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Pharma Commercialization and Market Access

Perspectives and Research into Recent Trends Impacting the Commercialization of Drugs

July 2025

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Key Focus Areas

- HCP, Patient & Omnichannel Engagement
- Market Access & Pricing, HEOR, RWE
- Medcomms & Healthcare Marketing / Advertising
- Medical & Regulatory Affairs & Pharmacovigilance
- Patient Support & Hub Services

Relevant Deals

performance.io has received an investment from APIARY CAPITAL	Delta Hat has been sold to petauri a portfolio company of OAK HILL CAPITAL	nspm has been sold to CACTUS LIFE SCIENCES a portfolio company of CACTUS	reverba a portfolio company of 424 CAPITAL has acquired Six Degrees Medical
ARK has been sold to OPEN HEALTH a portfolio company of AMULET CAPITAL PARTNERS	ramarketing has been sold to North Edge.	nuvera has been sold to iNIZIO	inflexion has acquired PHARMASPECTRA

Source: Bourne Partners
Note: Includes transactions made by Bourne Partners bankers at prior institutions

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Select Pharma Commercialization M&A Transactions

The Bourne Partners deal execution team brings decades of experience in the Pharma Services sector, with deep expertise in pharmaceutical commercialization. Our strong relationships across the commercialization ecosystem—including market access and HEOR consultancies, patient support providers, medical communications and digital marketing agencies, medical affairs and pharmacovigilance providers, and real-world evidence and technology providers, among others—enable us to deliver strategic, insight-driven advisory services. With a nuanced understanding of the regulatory, operational, and market dynamics that shape commercialization success, Bourne Partners consistently creates value through tailored transaction execution and long-term partnership development.

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inflexion has acquired PHARMASPECTRA	MEDAXIAL has been sold to COVANCE	QUEEN'S PARK EQUITY has acquired republic m	Prescient has received an investment from Baird Capital	Prescribing Support Services has been sold to McKESSON	Hive group has been sold to KIN+CARTA	STEM has been sold to UDG Healthcare plc

Note: Includes transactions made by Bourne Partners bankers at prior institutions

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Key Takeaways on the Pharma Commercialization Space

We see the pharma commercialization and market access space as going through a period of transformation on the heels of the *Inflation Reduction Act (IRA)* of 2022, the just passed *One Big and Beautiful Bill (OBBB) Act* of 2025, and potential new regulations coming out of the Trump administration. This is leading to more and more conversations with private equity investors and executives about opportunities to optimize business models (including through mergers and acquisitions) in order to better navigate a changing pharma environment.

- **We anticipate strong demand for outsourced pharma commercialization and market access services in conjunction with upwards of $125 billion of expected annual net sales from new drug brand launches over the next five years**. This is up materially from the estimated $95 billion of net sales from new drug launches over the past five years (excluding COVID-19 vaccines and therapeutics). Adding to this, we believe the regulatory environment is increasingly favorable to the development of complex biologic drugs targeting rare diseases and genetic conditions. For instance, the just passed *OBBB Act* includes language that materially expands existing protections for "orphan drugs" from many of the negative provisions of the *IRA*.
- With an increasing focus on complex precision medicines for "orphan" indications, **we see a greater need for pharma companies to allocate market access resources earlier in the lifecycle of a drug**, even during *Phase I* and *Phase II* clinical trials. This includes the generation of real-world evidence (RWE) and health economics and outcomes (HEOR) studies that help demonstrate a drug's comparative effectiveness. Being able to show clear product differentiation has always been important, but, post-IRA, we see the development of a solid value proposition as a "must have" to mitigate price erosion in the face of potential IRA Medicare price negotiations -- and the spillover effects that these negotiations will likely have on commercial pricing. Also, the redesign of Medicare Part D benefits, which is now fully in effect, will likely lead to more aggressive utilization management tactics by payers.
- Today, **the landscape of providers offering pharma commercialization and market access software and services remains highly fragmented.** However, we think there is a growing recognition among investors that providers will need to have greater global and therapeutic diversification -- as well as a broader continuum of skills in areas such as medical affairs, patient support and hub services, and omnichannel marketing, to support more targeted pharma commercialization and market access strategies. Also, we see economies of scale as necessary to allow for investments in information technology infrastructure to support new artificial intelligence applications and generate RWE to defend the formulary status and pricing of high-cost drugs.

Source: The IQVIA Institute (Understanding the Use of Medicines in the U.S.; April 2025) and Bourne Partners

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Overview of Pharma Commercialization in the United States

Overview of Pharma Commercialization in the U.S.

In pharma, the commercialization process is unique insofar as it requires the simultaneous engagement with FOUR distinct categories of stakeholders -- i) third-party payers (health plans and pharmacy benefit managers or PBMs), ii) physician prescribers, iii) patient consumers, and iv) government regulators -- each of which is critical to final sales.

1. **Third-Party Payers.** In the United States, the healthcare of most Americans is financed by a third-party health plan either through Medicare, Medicaid, a private employer, or the Affordable Care Act exchanges. Every health plan, in turn, uses a formulary, with different coverage tiers, to encourage patients towards preferred drugs. As such, core to the success of commercializing a drug is optimizing its formulary placement, and commercial teams should regularly engage with those individuals involved in formulary decision-making throughout the lifecycle of a drug -- even while a drug is still in clinical trials.

2. **Physician Prescribers.** Engagement with physicians is core for pharma commercialization since it is ultimately a physician that writes a prescription for a drug -- and most formularies are open such that, regardless of formulary placement, any drug can still be prescribed if it is deemed medically necessary. However, physicians are inundated with information so they can often be simply unaware of a drug, particularly when it involves a rare disease. Also, there are hundreds of thousands of physicians in the United States, so physician outreach requires detailed targeting of relevant physicians and patient populations. Finally, health systems are increasingly restrictive with respect to allowing physicians to meet face-to-face with pharma sales reps. So, commercial teams often need to be creative with their outreach campaigns using digital and social media.

3. **Patient Consumers.** Patient outreach is an important part of a market access strategy particularly with patients becoming more Internet-savvy and involved in their healthcare decision-making. Recent data from the *Centers for Disease Control and Prevention* showed that over half of U.S. adults use the Internet to gather information on their healthcare alternatives before visiting a physician. Direct-to-consumer (patient) marketing for pharma can involve television, radio, the Internet, and social media, among other channels -- as well as engagement through patient advocacy groups.

4. **Government Regulators.** Regulatory agencies, such as the *Food and Drug Administration*, often require post-approval studies, and any performance or safety issues can cause a regulator to revoke/limit use of a drug. Pharma commercial strategies should include proactive engagement with regulators using real-world evidence to support the efficacy and safety of drugs.

Source: U.S. Centers for Disease Control and Prevention and Bourne Partners

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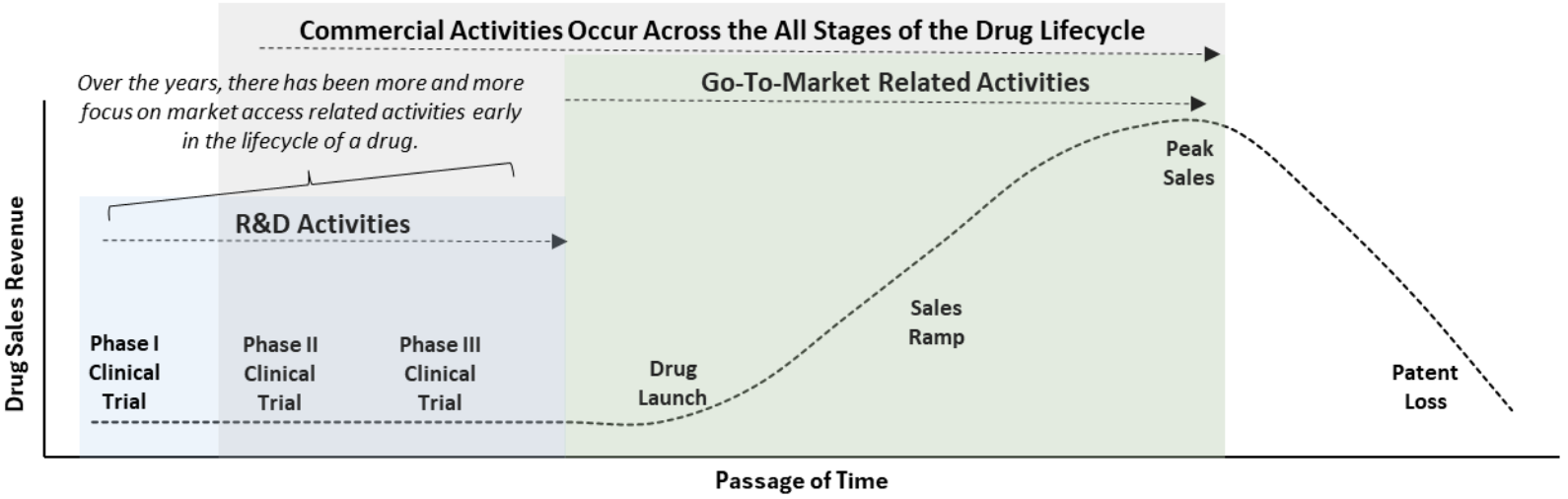
Commercialization Through the Entire Drug Lifecycle

Pharma commercialization activities occur through all stages of a drug's lifecycle -- from clinical trials to regulatory approval to going-to-market. Over the years, there has been a greater focus on commercial activities early in the lifecycle of a drug due to regulatory pressures and the increasing complexity of many new drugs coming to market.

Early engagement with stakeholders is crucial to pharma commercialization, in our opinion. Market access teams are responsible for assessing the revenue opportunity for a prospective drug by developing a full understanding of a drug's target patient population and clinical alternatives as well as any relevant regulatory or legislative considerations. Sometimes even as early as in *Phase I* studies market access professionals will collaborate with clinical development teams to think ahead for what clinical and economic datapoints would be helpful to optimize the potential commercialization of a drug. This can often result in changes to clinical trial design.

Also, **at least 18 months prior to regulatory approval, pharma companies need to start developing a value proposition from the perspectives of their various distinct stakeholders**, as highlighted on the previous slide. This often includes the generation of health economics and outcomes research (HEOR) studies and the development of clinical and real-world evidence (RWE).



Source: Bourne Partners

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Commercialization to Third-Party Payers (Health Plans)

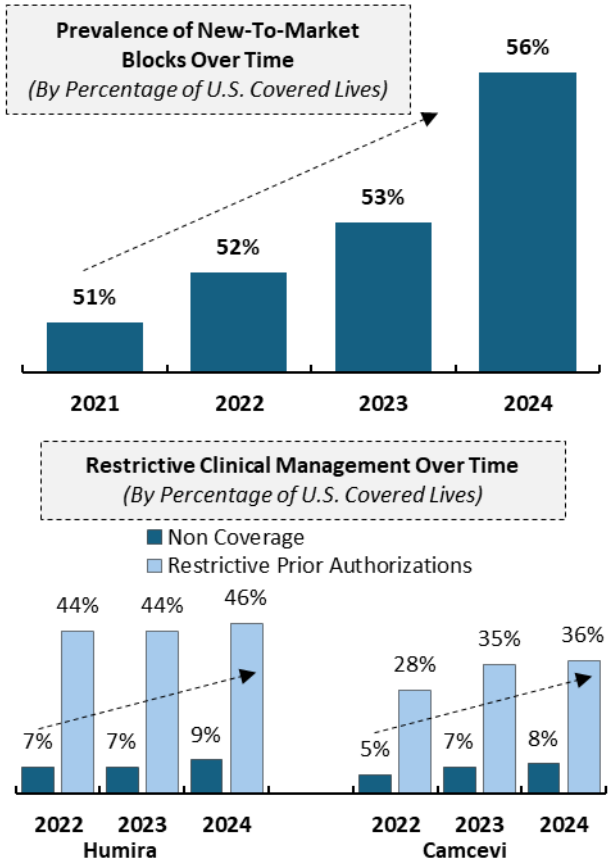
Core to the commercial success for a new drug brand is favorable positioning on payer formularies. To optimize formulary placement, market access teams need to present data to payers that demonstrate the value proposition of a drug with respect to both its clinical outcomes for patients and its economic outcomes for the health plan.

Formulary placement is typically the top focus of a commercial strategy. First tier drugs have the lowest patient co-pays and the least restrictions (in order to incentivize their usage). Less preferred drugs fall in higher tiers with increasing patient co-pays and increasing utilization restrictions. Most formularies are "open" such that, in theory, a drug can still be prescribed if deemed medically necessary. However, this is discouraged, and dispensing an off-formulary drug adds additional administrative burdens for physicians and pharmacists.

Favorable formulary placement, in turn, often involves "rebating." Payers are increasingly requiring rebates as a form of "pay-to-play." Paying rebates is often necessary to avoid clinical restrictions, i.e., prior authorizations, step therapies, quantity limits, and other utilization management tactics.

Also, **market access teams increasingly need to navigate mandatory "blocks"** on newly approved drugs. These blocks are created to allow Pharmacy & Therapeutics (P&T) committees time to review and determine final coverage. The prevalence of new-to-market blocks has been increasing, and this can slow sales ramps for newly approved drugs by up to six months (sometimes a year).

Finally, **increasing vertical integration in the U.S. healthcare system is leading to health plans and pharmacy benefit managers (PBMs) having more and more direct control** over the dispensing of drugs, e.g., white-bagging and limitations on the sites of care where patients can receive treatment.



Source: MMIT ("State of Patient Access" webinar; June 2025) and Bourne Partners

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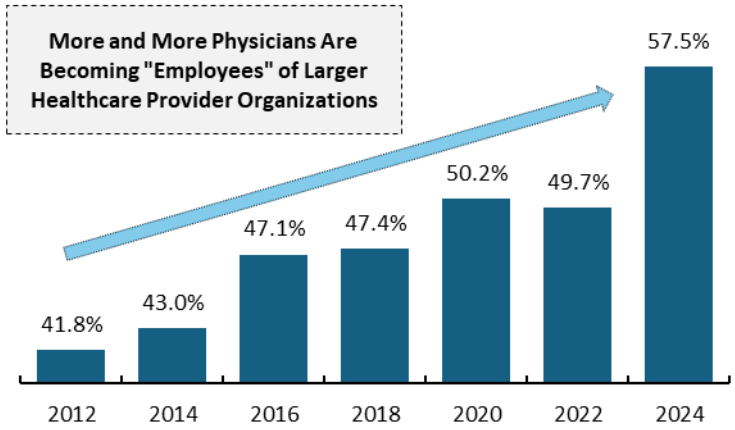
Commercialization to Physician Prescribers

Engagement with physician prescribers is a crucial element to successful pharma commercialization, particularly for complex and expensive drugs that target rare and genetic diseases. Pharma market access teams are increasingly using digital marketing to reach physician groups who are being integrated into larger health systems.

Most (~80%) of the typical pharma sales and marketing budget is aimed at engaging physicians. Physicians are inundated with information, and they can be often simply unaware of the existence of a new drug therapy, particularly when it involves a rare disease. Pharma companies deploy teams of sales representatives ("detailers") to visit physicians in their offices or at conferences to provide educational content about their drugs (and offer free samples). There are hundreds of thousands of physicians in the United States, so “detailing” campaigns require thoughtful targeting of potential physician prescribers (and patient populations).

Relationships with key opinion leaders (KOLs) are also particularly key for a market access strategy, particularly for complex and expensive medicines. KOLs are thought leaders in a specific therapeutic vertical, and they can be influential to the prescribing behavior of other physicians. It is also important to engage with KOLs during the clinical development of a drug to gain insights into likely patient concerns and clinical and/or treatment alternatives. Pre-market evidenced-based education of KOLs has been shown to increase adoption by 150% in the first six months post-launch, according to research by market access firm MMIT.

Also, **digital marketing has become an increasingly relevant channel for pharma companies** to connect with physicians. The use of digital pharma marketing accelerated in conjunction with the COVID-19 pandemic. Adding to this, there has been a steady trend of consolidation among healthcare providers in the United States. In larger health systems, treatment protocols/best practices are often set by corporate decision-makers (vs individual physicians). As such, pharma sales reps are facing more and more restrictions getting face-to-face meetings with individual physicians. In response, we see pharma commercial strategies relying more on email, social media, and online marketing as alternative ways to connect with physicians.



Source: American Medical Association Physician Practice Benchmark Survey (2025) and Bourne Partners

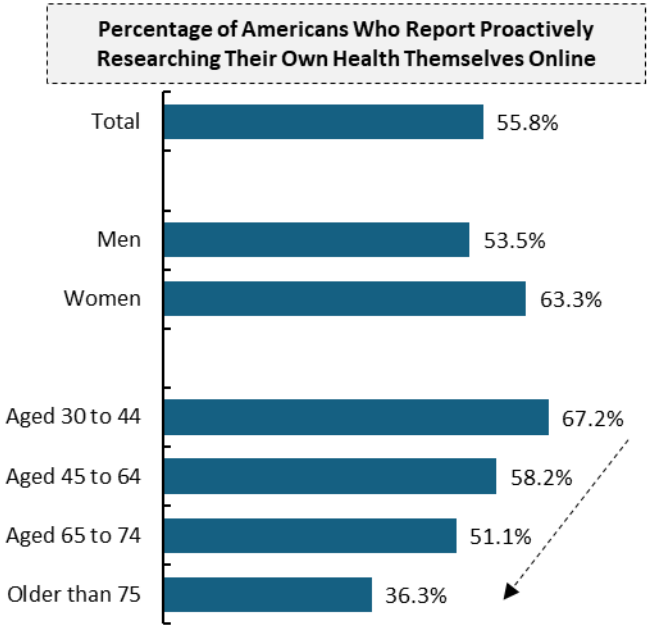
Commercialization to Patient Consumers

Increasing patient awareness of a new branded drug therapy is a key component of a pharma commercialization strategy. This includes advertising through print, television, and radio media as well as through online advertisements and social media. These advertisements attempt to encourage patients to proactively request prescriptions from physicians.

We believe that pharma companies focus most of their promotional budgets on physicians. That said, **a good mix (we estimate: ~20%) of promotional spending is allocated towards patients themselves** with the theory that greater awareness of a new drug brand will lead to patients proactively requesting prescriptions from physicians. And, in some cases, this can lead to patients "doctor shopping." Hard data on "doctor shopping" is difficult to come by with estimates varying widely from 6% to 56%. However, we consistently hear that direct-to-consumer (patient) marketing has some of the highest ROIs for pharma companies.

In our view, **American patients want to be more involved in managing their own health and wellness.** This is supported by a variety of research studies. For instance, data from the *U.S. Centers for Disease Control and Prevention* shows that 55.8% of U.S. adults proactively research their health themselves, online, to gather information on their medical options. This percentage appears to be significantly higher among younger and more tech-savvy generations, suggesting that this percentage will steadily increase over time as these younger adults age, in our opinion.

There has also been an increasing appreciation of the importance (and influence) of patient advocacy groups in specific disease areas. Patient advocacy groups can be helpful to pharma market access teams to get a deeper understanding of patient issues and concerns. On top of this, partnering with patient advocacy groups can help market access teams develop patient registries and generate real-world evidence on a drug therapy's safety and effectiveness. This is particularly relevant for complex drugs addressing rare diseases that are logistically difficult to administer.



Source: U.S. Centers for Disease Control and Prevention

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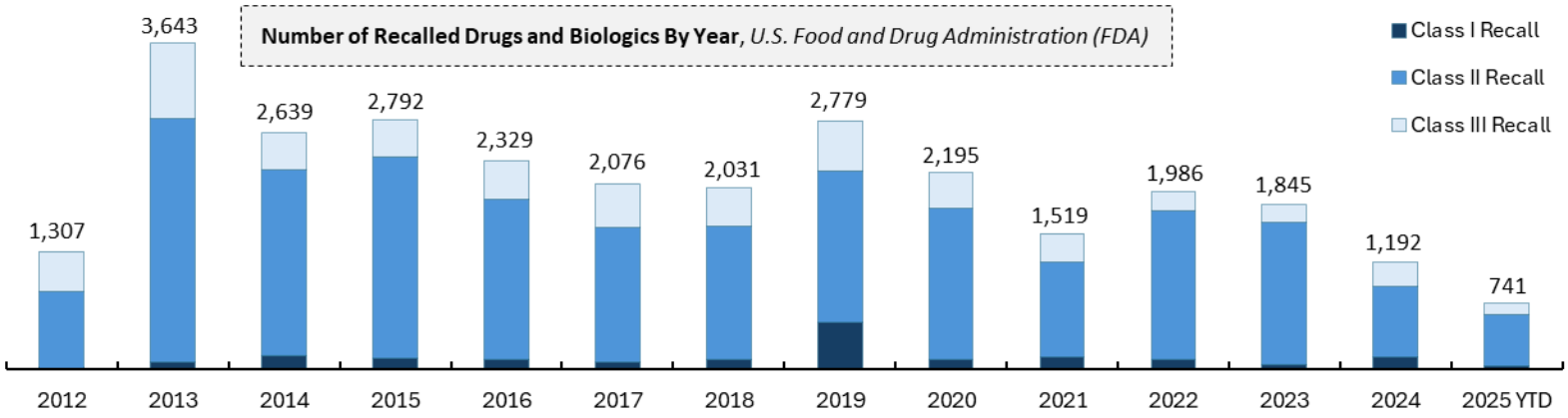
Commercialization to Government Regulators

A pharma commercialization strategy should involve regular engagement with government regulators, e.g., the *U.S. Food and Drug Administration (FDA)*, insofar as regulators can revoke or limit market access if there are any concerns around product performance and/or safety. This could include manufacturing, packaging, and/or labeling related issues.

Pharma commercial teams should be engaged with government regulators throughout the lifecycle of a drug. In the United States, the FDA will often require pharma companies to continuously conduct post-approval studies to monitor the safety and efficacy of a drug therapy after it has been approved. Pharma companies should identify which regulatory personnel are the most trusted and influential within their specific disease areas and make sure that these individuals fully understand how their drug meets a specific patient need. This is important since some government regulators may lack real-world context around a disease or condition, which can create a risk for the pharma company. In fact, over the past decade, the FDA has recalled over 20,000 individual drugs.

Commercial/market access teams should be prepared for ongoing regulatory inquiries with real-world evidence on how their drug addresses an unmet need or a gap in care. Partnerships with patient advocacy groups can give a company significant credibility with regulators and back them up about how their drug is differentiated and addresses an unmet need and/or a gap in care in current treatments. This can help FDA regulators with their risk and benefit determination and decision making.



Source: U.S. Food and Drug Administration (FDA)

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Current State of Pharma

Implications for Pharma Commercialization

The Big Picture on U.S. Prescription Drug Spending

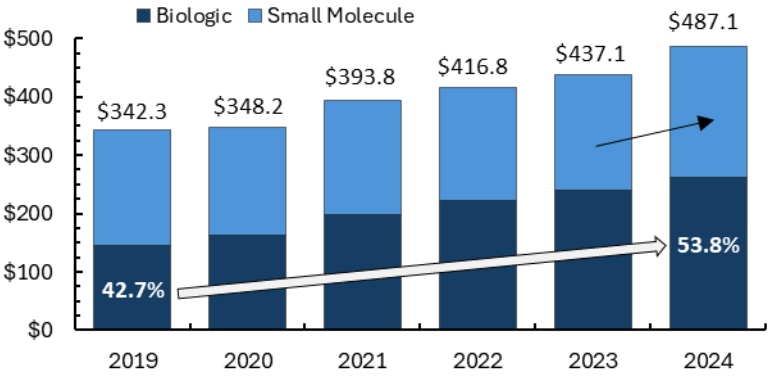
Total U.S. drug expenditures (net) grew to $487 billion in 2024 (up 11.4% year-over-year). This includes **net spending on new branded drugs (within two years of launch) of $24 billion** -- largely driven by drugs for diabetes and obesity. This was partially offset by $19 billion from the loss of patent exclusivities, mostly from biosimilar competition.

Looking ahead, **the IQVIA Institute is projecting $600 billion of U.S. pharmaceutical spending (at net prices) in 2029**, implying annual growth of 4.2%, driven by oncology and obesity drugs -- while growth for drugs addressing diabetes, immunology, and COVID-19 are expected to slow. **The five-year outlook assumes $125 billion of incremental annual net sales from new drug launches, which is up from $95 billion over the past five years** (excluding COVID-19 related vaccines and therapeutics). Also, included in the five-year outlook is an expected $91 billion headwind from drugs losing patent protection (offset by incremental biosimilars sales).

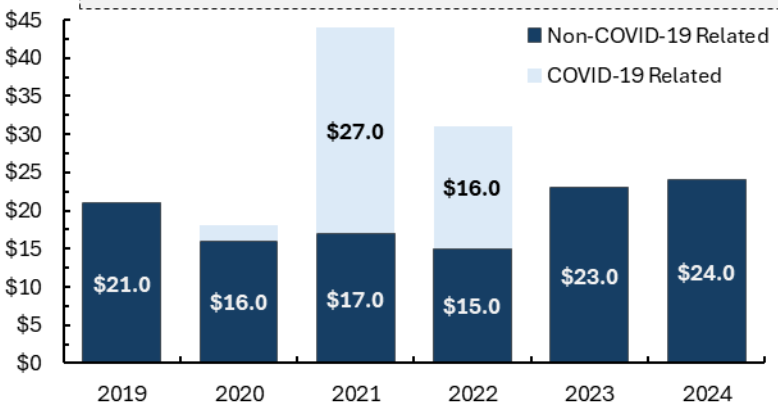
Of note**, out-of-pocket patient spending on prescription drugs reached $98 billion in 2024, up 6.5% year-over-year**, driven by non-Medicare populations and non-retail drugs. The Medicare Part D redesign, as part of the *Inflation Reduction Act of 2022*, began to phase-in in 2024 with the implementation of a new $3,500 annual out-of-pocket cap on beneficiaries. Because of this, out-of-pocket spending among Medicare beneficiaries was flat in 2024 -- and it is expected to be flat or decline in 2025.

Total U.S. Drug Spending ($ Billions)
Based on Net Manufacturer Prices

Total drug spending grew 11.4% in 2024 with biologics accounting for 53.8% of total spending.



Total U.S. Spending on New Drug Brands ($ Billions)
Net Manufacturer Prices for Drugs Less Than Two Years After Launch



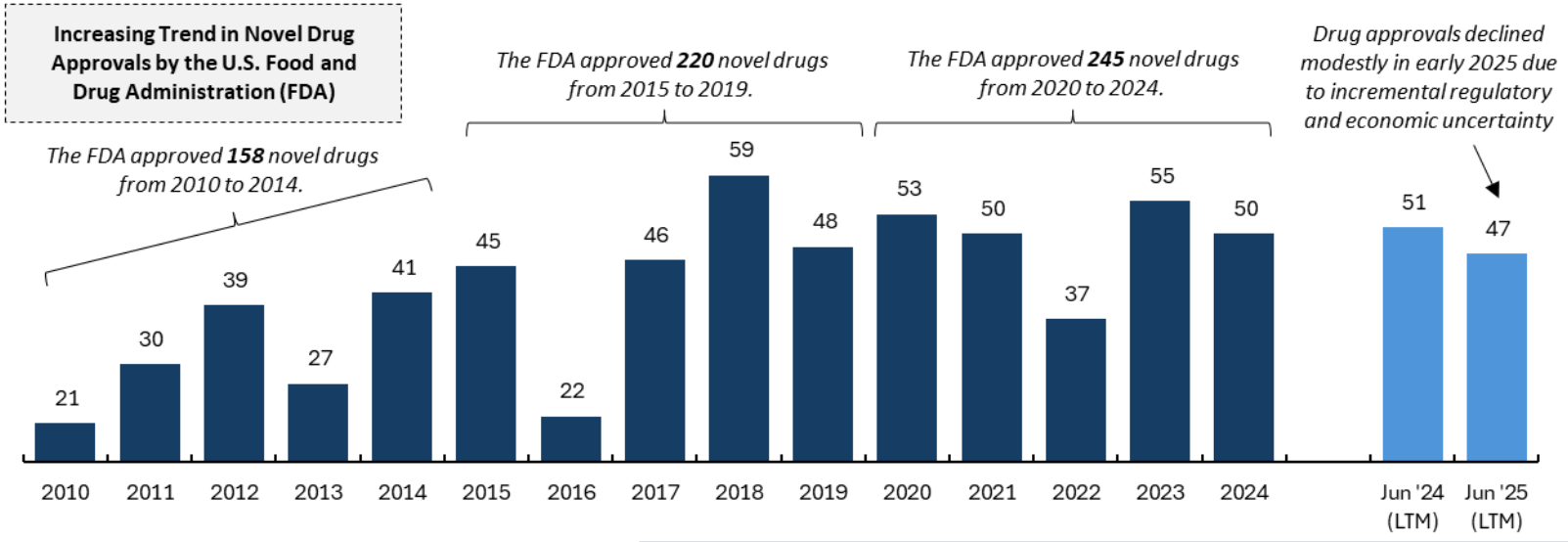
Source: IQVIA Institute (Understanding the Use of Medicines in the U.S.; April 2025) and Bourne Partners

Slowdown in Approvals Belies Long-Term Fundamentals

There has been a modest slowdown in the volume of new drug approvals by the *Food and Drug Administration (FDA)* with only nineteen new drugs approved from January through June 2025. However, we view this as a temporary lull in an otherwise increasing trend of new drug therapies coming to market over the past two decades.

The FDA approved 245 novel drugs over the past five years (from 2020 to 2024). This is up 11.4% from 220 from 2015 to 2019 and up 55.1% from 158 from 2010 to 2014. On a R4Q basis (through June 2025), there have been 47 new drug approvals. This is down modestly year-over-year (from 51). However, it is in line with the prior ten-year annual average (of 47).

We are generally optimistic that the increasing trend in new drug therapies coming to market will continue. There have been a lot of concerns about recent budget cuts at the FDA and at the National Institutes of Health in recent months. However, these budget cuts have been limited to overhead and support functions. Core FDA product review teams responsible for evaluating drugs and medical devices have been preserved to maintain the FDA's essential functions. As such, whatever disruptions that may have occurred at the FDA associated with the change in administrations should normalize in the second half of 2025 and in 2026.



Source: The U.S. Food and Drug Administration and Bourne Partners

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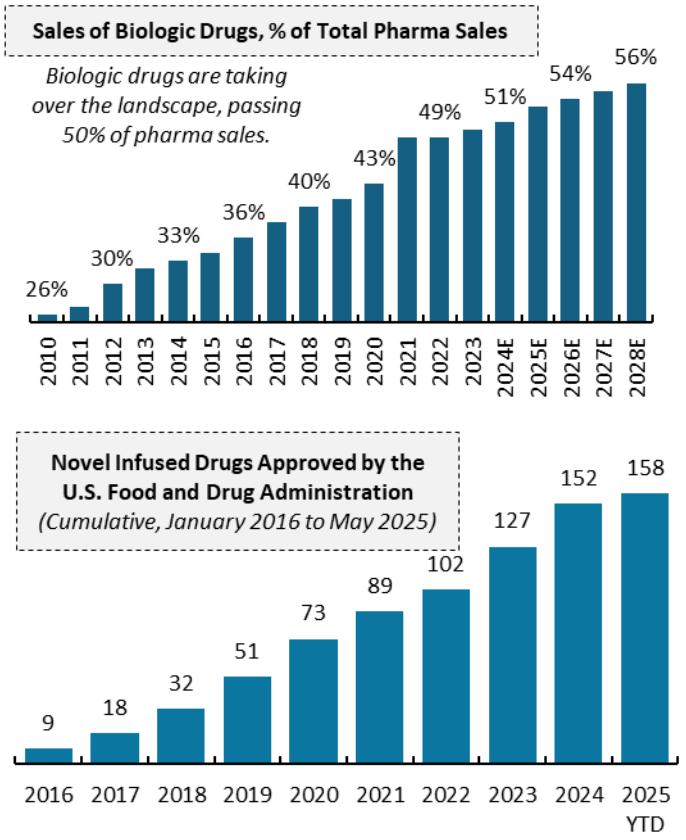
An Increasing Prevalence of Complex Biologic Drugs

An increasing mix of new pharmaceuticals coming to market are large molecule (biologic) drugs. This is relevant from a commercialization/market access standpoint since these drugs tend to be more expensive and complex to administer, often involving intravenous injections. We see this mix shift as a driver of demand for market access related services.

Biologic drugs now account for over half of pharma spending -- up from about a third a decade ago. We anticipate that spending on biologics will continue to increase in the coming years given that almost two-thirds of pharma R&D is focused on the development of these types of drugs. Adding to this, biologic drugs are positioned for relatively favorable regulatory treatment under the *Inflation Reduction Act (IRA)* of 2022. (Refer to the "pill penalty" discussion later in this report).

Biologic drugs are structurally much more complex with up to 25,000 atoms -- considerably larger than a traditional small molecule drug. Also, rather than being synthesized with chemicals, biologic drugs consist of a variety of organic materials, such as sugars, proteins, and nucleic acids -- all from cells and tissues of living organisms. In many ways, biologics are superior to small molecule drugs since they can be designed to target specific cells, which can make them more efficacious (and safe).

Finally, as a natural consequence of the increasing mix of biologic drugs, **more drug approvals by the *U.S. Food and Drug Administration (FDA)* consist of injectables**. This adds complexity to the distribution/delivery of these drugs to patients, often requiring specialized infusion nursing staff. By our analysis, since January 2021, 98 of the 205 (or 47.8%) of new molecular entity (NME) approvals by the FDA were for drugs that require an intravenous, intramuscular, and/or subcutaneous injection.



Source: Evaluate Pharma and Bourne Partners

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An Increasing Focus on Rare (and Genetic) Diseases

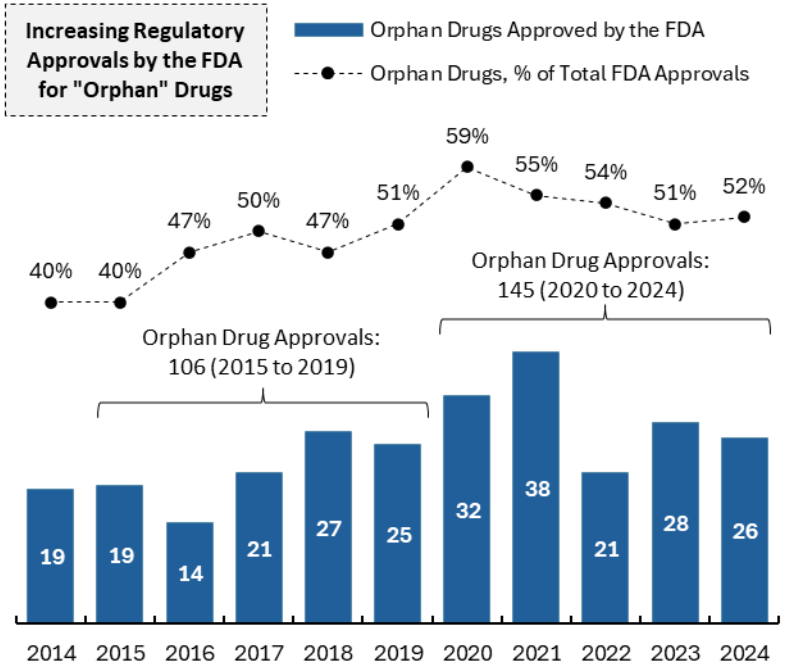
Most biologic drugs, in turn, are designed to address rare (and genetic) diseases and conditions. The targeting of niche patient populations with rare diseases brings with it unique market access challenges, particularly with respect to the education and training of health plans and physicians -- as well as the need to identify prospective patients.

Encouraging the development of drugs for rare diseases (i.e., "orphan" drugs) has been a priority of policymakers and regulators for years using a variety of incentives such as extended exclusivity rights, reduced regulatory application fees, and tax incentives. This has had the effect of a steady increase in regulatory approvals for "orphan" drugs targeting rare diseases. For instance, there were 145 "orphan" drug approvals from 2020 to 2024 -- *up ~36%* from the 106 "orphan" drugs approved from 2015-2019.

Looking ahead, **rare disease drugs will likely become an increasingly important driver of market access activities.** Today, rare diseases account for almost half of clinical trials globally, according to the IQVIA Institute, with ~95% of the 7,000-10,000 of rare diseases still lacking a pharmacologic treatment.

Also, following the passage of the *One Big Beautiful Bill Act of 2025*, "**orphan" drugs are now fully exempt from many of the negative provisions of the *Inflation Reduction Act*.** Moreover, over half of patients with rare diseases are children such that these drugs are not as exposed to Medicare policy, in our view.

Finally, commentary from the Trump administration suggests **the *U.S. Food and Drug Administration* is considering even more favorable regulation for rare disease drugs**, including potentially allowing these drugs to be approved on a "conditional basis" based solely on a "scientifically plausible" mechanism of action and without the use of costly and time-consuming clinical trials.



Note: A "rare disease" is defined as a disease or condition with less than 200,000 patients worldwide, per the U.S. Food and Drug Administration. Source: The U.S. Food and Drug Administration and Bourne Partners

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Commercial/Market Access Challenges for Rare Diseases

Pharmacologic therapies for rare diseases have unique commercial/market access challenges for sponsors. On the one hand, these drugs often face limited (if any) competition. On the other hand, commercializing these drugs requires proactive and ongoing engagement with healthcare providers, health plans, and patients (and regulators).

Education and Awareness. The low prevalence of rare diseases results in many healthcare providers and payers not being educated (or even aware) of the availability of a specific drug -- or sometimes even the disease itself. All of this puts much more pressure on sponsors to proactively engage with key opinion leaders, health plans, regulators, and patient advocacy groups much earlier in the lifecycle of a drug than would normally be the case in more mainstream diseases. A small number of key opinion leaders can be very influential, and early alignment with patient advocacy groups can facilitate the development of patient registries and real-world evidence as well as improved patient awareness and diagnostics.

Complexity. Drugs for rare diseases tend to be clinically complex and difficult for healthcare providers to administer, many of which require infusions by a medical professional. In fact, most rare diseases (~80%) are genetic and about half (~50%) of rare disease patients are children. Cell and gene therapies represent the extreme end of this complexity. These drugs often require specialized storage and equipment. Also, dedicated staffing is sometimes necessary to deliver these drugs, e.g., apheresis nurses, CAR-T nurse specialists, pharmacists, data managers, and CAR-T delivery coordinators -- as well as specialty doctors.

Diagnosing Patients. Identifying and diagnosing patients for a given rare disease can be very challenging. In diseases where there may be only a hundred or so patients worldwide, every incremental patient counts towards proving out a particular drug therapy. One estimate suggests that it can take an average of 4 to 5 years to get a correct diagnosis, and patients often have to see seven or more physician specialists before they can get to the right diagnosis.

Drug Costs. The cost of pharmacologic treatments for rare diseases tends to be very high, often averaging upwards of $100,000 per treatment. We think payers do not treat rare disease (orphan) drugs as special just because they address small patient populations. Sponsors of rare disease drugs still need to demonstrate the value of their drugs empirically with clinical and real-world evidence -- just like any other drug. However, this can be much more difficult given the lack of patient prevalence. This argues for much greater adoption and use of advanced artificial intelligence and machine learning software.

Source: Bourne Partners

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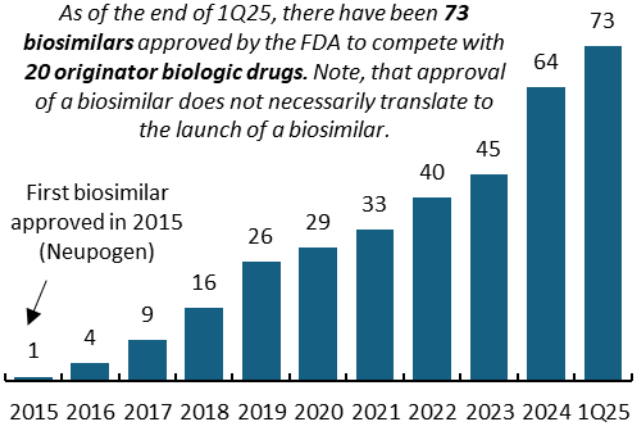
An Increasing Opportunity for Biosimilar Drugs

Biosimilars could be another driver of commercial/market access activities in the coming years in the United States. Over the next decade, there are 118 biologic drugs facing patent expirations, representing $232 billion of annual sales, per the IQVIA Institute. In theory, we think this would suggest an incremental annual revenue opportunity of well over $35 billion for biosimilar drug developers -- on top of the estimated $8 billion currently spent per year on biosimilars.

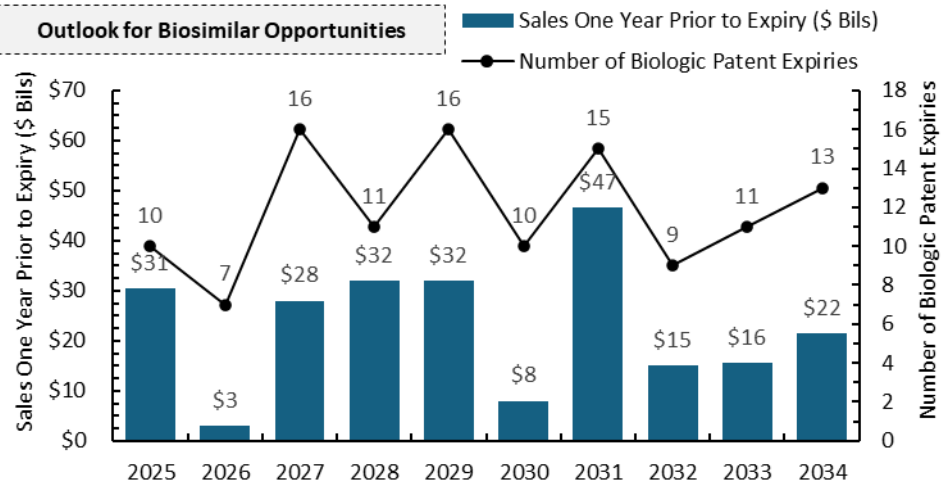
Simply stated, **a biosimilar is a "generic" version of an existing biologic drug whose patent has expired.** However, because a biologic is derived from a living organism and no living organism is exactly identical to another living organism, biosimilars can only be "almost identical" (or similar) to an existing biologic. A biosimilar is approved for patient use based on a "totality of the evidence" that it is interchangeable with an original biologic with no clinically meaningful differences in safety, efficacy, and immunogenicity.

This year the *U.S. Food and Drug Administration (FDA)* has started offering waivers to biosimilar sponsors for *Phase III* trials, on a selected, case-by-case basis, in an effort to accelerate the timelines and reduce the costs associated with developing a biosimilar. This is hoped to accelerate the timelines and reduce the costs associated with the development of biosimilars to $50 million to $75 million over 5 to 6 years (vs costs of $100 million to $300 million over seven to eight years previously).

Cumulative FDA Approvals of Biosimilars



Outlook for Biosimilar Opportunities



Source: The IQVIA Institute (Assessing the Biosimilar Void in the U.S.; February 2025)

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Incremental Medicare Reimbursement for Biosimilars

On top of expedited biosimilar approvals, **the *Inflation Reduction Act (IRA)* provides a temporary boost to Medicare Part B reimbursement for biosimilar drugs** to encourage their use. Early survey data suggests that this incremental boost to reimbursement may be starting to have a positive impact on the use of biosimilar drugs in the United States.

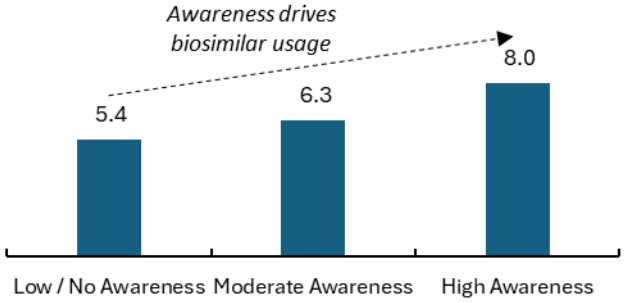
The IRA provides a 5-year increase to Medicare Part B reimbursement for biosimilar drugs to 108% of ASP (from 106% previously) to encourage the switching to low-cost biosimilars -- potentially generating significant savings for Medicare over time. This enhanced biosimilar reimbursement went into effect in October 2022, and it will last through October 2027.

This provision of the IRA has not attracted as much attention as some of the other parts of the legislation, which are more controversial. However, **recent survey data from Certara suggest that this enhanced biosimilar reimbursement, now over two years old, has indeed had a positive impact on adoption** with 59% of providers saying that the legislation has resulted in a "significant" (14%) or "slight" (45%) increase in their use of biosimilars.

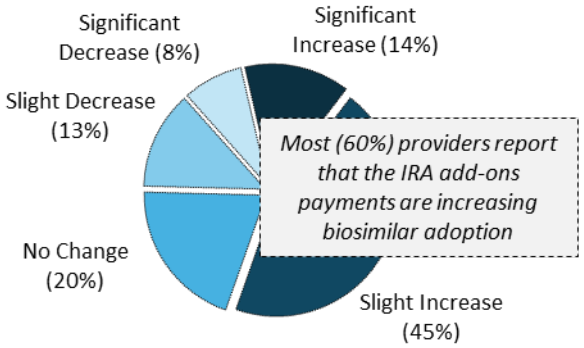
Also, **the survey highlighted a positive correlation between a provider's awareness of the incentives and the provider's usage of biosimilars.** Providers with "high" awareness of the IRA biosimilar incentives reported almost 50% higher adoption of biosimilars (vs providers with "low" or "no" awareness). In our view, this suggests that, as awareness of this enhanced biosimilar reimbursement increases, the usage of biosimilars will likely grow.

Finally, **strong majorities of survey respondents believe that biosimilar utilization will increase over the next five years (89%)**, and most attribute the IRA incentives as being a factor behind this expected increase (74%).

Provider Awareness of IRA Add-On Payment and Number of Biosimilars Used (Out of 19 Available Biosimilar Alternatives) (n = 61)



Impact of IRA Add-On Payments on Biosimilar Utilization



Source: Certara (Evaluating the IRA's Impact on Medicare Part B Biosimilar Reimbursement ; August 2024) and Bourne Partners

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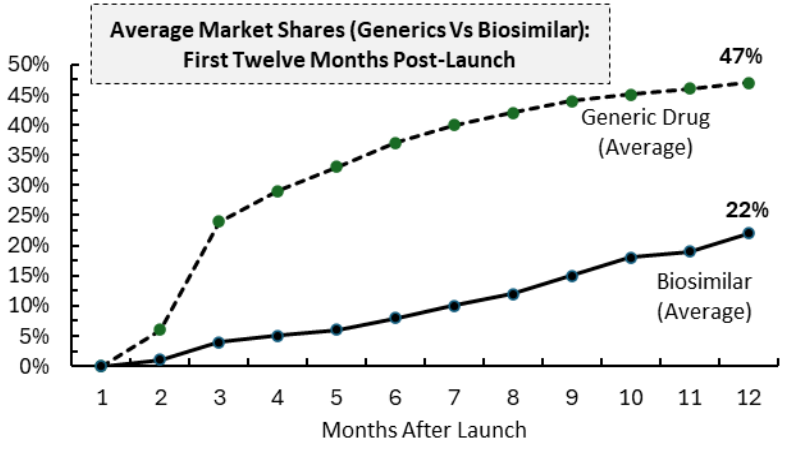
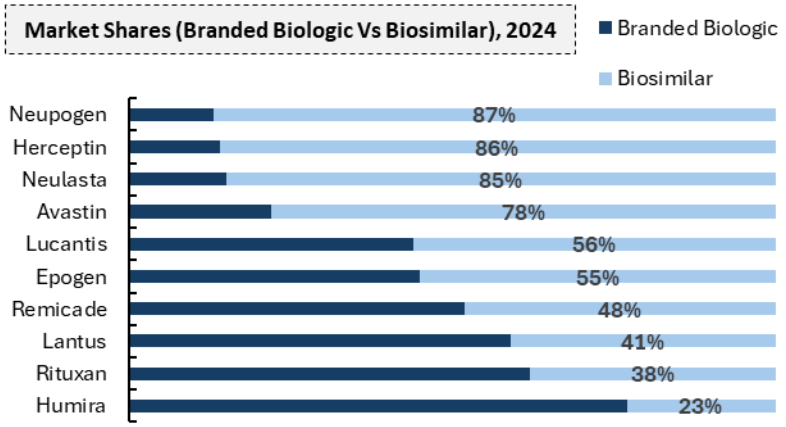
Commercial/Market Access Challenges for Biosimilars

Market access challenges for biosimilars are similar to those for complex biologics for rare diseases -- with the *added* challenge of having to displace an existing drug that physicians and patients are already comfortable using. However, if successful, biosimilars can generate as much as 50% cost savings against branded biologics.

In the United States, the use of biosimilars remains stubbornly low. To date, biosimilar development has been mostly limited to branded biologics with over $1 billion in annual sales. This is due to the time and cost (and risk) of investing in the development of a biosimilar. Of the 62 biologic drugs that no longer have patent-protection, only 14 biosimilar alternatives have come to market (with another 19 in development and/or approved but not yet launched). And, looking ahead, of the 68 biologic patent expiries scheduled over the next six years, there are only 12 biosimilars in clinical development, according to the IQVIA Institute.

Market access for biosimilars involves engagement and outreach to providers and patients to educate them on the safety and clinical interchangeability of a biosimilar. Despite FDA approval, the main market access challenge for biosimilars is the perception by many providers and patients that biosimilars are somehow "inferior" to the original biologic. Also, biosimilar adoption has been held back, in a number of cases, by litigation from the manufacturer of the original biologic. Finally, the original biologic manufacturers have been able to limit competitive biosimilar market share gains through the aggressive use of rebating (and misaligned incentives with pharmacy benefit managers).





Source: Association for Accessible Medicines, IQVIA Institute, MMIT, and Bourne Partners

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Navigating a Changing Regulatory and Legislative Environment for Pharma

Pharma Commercialization in a Changing Environment

In our view, **pharma commercialization has become significantly more complex with the *Inflation Reduction Act (IRA)*** of 2022. On top of this, the recently elected Trump administration appears to be evaluating both restrictions on direct-to-consumer (DTC) marketing for drugs and a "Most Favored Nations" (MFN) policy for prescription drug pricing.

We expect that the IRA will incentivize pharma companies towards the development of complex precision medicines (i.e., biologics and injectables) targeting rare diseases and diseases relevant to non-Medicare populations. This is because orphan drugs for rare diseases and drugs with less than $200 million of Medicare revenues are exempt from most of the negative provisions of the IRA. The commercialization (market access) for these types of drugs can be particularly challenging since healthcare providers and health plans are often not educated about (or even aware of) these types of drugs -- or the diseases they treat.

For all other drugs that *are* subject to the IRA, commercial/market access teams must contend with the implications of Medicare price "negotiations" and annual price inflationary caps on their drugs (and the drugs of their competitors). This requires strategies to generate revenues more rapidly than in the past, and it requires flexibility to react to potentially unknown post-IRA competitive dynamics. Also, over time, IRA-related changes to Medicare Part D will likely lead to the more aggressive use of utilization management tactics by health plans. This, in turn, may lead to more complex value-based contracting arrangements and a greater need for pharma companies to generate real-world evidence to establish differentiation for their drug therapies.

Outside of the IRA, **we are closely watching for potential regulatory actions by the newly appointed Secretary of Health and Human Services (HHS), Robert Kennedy, to limit the use of DTC pharma advertising**, particularly on television. Any regulatory (or legislative) action to restrict DTC marketing (particularly on television) may occur in a disorderly way with limited time to prepare. As such, pharma companies should start developing contingency plans now, in our opinion. This could be easier-said-than-done given that we hear these types of advertisements routinely generate over 2:1 ROIs (or even 3:1 ROIs) in high consumer spend categories.

Finally, **in May 2025, President Trump issued an executive order directing the HHS to implement an MFN policy for drug pricing.** Most of the investors and executives we talk to seem to downplay the likelihood of this becoming a reality (and pharma equity prices seem to have shrugged it off as well). However, we would not want to rule anything out since "politics makes strange bedfellows." In fact, a group of populist Republicans and left-leaning Democrats have already recently introduced legislation to implement MFN.

Source: Bourne Partners

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Here Comes the IRA Medicare Price Negotiations

In our view, **pharma commercialization/market access has become significantly more complex with the passage of the *Inflation Reduction Act (IRA)*** of 2022. The IRA was arguably the signature legislation of former President Biden, and we are watching closely how the Trump administration and the Republicans will choose (or choose not) to use it.

Among other things, **the IRA empowers the *U.S. Centers of Medicare and Medicaid Services (CMS)* to directly "negotiate" Medicare Part B and Part D reimbursement for high-cost, single-source drugs** that do not have a generic or biosimilar alternative. The first IRA price negotiation took place in 2023 with CMS selecting ten drugs representing $56 billion in annual spending. The final negotiated prices for these ten drugs were announced in August 2024 with an average price reduction of just over 60%. These new prices are set to go into effect in 2026, and they are expected to save Medicare $6 billion annually.

Going forward, **under the IRA, CMS will select fifteen to twenty more drugs every year for price negotiations** with the lowered IRA-negotiated prices going into effect two years later. In January 2025, CMS disclosed its second list of fifteen drugs that will be subject to Medicare price cuts, representing $41 billion of annual Medicare Part D spending (~14% of total Part D spending). The new IRA-negotiated prices, in turn, on these fifteen drugs will go into effect in 2027.

The true economic impact of the IRA-driven Medicare price negotiations/cuts on the pharma industry is still an ongoing source of debate. For instance, the first round of IRA price cuts announced in August 2024 may mostly be less than the rebates health plans were already securing for their members for these drugs. Post-rebate prices are not public, so it is difficult to know for sure. However, according to some reports, only one of the ten drugs subject to the first round of Medicare price cuts was actually outside of the range of existing contracted prices with the net pricing for the other nine drugs being basically the same as before.

First Round of Price Cuts/Controls Under the Inflation Reduction Act

Name of Drug	Manufacturer	Gross Medicare Spending ($ Mils)	Negotiated Discount
Eliquis	Bristol Myers, Pfizer	18,275	-56%
Jardiance	Eli Lilly, Boehringer Ingelheim	8,841	-66%
Xarelto	J&J, Bayer	6,310	-62%
Farxiga	AstraZeneca	4,343	-68%
Januvia	Merck & Co.	4,091	-79%
Entresto	Novartis	3,431	-53%
Stelara	J&J	2,989	-66%
Enbrel	Amgen	2,952	-67%
Fiasp / Novolog	Novo Nordisk	2,613	-76%
Imbruvica	AbbVie, J&J	2,372	-38%
Total		**$56,215**	**-62%**

Source: U.S. Department of Health and Human Services and Bourne Partners

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Post-IRA Market Access Necessitates Speed and Flexibility

Pharma market access teams need to focus on generating revenues on newly approved drugs much more quickly than before given potential future *Inflation Reduction Act (IRA)* related price negotiations. At the same time, market access strategies also need to be more flexible since the derivative implications of these negotiations are not fully understood.

In our view, **the IRA price negotiations are effectively a shortening of the exclusivity period for a drug.** As the law stands today, biologic drugs (with no biosimilar competition) can be selected for Medicare negotiations eleven years after receiving initial FDA approval, followed by a two-year negotiation period, with a new lowered price starting in year thirteen. Small molecule drugs can be selected seven years after FDA approval, followed by a two-year negotiation and a new lowered price starting in year nine.

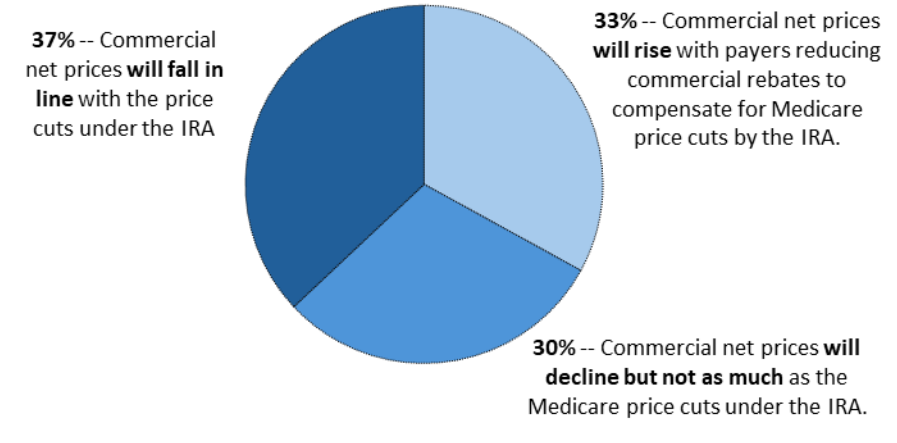
One area that pharma market access teams need to monitor is **how the Medicare price negotiations may or may not impact pricing for non-Medicare payers/beneficiaries.** Most recent surveys appear to suggest that IRA-negotiated prices, once implemented, will materially negatively impact the pricing for the same drug with private/commercial health plans as well.

Even *prior to* the implementation of a new (reduced) Medicare price, **market access strategies need to be flexible to potentially changing competitive dynamics.** One topic/question that seems to come up in our conversations is how a drug being identified as being part of the IRA price negotiations might impact a pharma company's ability to influence formulary placement and formulary tiering through the use of rebates.

Medicare Part D health plans are required to cover IRA-negotiated drugs. For these drugs, pharma companies may lose rebate flexibility and have less ability to win favorable formulary tiering. At the same time, alternative drugs may retain higher rebate flexibility, incentivizing non-medical related switching.

Payer Expectations of the Effect of Reduced Medicare Prices on Commercial Net Prices (Inclusive of Rebates) on IRA-Negotiated Drugs

Two Thirds of Payers Expect Commercial Net Prices of IRA-Negotiated Drugs to Drop



Source: Clarivate Payer Survey (November 2024) and Bourne Partners

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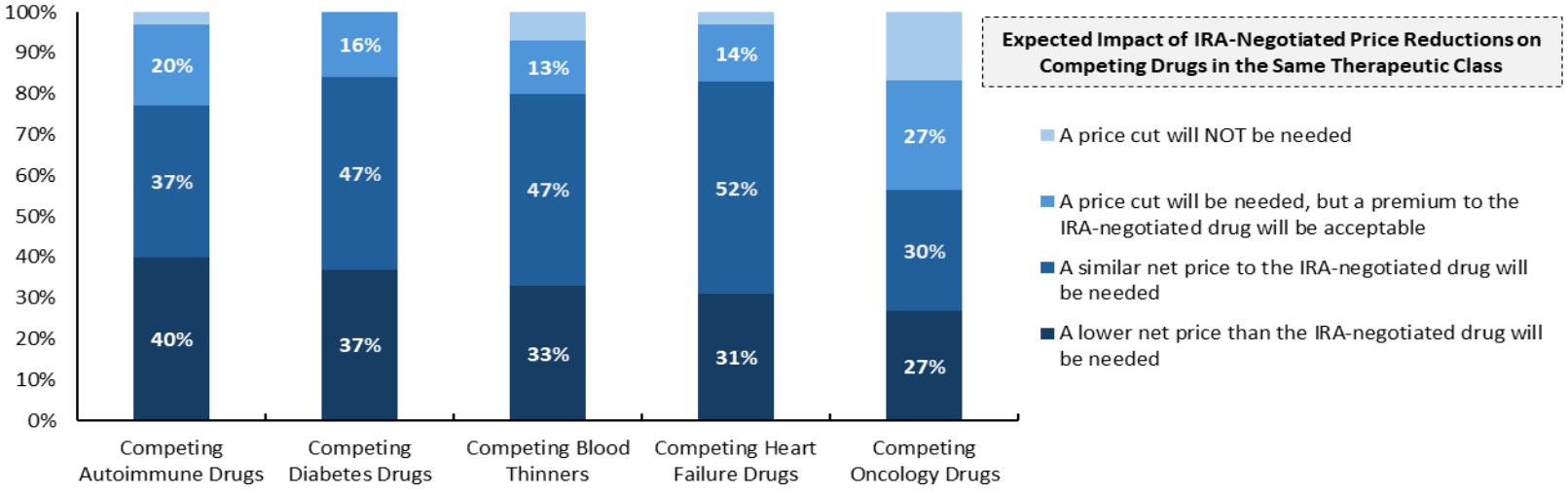
IRA Negotiations May Impact Entire Drug Categories

Pharma market access teams need to be further watchful for how the *Inflation Reduction Act (IRA)* price negotiations may have implications *for the entire drug categories* in which they compete -- as well as for how any forced reduction in Medicare pricing might indirectly impact the development and entry of generic and/or biosimilar alternatives.

Surveys appear to suggest that the impact of IRA negotiations may extend well beyond the specific drugs selected. Most health plans seem to expect that competing drugs in the same category of an IRA-negotiated drug must, at least, match the reduced net price of the IRA-negotiated drug, although there is some variability across therapeutic areas. If prices for competing drugs in the same category are not sufficiently reduced, many health plans may be open to, among other things, penalizing the competing drug with step therapy requirements -- essentially, requiring patients to try the lower-cost IRA-negotiated drug first.

Also, **pharma companies need to be watchful for how IRA related price reductions might lead to slower market share gains for generic manufacturers** and less investment in generic manufacturing infrastructure. This could paradoxically lead to less competition in the long-term and reduce the ability of health plans to reduce costs through the use of lower-cost generics.



Source: Clarivate Payer Survey (November 2024) and Bourne Partners

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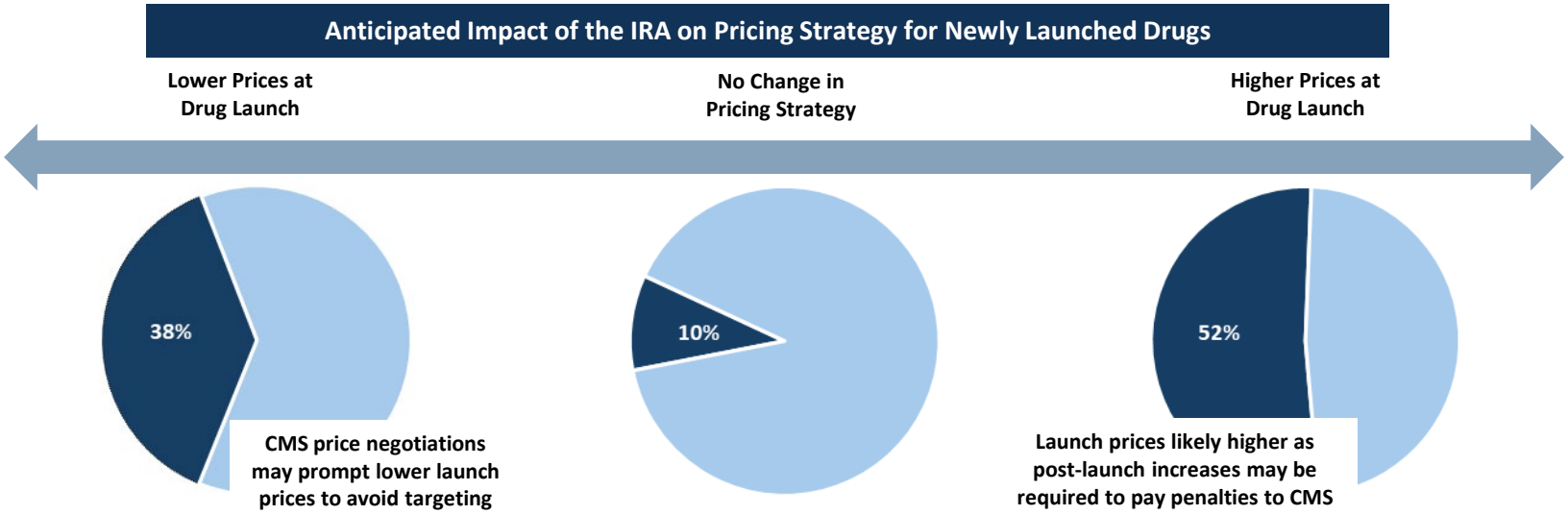
The IRA is Impacting Drug Launch Pricing Strategies

Another key element of the *Inflation Reduction Act (IRA)* is that the legislation puts annual inflationary caps on pharma companies' ability to increase prices. This is impacting how pharma market access teams consider pricing for newly approved drugs, and it makes the initial pricing decision much more important to a drug's financial prospects.

Specifically, **the IRA limits drug price increases for Medicare beneficiaries by requiring pharma companies to pay rebates to the federal government if they raise prices faster than inflation**, as measured by the Consumer Price Index (CPI). Because of this, we expect most pharma companies to become more aggressive with the pricing for new drugs at launch in order to "frontload" as much price as possible into a drug given IRA-related restrictions on increasing prices in future years.

That said, **we anticipate a sizable minority of pharma companies may also become less aggressive with pricing due to fears of being identified as being a high Medicare cost item** – increasing the odds of their drugs being included in IRA Medicare price negotiations and/or otherwise getting on the wrong side of policymakers and regulators in the Trump administration.



Source: MMIT Survey Data (May 2025) and Bourne Partners

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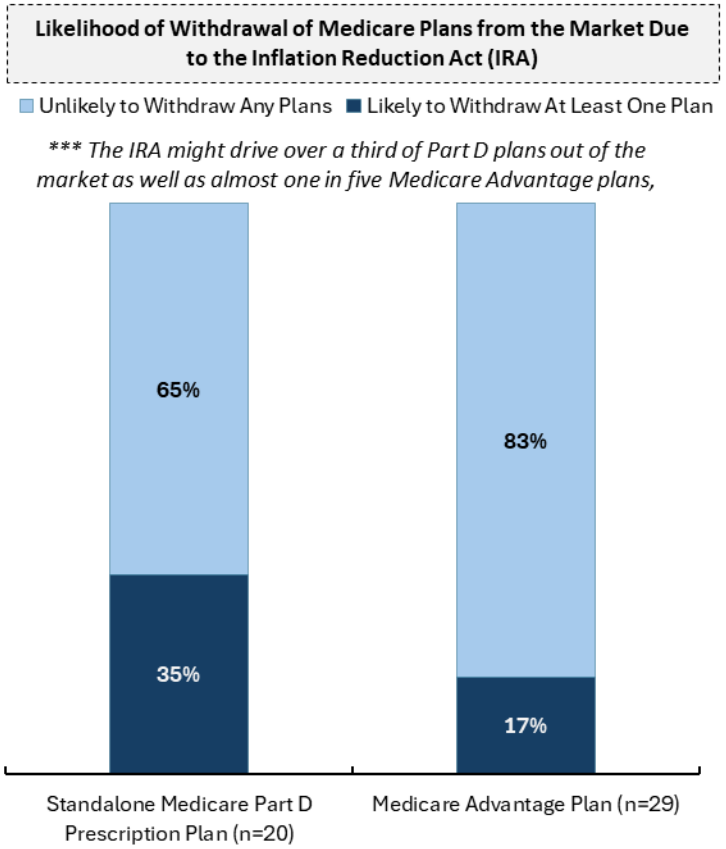
Potential Impacts on Product Development Strategies

Another major market access consideration created by the *Inflation Reduction Act (IRA)* is that the negotiated prices apply to the "molecule," not the "indication." Because of this, pharma companies must consider all potential indications of a drug early in its development, including how one IRA-price may impact marketability across different end markets.

In the past, **pharma sponsors had the luxury of being able to run clinical trials for a prospective drug sequentially**, starting with less risky indications and then adding more risky/larger indications over time. However, this strategy may no longer make sense in some cases. Even getting "fast track" status from the FDA might not be ideal if more time is needed to evaluate alternative indications.

Going forward, **the IRA may lead to more pharma sponsors running clinical trials for the same drug across multiple indications simultaneously.** This may result in larger and well-funded sponsors taking more time to evaluate potential alternative indications for a drug before rushing it for regulatory approval. For small and emerging biopharma companies, the stacking of multiple clinical trials may not be possible due to funding limitations. This could negatively impact the relative competitiveness of smaller sponsors.

In other scenarios, **we could see the IRA causing pharma companies to initially launch new drugs outside of the United States**, such as in Europe or in Asia. This would give a sponsor much needed time to prove out the indications for a specific drug, conduct additional studies, if needed, and prepare to file for the indication(s) that would have the greatest financial impact in the United States.



Source: Clarivate Consulting Services (November 2024) and Bourne Partners

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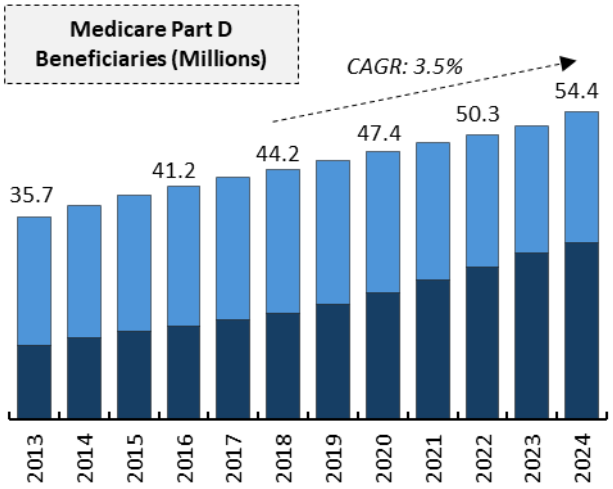
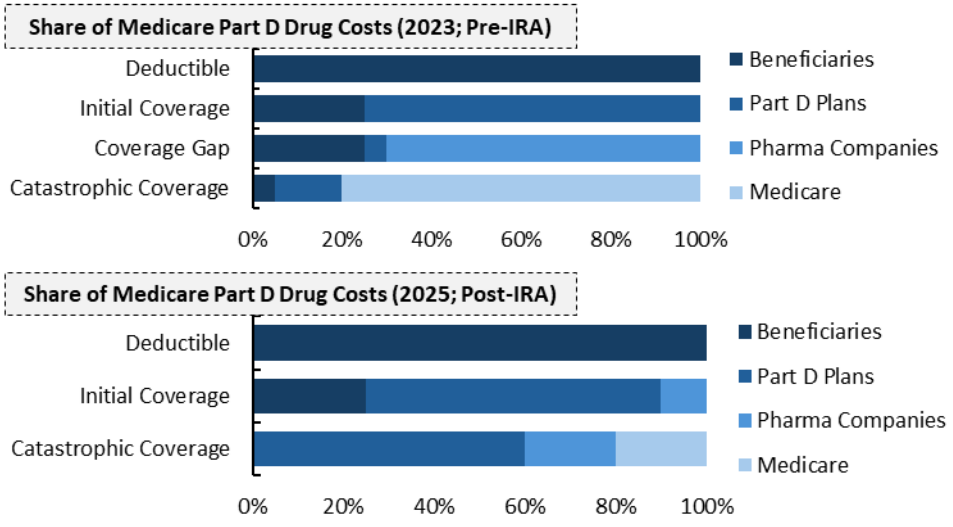
Part D Redesign to Shift Costs to Pharma Companies

The *Inflation Reduction Act (IRA)* includes significant changes to Medicare Part D benefits, impacting coverage for well over 54 million American seniors. For pharma, we expect this may lead to more utilization management restrictions on their drugs as well as incremental pressure to engage in value-based reimbursement arrangements with payers.

A major element of the IRA was to shift the cost of prescription drugs away from Medicare Part D beneficiaries to both the pharma companies that produce the drugs and the health plans that cover them. Among other things, post-IRA, beneficiaries will have an out-of-pocket cap on drug costs of only $2,000 and an annual cap on health plan premium increases of 6%. Together, these two factors alone will largely financially insulate patients from much of their drug consumption. By comparison, pre-IRA, there were no caps on out-of-pocket costs for beneficiaries and no caps on annual premium increases.

The *net* effect of the Medicare Part D redesign on pharma economics is not known, likely impacting different pharma companies (and drugs) in different ways. However, all pharma companies will be bearing a higher proportion of drug costs. Offsetting this, some pharma companies may benefit from higher volumes and patient adherence -- due to improved coverage/affordability.





Source: U.S. Centers for Medicare and Medicaid Services, Kaiser Family Foundation, and Bourne Partners

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Part D Redesign Sets Up for More Utilization Management

While much is unknown, **we do anticipate more aggressive utilization management tactics by health plans following the redesign of Medicare Part D benefits under the *Inflation Reduction Act (IRA)***. We think this will likely lead to a greater emphasis on real-world evidence by pharma companies and health plans to determine differentiation between drugs.

We expect that the IRA Part D redesign will lead to health plans being much more aggressive with utilization management strategies, which could make market access more difficult. Under the IRA, health plans will not simply be able to shift their higher cost burdens by simply raising premiums (given the 6% annual cap on premium increases). However, the IRA imposes no restrictions on utilization management. Therefore, the primary tool for health plans to maintain their margins, post-IRA, will be utilization management -- e.g., prior authorizations, fail-first policies, step therapy requirements, and quantity limits, among other tactics.

Also, the Part D redesign may encourage health plans to more aggressively promote lower cost biosimilar and generic drugs, and it may lead to the greater adoption of value-based reimbursement arrangements with pharma companies.

Pharma Companies Should Expect Increasing Utilization Management Tactics In Response to Medicare Part D Redesign (Survey Responses)

Source: Clarivate Consulting Services (November 2024) and Bourne Partners

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Early IRA Effects on Product Development Strategies

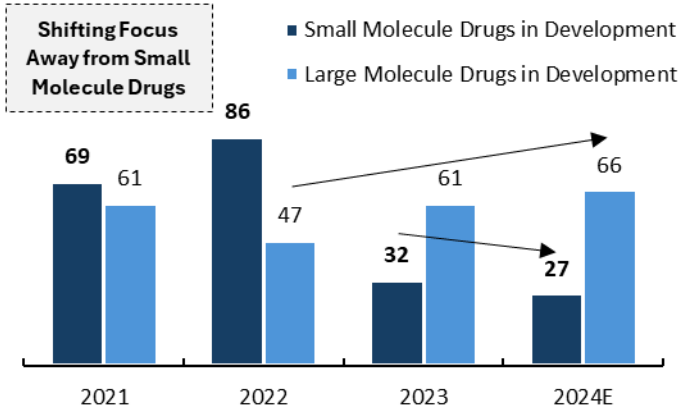
We are seeing early leading indicators that some of the aforementioned incentives in the *Inflation Reduction Act (IRA)* of 2022 are starting to have a negative impact on biopharma product development -- particularly for small molecule drugs and for drugs associated with older/Medicare patient populations.

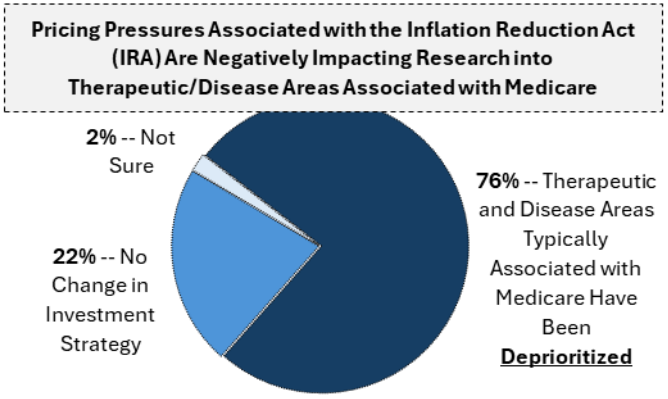
Following the passage of the IRA in 2022, the *U.S. Congressional Budget Office (CBO)* and other academics reported that the IRA was not having an impact on biomedical and drug development. However, more recent data on biopharma investment trends suggest that this may not be the case.

i) Small Molecule Drugs. As the IRA now stands, pharma companies are relatively disincentivized from pursuing small molecule drugs due to four less years of pricing protection against IRA price negotiations. Recent data showed that aggregate small molecule investments by smaller sponsors valued at less than $2 billion dropped by 68% since the IRA was introduced.

ii) Medicare. The IRA targets Medicare reimbursement for drugs. As such, one would expect that this would bias investments away from disease areas typically associated with older (Medicare) populations. Research suggests there has been a 74% drop in the median size of aggregate investment into indications that target Medicare-aged populations, while there has not been a similar decline for investments in drugs for outside of Medicare.

iii) Rare Diseases. The IRA initially exempted orphan drugs with *one indication* from the IRA price negotiations, and an analysis by the *National Pharmaceutical Council* showed that the percentage of orphan drugs that pursued a second indication fell 48% since the IRA was passed. (This exemption has since been expanded by the *One Big Beautiful Bill Act*.)





Source: Vital Transformation (April 2025), the National Pharmaceutical Council, and Bourne Partners

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The Future of the Inflation Reduction Act under Trump

Looking ahead, **it is not yet clear how the Trump administration may attempt to put its fingerprints on the *Inflation Reduction Act (IRA)***. To date, in our view, the administration seems focused on creating more flexibility in the Medicare negotiation process, eliminating the bias against small molecule drugs, and expanding exemptions for orphan drugs.

Shortly after Donald Trump became President, **the *U.S. Centers for Medicare and Medicaid Services (CMS)* announced that it was seeking input on how to potentially "improve" the IRA.** In our view, the Trump administration seems interested in creating more "transparency" and "flexibility" in the IRA negotiation process, by, among other things, allowing for more back-and-forth dialogue between pharma companies and government regulators in the price negotiation process.

Also, in April 2025, **President Trump issued an executive order directing the *Department of Health and Human Services (HHS)* to help advance legislation to eliminate the so-called "pill penalty."** Small molecule drugs are subject to IRA price negotiations nine years after FDA approval, while large molecule drugs are shielded from IRA pricing for thirteen years. This is important, in our view, given that almost half (~50%) of a drug's commercial value is realized from years nine to thirteen, according to research by the IQVIA Institute. In early 2025, the *Ensuring Pathways to Innovative Cures Act* was introduced in the House and the Senate to address this, and it appears to us that this legislation may have decent bicameral support.

Finally, **the *One Big Beautiful Bill Act* of 2025 expanded the exemption for orphan drugs** from IRA Medicare price negotiations. Previously, orphan drugs with one indication for a rare disease were exempted from Medicare price negotiations under the IRA. The *One Big Beautiful Bill Act* expanded this IRA exemption to cover orphan drugs that treat "one or more rare diseases or conditions."

PRESIDENTIAL ACTIONS

LOWERING DRUG PRICES BY ONCE AGAIN PUTTING AMERICANS FIRST

Executive Orders | April 15, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. My first term included numerous significant actions, including some of the most aggressive in recent history, to deliver lower prescription drug prices to American patients. The message was clear: no longer would the executive branch sit idly by as pharmaceutical manufacturers charged patients in our Nation more than those in other countries for the exact same prescription drugs, often made in the exact same places.

These actions included encouraging the development of generic and biosimilar alternatives to higher cost brand name prescription drugs and biologics to harness competitive forces and increase access to affordable medicines. The United States also, for the first time, established a pathway to expand access to lower cost drugs imported from outside of the country. Reform efforts ensured that Government-mandated discounts were passed through to patients instead of being retained by middlemen. New price transparency rules were promulgated to allow patients, doctors, and employers to see the actual cost of prescription drugs before purchase. Insulin copayments were capped for Medicare beneficiaries, and manufacturers, instead of patients and taxpayers, were forced to foot the bill through the provision of larger discounts. I also called on the Congress to come to the table to help craft sustainable solutions that would promote innovation and affordable access for the long-term. When the Congress refused, I proposed the test of an innovative new payment mechanism that would prevent drug manufacturers from charging our patients much higher prices than those found abroad.

Combined, these bold actions were delivering real savings for American patients and set the foundation to dramatically narrow the price disparity between the United States and foreign nations over time.

Unsurprisingly, the Biden Administration reversed, walked back, or neglected many of these initiatives, undoing the progress made for American patients. The Biden Administration then signed into law the misnamed Inflation Reduction Act, which included the Medicare Prescription Drug Negotiation Program. While this program has the commendable goal of

Source: Bourne Partners

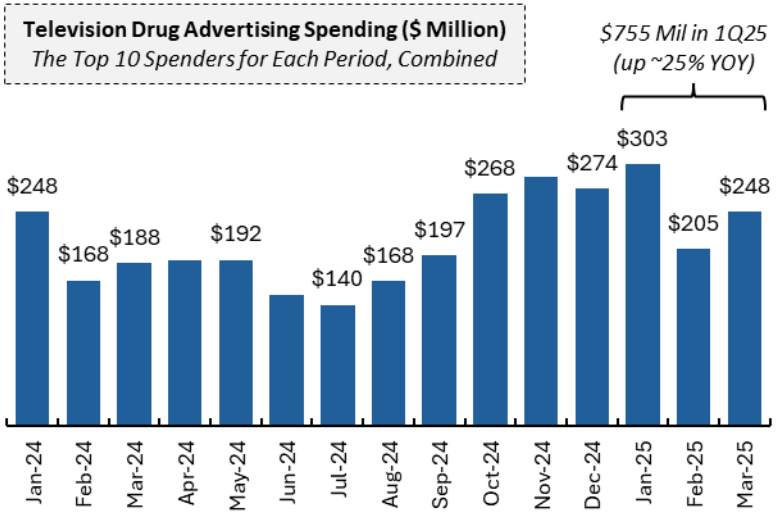
Here We Go Again: DTC Pharma Marketing Back in Focus

Outside of the IRA, **we are closely watching for any negative regulatory actions by the Trump administration to limit the use of pharma direct-to-consumer (DTC) advertising.** The new Secretary of Health and Human Services (HHS), Robert Kennedy, has been a long-time, outspoken critic of DTC pharma advertising, particularly on television.

As background, **the use of DTC advertising (in its current form) dates back to 1997** when the *U.S. Food and Drug Administration (FDA)* provided guidance on what television and broadcast advertisements must include for companies to avoid legal trouble. This incremental regulatory clarity led to a boom in drug advertisements on mass marketing channels. In fact, research suggests that television advertisements deliver some of the highest ROIs for drug brands. A study by the *U.S. Congressional Budget Office* estimated that a 10% increase in DTC advertising is associated with a 1.0%-2.3% increase in total drug spending.

Today, **we estimate pharma companies are currently spending well over $6 billion annually on television advertising** in the United States, and, so far in 2025, spending on television advertising by pharma appears to be picking up. According to data from *iSpot.TV*, the top ten pharma brands spent an estimated $755 million on television commercials in 1Q25 -- up 25% year-over-year.

In our view, **implementing any outright ban on DTC (television) advertisements would likely be very challenging** for Secretary Kennedy and the administration. Bans on television advertising have been attempted multiple times over the past couple of decades. In the final analysis, the HHS does not have the unilateral authority to restrict television advertisements without legislation from Congress. In all cases, attempts at bans or controls on advertisements have been struck down by the courts on free speech grounds. In fact, the first Trump administration attempted to require disclosure of list prices in drug commercials, but this too was unsuccessful in the courts. On top of this, attempts to curtail DTC pharma advertising would face political resistance from pharma industry groups and media organizations, among others.



Source: iSpot.TV and Bourne Partners

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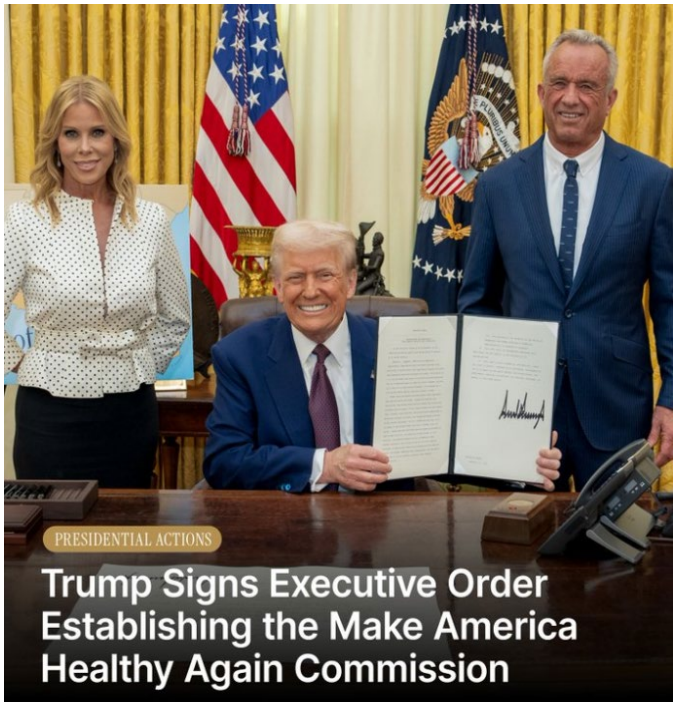
MAHA Commission Sets the Stage for New Regulation

We believe that an outright ban on pharma direct-to-consumer (DTC) marketing is very unlikely on television or any other advertising channel. However, the Trump administration could implement burdensome regulations on pharma companies to make it more difficult (and less lucrative) for them to advertise via mass media.

In May 2025, the Trump administration released its "MAHA Report," prepared by the Make America Healthy Again (MAHA) Commission. Among other things, the MAHA report highlighted how DTC advertising can inappropriately influence prescription drug consumption with a particular emphasis on mental health and pediatric conditions. By executive order, the MAHA Commission must now publish a follow-up strategy report, which will include policy recommendations.

In our view, **the Trump administration could attempt to curtail the use of DTC pharma advertisements** with (intentionally) burdensome regulations. Also, the administration could delay/slow walk approvals of DTC advertising content. The U.S. Food and Drug Administration (FDA) does not require that drug companies submit advertisements for pre-approval. Instead, the FDA only conducts follow-up monitoring post-broadcasting. Kennedy might change this to slow the process of getting an advertisement on the air.

Another approach could be legislating changes in the tax code. Currently, pharma companies can deduct DTC advertising expenses when calculating their federal tax bills. Removing the deductibility of DTC expenses would clearly disincentivize this type of advertising. In fact, just recently, in April 2025, legislation (the "*No Handouts for Drug Advertisements Act*") was introduced to eliminate the ability of pharma companies to make tax deductions for direct-to-consumer advertising spending on television, radio, social media "and other common platforms." Similar bills have been proposed off-and-on over the past decade, and, to date, all such legislation has failed to get substantial political support.



Source: Bourne Partners

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Developing Pharma DTC Marketing Contingency Plans

Any regulatory (or legislative) action by the Trump administration against direct-to-consumer (DTC) marketing may occur with limited time to prepare. Pharma market access teams should start developing contingency plans. At a basic level, this could include evaluating alternative ways to connect with consumers in the face of incremental DTC restrictions.

In our view, **all pharma market access teams should be evaluating alternative marketing budgets in order to be able to strategically pivot quickly in response to potential changes in DTC regulations.** This is particularly the case for pharma companies that are relying on lucrative broadcast and cable television advertisements. This could be easier-said-than-done given that we hear that these types of advertisements routinely generate over 2:1 ROIs (or even 3:1 ROIs) in high consumer spend categories.

Pharma companies may instead look to invest more in their online presence through search engine optimization (SEO) and targeted advertising strategies with consumer-oriented healthcare websites (e.g., *webmd.com* and *everydayhealth.com*).

Also, **social media could become a more important channel for pharma commercialization** if television advertising were negatively impacted by new regulations. Recent data suggests that more than half of Americans now use social media to find health information. The downside of social media is the potential for two-way dialogue with patients, which could add regulatory burdens. If someone were to report an adverse event, the pharma sponsor of the drug would be required to notify authorities. Because of this, not all pharma companies view social media investments as being worth the return.

Moreover, **"unbranded" disease awareness strategies could gain prominence** since they would likely be exempt from incremental regulations from the *U.S. Food and Drug Administration (FDA).* This includes educational content around a specific disease or condition delivered through TikTok, Facebook, Instagram, and/or other social media without promoting a specific drug. This would include a "call to action" for patients to speak with their physicians. These disease awareness campaigns can also leverage "influencers" to speak about their own experience with a disease or using a drug. Influencers are often effective marketers because they project authenticity, which may be more convincing than a traditional advertisement.

Finally, **point-of-care pharma marketing has been gaining broad traction**, post-COVID, in our opinion. This involves targeting patients (and providers) with analog and digital content at the specific locations where/when they are making their healthcare decisions, such as in physician offices and pharmacy waiting rooms and/or in telehealth applications.

Source: Bourne Partners

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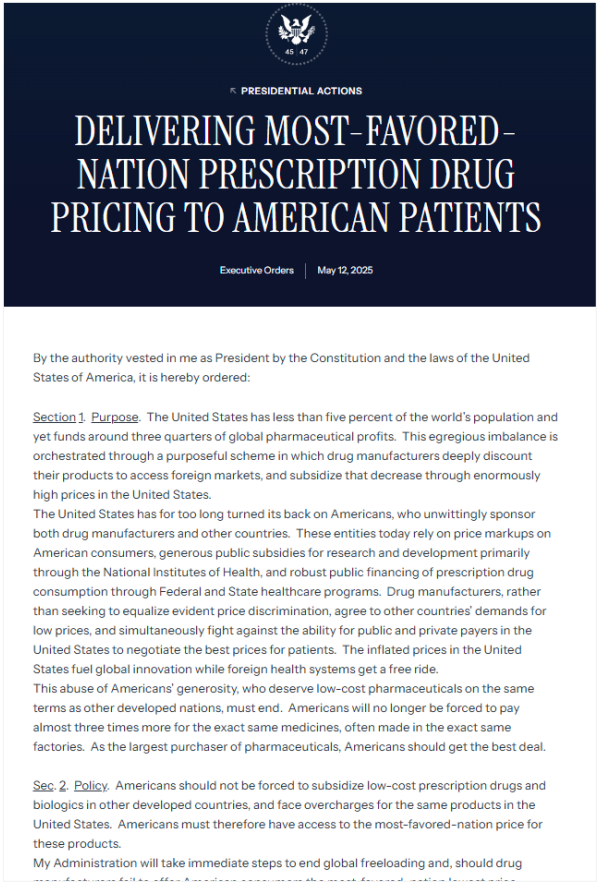
Here We Go Again: Return of "Most Favored Nations"

In May 2025, **President Trump issued an executive order to (attempt to) reduce prescription drug prices for Americans with the implementation of a "Most Favored Nations" (MFN) policy.** This MFN policy is intended to ensure that Americans are paying no more for their prescription drugs than the lowest prices paid by citizens of other countries.

List (gross manufacturer) prices for prescription drugs can vary significantly from country to country for a variety of reasons. However, on average, list prices for drugs in the United States tend to be about three times as high as those in other industrialized countries, according to most research. This has fostered the view, by some, that Americans are getting "ripped off" by pharma companies. The MFN policy seeks to ensure that Americans are paying no more for their prescription drugs than the lowest prices paid by citizens of other countries.

The first Trump administration attempted and failed to implement a similar MFN policy in 2018 due to intense industry and political pushback as well as resistance from courts on procedural grounds. Notably, the first attempt at MFN focused on drugs covered under Medicare Part B. In our view, implementing an MFN policy for Medicare Part B would likely be easier, politically and logistically, since Medicare Part B is directly administered and managed by a single organization: the *U.S. Centers of Medicare and Medicaid Services (CMS)*. Still, the first attempt at MFN was estimated to reduced Medicare spending by only $85 billion over seven years and much of this was expected to come from an assumed 9%-19% reduction in patient utilization -- i.e., reduced patient access to drugs.

The current attempt at MFN by the second Trump administration is much more ambitious and comprehensive since it seeks to target drug pricing across *all* payer categories – i.e., Medicare, Medicaid, and private/commercial health coverage. As such, we expect it to face much more political, legal, and administrative challenges.



PRESIDENTIAL ACTIONS

DELIVERING MOST-FAVORED-NATION PRESCRIPTION DRUG PRICING TO AMERICAN PATIENTS

Executive Orders | May 12, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. The United States has less than five percent of the world's population and yet funds around three quarters of global pharmaceutical profits. This egregious imbalance is orchestrated through a purposeful scheme in which drug manufacturers deeply discount their products to access foreign markets, and subsidize that decrease through enormously high prices in the United States.

The United States has for too long turned its back on Americans, who unwittingly sponsor both drug manufacturers and other countries. These entities today rely on price markups on American consumers, generous public subsidies for research and development primarily through the National Institutes of Health, and robust public financing of prescription drug consumption through Federal and State healthcare programs. Drug manufacturers, rather than seeking to equalize evident price discrimination, agree to other countries' demands for low prices, and simultaneously fight against the ability for public and private payers in the United States to negotiate the best prices for patients. The inflated prices in the United States fuel global innovation while foreign health systems get a free ride.

This abuse of Americans' generosity, who deserve low-cost pharmaceuticals on the same terms as other developed nations, must end. Americans will no longer be forced to pay almost three times more for the exact same medicines, often made in the exact same factories. As the largest purchaser of pharmaceuticals, Americans should get the best deal.

Sec. 2. Policy. Americans should not be forced to subsidize low-cost prescription drugs and biologics in other developed countries, and face overcharges for the same products in the United States. Americans must therefore have access to the most-favored-nation price for these products.

My Administration will take immediate steps to end global freeloading and, should drug

Source: U.S. Office of the White House and Bourne Partners

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The "Hows" of a "Most Favored Nations" Policy

The text of the "Most Favored Nations" (MFN) executive order was limited, leaving a lot up in the air. The *Department of Health and Human Services* subsequently clarified that the prices that pharma companies are expected to meet would be based on the lowest price in OECD nations with a GDP per capita of at least 60% of the U.S. GDP per capita.

Per the executive order, **the White House plans to communicate "MFN prices" to pharma companies and to facilitate purchasing programs for pharma companies to sell their drugs, at the MFN-price, directly to consumers.** It appears to us (from the text of the executive order) that initially pharma companies will be asked to cooperate voluntarily.

If pharma companies do not cooperate, then the executive order directs the Department of Health and Human Services (HHS) to conduct a rule-making and "impose" the MFN prices. How the Trump administration plans to impose or negotiate for lower drug prices is not fully defined. However, the executive order does reference several potential courses of action:

- *Drug Approvals.* By our interpretation, the executive order seems to (implicitly) threaten that pharma companies who do not cooperate may face retribution from the *Food and Drug Administration* (FDA) with respect to the reviewing, the modifying, and/or the revoking of approvals for new and/or existing drugs.
- *Drug Reimportation.* If pharma companies are seen to be resisting the MFN prices, the executive order suggests that the FDA can consider drug reimportation as a way to drive drug prices lower. In fact, in May 2025, the FDA announced a new expedited way for state governments to apply for Section 804 waivers to directly import less expensive prescription drugs from Canada.
- *Antitrust Actions.* The U.S. Attorney General and the Federal Trade Commission are directed by the executive order to undertake enforcement actions against any anti-competitive practices "to the extent consistent with law" and "as appropriate."

Finally, **the executive order directs the Secretary of Commerce to pressure foreign countries into cooperating with the MFN policy** -- i.e., not holding prices below "market value." In many cases, this might require foreign countries to *increase* prescription drug prices on their own citizens in order to ensure the U.S. domestic pharma industry can be sufficiently profitable. How to accomplish this, during a period of heightened trade tensions, is unknown. The executive order references blocking exports of certain drugs and/or precursor raw materials to other countries as an incentive for cooperation. However, in our opinion, this could lead to accusations of coercive trade practices in violation of World Trade Organization (WTO) agreements.

Note: OECD stands for "Organization for Economic Co-operation and Development."
Source: U.S. Office of the White House and Bourne Partners

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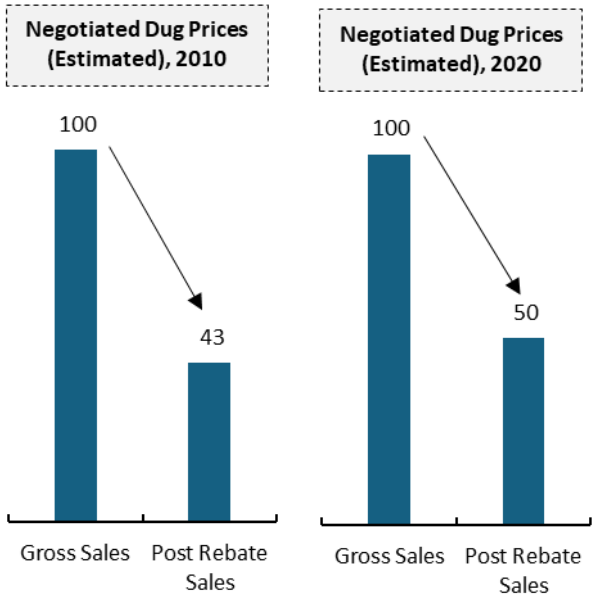
Assessing the Impact of MFN on Pharma Pricing

The potential impact of MFN on net/negotiated prices is unclear, in our view, since pharma companies could "game" the policy with confidential rebates/discounts. For instance, pharma companies could simply increase their list prices in foreign countries, while simultaneously offering foreign governments/payers higher rebates and discounts.

Rebates routinely given by pharma companies to health plans (and PBMs) reduce the *actual drug* prices paid, causing material differences between the true prices of prescription drugs from "official" statistics. Manufacturer rebates are volume-based discounts offered by pharma companies in exchange for more favorable formulary placement. These rebates are confidential, so it is difficult to assess the "true" negotiated price of a drug. Also, rebates are often paid after the time of purchase, making it more difficult to estimate the true negotiated price of a drug. Finally, the out-of-pocket cost of a drug for the patient (e.g., the deductible and/or co-pay) is typically calculated based on the drug's "list" price.

By some accounts, **the discrepancy between "list" and "negotiated" drug prices has been expanding over time.** A September 2024 study in *Health Affairs* estimated that negotiated prices were flat (from 2016 to 2020), while consumer out-of-pocket prices grew 5.8% annually. Over a longer period (2007 to 2020), the analysis estimated list prices increasing by 9.1% annually, while negotiated prices were estimated to have grown at only 4.3% annually.

We think that pharma companies could fairly easily "game" MFN by simply increasing their list prices for drugs in foreign countries, while simultaneously offering foreign governments/payers higher confidential rebates and discounts. This would result in the same "net" price for both the pharma company and the foreign government/payer, while the media would report reductions in the list price. Or, similarly, pharma companies could selectively pull out of certain smaller countries where they are selling their products at lower price points in order to sustain higher prices in the United States. Neither of these outcomes would benefit the American consumer.



Source: Health Affairs ("Consumer Out-Of-Pocket Drug Prices Grew Faster Than Prices Faced By Insurers After Accounting For Rebates, 2007–20"; September 2014) and Bourne Partners

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Political and Legal Barriers to Most Favored Nations

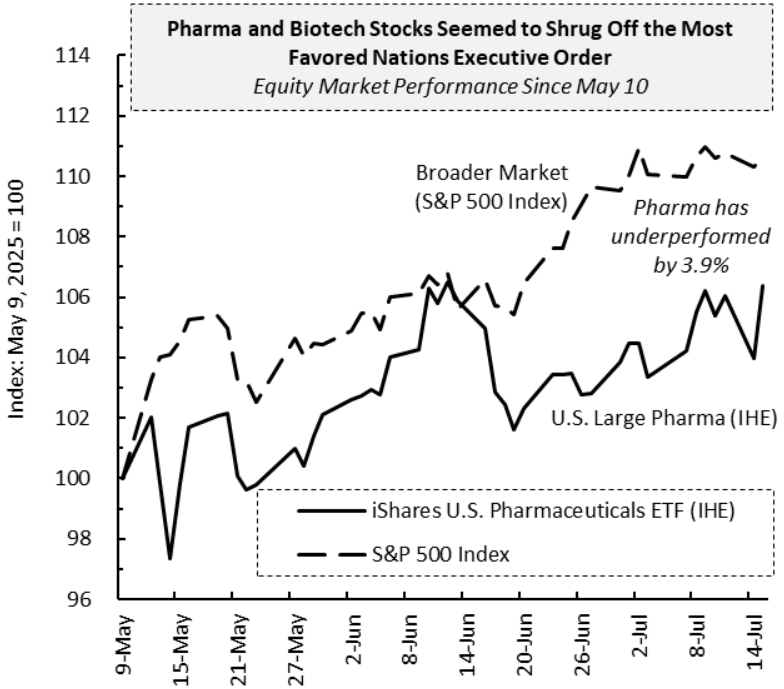
There will undoubtedly be very significant legal and political pushback to the Most Favored Nations (MFN) proposal, politically and legally. On its face, MFN seems to undermine other objectives of the administration, including building a strong domestic U.S.-based pharma industry -- as a matter of "national security."

We believe that setting drug prices requires Congressional support, even in Medicare Part B. Also, even with support from Congress, **it is not clear that the U.S. government can set prices for private health insurance.** Politically, the Trump administration benefits from only slim Republican majorities in the House and the Senate, and it is telling that the Republican caucus decided *not* to include the MFN policy as part of the recent budget reconciliation (i.e., the *One Big Beautiful Bill Act* of July 2025).

It is unclear to us how **contradictions between MFN pricing and the Medicare negotiations under the *Inflation Reduction Act (IRA)*** and the *340B Drug Pricing Program* would be adjudicated. CMS has already issued new Medicare prices for ten drugs in 2024, and these prices are set to take effect in 2026.

Also, **the *Patient Protection and Affordable Care Act* bans the use of "quality-adjusted life-year" (QALY) analyses** for coverage and reimbursement decisions. Some countries like the United Kingdom and Canada, among others, use QALY analyses in which the "value" of a drug is based on the demographics of the patients that it addresses. As such, the use of the MFN would implicitly accept and use QALY pricing from other countries.

Finally, **MFN appears to undermine government efforts towards value-based payment models** that share "risk" with the private sector. In fact, implicitly relying on other countries' interpretation of a drug's value could result in less patient access and suboptimal clinical/patient outcomes.



Source: S&P Market Intelligence (as of July 16, 2025) and Bourne Partners

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Key Areas of Focus

Near-Term Areas of Focus for Pharma Commercialization

In our view, **the increasing volume of precision medicines targeting rare and genetic diseases and conditions is changing how pharma companies think about their commercial operations.** We believe that this trend has been accentuated by the *Inflation Reduction Act (IRA)*, which has further incentivized the development of complex biologic drugs focused on orphan indications. Adding to this is the introduction of disruptive artificial intelligence (AI) technologies.

- **Medical Affairs (and Medical Communications).** Medical affairs is becoming an increasingly strategic function for pharma companies to support healthcare providers administer complex precision medicines. We come across more and more examples of pharma companies needing to partner with third-party pharma outsourcing service providers to gain access to the specialized medical affairs staff and resources they need. Also, we see an attractive opportunity for pharma services companies to bring economies of scale to the medical affairs function in new ways using recent advances in AI technologies.
- **Patient Support and Hub Services.** We also see opportunities for pharma outsourcing solutions that bring scale to "patient hub services" using AI technologies as well. Patients and providers increasingly need support from pharma sponsors with respect to the administration of new complex and expensive drug therapies. Moreover, the IRA may lead to more complex benefit designs in Medicare Part D -- with likely spillover effects for private and commercial payers.
- **Omnichannel Marketing.** As medicines are becoming more targeted, it follows that so too should be the marketing outreach. Coming out of the COVID-19 pandemic, we believe that pharma companies have learned that virtual outreach to physicians (via email, social media, and online marketing), if properly executed, can be almost as effective as in-person engagement, while being much less labor intensive and much less expensive.
- **Artificial Intelligence for Strategic Planning.** Almost all pharma companies are now using AI, at least on a pilot basis, for their strategic planning around pricing and market/financial modeling. Pharma companies increasingly need to be able to produce real-world evidence to prove the effectiveness and preferability of their drugs (vs alternatives).
- **Value-Based Reimbursement.** The ability to generate real-world evidence on drug therapies is also key to managed care negotiations, including the use of value-based contracting. New value-based reimbursement models, such as the *Cell and Gene Therapy Access Model* in Medicaid, could provide a foundation for using value-based reimbursement more broadly.

Source: Bourne Partners

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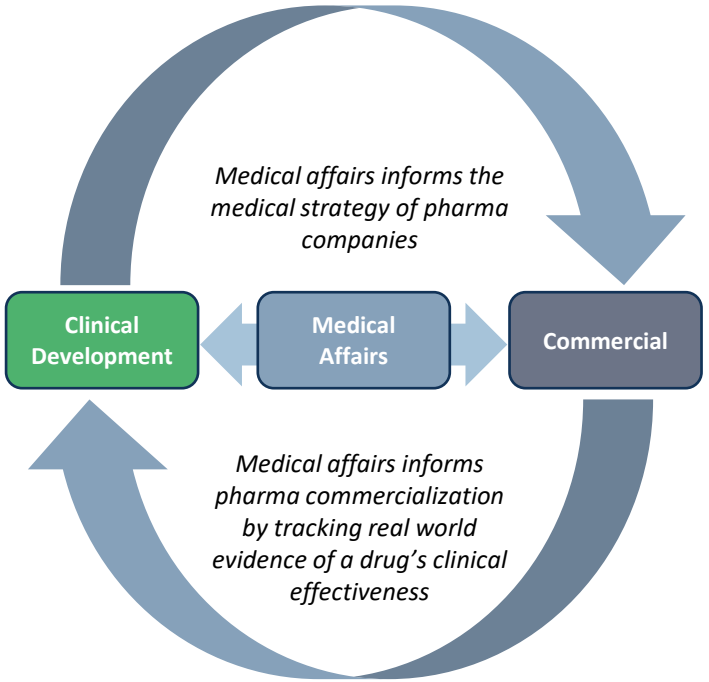
The Rising Relevance of "Medical Affairs"

We see "medical affairs" as an increasingly strategic function for pharma companies with the rising focus on complex and precision medicines. In fact, we hear more and more examples of pharma and biotech companies needing to partner with third-party outsourcing providers to get access to the specialized medical affairs staff and resources they need.

In our view, **a typical pharma company consists of three general functions -- clinical development, commercial, and medical affairs.** Medical affairs serves as the information center of the pharma company, providing strategic support for clinical development staff and helping to drive relationships with key opinion leaders. While medical affairs is certainly intended to drive business over time, it is often "walled off" from the commercial and clinical functions with the compensation of medical affairs staff not being tied to sales or script volumes. This helps to position medical affairs as an independent (non-biased) source of scientific and clinical information for internal and external constituents.

The role of medical affairs has evolved considerably over time. In the past, within a pharma company, medical affairs was viewed to be a support (i.e., reactive) function, dealing with overflow issues that clinical development and commercial staff might not have the specific scientific know-how to deal with. However, increasingly, we hear of medical affairs playing more and more of a leadership/strategic function, helping to shape the clinical narrative of pharma products with providers, health plans, and regulators. Also, medical affairs is critical to post-approval evidence generation (i.e., Phase IV/post-marketing studies) and to investigator-initiated trials. Finally, for providers, medical affairs staff can often play a consultative role in patient care in rare disease areas.

Medical Affairs Connects the Clinical Development and Commercial Functions of a Pharma Company



Source: Bourne Partners

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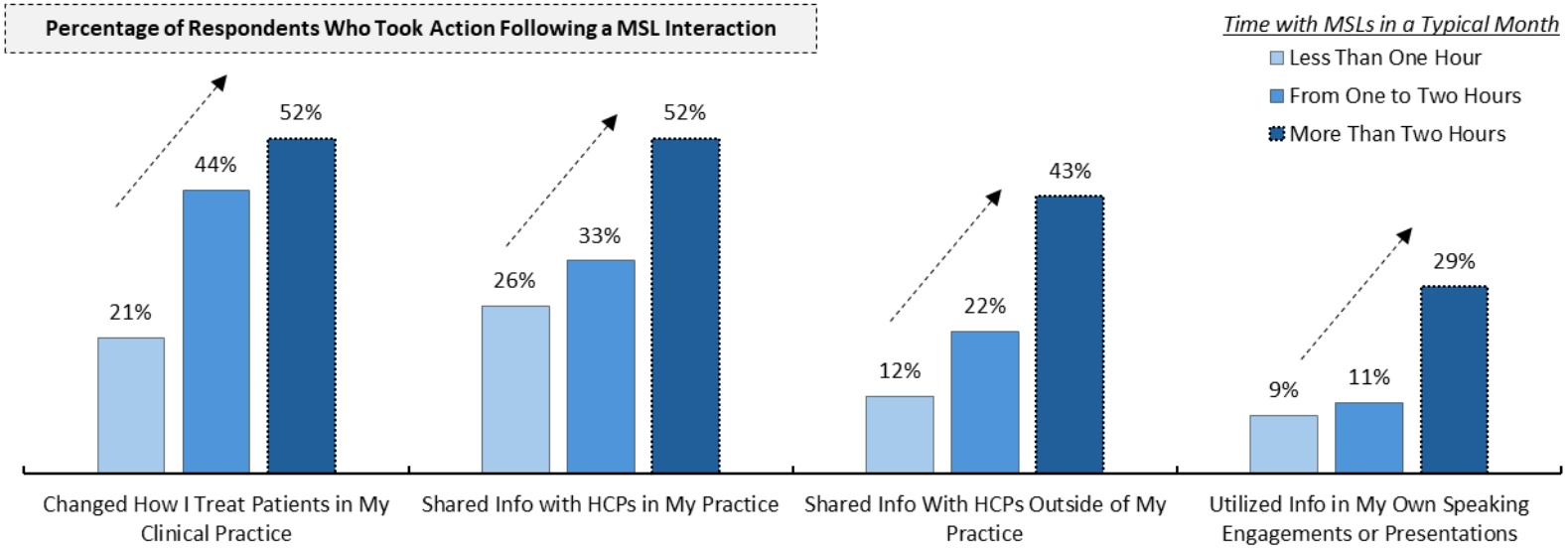
Effective Medical Affairs Drives Physician Behavior

An effective medical affairs function has been seen to be influential on the clinical practices of physicians, with the ability to drive higher drug prescriptions. Surveys show that physicians that more regularly interact with medical affairs professionals are two to four times more likely to change how they treat patients (and prescribe specific medications).

Medical scientific liaisons (MSLs) are a specific type of medical affairs professionals that are tasked with maintaining relationships and communications with key opinion leaders (KOLs) in specific therapeutic areas as well as responding to inquiries from patients. Their ability to talk scientifically about drug therapies is what differentiates them from the traditional pharma sales rep. MSLs are also allowed to talk about off-label indications for a drug, which is very relevant in complex/specialized areas like oncology.

We consistently hear how MSLs can influence clinical care and amplify a marketing narrative. For instance, about a third of doctors report that their interactions with MSLs have changed how they treat their patients, according to recent survey data. Also, physicians say that they are more willing to share learnings with colleagues and use MSL-provided information in public speaking engagements.



Source: Bain and Company ("How Medical Affairs Can Break through the Noise in Pharma"; April 2024)

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Bringing Scale to Medical Affairs and Communications

We think that there is an attractive opportunity for pharma (outsourcing) services companies to bring economies of scale to medical affairs by leveraging advances in artificial intelligence (AI) software. In our view, functional service provider (FSP) models, while common in many areas, have not yet been optimized for medical affairs (communications).

We see opportunities for pharma services companies to offer pre-built AI infrastructure to reduce (and variabilize) the need for high-cost medical affairs employees. Functional service provider (FSP) models have been used to help pharma companies scale operations, reduce fixed costs, and gain access to specialized capabilities. FSP is commonly used in data management, clinical operations, biostatistics, and regulatory writing. Yet, medical affairs and medical communications teams have not embraced FSP in the same way. With human oversight, we see opportunities to use generative AI to draft literature summaries, medical response letters, publications, FAQs, scientific communication narratives, and track patient journeys, among many other activities.

One core use case for generative AI that we hear about in medical affairs is the ability to scale communications. This includes the ability to summarize large volumes of scientific literature and data into tailored content for different audiences and prepare for meetings with key opinion leaders (KOLs). There are 2.5+ million biomedical articles published on PubMed annually -- on top of an increasing flow of research from real-world evidence and health economics. Also, generative AI can streamline more routine inbound inquiries, such as drafting medical information response letters, in order to free up time for more strategic conversations with KOLs. According to the *Deloitte 2024 Life Sciences Outlook*, generative AI software can reduce medical content development time by 40%–60%, and paired with an FSP model, deliver up to 50% cost savings.

Also, **we hear about medical affairs using AI software to generate patient registries** that track patient outcomes over an extended period-of-time in specific disease areas. AI can be used to identify patients with specific rare diseases and track unmet needs to help develop product and marketing strategies. Then, these registries can be used to inform pharma companies and providers with respect to predicting the presence of a rare disease in a patient population.

Other medical affairs related use cases for AI include physician/nurse training, learning and development, and predictive analytics on how a therapy might impact targeted populations of patients. Also, AI can help automate KOL profiling and optimize outreach campaigns with respect to determining how and when to best engage with external stakeholders.

Source: Bourne Partners

Opportunities to Bring Scale to Patient Hub Services

As with medical affairs, **we also see opportunities for pharma (outsourcing) services companies to bring scale to "patient hub services" using artificial intelligence (AI) technologies**. Moreover, the increasing flow of specialty drugs coming to market and the *Inflation Reduction Act* could lead to more complex benefit designs in Medicare Part D -- with likely spillover effects into private/commercial coverage. This could further elevate the relevance of hub services programs.

Patient hub services companies help pharma companies improve patient access to specialty drugs by providing a central point of contact for patients and providers. This can help with navigating through the coverage/reimbursement "hoops" that are needed to get a patient on therapy -- e.g., prior authorizations, step therapies, volume limitations, and other utilization restrictions. Also, just as important, these companies offer educational services, and they can help manage copay assistance programs.

"Human connection" is key to the success of a patient hub services program. However, the challenge is that patient hub staff require knowledge and skills that go well beyond what is normally needed in a call center role. This can necessitate significant upfront training of staff on a specific drug and on the associated patient journey. All of this can be challenging in a labor constrained environment.

As such, **we see artificial intelligence (AI) becoming a "must have" technology for patient hub services companies** in the coming years. For instance, by using AI software, companies can monitor and respond to patient needs in (near) real time -- and even red-flag potential future patient adherence issues based on demographic and socioeconomic variables. Also, AI can be used to personalize the patient experience including by doing simple things like identifying the best time of day (and method) to contact a patient. Finally, we see clear benefits from using AI software to navigate the complexities of benefit investigations and prior authorization processes, which can otherwise be time-consuming and labor-intensive for the provider (as well as frustrating for the patient).

Adherence Support	Programs addressing the complexity of treatment regimens, side effects, and adverse event reporting, among others
Financial Assistance	Programs addressing coverage issues, such as financial counseling and assistance, among others
Clinical Logistics Support	Programs addressing clinical logistics, such as scheduling and transportation, among others

Apollocare, ConnectiveRx, CareMetx, AssistRx, EVERSANA, IQVIA, CardinalHealth, covermymeds

Source: Bourne Partners

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Omnichannel Marketing Becoming the Standard

Omnichannel marketing is not a new concept, but it is certainly gaining prominence. As drugs are becoming more targeted, it follows that so too must be the marketing. Advances in generative artificial intelligence (AI) are further adding to the ability of pharma services companies to scale engagement even for orphan drugs with niche patient populations.

In our view, measuring the use of omnichannel marketing in pharma is difficult to track since definitions of "omnichannel marketing" vary. However, in general terms, **we consider omnichannel marketing to be a marketing strategy that is built around the customer experience (i.e., the provider and the patient)** -- as opposed to being built around the product (i.e., the drug). In practice, this implies the integrated use of multiple marketing channels (online and offline), using data and predictive analytics, to deliver a consistent and targeted message. In the past, pharma marketing was pursued in a highly silo'ed manner with different sales and marketing teams dedicated to different channels. This led to fragmented/duplicative engagement and inefficient resource allocation.

The use of omnichannel marketing has been enabled by advances in analytics and data management. This has allowed for more personalized and targeted engagement across analog and online channels, including between devices (e.g., desktops, smartphones, and tablets) and digital channels (e.g., social media, emails, and websites). Also, generative AI has allowed for the automation of highly personalized content creation and for the ability to optimize marketing campaigns in (near) real time.

Finally, **we believe the COVID-19 pandemic resulted in a permanent change in how pharma companies engage with physicians.** During the pandemic, pharma companies quickly discovered that virtual outreach to physicians (via email, social media, and online marketing) can be almost as effective (~50%-80%) as in-person engagement, depending on the physician, the drug, and the situation -- while being much less labor intensive and less expensive. And physicians discovered that they too preferred digital engagement, such as emails and webinars, that more easily fit into their busy schedules. For instance, coming out of the pandemic, Veeva Systems commented that the number of sales reps employed by pharma companies declined by over 10% industrywide.

There are a wide range of companies supporting omnichannel pharma marketing with technologies, specialized staffing, and advisory services.

Veeva, doceree, EVERSANA, PharmaForce IQ, indegene, OSTRO, whiz.ai, norstella, ODAIA, verix, VISEVEN, IQVIA, PHARMAGIN, PULSEPOINT LEADING HEALTH FORWARD, Syneos health, AccessSync, alucio, H1, reverba GLOBAL, ICON, AKTANA, INIZIO, FLEX MARKETING

Source: Veeva Systems and Bourne Partners

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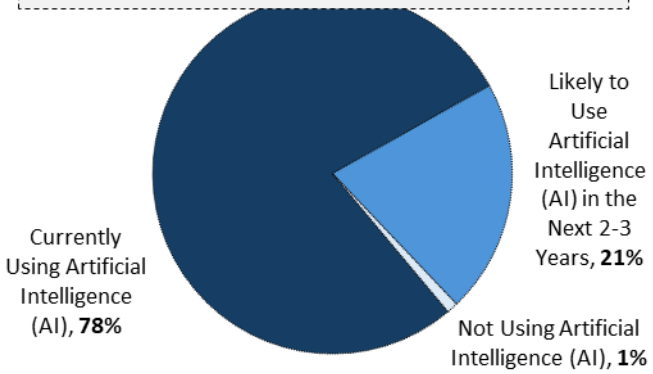
Artificial Intelligence and Real-World Evidence

Outside of medical affairs, patient hub services, and omnichannel marketing, **we see artificial intelligence (AI) becoming ubiquitous across a range of other commercial related activities.** For instance, almost all pharma companies are now using AI, at least on a pilot basis, for their strategic planning with respect to pricing and market scenario modeling.

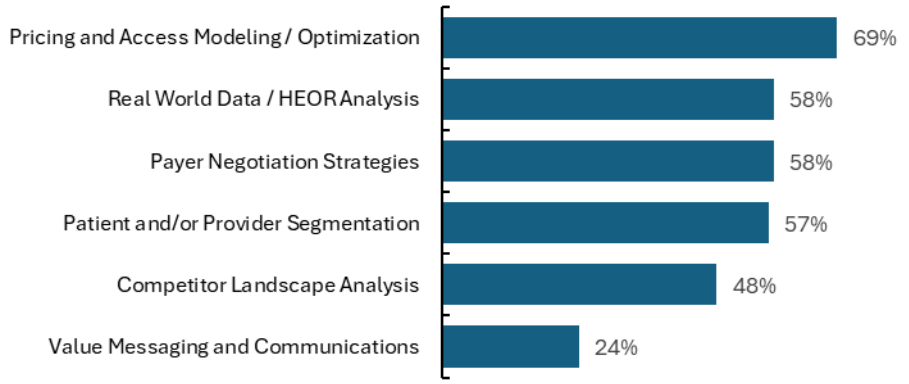
The increasing use of high-price precision/biologic medications, such as cell/gene therapies, has brought with it an expectation by health plans and physicians that pharma companies should be able to produce real-world evidence to prove the effectiveness and preferability of their drugs (vs alternatives). The production of real-world evidence, in turn, should be an ongoing market access activity after a drug is approved for patients. Also, evidence generation should start during clinical trials with sponsors using secondary endpoints addressing non-clinical issues such as quality of life and experience.

In our view, **the *Inflation Reduction Act (IRA)*, as discussed earlier in this report, is increasing the importance of data management and analytics** in order to defend a drug's differentiation throughout its economic lifecycle, e.g., how it compares to alternatives, how it targets sub-populations, and/or how it might meet unmet needs. Being able to demonstrate clear product differentiation has always been important, but, post-IRA, it can materially help mitigate price erosion.

Survey Question: Is Your Pharma Company Using Artificial Intelligence to Support Market Access?



Anticipated Market Access Use Cases for Artificial Intelligence (Next Two to Three Years)



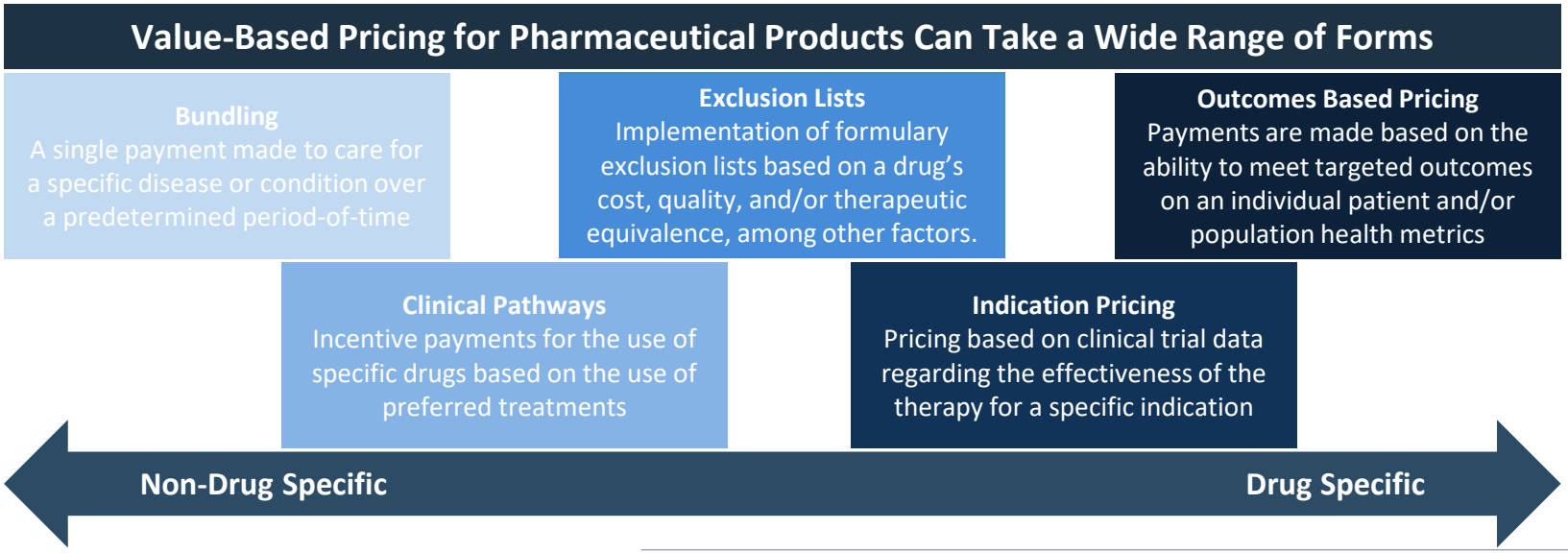
Source: MMIT ("State of Patient Access" webinar; June 2025) and Bourne Partners

Value Based Reimbursement and Contracting

The ability to generate real-world evidence on drug therapies is also key to managed care negotiations, including the use of value-based contracting. Value-based reimbursement involves linking payments to pharma companies based on the clinical performance of their drugs and/or the ability of their drugs to impact broader population health.

In our view, **there is significant appetite among U.S. health plans, government agencies, and other payers to better manage drug spending through value-based reimbursement models**. Today, value-based reimbursement for drugs is commonplace in certain parts of the world, i.e., in Australia, Canada, and some European countries. However, in the United States, the use of value-based reimbursement for drugs is more limited (and difficult to track) due to the fragmented nature of the healthcare system.

One of the biggest misconceptions about value-based reimbursement is that it is an "all-or-nothing" ("black-or-white") issue. In truth, there are a *wide* variation of value-based reimbursement models, along a continuum, ranging from bundling to preferred clinical pathways to indication-based pricing to full outcomes-based pricing.



Source: Avalere Health (January 2023) and Bourne Partners

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Barriers to Value Based Reimbursement for Drugs

We are confident that there will be a steady evolution towards value-based reimbursement for prescription drugs over time. However, we recognize that there are significant barriers to value-based reimbursement for drugs in the United States that the industry will need to overcome given the fragmented nature of Medicare and Medicaid.

We view the primary challenge to value-based reimbursement for prescription drugs to be structural in nature. In general, Medicare is typically seen as the "testing ground" for value-based reimbursement models because it is centrally controlled by one payer -- i.e., the *Centers for Medicare and Medicaid Services* (CMS). This allows participating providers to be compelled/incentivized towards a consistent desired set of behaviors. However, the reimbursement of drugs in traditional Medicare is fragmented. In traditional Medicare, CMS reimburses for physician-administered drugs through the Medicare Part B program, while outpatient drugs are reimbursed by private health plans through Medicare Part D. This makes it difficult to create a comprehensive value-based payment model. In fact, to our knowledge, there is only one value-based reimbursement model in traditional Medicare that covers both care delivery and drugs (no matter how they are distributed): *the Enhancing Oncology Model*.

As a side note, as we indicated earlier in this report, under the *Inflation Reduction Act (IRA)*, Part D plans are being held financially responsible for a greater share of a drug's costs. It is still very early-years for the IRA, and it is not yet fully clear how the IRA may impact the management of drug costs. However, as it stands now, the IRA will make Part D plans more sensitive to drug prices and usage. Therefore, there may be more incentives to engage with providers in value-based reimbursement models.

In Medicaid, **states and Managed Medicaid plans are legally required to get "best pricing"** (regardless of other considerations) creating an inherent conflict with any innovation around value-based reimbursement. CMS has issued regulations that allow for multiple "best prices" when value-based reimbursement models are present. Even still, the Medicaid "best pricing" requirement still disincentivizes the use of (and is a barrier to) value-based reimbursement, in our view.

By contrast, **in private/commercial and Medicare Advantage, drugs are not reimbursed separately** depending on how they are disbursed (i.e., clinician-administered vs pharmacy-dispensed). This should make it easier to design value-based reimbursement models. Even still, the challenge here is that drugs are often administered by separate entities, e.g., through pharmacy benefit managers, each with different benefit designs. This also makes coordinated value-based reimbursement more difficult.

Source: Bourne Partners

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New Approach to Value Based Contracting in Medicaid

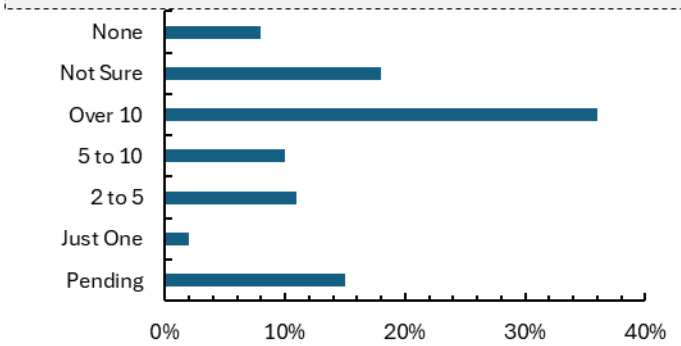
One potential new payment model for high-cost drugs that we are monitoring is the "Cell and Gene Therapy Access Model" (the CGT Access Model). The CGT Access Model is a new value-based reimbursement model recently introduced by the *Center for Medicare and Medicaid Innovation (CMMI)* targeting gene therapies for sickle cell disease in Medicaid.

In our view, **eye-wateringly high prices for CGTs, often in the millions, necessitate the use of value-based reimbursement models.** Value-based reimbursement allows for milestone payments by a payer to a biopharma firm over time, based on the durability of the effect (and safety) of a drug vis-à-vis pre-agreed upon performance metrics. The current fee-for-service reimbursement environment otherwise presents an untenable situation of having to ask health plans to pay a multi-million-dollar upfront lump-sum payment for a CGT with an uncertain future outcome.

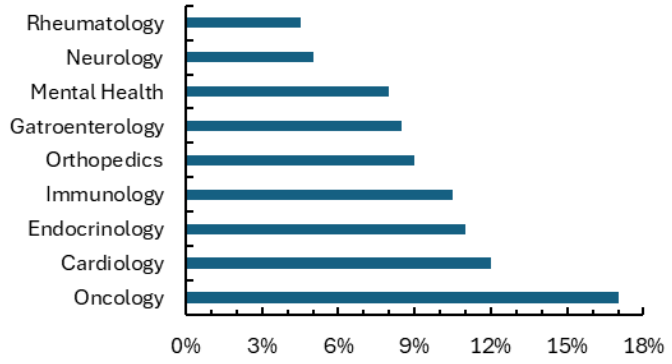
The CGT Access Model is a voluntary value-based reimbursement program focused on the use of cell and gene therapies for sickle cell disease in Medicaid. Through the CGT Access Model, the *Centers of Medicare and Medicaid Services (CMS)* collectively negotiates and monitors value-based reimbursement contracts with drug companies on behalf of multiple state Medicaid programs. In our view, the CGT Access Model seems to be getting good traction with 35 participating states.

We see this program as potentially establishing a foundation for value-based reimbursement for expensive drugs in other disease areas as well. The CGT Access Model could also provide a framework for private/commercial health plans to pursue similar approaches. In fact, CMS is now indeed seeking input from state Medicaid programs on opportunities to expand this program to other diseases and conditions.

Number of Outcomes Based Contracts in Place Among Payers and Pharmacy Benefit Managers (Survey Data)



Top Therapeutic Areas Involving Outcomes Based Contracts



Source: Avalere Health (January 2023) and Bourne Partners

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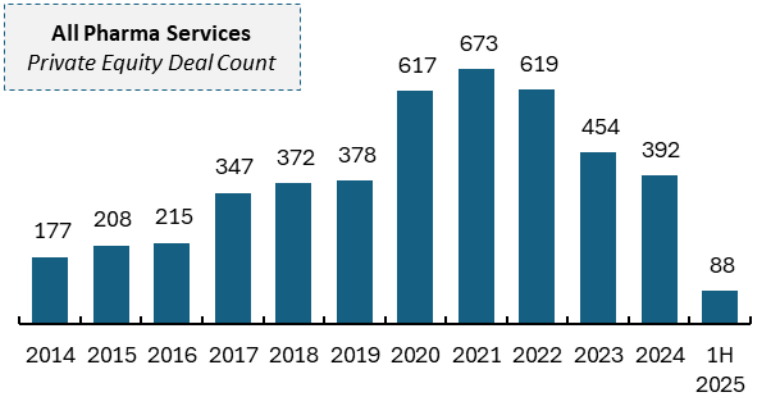
Merger & Acquisition (M&A) Activity and Valuation Considerations

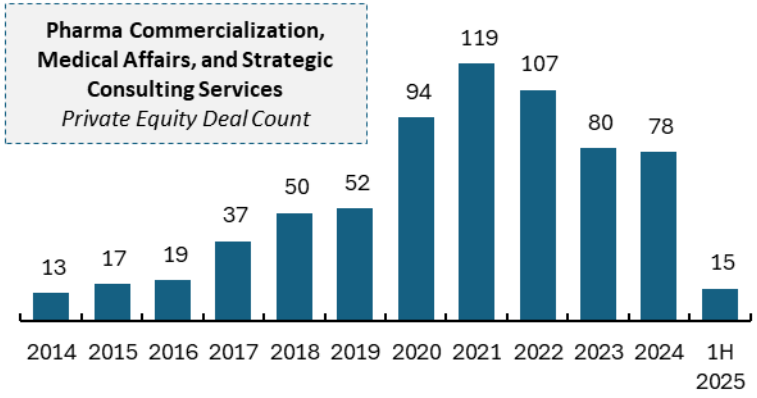
A Slow Start to Deal Activity in 2025

Private equity deal activity sharply softened in the first half of 2025 across all of pharma services, including pharma commercialization and market access. We attribute this to the lagged impact of the capital market weakness associated with the Federal Reserve sharply increasing interest rates in 2022 and 2023 -- as well as the uncertainties related to the *Inflation Reduction Act* of 2022 and the new regulatory/trade policies of the Trump administration.

After a slow start in 2025, **we expect to see a recovery of pharma services M&A activity in late 2025 and early 2026** as investors get more visibility to the policies of the new Trump administration and as the pharma industry works through its strategic reprioritizations in response to the IRA. Also, low inflation suggests that there could be a chance for lower (or at least stable) interest rates in the second half of 2025 and in 2026. Finally, by most accounts, the pharma development (clinical trial) pipeline remains healthy with a continuing emphasis on complex precision medicines.

In the pharma commercialization and market access space, we are seeing more appetite for consolidation. The landscape of pharma commercialization providers is highly fragmented, but there is a recognition that service providers will likely need to have global and therapeutic diversification, as well as a broader continuum of skill sets, to successfully manage through a volatile regulatory, legislative, and economic pharma environment. Also, providers need economies of scale to be able to invest in modern information technology infrastructure. The ability to generate real-world evidence building is increasingly necessary to defend the comparable effectiveness of high-cost drug therapies.





Source: Pitchbook and Bourne Partners

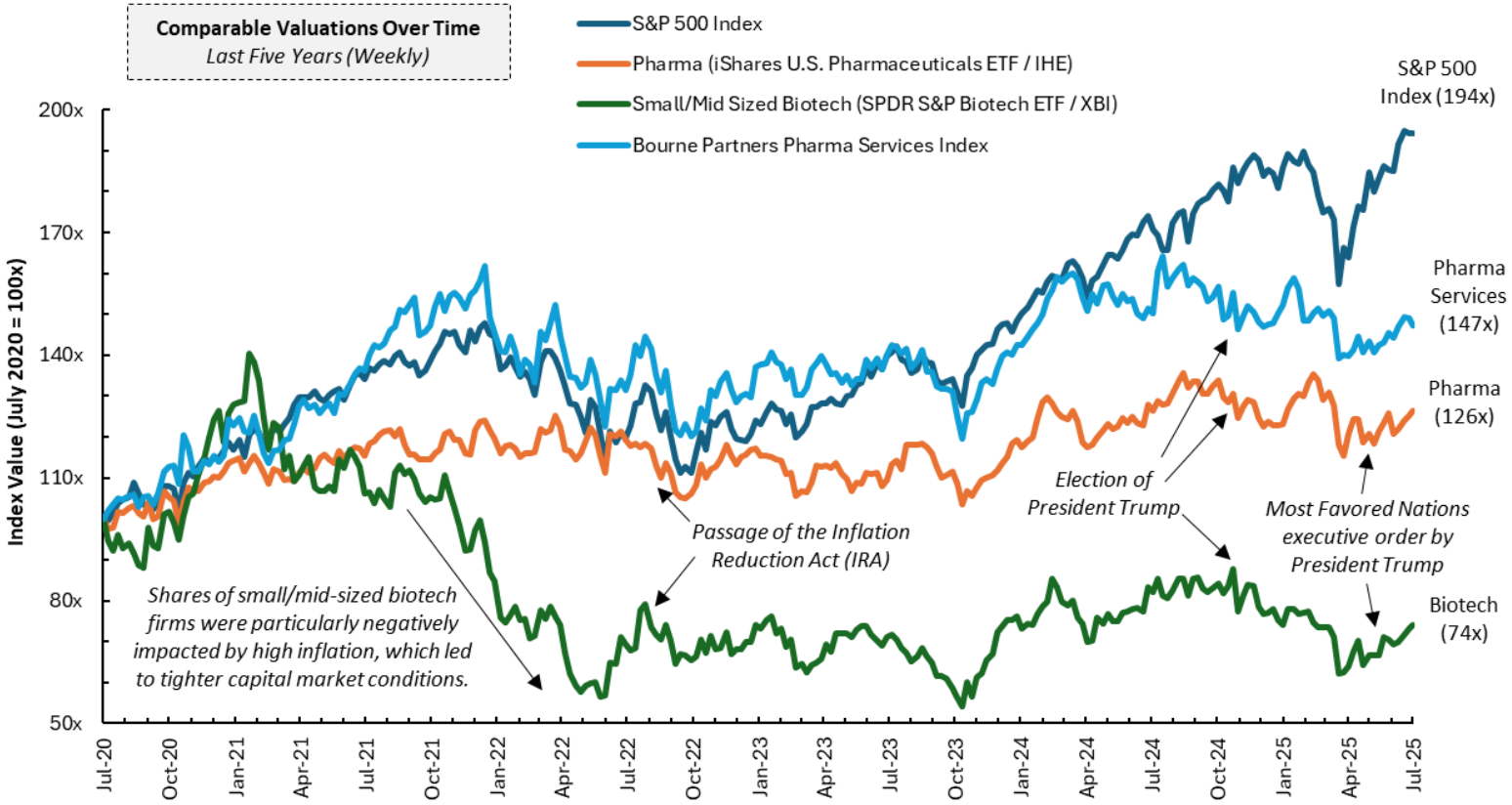
Pharma Commercialization Trading Comparisons

Company Name	Ticker	Equity Value	Net Debt / (Net Cash)	Enterprise Value	Projected CY2025 Revenue	Projected CY2025 Revenue Multiple	Projected CY2025 Revenue YOY %	Projected CY2025 EBITDA	Projected CY2025 EBITDA Multiple	Projected CY2025 EBITDA YOY %	Debt Ratio
Pharma Services											
Charles River Laboratories	CRL	$7,578	$2,760	$10,338	$3,899	2.7x	-3.3%	$947	10.9x	-5.1%	2.9x
Fortrea Holdings	FTRE	444	1,186	1,630	2,508	0.6x	-7.2%	175	9.3x	-20.7%	6.8x
ICON	ICLR	11,424	3,068	14,492	7,962	1.8x	-3.9%	1,583	9.2x	-8.6%	1.9x
IQVIA Holdings	IQV	27,443	12,662	40,105	16,072	2.5x	4.5%	3,791	10.6x	2.9%	3.3x
Lonza Group	LONN	50,448	3,881	54,329	9,587	5.7x	31.3%	2,738	19.8x	33.1%	1.4x
Medpace Holdings	MEDP	9,073	(291)	8,782	2,185	4.0x	3.7%	474	18.5x	2.9%	-0.6x
Median						***2.6x***	***0.2%***		***10.7x***	***-1.1%***	*2.4x*
Mean						***2.9x***	***4.2%***		***13.1x***	***0.7%***	*2.6x*
Commercialization Software and Tech-Enabled Services											
Certara	CERT	$1,682	$129	$1,811	$421	4.3x	9.6%	$132	13.8x	8.0%	1.0x
Definitive Healthcare	DH	434	(20)	414	237	1.7x	-5.3%	63	6.6x	-19.4%	-0.3x
Indegene	INDGN	1,612	(183)	1,429	359	4.0x	n/a	70	20.5x	n/a	-2.6x
Uniphar	UPR	1,088	314	1,402	3,376	0.4x	19.5%	156	9.0x	21.7%	2.0x
Veeva Systems	VEEV	45,630	(5,991)	39,638	3,101	12.8x	13.8%	1,391	28.5x	21.5%	-4.3x
Median						***4.0x***	***11.7%***		***13.8x***	***14.7%***	*-0.3x*
Mean						***4.6x***	***9.4%***		***15.7x***	***7.9%***	*-0.9x*
Diversified Consulting											
Accenture	ACN	$174,636	($1,472)	$173,164	$70,260	2.5x	6.8%	$13,298	13.0x	7.0%	-0.1x
Cognizant	CTSH	36,981	(813)	36,168	20,821	1.7x	5.5%	3,851	9.4x	10.2%	-0.2x
EPAM Systems	EPAM	9,423	(1,015)	8,408	5,358	1.6x	14.2%	863	9.7x	2.2%	-1.2x
FTI Consulting	FTI	13,809	657	14,467	9,824	1.5x	9.0%	1,744	8.3x	28.6%	0.4x
Huron Consulting Group	HURN	2,142	592	2,734	1,625	1.7x	9.9%	231	11.8x	18.1%	2.6x
Median						***1.7x***	***9.0%***		***9.7x***	***10.2%***	*-0.1x*
Mean						***1.8x***	***9.1%***		***10.5x***	***13.2%***	*0.3x*
Advertising Agencies											
Omnicom Group	OMC	$14,085	$3,810	$17,895	$16,222	1.1x	3.4%	$2,608	6.9x	2.1%	1.5x
Publicis Groupe	PUB	24,557	1,677	26,235	17,000	1.5x	18.0%	3,856	6.8x	23.2%	0.4x
The Interpublic Group	IPG	9,088	2,337	11,425	8,816	1.3x	-5.1%	1,538	7.4x	-7.2%	1.5x
WPP	WPP	6,020	4,645	10,665	13,838	0.8x	-3.5%	2,442	4.4x	-7.5%	1.9x
Median						***1.2x***	***-0.1%***		***6.8x***	***-2.6%***	*1.5x*
Mean						***1.2x***	***3.2%***		***6.4x***	***2.6%***	*1.3x*
Median - Overall						**2.1x**	**4.6%**		**10.2x**	**4.6%**	
Mean - Overall						**2.6x**	**6.5%**		**11.4x**	**6.1%**	

Note: Market values as of the close of business July 16, 2025.
Source: S&P Global Intelligence and Bourne Partners

Pharma Services Valuations Have Generally Held Up

Pharma services equity valuations have generally kept pace with the S&P 500 through September 2024. By contrast, pharma and biotech equity indices have consistently underperformed over the past five years, reflecting the high inflation rates from 2021 to 2023, the passage of the *Inflation Reduction Act* in 2022, and the uncertain trade and regulatory environment following the election of President Trump in November 2024.



Note: Market values as of the close of business July 16, 2025. Refer to Slide 53 for composition of the Bourne Partners Pharma Services Index. Source: S&P Global Intelligence and Bourne Partners

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Select Acquisitions in Pharma Commercialization (1 of 4)

We are hearing that there is an increasing appetite for consolidation in the pharma commercialization space. In our view, successful providers need to have global and therapeutic diversification, and a broader continuum of skill sets to navigate a more complex environment -- as well as the scale to invest in the latest information technology advances.

Date	Target	Acquirer	Commentary
Jul-2025	klick HEALTH	GIC / LINDEN	Provider of consulting and market access services to help life sciences companies engage and educate healthcare providers about new drugs
Jun-2025	RIS RX	SUMMIT PARTNERS	Vendor of software that help to reduce revenue leakage with pharma pricing (e.g., gross-to-net spreads) and manage affordability programs
Jun-2025	Decisive consulting	Herspiegel	Decisive Consulting focuses on novel/breakthrough therapies, and the company has supported more than 45 companies in multiple countries
Apr-2025	blackpoint	fingerpaint GROUP	New York City–based advisory firm servicing healthcare and life sciences companies with a strong foundation in management consulting
Mar-2025	mercalis / PharmaCord	PERMIRA	Merger of two providers of market access solutions, ranging from patient services to market access
Feb-2025	AVANTHC	REAL CHEMISTRY	Medical communications company using data-driven strategies to message healthcare providers
Feb-2025	COEUS	rednucleus	Multi-specialty consultancy offering a full suite of informed solutions for engagement with organized customers, providers, and patients
Jan-2025	Newmarket Strategy	Baird Capital BAIRD	Provider of consulting and market access services for pharma and biotech firms as well as digital health and healthcare services providers
Jan-2025	Peregrine Market Access	klick HEALTH	Range of market access services, including strategy, value communications, and payer insights offerings

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Select Acquisitions in Pharma Commercialization (2 of 4)

We are hearing that there is an increasing appetite for consolidation in the pharma commercialization space. In our view, successful providers need to have global and therapeutic diversification, and a broader continuum of skill sets to navigate a more complex environment -- as well as the scale to invest in the latest information technology advances.

Date	Target	Acquirer	Commentary
Dec-2024	IPG	OmnicomGroup	Merger-of-equals creating end-to-end services including precision marketing, digital commerce, advertising, public relations, and branding
Oct-2024	rednucleus.	THL	Offers a range of services including medical affairs, market access, and learning and development for over 200 biopharma companies
Sep-2024	PharmaForce IQ	EIR PARTNERS	Technology platform designed to execute and measure omnichannel marketing campaigns (to providers and patients)
Aug-2024	PHAR	ADVI	Provider of health technology assessments and health economics and outcomes research (HEOR)
Jun-2024	Model N	VISTA EQUITY PARTNERS	Cloud-based revenue management/compliance software, automating pricing, incentives, contract management, and channel management
Jun-2024	sam brown inc Healthcare Communications	blue matter	Integrated communications and public relations agency focused on corporate, clinical, and commercial communications for the life sciences
Nov-2023	IntegriChain	NORDIC CAPITAL	Provider of commercialization and market access technology, data, consulting, and outsourcing solutions for life sciences customers
Sep-2023	Syneos Health	ELLIOTT / PATIENT SQUARE / VERITAS CAPITAL	Global biopharma services company that provides outsourced solutions to support the development and commercialization of drugs
Sep-2023	K Advisors	BGB GROUP	Strategy consulting for biopharma, medical device, digital health and diagnostic clients with offices in Washington D.C., London, and Boston

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Select Acquisitions in Pharma Commercialization (3 of 4)

We are hearing that there is an increasing appetite for consolidation in the pharma commercialization space. In our view, successful providers need to have global and therapeutic diversification, and a broader continuum of skill sets to navigate a more complex environment -- as well as the scale to invest in the latest information technology advances.

Date	Target	Acquirer	Commentary
Jul-2023	CorEvitas	ThermoFisher Scientific	Vendor of regulatory-grade, real-world evidence for approved medical treatments and therapies with twelve specific registries
Apr-2024	The MYND Group	fingerpaint Group	Full-service strategic market access marketing company with extensive healthcare industry expertise in pharmaceuticals and biologics
Mar-2023	TI Health	Real Chemistry	Marketing and predictive analytics and omnichannel engagement insights and activation solutions for pharma and life sciences brands
Feb-2023	acsel health	Open Health	New York-based life science strategy and advisory firm focused on commercial strategy, pricing and market access
Feb-2023	petauri	Oak Hill Capital Partners	Purpose-built pharma commercialization services platform for market access, medical affairs, patient services, and data analytics
Dec-2022	ADVI	Sheridan Capital Partners	Healthcare consulting firm supporting life sciences, managed care, healthcare services, and digital health companies
Jul-2022	Open Health	astorg.	Commercialization/consulting services, such as medical communications, market access, patient engagement, and health economics research
Jun-2022	Avalere	Fishawack Health	Consulting firm focuses on healthcare policy, market access, and transformation based on proprietary data and insights
Nov-2021	Genesis Research Group	GHO Capital	Tech-enabled real-world evidence (RWE) and health economics and outcomes research services for pharma and biotech companies

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Select Acquisitions in Pharma Commercialization (4 of 4)

We are hearing that there is an increasing appetite for consolidation in the pharma commercialization space. In our view, successful providers need to have global and therapeutic diversification, and a broader continuum of skill sets to navigate a more complex environment -- as well as the scale to invest in the latest information technology advances.

Date	Target	Acquirer	Commentary
Nov-2021	calcium + company	NexPhase Capital	Marketing agency for life sciences companies including market access planning, public relations, and medical communications
Oct-2021	BGB | GROUP	TPG	Range of advertising, medical communications, payer access, and consulting services to the biopharma industry
Sep-2021	INCITE	STRAT7 DATA DRIVEN STRATEGY	Consulting services for the technology, healthcare, and retail sectors with offices in London, New York, San Francisco and Chicago
Aug-2021	fortis PHARMA	BIOSCRIPT GROUP	London-based specialist in medical affairs services with skills in medical education, expert engagement and strategic consultancy
Apr-2021	prime	LEVINE LEICHTMAN CAPITAL PARTNERS	Consulting firm focused on pharma market access strategies with offices in the United Kingdom, the United States, Europe, and New Zealand
Dec-2020	fingerpaint GROUP	KNOX LANE	Consulting and marketing agency services for the pharma, biotech, medical device, and animal health sectors
Nov-2020	PRECISION AQ	Blackstone	Technology platform designed to execute and measure omnichannel marketing campaigns (to providers and patients)
Sep-2020	blue matter	Baird Capital	Strategic consulting and market access services to the life sciences industry with notable expertise in oncology and rare diseases
Jun-2019	REAL CHEMISTRY	NMC New Mountain Capital	Provider of medical marketing and communications services based on proprietary artificial intelligence (AI) technology

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Sample Pharma Commercialization Companies (1 of 7)

ADVI Health
Washington, D.C.
www.advi.com

ADVI Health was founded in 2013 as a consulting firm supporting life sciences and other healthcare companies. Over the years, ADVI Health has developed various proprietary data assets, including its *Strategic Analytics and Value Economics* data set.

In December 2022, Sheridan Capital Partners acquired a majority equity position in ADVI Health with management retaining a significant stake. Soon thereafter, in August 2024, ADVI Health acquired *Partnership for Health Analytic Research*, a provider of health economics and outcomes research (HEOR). In our view, this nicely complemented ADVI's existing capabilities in and around the pharma commercialization services space.

BGB Group
New York, New York
www.bgbgroup.com

Founded in 2005, the BGB Group offers advertising, medical communications, payer access, and consulting services to the biopharma industry with offices in New York, Washington, D.C., Boston, and London. Today, the company employs 509 staff.

The BGB Group was acquired by TPG in October 2021, and, in September 2023, BGB Group acquired *Kx Advisors* to expand its capabilities with pharma companies around early asset development and medical strategy. Also, in February 2024, BGB Group entered into a strategic partnership with *Scrum50*, an agency with experience in consumer marketing for a variety of healthcare and general consumer companies.

Blue Matter Consulting
San Francisco, California
www.bluematterconsulting.com

Blue Matter Consulting offers a variety of strategic consulting and market access services to the life sciences industry with expertise in complex therapeutic areas and rare diseases. Today, Blue Matter Consulting employs 253 staff, including some recent senior hires in Europe, and the company supports 120 clients globally.

Baird Capital acquired Blue Matter Consulting in August 2020. Then, in 2021, Blue Matter Consulting closed its acquisition of *AIM*, a provider of supply chain consulting and interim management services in Europe. Also, in September 2024, Blue Matter Consulting acquired *Sam Brown*, a healthcare focused communications and public relations agency.

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (2 of 7)

Calcium+Company
New York, New York
www.calciumco.com

Calcium+Company was founded in 2012 by its current management team as a marketing agency supporting life sciences companies and brands. It was subsequently acquired by NexPhase Capital in November 2021. Today, Calcium+Company employs 160 staff.

Calcium+Company operates via a growing number of specialized divisions. Most recently, in November 2024, Calcium+Company launched "Cobalt," a new division focused on commercial planning and market access. This closely follows the 2023 launch of PRotein, a health and wellness public relations business, and Amino in oncology marketing. Also, Vitamin MD, a medical communications division, was launched in 2022.

Doceree
Short Hills, New Jersey
www.doceree.com

Doceree develops marketing and communication solutions that support programmatic digital advertising by life sciences companies/brands. In our view, Doceree is differentiated by its proprietary artificial intelligence that can identify and target healthcare professionals across various digital platforms with personalized digital messaging. In our view, key to the company's success has been the integration of its software applications.

Doceree was founded in 2019, and the company remains founder-owned with the backing of several venture capital firms, including Eight Roads Ventures, F-Prime Capital, and Creaegis. In October 2024, Doceree completed a Series B funding round.

Fingerpaint Group
Cedar Lane, New Jersey
www.fingerpaint.com

Founded in 2008, the Fingerpaint Group is a marketing agency focused on the pharma, biotech, medical device, and animal health sectors. The Fingerpaint Group has been backed by Knox Lane since December 2020, and the company has been an aggressive consolidator with almost a dozen acquisitions over the past decade.

Just recently, in April 2025, the Fingerpaint Group acquired BlackPoint Consulting, a market access consultancy focused on the life sciences sector with over five of the top ten global pharma companies as customers. Other notable acquisitions in the commercialization space include the *MYND Group* (April 2023), *PharmaHEALTHLabs* (March 2023), and *Emcay* (July 2022)

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (3 of 7)

Genesis Research
Hoboken, New Jersey
www.genesisrg.com

Founded in 2009, Genesis Research is a provider of tech-enabled real-world evidence (RWE) and health economics and outcomes research (HEOR) related services to help pharma and biotech companies position and optimize the go-to-market strategies for their drugs. Today, Genesis Research has well over 100 client relationships including many of the top 20 global pharma companies.

Genesis Research was acquired by GHO Capital in late 2021. Shortly thereafter, in May 2022, Genesis Research acquired *Market Access Transformation*, a vendor of tech-enabled payer research platforms. Also, in August 2022, Genesis Research entered into a strategic partnership with *Syapse* in the oncology space.

H1
New York, New York
www.h1.co

H1 offers data and analytical software to healthcare organizations. At its core, this includes data from peer-reviewed publications, clinical trials, medical claims, and other sources. On top of this database are derivative analytical software applications that help pharma sponsors accelerate market access and clinical trials. Also, this year, H1 acquired *Ribbon Health* and *Veda* to add to its ability to support managed care companies.

H1 has remained owned by its two cofounders since the company was formed in 2017 with additional financial support from multiple venture capital firms, e.g., BoxGroup, Freesolo Capital, General Catalyst, and Communitas Capital Partners, among others.

IQVIA Holdings
Research Triangle, North Carolina
www.iqvia.com

IQVIA Holdings (NYSE-IQV) is a publicly-traded life sciences technology and services company. In our view, IQVIA is on track to $16.1 billion of revenue in 2025. Of this, IQVIA Holdings operates a $6.6 billion technology and analytics business (mostly related to pharma marketing and commercialization) and a $720 million contract sales organization. Also, we believe IQVIA is the largest global provider of real-world evidence (RWE) related services.

IQVIA recently entered a partnership with salesforce.com (NASDAQ-CRM) to launch a new CRM platform, with omnichannel capabilities, based on the salesforce Life Sciences Cloud. Salesforce.com wants to get into the life sciences in a bigger way, in our view.

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (4 of 7)

MMIT (Norstella)
Yardley, Pennsylvania
www.mmitnetwork.com

MMIT offers data, analytics, and consultative services to support the commercialization of new drugs. This includes the development of market access strategies and the optimization of payer coverage, formulary positioning, and patient access.

MMIT is a subsidiary of Norstella, which, in turn, is backed by Welsh Carson, Ardan Equity, and Ardian. Norstella owns and operates multiple other pharma tech and services companies, e.g., *Citeline*, *Evaluate*, *Panalgo,* and *The Dedham Group*. Together, these Norstella subsidiaries benefit from common access to NorstellaLinQ, a data asset consisting of more than 74 billion data points, including hundreds of brand launches.

Klick Health
Toronto, Canada
www.klick.com

Klick Health provides a range of consulting and market access services to help life sciences organizations engage and educate healthcare providers about new drugs. Klick Health has been investing in artificial intelligence capabilities. Most recently, the Company announced the release of "HCP AI FocusGroup," an AI software that simulates how physicians might react to different marketing messages.

Klick Health was founded in 1997, and the company remains owned by its founders. Klick Health recently acquired two complementary market access services companies, *Peregrine Market Access* (January 2025) and *Ward6* (March 2025), both expanding the company's geographic presence.

OPEN Health
London, United Kingdom
www.openhealthgroup.com

Established in 2011, OPEN Health is a global provider of commercialization and consulting services for the life sciences industry. This includes a range of services such as medical communications, market access, patient engagement, and health economics and outcomes research. Today, OPEN Health has an impressive client base of 49 of the top 50 global pharma companies.

Private equity firm Astorg took ownership of OPEN Health in May 2022. Soon thereafter, OPEN Health acquired two U.S. based companies: the *CM Group* (August 2022), offering scientific communications, and *Ascel Health* (February 2023), a consulting firm focused on the life sciences.

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (5 of 7)

Petauri Health
Nashville, Tennessee
www.petauri.com

Petauri Health was launched in February 2023 by Oak Hill Capital to become a purpose-built pharma commercialization services platform for market access, medical affairs, patient services, and data analytics. Today, Petauri Health employs 400+ staff and serves 150+ clients, including 23 of the top 25 pharma companies.

Since its formation Petauri Health has closed a series of acquisitions, including *The Kinetix Group* (announced in June 2023), *FORCE Communications* (February 2024), *Mtech Access* (June 2024), *Delta Hat* (June 2024), *Blueprint Oncology* (August 2024), *Cogency* (August 2024), *Verascity* (August 2024), *Blendworks* (August 2024), and *Formulary Insights* (November 2024).

PharmaForceIQ
Miami, Florida
www.pharmaforceiq.com

PharmaForceIQ offers a technology platform designed to execute and measure omnichannel marketing campaigns (to both providers and patients) on behalf of pharma and biotech companies. Eir Partners acquired a majority equity stake in PharmaForceIQ in September 2024.

In our view, one aspect of PharmaForceIQ that is unique is its ability to provide real-time insights to pharma brand managers and use artificial intelligence to target providers and patients in a highly personalized manner, accommodating personal preferences. In June 2025, PharmaForceIQ reported significant revenue growth along with a 100% client renewal rate.

Precision AQ
Bethesda, Maryland
www.precisionaq.com

Precision AQ, previously known as Precision Value & Health, provides a range of market access consulting along with a suite of software applications and data tools. Precision AQ has been financially backed by Blackstone since November 2020, along with others such as Berkshire Partners, TPG Growth, Oak HC/FT and Vida Ventures.

Most recently, in January 2025, Precision AQ launched "Navigator365 Matrix," an AI-enabled data solution that helps identify key opinion leaders in various therapeutic areas and optimize clinical and scientific messaging to them. Also, in our view, Precision AQ is particularly well regarded for its therapeutic expertise in oncology, neurology, and immunology.

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (6 of 7)

Prime Global
Knutsford, United Kingdom
www.primeglobalpeople.com

Founded in 1997, Prime Global is a consulting firm focused on biotech and pharma companies with respect to market access strategies. Today, Prime Global employs over 400 staff across the United Kingdom, the United States, Europe, and New Zealand.

In April 2021, Prime Global was acquired by Levine Leichtman Capital Partners. Soon thereafter, in January 2022, Prime Global acquired *HCD Economics*, adding capabilities in health economics and outcomes research (HEOR) and real-world evidence (RWE). Then, in October 2022, Prime Global acquired *earthware*, adding a digital healthcare agency that helps develop digital and technology solutions for healthcare providers.

Real Chemistry
New York, New York
www.realchemistry.com

Formed in 2001, Real Chemistry provides medical marketing and communications services based on proprietary artificial intelligence (AI) technology. Real Chemistry has been owned by New Mountain Capital since June 2019. Today, Real Chemistry does work with all thirty of the top 30 pharma and biotech companies.

In 2024, Real Chemistry reported $665 million of revenues, up 12% from 2023, including the February 2023 acquisition of *TI Health* and the February 2024 acquisition of *Avant Healthcare*. At the end of 2024, Real Chemistry spun off its AI-focused healthcare agency, *Swoop*, as a standalone company. Real Chemistry and Swoop will operate and report results separately going forward.

Red Nucleus
Yardley, Pennsylvania
www.rednucleus.com

Red Nucleus offers a range of services across the entire economic lifecycle, including in drug research and development, medical affairs, market access, and learning and development. Today, Red Nucleus has a customer base of upwards of 200 biopharma companies, including most of the top 25 global pharma companies, and the company employees 700 staff.

Red Nucleus recently closed a series of acquisitions, i.e., *Element H* (February 2023), *AlphaGroup Medical Communications* (December 2022), and *Jupiter Life Sciences Consulting* (September 2022), before being acquired itself by private equity investor Thomas H. Lee Partners in October 2024.

Source: Company Reports and Bourne Partners

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Sample Pharma Commercialization Companies (7 of 7)

Syneos Health
Morrisville, North Carolina
www.syneoshealth.com

Syneos Health operates a pharma commercial services business with almost $2.0 billion in annual revenue and with 7,000+ professionals. This business consists of a contract sales organization coupled with software, regulatory, medical affairs, and market access consulting all the way through to real world and late phase research.

Syneos Health was acquired in September 2023 for an implied enterprise value of $7.1 billion by a consortium of private investors, including Elliott Investment Management, Patient Square Capital, and Veritas Capital, among others. For 2023, Syneos Health was on pace to generate $5.0 billion of revenue and $700 million of adjusted EBITDA.

Veeva Systems
Pleasanton, California
www.veeva.com

Veeva Systems (NASDAQ-VEEV) is a publicly traded SaaS company focused almost exclusively on the life sciences industry. Most notably, Veeva Systems markets the dominant CRM software application specifically designed for pharma companies with a global market share in excess of 75%.

Today, Veeva Systems generates just over $3 billion of run-rate revenue, including $1.3 billion from its "commercial solutions" segment. We estimate that Veeva Systems's CRM accounts for about $650 million of annual revenue with the rest of the commercial solution segment consisting of add-on analytical software and data solutions that support the omnichannel marketing needs of its customers.

Verix
Santa Clara, California
www.verix.com

Founded in 2004, Verix develops and markets cloud-based analytical software that provides insights relevant to pharma commercial operations. Verix operates off of its flagship technology platform, Tovana, which is able to ingest large quantities of data to help pharma sales and marketing teams to better understand the healthcare providers that they sell too.

Recently, Verix acquired Start-up.ai, a provider of artificial intelligence (AI) software in mid-2023. Shortly thereafter, Verix announced the launch of "GenAI Database Explorer," an AI-enabled software application that helps pharma sales reps extract data on healthcare provider (HCP) behavior, preferences, and patient needs.

Source: Company Reports and Bourne Partners

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Appendix: Bourne Partners Overview

Bourne Partners Overview

Since 2001, Bourne Partners has been offering a unique perspective and unmatched expertise while remaining highly focused on fulfilling the needs of established healthcare and life sciences companies across the globe

Our Passion

*"Working with **great people** and **great companies** to achieve **extraordinary results**."*

Highly-Focused Firm

Therapeutics | **Pharma Services** | **Healthcare Services**

Bourne Partners Investment Banking

Mergers & Acquisitions	
Sell-Side Advisory	*Buy-Side Advisory*
Company & Product Focus	*$100M - $1B+ Enterprise Value*
Capital Advisory Services	
Equity Capital Raising	*Debt Capital Raising*
Alternative Financing Options	*$100M+ Capital Raises*

Value-Add Advisors with a Global Reach

$15B+
Transaction Value

15
Years of Average Tenure at Bourne[1]

25+
Year Track Record

Six
Continents Reached

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1) Average Tenure at Bourne: Director and Above

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

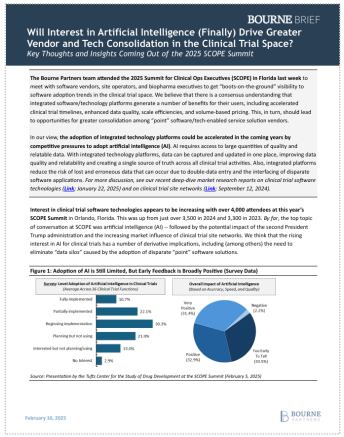
Extensive background in healthcare services, pharma services, and healthcare information technology

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

Morgan Stanley | UBS | Capital One | KeyBanc Capital Markets

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.



Sector Expertise and Dedicated Coverage Teams

Therapeutics

Representative Focus Areas

- Commercial-Stage Specialty & Rare Disease Biopharma Therapeutics
- Generic Pharma
- Legacy / Established Brands
- 505(b)(2)
- De-Risked Clinical Stage Biotech
- Cell & Gene Therapies
- Medical Devices

Representative Solutions

- Public & Private Sell-Side M&A
- Debt & Equity Financing
- Synthetic Royalty / Revenue Interest Financing
- Royalty Monetization
- Priority Review Voucher (PRV) Monetization & Financing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Pharma Services

Representative Supply Chain Services

- Full-Service & Specialty CMOs & CDMOs
- Biostorage, Distribution & Logistics Services
- Commercial Lab & Analytical Services
- Contract Packaging & Labeling
- Manufacturing Consulting & Strategy Services

Representative Clinical Services

- Full-Service & Specialty CROs
- SMOs & Clinical Research Site Networks
- Patient Recruitment & Engagement
- Research Site-Enabling Services & Technologies
- Clinical Regulatory Consulting & Strategy Services

Representative Commercialization Services

- HCP, Patient & Omnichannel Engagement
- Market Access & Pricing, HEOR, RWE
- Medcomms & Healthcare Marketing / Advertising
- Medical & Regulatory Affairs & Pharmacovigilance
- Patient Support & Hub Services


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Healthcare Services

Representative Healthcare Services

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

Representative Outsourced Services

- Distribution
- Home Medical Supplies & DME
- Labs & Lab Services
- Staffing
- Virtual Care-Enablement & Provider Technology

Representative Pharmacy Services

- Infusion Services
- 503A Compounding Pharmacy
- 503B Hospital Outsourcing
- Specialty and Retail Pharmacy
- Medication Management & Adherence


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Director


Robert Stanley
Director


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Director


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Director, Head of Research

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Jonny Rubin


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Senior Advisor


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Senior Advisor


Bruce Montgomery
Senior Advisor


Minor Hinson
CIO, BPSC


Chris Inklebarger
COO, General Counsel


Calli Lewis
Chief of Staff

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Investments are not guaranteed or underwritten and may lose value. Investing in securities products involves risk, including possible loss of principal.