



# Meet the Pharma Fast 50

***PharmaTimes* presents  
Alantra's annual look at  
the fastest-growing  
pharma companies**

By Tom Cowap

At a time of unprecedented pressure on pricing from both governments and insurers, it might seem counter-intuitive to describe pharmaceuticals as a growth industry. Yet for all the challenges facing the sector – Brexit, regulatory scrutiny, changing patient demands and the tyranny of the patent cliff – pharma continues to offer exciting opportunities to the most agile businesses.

The drivers of growth are as strong as ever, demographic trends are a powerful force, as the population ages, and new opportunities in areas such as digital health, personalised medicine, outsourcing and preventative medicine are emerging rapidly.

However, it is smaller and more nimble businesses that are likely to be able to adapt most quickly to exploit these opportunities. That is reflected in our Alantra Pharma Fast 50, an annual ranking of the UK's fastest-growing, privately-owned pharmaceutical businesses. We published this for the first time last year, as the Catalyst Pharma Fast 50 – since then we have merged with Alantra, the global investment bank, and launch this year's list under our new brand name.

These businesses, selected for their rapid revenue growth over the past two

years, are very often to be found working closely with big pharma. They are providing specialist knowledge and support, working in spaces where their larger peers do not feel able to play, or filling the gaps that big pharma does not cover.

The analysis divides privately-owned pharmaceutical companies into four distinct sub-sectors – outsourcing; development, wholesale and supply (DWS); consulting; and pharmacy chains – and the changing weights of each of these areas in the ranking reflects the evolving challenges that smaller businesses are helping the industry to confront.

### DWS businesses lead the rankings

Last year, it was outsourcing that dominated the Pharma Fast 50, accounting for 17 of the businesses in the ranking; this year, that figure has fallen to nine – albeit including the top-ranked company, Qualasept Pharmaxo Holdings (see story below). While the business model of big pharma continues to favour outsourcing, it is DWS businesses that now account for the largest number of Pharma Fast 50 constituents – 21 in all – thanks in large part to growth in areas such as generics, as well as trends in wholesaling.

Two generics businesses, for example, appear in the top 15 of the Pharma Fast 50, with Aspire Pharma and Morningside Pharmaceuticals posting average annual sales growth of 46 percent and 33 percent respectively over the past two years. Such growth is possible in an industry where non-branded, off-patent drugs offer buyers, notably public-sector health authorities including the NHS, a means to secure medicines with much greater cost efficiency.

That said, the top-ranked business in the DWS category is an outlier in that it develops completely new drugs. Immunocore's revenues have increased at an annualised rate of 61 percent over the past two years, with its income generated from out-licensing deals with no fewer than four major pharmas, GSK, Genentech, MedImmune and Eli Lilly.

In September last year, the company's work in developing biological drugs to treat cancer, infectious diseases and autoimmune diseases using T-cell receptor (TCR) technology saw it attract support from the Bill & Melinda Gates Foundation, raising its profile even further. Products in development include a new treatment for a rare form of eye cancer, which also has potential for helping patients with HIV and TB; this drug underlines the importance of companies such as Immunocore – the rarity of the cancer targeted makes research unattractive from a commercial perspective for big pharma.

Elsewhere in the DWS sector, it will be interesting to see how wholesale and distributors – of which there are no fewer than ten in the Pharma Fast 50 – fare in the run-up to Brexit and beyond. The turbulence generated by lack of clarity on an exit agreement generates both opportunities and obstacles; it is likely the fast moving businesses that make up the Pharma Fast 50 will be best placed to adapt quickly.

### More growth from outsourcing

In outsourcing, meanwhile, the business model is also continuing to shift. Growth continues, with all the trends driving big pharma towards outsourcing continuing: revenue loss as key drugs fall over the patent cliff; pressure from

consumers, regulators and governments on cost; rising demand for improving product performance across metrics such as ease of use and patient adherence, as well as efficacy; and the rising cost and complexity of clinical trials. In addition, the sector has now started to mature, creating new opportunities.

A large part of that story has been consolidation in the contract research organisation (CRO) sector, including mega deals such as last year's merger between INC Research and inVentive Health and the acquisition of Chiltern by LabCorp. Deal-making has been slower amongst contract manufacturing organisations (CMOs), but a similar trend towards consolidation has now emerged at a global level.

In both areas, this creates opportunities for smaller players, as large CROs look to create strategic partnerships with big pharma and become less nimble. The small privately-owned companies that remain independent and prosperous in this environment are those able to deliver innovative solutions in specific areas of the market and provide a high level of service to smaller drug developers. The outsourcing category leader, Simbec-Orion, whose revenues are up 49 percent on an annualised basis over the past two years, is a case in point, as is Sequani, who provide scientific services in the toxicology field.

## Qualasept Pharmaxo Holdings does the double

**With annualised revenue growth of 69 percent over the past two years, Qualasept Pharmaxo Holdings (QPHL) is this year's top-ranked company in the Alantra Pharma Fast 50 rankings. That makes it the UK's fastest-growing privately-owned pharmaceuticals business for the second year in succession – QPHL also topped the Pharma Fast 50 in last year's rankings.**

QPHL's Bath ASU unit is the UK's largest private aseptic compounding provider, supplying hospitals up and down the country with the personalised medicines their patients require; it despatches several thousand items each day.

Chris Watt, the company's CEO, pinpoints two explanations for the company's rapid growth. "We've been a committed investor in the product portfolio and our ability each year to extend the shelf-life of six to ten biological products secures us windows of opportunity in which we're often the sole supplier of those products," he says. "At the same time, we've invested very heavily in our capacity – physically, but also in people."

Last year, the company brought a new 2,500 square metre manufacturing plant online, enabling it to scale up production but also to improve efficiency, with facilities designed on a bespoke basis to boost throughput. "For example, we've significantly reduced the time it takes between someone arriving on shift and being able to get into the clean room and start work," Watt says. QPHL's human capital, meanwhile, has increased in both number and calibre; the company has added to its workforce, but it is also a committed investor in training and skills.

The onus on the company now is to build on its success. "We're finding it easier to manage our suppliers as we've grown because we're seen as offering more potential for sales growth," Watt says. "Meanwhile, customer demand continues to increase, and we see opportunities to do more – for example to work more closely with hospital pharmacies through better logistics and even a move inside their systems to provide support with all their aseptic ordering, internal and external."

# Pharma Fast 50 listing

Ranking	Name	Revenue (£'000)	Activity	2-year CAGR	Main category
1	Qualasept Pharmaxo Holdings	87,857	Makes ready-to-use injectable medicines	69%	Pharma outsourcing
2	Immunocore	16,465	A group engaged in research and development of engineered receptors	61%	Wholesale, Develop and Supply
3	Gorgemead	168,187	A group engaged in retail pharmacy and pharmaceutical wholesale	51%	Pharmacy chain
4	Simbec-Orion Group	23,469	Clinical research provider	49%	Pharma outsourcing
5	PCT Healthcare	143,941	A group engaged in retail pharmacy and pharmaceutical wholesale	48%	Pharmacy chain
6	Converse Pharma	186,985	A group engaged in the wholesale supply of pharmaceuticals	47%	Wholesale, Develop and Supply
7	Aspire Pharma	21,459	Registration, marketing and distribution of branded and generic pharmaceutical products	46%	Wholesale, Develop and Supply
8	Phlexglobal	24,469	Electronic trial master file systems and services	46%	Pharma outsourcing
9	Clintec International	12,306	The provision of clinical research for the pharmaceutical and biotech industry	45%	Pharma outsourcing
10	BR Pharma International	20,511	Wholesale of pharmaceutical goods	43%	Wholesale, Develop and Supply
11	Laxmi BNS Holdings	286,435	Wholesale of pharmaceutical goods	38%	Wholesale, Develop and Supply
12	Worthing Pharmacies	8,395	Pharmacy	34%	Pharmacy chain
13	Random42	7,477	Scientific animations provider	34%	Consulting – other
14	Morningside Pharmaceuticals	55,298	Supplies licensed pharmaceuticals to the NHS, retail pharmacies and aid agencies	33%	Wholesale, Develop and Supply
15	3VS UK	84,108	Develops and sources pharmaceutical products into the UK for the domestic market and for export	32%	Wholesale, Develop and Supply
16	Durbin Group PLC	70,626	Distributes pharmaceuticals, medical equipment and medical supplies	31%	Wholesale, Develop and Supply
17	Jhoots Healthcare	11,299	Pharmacy	30%	Pharmacy chain
18	Lucid Group Communications	13,353	Provider of strategic medical communications	30%	Consulting – other
19	LGC Science Group	328,422	Life science measurement and testing	26%	Consulting – other
20	Concept Life Sciences	41,153	Integrated drug discovery services	23%	Pharma outsourcing
21	ITH Pharma	30,779	Aseptic compounding for all therapy areas	23%	Pharma outsourcing
22	Munro Healthcare Group	120,648	Wholesale of pharmaceutical goods	22%	Wholesale, Develop and Supply
23	Beta Pharmaceuticals	26,192	Wholesale of pharmaceutical goods	22%	Wholesale, Develop and Supply
24	Mediwin	56,479	Wholesale of pharmaceutical goods	22%	Wholesale, Develop and Supply
25	Prescient Healthcare Group	12,716	Product strategy consultant	21%	Consulting – other

## The key to success

While there is a diverse range of businesses in this year's Pharma Fast 50, there are some common themes for success. In a time of increasing budgetary constraint and a focus on personalised medicine and patient outcomes, the businesses that do well are those that can provide solutions. This is most commonly through one, or a mix, of driving efficiencies for the healthcare sector, improving or helping to track patient outcomes, saving payers' money and treating the hard to treat. Most importantly, they do this with a high quality of service.

Qualasept Pharmaxo Holdings, the leading business in the Pharma Fast 50, is a case in point. The compounder brings greater efficiency and higher quality to hospital pharmacies that are charged with delivering often complex personalised medicines.

At Immunocore, the leading DWS business in the ranking, the story is about better patient outcomes; the company offers hope to patients suffering from a rare form of cancer deemed insufficiently commercially attractive by large pharma. Similarly, "boutique CRO" Simbec-Orion is providing specialist support to mid-sized pharma companies developing exciting treatments across a range of disciplines.

Amongst the consultants, companies like Oxford PharmaGenesis, Lucid, Prescient Healthcare, Evaluate Group and Random42 are helping healthcare professionals and payers, including the NHS, to make better-informed decisions about the drugs to which they devote resources. And in the pharmacy chains sub-sector, Gorgemead is helping patients with a broader range of services in community pharmacies while reducing the strain on the NHS.

double-digit pace, but also sees consolidation providing further opportunities for companies with a strong service proposition, such as Simbec-Orion to target drug developers that are no longer attractive to the largest CROs.

### Consultants build their profile

Service is also a key word for businesses in the consulting sub-sector where Random42, with annualised revenue growth of 34 percent over the past two years, is this year's category leader, closely followed by Lucid Group, whose sales are up by 30 percent.

The growth of the consultants in recent years reflects a recognition amongst the largest pharma companies that pressures on their margins are not likely to ease any time soon; that has provided an opportunity for consultants able to help big pharma improve margins, either by process optimisation that reduces cost, with expertise in new areas that big pharma are moving into in the search of returns or with services that drive top-line growth. In different ways, both Random42 and Lucid are focused on the latter, with services that enable drugs companies to build a narrative for their organisation to communicate about their medicines more effectively.

Random42's expertise lies in visual storytelling, with illustrative technologies that accurately portray the way in which pharma companies' drugs act within the body. The company's illustrations are based on detailed technical understanding of the mechanisms employed by their clients and provide full-colour, high-definition graphics that form the basis of pitches to investors, buyers and other key stakeholders. Having started out in animation, the company is now increasingly making use of virtual and augmented reality technologies.

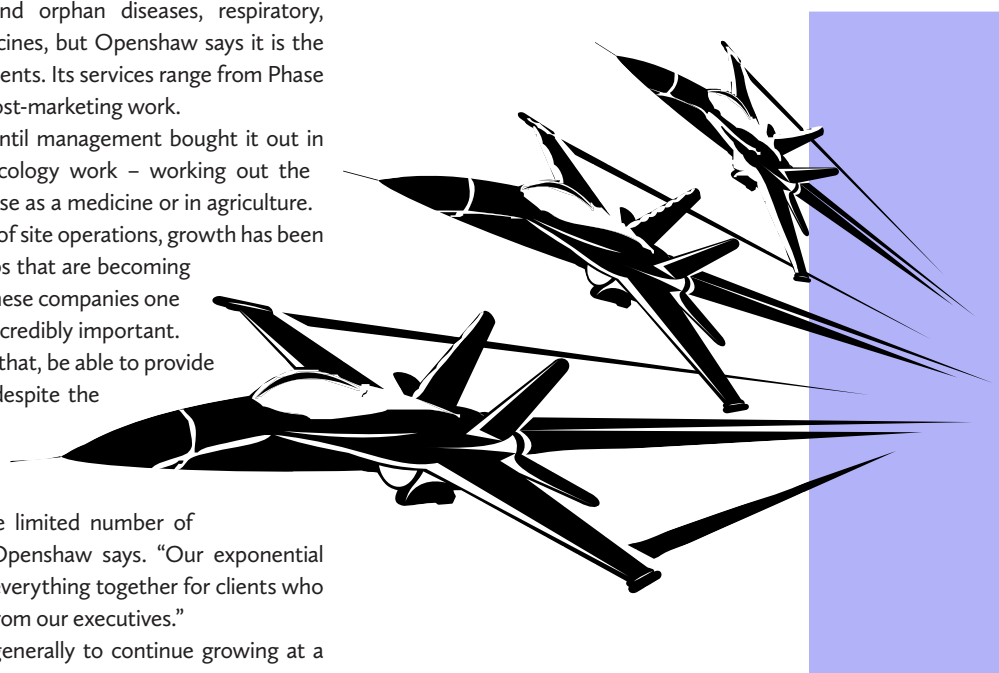
"We now work with 23 out of the 25 leading pharmaceutical companies in the world, and this is a fast-growing market," says Ben Ramsbottom, Random42's CEO. "The appetite for these technologies in what is sometimes a conservative industry is now such that we think the marketplace will grow by at least 20 percent a year in the short to medium term."

- ⊙ Formed through the merger of Simbec Research and Orion Clinical, Simbec-Orion pitches itself as a "boutique CRO". CEO Ronald Openshaw says: "We know we can't be all things to all men, but we can be all-things to some." The company offers a full range of CRO services to small-cap and mid-cap biotechs that the larger CROs struggle to cater for. It specialises in verticals including oncology, rare and orphan diseases, respiratory, dermatology, infectious diseases and vaccines, but Openshaw says it is the breadth of service that really appeals to clients. Its services range from Phase 1 studies all the way through to Phase 4 post-marketing work.

Sequani, previously part of Quintiles until management bought it out in 2000, is an outsourced provider of toxicology work – working out the safety to humans of a new molecule for use as a medicine or in agriculture. According to Sarra Laycock, their director of site operations, growth has been driven by the boom in the smaller startups that are becoming the backbone of drug development. For these companies one or a handful of candidate molecules are incredibly important. They want a provider who will appreciate that, be able to provide a holistic service for their product and, despite the fact they are smaller players, prioritise them. Sequani has excelled at this, and sees repeat business as a result.

"I'd rather be best-in-class for a more limited number of clients than an also-ran to everyone," Openshaw says. "Our exponential growth comes from the fact we can pull everything together for clients who know they're getting top-level attention from our executives."

Openshaw expects the CRO market generally to continue growing at a



# Pharma Fast 50 listing, continued

Ranking	Name	Revenue (£'000)	Activity	2-year CAGR	Main category
26	DAY Lewis PLC	382,320	Pharmacy	20%	Pharmacy chain
27	Sygil Group	12,330	Integrated drug discovery services	20%	Pharma outsourcing
28	Pharmacy Care Plus	12,665	Pharmacy	20%	Pharmacy chain
29	Wigmore Medical	37,754	Wholesale of pharmaceutical goods	20%	Wholesale, Develop and Supply
30	Oxford PharmaGenesis	17,640	HealthScience communications consultancy	19%	Consulting – other
31	Clementine Associates	33,303	Pharmacy and distribution	19%	Wholesale, Develop and Supply
32	Evaluate Group	19,894	Commercial intelligence for the life science industry	18%	Consulting – other
33	Nucleus Holdings	75,618	Provider of strategic medical communications	18%	Consulting – other
34	Crawford Healthcare PLC	25,156	Supplier of dermatology and woundcare products	17%	Wholesale, Develop and Supply
35	Nova Bio-Pharma	21,036	Supplies specials and clinical trial medicines	17%	Wholesale, Develop and Supply
36	RSR	27,561	Developer and producer of in vitro diagnostic kits with an emphasis on autoimmunity	17%	Wholesale, Develop and Supply
37	Lexon (UK)	201,296	Pharmaceutical distributor and retailer	16%	Wholesale, Develop and Supply
38	Strandhaven	11,449	Pharmacy	16%	Pharmacy chain
39	M & D Green Dispensing Chemist	11,248	Pharmacy	14%	Pharmacy chain
40	Quotient Clinical	41,126	Early stage and specialist drug development	14%	Pharma outsourcing
41	Knight Noise	16,015	Pharmacy	14%	Pharmacy chain
42	Pharmadent	38,839	Procurement, storage and distribution of pharmaceutical and healthcare products	13%	Wholesale, Develop and Supply
43	Clarity Pharma	44,677	Pharmaceutical consultancy	12%	Consulting – other
44	Laville	19,541	Pharmacy	11%	Pharmacy chain
45	Three Pears	13,344	Wholesale of pharmaceutical goods	10%	Wholesale, Develop and Supply
46	Badham Pharmacy	14,919	Pharmacy	10%	Pharmacy chain
47	Sequani	12,735	Scientific services in the toxicology field to the pharmaceutical (>80%) and crop protection industries	10%	Pharma outsourcing
48	G.R. Lane	31,753	Manufacture and distribution of nutritional supplements and pharmaceutical products	10%	Wholesale, Develop and Supply
49	Knights Chemist	15,652	Online pharmacy	10%	Pharmacy chain
50	Norbrook	238,735	Manufacture and sale of human and veterinary pharmaceutical products	10%	Wholesale, Develop and Supply



Certainly, the sector's need for consultants that can help it grow sales and build the business case for buyers will continue to increase. Dr Richard White, the commercial director of Oxford PharmaGenesis, which specialises in collecting and communicating evidence on the value of medicines and is still showing impressive growth in its 20th year of trading, says the market has changed. "It used to be that you just had to prove a drug was effective and safe in order to get it to market," he explains. "Now you have to prove its value across a range of metrics – for example, does it improve the patient experience, does it provide value for money, is it affordable?"

### Pharmacy chains face down headwinds

The pharmacy chains in the final sub-sector of the Pharma Fast 50 are also focusing on the future, with opportunities in a secure market

Ramsbottom believes the visualisations his company creates are a powerful sales tool for pharma companies, but also sees the product as a key tool for cost-conscious businesses. "Traditionally, these companies have depended on very large sales forces, but with these technologies now available across so many different platforms, we may be able to help them reduce that cost," he explains.

At Lucid, meanwhile, CEO Dennis O'Brien has also built a business based on an outstanding service. Much of Lucid's work is with pharma companies moving towards taking new medicines to market, helping them to optimise asset potential by educating healthcare practitioners. Its business also focuses on behavioural change, encouraging practitioners to change their behaviour and improve patient outcomes; one example is the company's work in inflammatory bowel disease, where it has educated healthcare professionals on how to measure patients' symptoms more effectively – and therefore to deliver more accurate steroid dosages and improve patient outcomes.

O'Brien believes the company's pioneering work, conducted in partnership with healthcare professionals, will drive further growth, which will be supported by additional investment from LDC. "This support helps us to take more risk and invest more in our future to enable us to achieve our purpose to enhance patients lives" he says. "We're all very excited about our future."

underpinned by increasing demand for dispensing. In the past decade, prescription dispensing across the UK has consistently grown at 5 percent a year and this is expected to continue, driven by an ageing population, the increased prevalence of long-term conditions and advances in drugs.

The Pharma Fast 50 leader in this category, Gorgemead, has performed strongly, with annualised revenue growth of 51 percent over the past two years. The business's Cohens Chemist chain is well-placed to build on this growth despite headwinds in the sector – most notably cuts in Government funding. Its acquisition strategy, which last year alone saw it acquire seven

businesses, is a good fit with ministers' desire to see rationalisation in the sector.

So too is its determination to diversify its service offering in its community pharmacies, where it provides a range of healthcare checks and medicine usage reviews in addition to prescriptions. The government's intention to expand community pharmacies as a means of relieving the burden on an overstretched NHS plays into that strategy.

In that sense, Gorgemead is a good example of a broader theme that we think characterises all the

businesses in the Pharma Fast 50 – their understanding of how to manage the drivers at play across the pharma sector to their advantage. This strategic instinct has never been more crucial for an industry facing some difficult challenges at both a macro level – Brexit, cost pressure and regulatory risk, for example – as well as more specific risks.

These businesses also know they will have to compete hard to retain their place in the Pharma Fast 50 ranking, for there is no shortage of attractive businesses in each of the key sub-sectors snapping at their heels; more than half of this year's constituents are new entrants. Competition is fierce – just as it is in every corner of the pharma sector.

**“Pharmacy chains are also focusing on the future, with opportunities in a secure market underpinned by increasing demand for dispensing”**

Tom Cowap is a principal at Alantra and a specialist in the pharmaceutical sector