




## Clinical Research Market Consolidation: Overview & Key Benefits

Clinical research organizations and sites are currently experiencing substantial interest from larger strategies and private equity, as investors pursue a buy-and-build strategy to realize financial and operational synergies arising from consolidation and scale.

<u>Value Creation Lever</u>	<u>Key Benefits Overview</u>	<u>Impact on Financials</u>
<b>Revenue Synergies</b>	Acquired sites benefit from the platform's scale and relationships with sponsors: the ability to contract across multiple therapeutic areas, potential to optimize budgets, expansion of patient populations, cross-selling across study lifecycle, and entrance into new geographic markets.	 <b>Revenues</b>
<b>Cost Synergies</b>	Platform can consolidate select administrative, financial, information technology, and compliance expenses. Additionally, the buyer can realize economies of scale on employee benefits, marketing and patient recruitment, insurance, and lab supplies and reference lab expenses.	 <b>Expenses</b>
<b>Company Value Enhancement</b>	A company's value is determined by its profitability (EBITDA), with a higher EBITDA leading to increased valuation multiples. Acquiring additional companies enhances the platform's value as a result of consolidating financials and potential synergies, driving higher margins.	 <b>Value</b>

## Recent Bayshore Growth Partners Transactions

Bayshore Growth Partners has served as the exclusive financial advisor to 30+ healthcare services clients in the past 4 years, several of which maintained clinical research, including:

 <b>Gastroenterology</b>	 <b>Functional Medicine</b>	 <b>Aesthetics</b>	 <b>Otolaryngology</b>
 <b>Women's Health</b>	 <b>Women's Health</b>	 <b>Mental Health</b>	 <b>Mental Health</b>
 <b>Women's Health</b>	 <b>Pain Management</b>	 <b>Women's Health</b>	 <b>Mental Health</b>

## Buy-and-Build Model: Illustrative Example

Company	Description	EBITDA	Assumed Multiple	Value
Platform	<ul style="list-style-type: none"> <li>Strong group with attractive therapeutic mix, established management team, robust financials, attractive geographies and patient populations, and strong sponsor relationships</li> </ul>	\$10M	12.0x	\$120M
Add-On Acquisition	<ul style="list-style-type: none"> <li>Healthy groups with limited footprint</li> <li>Gain the benefit of leveraging the platform's infrastructure, along with vendor relationships and cross selling opportunities</li> </ul>	\$1M	7.0x	\$7M
Combined Entity	<ul style="list-style-type: none"> <li>The combined entity will benefit from the revenue and cost synergies, while maintaining or improving the platform's EBITDA multiple</li> </ul>	\$11M	12.0x	\$132M

**Platform company realizes \$5M of equity value creation by capturing EBITDA exit multiple arbitrage**

## Bayshore Growth Partners Team



**Steven Carmen, Managing Partner**

- 15+ years of M&A and business development strategy experience
- Previously worked for BNP Paribas, PwC, and GCA
- MBA from Kellogg and BS from Florida State



**Daniel Shaw, Managing Director**

- 10+ years of financial diligence and accounting experience
- Previously worked for Alvarez & Marsal and KPMG
- BS from Louisiana Tech



**Andrew Adams, Managing Director**

- 15+ years of M&A, operations, and strategy experience
- Previously worked for Bain, Lake Capital, and JP Morgan
- MBA from Wharton and BBA from Michigan



**Alexander Dean, Vice President**

- 10+ years of strategy, finance, and operations experience
- Previously worked for DaVita and the US Marine Corps
- MBA from Darden and BA from Seton Hall



**Dr. Keith Friedenber, Managing Director of Business Development**

- 30+ years of clinical, operations, and strategy experience
- Founder of Great Lakes Gastroenterology and The Clinical Trials Network
- MD from UCLA, MBA from Indiana, and BA from Cornell