

Thermo Fisher and Olink - Scaling Proteomics Through Access or Integration?

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Decision scope: Olink's post-close operating model, commercial access and technology roadmap

Case convention: This is an author-created decision exercise based on information available when the deal was announced. The transaction was pending at the cutoff. The role and alternatives are hypothetical; no later outcome is included.

The decision

On 17 October 2023, Thermo Fisher Scientific announced that both boards had approved its proposal to acquire Olink Holding for \$26 per share or American depositary share in cash. The announcement valued the transaction at approximately \$3.1 billion, including \$143 million of Olink net cash, and represented a 74% premium to Olink's closing share price the prior day. Thermo Fisher expected the deal to close by mid-2024, subject to regulatory approvals, completion of the tender offer and other customary conditions. The transaction had not closed. [P1], lines 9-10, 16-17.

Thermo Fisher planned to place Olink in its Life Sciences Solutions segment. It described Olink's Proximity Extension Assay (PEA) as complementary to its life-sciences and mass-spectrometry offerings and argued that its commercial reach could accelerate access to customers. Management forecast Olink revenue above \$200 million in 2024, mid-teens organic growth as part of Thermo Fisher, and \$125 million of adjusted operating income from revenue and cost synergies by year five. These are management projections; the \$125 million target is not broken down between revenue and cost contributions. [P1], lines 11-15, 19-20.

Assignment: Assume the transaction closes substantially on announced terms. As a hypothetical member of the pre-close integration team, recommend how Thermo Fisher should design Olink's post-close operating and commercial model. Which activities should be integrated, which should remain under Olink's specialized leadership, and how should the company expand customer access while deciding the future of Olink's technology roadmap and readout compatibility? Define decision rights, sequence and evidence-based gates. Do not revisit whether to acquire Olink.

A platform with an existing user network

Olink described PEA as a proprietary, patented assay approach designed to use established laboratory infrastructure with qPCR or next-generation sequencing (NGS) readouts. Its products served research discovery and, according to the company, clinical-trial and diagnostic applications. Olink reported more than 926 customer accounts in over 40 countries and use in over 1,100 peer-reviewed publications. These are company-reported reach indicators; they do not independently establish repeat use, scientific consensus, clinical utility or performance against alternatives. [P2], pp. 46-47, lines 1351-1366.

The company's model included kits used in customer laboratories and fee-for-service analysis. Olink said its strategy included external installations, assay and biomarker-library development, relationships with key opinion leaders, and Olink Insight, an open-access data and analysis resource. It estimated an addressable base of 4,500 proteomics laboratories and more than 8,000 Illumina systems for its product lines. Those market and installed-base figures are management estimates. [P2], pp. 51-53 and 64-65, lines 1471-1497, 1765-1779.

Olink's platform therefore included more than assay IP: a product roadmap, scientific engagement, customer laboratories, service operations and data resources. Thermo Fisher brought a global sales and service network, broad life-sciences offerings and mass-spectrometry capabilities. The deal rationale depended in part on combining those resources. Public disclosures did not specify cross-selling conversion, the post-close reporting structure, customer/data migration, instrument-access policy or whether existing readout options would change. [P1], lines 11-15; [P3], Item 1, pp. 3-6.

A growing business with investment needs

Olink reported FY2022 revenue of \$139.8 million, up 47.3% year over year, with a 67.6% gross margin and a \$30.6 million operating loss. Kit revenue was \$55.1 million and service revenue was \$73.0 million; the remainder was corporate or unallocated. The business was growing but not yet profitable on a reported operating basis. These historical results do not predict performance inside Thermo Fisher or disclose product-level contribution margins. [P2], pp. 73-74 and Note 5, lines 1985-2024, 4053-4091.

Thermo Fisher reported FY2022 revenue of \$44.9 billion, including \$13.5 billion in Life Sciences Solutions and \$6.6 billion in Analytical Instruments. Life Sciences Solutions reported \$5.6 billion of segment income, a 41.2% margin. Those segment economics describe a much larger portfolio; they are not a forecast or target margin for Olink. [P3], Note 4, pp. 19-20, lines 697-732.

The acquisition announcement also forecast first-full-year adjusted EPS dilution of \$0.17, or \$0.10 accretion excluding financing and noncash deal-related equity compensation. Management's projections thus contained a near-term earnings trade-off and a longer-term operating-income target. "Adjusted" measures and forecasts do not equal cash savings or realized returns. [P1], lines 19-20.

Exhibit 1. What the companies disclosed at signing

Measure	Olink	Thermo Fisher / transaction
FY2022 revenue	\$139.8m	\$44.9bn consolidated revenue
FY2022 operating result	\$(30.6)m	Life Sciences Solutions: \$13.5bn revenue; \$5.6bn segment income
FY2022 product / service revenue	Kits: \$55.1m; services: \$73.0m	-
Transaction terms	\$26/share or ADS in cash; ~\$3.1bn including \$143m net cash	74% premium to 16 Oct. closing price; expected to use cash and debt
Management outlook	2024 revenue above \$200m; mid-teens organic growth as part of TMO	\$125m adjusted operating income from revenue and cost synergies by year five

Sources: [P1], lines 9-10, 16-20; [P2], pp. 73-74 and Note 5; [P3], Note 4. FY2022 ended 31 December 2022 for both companies. The \$125 million is a combined revenue-and-cost-synergy forecast with no public component bridge. Olink's kit and service figures leave a corporate/unallocated balance; they are not a complete product-level margin table.

Exhibit 2. Three operating-model choices

Approach	Potential benefit	Principal risk or cost
Integrate quickly: place Olink deeply in Life Sciences Solutions; use Thermo Fisher's sales, service, purchasing, systems and commercial processes broadly	Coordinates interdependent work, extends reach and may simplify purchasing and support	Could disrupt specialist routines, customer relationships, product cadence or external readout access; integration and implementation costs are unknown
Preserve a distinct Olink unit: retain specialized leadership, scientific engagement, product roadmap and customer-facing model, with limited shared services	Protects focus, continuity and established customer practices	May underuse Thermo Fisher's channel, purchasing scale and technical portfolio; can preserve unnecessary duplication
Coordinate selectively: share defined back-end services and commercial access while retaining specific Olink scientific, roadmap and compatibility decisions	Connects capabilities while allowing staged changes and customer-facing continuity	Requires clear interfaces and decision rights; coordination overhead and slower savings may offset benefits

These are classroom alternatives, not an announced Thermo Fisher integration plan. Students may propose different boundaries, including different choices for sales access, customer data, R&D, service labs and technology interfaces. Specify what "access" means operationally, and whether any change to customer readout choices would be optional, piloted or required.

Questions for discussion

1. What capabilities and relationships did Thermo Fisher acquire beyond the assay technology? Which are most vulnerable to disruption?

2. Which activities should be shared or integrated, and which should retain Olink decision rights? Explain the boundary for each.
3. How should Thermo Fisher increase customer access while deciding whether and how to link Olink more closely to its own instruments, channels or services?
4. What milestones would show that integration is improving adoption and economics without weakening scientific engagement or customer continuity?
5. How should management track progress toward its year-five target when the public forecast combines cost and revenue synergies?

Sources and conventions

P1. Thermo Fisher Scientific, “Thermo Fisher Scientific to Acquire Olink, a Leader in Next-Generation Proteomics”, 17 October 2023, Schedule TO-C Exhibit 99.1. Deal terms, management rationale, forecasts, expected timing and segment placement.

P2. Olink Holding AB, FY2022 Form 20-F, year ended 31 December 2022. Business overview, pp. 46-47; strategy/access, pp. 51-53 and 64-65; financial results, pp. 73-74; Note 5.

P3. Thermo Fisher Scientific, FY2022 Form 10-K, year ended 31 December 2022. Item 1, pp. 3-6; Note 4, pp. 19-20.

All forward-looking statements are attributed to management. Technical, customer-reach and market-size descriptions are company-reported, not independently validated in this case. No clinical utility, assay superiority, guaranteed compatibility, customer preference or cross-selling conversion is asserted. The case uses no information after 17 October 2023.