On Site: QuintilesIMS to Buy DrugDev

QuintilesIMS has reportedly reached an agreement to buy DrugDev, a technology company that has built one of the industry’s largest global investigator networks and data sharing platforms, the latest in series of significant mergers among CROs during recent months.

The U.S. Federal Trade Commission’s 30-day waiting period for the proposed acquisition is expected to end in the near future, according to sources close to the matter, although it’s possible that the deal won’t be publicly announced until later this summer or not at all. Spokespersons from both QuintilesIMS and DrugDev declined comment. The acquisition, however, was wildly discussed throughout the exhibition hall and panel discussions at the Drug Information Association (DIA) annual meeting in Chicago last week.

The proposed acquisition comes eight months after Quintiles and IMS Health completed their so-called merger of equals, creating a company worth nearly $18 billion based on market capitalization. Many industry analysts believe that leaders from IMS Health are driving M&A strategy in the newly combined company toward gaining technology and data-based assets to ultimately create a large, integrated platform that can inform and support the operation of R&D functional areas and needs across the lifecycle of a clinical trial or program.

DrugDev, which was founded in 2009, has built an integrated suite of technologies through acquisitions of CFS Clinical, TrialNetworks and SecureConnect that provide the tools, data and analytical capabilities to optimize site selection and startup, investigator payments, site performance, and clinical operations.

“The DrugDev portfolio seems to fit in well with the broader strategy that IMS is executing to expand its offerings of data and intelligence-based solutions that inform the performance and management of a variety of R&D operating activities,” said Ken Getz, director of sponsored programs and associate professor, Center for the Study of Drug Development, Tufts University School of Medicine.

The proposed acquisition would mean QuintilesIMS would own DrugDev’s database of more than 80,000 investigators actively seeking new trial opportunities in 115 countries, which is widely considered core to the deal, and tools that integrate the investigator network information with performance history and other records to support site selection. DrugDev also hosts the Investigator Databank, a collaboration between sponsor companies that allows its nine members to share investigator and site information, and was chosen to work with TransCelerate BioPharma on a global investigator registry. How the QuintilesIMS acquisition might change DrugDev’s site selection database offerings to industry competitors remains unclear.

“(The DrugDev acquisition) will improve QuintilesIMS’ capabilities for facilitating site support services and data, and analytics on site performance,” said David K. Blume, managing director, Edgemont Capital Partners.

IMS Health, known for its collection of healthcare information that includes deidentified prescription data, medical claims, and electronic medical records, has been on an acquisition spree since 2011 to expand its portfolio of data and intelligence-based assets that guide performance. Among those acquisitions were SDI Health, which increased the company’s specialty and anonymized patient-level data assets in the U.S.; DecisionView, which offers software that can analyze and track patient enrollment for clinical trials; TTC, a benchmarking solutions and analytics company that collects study grant data to help clients
plan for and negotiate the costs of clinical trials; and the U.K.-based healthcare analytics company Dataline Software, which can search electronic health-record datasets to support clinical trial research and operations activities.

IMS Health also bought parts of Cegedim’s information solutions and customer relationship management businesses, establishing a healthcare reference database with insights on more than 14 million healthcare professionals. Last year, the company acquired Privacy Analytics Incorporated to de-identify healthcare information and make it anonymous. Some analysts believe IMS Health was interested in the merger with Quintiles, in part, to gain access to the CRO’s data on study performance and for the ability to use data and technology to drive efficiencies and insights across R&D projects.

Merger and acquisition activity in the CRO sector has remained strong despite concerns about the potential financial impact on the pharmaceutical industry of the Trump administration’s plans to address the high cost of prescription drugs. Five of the top eight clinically focused CROs with more than $1 billion in annual revenue have completed or announced major transactions during the past year. In addition to the Quintiles-IMS Health merger, private-equity firm Pamplona Capital Management reached a deal last week to buy Parexel for $4.6 billion. This followed the announcement in May of a merger between INC Research and inVentiv Health. PPD’s existing private-equity owners, the Carlyle Group and Hellman & Friedman, also agreed in April to recapitalize the CRO with new investors.

“The perception is the drug development industry is still a solid performer,” said Neal McCarthy, managing director of Fairmount Partners. “Most of these acquisitions rely on the ability to get bank debt to finance part of the acquisitions. The banks believe that the cash flow that comes from assisting pharma will continue to be strong and these are reliable borrowers.”

Analysts believe the DrugDev deal could signal additional CRO acquisitions of companies that provide technology and data assets to strengthen R&D decision-making and operations. During the past decade, there has been a proliferation of companies building software with large data components that can inform and monitor specific R&D practices.

Jason Monteleone, president of Pivotal Financial Consulting, who advises private equity and strategic sponsors on CRO acquisitions, said companies using large insurance databases to identify clinical trial patients, for example, have become “very hot” in the sector.

“Down the line, when we see which of these companies get critical mass and who the winners are in that space, I can easily see QuintilesIMS or another large CRO acquiring a company like that,” Monteleone said. “CROs are expanding the services they provide to their customer base and there is diversification going on in the clinical research industry. We will be continually asking ourselves what a CRO will look like in the future and what services we can expect from what we today call clinical research organizations.”


— Karyn Korieth

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