



Strategic partnerships

Approaches to formulate growth & innovation through strategic partnerships

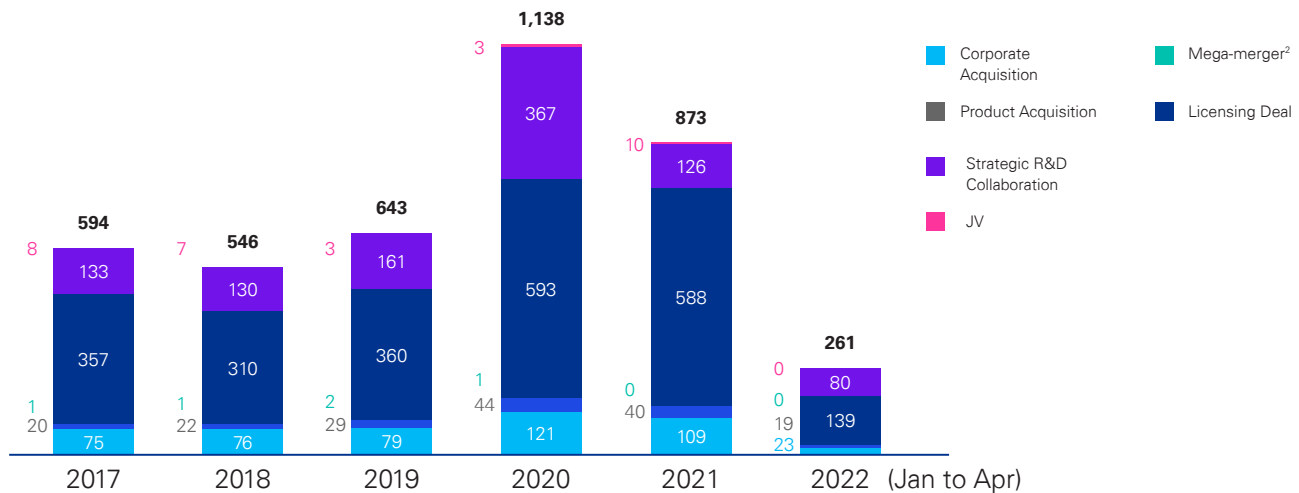
KPMG Healthcare & Life Sciences



Quick Strategic Take: Pharma has focused on a greater number and types of collaborations over the last couple of years in an effort to mitigate uncertainties while still adding important pipeline opportunities to their portfolio.

To accelerate delivery of differentiated and improved treatments, biopharma companies often collaborate with other players in the health care ecosystem. We have noticed a growing emphasis on collaborations versus full-company acquisitions as part of a broader industry shift. This shift in deal strategy is likely an effort to continue to build pipeline and expertise while mitigating some of the risks of failure seen across the industry. Creative deals with an innovative biotechnology company or asset, given the rich company and asset landscape, offer more judicious use and diverse deployment of capital across multiple, disruptive opportunities than acquisition alone. While these relationships help companies diversify risk, grow pipeline, expand into emerging technologies, provide additional sources of revenue and remain competitive, they present unique challenges. These arrangements are often complex and can vary significantly in scope, as well as risk mitigation objectives.

Volume of Biopharma Deals, by Deal Strategy¹ (2017-2022²)



Note(s): ¹. Acquisitions >\$30B;

². Only Jan-April 2022; Deal count only includes deals where one pharmaceutical executes a deal with another pharmaceutical company. Equity investor deals and debt financing deals have been excluded

Source(s): KPMG analysis; Informa data pulled May 24, 2022





Managing multiple partnerships creates complex issues for pharma and biotech



Our methodology

- What external innovation would benefit the existing portfolio?
- What is the growth opportunity and with whom to partner?
- What is the investment or partnership thesis and value generated?
- How to be competitive during the bidding process?
- How to best structure the arrangement to achieve the company's economic objectives and mitigate risks?
- Will the alliance deliver on the expected outcomes?
- What metrics are being used to determine success?
- What partnership models will be most cost effective?
- What are the financial accounting and reporting impacts?
- What are the tax implications and any tax optimization opportunities?
- What is the integration strategy and how to operationalize?
- What technology can be leveraged to facilitate the partnership?

KPMG offers integrated approaches that can provide clarity in strategic relationships and help you move swiftly from strategy through to execution

- Portfolio review & identification of growth targets
- Valuation and Diligence support
- Financial accounting & reporting assistance
- Tax planning & optimization
- Integration strategies and operationalizing the integration across all front and back-office functions
- Mobilization of governance structure & development of monitoring tools
- Contract compliance audits & alliance management

How KPMG can help

Strategic partnerships continue to be structured in unique and creative ways, posing various challenges. KPMG brings an integrated set of approaches that can

assist life sciences companies formulate a successful collaboration and execution strategy to optimize value and long-term growth.



Why KPMG



Our value proposition

Our services provide a thorough and unified offering—from initial strategic formulation to post-deal financial and regulatory compliance.

Strategy—Formulate a strategy, identify partners or acquisitions, prioritize targets and key areas of breakthrough technologies, stand-up operations, and ensure ongoing strategic monitoring.

Diligence—Provide the full range of due diligence services: Commercial, Financial and Accounting, Operational, Tax and HR Due Diligence

Valuation—Build the forecast models, valuations and the overall strategic point-of-view to justify future transactions

Accounting—Understand and simplify the accounting and reporting implications under US GAAP and IFRS, provide practical insights and recommendations on the deal structure and terms and provide post-close implementation support to assist companies realize an accounting and reporting treatment in line with their objectives.

Tax—Work to identify and mitigate tax risks, augment tax incentives and planning strategies, and enhanced value through globally tax-efficient structuring, and that ongoing tax compliance needs are understood and efficiently addressed in all jurisdictions.

Risk and compliance—Establish strategic governance programs that extend to reviewing internal compliance processes.

and reviewing partner contract compliance including development responsibilities, supply obligations, payment/equity and dispute resolution.



Potential benefit to you

Our thorough offering can help you apply a “big picture” mindset from day one, enable advisership efficiency from both a value and cost perspective, and help you achieve potential benefits from your strategic partnerships while minimizing risks and costs.



Next steps

Connect with us! Whether you have already identified your goals and challenges, or are interested preparing for the future, we can help you consider your path forward.

About KPMG Healthcare and Life Sciences

KPMG LLP is one of the largest providers of professional services – advisory, strategy, audit and tax - to healthcare and life sciences industry across its member firms with more than 4,200 dedicated industry-specific partners and professionals. Our deep knowledge base, as well as our extensive experience helping clients move from strategy through to execution to value creation, positions us to take on the role of a trusted advisor. Further, KPMG has a proprietary set of tools and methodologies to deliver data-driven insights.

We understand the regulatory, commercial, operational, and accounting complexities unique to the industry and provide a client-centric, integrated suite of services across the deal lifecycle to assist our clients in achieving enhanced business results.

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