



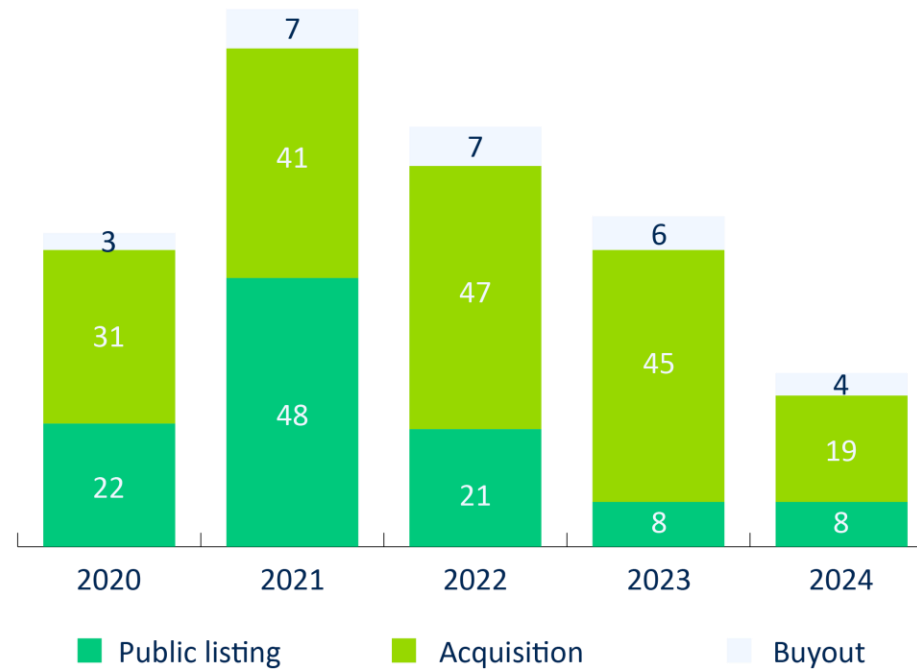
Medtech: Staying Independent or Partnering

December 12, 2024



Partnering in Medtech

Medtech VC exit count by type





Strategic Alliances



Joint Ventures



Mergers & Acquisitions



Independent



Strategic alliances

Benefits

- shared resources
- faster market entry
- access to new technology (e.g. shared diagnostics platforms)

Challenges

- corporate culture differences
- alignment of goals – ensuring shared priorities



Case: Strategic alliances



PRE-ALLIANCE

- Public company with diagnostics products applying elisa and molecular probe technologies
- Product sales in Europe & Distribution countries
- Murex was a UK based diagnostic company in infectious diseases
- Global presence
- Abbott acquired Murex in 1998

ALLIANCE

- Exclusive license of LiPA product line to Murex since 1997
- Innogenetics to perform R&D and manufacturing under the agreement
- Murex to commercialize the product line globally

CHALLENGES

- Transition of all existing customers to the Murex systems
- Governance committees overseeing R&D and commercialization
- Impact on customers after the second transition to Abbott
- Changes in product champions

OUTCOME

- Market penetration of product line disrupted following acquisition
- Innogenetics to negotiate reverse licensing deal with Abbott (1999)



Joint ventures

Benefits

- shared financial risk
- access to new markets
- complementary strenghts

Challenges

- managing joint governance
- complex IP issues



Case: Joint venture



PARTNERS

- Multinational consumer goods
- Adding expertise for home diagnostic innovation
- Unipath → Alere → Abbott 2017
- Global leader rapid diagnostics
- Wide range of POC tests

JOINT-VENTURE

- Combine Alere's expertise in diagnostic technologies with P&G's consumer market reach
- Develop and market advanced home diagnostic products, under the Clearblue brand

CHALLENGES

- Navigating global medical device regulations posed significant compliance efforts
- The home diagnostics market is highly competitive, necessitating continuous innovation to maintain market share

OUTCOME

- SPD continues to operate, leveraging the strengths of its parent companies to provide reliable home diagnostic products
- The Clearblue® brand has earned a global reputation for providing accurate home pregnancy and fertility tests





Mergers & acquisitions

Benefits

- full control
- rapid scaling
- synergy of operations
- market expansion

Challenges

- integration difficulties
- regulatory hurdles
- loss of company identity



Case: Mergers & acquisitions



PARTNERS

- 90 employees
- 2011 → 2017
- NGS clinical diagnostics
- Oncology – genetics – NIPT
- Europe focus

- 13.500 employees
- Life Science products
- Oncology (Dako) clinical diagnostics
- Global reach
- Acquisition Jan 2017

M&A

- Expand NGS clinical diagnostics footprint into Americas and APAC
- Expand “clinical NGS” expertise in the genomics portfolio

CHALLENGES

- Resource-intensive Integration (6-50, integration facilitator)
- Equivalent product solutions
- Changes in leadership team within the division

OUTCOME

- Limited success outside Europe
- Changed priority of going to NGS “clinical” (e.g. IVDR)



Independent

Benefits

- full control
- agile innovation
- customer focus

Challenges

- limited resources
- scaling challenges



Case: Independent



COMPANY

- Founded 1993 in Hamburg, became public since 1999
- CRO service provider combined with R&D pipeline in co-creation with partners
- Expanded through acquisitions 2010-2017

POSITIONING

- Dual model ensures stability from CRO services paired with high-risk, high-reward innovation
- Being independent since foundation

CHALLENGES

- A challenging market environment and high fixed cost base
- Aug 24: priority reset for sustainable, profitable growth, building on core strengths
- Workforce reductions of $\pm 7\%$
- Closing of its gene therapy facility (Austria) and its chemistry operations (Lyon)

OUTCOME

- Despite market challenges, Evotec remains committed to independence
- Attempts from potential acquirers

Challenges in Partnering

- cultural and strategic **misalignment**
- **change in strategy** after the acquisition
- intellectual property and innovation **ownership**
- **regulatory** and **compliance** complexities
- loss of **flexibility** and **autonomy**
- **integration** difficulties

Independence versus partnerships

- No one-size-fits-all solution
- Consider **company goals, market position** and **growth stage**
- Impact from external **market conditions**
- Importance of continuing (strategic) **alignment in partnerships**



Let's connect to
explore more insights!

Luc Segers

**Senior Consultant – Division Head
Business & Communications**

Email: luc.segers@qbdgroup.com

