



Businesses and organizations in this industry primarily use living organisms or molecular and cellular techniques (biotechnology) or chemicals (pharmaceuticals) to provide medication, and other products that meet human needs.

INTERNAL USE ONLY

CAPTRUST EXPERIENCE

CAPTRUST AT A GLANCE

Clients – 67

Total Assets – \$16 billion

Plans/Pools – 72

Plan/Pool Types – DC (64), NQ (7)

Top Providers – Fidelity, T. Rowe

EXPERIENCED ADVISORS

- Bob Auditore (8)
- Mark Medlin (4)
- Pete DiNardo (3)
- Chris Kulick (3)
- Jason Stanicek (3)
- Dan Urban (3)

INDUSTRY BACKGROUND

POINTS OF INTEREST

- Pharmaceutical manufacturers that experienced a boost in investment will likely grow, while crop science, biofuel, and other biotechnology companies that struggle to find investors will have more subdued growth.
- Pharmaceutical manufacturers have recently encountered many patent expirations and an increasing number of major pharmaceutical companies have restructured their R&D activities to cut costs and improve productivity.
- Private investment is likely to return to growth, supporting rising demand for biotechnology.
- More than half of the industry revenue is generated by sales of healthcare products, and the aging U.S. population has driven demand for that segment's products as a result of their growing medical needs.

COMMON TERMS

- Contractor manufacturing organizations (CMOs)
- Intellectual property (IP)
- Cost reduction
- Outsource
- Teammates

EXTERNAL RESOURCES

- American Associations of Pharmaceutical Scientists aps.org
- Biotechnology Industry Organization (BIO) bio.org
- The International Society for Pharmaceutical Engineering (ISPE) ispe.org
- Pharmaceutical Research and Manufacturers of America phrma.org

FOR THE CHALLENGER

CHALLENGES

Corporate

- Constantly looking for funding and partners
- Recovering from the major impact of COVID
- Senior employees often are focused on stock options – if a company drug is successful, they are millionaires; if drug is a bust, they are likely out of a job
- Tight labor market with a young workforce and high turnover
- Consideration of compensation structures for employees that must be onsite daily (e.g., lab personnel) vs the employees able to work remotely
- Healthcare regulations have increased with the CARES Act adding a new section on annual reporting requirements; FDA cracking down on clinical trial fraud now that focus has moved beyond COVID

Retirement

- Constantly addressing plan design so clients can maintain competitiveness with their benefits in tight labor market
- Understanding and moving forward with LDI strategies for pensions and modeling out different financing solutions for nonqualified plans to arrive at a gameplan
- Monitoring of appropriate share classes
- Plan sponsors tend to pay more of the fees for both advisor and recordkeeper

CLIENT OUTCOMES

- Client pays all recordkeeping expense for the DC plan; they have very low total overall costs
- Helped communicate the generous nature of the plan has been received as something of great value to the plan sponsors
- Time saved with having CAPTRUST work as a 3(38) manager – saves time with having us executive subscription agreements