



Silversmith Perspectives Industry Trends in Pharma IT & Services

Our portfolio includes investments in rapidly growing, founder-led healthcare IT and services companies serving the largest health systems and health plans in the U.S.

Innovation is at the heart of the pharmaceutical industry.

The largest pharma companies such as AstraZeneca, Eli Lilly, and Roche often spend 20%+ of annual revenues on R&D initiatives.¹ Coupled with pharma's R&D spend is massive IT & analytics spend meant to bring efficiency, better decision-making, and better outcomes to convoluted processes along the pre-clinical/clinical and commercialization pathways. In years past, market-leading companies – such as IQVIA, Veeva Systems, Dassault Systemes (Medidata Solutions), and Oracle – have led innovation in the segment through the creation and acquisition of technology-enabled services and software solutions.

Despite the breadth of solutions from major IT & Services leaders, teams continue to face new challenges while navigating the rapidly transforming pharma industry landscape. Through extensive research and in-depth conversations with executives at the world's largest life sciences companies, Silversmith's Healthcare IT & Services team has identified three key industry trends driving change for pharma teams in the years ahead.

Today, about 30% of the world's data is generated by the healthcare industry, with a projected 36% CAGR through 2025.³

Trend #1: The Rising Tide of First and Third-Party Data

The adoption of electronic health records (EHRs), data analytics tools, and digital imaging has driven a large influx in clinical data. This influx – coupled with the broader trends of shift-to-value and digitization – has increased the need for the transparent exchange of clinical and economic data.² For pharma companies, this means collecting, managing, and analyzing substantial quantities of data is becoming an increasingly important factor in driving efficiencies, cost savings, and, ultimately, better patient outcomes throughout drug development and commercialization. In the coming years, we expect pharma-specific, data-services technologies and third-party, specialized consultancies to become increasingly integrated within pharma processes.

Trend #2: The Shift from In-Person to Virtual Engagement

Direct engagement with the medical community is a top priority for pharma companies. Pharma advisory board meetings have traditionally met in-person, often with 40+ experts, many of whom travel from across the globe. The global pandemic has driven these meetings – and the collaboration necessary pre/post-meeting – to the virtual setting. Pharma executives tell us that virtual meetings are here to stay – with virtual advisory boards leading the way for virtual engagement and transformation across organizations.

Virtual collaboration reduces advisory board costs by up to 80% and cuts down on time spent planning by ~50%.

Trend #3: The Ever-Increasing Cost and Difficulty of Bringing a Drug to Market

Drug development costs continue to grow precipitously, driven by the boom in specialty drugs and challenged by the declining success rate of bringing a drug through clinical trials, which, at around 12%, has almost halved in recent years.⁴ Further, of drugs that miss their launch forecast, about half miss due to market access failures around regulation, market entry, pricing, and reimbursement.⁵ Pharma leaders are on the lookout for solutions that can help mitigate and manage the ever-increasing cost and complexity of bringing a drug to the nuanced global market.

The average cost of bringing a drug to market is estimated to be \$2.6B, which represents a 100%+ increase over the past decade.⁶

² Deloitte – <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/life-sciences-health-care/us-lshc-evidence-driven%20framework.pdf>

³ RBC Capital Markets – https://www.rbccm.com/en/gib/healthcare/episode/the_healthcare_data_explosion

⁴ Journal of Health Economics – <https://www.sciencedirect.com/science/article/abs/pii/S0167629616000291>

⁵ Deloitte – <https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/market-access-strategies.html>

⁶ McKinsey & Company – <https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/the-pursuit-of-excellence-in-new-drug-development>

We believe technology-first solutions will continue to pave the way in addressing pharma's challenges. Silversmith has been fortunate to partner with entrepreneurs addressing each of these three trends through investments in [Market Access Transformation](#) (global pharma information exchange), [Panalgo](#) (real-world evidence analytics), and [Within3](#) (virtual engagement and collaboration). Teams – from HEOR to Market Access to Advisory Boards, to name a few – across all Top 20 pharma companies use one or more of these platforms to help bring insights, focus, and clarity to their work.

Representative Customers

biopharma & life sciences companies



Information technology exchange platform for pharma and life sciences companies to secure expert insights from a global network of payers

Buyer: **Market Access Pricing, HEOR**

45+

including all of the Top 20 pharma companies



Real-world evidence (RWE) analytics software platform used by life science and research organizations

Buyer: **Multiple divisions within pharma including HEOR, Commercial & Epi/Safety**

20+

including 12 of the Top 20 pharma companies



Collaboration and communication platform designed for multi-stakeholder engagement for global pharma and life sciences organizations

Buyer: **Multiple divisions within pharma**

100+

including all of the Top 20 pharma companies



70%+

The average 2020 revenue growth rate of Silversmith's Pharma IT portfolio

Looking forward, we believe pharma companies will continue to be nimble when it comes to adopting and deeply integrating third-party solutions that help drive innovation. We are excited to play our part through our work with our existing portfolio companies and will build and expand upon pharma as a core strategy within our Healthcare IT & Services practice in the coming years.

The companies identified above may not represent all of Silversmith's investments, and there can be no assurance that the investments will be profitable or that other investments made in the future will have similar characteristics or results. For a full list of all Silversmith investments, please [click here](#). Further, the list of investments is updated periodically and as such may not reflect most recent Silversmith investments. Certain information included in this article was derived from third-party materials or other sources believed to be accurate, but no independent verification has been made of such materials or other sources. The views expressed herein are the opinions of third parties and should not be construed as absolute statements and are subject to change without notice to you. No representation, express or implied, is given regarding the accuracy of the information contained herein. Neither the Silversmith nor any of its affiliates has any obligation to update the information contained herein.

