

AI in Pharma Investment Trends: Major Take-Aways

- The segment of pharmaceutical AI continues consolidation;
- Pharmaceutical AI sector is “heating up” for investments;
- Big pharma and contract research organizations increasingly compete for AI partnerships;
- COVID-19 pandemics appears to be a positive catalyst for the acceleration of the AI adoption;
- A number of companies successfully completed rounds B,C,D, and one company made IPO

Global Context

- US remains the major player and driver in AI in Pharma
- China’s activities are rapidly growing and the region is exhibiting extensive investment activity
- UK and Europe has traditionally been a strong ground for biopharma activity, and continue to be

2021-2022 Projections

- The overall biotech and drug discovery sectors will be on the rise;
- The sector of pharmaceutical AI is maturing for a likely wave of IPOs and M&As in 2021-2022;
- Sector will attract significant number of non-biotech investors to enter the Life Sciences sector;
- The activities on the secondary market deals will increase;
- The year of 2022 can be considered at the year for matured consolidation of the AI Pharma Sector

Extended Key Points and Key Trends for 2020

- The AI Pharma Market and Landscape continues to grow exponentially, as of 2020 it contains:
 - 240 Companies (actual scope around 400)
 - 600 Investors (actual scope around 1400)
 - 90 Corporations (actual scope around 200)
- Number and size of investments are also growing rapidly. Some of the major deals between Q4 2019 - Q4 2020 include
 - XtalPi - \$319 million (Round C)
 - Recursion Pharmaceuticals - \$239 million (Round D)
 - Schrodinger IPO - \$232 Million
 - Insitro - \$143 million (Round B)
 - Atomwise with \$123 million (Series B)
 - AbCellera - \$105 million (Round B)
 - Insilico Medicine - \$39 million (Round B)
- An important driver of growth for the sector is a substantial shift in Big Pharma’s interest in AI technology from “nice to try” to “strategically important”.
- Such increasing market demand will drive more exits in future, and is important for heating up the investor’s interest in this sector.
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- The leading players by the amount of major industry partnerships are Bayer, Pfizer and AstraZeneca.
- These companies demonstrate increasing commitment to probing the grounds in the AI space — by investing into internal programs, as well as partnering with external AI vendors to pilot programs in drug discovery and other research areas.
- The most common type of deals are true partnerships and saving the costs deals.
- The leading big pharma brands are increasingly open to partnerships with AI startups and biotechs to get competitive edge, and mitigate the problem of declining R&D efficiency
- The biggest number of AI in Drug Discovery deals was conducted by Exscientia.
- The company engages in small molecule drug discovery, selective single target molecules, bispecific small molecules, and phenotypic drug design.
- All of the deals concluded with this company were categorized as the ones aiming at saving costs and increasing operational efficiency due to the character of the services provided.