large-scale data architecture solutions company



November 2019

Cytel, a provider of software solutions and analytics for drug development, acquired MTEK Sciences, a provider of real-world analytics capabilities

Modelling and insight generation



February 2023

Envision pharma group, a HEOR, market access, and communication solutions provider, acquired OKRA.ai, an AI-tech provider for market access and commercialization insights



April 2018

Certara, a tech enabled drug development services provider, acquired Analytica Laser, a tech enabled HEOR and RWE services provider

Source: Company reports, Secondary research

Companies deploying a multi-pronged M&A strategy to build comprehensive HEOR offerings

Multiple acquisitions helps build a one-stop and scalable shop for HEOR services, underpinned with technology to enhance the efficiency.



November
2019



Expansion of evidence synthesis capabilities. MTEK specializes in AI models for real-world data analytics

June
2020



Strengthening of evidence synthesis, modelling and value communication capabilities

December
2020



Strengthening of evidence synthesis, economic modelling, value communication and pricing and reimbursement capabilities

December
2020



Strengthening of evidence synthesis, modelling and value communication capabilities; expanded reach in the EU

January
2021



Expansion into technology-enabled services. Provider of AI-powered scientific literature search tools

May
2022



Expansion of technology-enabled services for evidence generation. Provider of technology-enabled platforms for market access viability

May
2012



Expansion into evidence synthesis; addition of real-world data and analytics capabilities

October
2012



Strengthening of evidence generation capabilities; expertise in real-world evidence generation

December
2019

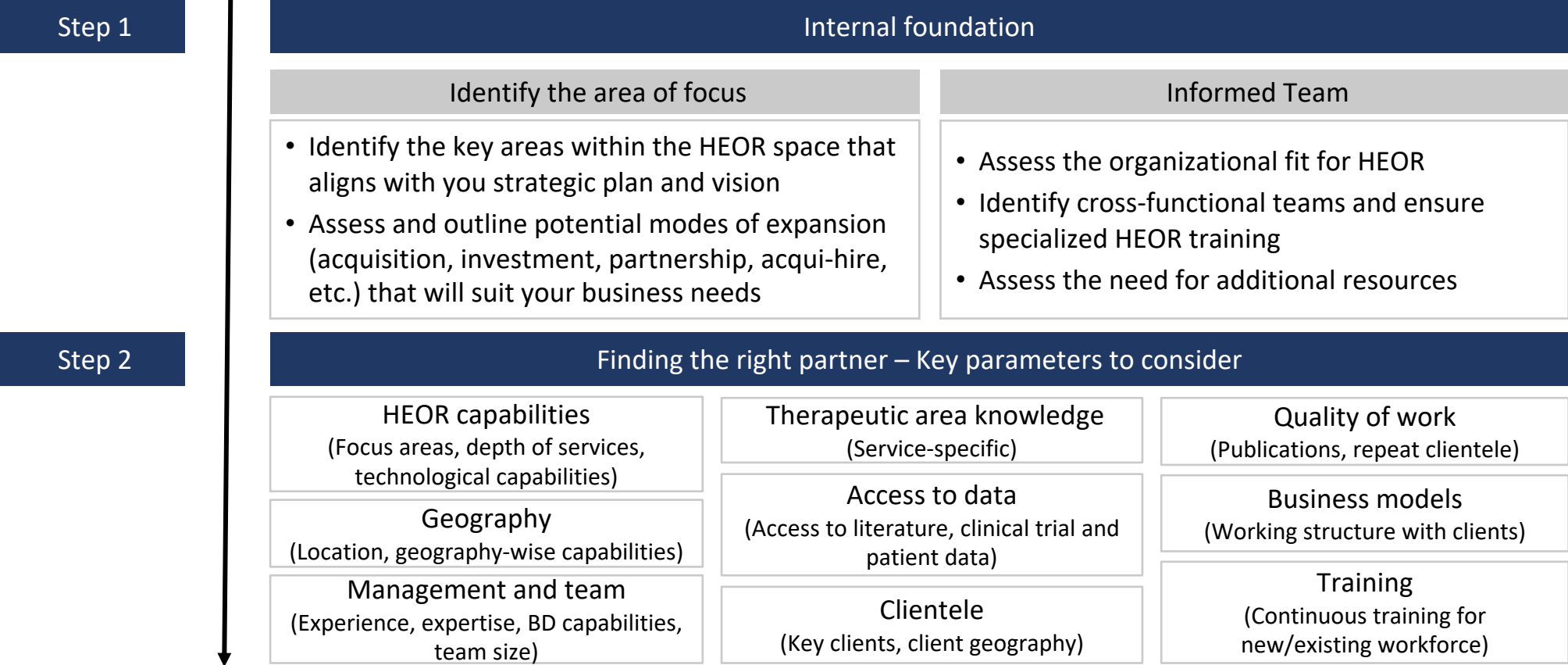


Strengthening of HEOR capabilities; Expertise in meta-analysis and modelling

Source: Company reports, Secondary research

Key considerations for expansion in the HEOR space

HEOR is a lucrative space with the demand rising for such niche capabilities. It is an ideal time for companies to consider expanding into the HEOR space. A 2-step framework to identify the right HEOR partner –



MP Group can help catalyze your HEOR business initiative

- HEOR services industry offers a potential dimension for long term growth and it is timely to explore prudent partnering/investment opportunities
- MP team with its 30+ years of global biopharma experience and deep understanding of the HEOR space can help catalyze your journey to expand in the space
- MP group can help with the following, and beyond –
 - Strategic assessment to identify complementary areas of growth within the HEOR space
 - Comprehensive landscape to identify potential opportunities
 - Create and execute organic/inorganic expansion strategies aligned with your overall vision
 - Techno-commercial due diligence for the target of your interest
 - Support with post-M&A integration to ensure long term growth

THANK YOU.

We invite you to write to us -

Viren Mehta
mehta@mpglobal.com

Neel Fofaria
neel@mpadvisor.com

Astha Tanna
astha@mpadvisor.com