

1 Market Perspective

According to research firm Quintiles IMS, the global pharma industry is expected to grow at a 4% to 7% compound annual growth rate (CAGR) expanding to approximately \$1.5 trillion by 2021.¹ That figure helps to partially explain the Private Equity/Venture Capital (PE/VC) financial community's continued participation in funding the research and development of some of the industry's most promising candidates. However, according to KPMG's 2016 WQ4 2016 Venture Pulse report, venture capital activity declined 24% year over year, with just 13,665 completed deals in 2016, compared to 17,992 in 2015.²

Despite the weakening activity, total VC investment remained substantial for all sectors, with \$127.4 billion invested globally during the year. While the amount may be below the peak of \$140.6 billion invested in 2015, it is nearly double the total global VC investment seen in 2013. Clearly, capital is on the move.

Compared to other segments of the economy receiving attention from the VC community, among all the sectors, according to KPMG, sums invested in healthcare-related companies remained relatively stable between 2015 and 2016. Notable is the fact that the life sciences' share of total venture funding grew to 23% during the third quarter of 2016 from 18% during the third quarter of 2015.²

Leading the charge for funding procured are the biotechs, especially those involved in immunology-related therapeutics. According to the Q3 2017 MoneyTree Report from PwC, approximately 500 private biotech companies successfully fundraised in 2016, which is in line with the trend of the past decade.³ Further, the biotechnology industry received the second-largest amount of venture capital in the third quarter of 2016, with \$1.8 billion going into 87 deals.⁴

Looking at the numbers, the life sciences industry will likely continue to be a destination for investment, with biotech VC funding likely topping \$7 billion in the U.S. alone in 2017 – a marker only met once before in biotech history, in 2015.³

2 Demographics

Nice Insight surveyed a total of 69 people representing leadership and executives from 135 venture capital firms in North America. The respondents to the survey comprise mainly brokers and investment bankers (51%), plus private equity investors (13%), angel investors (3%) and venture capitalists (1%); the remaining 32% indicated being employed or representing enterprises comprised of a combination of categories.

PE/VC SURVEY RESPONDENTS PROFILE BY TYPE OF INVESTOR



51% Broker/Investment Banker

Combination	32%
Private Equity Investor	13%
Angel Investor	3%
Venture Capital Investor	1%

ANNUAL OUTSOURCING EXPENDITURE



29% Less than \$50 million

\$500 Million to \$1 Billion	15%
\$250 to \$500 Million	23%
\$100 to \$250 Million	7%
\$50 to \$100 Million	16%
More than \$1 Billion	10%

The companies surveyed invest on a wide range of acquisitions. Regarding deal volume, 29% indicated that their average investment was below \$50 million, 16% in the \$50 million to \$100 million range, 7% at \$100 million to \$250 million, 23% in the \$250 million to \$500 million range, 15% at \$500 million to \$1 billion and the remaining 10% doing deals over \$1 billion. Over the next three years, 39% said that they will be looking to invest more in smaller companies relative to past transactions, a trend reflected in reported data coming from VC analysts and others.