

Assessing the commercial viability and investment thesis of a cell and gene therapy raw material manufacturer for a Life Sciences tools company



Client Challenge

The client, a Life Sciences tools company, identified an acquisition Target with a strong portfolio of cell and gene therapy raw material products. The client sought KPMG's help with a commercial due diligence engagement to help better understand market size, growth, and key drivers and competitive market dynamics, and assess management's financial projections and strategies for growth.

Project Phases

Developed forecast models and conducted sensitivity analysis across numerous technology types that utilize Target's raw material by leveraging KPMG's biopharma pipeline asset database, in-depth primary research, and assessed Targets projected revenue based on customer pipeline

Assessed competitor dynamics including various sources of raw material, competitor positioning, competitive market share, and customer feedback

Assessed options to increase capacity through competitor and analogue case studies and expert interviews

Outcome For The Client



Assessment of Target's key value driving assets and management target achievability



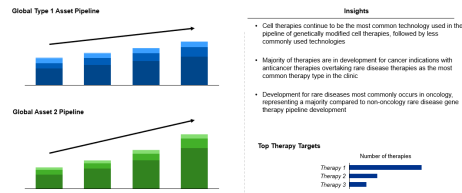
Comprehensive market landscape analysis and opportunity prioritization based on relevant commercial applications and client strengths



Understanding of investment costs required for scaling manufacturing operations to meet projected future demand

Market Growth Projections

TARGET GROWTH PROJECTIONS: CELL THERAPY AND CELL & GENE THERAPY
Growth of the market is expected to be driven by a high investment in the preclinical phase of C> more product will be needed as assets move from preclinical to clinical phases



Competitive Dynamics

COMPETITIVE MARKET DYNAMICS
Different applications require specific product criteria and workstream utilization – Target excels in applications where high quality is used through application

Usage and Criteria by Application

Market Segment	System Stage	Complexity	Quality	Availability	Regulatory	Price	Competitive Advantage
Segment 1	Medium	High	High	High	High	High	High
Segment 2	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Segment 3	High	High	High	High	High	High	High
Segment 4	Varied	Medium	Medium	Medium	Medium	Medium	Medium

Note: This chart highlights the competitive advantage of the client's technology in high-quality applications where quality is a key differentiator.

Capacity Investment Options

CAPITAL INVESTMENT PROJECTIONS
Though alternatives may have lead times, strategy remains the most balanced and preferable approach

Strategy 1	Strategy 2	Strategy 3
<p>Strategy 1: Partnering with an established manufacturing firm to share up production</p> <ul style="list-style-type: none"> Lead time to production feasibility Initial investment Risk Short-term solution Low interest in contracts <p><i>"These manufacturers attribute their production capabilities to their high employee density, optimized plants. Leasing this technology out is a risk."</i></p>	<p>Strategy 2: Purchasing or renovating an existing facility to be retooled up</p> <ul style="list-style-type: none"> Highly customizable Investment cost range Lead time <p><i>"Investment decisions are the most preferable for manufacturers since the infrastructure already exists, manufacturers incur only need to adjust the equipment."</i></p>	<p>Strategy 3: Planning and constructing a new facility from the ground up</p> <ul style="list-style-type: none"> Highly customizable Investment cost range Lead time <p><i>"Costs associated with building a new facility depend on other assets the facility offers. Cost after everything is built and set up, it still takes a few years."</i></p>

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.