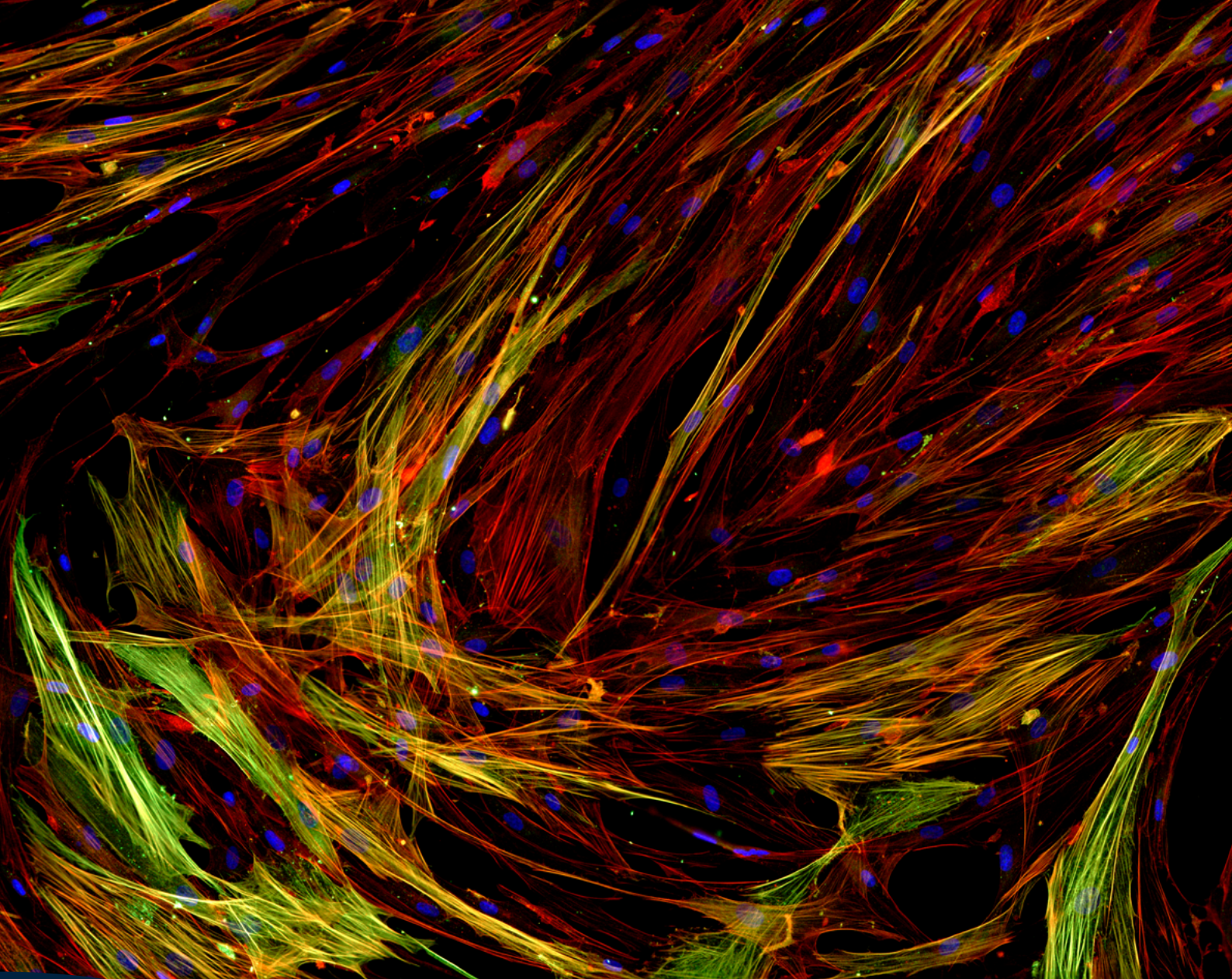


AN INDUSTRY IN TRANSITION

Life Sciences Index 2026

CHAPTER ONE: FOSTERING INNOVATION AND GROWTH

DLA PIPER

Fostering innovation and growth

The global life sciences ecosystem is "somewhat attractive" for incentivising innovation and growth, representing a 2026 Life Sciences Index score of 71% (5 on a 7-point Likert scale based on the average of 202 responses).

The Index score has declined by 5% since 2024. Overall sentiment has shifted slightly towards the more unattractive end of the scale. This is driven by a decrease in those thinking the global sector is moderately attractive (-22pp) and a large increase in the number taking a neutral stance (+22pp) **(Figure 1)**.

Geopolitical and macroeconomic headwinds persist. The trade environment is exacerbating an already VUCA – volatile, uncertain, complex and ambiguous – world for business. And strained government budgets continue to create challenges in the pricing and market access landscape.

Cutting-edge science and technology are driving sector attractiveness. They're feeding pipelines with innovation, in turn helping biopharma and medtech businesses meet the ever increasing and more complex demands of healthcare.

The US still leads the way as the most attractive market in which to do life sciences business. But its rating (5.7 out of 7) is down 7% on 2024, with China closer behind at 5.4 **(Figure 2)**.

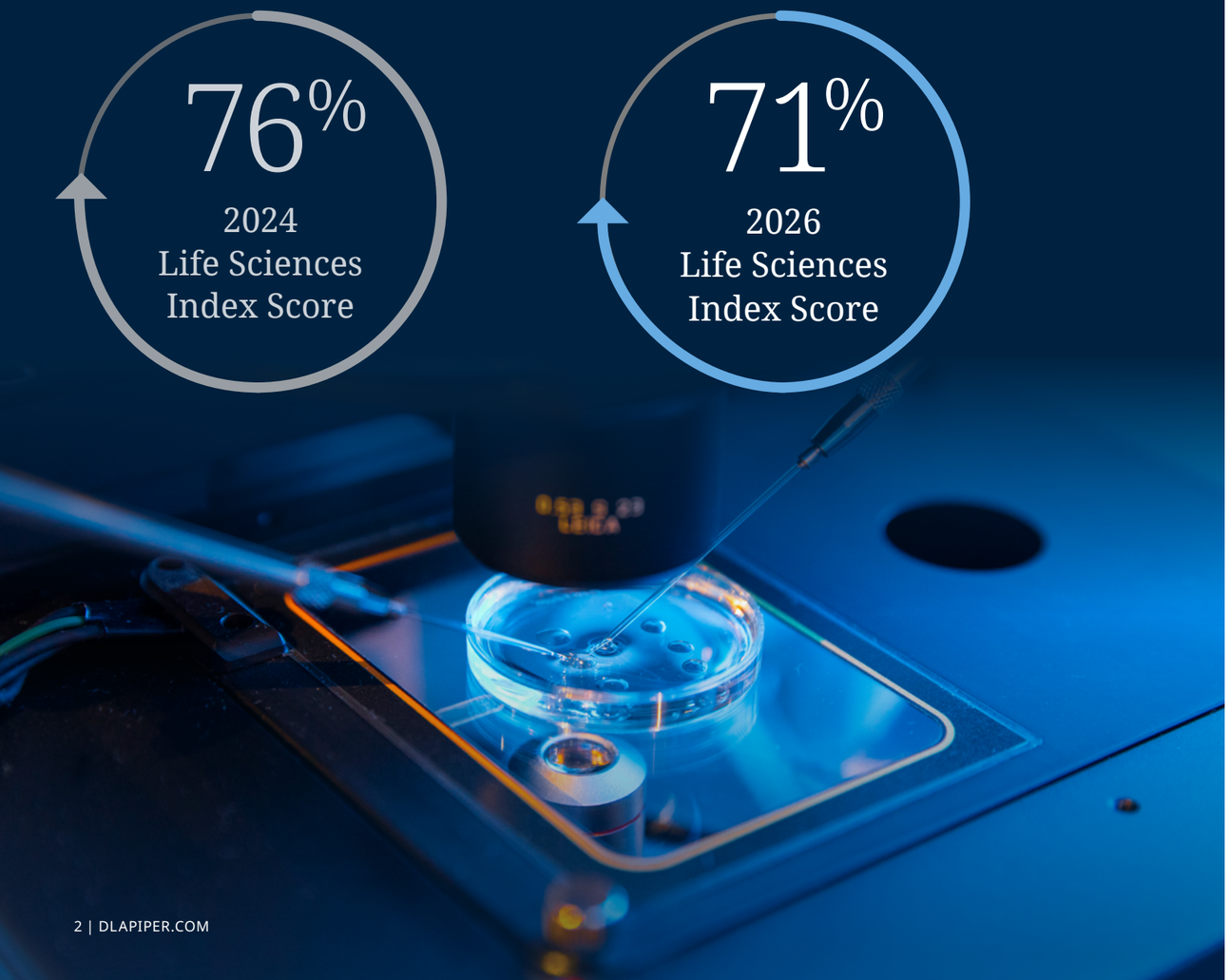


Figure 1: How attractive do you think the global life sciences ecosystem is right now for fostering innovation and growth?

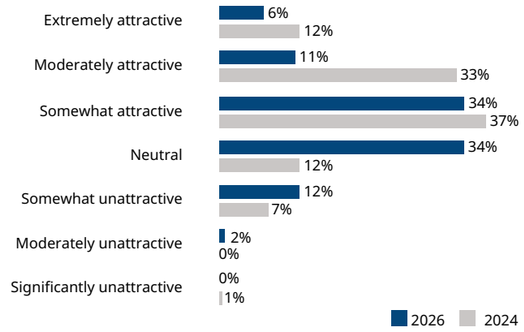
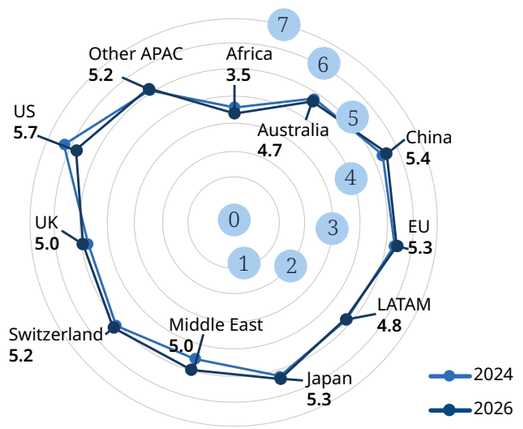


Figure 2: How attractive do you think the following regions or countries currently are for fostering innovation and growth in the life sciences industry?

Average rating on 1 to 7 scale (1 is significantly unattractive, 4 is neutral, 7 is extremely attractive) Only 2026 data labels shown.



Emilio Ragosa, Global Co-Chair of Life Sciences at DLA Piper, says "the US has a robust innovation ecosystem, deep capital markets, and a strong regulatory framework that supports cutting-edge research and commercialisation. Its concentration of world-class academic institutions, biotech clusters and venture capital creates an environment where breakthrough therapies and technologies can thrive. Additionally, the US healthcare system's scale and reimbursement mechanisms make it an attractive launch market for new products, reinforcing its position as the primary destination for life sciences investment. But despite its leadership, the US has seen a relative decline in attractiveness in 2025 due to recent headwinds, driven by rising costs, tariffs, pricing pressures, and regulatory uncertainty. M&A activity and the IPO market has been muted in the US during 2025. Meanwhile, China is rapidly closing the gap by investing heavily in biopharma innovation, accelerating clinical trial approvals, and fostering public-private partnerships. Its government-backed initiatives and growing domestic demand have positioned China as a formidable competitor, particularly in areas like cell and gene therapy and AI-driven drug discovery. Global companies are increasingly viewing China not just as a manufacturing hub but as a strategic market for innovation and commercialisation."

Emilio Ragosa continues, "To sustain its leadership, the US must double down on policies that encourage innovation and streamline regulatory pathways. Enhancing collaboration between industry, academia and government will be critical, as well as continued investment in emerging technologies. In addition, providing clarity around drug pricing and tariffs will help improve US market attractiveness. Although dealmakers in the US market are becoming more comfortable with negotiating deals during times of uncertainty, providing additional clarity around these goal posts will help bookend the potential risks and costs to help determine the value proposition to consummate the deal. Finally, fostering talent development and supporting diverse biotech research will ensure the US remains the global epicentre for life sciences breakthroughs. With these strategies, we expect IPO activity and M&A dealmaking in the US to improve significantly in 2026."

"Despite clear headwinds, the life sciences sector remains fundamentally attractive – especially for companies able to combine product innovation with system-level impact. From a Medtronic perspective, we see growing momentum for innovation that improves outcomes, lowers costs, and supports new models of care delivery. This is particularly visible in fields like intelligent technology, surgical robotics, data-driven care pathways, and value-based frameworks. At the same time, the sector faces increasing complexity: regulatory divergence, pressure on access and reimbursement, and growing uncertainty around data governance. The environment is less predictable – not necessarily less attractive. Companies that can navigate this shift with flexibility, co-investment models, and scalable partnerships are well-positioned to lead the next wave of growth. In that sense, we see the current moment not as a slowdown, but as a transition – from product-driven to solution-driven innovation, where long-term success will be defined by the ability to deliver value across the entire care continuum."

Frédéric Noël
Vice President, Enterprise Accounts & Integrated Health Solutions (IHS), Medtronic Europe

China is becoming an innovation powerhouse. The country's out-licensing deals grew at a CAGR of nearly 22% between 2020 and 2024. Chinese biotechs were on track to strike over 150 cross-border licensing deals in 2025 and exceed China's total annual deal value for the sixth year running.

In H1 2025, China accounted for 32% of global biotech licensing value, representing a significant surge in activity. It's now the single largest source of novel pipelines after the US, contributing roughly a quarter of candidates globally. By 2040, assets originating from China are expected to represent at least 35% of US FDA approvals.

Chinese innovation in oncology, cardiometabolic diseases, AI, and increasingly neuroscience, is fuelling deals with biopharma innovators based in the US, Japan and EU. This highlights the country's transition from a generics and API manufacturing hub to a global leader in life sciences innovation.

While the EU and Japan closely follow China with a score of 5.3 each, the biggest mover since our 2024 report is the Middle East, increasing in attractiveness by 8%, to a score of 5.

Ting Xiao, DLA Piper's Life Sciences lead for China and Asia, shares her thoughts on this result: "China has been transitioning from its traditional role in manufacturing/API supply to a leading hub for high-value, innovation-led life sciences. China's ascent in establishing itself as a global powerhouse in life sciences is driven by a combination of strategic policy reforms, strong government support and a maturing innovation ecosystem. The government has introduced a series of legal and regulatory changes, including pharmaceutical patent term extension and the introduction of a commercial insurance catalogue for innovative products, to incentivise innovation. Innovation in the sector is further fuelled by the spike of activity in capital markets. Last but not least, a rapidly aging population and a resulting rising demand for healthcare and innovation is expected to underpin long-term and sustainable sector growth."

The EU score is unchanged from 2024. When respondents specified which EU country is the most attractive for life sciences innovation and growth, 60% said Germany, followed by France at 11% (N=72). These two countries are still the leading EU life sciences markets, with more people saying they're most attractive in the 2026 report (+4pp and +3pp, respectively).

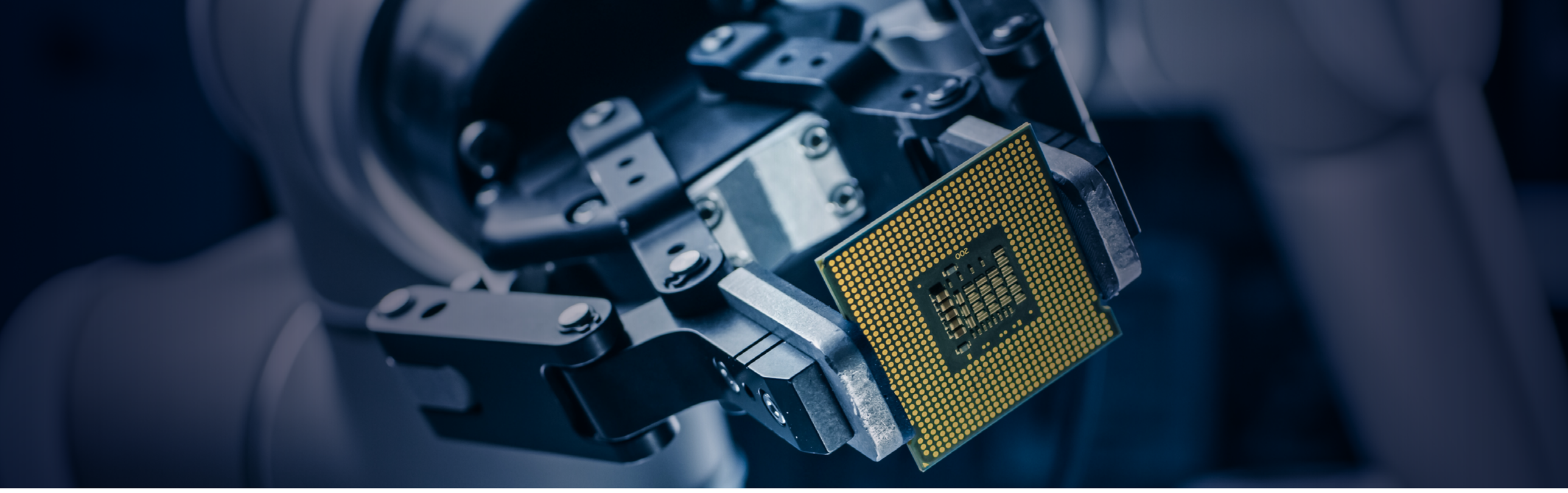
Adam Vause, our Life Sciences lead for the Middle East and Africa, says "the Middle East life sciences market is rapidly evolving, driven by rising healthcare demand, digital transformation, technological innovation and strategic government investment. Opportunities lie in genomics, precision medicine and biopharma manufacturing, while challenges include regulatory complexity and talent shortages. Over the next 18 months, innovation will continue to be incentivised through national genome initiatives, AI integration and public-private partnerships. Saudi Arabia's Vision 2030 is a key catalyst for the region, aiming to diversify the economy and modernise healthcare through infrastructure expansion, digital health adoption and regulatory reform. The strategy promotes local pharmaceutical production, clinical research and biotech innovation, supported by initiatives like the Hevolution Foundation and the National Biotechnology Strategy. The UAE, meanwhile, is executing a multi-pronged strategy to become a global life sciences hub. Through initiatives like Operation 300bn and the Emirati Genome Program, the UAE is investing in biopharma manufacturing, genomics and smart healthcare technologies and expanding innovation clusters, which foster collaboration between academia, industry, and government. With robust infrastructure, favourable regulation and strong funding, both the UAE and Saudi Arabia are positioned to lead regional healthcare innovation and attract global pharmaceutical investment."

Kokularajah Paheenthararajah, our Life Sciences lead in Germany, says the country "continues to solidify its position as a leading life sciences hub, driven by strategic public investment, regulatory reform and digital innovation. It stands out as a highly attractive destination for life sciences investors because of its robust infrastructure, deep talent pool and government support. Strategic clusters like Berlin, Munich and the Rhine-Neckar region offer thriving ecosystems for biotech, pharma and medtech companies, supported by public-private partnerships and world-class research institutions. These clusters promote tech transfer, financing, collaboration, and business relocation support between different life sciences actors in the region."

"To incentivise life sciences R&D and manufacturing in Germany, the Medical Research Act (Medizinforschungsgesetz) came into force in October 2024 and Standard Contractual Clauses (SCCs) were adopted in September 2025 to streamline approval procedures and standardise contractual processes for industry-initiated clinical trials. While the SCCs are in force for medicinal products, similar clauses are on the horizon for medical devices. And additional advances were made to further digitise healthcare via the German Act on the acceleration of digitisation in the healthcare sector ("Digital Act" - "Digital-Gesetz"), which came into force in March 2024," says Kokularajah Paheenthararajah.

This act introduced provisions to expand telemedicine, enhance e-records and regulate cloud computing and data processing in healthcare. It also strengthens the integration of DiGAs – digital health apps – into care delivery. As of 2025, about 50 DiGAs are reimbursed under the statutory health insurance system. They cover mental health, neurological and chronic conditions and various cancers.

Despite its strengths, Germany's life sciences sector still faces challenges, including regulatory complexity, increasing ESG compliance demands and fragmented early-stage funding. These factors can be time-consuming and costly, decelerating innovation and deterring smaller players. However, Germany's constantly working to implement further measures to simplify bureaucratic processes and promote digital transformation in the sector. Germany's proactive policy environment and commitment to innovation therefore continue to drive investor confidence," Kokularajah Paheenthararajah adds.



In France, "biotechnology is particularly strong, driven by therapeutics and diagnostics, with clinical development notably active in oncology, neurology and infectious diseases," says Sonia de Kondserovsky, our Life Sciences Lead in France. "Healthtech is booming too: between 2022 and 2024, France ranked second in Europe for healthtech funding."

"France's research ecosystem – anchored by institutions such as Institut Pasteur and Institut Curie – and its deep talent pool (especially pharmacists) are vital assets. Life sciences activity is highly concentrated around clusters in regions such as Paris-Saclay, which bring together academia, industry and clinicians. Regulatory advantages also help: France's early access scheme dramatically cuts time to access for eligible innovative medicines (median ~97 days in 2024), and an experimental 'direct access' reimbursement programme accelerates funding for high-impact therapies."

"But the country's attractiveness is hampered by major fiscal and regulatory burdens. Pharma companies face a very high effective tax rate on operating profits, largely due to industry-specific levies – among them a 'clawback' (safeguard) mechanism that places a heavy and uncertain cost on firms. Market access is slow: the median time between marketing authorisation and patient access is more than 500 days, substantially slower than in key European peer markets. Surveys suggest a large majority of companies view France's regulatory and tax environment as unattractive, with many planning to curb or delay future investment."

"In response, the government has launched the Health Innovation Plan 2030, backed with EUR7.5 billion, to boost innovation, sovereignty and industrial capacity. The plan includes creating 12 new University Hospital Institutes and four bioclusters, setting up a Health Innovation Agency to simplify access routes, offering 'Chairs of Excellence' to attract international talent, and introducing incentives for local manufacturing (including pricing criteria that reward domestic production). It also strengthens regulatory measures such as stockholding requirements and penalties for supply chain non-compliance."

The UK's attractiveness has increased by 4% since our 2024 report. It's now rated 5 out of 7, up from 4.8. But it still lags behind other major life sciences jurisdictions – the US, EU and Japan.

Shortly before we conducted our survey, the UK government announced the UK-US Economic Prosperity Deal. Rebecca Lawrence, our UK Life Sciences lead, says "respondents may have been hopeful that the deal represents an important step towards closer cooperation with the US for enhanced investment, trade and research collaborations. It recognises the importance of free trade between the UK and the US and signalled intent to negotiate preferential treatment for pharmaceuticals and ingredients, to support UK-based manufacturing. But there is still a way to go, particularly regarding discussions on regulatory standards and IP protections."

In July 2025, shortly after we finished our survey, the UK government released its comprehensive Life Sciences Sector Plan. It sets out a vision and an action plan to drive growth and innovation, and better health outcomes, backed by over GBP2 billion in funding.

The plan focuses on three pillars: enabling world-class R&D; making the UK an excellent place to start, grow, scale and invest; and driving health innovation. The strategy is to invest in manufacturing, streamline clinical trial processes and simplify the regulatory framework.

"We hope that implementation of this strategy will enable the UK to take better advantage of its world-leading research institutions and robust intellectual property protection, and foster a further increase in attractiveness of the UK.

Until then, the position is less than positive, with recent events suggesting a decline in attractiveness, not an increase. Significant moves by big pharma to withdraw investment from the UK will come as a heavy blow to the industry – major players have paused or cancelled substantial R&D projects and expansions, citing a combination of financial and policy obstacles.

There's also been criticism of the UK's pricing policies, with concerns that they prioritise low costs at the expense of fostering innovation. While the US-UK Economic Prosperity deal has gone some way to address these challenges, there's still work to be done, and the UK government needs to deliver on the Life Sciences Sector Plan as quickly as it can.

Let's hope it turns the dial and leads to a rosier outlook in time for our Life Sciences Index 2028."

Of the 70 respondents who specified the most attractive country in the Americas (excluding the US), Brazil came out on top at 69%. This is a nine percentage-point decrease versus 2024, with Mexico increasingly mentioned this year (13%, +7pp).

The other significant movers were South Africa (still the most attractive life sciences environment in Africa at 59% (N=73), but down 7pp), Israel (12% of mentions (N=67), down 9pp) and Spain (9% of mentions (N=72), up 5pp).

What's driving innovation and growth in the life sciences industry? And what are the barriers?

A positive dealmaking environment is considered the biggest driver of innovation and growth in 2026 (Figure 3). It's moved up from sixth place in 2024, reflecting its continued evolution in the sector from a growth lever to a business imperative. Indeed, the majority of leading innovator revenues now come from inorganic means.

Dealmaking stands out as a driver because it offers fast access to innovation, enables non-linear business expansion, and provides strategic agility. It's the bridge in the innovation ecosystem between large and small innovators. And it's a hedge against uncertainty that's increasingly common in the sector today: sharing costs and benefits and offering optionality means dealmaking is a way to de-risk innovation, particularly as the sector grapples with economic, regulatory and strategic shifts.

The second biggest driver this year is having the right corporate mindset, culture and leadership style (34%), up from 5th place in 2024. "Balancing scientific expertise and operational experience with executive experience at the C-suite level [is key] to rounded decision-making," says one respondent.

Pricing and reimbursement processes still have one of the biggest impacts but they're more of a barrier than a driver (in 2024, they were considered more of a driver). According to 34% of respondents, they're currently the biggest barrier to innovation and growth because of their direct impact on market access and return on investment.

Delays to market access. Fragmented health technology assessments (HTAs) and pricing rules. Outdated reimbursement models. High evidence burden that's not particularly informative. Downward pricing pressures. And in certain markets, high cost-sharing and/or restrictive formularies. All of these pricing and reimbursement elements are making it increasingly challenging to successfully commercialise innovations and – most importantly – ensure innovations get to the patients who need them.

Constraints on pricing and market access have affected the largest biopharma markets. The US Inflation Reduction Act (IRA) introduced price inflation rebates in 2022, affecting Medicare Part D pricing. In 2025, the IRA introduced a USD2,000 annual out-of-pocket cap for Medicare Part D beneficiaries and restructured the liability for drug costs in the catastrophic phase, meaning plans and innovators now bear a larger share of the costs. The first negotiated prices for high-cost drugs – the first phase of the Medicare drug price negotiation program – took effect at the start of 2026. These changes are pushing biopharma companies to re-evaluate R&D pipelines, especially for drugs with limited pricing flexibility.

International reference pricing (IRP) is a cost-containment measure for many governments, but it creates access inequities and slows global rollout of innovative medicines. In Germany, the Medical Research Act (2024) removed IRP and introduced confidential net pricing. But it also shortened the free pricing period from 12 to 6 months and introduced stricter cost-effectiveness thresholds, putting greater pressure on launch pricing.

In 2024, China concluded its National Reimbursement Drug List (NRDL) negotiations, where even first-in-class drugs faced aggressive price reductions. But in 2025, the Category C Drug List (C-list) was introduced as a new mechanism to address reimbursement gaps for high-cost, high-value therapies not covered by the NRDL.

The C-list is supported by the growing commercial health insurance market and aims to expand access to innovative treatments, such as rare disease therapies and advanced biologics that might not meet the criteria for public reimbursement under the basic medical insurance system.

Last year, the UK's VPAG payback rate surged to 22.9%. Manufacturers had to pay large financial penalties to the government for "excess" growth in pharmaceutical sales. And Japan conducted an off-year drug price revision in 2025, cutting prices for about 43% of patented medicines. This marks a significant policy shift. It expanded the scope of off-year revisions to include innovative drugs, including those with Price Maintenance Premium (PMP) status, many of which hadn't previously been subject to such cuts.

In May 2025, the US issued the Most-Favored-Nation (MFN) policy, a sweeping executive order to cut drug prices by aligning them with those in other developed countries. The policy also aims to encourage pharma companies to offer medicines directly to patients at discounted prices to bypass middlemen.

Pfizer was the first company to volunteer a deal under the MFN policy, on 30 September 2025. It agreed to provide nearly all of its prescription drugs on Medicaid at reduced MFN prices. And it plans to offer large discounts on many of its drugs through a federally operated DTC platform, TrumpRx.gov.

MFN is primarily directed at the world's largest pharma companies. But small- to mid-sized innovators are more vulnerable to the resulting revenue uncertainty as they often rely on US pricing flexibility to recoup R&D investments. These companies typically lack the global scale and diversified portfolios of larger firms, making them more sensitive to pricing constraints and potential market access delays. The MFN Executive Order may precede other non-voluntary actions, such as a pilot program through the Center for Medicare & Medicaid Innovation (CMMI).

The pricing pressure of MFN isn't restricted to the US; the policy has put significant pressure on other developed countries to increase the prices they pay for innovative therapies. For example, the UK conceded that it should pay more and is actively implementing broader drug pricing reform following VPAG negotiation failure, a wave of UK disinvestments by big pharma, and tariff threats to pharma exports to the US.

In December 2025, a landmark UK-US deal was reached – part of the UK-US Economic Prosperity Deal and Trump's MFN policy – that's designed to boost pharmaceutical trade, reshape the way new drugs are priced, and improve market access to them. It's essentially a tariff and pricing deal where the US agrees to exempt the UK from certain pharmaceutical and medtech tariffs in exchange for the UK making certain changes to the way it invests in innovative medicines, namely a 25% increase to the NICE cost-effectiveness threshold and a 15% cap to the VPAG payback rate.

Kirsten Axelsen, DLA Piper Senior Health Policy Advisor, says "payers around the world are facing pressures from growing healthcare costs and budget deficits, limiting their ability to pay for innovative medicines, potentially resulting in less access to treatment. The convergence of Medicare drug price negotiations and the risk from Most-Favored-Nation pricing policies is shaping not only US pharmaceutical access and reimbursement, but also global investment decisions. Biopharma launch strategies will consider the reimbursement risks from these policies and economic pressures, and new pathways to access, including direct to consumer, will continue to evolve."

The only other factor considered to be more of a barrier than a driver was regulatory hurdles related to clinical trials. Twenty-one percent of respondents ranked it as a top-three barrier.

Stefano Marino, Senior Consultant at DLA Piper and former Head of Legal at the European Medicines Agency (EMA), notes that "when the ACT-EU (Accelerating Clinical Trials in the EU) initiative was launched by the European Commission in 2022, the Clinical Trials Regulation (CTR) was indicated as one of the pillars supporting the aim of better, faster and optimised clinical trials in the EU, allowing the EU CT ecosystem to recover competitiveness versus other key global players. Yet, the proportion of global clinical trials conducted in Western countries continues to decline, while China's CT activity is increasing. The US and UK have partially streamlined their procedures to try and attract new investments and the EU has announced their firm intention to reduce the timelines for approval of new trials. The September 2024 'Draghi report' on EU competitiveness warned about the absence of public-funded innovation hubs in the EU, namely for the development of ATMPs, and emphasised the need to streamline the set up and management of multinational CTs. Concerns were also expressed in respect of a rigid interpretation of the GDPR provisions protecting data subjects, which at times can significantly delay the performance of CTs, and the secondary uses of health data under the European Health Data Space Regulation."

"Both this report and the EFPIA CT Report of October 2024 highlight several administrative complexities and disharmonies in the EU: inadequate public R&D investments; a slow and multi-faceted regulatory framework; uneven capacity at national level to implement harmonised standards and procedures for regulatory and ethical approvals, resulting in challenges in recruiting eligible patients; too long trial start-up timelines, owing to extensive negotiation times amongst sponsors and research institutions, with many different contractual schemes; lastly, uncertainties about 'combined studies' ie those involving simultaneous investigation of a medicinal product (MP) with an in vitro diagnostic (IVD) and/or a medical device (MD)."

"Three different Regulations (CTR, MDR, IVDR), still undergoing implementation, govern the individual authorisation processes for each category of product: MP, IVD and MD. And companion diagnostics (CDx) need a conformity assessment by a national notified body to obtain CE marking for market entry. There's an acute need to reconcile existing differences in documentation, timelines and processes set forth in the three regulations. Plus, national interpretation of the regulations can lead to specific national requirements, protocol amendments and processes, creating further complexity for sponsors of multinational CTs. Even the reporting of serious adverse events must follow requirements that aren't identical in MDR/IVDR and CTR."

"In June 2023, the Commission, EMA and Heads of Medicines Agencies (HMA) launched the COMBINE initiative to analyse the root causes of the challenges encountered by sponsors in conducting combined studies and to identify solutions with the collaboration of all authorities, stakeholders and medical research ethics committees. One solution envisaged would be to enable submission of an IVD trial application via the Clinical Trial Information System (CTIS) administered by EMA, as part of the related CT application. This would significantly reduce the timeline for assessment and approval of a combined study."

"In June 2025, a pilot coordinated assessment process for multinational combined studies was launched as part of COMBINE, aiming to reduce the administrative burden on sponsors and accelerate patient access to innovations. Several 'cross-sector projects' have also launched (eg on serious adverse event reports; respective responsibilities of sponsors/manufacturers under the three regulations; use of software in a CT; use of devices outside their intended purpose within a CT), to foster cooperation between all public and private CT stakeholders."

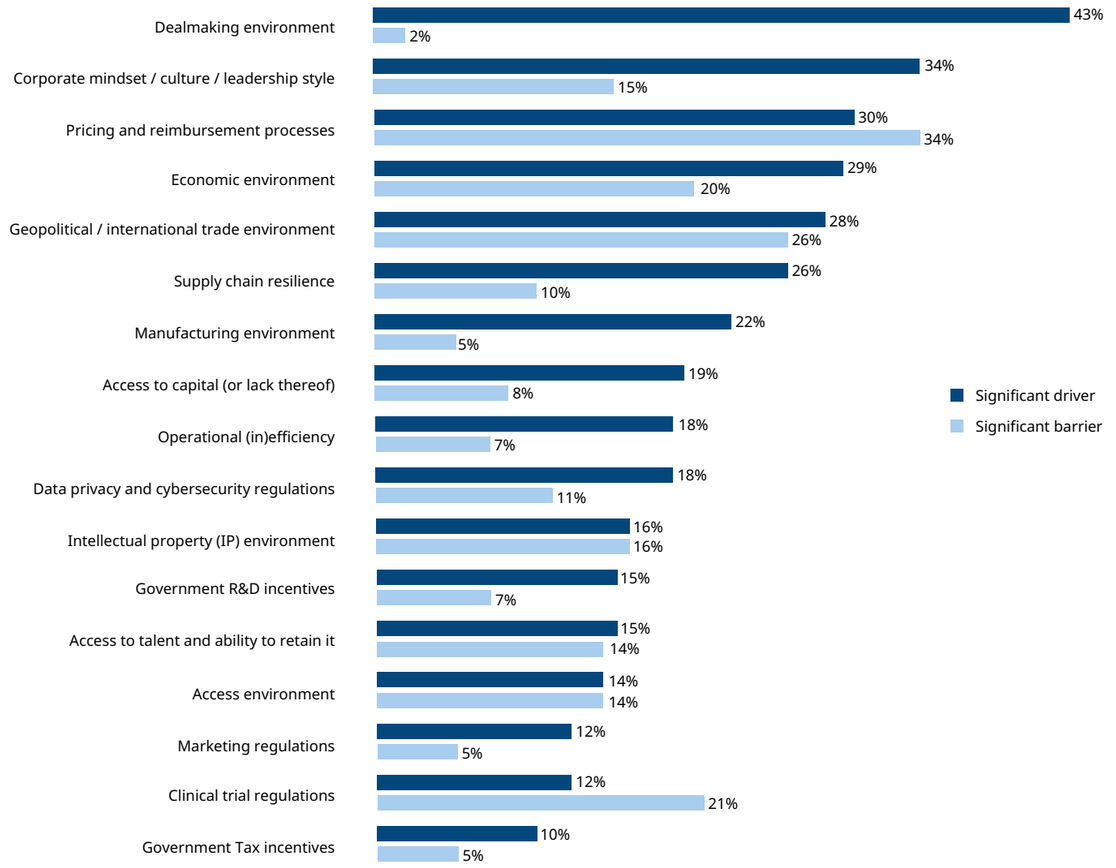
"Significant progress has also been made in CTR implementation and in guidance/training offered by EMA to CTIS users, which should foster public trust towards the clinical data gathered in the EU. However, very significant administrative burdens remain, as well as divergent approaches by the member states. The European Commission recently put forward their proposal to partially amend the MDR and IVDR, following harsh criticism by industry and clinicians. It's felt that without additional expeditious deregulation and harmonisation efforts, the EU's competitive gap versus the US and China isn't likely to be narrowed in the next five years."

The geopolitical and trade environment is the biggest mover versus 2024. Respondents ranked it the second-largest barrier (26%; up from 9th place in 2024), behind pricing and reimbursement processes.

To mitigate the impact of geopolitics and trade wars, supply chain resilience, a positive manufacturing environment and operational efficiency have all become more significant drivers of innovation and growth since 2024.

Figure 3: What are the biggest current drivers of / barriers to life sciences innovation and growth?

1 to 5 rating; chart shows % of respondents rating 5 per factor (5=significant driver/barrier)



We asked respondents if their company will pivot R&D or manufacturing investments to mitigate risks associated with any new tariffs, and 47% said yes **(Figure 4)**. A further 37% said they're uncertain, reflecting ongoing tariff uncertainty.

Many businesses have decided to take a watch-and-wait approach combined with robust scenario planning. Most respondents (78%) think the impact of tariffs on innovation and growth strategies is at least moderate **(Figure 5)**. Businesses are expecting cost increases, leading to lower margins. Or if they increase prices to absorb tariff impacts, they expect lower sales volumes due to price sensitivities.

Respondents who stated that tariffs have a severe impact on innovation and growth cite the US as a major market for their products and services, and/or they're concerned about their supply chain resilience.

Many innovations, especially in medtech and advanced therapies, rely on highly specialised components and complex manufacturing processes. This limits companies' ability to easily shift sourcing and production elsewhere.

Respondents also noted that the greater focus on tariff strategy and supply chain resilience means there's less resource to plug into R&D and other investments in innovation.

Richard Sterneberg, DLA Piper's Head of Global Government Relations, says "the survey results confirm the phenomenal challenge we face together. For our clients, their tariff strategy is no longer a compliance issue but a core business priority. And as legal advisors, our role is also evolving – we're not just interpreting new policies, we're helping shape strategic responses that protect innovation as well as navigating uncertain regulatory developments."

Former Senator Richard Burr, now Principal Policy Advisor and Chair of our Health Policy Strategic Consulting practice, says "it's more important than ever that life sciences companies embed trade policy forecasting into their strategic planning. The uncertainty around tariffs isn't a temporary disruption – it's a structural feature of today's geopolitical landscape. As such, scenario planning, jurisdictional diversification, and proactive engagement with policymakers are essential. If the goal of the US administration is to foster domestic innovation and economic growth, then trade tools must be deployed with precision and predictability."

Figure 4: Will your company pivot R&D or manufacturing investments to mitigate risks associated with any new tariffs?

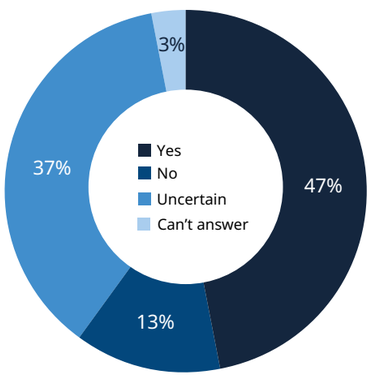


Figure 5: How severely does – or would – the imposition of new or higher tariffs disrupt your company's innovation and growth strategies?

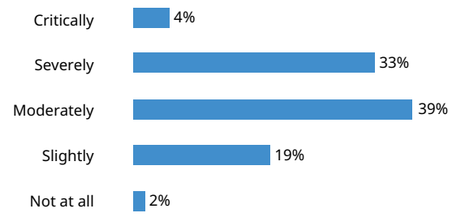
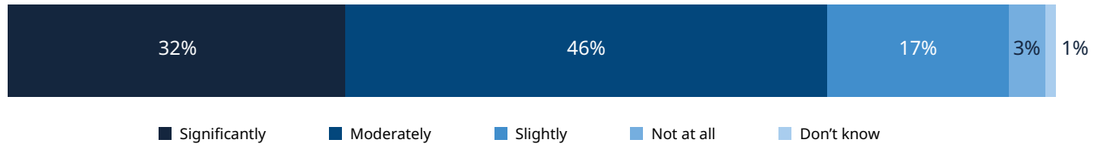


Figure 6: How much does operational resilience impact your innovation and growth strategies?



Operational resilience plays an increasingly important role in driving innovation and business growth and we're now monitoring this trend in the Life Sciences Index. The largest proportion of respondents (46%) say it has a moderate impact and a further 32% say the impact is significant **(Figure 6)**. This is broadly in line with how operational resilience is rated relative to other factors in **Figure 3**. It's seen more and more as a strategic enabler, reflecting the sector's growing complexity and competitiveness, increased regulatory scrutiny, and the need to accelerate R&D while maintaining quality and compliance.

Several respondents highlighted that AI is a key driver of innovation and growth. They mentioned AI-driven discovery, the increasing availability of – and familiarity with – digital platforms and technologies, and a positive AI regulatory environment as key to accelerating innovation. And in the case of European AI regulation, one respondent says it "will be crucial for investment in life sciences in the region."

"We all know the various examples of AI-powered breakthroughs in life sciences," says Gareth Stokes, DLA Piper's Global Co-Chair of Technology. "We've been waiting for these to translate from headline-grabbing work in research laboratories and computer science rooms into real results for large numbers of patients across the sector. With regulatory standards crystallising, and with regulators becoming more comfortable with AI's peculiarities, we're finally seeing confidence in life sciences AI use shift from cautious experimentation to genuine strategic adoption. The reason is simple: clarity breeds confidence. We know that investments in life sciences often have a longer period before seeing a return than in the 'move fast and break things' world of more general technology. A maturing regulatory environment, particularly in Europe, is starting to turn what was once viewed as a compliance obstacle into an investment signal.

"After all, when you know the rules, you have a clear framework to build against and can price the risk. Regulatory certainty is unlocking capital for everything from AI-driven drug discovery to hyper-personalised medicine."

"The real test ahead won't be whether AI can deliver scientific breakthroughs (it already does that daily), but whether two tests are met: on the one hand, are regulators persuaded that the benefits significantly outweigh any risks; on the other, can organisations embed those capabilities safely, transparently and at scale? As AI providers demonstrate that both questions can be answered with a firm 'yes,' the winners will be those who treat governance not as a brake, but as the scaffolding for sustainable innovation," says Gareth Stokes.

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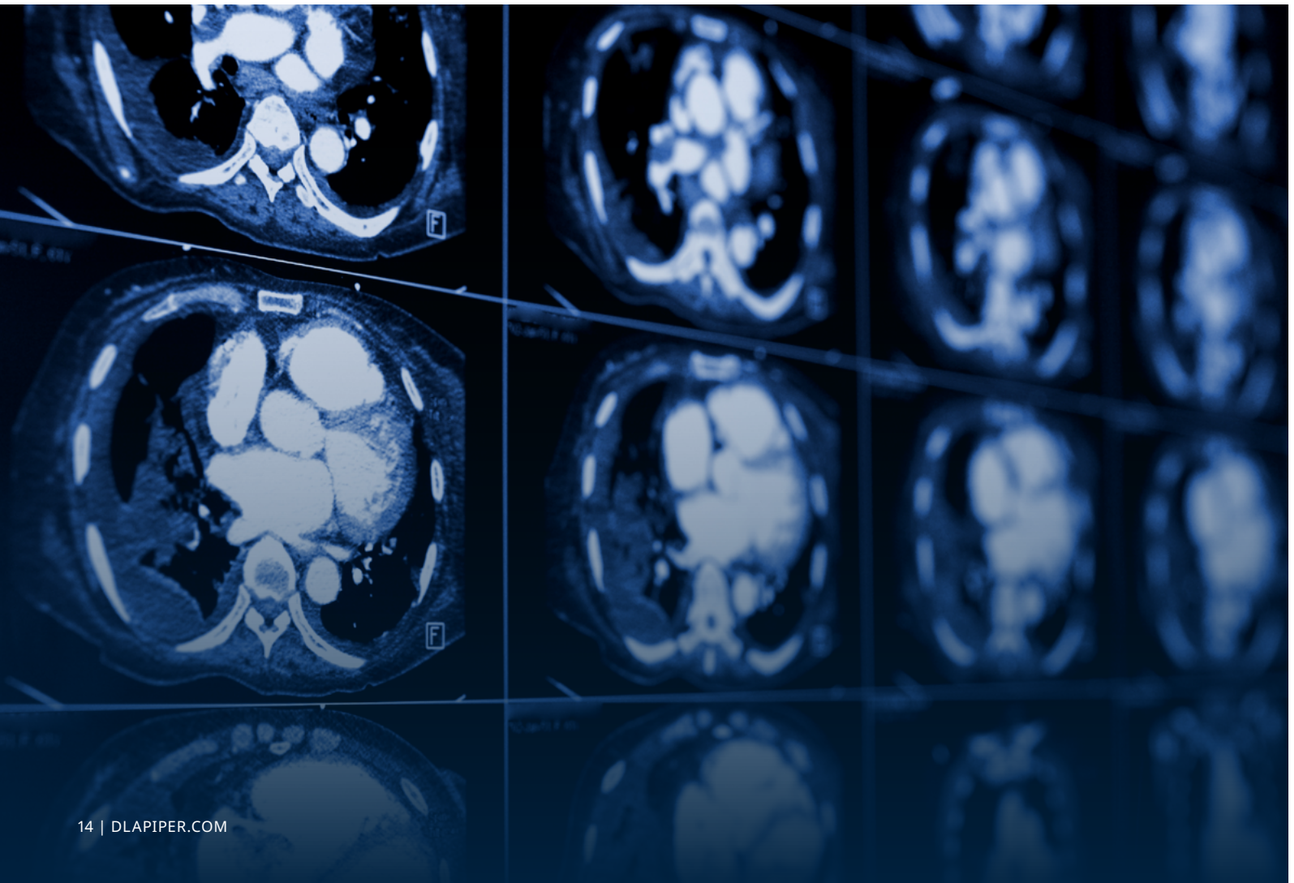

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About us

Our award winning lawyers combine subject matter expertise with deep sector knowledge to support all your legal needs. We provide comprehensive advice and representation across the full product lifecycle, including regulatory and strategic advice, corporate and commercial transactions, and disputes.

Our clients span the full life sciences ecosystem, from the largest pharmaceutical and medtech innovators, biotech and healthtech trailblazers, suppliers and distributors, to contract research organisations, diagnostic companies, care providers, investors and payers.

Working across more than 40 jurisdictions and always exposed to the latest innovations – including mRNA vaccines, cell and gene therapies and cutting-edge healthtech – our global team can help you succeed.

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