In-licensing lessons: Benchmarking Best Practice

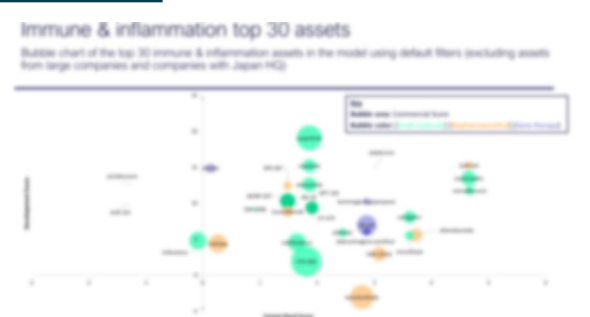**Ben Folwell, Director BD&L lead**
Pengfei Lu, Manager

Discovering hidden gems

Whether there is a need to support near term revenue generation with a quick win in a major market or ensure early access to lock in on an innovative product, data driven asset search screen and robust benchmarking practices
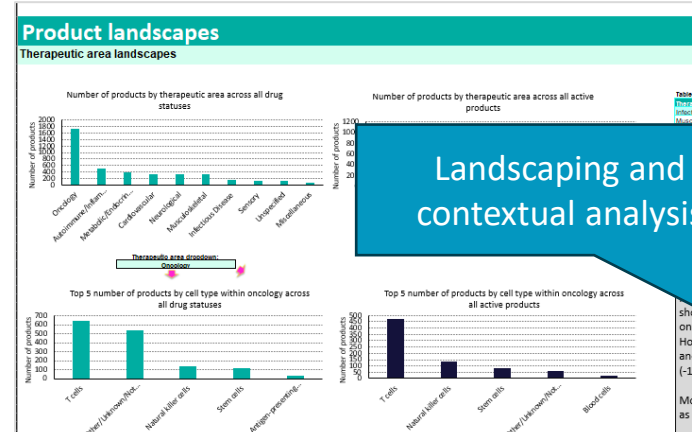

Dynamic weighted prioritization

Asset lists with objective, comparative scoring

Profiling and recommendations

Custom analysis matrix

Landscaping and contextual analysis

Benchmarking best practice

Benchmark detailed deal terms for asset(s) of interest against appropriate comparators to support future negotiations

Long-List Generation

Data Pull
Proprietary sources

Evaluate
BioSciDB
Biomedtracker

Secondary research

Press releases
SEC filings

Consolidated deals
Removed duplicates

Align deals from separate sources to consistent format

Calculate royalty

See next slide for calculations

Filtering
- Must have royalty estimates
- Max/min royalty estimates must not exceed 10%
- Must have licensee & product information

Deals for benchmarking
- Filtered by products which launched/expected to launch first indication in **oncology**
- Deal list forms the basis of the deals benchmarking tool

Recommended benchmark
- Further filtered by **phase** deals
- Deal list forms the basis of Evaluate's analogue basket which informs final findings

| 1,008 | 583 | 443 | 87 | 46 |

Deals which form the benchmarking analysis

Benchmarking tool

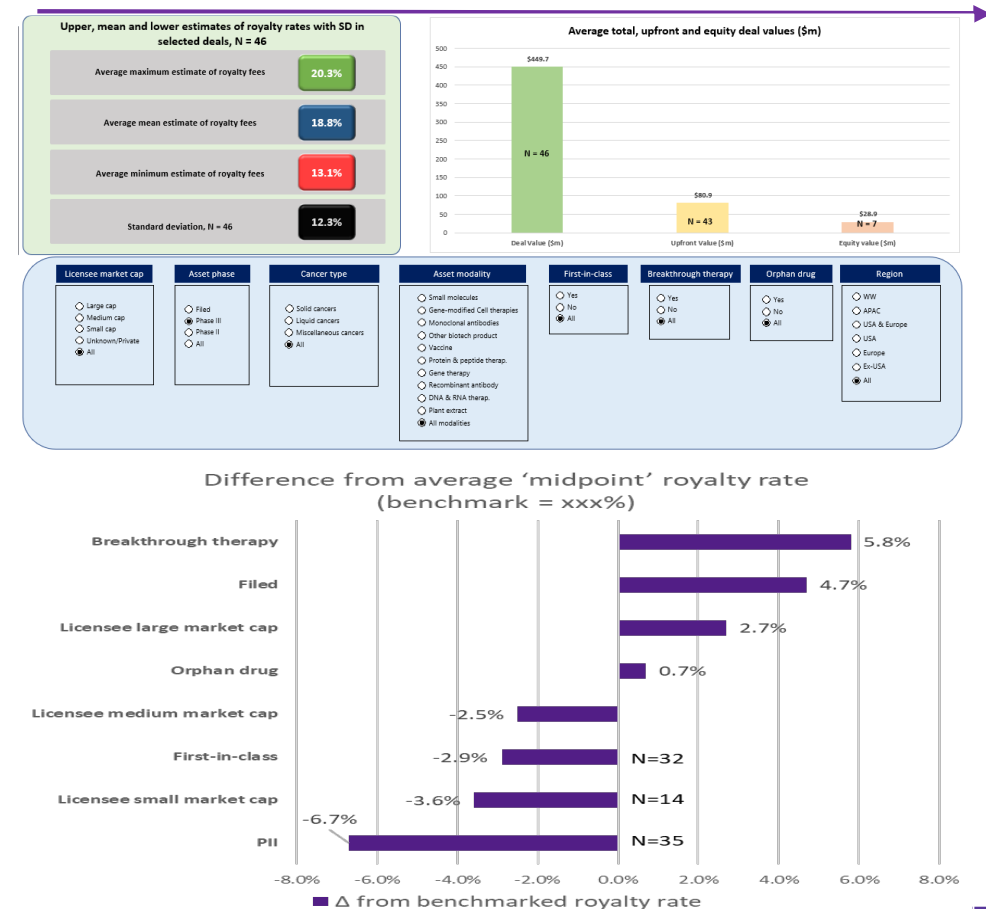**Upper, mean and lower estimates of royalty rates with SD in selected deals, N = 46**

Average maximum estimate of royalty fees	20.3%
Average mean estimate of royalty fees	18.8%
Average minimum estimate of royalty fees	13.1%
Standard deviation, N = 46	12.3%

Average total, upfront and equity deal values ($m)

- Deal Value ($m): $449.7, N = 46
- Upfront Value ($m): $80.9, N = 43
- Equity value ($m): $28.9, N = 7

Licensee market cap	Asset phase	Cancer type	Asset modality	First-in-class	Breakthrough therapy	Orphan drug	Region
Large cap / Medium cap / Small cap / Unknown-Private / All	Filed / Phase III / Phase II / All	Solid cancers / Liquid cancers / Miscellaneous cancers / All	Small molecules / Gene-modified Cell therapies / Monoclonal antibodies / Other biotech product / Vaccine / Protein & peptide therap. / Gene therapy / Recombinant antibody / DNA & RNA therap. / Plant extract / All modalities	Yes / No / All	Yes / No / All	Yes / No / All	WW / APAC / USA & Europe / USA / Europe / Ex-USA / All

Difference from average 'midpoint' royalty rate (benchmark = xxx%)

Category	Δ	N
Breakthrough therapy	5.8%	
Filed	4.7%	
Licensee large market cap	2.7%	
Orphan drug	0.7%	
Licensee medium market cap	−2.5%	
First-in-class	−2.9%	N=32
Licensee small market cap	−3.6%	N=14
PII	−6.7%	N=35

Δ from benchmarked royalty rate

Evaluate

Buy side perspectives on deal structures

Case Study: Benchmarking analysis, dynamic dashboard and deal case study profiling for an oncology focused biopharma company

Context

The oncology focused biopharma were looking to prepare for future licensing deals involving their assets. They wanted to understand what typical royalty rates, and other deal dynamics were, in comparable oncology product deals – with a focus on solid cancers and ovarian cancer

Approach

Deal data from Evaluate, Biomedtracker and BioSciDB sources were filtered on deal type, inclusion of royalty rates and phase (PII or later) and were consolidated in a consistent format

Filtered deals were matched against Evaluate product and company fields (i.e. market cap, OD status, modality, region etc) to form the benchmarking attributes

The data was used to form a dynamic deals benchmarking excel dashboard, allowing the user to specific a set of deal attributes to see the effect on deal size and royalty rate – alongside deal counts and standard deviations

The data – and insights – were also presented in a PowerPoint slide deck, alongside select case study deals, which were chosen based on their relevance to the client's own asset

Impact

The client received a PowerPoint deck outlining the methodology steps, the key insights from key deal set, and case study profiles on the strongest analogous deals. The client also received a supporting excel file with the raw deal data and a dynamic dashboard allowing them to review deal dynamics based on a comprehensive set of attributes

Example Deliverables:
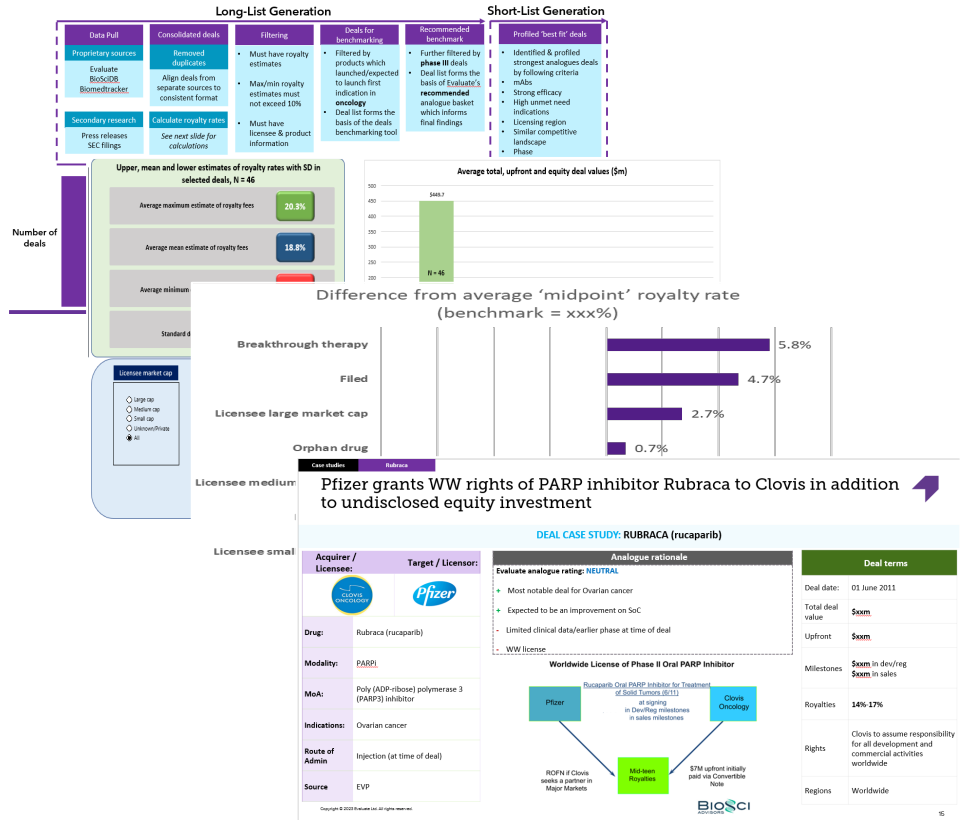
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Evaluate