

## SUMMARY

- **May, 2016** – Merger was announced - Quintiles agreed to merge with health care information company IMS Health (IMS) in a deal worth about \$9 billion. The combined company was expected to have a market value of nearly \$18 billion. After the deal, IMS Health shareholders owned about 51.4% of the combined company, while Quintiles shareholders owned the rest.

At that time the companies said that the new company merges the real-world clinical applications of Quintiles' business with IMS Health's data gathering and analysis, as well as its access to patient, prescription and other key healthcare data, giving the new company a pool of information for drugmakers.

According to the NYT, the deal was expected to result in \$100 million of annual cost savings and make operations more efficient.

- **October, 2016** – Merger is completed. The company was renamed to QuintilesIMS. It became the world's largest pharma services provider, with a market value of almost \$18bn and around 50,000 employees. It has been said that together, information and technology company IMS Health and product development and healthcare services provider Quintiles would offer an end-to-end clinical and commercial package to pharma clients. The client offer would include the streamlining clinical trial design and leveraging technology solutions to drive new insights.
- **November, 2017** – QuintilesIMS changes its name to IQVIA

## COMPANY NEWS RELEASE

1. QuintilesIMS is now IQVIA \_ Applied Clinical Trials  
(<http://www.appliedclinicaltrialsonline.com/quintilesims-now-iqvia>)  
11/06/2017

### Company News Release

DANBURY, Conn. & RESEARCH TRIANGLE PARK, N.C.—November 6, 2017—QuintilesIMS (NYSE:Q) announced that it will be changing its name to IQVIA, a company dedicated to using analytics and science to help healthcare stakeholders find better solutions for their patients, effective November 6, 2017. Beginning on November 15, 2017, equity shares of the company will trade on the NYSE under the new name and new ticker symbol “IQV.” Until then, IQVIA will continue to be listed under QuintilesIMS and symbol “Q” per the listing notification requirements of the NYSE.

IQVIA's client solutions are powered by the IQVIA CORE™. The CORE enables IQVIA to provide customized solutions for clients leveraging the world's largest curated healthcare information source, advanced analytics, leading technologies, and extensive industry knowledge across diseases, geographies, and scientific methods. It fuels the company's approach to human data science, including faster, more predictable clinical development, innovative approaches to generating real-world evidence, machine learning to improve patient care, and strategies for precision commercial engagement. The seamless integration of these elements from molecule to market enables our customers to drive enhanced value, access, and health outcomes around the world.

"Today is a defining moment for our organization as we introduce a new name that aligns with our vision to help stakeholders drive healthcare forward," said IQVIA Chairman and CEO Ari Bousbib. "Our clients have been instrumental in our becoming IQVIA. IMS Health and Quintiles came together because our clients were asking for better, faster ways to bring innovations to patients and capture the improvements the industry has been pursuing for years. Since the merger, we've worked to integrate our capabilities in advanced analytics, leading technologies, and therapeutic expertise into powerful, differentiated offerings. Our vision is to outpace the inevitable progress of change across the life sciences and accelerate our ability to empower healthcare decision makers to meet the future head on."

IQVIA's ongoing commitment to data security and privacy protection measures and decades of deep, practical experience are critical drivers of our global leadership. As a company, we will continue to engage in a wide variety of governance practices and administrative, technical, and physical safeguards and controls to protect individual privacy. We work closely with data protection authorities, trusted third parties, and privacy experts around the world to ensure we are diligent in the protection of individual privacy.

More information about IQVIA can be found at [www.IQVIA.com](http://www.IQVIA.com) and this video link: <http://bit.ly/2lSbrhn>

#### About IQVIA

IQVIA (NYSE:IQV) is a global provider of information, innovative technology solutions, and contract research services focused on using data and science to help healthcare clients find better solutions for their patients. Formed through the merger of IMS Health and Quintiles, IQVIA offers a broad range of solutions that harness advances in healthcare information, technology, analytics, and human ingenuity to drive healthcare forward. IQVIA enables companies to rethink approaches to clinical development and commercialization, innovate with confidence as well as accelerate meaningful healthcare outcomes. IQVIA has approximately 55,000 employees in more than 100 countries, all committed to

making the potential of human data science a reality. IQVIA's approach to human data science is powered by the IQVIA CORE™, driving unique actionable insights at the intersection of big data, transformative technology and analytics with extensive domain expertise.

IQVIA specializes in protecting individual patient privacy. The company uses a wide variety of privacy-enhancing technologies and safeguards to protect individual privacy while generating and analyzing the information that helps their customers drive human health outcomes forward. IQVIA's insights and execution capabilities help biotech, medical device and pharmaceutical companies, medical researchers, government agencies, payers, and other healthcare stakeholders tap into a deeper understanding of diseases, human behaviors, and scientific advances, in an effort to advance their path toward cures. To learn more, visit [www.IQVIA.com](http://www.IQVIA.com).

2. About us - IQVIA - IMS Health and Quintiles are now IQVIA (<https://www.iqvia.com/about-us>)

### Sharing a Vision to Drive Healthcare Forward

Healthcare is an industry designed to help humans. As a global community, we continuously invest and commit to advancing human health. To deliver value and real outcomes. To rise to the challenge to find the next breakthrough by making the most of increasingly limited resources.

We are inspired by the potential and propelled by the possibilities. We share the vision to drive healthcare forward. To see how we can help accelerate progress and achievements. Others are developing these medical breakthroughs. We do our part by using breakthroughs in insights, technology and human intelligence to reimagine and deliver ways to help make them a reality.

It's bigger than better clinical trials. Or advances in technologies and analytics. Or faster insights. It's about exploring a new path to better health outcomes via Human Data Science. It's about harnessing the power of the IQVIA CORE™ to channel the insights, commercial and scientific depth, and executional expertise that drive maximum value for our customers.

Motivated by the industry we help, we're committed to providing solutions that enable life sciences companies to innovate with confidence, maximize opportunities, and, ultimately, drive human health outcomes forward.

### NEWS

1. Quintiles is merging with IMS in a deal worth about \$9 billion \_ Fortune (<http://fortune.com/2016/05/03/quintiles-transnational-ims-health/>)  
05/03/2016

Contract medical research provider Quintiles Transnational (Q, +0.00%) agreed to merge with health care information company IMS Health (IMS) in a deal worth about \$9 billion. The combined company, which will have a market value of nearly \$18 billion, will offer drug and medical device makers services ranging from helping run clinical trials to tracking sales once a product has hit the market. After the deal, IMS Health shareholders will own about 51.4% of the combined company, while Quintiles shareholders will own the rest.

2. Deciphering the Quintiles-IMS Merger - The New York Times  
(<https://www.nytimes.com/2016/05/04/business/dealbook/deciphering-the-quintiles-ims-merger.html? r=0>) 05/03/2016

An \$18 billion merger of medical companies suffers from a lack of logic. IMS Health Holdings, a health care data mining company, is uniting with Quintiles, a manager of drug trials. Each will own about half the combined company, and — other than some cost savings — the reasons for combining are a bit hazy. The presence of the buyout shop TPG on both sides may offer some clues.

The two companies work in adjacent markets. Quintiles runs trials needed to get drugs approved, while IMS tracks their sales. The two do have something in common, however, with TPG owning a big chunk of IMS and a smaller one of Quintiles. TPG is also represented on both companies' boards. From its point of view on each side, the merger may have plenty of benefits.

For starters, the deal is expected to result in \$100 million of annual cost savings and make operations more efficient. IMS, for example, has a lot of information on patients with specific illnesses and the doctors who treat them. That could speed efforts to recruit subjects for Quintiles' clinical trials and employees to run them.

The limited overlap, though, will make cutting costs more difficult. Combining the companies may also create bureaucracy and friction among employees.

IMS shareholders will own 51.4 percent of the combined company, and Quintiles shareholders will get 48.6 percent, making this a so-called merger of equals. The chief executive of IMS, Ari Bousbib, will be the new company's top executive, while Tom Pike, the head of Quintiles, will become vice chairman. Each company will appoint six board members. Sharing power makes sense in theory, but it can lead to boardroom and executive squabbling as the two sides jockey for influence.

In any event, investors seem skeptical of the merger's benefits, with the share price of each company down about 7 percent after the transaction was announced. IMS and Quintiles call this an "all-star" deal. The real issue is whether the assemblage will perform as a team.

3. IMS-Quintiles sets up post-megamerger management team \_ FierceBiotech (<https://www.fiercebiotech.com/cro/ims-quintiles-sets-up-post-megamerger-management-team>) 08/30/2016

Announced back in May, the surprise merger will see NC-based Quintiles (\$Q) merge with Danbury-headquartered IMS Health in an all-stock, \$9 billion merger-of-equals transaction (although IMS shareholders will own a collectively higher amount of stock). The newly created company will be named “Quintiles IMS Holdings” and builds on the broad offering Quintiles has been building up over the past 5 years, which has seen it run CRO, product marketing and sales, as well as consultancy services to the life sciences industry.

4. Megamerger finalized as ‘QuintilesIMS’ is born \_ FierceBiotech (<https://www.fiercebiotech.com/biotech/megamerger-finalized-as-quintilesims-born>) 10/04/2016

The world’s largest CRO and one of the biggest healthcare data and consulting firms have become one major \$19 billion 50,000-strong company this week as QuintilesIMS comes into life. Announced with some surprise to the market back in May, the deal sees NC-based Quintiles merge with Danbury-headquartered IMS Health, although the union is not one of exact equals, as IMS owns slightly more of the combined shares of the new company than Quintiles does.

(...) The new company merges the real-world clinical applications of Quintiles’ business with IMS Health’s data gathering and analysis, as well as its access to patient, prescription and other key healthcare data, giving the new company a pool of information for drugmakers. It will also likely encroach deeply into the offerings of Quintiles’ main big CRO, North Carolina rivals, which have also been looking to expand into consulting, digital and analytics in recent years.

5. IMS Health and Quintiles complete merger ([http://www.pmlive.com/pharma\\_news/ims\\_health\\_and\\_quintiles\\_complete\\_merger\\_1152933](http://www.pmlive.com/pharma_news/ims_health_and_quintiles_complete_merger_1152933)) 10/04/2016

IMS Health and Quintiles have completed their merger to transform the two firms into a single, information and technology-led healthcare service provider. The new offering - renamed QuintilesIMS - becomes the world's largest pharma services provider, with a market value of almost \$18bn and around 50,000 employees. Together, information and technology company IMS Health and product development and healthcare services provider Quintiles will offer an end-to-end clinical and commercial package to pharma clients. The client offer will include the streamlining clinical trial design and leveraging technology solutions to drive new insights.

6. Quintiles IMS explores sale of contract sales business\_ sources  
(<https://www.reuters.com/article/us-quintiles-ims-contractsales/quintiles-ims-explores-sale-of-contract-sales-business-sources-idUSKBN19C2WG>)  
06/21/2017

Clinical researcher and pharmaceutical market data specialist Quintiles IMS Holdings Inc Q.N is exploring a sale of its contract sales business that could value it at as much as \$1 billion, according to people familiar with the matter. The sale process comes as Quintiles IMS seeks to prune some of its non-core businesses in the wake of the \$17.6 billion merger last year that saw IMS Health Holdings Inc and Quintiles Transnational Holdings Inc combine. Contract sales organizations have been under pressure in recent years, as large pharmaceutical companies increasingly rely on their own internal salesforce.

7. Say it with us\_ IQVIA is the new Quintiles and IMS Health – Endpoints News  
(<https://endpts.com/say-it-with-us-iqvia-is-the-new-quintiles-and-ims-health/>) 11/07/2017

(...) The decision to merge two otherwise disparate operations signaled a new direction for the clinical outsourcing industry, where consolidation and expansion into new data-driven markets is the name of the game now. And rebranding season isn't quite over yet in the CRO world. The recently merge INC Research and inventive Health, #5 on our list of the top CROs, are expected to unveil their new combined brand in 2018. (...) The company's market cap has risen from \$20.74 billion in August to \$23.03 billion.

8. Bye-bye QuintilesIMS; hello IQVIA  
(<http://pharmaceuticalcommerce.com/brand-marketing-communications/bye-bye-quintilesims-hello-iqvia/>) 11/7/2017

New identity stresses 'human data science'

A year after the pathbreaking merger of the leading healthcare data company and a leading contract research organization, the combined entity has completed the merging of its business units, at least in terms of branding. Going forward, QuintilesIMS will be known as IQVIA (also with a new ticker symbol, IQV). The company describes itself as "dedicated to using analytics and science to help healthcare stakeholders find better solutions for their patients" (which kind of fudges the vitally important sales and marketing support that QuintilesIMS provides to pharma).

Along with the IQVIA announcement, the company is also putting forward a comprehensive platform for managing drug data “from molecule to market,” as the saying goes. IQVIA Core incorporates the “world’s largest curated healthcare information source,” along with analytics technologies and proprietary software. And as an underlying theme, IQVIA Core is to unify three types of life sciences activity: gathering data on humans (i.e., clinical trials; outcomes); analytics on that data; and scientific knowledge (presumably leading to new drugs and better therapies). IQVIA styles this as a new discipline, “human data science.”

On a more mundane running-the-business level, IQVIA will be challenged to continue to act as both a leading data provider, and a leading provider of software to analyze that data; there are competitors that specialize in one or the other. It is also positioning Core as a platform that can be customized to each client’s interests— even, presumably, direct competitors of each other. Another challenge is to maintain what appears to be healthy growth serving both the life sciences industry, and the payer community, and the provider community—three groups seldom having common business interests.

A week before the IQVIA announcement, QuintilesIMS released Q3 data: quarterly revenue of \$2.019 billion, up 4.8% YOY, and nine-months revenue of \$5.899 billion, up 2.1% YOY, and adjusted EBITDA of \$1.465 billion. Interestingly, the company has maintained a share-repurchasing pace of \$3.3 billion since the merger that continued through the third quarter, while its net debt is \$8.697 billion.

9. QuintilesIMS no more. Say hello to IQVIA

(<https://www.fiercebiotech.com/cro/quintilesims-no-more-say-hello-to-iqvia>) 11/08/2017

About a year after QuintilesIMS was born from a megamerger between Quintiles and IMS Health, the contract research giant has decided to turn the page and rebrand as IQVIA, pronounced as “I-Q-via” /ai’kju:viə/. The new name echoes the origin of the company’s services as from IMS (I) and Quintiles (Q), “but it is ‘VIA’ the path forward that we hope to inspire and ignite real change—the potential to use data and science to find better solutions for humans,” company spokesperson Tor Constantino told FierceCRO. The company will be listed on the New York Stock Exchange under the new ticker IQV starting from Nov.15.

Quintiles and IMS are such legacy brands that it’s hard to imagine why the company wouldn’t capitalize on their reputations, but IQVIA clearly has bigger ambitions, to not be confined by some old fames however glorious.

“Now that we have completed the majority of our integration activities, we are ready to refocus our attention outward and introduce a new brand to the market. A brand

that demonstrates our courage to reimagine what is possible and create solutions for a bold, better future of healthcare,” Constantino said.

When IMS merged with Quintiles, it provided a new paradigm where market data and analytics are integrated into a CRO’s offerings. The rebranded company intends to follow that path, backed by a new platform called Core, which Constantino said “is much more than an information repository.” Providing the world’s largest curated healthcare information source, analytics, technologies and industry knowledge across therapeutic areas and geographies, it will become an integral part to IQVIA's offerings, according to the company.

The new brand was unveiled on the back of a strong third quarter at the CRO. Its revenue for the quarter was \$2.02 billion, growing 4.8% compared to the same period last year, and acquisitions contributed about 1.5 percentage points to that growth. And data also played a part. Its real-world business grew double-digit, according to company chairman and CEO Ari Bousbib during a conference call on Oct. 26. “Our differentiated approach will utilize secondary data and advanced analytics to gain regulatory approval for label extension,” he said, pointing to the fact that it won a multimillion-dollar deal in the field with a leading U.S. biotech.

At the same time, Bousbib said—as he did in previous quarters—that his company’s Next-Gen clinical offering is getting more contracts, including three trials with a top 10 pharma, which IQVIA had done no full-service clinical work with in about a decade, and a NASH study from a top 20 global pharma, which previously did R&D mainly in house.

10. IQVIA takes a new approach to managing pharma’s customer engagements (<http://pharmaceuticalcommerce.com/brand-marketing-communications/iqvia-takes-new-approach-managing-pharmas-customer-engagements/>) 12/15/2017

After signaling its direction in a number of announcements in the past year—specifically a tight integration with Salesforce.com cloud-based platforms—IQVIA (formerly QuintilesIMS) has unveiled what it considers to be a new approach to IT systems for empowering pharma sales and marketing teams: Orchestrated Customer Engagement (OCE). The product stresses enterprise-level integration of diverse functional silos, such as medical affairs, marketing and call centers, and the intention is to expand this to include R&D activities and regulatory compliance—a “molecule to market” goal. Another theme that IQVIA stresses is that OCE will be a “platform of platforms,” integrating other companies’ IT solutions where clients desire them.



Richie Etwaru, chief digital officer at IQVIA, notes that OCE is the result of a multi-million-dollar, three-year development program, and that the capabilities of OCE go well beyond what pharma companies are currently doing with customer relationship-management (CRM) tools. “CRM are systems of record, recording what has been done,” he says. “OCE is a system of engagement and anticipation,” reacting in near-real time to what is going on with customers across the enterprise.

(...) IMS Health (prior to the merger with Quintiles) had had several CRM offerings, notably the Mobile Intelligence solution acquired from Cegedim in 2015. Presumably, OCE will have a ready market in the pharma companies using those existing CRM solutions. A first customer was also announced at the OCE introduction on Dec. 12: Pierre Fabre Pharmaceuticals, a subsidiary of Pierre Fabre S.A. That company will “migrate all of its current CRM users to OCE” under a seven-year agreement, according to IQVIA. At the public rollout of the new platform, IQVIA said little about its extensive (and popular) resources in prescription sales data, patient records, master data management and other data offerings, but those could prove to be a differentiating feature of the platform.

11. IQVIA banking on new technology that connects legacy Quintiles, IMS resources (<https://www.bizjournals.com/triangle/news/2017/12/22/iqvia-banking-on-new-technology-that-connects.html?s=print>) 12/22/2017

(...) The newly renamed IQVIA (NYSE: IQV) has been busy rolling out new integration-focused technology for the commercial side of the pharmaceutical industry, and offerings for the clinical side – built with legacy Quintiles resources – are set to follow soon.

(...) The first offering – called Orchestrated Customer Engagement (OCE) – was launched earlier this month for the commercial side. Etwaru said that eventually, additional commercial offerings and clinical offerings will allow pharmaceutical clients to change from silos to a fully integrated suite of solutions. OCE has been built on technologies like Salesforce.com, among others, and leverages IQVIA artificial intelligence. (...) Etwaru uses the analogy of the Microsoft Office suite to explain how OCE has been designed to allow for more integrated communication between different commercial silos within pharmaceutical companies, and as a result, more efficient communication with customers and health care providers.

(...) Now, IQVIA expects to launch three new products in 2018, with one of those products on the clinical side, which will be developed largely using legacy Quintiles assets, he said. There is “so much data from the clinical side that is not being leveraged to help the industry make better decisions [in addition] to experts on the clinical side,” Etwaru said.

## ARTICLES

1. Quintiles IMS Poised For Robust Growth Over the Next Few Quarters (<https://seekingalpha.com/article/4100553-quintiles-ims-poised-robust-growth-next-quarters?page=2>) 08/21/2017

### Business description

Quintiles IMS (Q) is an integrated information and technology-enabled healthcare service provider with an annual revenue base of around \$8 billion. Formed by the merger of Quintiles and IMS Health in 2016, the company employs around 50,000 employees and operates in more than 100 countries. It provides pharmaceutical sales and prescription data and is a global leader in outsourced drug development and commercialization services.

### Business drivers & Outlook

IMS will leverage its extensive data assets and help Quintiles identify patients and investigators, improve trial design and execution and leverage the CSO (contract sales organization). The combined company expects to achieve \$200M cost synergies from 2019 and generate sustainable 1-2% annual revenue growth synergies. Sale of its underperforming Encore business is positive as it removes a declining and non-core business from the mix. This also enables management to focus on the core business and improve the overall growth rate. The ongoing shift to outsourced R&D will provide the CRO industry with steady growth, regardless of growth trends in global R&D spending.

Large market opportunity - Q's solution set will be relevant for longer term as on an average 10-15 year lifecycles for development and ever-expanding testing requirements. Considering the breadth of Q's global client base and combined CRO/CSO offering, there is a significant market potential to tap into over the next few years. The global healthcare CRO market opportunity is estimated to be **\$45B+** by 2022 and with company's commercial opportunity, the TAM (total addressable market) will exceed \$50B resulting from a significantly underpenetrated opportunity in technology solutions.

Robust Bookings - Bookings are the leading indicator, for CROs (contract research organization) are promising over next few quarters and the book-to-bill ratio is currently 1.3x, indicating solid macro demand environment and an improvement in the company's ability to sell its next-generation CRO offering.

Strong Guidance - Management reiterated the 2017 top-line and adj. EBITDA outlook, with revenues of \$8,000-8,100M and adj. EBITDA of \$2,000-2,100M. The company continues to expect a 1.0-1.5% contribution to growth from tuck-in acquisitions. On the bottom line, the EPS range was increased by \$0.05 at the midpoint to \$4.50-4.65, to reflect the benefit of incremental 2Q share repurchases.

Strong Moat - The IMS business compiles data from over 100,000 sources, including pharmacies, medical claims, and electronic health records (EHRs), and has access to over 500 million patient records. This data set, coupled with an overlay of proprietary

methodology and technology, enables clients to set informed strategies to most effectively commercialize their drugs. IMS data is well-embedded in the processes of many of its customers, which includes most large companies in the healthcare sector. Hence its business commands a pricing premium and high retention rate of existing clients.

## Ratio Analysis

FY 2016	
Gross Margin	42.5%
EBITDA Margin	25.3%
EBIT Margin	18.2%
Net profit margin	12.2%
ROE	21.8%
ROA	8.9%
ROCE	12.3%
SG&A / Sales	18.6%
Net Debt / Equity	67.7%
Operating leverage	163.3%
Sales / Assets (x)	0.7
Interest cover (x)	7.0

## Investment Rationale & Conclusion

Quintiles/IMS merger transaction has been positive, cost synergy targets look realistic and its ability to drive revenue synergies via share gains, and provides significant long-term potential. Biopharma R&D budgets and increasing CRO penetration rates augur well for the company. Industry dynamics continue to favor larger CROs with broad therapeutic expertise and late-stage exposure with the benefit of real-time IMS data giving Quintiles a competitive advantage, primarily in optimizing clinical trial site identification, protocol development and patient recruitment. New value-added service offerings for the company, including DNA sequencing/expression, outcome analytics, and real-world evidence present future opportunities for growth that other CROs do not possess.

Q currently trades at [\\$92.59](#) (closing price as on 17th August) with its 52-week range of \$70.1-93.53, and provides significant upside from current levels over medium to long term as -

- Its leadership position in both outsourced R&D and drug commercialization allows it to create longer-term client relationships enabling stable business operations
- Cost synergies from the transaction will drive margins in the near term, with revenue synergies over the next few years
- The financial deleveraging achieved following the merger with IMS along with [buyback](#) is expected to provide a path to double-digit EPS growth
- With strong revenue growth and incremental operating margin, its share price is expected to generate excess of 15% annualized returns over the next few years

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours.

I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.