



2024 State of Pharma Alliance Management

October, 2024



Context

- Every 1-2 years, Vantage executes a “State of Life Science Alliance Management,” based on a series of surveys, benchmarking studies, and informal conversations with Heads of Alliance Management
- In addition, this report is coupled with Vantage’s day-to-day experiences with a multitude of life sciences and healthcare organizations at various stages of Alliance Management maturity.
- Our goal is to equip alliance leaders with data that is informative, guides decision-making around capability-building initiatives, and supports the advancement of other internal goals and objectives at your respective organizations



The case for Alliance Management



There is a significant amount of value to capture through effective alliance management

	2015	2024
Aligning different companies is very hard to do well, and has only gotten harder	59% of alliances fail to fully achieve the success	66% of alliances fail to fully achieve the success
But forming alliances is even more critical to most biopharma organizations' success	72% of biopharma organizations rely on partnerships	83% of biopharma organizations rely on partnerships

Even with good science and sufficient funding, people and process matter

Effective partnering accelerates achievement of critical milestones	47% more alliance value is realized when execution challenges are well-managed.
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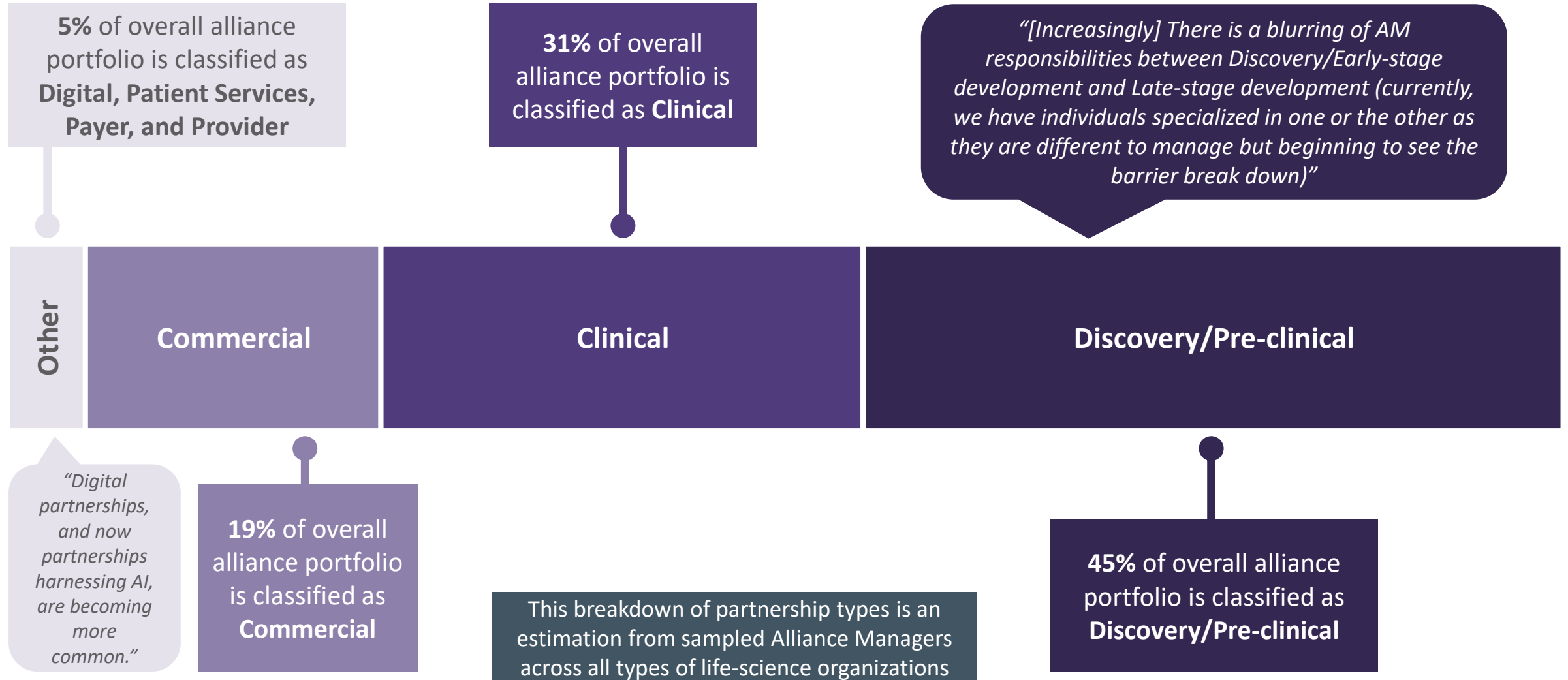
Vantage 2020 AM Study



Partnership Portfolio and Strategy



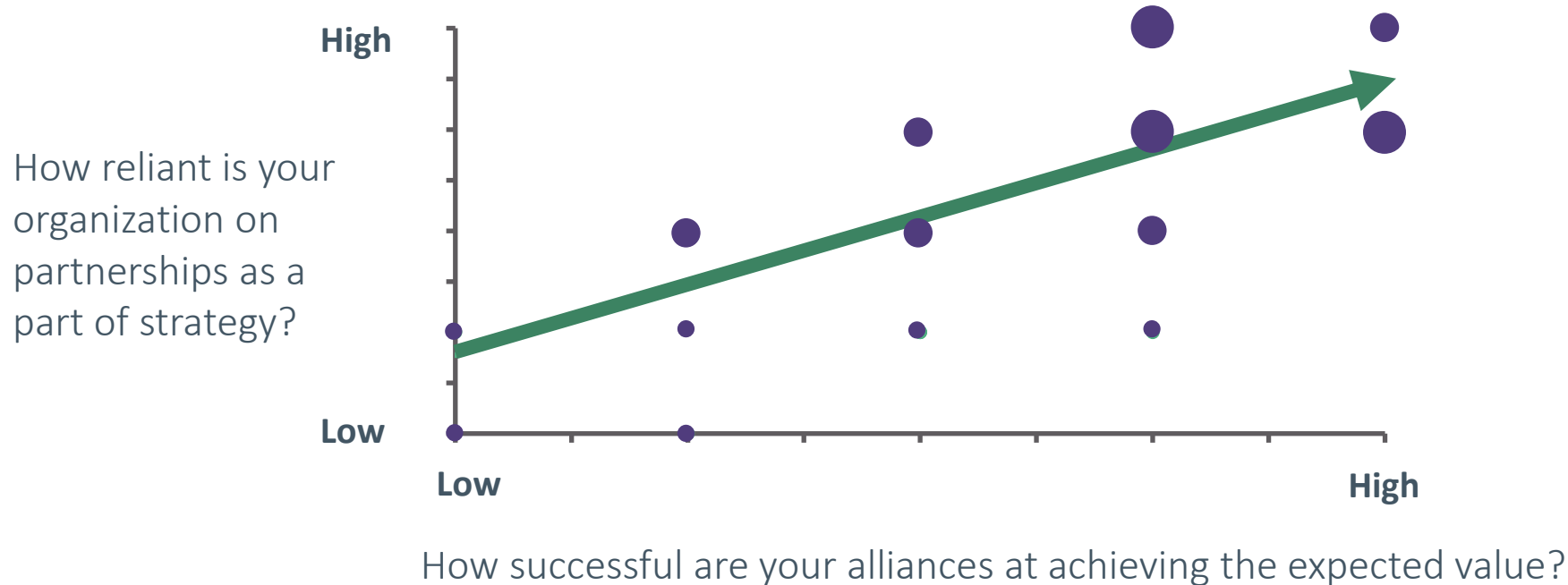
Early-stage partnerships are an increasing proportion of organization's partnering activities



Companies that typically rely on partnerships as a key element of strategy are those that most successful at unlocking value

Companies with a strategy of external innovation generate more value

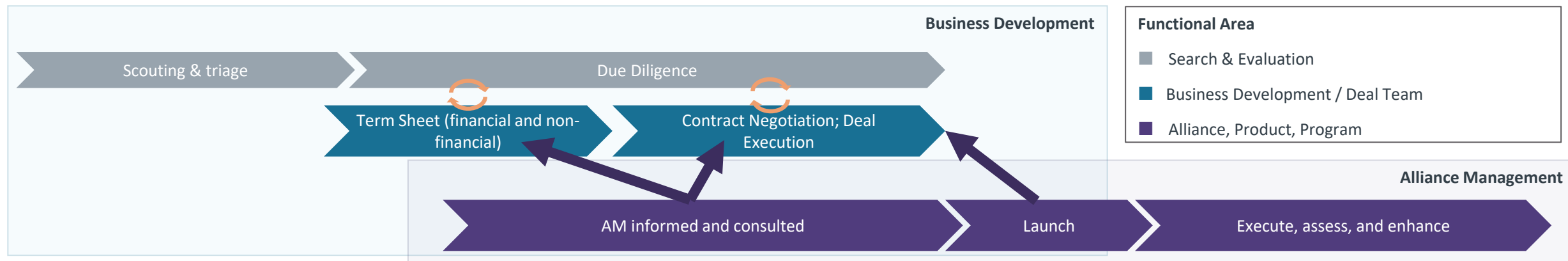
Organizations that have high or very high reliance on partnerships are *more than twice as likely* to be highly successful at achieving desired value from alliances



"...coming off of JPM, both M&A and partnerships will continue to be at the forefront for big pharma looking to continue growth and for small biotech looking to access capital and asset validation."

Alliance Management's involvement in the partnership lifecycle greatly varies across organizations

- Some AM groups are involved in the BD Process as early as just prior to Term Sheet finalization
 - For some organizations, this is hard to achieve, but AM can provide crucial guidance on partnership 'watch-outs' and prepare for effective launch and alliance execution
 - Organizations that have achieved this utilize the AM as a consultative role
- The majority of alliance management groups Vantage has worked with are consulted through contract finalization
- Some groups are involved only once contracts have been signed, fully taking the hand-off from BD (and frequently run into significant implementation challenges)

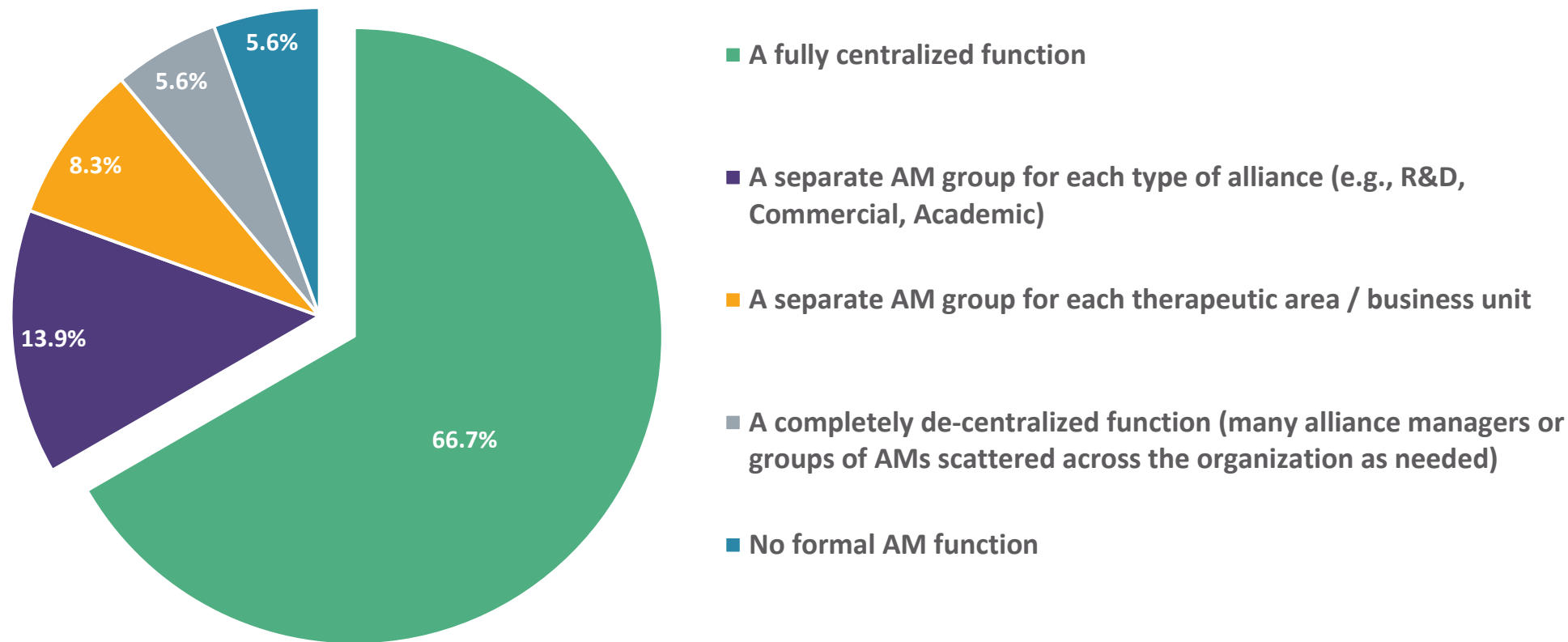


AM Organizational Structure



Two-thirds of alliance management organizations have a fully centralized alliance management function

Which of the following best describes your organization's Alliance Management function?



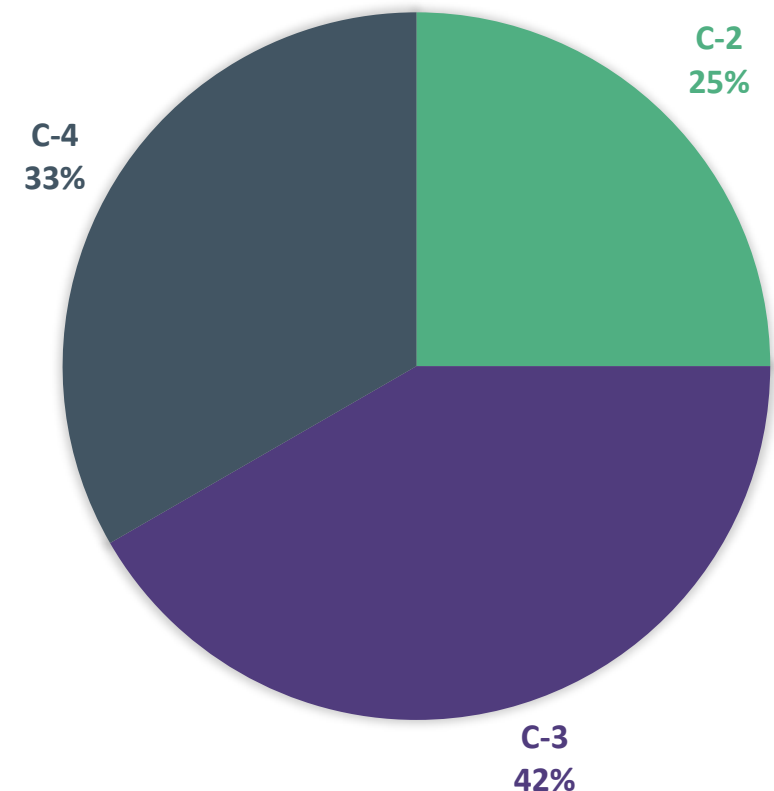
HAM Reporting Lines Up Through the CEO (for organizations at scale)

Alliance Management (AM) teams report indirectly to the CEO through senior executives such as the **Head of Business Development, Global Development,** or **Pharma Partnering.**

AM leaders typically report to a **Senior VP** or **Global Head**, who in turn reports to the **CEO** or the **Executive Leadership Team.**

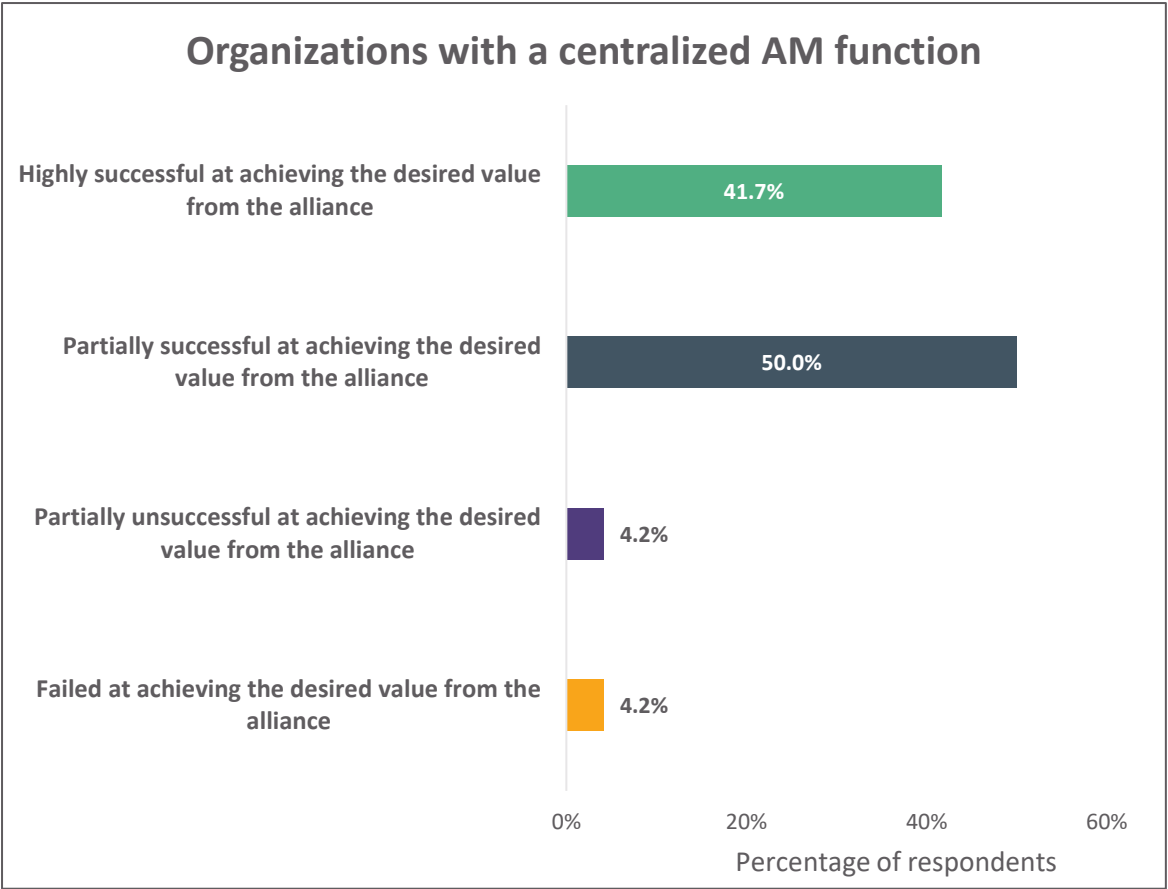
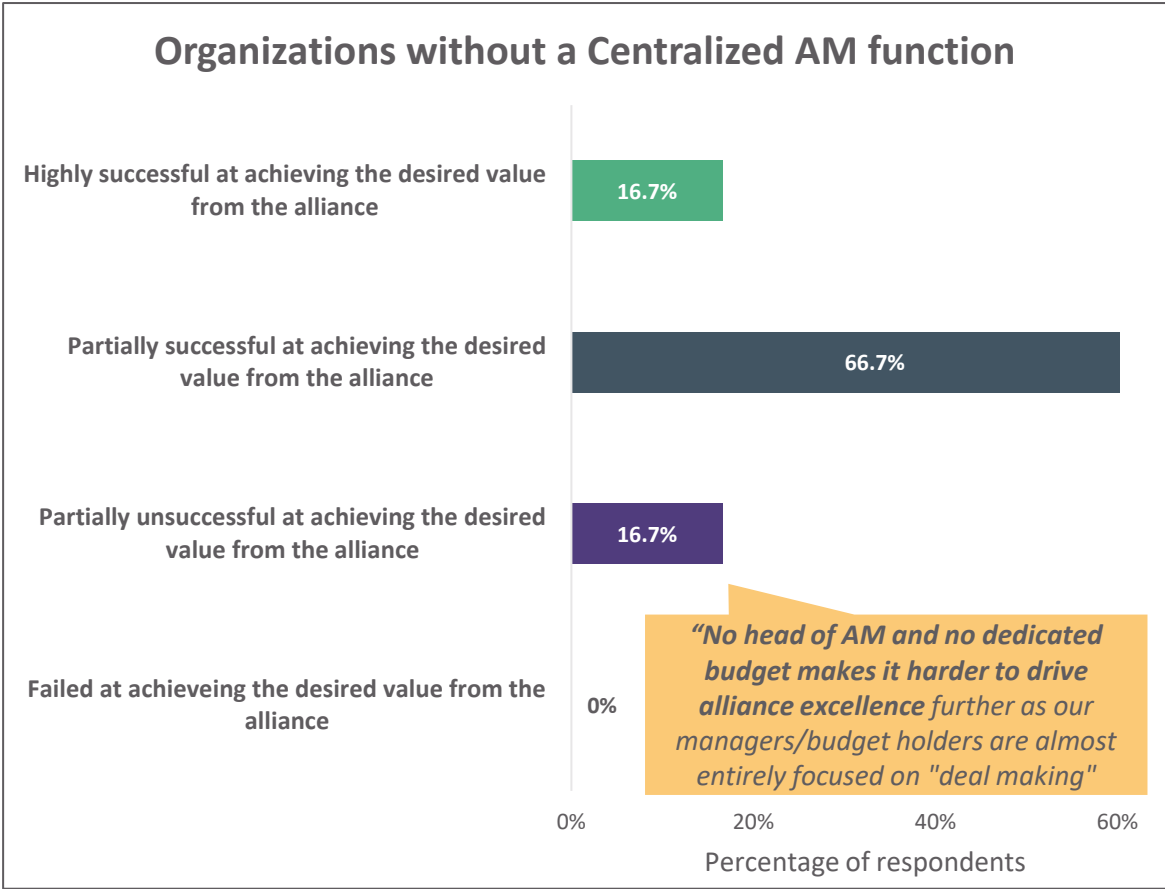
In some cases, AM teams have direct access to leadership, especially in organizations where the AM function plays a strategic role in high-priority alliances or large-scale partnerships.

HEAD OF AM REPORTING LINES TO THE CEO



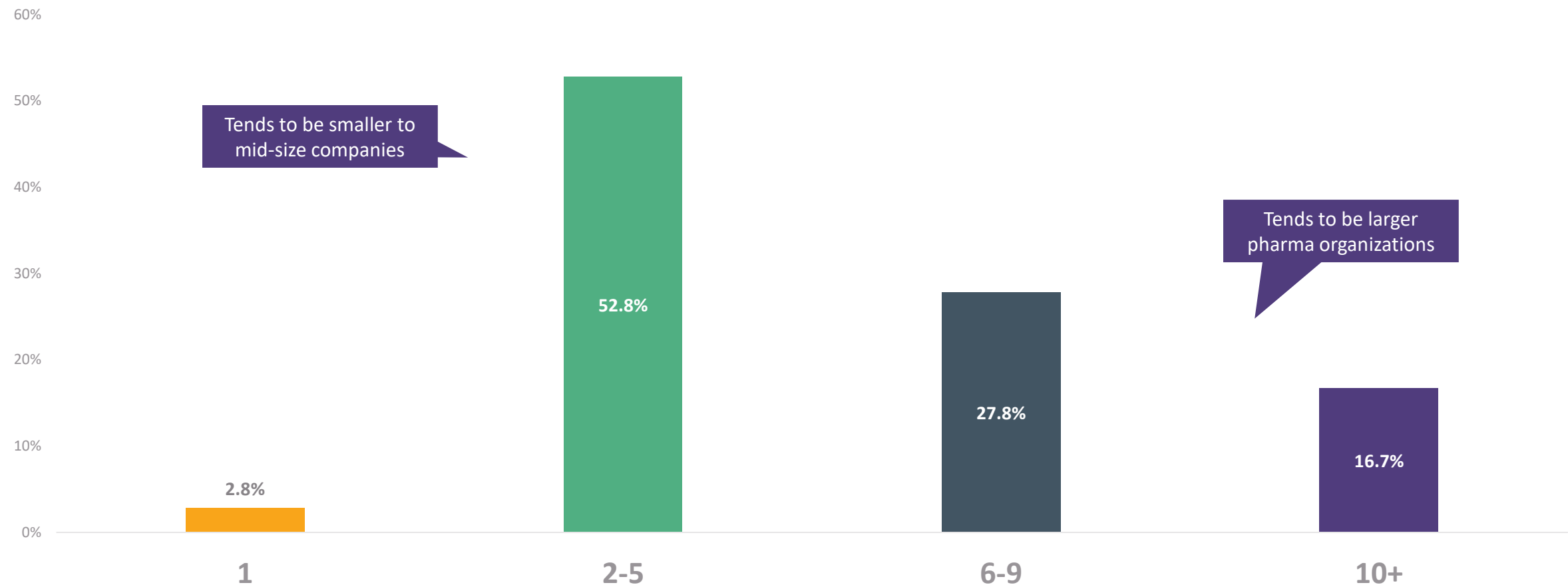
Fully centralized alliance management functions are more effective at capturing high value than those with no or decentralized AM functions

“How would you assess the current performance of your alliance portfolio in terms of achieving the desired value?”

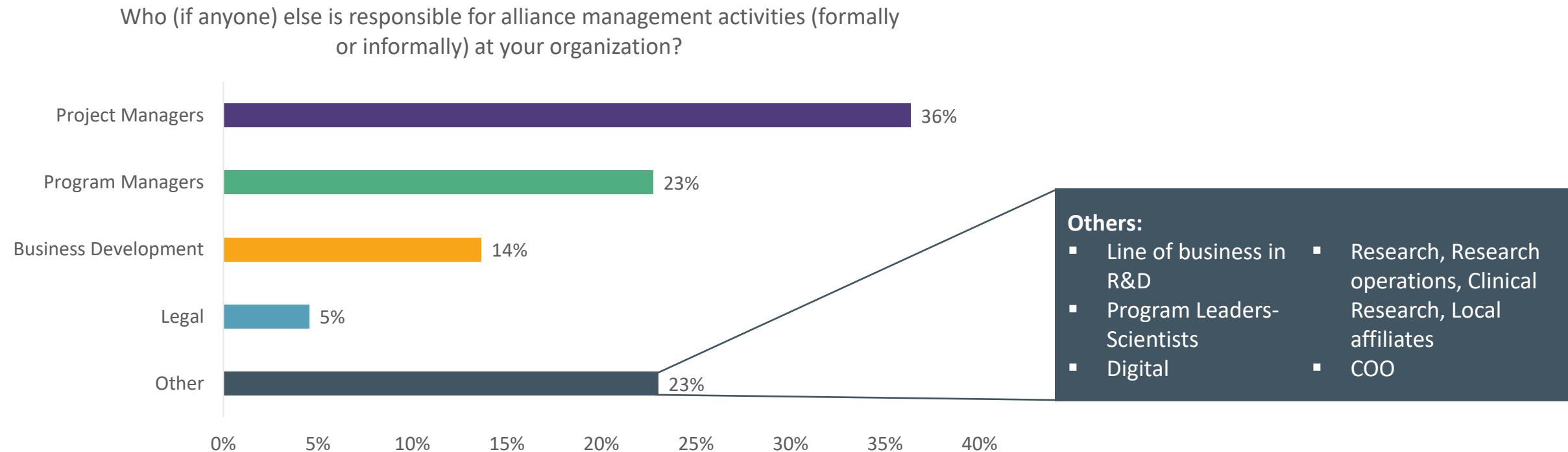


Average Number of Alliances Managed by Alliance Managers

On average, how many alliances does an alliance manager at your organization cover?



Additionally, we see a variety of other functions playing various roles in alliance management activities

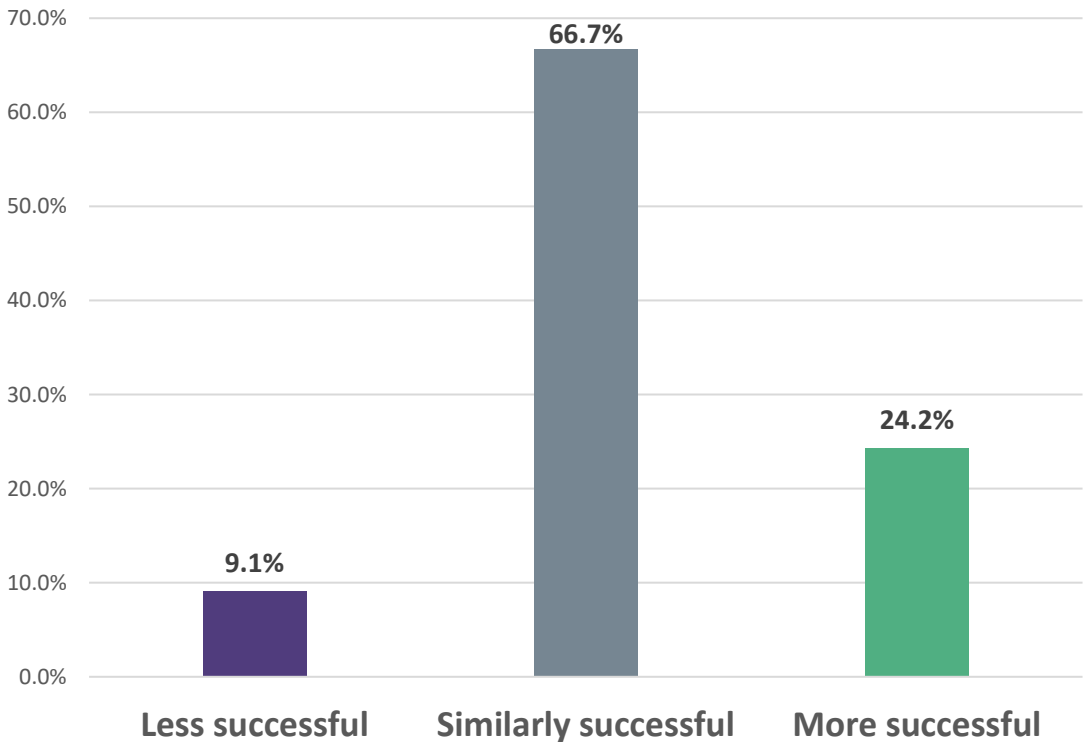


- **59%** of organizations have Project Managers and/or Program Managers serving AM responsibilities
- Many organizations rely on additional individuals to manage alliances. Having only AMs do so is likely not practical or useful. This can increase the internal complexity to execute alliance responsibilities effectively.
 - Creating internal alignment in partnering and working cross-functionally should be prioritized



91% of AM organizations indicated that their alliance portfolio programs were similarly or more successful than internal programs

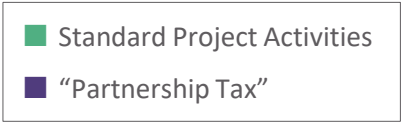
Do partnered programs at your organization tend to be more, less, or similarly successful to internal programs?



- Partnerships are formed in order to unlock capabilities or access to assets that organizations do not possess internally, though are also subject to a “partnership tax”
- Achieving similar (or better) success in partnerships as internal programs is a great achievement for the field

Illustrative

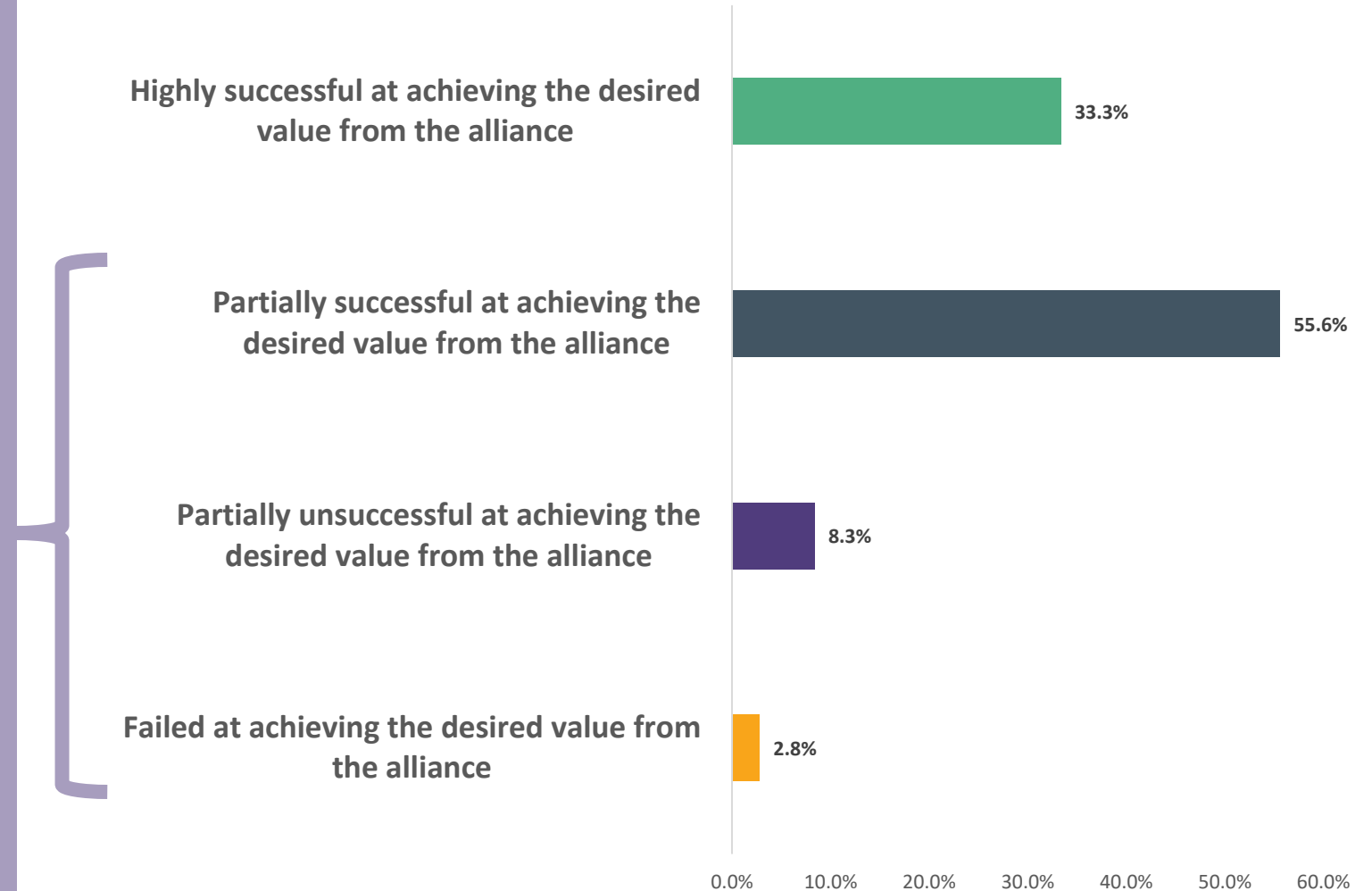
PM Activity	Time Required	
A	10%	10%
B	15%	
C	20%	10%
D	10%	15%
E	20%	5%



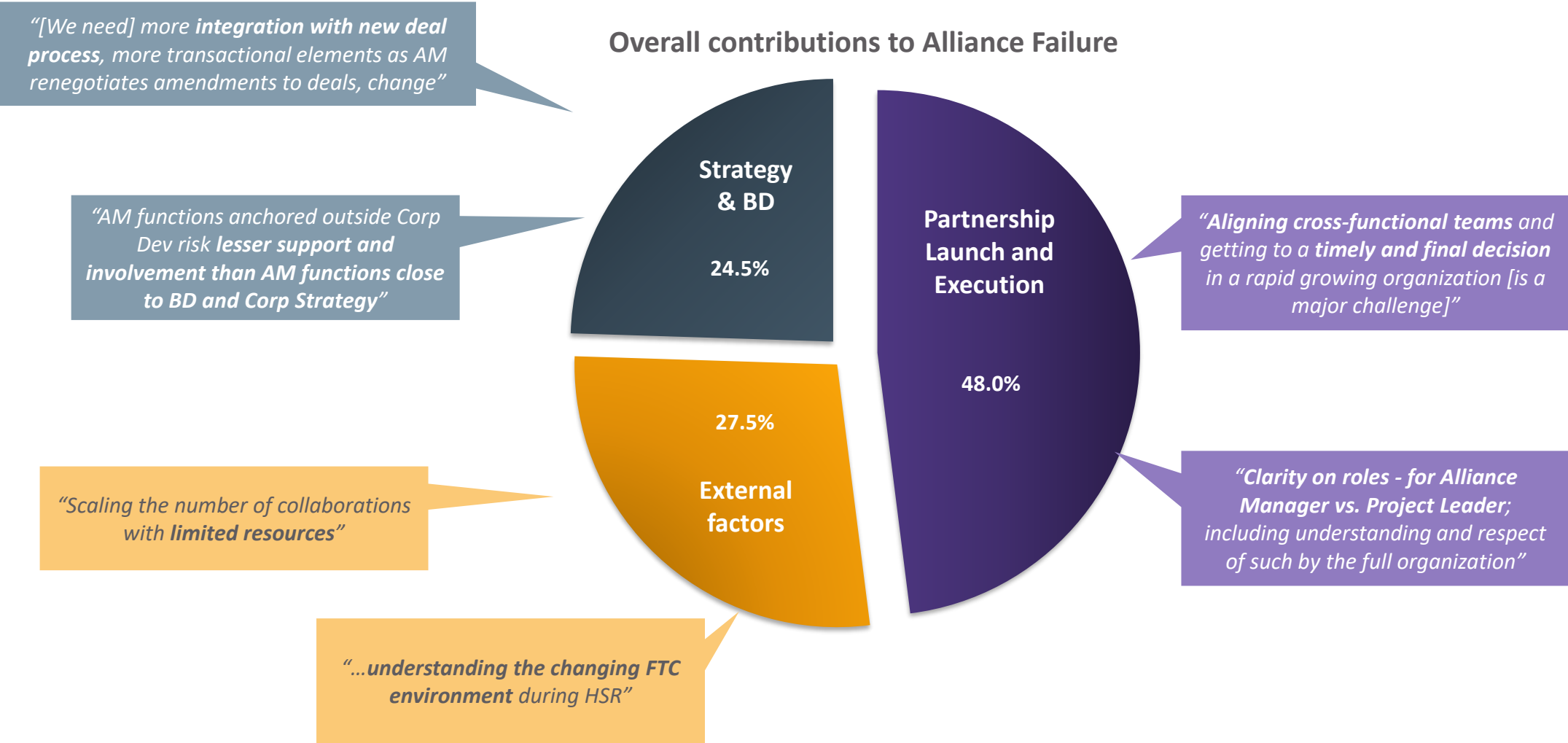
Capturing Value in Partnerships



Alliance Managers
reported that **66% of
alliances fail to fully
achieve** the success
or value they were
projected to



Managing execution continues to be the major challenge and biggest opportunity for value capture for Alliance Management



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Overall contributions to Alliance Failure



20% of alliance failure is due to alliance that were **poorly launched** (handover from BD was sub-optimal, no formal joint launch process, etc.)

28% of alliance failure is due to **ongoing day-to-day execution** challenges alone

Organizations that manage ongoing execution challenges well were **4 times more likely to see more success** from partnered programs



Managing alliance
execution continues
to be the major
value-add activity for
alliance
management.

1. Organizations that incorporate partnering consciously into their growth strategy are more successful at achieving value through partnerships.
2. The more centralized an AM organization is, the higher degree of correlation we are seeing with alliance success
 - Those with less centralized organizations are filling this gap through communities or centers for alliance management education and learning
3. Alliance Management is increasingly a team sport. As resources are limited, we can and should be looking toward other team members to help ensure success



Additional Thoughts

Observations and insights ‘from the field’

- There is a preference right now for a centralized AM function
 - Those without a centralized function often have a CoE, or Community of Practice to align AM teams
- AM teams and leaders are increasingly involved in integrations
 - Asset integrations are up due to current economic conditions, and alliance managers are increasingly asked to manage the process
- Universal KPIs and metrics continue to be elusive for score carding and measuring value – and reporting that value effectively is a constant challenge
- Approximately a third of organizations have or are considering implementing AM operations roles
- The headcount of AM teams is trending upwards since COVID, but we are seeing some pullback this year – especially among those that scaled quickly

