

WP Advisory

Case Study – Biopharmaceutical Acquisition

Daniel Davidson

July 2019

WP Advisory provides best-in-class merger integration consulting services and related solutions. We are a small team of senior executives with significant industry experience.

Summary

- A global biopharmaceutical company acquired the biopharmaceutical unit of a diversified chemicals company based in North America with R&D and manufacturing operations in Europe & Asia and sales & distribution presence globally.
- The acquiring firm had a gap of blockbuster potential compounds in their late stage R&D pipeline and a new leadership team seeking to show growth after an unexpected late stage failure in their own pipeline.
- The firm decided to acquire the business in order to fill the gap in their late stage pipeline to buy a few years for the rest of their pipeline to show up and fill their cardiovascular therapeutics to leverage their existing sales & distribution resources across the globe.

Role and Responsibilities

Role

- Lead for the Program Management Office for the Finance and IT organizations (120+ people), rolling up to the global PMO in Pre-close planning and post close execution

Responsibilities

- Defined the Target Operating Model for Finance and IT
- Established oversight and communications framework for the leadership team including program governance structure
- Designed team structures and staffed with team members
- Facilitated planning sessions
- Led audit of people, processes, assets, and service agreements
- Provided consolidated reporting to Operating Committee and Leadership Team
- Oversaw risk / issues management; facilitated interdependency analyses
- Conducted go-Live validation assessment
- Conducted lessons learned and hand-off of operations to management team

Challenges

- The operational and reporting processes and standards for managing within a broader diversified chemicals company were vastly different from the acquirer's functions which were more finely tuned for the regulatory and operational issues of a focused biopharmaceutical.
- The merger integration had to operate on a “zero-budget” basis as this was an opportunistic acquisition that was not planned and budgeted so all costs had to be justified by year-1 savings from financial and operational consolidation.
- The acquirer was absorbing the transition challenges of new leadership simultaneously with the change management issues of the acquisition.
- Financial consolidation and reporting needed to satisfy local statutory requirements as well as the new needs of the global management team.

Outcome

- Successful legal closure in 5 months, 1 month ahead of schedule and prior to year-end, postponing reporting requirements and expenses into the next fiscal year
- Implemented retention requirements for deal closure with localities and restructuring transaction to achieve regulatory approvals
- Identified top down divisional & departmental priorities / budgets / targets and compiled analysis to justify R&D and restructuring write-downs for tax benefit of 20% on the purchase price
- Clean rationalization and absorption of relevant human resources, physical facilities, and IT assets and service agreements
- Completed full integration of CFO functions within 90 days of close
- Developed implementation road-map for post deal closure period and transition playbook used for future licensing acquisition deals

Contact

For information please contact:

Daniel Davidson
Director
Lead for Healthcare
+1 (646) 727-0154
d.davidson@wp-advisory.com

Andrew Yue
Managing Director
Head of Integration and Lead for Capital Markets
+1 (914) 439-2028
a.yue@wp-advisory.com

www.wp-advisory.com

+1 (866) 200-2550
245 Park Avenue
New York, NY 10167