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When Data And Technology Expedite Growth, How Can Dealmaking Power The Value Equation?

2019 EY M&A Firepower report

by

> To position themselves for success, life sciences companies must accelerate their agendas on two fronts: the creation of focused business models and the acquisition of disruptive, digital capabilities.

In the *2019 EY M&A Firepower report*, EY explores the dealmaking strategies life sciences should prioritize to generate growth.

Over the past three decades, life sciences companies have used their biological and chemical know-how to create significant value for themselves, their shareholders and most importantly patients.

As the health ecosystem evolves and patient, payer and provider stakeholders grow more demanding, will future value be created the same way? Or will data and analytics capabilities be essential for success?

In today's fast-changing environment, it's very likely that life sciences companies will need access to an array of medical and non-medical data to demonstrate value to their stakeholders.

This "datafication" of health care means traditional life sciences companies must examine how they position themselves for the future. Among the topics that should be at the top of the C-suite agenda are which kinds of deals – and which partners – position life sciences companies for maximum growth in 2019 and the future.

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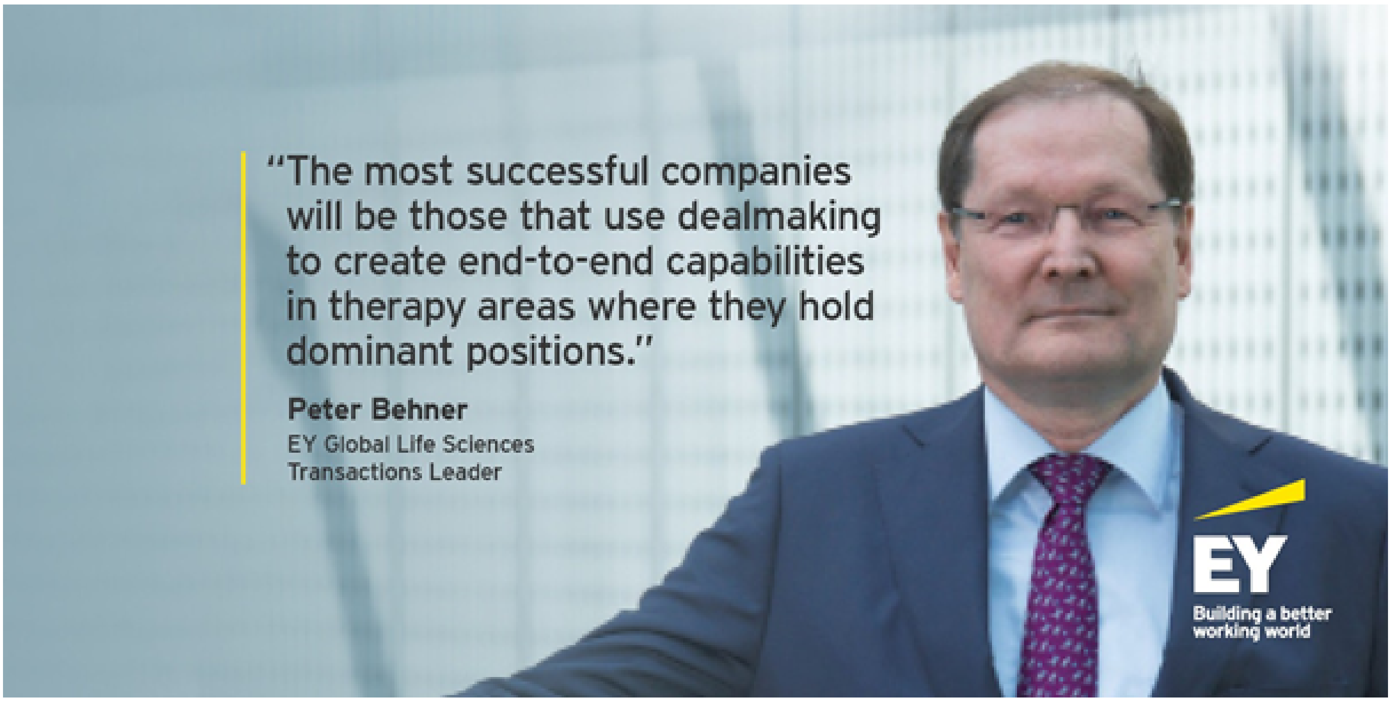
We believe that a necessary first step to sustainable growth is to focus on achieving dominance in fewer business and therapeutic areas through M&A and partnerships. Indeed, life sciences companies should prioritize smaller, mid-sized bolt-on deals and divestitures, which create scale in their strategic therapeutic areas while reducing portfolio complexity.



Longer term, partnering or acquiring digital capabilities will also be key. This is an area of growing interest to life sciences companies. However, in the near term, when the return on investment can be difficult to measure, let alone prove, companies are playing it safe, often prioritizing alliances rather than digital acquisitions. As alliances bear fruit, they could set the stage for more digital acquisitions in 2020 and beyond.

Click here to keep reading and download the complete report or its audiobook.