

Shifting Perceptions of CRO Service Providers: Large vs. Midsize CROs

Introduction

2023 was a tumultuous year for both clinical trial sponsors and CROs. Nowhere was the impact of these industry dynamics more evident than in the large CRO segment where we saw:

- Large-scale acquisitions with lower-than-expected clinical development earnings
- Acquisition and subsequent divestiture of a clinical development business
- Recent lay-offs and reduced earnings reports among several CRO industry leaders

We further explored these topics in our survey, where we examined the nuances between large and midsize CROs, overall satisfaction with CRO services based on CRO size, and the impact the perceived nuances have had on sponsor partnerships.

Industry Report Objectives

The survey had two primary objectives:

01 To understand industry consolidation and instability among large CROs, exploring large CRO corporate divestitures of clinical development business, lay-offs, and revised earning projects due to lower than anticipated financial performance, and the extent of instability large CRO mergers and acquisitions have created while assessing the impact of market dynamics on overall willingness to partner with these service suppliers.

We defined each company size by company headcount.



Emerging

Less than 30 employees; no commercial revenue



Small

30 - 300 employees



Midsize

300 - 10,000 employees



Large

More than 10,000 employees

02

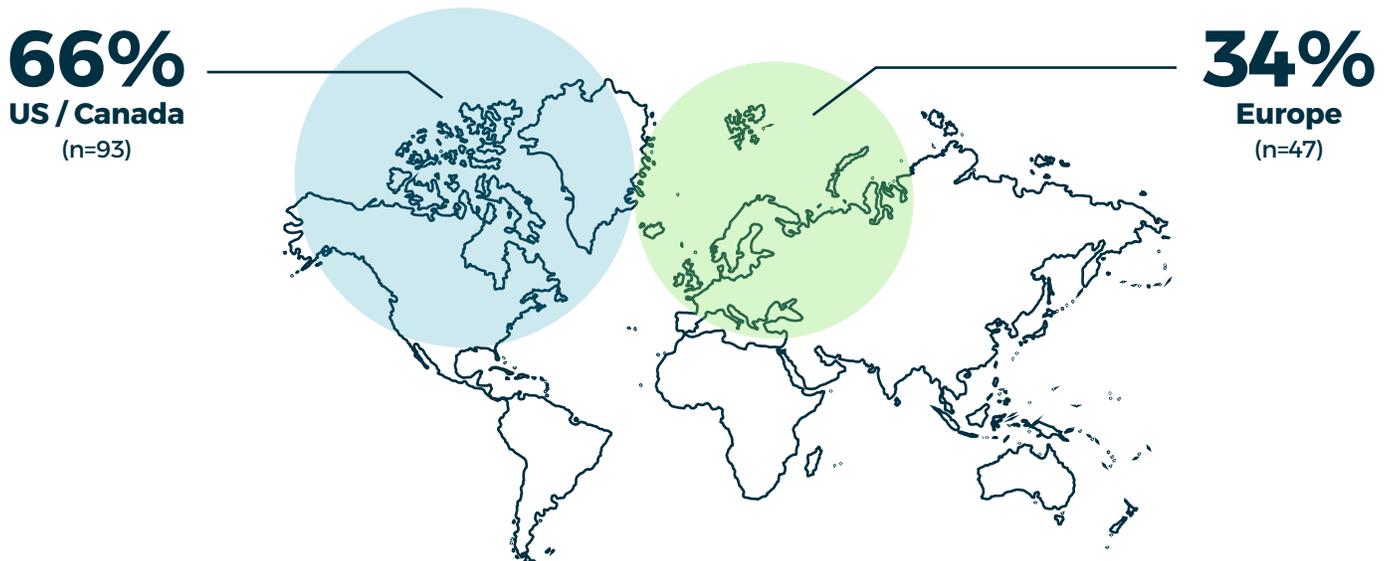
To explore the unique value proposition midsize CROs bring to emerging, small, midsize, and large biopharma companies to identify the key benefits of midsize CROs that most impact the customer's perceived value, service delivery, and satisfaction.

Methodology

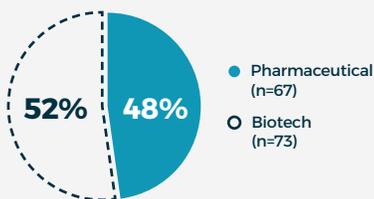
We employed a web-based, quantitative research survey fielded with 140 key CRO decision makers across emerging, small, midsize, and large pharma and biotech companies. The research was conducted by a third-party market research partner, and research participants were recruited from a panel of experts involved in the evaluation, selection, and usage of CROs.

Respondent Profile (N=140)

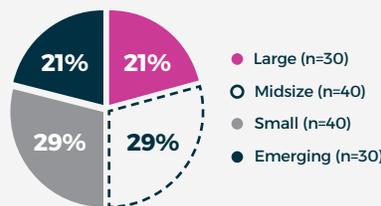
Regional Representation



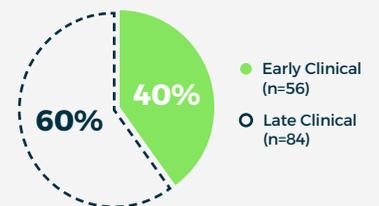
Company Type



Company Size

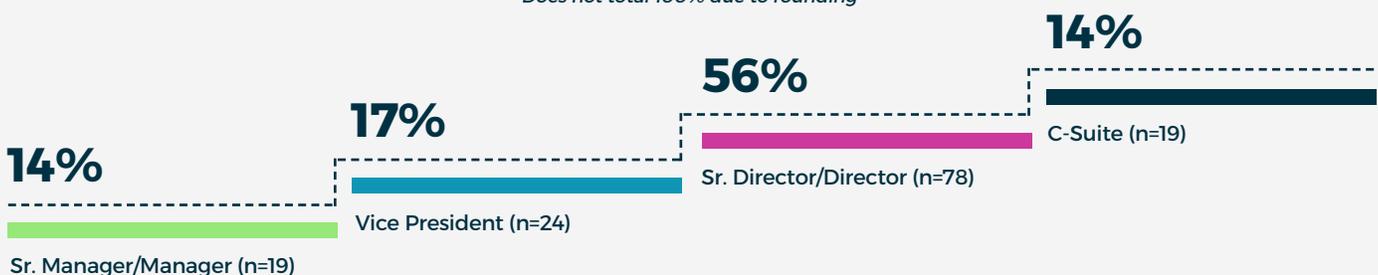


Development Stage



Position Level

Does not total 100% due to rounding



Impact of Large CRO Segment Dynamics

As seen in Figure 1, nearly 50% of respondents state that large CRO instability due to mergers and acquisitions, spin-offs, and recent layoffs as a result of declining performance has negatively impacted their willingness to partner, citing disruptions to large CRO project teams, talent, service delivery, and timelines.

As expected, small and emerging companies expressed concerns about partnering with large CROs, as they typically feel underserved by this provider segment. Surprisingly, almost 40% of large pharma and biotech respondents and nearly 45% of midsize respondents, who typically receive the largest share of attention from large CROs, also stated they were concerned about partnering with large CROs due to the impact of these segment dynamics on performance and service delivery.

The top concerns surrounding large CROs were issues with collaboration and partnership, clinical development offerings, customer focus, and operational efficiencies. Respondents reported:

Large CRO instability negatively impacted company's willingness to partner



N=140

Size of Company	% of Agreement
Large Companies	37%
Midsize Companies	43%
Small Companies	58%
Emerging Companies	50%

Figure 1

Q: Has recent instability among large CROs due to mergers and acquisitions, spin-offs, and layoffs had a negative impact on your willingness to partner with them?

Level of Concern When Working with Large CRO Service Providers

% of respondents



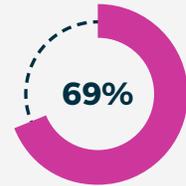
Lack of personalized attention



Higher clinical development costs



Project team disruption causing extended turnaround times and deliverables



Inefficiencies resulting from operational differences between poorly integrated companies



Promised "A" team upfront but received "B" team after awarding the study



Concerns with large CROs providing equal support among all customer sizes



Locked into large CRO's proprietary solutions and technology



Reliance on "off-the-shelf" solutions

Q: In light of the industry changes impacting large CROs, what is your level of concern when working considering working with large CROs for each of the following factors? Data represents Top 3 box scores for agreement based on a scale of 1-7. (N=140)

80%



Nearly 80% of respondents agreed that the “one-stop-shop” claim that many large CROs market is not a cost-effective business model due to the lack of seamlessly integrated service delivery.

Perceived Benefits of Midsize CROs Such As Worldwide Clinical Trials

In comparison to large CROs, survey participants preferred midsize CROs for their specialized service offerings, personalized attention, and cost/value benefit. Although many respondents perceive midsize CROs as niched for individual therapeutic areas, early phase and small-scale trials, and specific geographic locations, various midsize CROs, in actuality, do offer end-to-end capabilities globally. The top five benefits of midsize CROs reported by sponsors were the following:

Beneficial Factors When Working with Midsize CROs

% of respondents



Agility



Rapid escalation of study-related issues



Responsiveness and collaboration



Access to senior-level expertise



Personalized attention

Q: How beneficial are the following factors when working/considering working with midsize CROs compared to large CROs? (N=140)

Over 80% of respondents agreed that midsize CROs provide a strong cultural fit while being able to pivot quickly based on changing customer needs.

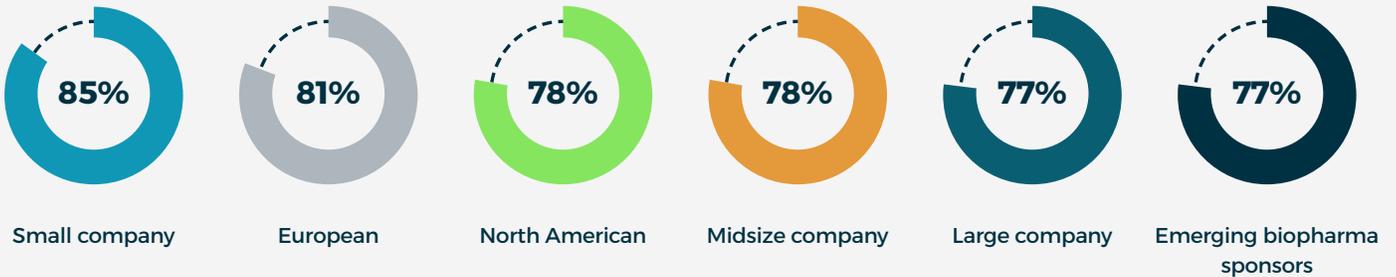


The Benefits of Partnering with Worldwide

Both large and midsize CROs play a critical role in the drug development landscape. For those trial sponsors looking to broaden their CRO partner base, we encourage you to take a closer look at Worldwide Clinical Trials' capabilities and key strengths. In fact, after viewing our research materials, 80% of respondents were "likely" or "very likely" to further explore our midsize CRO clinical development capabilities in the future, based on Top 3 box scores, expressing a strong interest across all customer segments and geographies.

Likelihood of Respondents to Further Explore Worldwide Clinical Trials Clinical Development Capabilities

% of respondents



Q: After viewing the company's capabilities presentation, how likely are you to further explore Worldwide Clinical Trials' offerings? Data represents Top 3 Box Likelihood to Explore Scores (scale of 1-7). (N=140)

There has recently been a 5% aggregate shift from large CROs to midsize CROs, indicating a change in the market, particularly among both midsize and large biopharma sponsors in Europe and the US.

The primary drivers of the presentation that would prompt respondents to request an RFP from Worldwide include the following:

Worldwide Clinical Trials Attributes with the Highest # of Top-5 Rankings

97 respondents

Right sized for responsiveness and personalized partnerships

91 respondents

Therapeutically-focused expertise deliberately designed to deliver

87 respondents

Full service clinical research capabilities across all phases of development

81 respondents

Global reach and scale for all clinical trial needs

79 respondents

Optimal combination of expertise and responsiveness

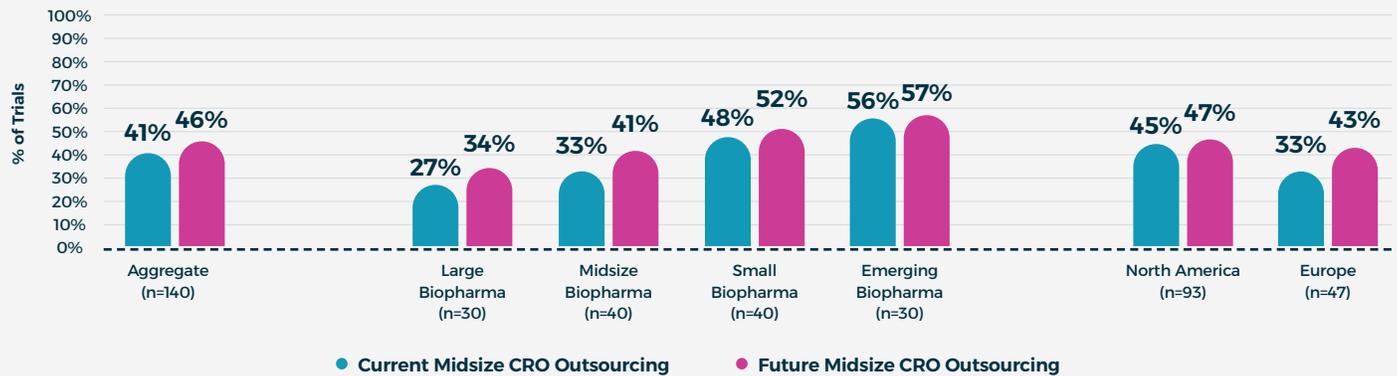
74 respondents

Accessible expertise every step of the way

Q: What aspects/elements of the capabilities presentation do you find most convincing and make you more likely to request a proposal from Worldwide Clinical Trials for your next clinical development service need? Please select your top 5 attributes. (N=140)

After reviewing Worldwide Clinical Trials' bioanalytical services and clinical offerings, we asked respondents how they anticipate their usage of midsize CROs would evolve over the next three years. The results, across all company sizes and geographies, indicated increased use with the highest anticipated growth among large and midsize trial sponsors and European research participants.

Current vs. Future % Of Outsourcing to Midsize CROs



Q: What % of your clinical trials do you currently outsource to the following? (N=140)

Q: After viewing the Worldwide capabilities presentation, how do you expect your utilization of CROs for your clinical development outsourcing to change over the next 3 years? (N=140)

At Worldwide, our teams understand how critical a personalized approach, accessible expertise, and global capabilities are to a drug development program. We apply end-to-end solutions to ensure every program gets the attention it deserves, committed to bringing new treatments to patients in need. We're glad to see our services align with what sponsors of all sizes value in the increasingly complex clinical landscape.

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Worldwide Clinical Trials (Worldwide) is a leading full-service global contract research organization (CRO) that works in partnership with biotechnology and pharmaceutical companies to create customized solutions that advance new medications - from discovery to reality. Anchored in our company's scientific heritage, we are therapeutically focused on cardiovascular, metabolic, neuroscience, oncology, and rare diseases. Our deep therapeutic knowledge enables us to develop flexible plans and quickly solve problems for our customers.