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2022 DEALMAKERS OF THE YEAR



Krishna Veeraraghavan

Paul, Weiss, Rifkind,
Wharton & Garrison

IN ABOUT SIX MONTHS, TWO DEALMAKERS HELPED TURN some common ground and thousands of sheets of paper into one of the largest contract research companies in the world.

Their work, ICON's \$12 billion acquisition of PRA Health Sciences in 2021, showed how much value can be created when industry leaders come together and place their faith in talented negotiators like Kimberly Petillo-Décosard of Cahill Gordon & Reindel and Krishna Veeraraghavan of Paul, Weiss, Rifkind, Wharton & Garrison.

For Petillo-Décosard, who has represented the buyer, ICON, since she walked in the door at Cahill in 2005, the deal was the culmination of the company's "string-of-pearls" growth strategy over multiple decades. "They have been very slowly and methodically and thoughtfully preparing for this for years," she says.

For PRA and Veeraraghavan, a deal was attractive not only because the two companies fit nicely together—PRA's strength was more U.S.-based while ICON had more to offer from an international perspective, and a combined entity could provide a more comprehensive set of products and services to clients at greater scale—but also because of the outlook in the industry.

"Our client had a growing sense that over time there would be really significant consolidation in the industry, and they had this opportunity to combine with ICON, who they viewed as their best partner," he says.

The COVID-19 pandemic wasn't the sole reason these two research companies found it prudent to combine when they did. But it did underscore the benefits of the merger. Veeraraghavan says it may have shown the value of getting patients enrolled in studies, and having real organizations that could put together trials in a virtual environment. Petillo-Décosard says the pandemic also pushed up demand at ICON.

The pandemic forced all communication on the deal to go virtual, and it also factored into some of the protective language PRA sought. Because it believed there would be significant consolidation, it wanted to ensure ICON remained committed to the deal even if it got a superior offer during the process. PRA also wanted to prevent the pandemic from being used as a material adverse event that could void the deal. A third covenant prevented ICON from materially changing its business model prior to getting regulatory approval.

Veeraraghavan says the carve-outs for material adverse events were "some of the most, if not the most expansive and favorable for the target company" that he's seen.

There was also the possibility a deal of this size could raise anti-competitive concerns.

In spite of those challenges and uncertainties, the parties worked at a lightning pace. The deal went from the exclusivity agreement to announcement stage in just over three weeks.

"As lawyers, you are conditioned to tell your client all of the reasons this deal will not close on July 1. And it was a very long list. All of these things have to happen on exactly the right day for this to work," Petillo-Décosard says. "And it did." —Andrew Maloney