

# More private equity flowing to investigative sites

## But industry split on whether site consolidation imminent

**M**oney has been pouring into the site sector.

In just the last two years, CRO PRA acquired site group CRI Worldwide; site group CRA and its equity backer Kinderhook Industries purchased the site businesses of Comprehensive Clinical Development and Radiant Research; CRO QPS acquired large single site Miami Research; private equity firm Water Street Healthcare Partners Private bought site group CCBR-Synarc, then acquired CRO BioClinica and now is merging them, with two other private equity groups on board; Altasciences acquired Vince & Associates; and Frontier Capital purchased an equity stake in site group PMG Research and merged it with patient recruitment firm Inclinx.

And sites say they are being contacted by more potential buyers than ever before.

"I used to get calls from private equity companies about once every two months. Now it's about once every two weeks," said Mark Lacy, CEO of Austin-based Benchmark Research and site group Centers of Research Excellence (CORE). "There are a lot of people out there kicking tires."

Why the recent interest? Sites are the last frontier—the one remaining sector of the industry that hasn't yet seen a big influx of private equity (PE) capital, said Graham Wood, CEO of Manna Research, the largest site group in Canada. Manna received an

### Comparing part-time and dedicated site/site network infrastructure

Means

	All sites (N = 1,126)	Dedicated sites/site networks (N=257)
Principal Investigators	1.4	6.6
Study Coordinators	0.8	3.7
Other staff	0.2	2.9
Number of patients enrolled annually	13.2	220.4
Number of study grants awarded annually	1.7	6.3

Source: CenterWatch, 2012

undisclosed amount of capital from Montreal-based PE firm Persistence Capital Partners in March 2012. Wood was brought in from Persistence to head Manna.

"Sites are one of the last players out there that PE hasn't become too involved in," said Wood. "And one of the things that's attractive about sites is you have to use them. Outsourcing trends go back and forth—one year it's sexy for big pharma to outsource everything, the next year they want to keep it all in-house—but the constant is the sites. They're always needed."

It also may be a matter of the financial world beginning to better understand the role of sites, says Hugo Stephenson, executive chairman of DrugDev, an interactive network and data-sharing platform for clinical investigators.

"The investment community is becoming more sophisticated about clinical research," he said. "For a long time, the perception was that CROs

were running the trials on behalf of pharma. Now that investors have been involved for a long time, they realize what CROs do, and that the actual conduct of the trial is happening at the site level, conducted by doctors around the world."

Those who fund the pharma and CRO sectors of the industry also have realized that if sponsors and CROs don't contract with the right sites, studies are delayed and money is lost, said Stephenson.

Last year, DrugDev—which acts as a link between sponsors, CROs and sites—received \$50 million in financing from Invesco Perpetual, which also has holdings in GlaxoSmithKline, AstraZeneca, Pfizer, Amgen and Merck.

The change in the nature of clinical research also may be making sites more attractive investments. Studies are growing longer, meaning more income for sites, said Wood, who had been with now-defunct phase I-