

BRANDPIE

HEALTH INSIGHTS

Securing biotech's future

Investment, M&A and the vital role of brand



Introduction

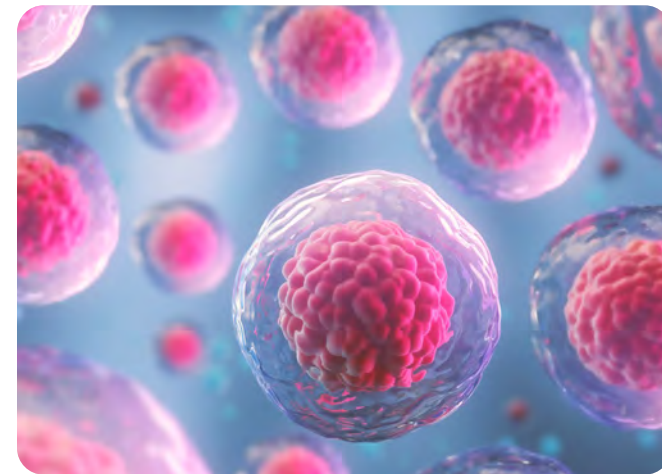
The later pandemic years were hard on the biotechnology industry. As inflation rose and costs spiraled, investors shied away, M&A activity tumbled, jobs were cut, and projects shelved. But in the last 12 months, biotech's outlook has improved considerably.

Rapid technological advancements and groundbreaking innovations - from artificial intelligence to RNA technologies, genetic engineering, and bioprinting - are transforming the sector. This robust innovation pipeline paints a bright picture of the industry's long-term future, and that's attracting positive attention.

With interest flooding back into the market, biotech's two primary avenues for growth - investment and M&A - are both ripe for exploration.

In such an environment, businesses are faced with pivotal moments where clarity of brand, purpose and a strong vision for the future all have critical roles to play.

In this report, we'll explore three of the challenges BioTech firms face today, including:



1

ATTRACTING OUTSIDE INVESTMENT

The outlook for the biotechnology industry looks better than it has in years. Investors are showing renewed interest, but they remain cautious. Reputation, credibility, and a clear path to growth will be critical.

2

M&A

M&A is also on the rise. Are businesses set up effectively to take advantage of potential opportunity?

3

SETTING UP TO WIN

In an environment of such rapid and transformative change, biotech firms need clarity of direction and a clearly defined positioning to attract investors and buyers alike.

Global biotech venture investment increased by

\$1.1bn

from \$6.3bn in the final quarter of 2023 to \$7.4bn in the first quarter of 2024

\$260m

Raised by UK-based firm Apollo, in its series C financing round earlier this year

PATHS TO GROWTH:

Attracting outside investment

Biotechnology is generally considered a high-risk, high-reward investment, given the significant upfront capital needed to fund R&D and the time investors can expect to wait before receiving a return. In an environment of sky-high interest rates and strict regulator scrutiny, enthusiasm for risky ventures naturally wanes - so biotech investment plummeted following its 2021 high.

However, with the global economy stabilizing, private equity (PE) and venture capital (VC) investors are now more willing to fund businesses with a long-term view. Thus, biotech is becoming a more attractive proposition once again.

As reported in Private Equity News, global biotech venture investment increased from \$6.3bn in the final quarter of 2023 to \$7.4bn in the first quarter of 2024. Plenty of notable fundraisers have occurred; UK-based firm Apollo, for example, raised \$260m in its series C financing round earlier this year.

However, although total fundraising is on the rise, the number of deals is declining. Investors are being picky, only funneling

their cash into those companies seen as the strongest players.

As such, biotech leaders need to think carefully about how they are presenting their business to the outside world. Does it stand out among its competitors and inspire trust? Does it project the robust reputation, distinct brand, and credible vision that investors want to see?

These things are rarely easy to establish, but with the right skills and expertise, it's more than possible to craft a corporate brand that resonates powerfully within the market.

Rebrand for a market pivot

Take biotech firm Amyris. Formerly a biofuels company, Amyris repositioned as a business that makes ingredients for the healthcare, fragrances, and cosmetics industries. It needed to reflect that new positioning in its brand, such that external investors, customers, and employees could understand the new direction the company was taking and feel confident in its future.

Working with Brandpie, Amyris relaunched its brand with a new narrative and purpose: 'To



[Read the Amyris story >](#)

make good. For humanity and the planet, by making pure ingredients accessible to all. No compromise.' This idea was put at the heart of the company, driving the way it conducts business, talks about itself, and shows up in the world through its visual identity.

The rebrand led to double digital growth and a notable increase in share price, with CEO John Melo describing it as a brand that "reflects the business Amyris is today and wants to be tomorrow".

PATHS TO GROWTH:

M&A

Biotech's other primary route to growth is through M&A. Breaking into new markets is a tough and expensive road for young firms; bigger companies with bigger pockets have much more leverage. Being acquired could provide a highly attractive opportunity.

Last year, biotech M&A returned to a healthy level. Looking at Europe alone, the first three months of 2023 saw the region enjoy its biggest quarter in nearly two years, with 46 deals valued collectively at \$5.6bn. For large corporations, ambitious biotechs offer a welcome injection of innovation and energy, as well as state-of-the-art proprietary technologies.

The industry can expect more consolidation, especially in areas like gene editing and AI-driven discovery, where specialized skills are valued. Meanwhile, biotechs aiming for a global presence will continue to pursue M&A for market access.

Therefore, firms must organize and present themselves appropriately for a seller's market. In many ways, it's a similar challenge

The industry can expect more consolidation, especially in areas like gene editing and AI-driven discovery

to appealing to investors - businesses need a strong and distinctive brand to stand out to potential buyers.

On top of that, biotech firms need to demonstrate an engaged and productive workforce united by a common goal. Employee engagement has been shown repeatedly to play a significant role in a company's profitability; buyers don't want to inherit disgruntled staff.

McKinsey's research has shown the importance of purpose as a driver of employee engagement. Seven in 10 employees say their work defines their individual sense of purpose. Businesses need to provide a clear and worthy North Star for staff to rally behind.

In short, to capitalize on this seller's market, biotech firms must have a strong brand and unifying purpose in place. Getting to that point takes time, effort, and extensive research.

Brandpie recently worked with one biotechnology company as it prepared to



launch a new product and diversify into the fashion industry. Appealing to buyers and appealing to customers is in many ways similar - both are looking for a trustworthy and impactful purchase.

The company needed a brand name, purpose, strategy, and identity for its new product. We undertook an extensive review of the market, including interviews with prospective buyers, to develop that brand, which proved so powerful that the product is now being piloted by one of the world's biggest activewear retailers.

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Setting up to win

In the rapidly evolving world of biotech, change is inevitable. Adaptation has become crucial for future growth, but some things must remain consistent. A strong brand and carefully crafted purpose should provide stability while everything else is in flux.

Although a business's ambition and vision may evolve depending on market circumstances, its purpose doesn't change. It should be strong enough to help guide a business's strategic decision-making now and in the future, unite its employees through uncertainty, and continually communicate its reason to exist to all stakeholders.

Take SCYNEXIS, a publicly traded anti-infectives biotech whose business has transformed at pace. Over time, the

company evolved to encompass multiple products and audiences and needed a new purpose and strategic brand positioning to tell a single narrative across them all.

Fungal diseases had grown increasingly resistant to prior treatment options, but with its category-disrupting class of new drugs, SCYNEXIS brought new and more powerful weapons to the fight. This inspired our core positioning for the business: 'a dynamic force in the never-ending fight against fungal disease'.

Enabling growth through diversification

This positioning gave SCYNEXIS a flexible platform to communicate the three key elements of its story, including its dynamic presence within the market, its impactful and life-saving innovations, and the wider potential of its technology.

IN SUMMARY:

Strategies to unlock growth

In short, the future of biotech looks promising. Investment and M&A are viable paths to growth once again; however, navigating them will require constant adaptability and strategic decision-making. At these pivotal moments, businesses need clarity of brand, purpose, and vision to make the most of the opportunity - for some, that may mean a rethink is in order.

With clients like Amyrus and SCYNEXIS, Brandpie has extensive experience helping biotech companies to transform by instilling purpose, building compelling brands, driving cultural innovation, and introducing new creative strategies to unlock growth.

We act fast to uncover critical areas of opportunity. For example, we can help you identify:

- How to build reputation, credibility, and trust within the market
- How to carve out a distinct positioning for your brand and business
- How to create cultural alignment through purpose

We would be delighted to have a conversation to expand on our approach and explain how it could make a difference to your business.

And for further insight about the biotechnology sector and beyond, please [sign up here](#).



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