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On Site: DrugDev Acquires CFS Clinical

DrugDev, a professional network and data-sharing platform for 80,000 investigators in more than 90 countries, today announced it has acquired Pennsylvania-based CFS Clinical for an undisclosed amount. The deal aims to create standardized, collaborative processes to improve the interaction between sponsor companies and investigators when conducting global clinical trials.

CFS Clinical, which focuses on business and financial management activities for clinical trials, will maintain its brand name and conduct business as part of the DrugDev group, which earlier this year received a $50 million investment from Invesco Perpetual to acquire companies and build internal clinical trial technology capabilities. CFS Clinical's 90 employees will continue to work for the combined company.

Importantly, the deal gives DrugDev the ability to support all of the critical elements in a relationship between sponsors or CROs and sites. Sponsors can use the company's suite of tools to evaluate the performance of sites and identify those best suited to run a particular trial. DrugDev can then provide services that address study start-up and financial issues that affect the clinical trials process, including contacting investigators, negotiating contracts, activating sites, and paying investigators. Sponsors also can gather real-time feedback from investigators during the feasibility stages of a trial. For their part, registered investigators have better access to new trial opportunities through DrugDev's online network. CFS Clinical's global payment network also ensures sites receive prompt payment for their services.

"DrugDev and CFS share a vision to revolutionize the way clinical trials are initiated and conducted," said Greg Seminack, founder and CEO of CFS Clinical. "By integrating our solutions, we're providing a unique platform for conducting clinical trials. The combination of the companies' focused expertise along with the financial commitment of DrugDev will allow CFS to continue to invest in processes that improve the investigator and sponsor experience in the conduct of global clinical trials."

The company's offerings will be provided as both a full-service business process and as Software as a Service (SaaS) to pharmaceutical and CRO clients.

The acquisition, the first in a series, is part of a long-term plan to build a standardized environment for the clinical trials process that could make it easier for investigators and sponsors to work together virtually, which executives believe could reduce the cost of drug development by eliminating labor intensive processes. CFS Clinical, for example, offers study start-up software that manages essential regulatory documents for sites and allows sponsors and CROs to send investigators contract proposals online that already include basic information about the site — such as their contact information and doctor registration number — to make the process simpler for investigators and speed up negotiation times. Investigators can make changes to the proposal and approve the contract online instead of filling out paper contracts.

"This is just part of the solution to control the spiraling costs of clinical trials. By adding CFS's study start-up and investigator payment solutions to the portfolio, we extend our capabilities to implement standards," said Ibraheem Mahmood, DrugDev president and CEO.

DrugDev allows investigators to join a free online network and notifies them about clinical study opportunities in their therapeutic area of interest. Sponsors and CROs can access information from the network to speed up their study start-up, protocol feasibility, and site

identification analysis. Meanwhile, CFS Clinical contracts with 30 pharmaceutical and biotech companies, including eight of the top 20 sponsor companies, for investigator site payment and global study start-up services. These services include developing a realistic investigator grant budget and ensuring agreements are structured to handle country-specific tax regulations.

Although the investigative site market is estimated at $13 billion, the landscape is highly fragmented and inefficient, since more than half of the FDA-regulated investigators conducting at least one clinical trial each year are independent physicians in community-based settings or dedicated research sites, according to data from the Tufts Center for the Study of Drug Development (CSDD) at the Tufts University School of Medicine. There are only four large dedicated research networks globally — companies in the $50 million range — that have been able to consolidate operations and build the infrastructure and scale needed to run clinical trials efficiently.

Neal McCarthy, managing director for Fairmount Partners, who acted as the investment banker for the deal between CFS Clinical and DrugDev, said that since no player in the research site market is more than a $75 million company, this is the least consolidated niche in healthcare. Given this fact, McCarthy said the acquisition "breaks new ground" in the $13 billion research site market.

"The combination of CFS Clinical and DrugDev brings a unique portfolio of services that will drive efficiencies between sponsor companies and research sites," McCarthy said. "This company may wind up being the controlling player on that big fat pipe that goes from drug companies to the sites and the $13 billion dollars that runs through that."

DrugDev chairman Hugo Stephenson said the acquisition of CFS Clinical also supports DrugDev's overall mission to make the lives of clinical trial investigators simpler and easier. "Investigators around the world have two major complaints when it comes to pharmaceutical research," he said. "They'd like better visibility into new trial opportunities, which our existing DrugDev network solves, and they'd like to avoid lengthy delays associated with payments they are owed, which we are now solving with CFS. Together, we can address these issues and make it easier for more doctors and more drug developers to do more trials."

— Karyn Korieth

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