



RWE:

Data-driven growth attracting investors

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PMSI Insights

- In the last few years, Digital Health solutions have seen rapid adoption, driven in part by greater value placed on healthcare post-COVID - as governments and corporations aim to generate more value from the data inherent within healthcare systems worldwide
- Real World Data (RWD) and Evidence (RWE) solutions in particular have seen strong interest due to growing regulatory support and patient data availability, as well as a shift towards performance-based contracts alongside Pharma investment into advanced data analytics
- As a result, what has traditionally been a space for venture capital is increasingly attracting private equity and other later-stage investors as they seek to own datasets underlying the shift towards a more digital healthcare system

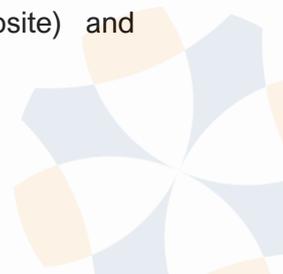
Rapid Adoption of Digital Health Solutions

Digital Health is a space that continues to attract strong investor interest. Identified by the UK government as a key driver of economic growth, there has been increased state investment and more supportive legislation to continue to build in key capability areas including AI and data-driven healthcare.

Recently, the Digital Health *Beyond 100* list was released by the UK Government, featuring c.160 of the leading UK Digital Health players,

operating across a wide range of use cases, including Remote / Virtual Care, Systems & Transformation, and Data & Analytics.

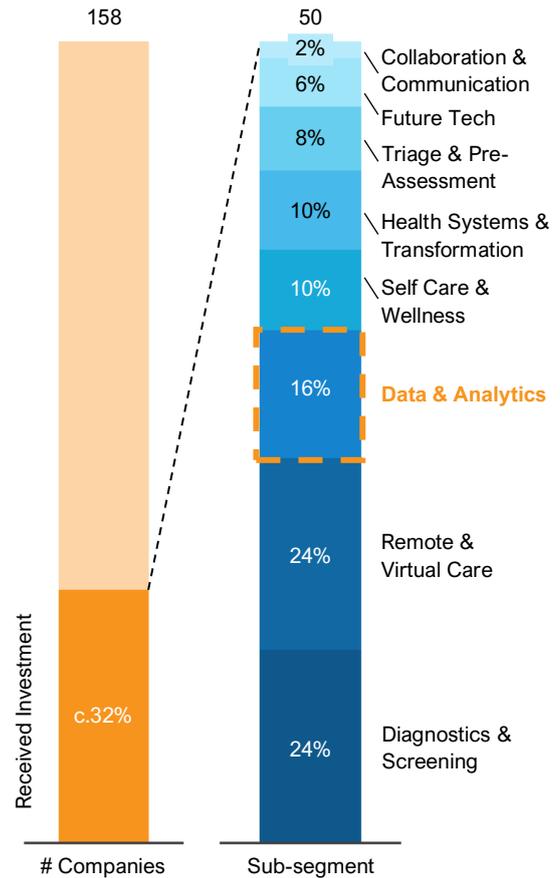
PMSI analysis of these leading UK digital health innovators demonstrates the strong investor demand for health-tech, with c.30% of *Beyond 100* businesses already receiving external investment, including Patchwork (Praetura), Mirada Medical (Apposite) and IMMJ (Foresight).



Of the 158 companies featured in the Government's *Beyond 100* list, 50 have already received some form of investment. While these investments have traditionally stemmed more from early-stage investors and venture capitalists, the space as a whole is seeing increased interest from later-stage investors including private equity, and healthcare actors including Big Pharma.

Within *Beyond 100* sub-segments, investor appetite has been greatest within Diagnostics & Screening and Remote & Virtual Care; unsurprising given the accelerated adoption of solutions within these segments as a result of the COVID-19 pandemic. However, PMSI analysis also shows that the **Data & Analytics** segment, which includes a number of companies focused on **real-world data** solutions, has attracted significant interest from later-stage investors, with Apposite, August Equity, BGF, Eurazeo, Foresight, Gresham House, Maven, and Praetura all having already made investments into *Beyond 100* businesses.

Investment into *Beyond 100* by Sub-segment



Selected *Beyond 100* businesses offering real-world solutions



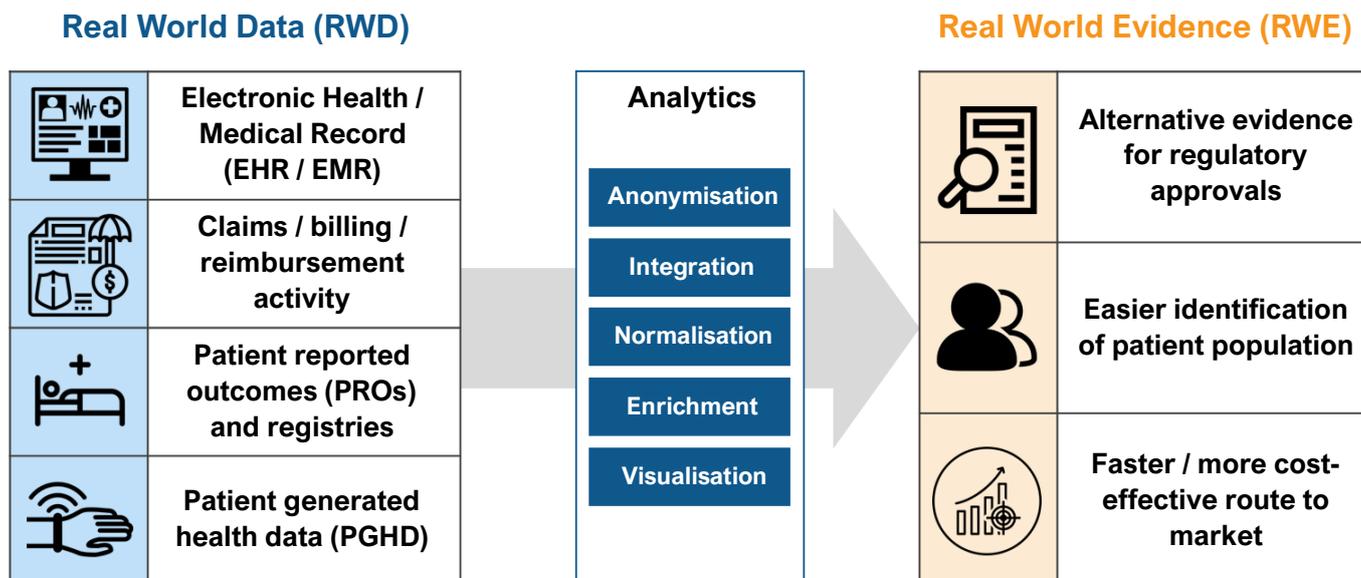
The Rise of RWD / RWE

Notably, PMSI have seen an increase in investor appetite within the Real-World Data / Evidence (RWD/E) space, with Pharma keen to find new innovative data sources. When combined with an increasingly supportive regulatory environment, PMSI believe that the sector offers exciting opportunities for investors, both now and in the future.

As healthcare payers globally are increasingly focused on outcomes, Pharma in turn is looking beyond traditional randomised control trials (RCTs) - which are becoming less practical as life expectancy and chronic condition prevalence rise - towards other sources like RWD / RWE that can effectively and efficiently measure and demonstrate the value provided by new therapies.

Furthermore, the onset of the COVID-19 pandemic has redefined the urgency with which the industry has sought out new approaches to value demonstration.

Transforming RWD to RWE through Advanced Analytics



RWE is particularly important when RCTs are not able to account for the entire patient population of a disease, allowing both payers and Pharma to better understand patient pathways to deliver the right treatment to the right patients at the right time. This minimises risks and costs by focusing on drugs that demonstrate best safety and efficacy.

In addition to rising demand for outcomes-based contracts from payers, growing regulatory support and acceptance has been key to the rise of RWE. In the US, the 21st Century Cures Act (passed in 2016) modified the FDA Drug Approval process, placing additional focus on real-world type data to support regulatory decision makers, including approval of new indications for approved drugs. The act allows companies to provide RWE such as observational studies, insurance claims data, and patient input in lieu of full clinical trial results.

The UK has followed a similar trend: the GP IT Futures contract, implemented in December 2020, set the stage by requiring EHR vendors to provide access to standardised APIs for third-party vendors. Following on from this, the MHRA then issued the first in a series of guidelines on RWD in late 2021. These were issued with the intent of enabling ‘non-interventional’ RWD collection, without the need for clinical trial authorisation, in cases where it has already given approval to the use of unlicensed medicines.

The EU is also supportive on the potential impacts of RWE, under the wider umbrella of “big data”, with recommendations guided by the Big Data Task Force aiming to deliver a clear vision by 2025.

Key Drivers

- 1 **Faster development** of increasingly complex and personalised drugs
- 2 Progressive **regulatory shifts** enabling Pharma to better access patient data
- 3 Growing **patient data availability**, as increasing system interoperability enables access
- 4 Shift from payers towards **outcomes-based** evaluation and contracts
- 5 Increasing **cost** of traditional randomised control trials and more **decentralised trials**

A landscape ripe for further investment

While RWE / RWD has traditionally attracted interest from early-stage investors such as VC firms, PMSI see growing interest from both private equity and Pharma given active involvement from established industry players.

PMSI has helped its clients evaluate several innovative assets in the space. For example, Manchester-based NWEH leverages its unique data access to help run clinical trials more effectively, while London-based RwHealth provides predictive analytics and insights via its decision support tool.

Data and analytics companies operating with a forward-thinking attitude are already making their mark on the sector through developing innovations causing a fundamental shift in how we develop and evaluate treatments.

At PMSI, we believe in the opportunities that RWD/E holds for the advancement of healthcare systems around the world, and the implicit benefits that are available. As these emerging solutions continue to gain acceptance, and adoption grows globally, data solution providers will continue to offer attractive, high growth investment opportunities.

PMSI Recent Transactional Experience

RWE and other Digital Health Transactions



PMSI provided CDD for Foresight's £3m growth capital investment into NWEH, an innovative RWD clinical data analytics provider ([read more](#))



PMSI provided CDD for Maven CP's £3m growth capital investment into RwHealth, a provider of RWD and predictive analytics to Pharma & Healthcare ([read more](#))



PMSI provided CDD for Praetura's £3m investment into Patchwork, a health-tech solution for hospital workforce planning ([read more](#))

Wider Pharma & Healthcare Transactions



For more information or to discuss potential opportunities, please contact our Pharma & Healthcare sector lead:



Gareth is a Partner at PMSI leading our Pharma & Healthcare practice, and has worked on numerous transactions across the space. He holds a master's degree in Chemistry from Oxford University.

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