

# FOUNDERS ADVISORS

Pharma Services  
Market Update

Q3 2025

# FOUNDERS ADVISORS



**I. Trends & Insights** | *Macro Trends, Subsector Insights, & Voices from the Field*

**II. Public Market Benchmarks** | *Stock Performance, Valuation, & KPIs*

**III. Market & Buyer Landscape** | *Profiling Active Market Participants*

**IV. M&A Activity** | *Notable Recent Transactions*

**V. About Us** | *Founders Advisors Overview*

# I. Trends & Insights: Macro Trends

## Key Trend

## Commentary

1

### Strong Outsourcing Fundamentals

- The growing complexity, timeline, and costs of the drug development process are leading pharmaceutical companies to increasingly outsource key stages of their research, development, and manufacturing processes
- Pharma companies recognize the need to efficiently move through the development process in order to quickly monetize their products

2

### Robust Investor Interest in Companies with a Range of Value-Added Capabilities

- Partners that are able to provide a “one stop shop” present the most value to pharma companies; within the research bucket, for example, those with capabilities across trial phases, therapeutic areas, and geographies present significant value to the pharma industry
- There is increased complexity in managing multiple outsourced vendors, so pharma companies are often preferring the most streamlined process to outsource critical parts of the research, development, and commercialization phases

3

### Increasing Technology, Data Analytics, and AI Adoption

- Along similar lines to the strong outsourcing fundamentals, given the need to shorten research and development timelines, cut costs, and reduce failure rates, pharma companies are often turning to technology solutions, including AI adoption, to more efficiently and cost-effectively move through the research and development process

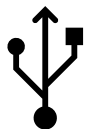
4

### Positive Market Sentiment Evidenced by M&A Momentum

- Pharma tech and services companies continue to appeal to investors and fetch premium valuations in the market due to many of the trends referenced above and overall market tailwinds, including rising drug development costs and pharma companies’ strong appetite to outsource
- Traditionally provider-focused PE firms, wary of headline and regulatory risk, are turning towards pharma services investments and creating strong competition in the market for high quality assets

# I. Trends & Insights: Trends by Subsector

## Pharma Tech



Technology that aids in the research, development, and delivery of pharmaceutical products and services

### Select Market Participants



### Key Trends

- With the increase in remote work, many stakeholders throughout the research, development, and delivery process now utilize digital engagements, reporting, and monitoring
- The rise in value-based contracts with payors requires pharma companies to track outcomes through data capabilities, leading to an increase demand in technology solutions
- With the rise in R&D costs, pharma companies are turning to tech solutions to decrease costs and increase profitability

## CROs



Outsourced research services to pharmaceutical companies during the drug discovery, pre-clinical, and clinical trial stages

### Select Market Participants



### Key Trends

- Pharma customers tend to have a sticky relationship with their CRO partners, with the largest pharma manufacturers often using only a limited number of CRO partners
- Capabilities across trial phases and geographies is a large differentiator
- Pharma companies of all sizes often find outsourcing beneficial due to the complexity, timeline, and costs of the research process

## CDMOs



Outsourced development and manufacturing services to pharmaceutical companies during the clinical and commercial stages

### Select Market Participants



### Key Trends

- Similar to CRO outsourcing, large and small cap pharma companies utilize outsourcing, due to the high fixed costs of manufacturing and development and need to enter the market efficiently
- Those with end-to-end capabilities, such as discovery and commercialization, in addition to development and manufacturing, often attract large cap pharma companies, while those with higher touch services and offerings typically cater to smaller pharma customers

## Commercialization



Solutions that involve commercializing products during the late clinical and post-approval phase

### Select Market Participants



### Key Trends

- Brand managers are increasingly turning towards outsourced commercialization, in order to efficiently move drugs out of the clinical trial phase and into the monetization phase
- Firms that have the data required to demonstrate return on investment are better able to differentiate themselves and retain and attract clients
- Demand for commercialization services continues to grow, as manufacturers are turning to specialized therapeutics with smaller patient populations

# I. Trends & Insights: Voices from the Field

## Company

## Earnings Call Excerpts



“Large pharma companies remain cautious, driven by a rapidly changing geopolitical and macroeconomic environment. Decision-making timelines for our customers have been affected by proposed pharmaceutical tariffs and the potential introduction of a most favored nation pricing algorithm. Among smaller customers, the biotech funding environment has slightly improved, but it remains below trend on a historical basis.”

–William Feehery, CEO (08/06/2025)



“The biotech environment is stable but mixed with smaller biotechs still being more cash constrained due in part to the slowdown in biotech funding, whereas mid-sized biotechs are performing better as many are able to support their own R&D programs without external funding. Key DSA demand trends, coupled with constructive discussions with our biopharmaceutical clients, have also reinforced our belief that the preclinical demand environment is stabilizing.”

–James Foster, CFO (08/06/2025)



“There’s still a huge area of unmet medical need and a lot of very important therapeutic areas that I think we can help to address. So, I don’t think it’s an air pocket. But I think as I’ve said a number of times, it is a somewhat volatile environment. And as you say, the biotech funding doesn’t really support necessarily the talk and what we’re seeing here. But I think that may be a little bit in the lag.”

–Steve Cutler, CEO (07/24/2025)

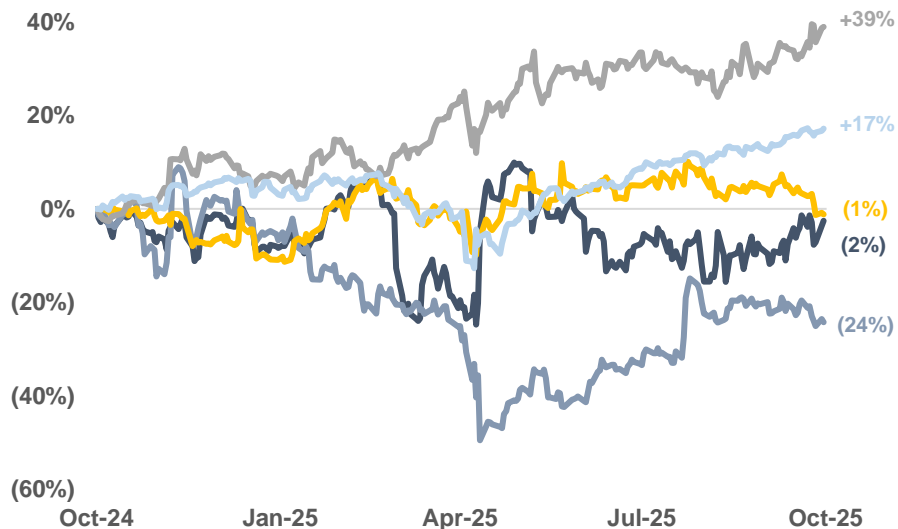


“Large pharma is facing headwinds such as patent expirations and Inflation Reduction Act pricing pressures, while biotech companies have seen a significant pullback in available sources of capital. These challenges have been further exasperated by the threat of tariffs with favored-nation pricing policies and significant budget reductions at the NIH and FDA.”

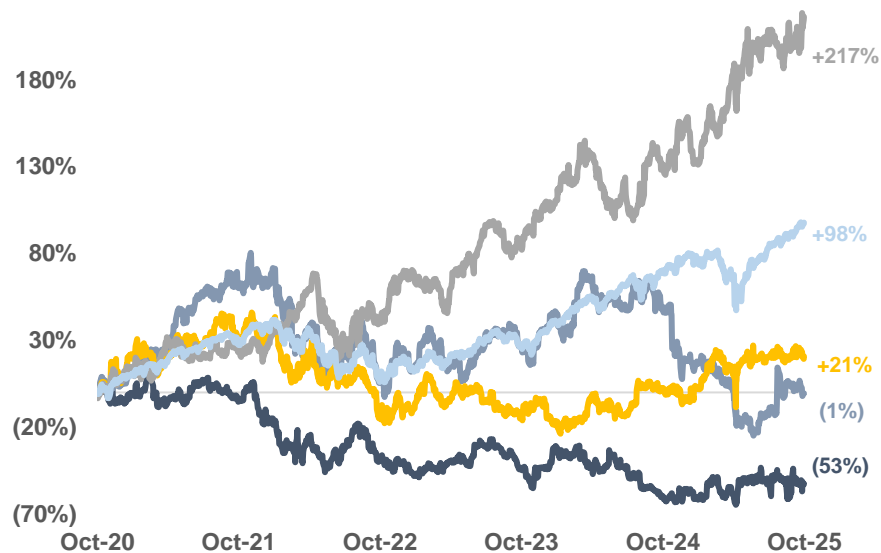
–Shawn O’Connor, CEO (07/14/2025)

# II. Public Market Benchmarks: Stock Performance

Public Company Stock Performance (LTM)



Public Company Stock Performance (5 Years)



Pharma Tech    CROs    CDMOs    Distributors    S&P 500

**Pharma Tech**

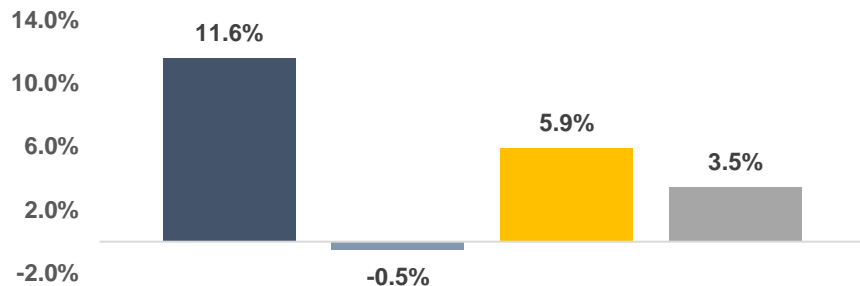
**CROs**

**CDMOs**

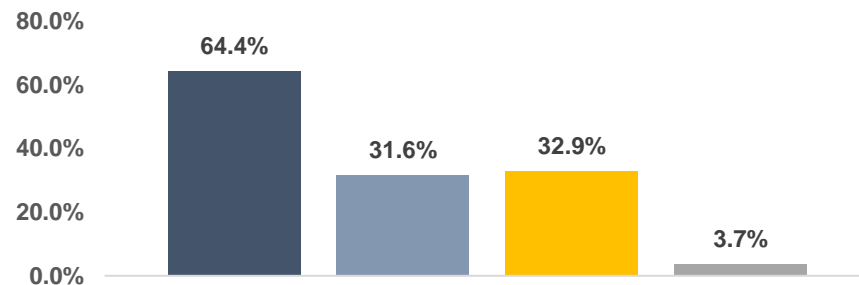
**Distributors**

## II. Public Market Benchmarks: Valuation & KPIs

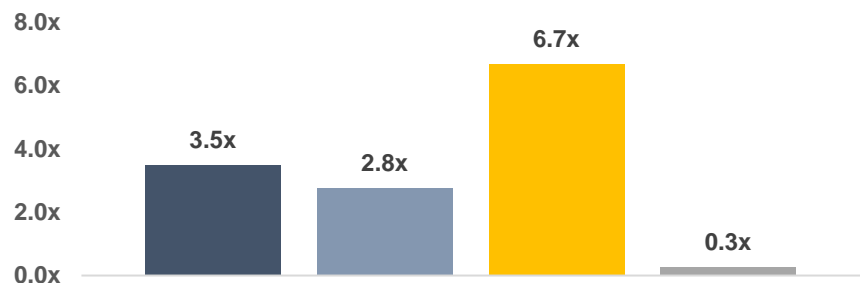
Median LTM Revenue Growth



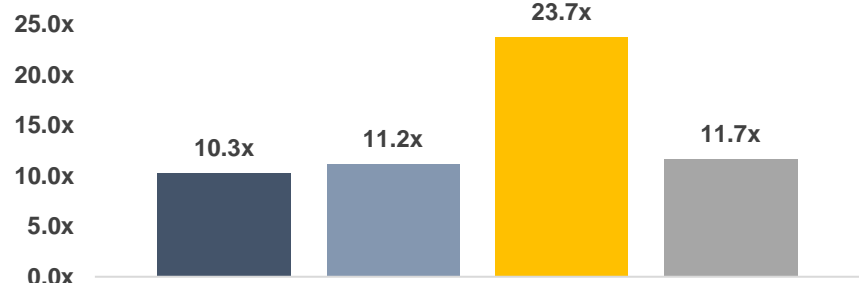
Median LTM EBITDA Margin



Median EV / LTM Revenue



Median EV / LTM EBITDA



Pharma Tech

CROs

CDMOs

Distributors

# III. Market & Buyer Landscape: Market Map

## Pharma Tech



## Clinical Trials / CROs



## CDMOs



## Commercialization Services



# III. Market & Buyer Landscape: Notable PE Investors

## Arsenal Capital Partners

### Portfolio Companies



## FRAZIER HEALTHCARE PARTNERS

### Portfolio Companies



## LINDEN

### Portfolio Companies



## novo holdings

### Portfolio Companies



## WATER STREET

### Portfolio Companies



## WINDROSE HEALTH INVESTORS













### Portfolio Companies



Exited

Source: PitchBook, Company Websites

# IV. M&A Activity: Notable Recent Transactions

Select Pharma Services Transactions			
Date	Target	Investor	Commentary
07-July-25			PCI Pharma Services, a global contract development and manufacturing organization, received a strategic investment from Bain Capital, with support from existing investors, Kohlberg and Mubadala.
05-Aug-25		GREYLION	Slipstream IT, a technology partner serving the pharmaceutical and biopharmaceutical industry, received an investment from GreyLion Partners.
14-Aug-25			Headlands Research, a multinational network of clinical trial sites, was acquired by THL Partners.
25-Sep-25			Advanced Concepts Innovations, a contract packager for the medical industry, was acquired by Praxis, a portfolio company of BPOC.
29-Sep-25		CLINIGEN	SSI Strategy, a strategic consulting partner to pharma and biotech companies, was acquired by Clinigen, a portfolio company of Triton.
29-Sep-25			StudyMetrix and Coastal Research Institute, two clinical research sites headquartered in St. Louis and Fayetteville, respectively, were acquired by Rovia Clinical Research.
30-Sep-25			BioPharm Communications, a provider of customized marketing campaigns for pharma and biotech customers, was acquired by Indegene.

# V. About Us: Founders Healthcare Team

## Healthcare Senior Leaders



### Michael White | Managing Director, Head of Healthcare

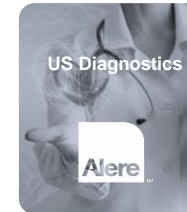
Michael White is a Managing Director and the Head of Founders' Healthcare Practice. He has over 20 years of experience advising healthcare clients on a range of strategic alternatives, including IPOs, public and private equity and debt capital raises, joint ventures, licensings, and buy-side and sell-side mergers and acquisitions. Michael also served as CFO of Carbalyn Therapeutics, a specialty pharmaceutical company. Michael holds an MBA from the University of Chicago Booth School of Business and a Bachelor of Science in International Finance from the University of Alabama.



### Thomas Dixon | Managing Director

Thomas Dixon is a Managing Director on the Healthcare team. Thomas joined Founders in 2024, bringing his diverse experience to the Firm, which includes serving as a development officer at four distinct, PE-backed healthcare platforms and as a Principal at one of the nation's largest healthcare consultancies. Thomas holds an MBA from the University of Minnesota and a B.B.A. in Marketing from the University of Oklahoma.

## Select Recent Transactions



## Healthcare Junior Team



### Courtney Jones | Associate

Courtney joined Founders in 2024 as an Associate. Courtney's primary responsibilities include supporting principals in client service and execution of deals through industry research, preparing financial analyses and marketing materials, and facilitating due diligence. Prior to joining Founders, Courtney worked at Harris Williams as an Investment Banking Analyst in the healthcare division. Courtney received her Bachelor of Science in Accounting from Washington and Lee University.



### Wells Watts | Analyst

Wells joined Founders in 2024 as an Analyst in the Healthcare Practice. Wells's primary responsibilities include supporting principals in client service and execution of deals through conducting industry and company research, preparing financial analyses, and facilitating due diligence. Wells graduated summa cum laude from Auburn University with a Bachelor of Science in Finance.



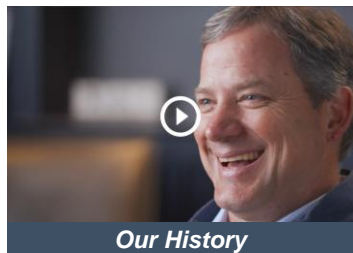
### James Nichols | Analyst

James joined Founders in 2025 as an Analyst in the Healthcare Practice where his responsibilities include supporting principals in client service and execution of deals by conducting industry and company research, preparing financial analyses, and facilitating due diligence. James graduated from the University of Georgia with a B.B.A. in Finance.

# V. About Us: Founders Advisors Overview

## FIRM OVERVIEW

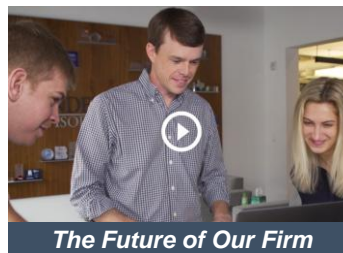
Founders is a mergers, acquisitions, and strategic advisory services firm that has served middle-market companies since 2003. With a nationwide footprint, we pride ourselves in employing a values based and highly personalized relational approach through our five industry-focused advisory teams. Today, Founders employs over 45 professionals and has offices in Birmingham, AL (headquarters), Dallas, TX, and Nashville, TN.



Our History



Our Culture



The Future of Our Firm

## OUR WHEELHOUSE

The majority of our clients are founder-owned and operated companies across five industry groups that collaborate together. We listen to our clients and take the time to truly understand each client's unique situation and desired outcomes. Founders has been a trusted advisor to hundreds of middle market business owners, supporting their growth through tailored financing structures and ownership transition transactions

## CAPABILITIES & FIRM HIGHLIGHTS



Sell-Side  
Advisory



Strategic  
Advisory



Capital  
Raises



Targeted  
Buyside



Spin-Offs /  
Divestitures

**\$55B+**

Founders Managing  
Directors' Transacted  
Enterprise Value\*

**100+**

Founders' Completed  
Engagements  
Since 2013

**21%**

Average Increase in  
Initial Bid to Closing

## Industries Covered

Business Services

Technology

Consumer

Healthcare

Industrials

## PURPOSE

Be Servant Leaders who  
value relationships and  
results

## FIRM VALUES

### ORDER

Maintain focus on doing the right things at the right time

### SERVICE

Go the extra mile for our clients, co-workers, & community

### GROWTH

Reflect, evaluate, and plan for improvement

### EXCELLENCE

All we do, we do well

### HEALTH

Be and stay healthy, personally, and as a team

### COMMUNITY

Be team-focused; we're better together

# FOUNDERS

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## ADVISORS

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