

Biopharma Dealmaking in 2022: Trends & Forecasts

2021 was a busy year in biopharma dealmaking. There were billion-dollar deals, a flood of funding, increased early-stage partnering, and new therapeutic areas and platforms coming online.

Now, armed with record amounts of cash and funding, 2022 is poised to be another remarkable year for life science companies in general and partnering specifically.

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Overview 2021

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Deal Flow Held Steady after a Record Setting 2020

Number of Deals Across Therapeutics and Platforms

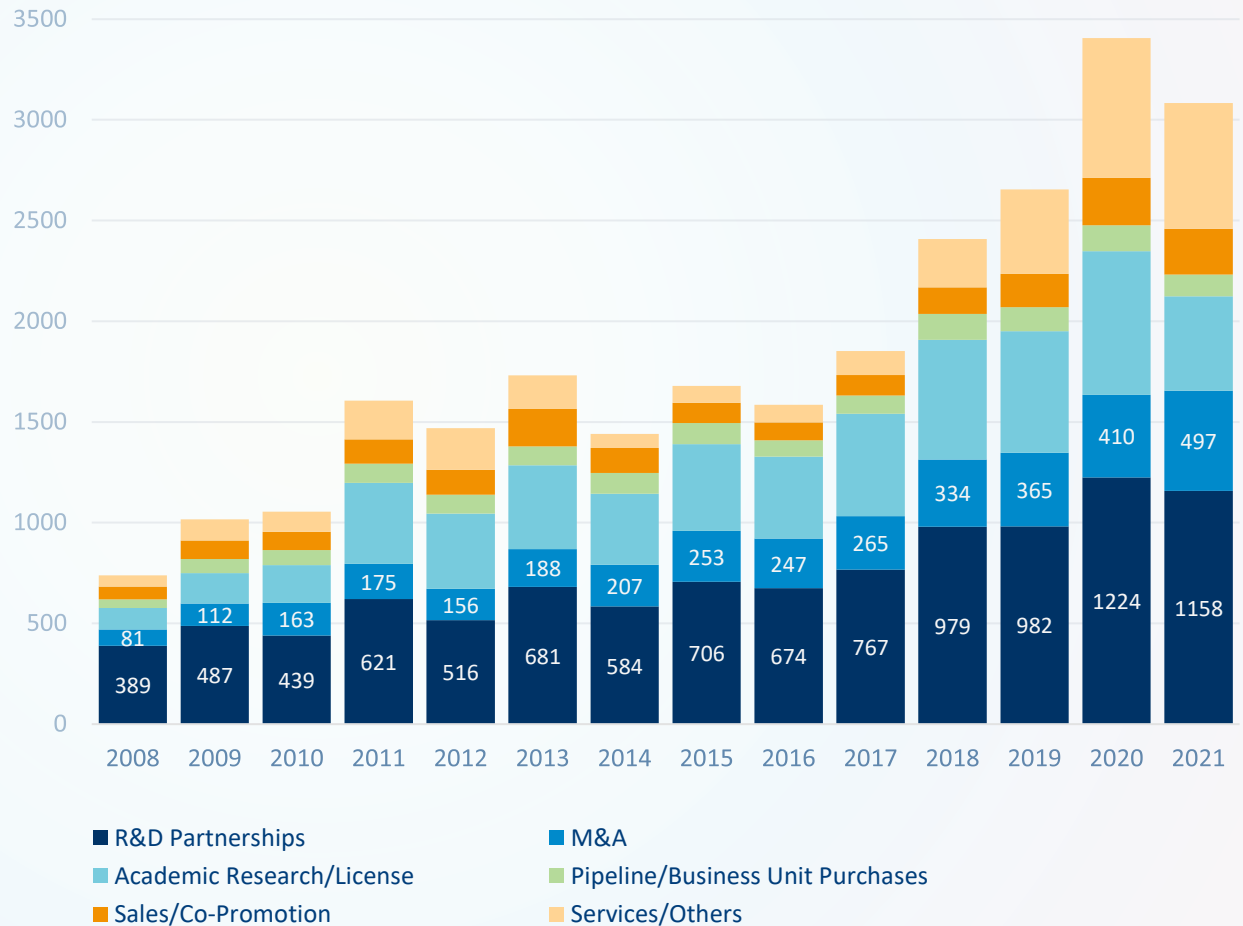
3,084 → **\$469B**

Deals Total deal value

Another big year for biopharma dealmaking with nearly 3,100 deals totaling \$469 billion in total deal value.

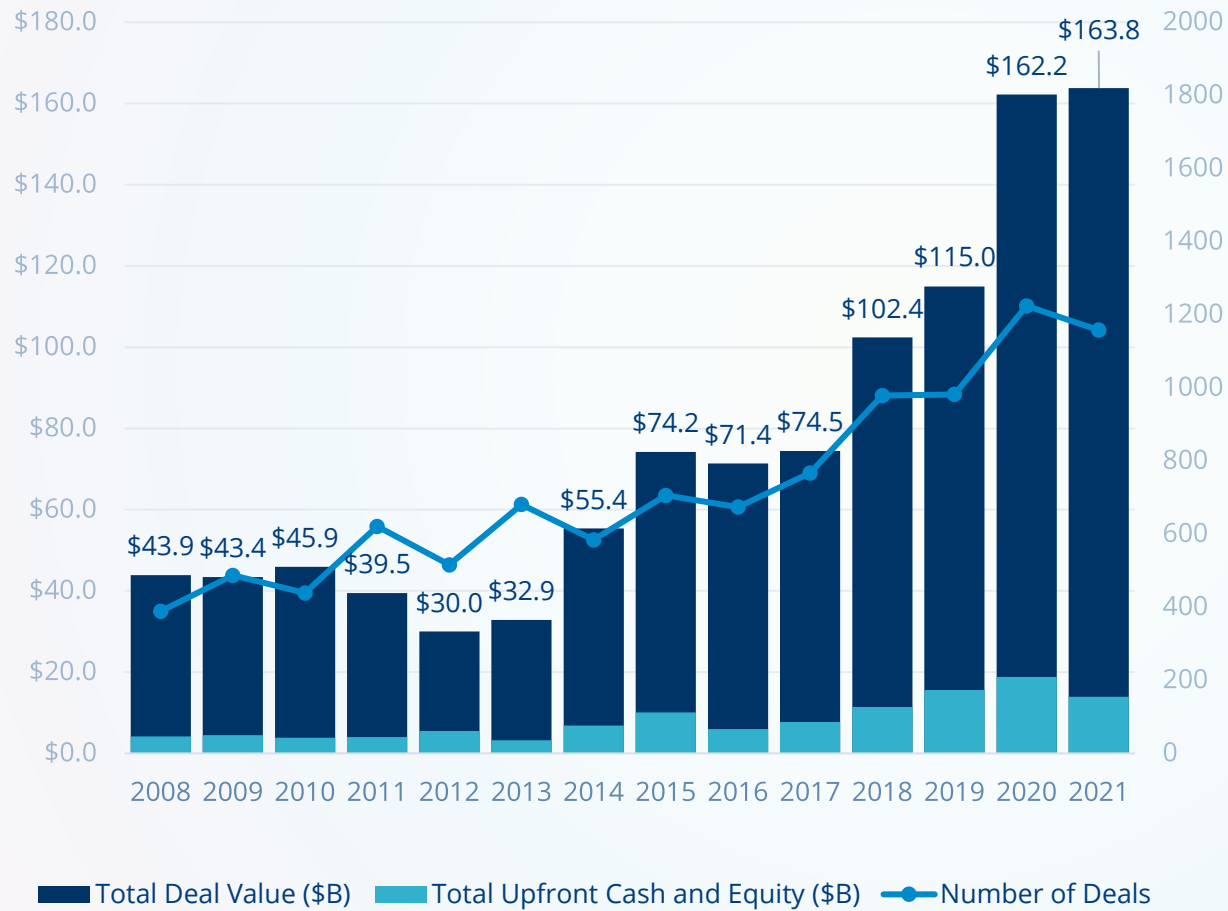
Of that nearly half a trillion in 2021 deals, a little more than half (\$280 billion) was in upfront cash or equity.

Licensing deals held steady, M&A activity expanded, and deals with academic and university research labs contracted.



Licensing Upfronts Cooled off on Fewer Deals

Development and Commercialization of Biopharma Therapeutics and Platforms



Year-on-year deal volume was mostly steady with 1158 licensing deals - only 5% down from 2020. The top-line deal values were mostly flat at just short of \$164 billion versus around \$162 billion the year before.

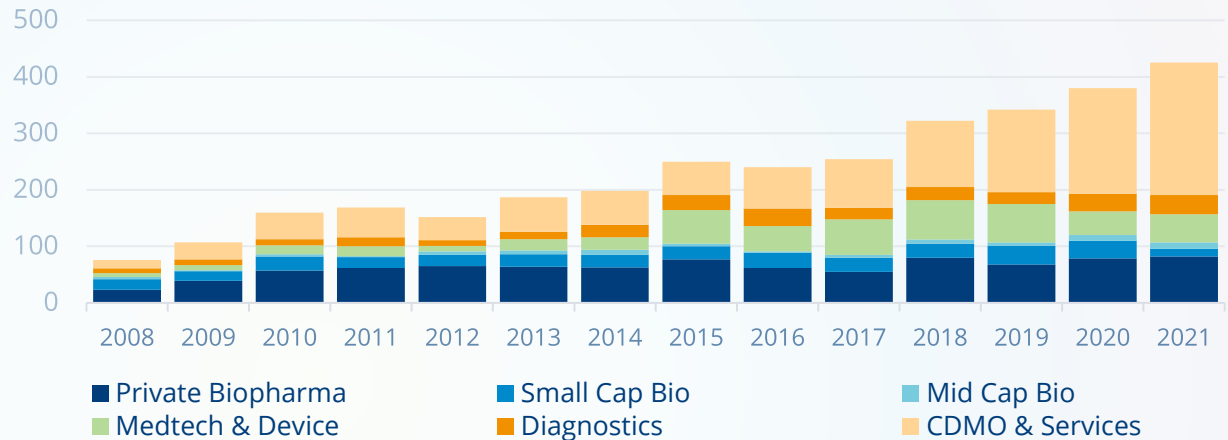
Total upfront cash and equity, though, took a significant tumble to be down \$14 billion or 26% year-on-year.

M&A is Happening, Just Not So Much in Biopharma

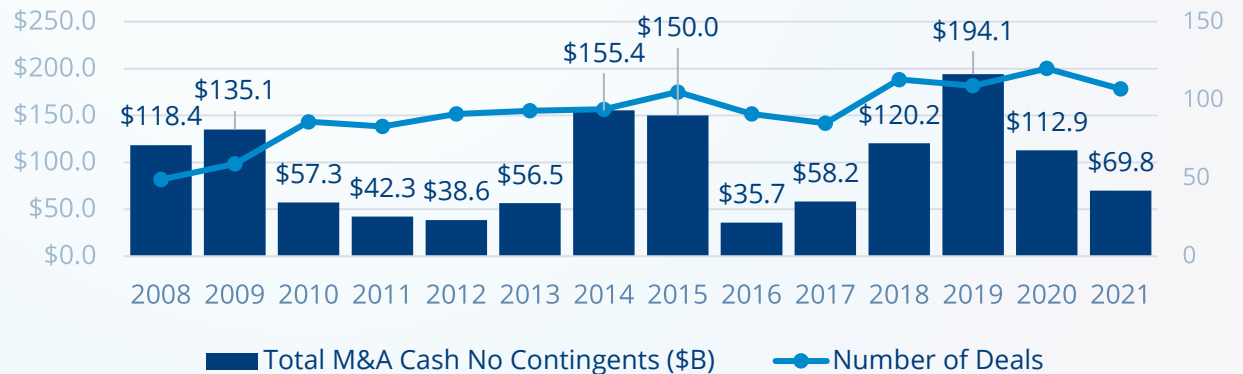
Acquisitions of Biopharma, Discovery Platform, Medtech, and Diagnostics Companies

While the number of M&A deals in the broader life sciences continued to grow, M&A activity in the biopharma sector contracted. Only around 20% of the M&A deals in the industry were in biopharma (107 of 497 deals) and the total value of those deals was just \$70 billion – a 38% drop from 2020.

Industry experts suggest that a combination of wariness of the FTC and the expected decline in COVID-19 related M&A activity contributed to the contraction.

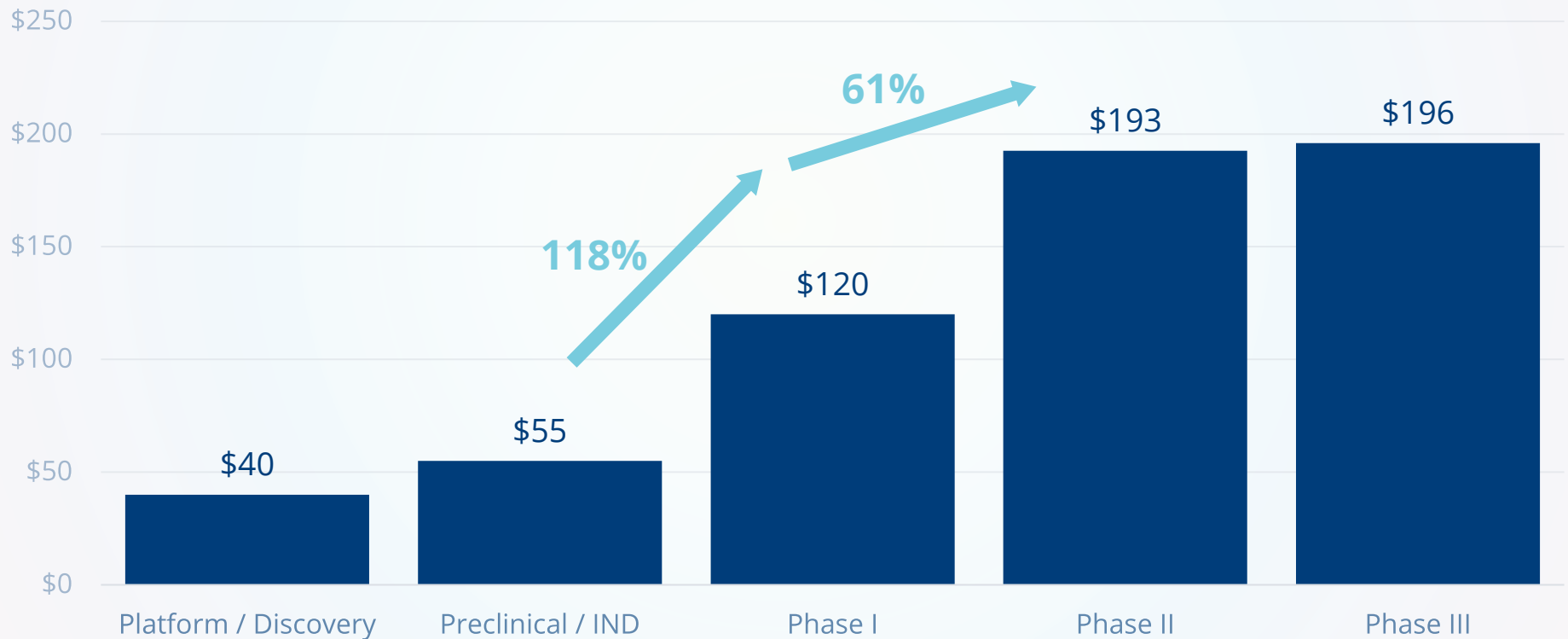


Biopharma Therapeutics and Discovery Platforms, Private to Large Cap



Big Pharma Pays Well for Clinical Stages; Now Moving Earlier

Median Upfront Cash & Equity by Stage at Signing by Big Pharma – 2015-2021 (\$M)



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Top Pharma

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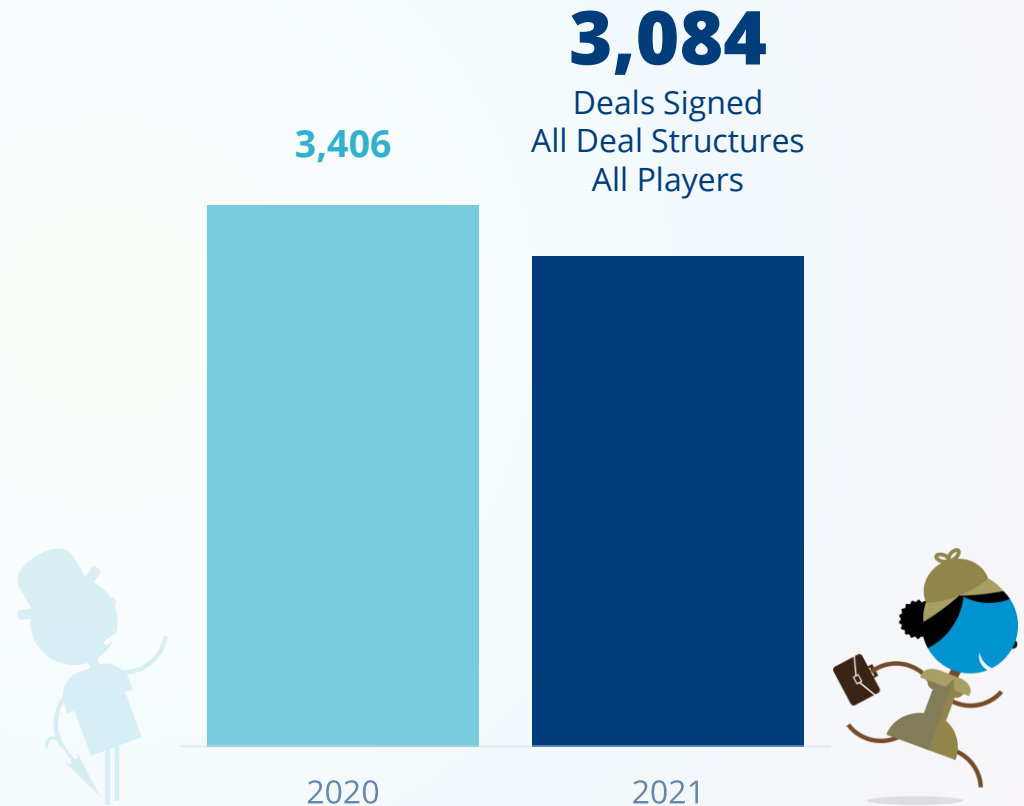
Large Cap Biopharma Dealmaking Heading into 2022

2021 Deal Numbers

Large cap pharma dealmaking contracted in 2021.

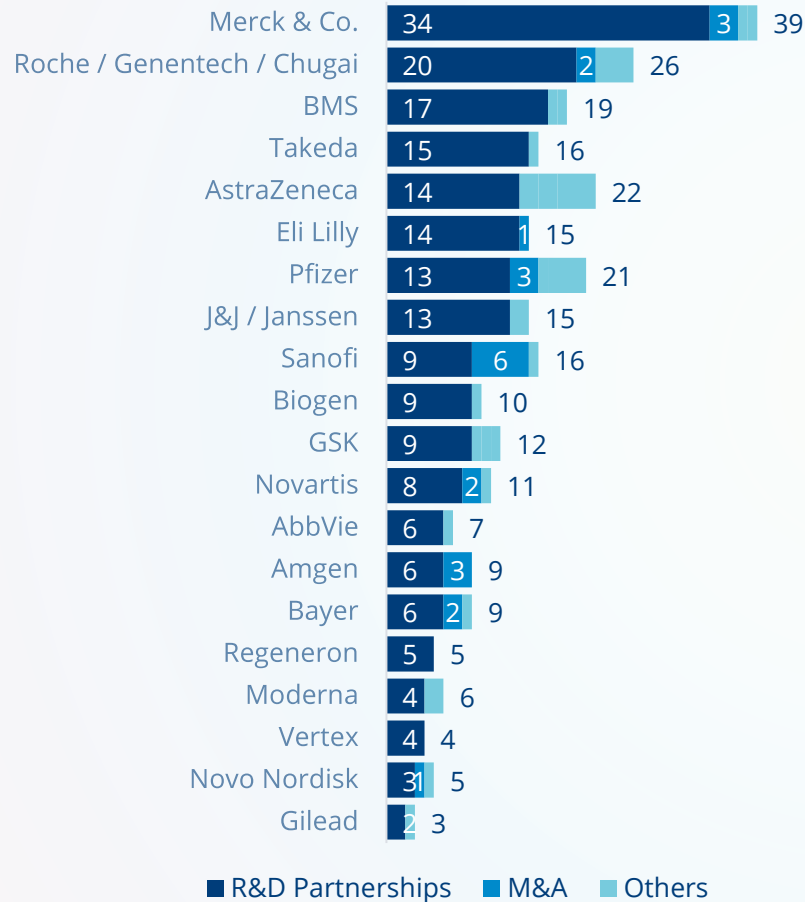
R&D partnerships were down 4%, total deal value dropped 9%, and upfront cash and equity plunged 33%.

On the M&A side, large cap pharma not only made 4% fewer acquisitions but decreased their total deal value and upfronts by almost 50%.

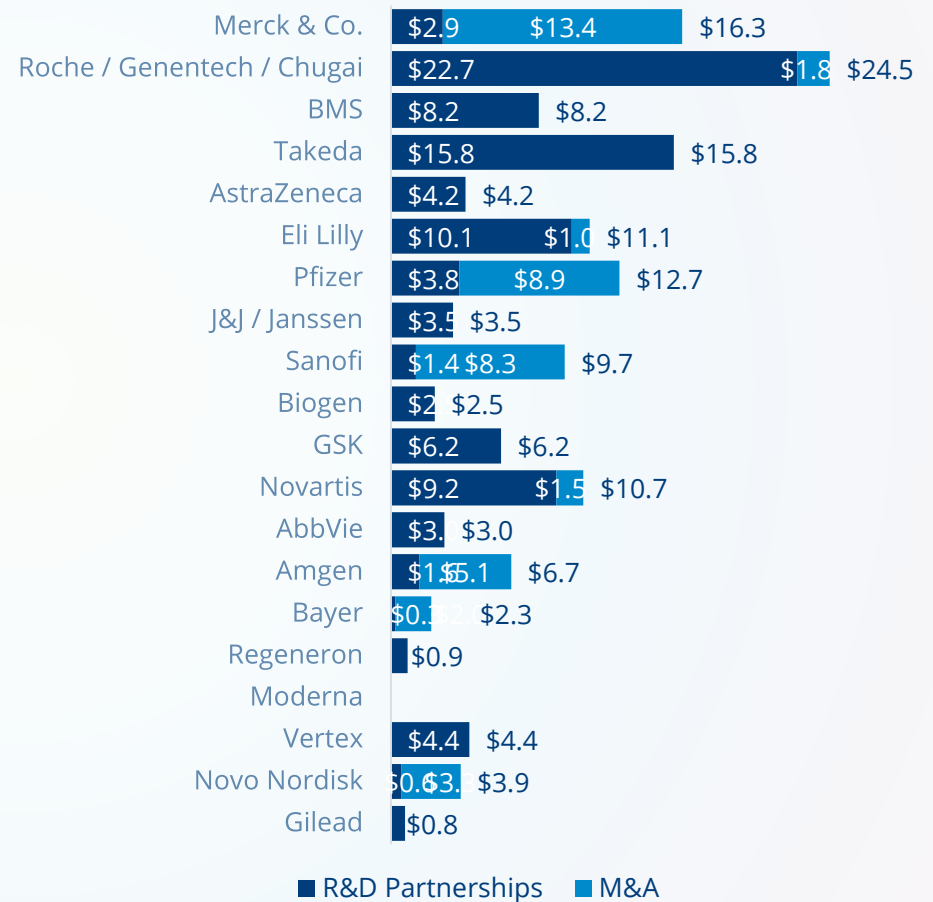


Large Cap Biopharma In-Licensing and Buying in 2021

Number of Deals



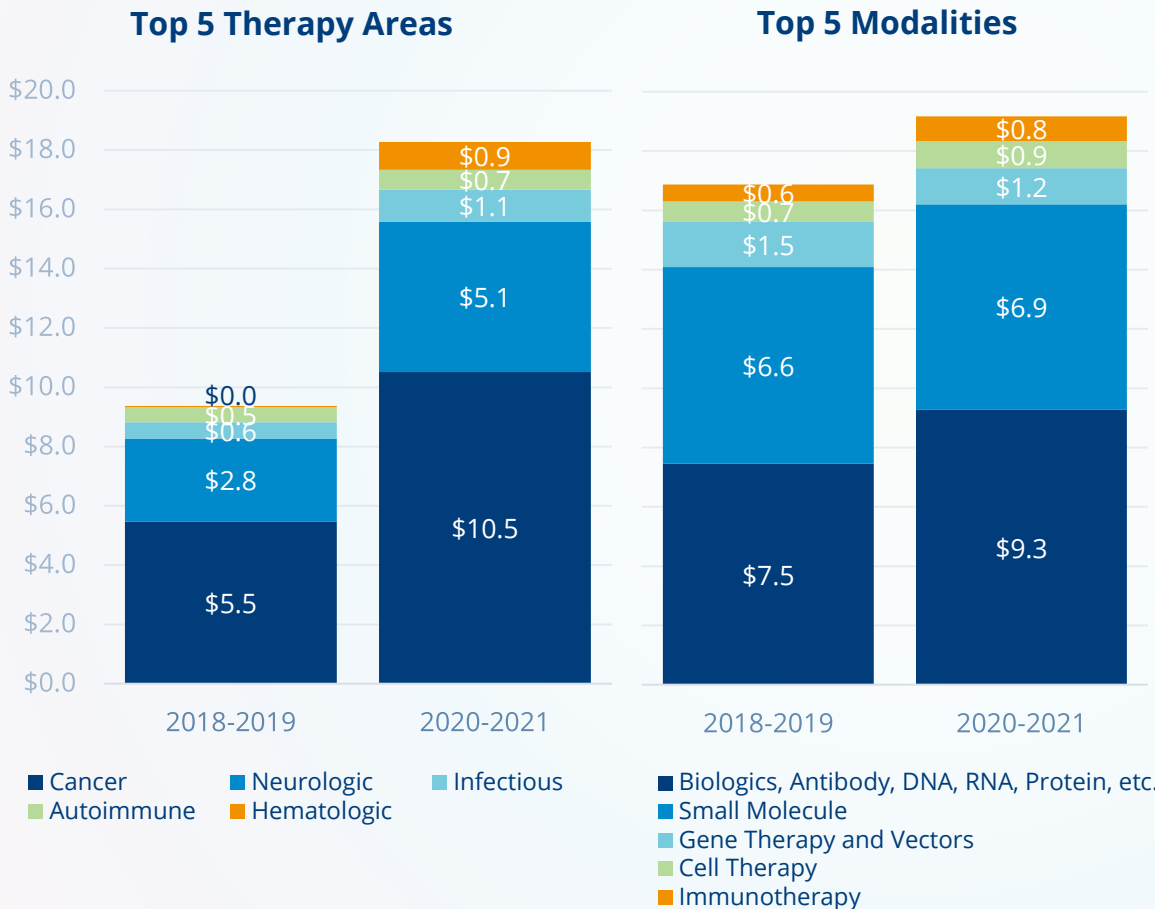
Total Announced Deal Value (\$B)



Source: DealForma.com Database. Financials based on disclosed figures as of 1/7/2022.

Large Cap Biopharma Therapy Areas and Modalities in Focus

Upfront Cash & Equity Paid by Big Pharma for In-Licensing from Smaller Bio



It's little surprise that cancer and oncology remain in the lead among therapeutic areas. The total spend, though, has nearly doubled from \$5.5 billion in 2018/19 to \$10.5 billion in 2020/21. Neurology (\$2.8 billion to \$5.1 billion) and infectious disease (\$0.6 billion to \$1.1 billion) also saw significant increases in upfront cash and equity from big pharma in the same period.

On the modality side, biologics and small molecules remained strong and dominated the upfront spend by big pharma. Gene therapies and cell therapies also attracted attention, but these deals saw lower upfronts as more of the deal value was pushed to milestone payments.

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Venture Capital

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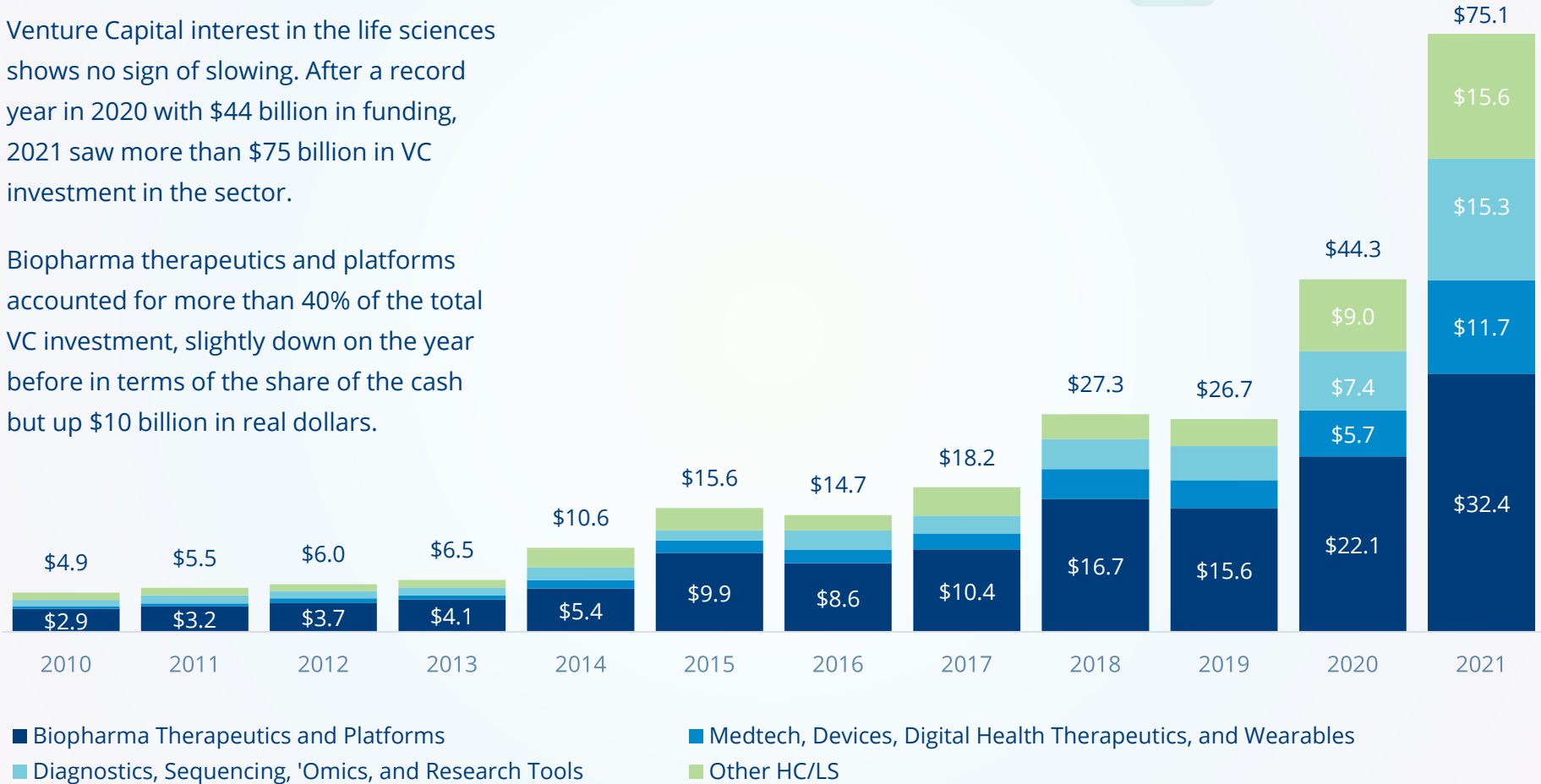
Healthcare and Life Sciences Venture...

Venture Totals into Healthcare and Life Sciences by Subsector (\$B)



Venture Capital interest in the life sciences shows no sign of slowing. After a record year in 2020 with \$44 billion in funding, 2021 saw more than \$75 billion in VC investment in the sector.

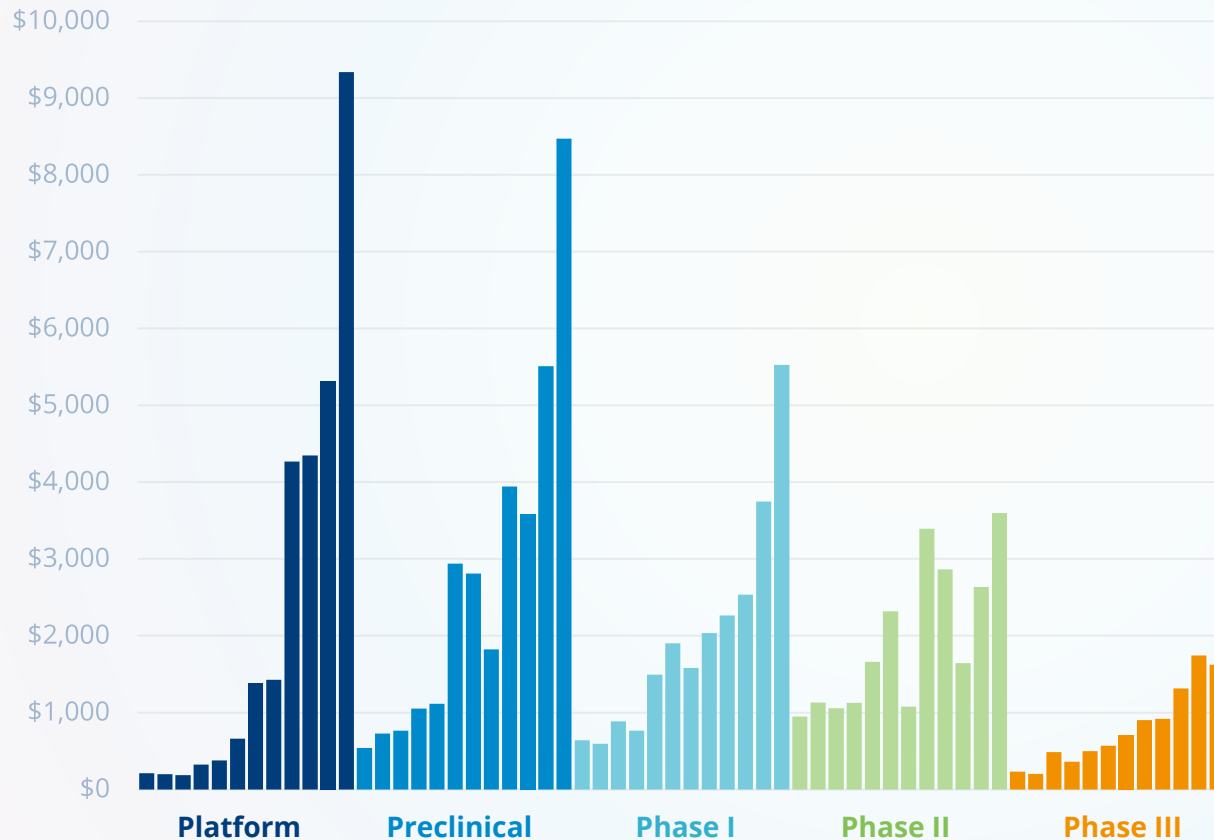
Biopharma therapeutics and platforms accounted for more than 40% of the total VC investment, slightly down on the year before in terms of the share of the cash but up \$10 billion in real dollars.



Early-Stage Venture Activity Rivals Deal Payments

Biopharma Venture by Company Stage at Funding and Therapy Area

Total Dollars (\$M) evolution from 2010 to 2021



Venture capital favored very early-stage science with more than half of investments being in companies at the platform or preclinical stage.

Phase III companies, on the other hand, saw a slight decrease in interest from VC investors, likely a result of the higher premiums and lower returns that such investments promise.

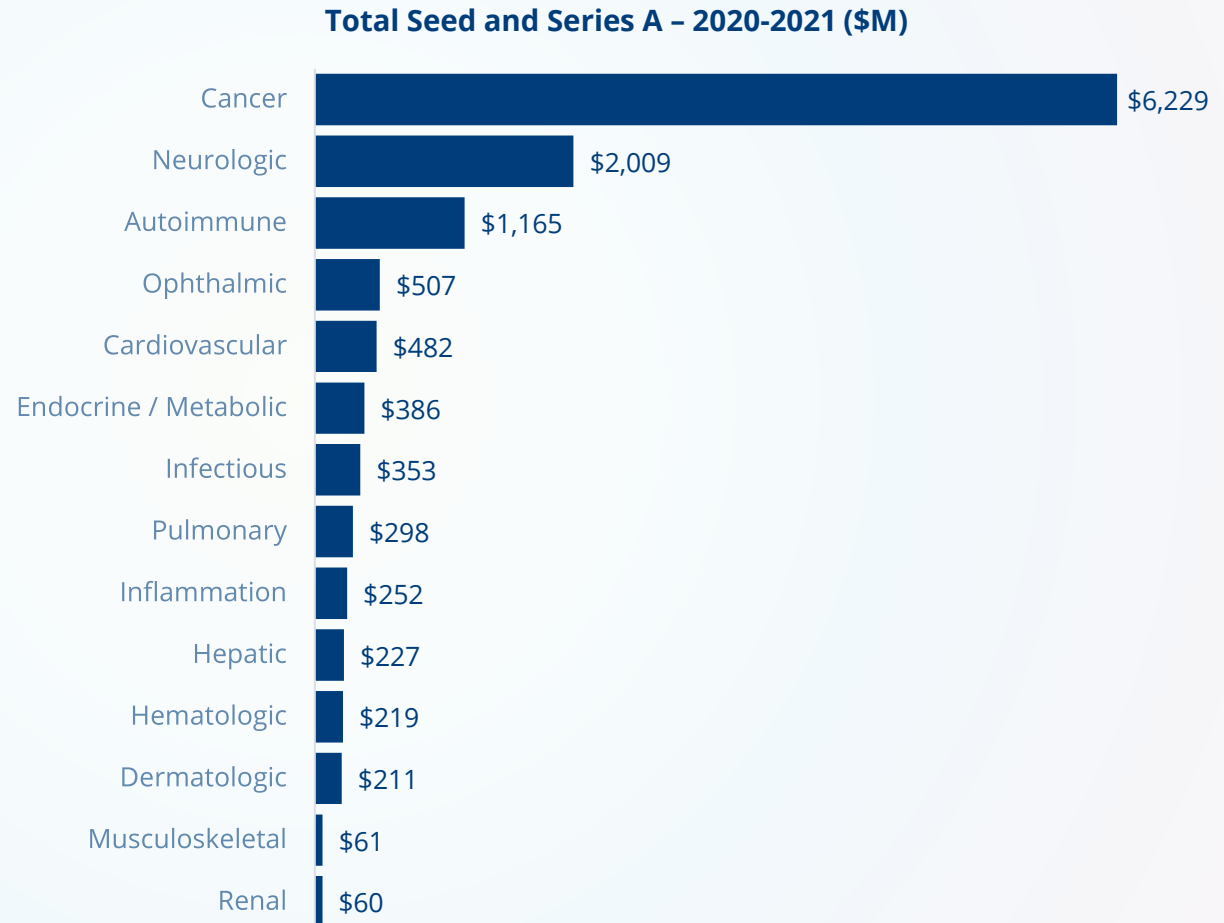
Early-Stage Venture Activity Rivals Deal Payments

Early-Stage VC Funding by Therapeutic Area

Much as large cap pharma continues to invest heavily in cancer, innovative biotechs focused on cancer therapies have proved most successful in attracting early-stage funding.

More than \$6 billion in Seed and Series A funds flowed to cancer-focused biopharma startups in 2021, with neurology and autoimmune completing the podium.

Interestingly, despite the consistent interest by large cap pharma in infectious disease, biopharma startups focused here did not make it into the Top 5 therapies for Seed and Series A funding.



About DealForma

DealForma helps biopharma business development analysts be better at industry research by providing them clean information and direct analyst support. Business development teams use the DealForma platform to prepare for partnering meetings, research deals, funding trends, technologies, products, and the therapeutic areas they care about. We built DealForma to provide high quality, comprehensive data from thousands of companies and industry sources all in carefully curated profiles in an easy-to-use interface. We then packaged all subscriptions with hours of direct analyst support. Customers get real analysis for reports, presentations, and help targeting companies for partnership meetings.

We work closely with our customers to understand their needs, answer their questions, and build the data tools to speed up their projects so they can focus on their core business.

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About Inova

Inova accelerates partnering for the future of medicine. Our cloud-based solutions help life science companies manage their partnering opportunities more efficiently. They find all their partnering information in one place, track their deals and alliances easily, and report on their pipeline and activities in seconds.

We also have strategic partnerships that make data from the 20 biggest biopharma events automatically available in Inova, providing our users with always up-to-date company and contact information. Over 160 life science companies, including 60% of the top 50 pharmaceutical companies and many midsize pharma and innovative biotechs, already use Inova.

We are headquartered in Lyon, France and have offices in Denver, New York, and Tokyo.

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