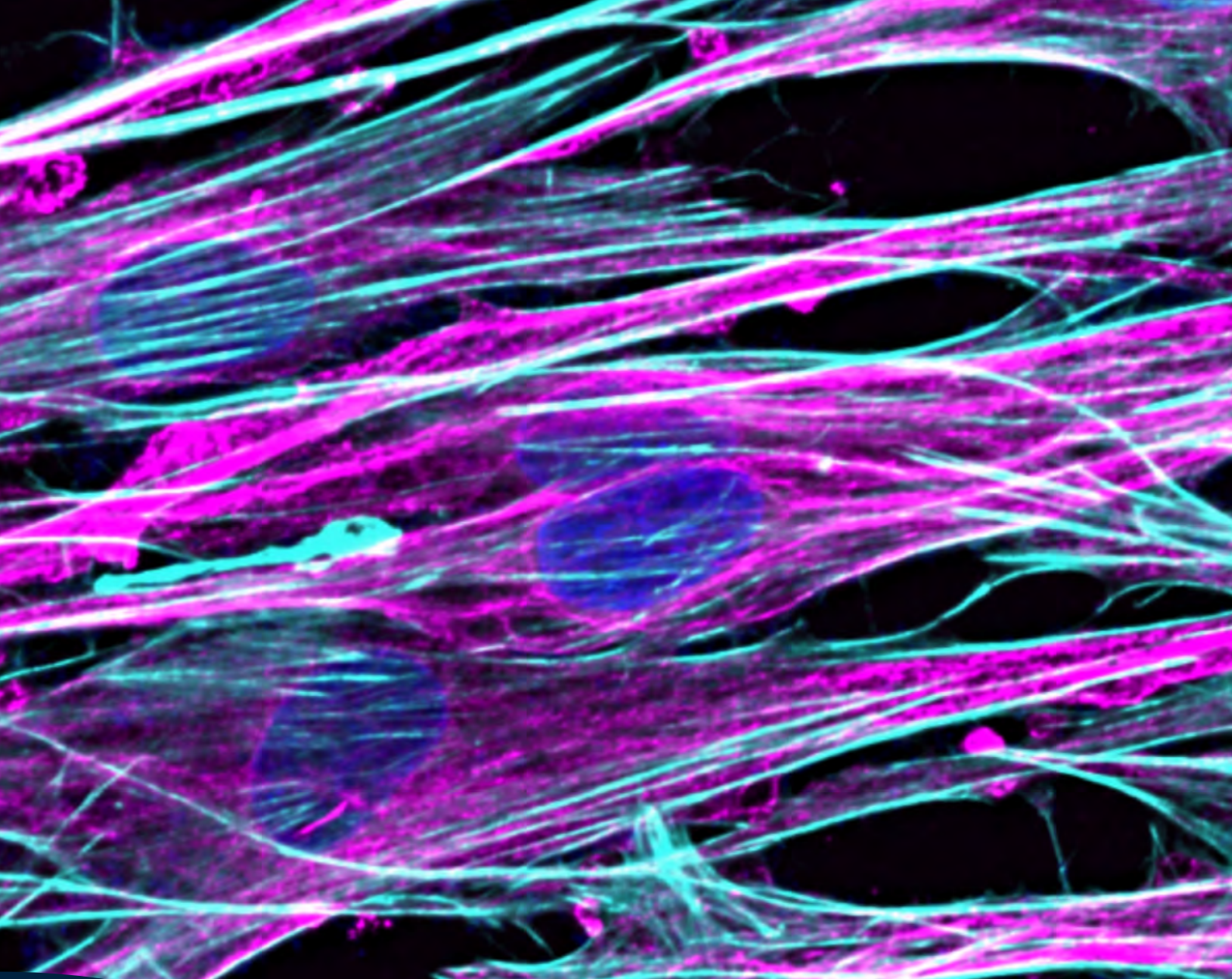

AN INDUSTRY IN TRANSITION

Life Sciences Index 2026

DLA PIPER

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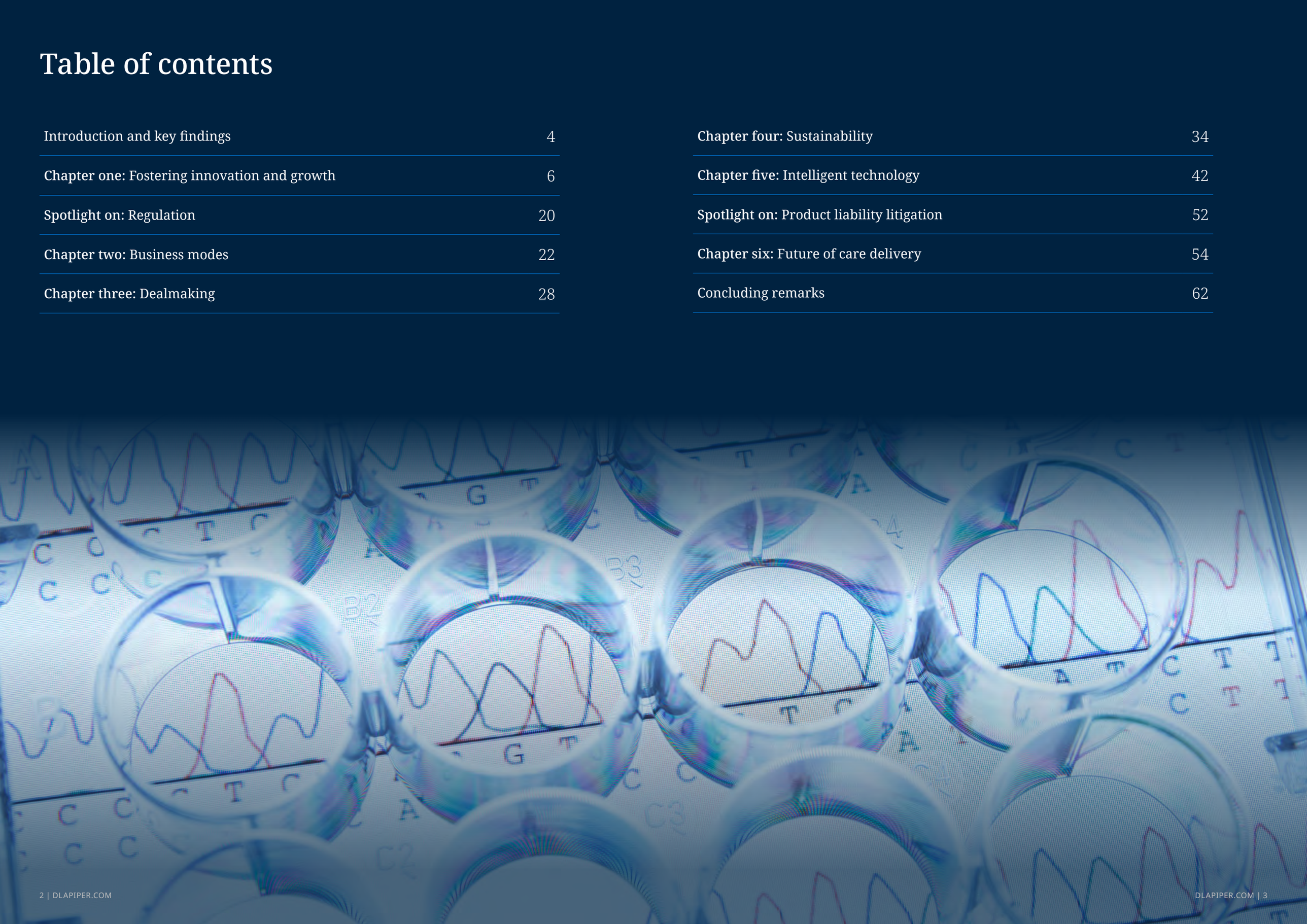

Introduction and key findings

Welcome to the second edition of the Life Sciences Index, which tracks perceptions of innovation and growth in the life sciences industry. The 2026 Index offers a first glimpse into how perceptions of the world's largest biopharma and medtech companies are changing over time.

The Index delves into the drivers of – and barriers to – innovation and growth, and the attractiveness of life sciences markets around the world. Given the trade turbulence we experienced in 2025, we explore how this is impacting operational resilience. We also track four themes – dealmaking, sustainability, intelligent technology and the future of care delivery.

The Life Sciences Index 2026 reveals an industry navigating complexity with sharper strategies and bold technological aspirations. It's an industry in transition. Companies are having to harness scientific and technological innovation while adapting to new care models. Compliance, collaboration and agility are crucial.

Methodology and respondent profile

We surveyed 202 senior people from the world's largest biopharma (53%) and medtech (47%) innovator companies, according to FY23 annual revenues. We used revenue thresholds to ensure we sampled from the top 150 biopharma and top 150 medtech companies globally.

See the Appendix for more on sampling, methodology and respondent profiles.

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Key findings

Life sciences sector attractiveness dips, but outlook is still positive – China chasing the US and Middle East gaining. The 2026 Life Sciences Index score is 71%, down 5% since 2024. This shows the sector environment is still "somewhat attractive" for incentivising innovation and growth, but positive sentiment has declined. The most attractive market is still the US, but it's down 7% and China has closed the gap since 2024. The EU, Japan and Switzerland complete the top five. The Middle East is the biggest mover since 2024, increasing by 8%.

Innovator confidence is unshakable – 92% expect revenues to grow. Most respondents (60%) expect 5-20% growth, though this is down seven percentage points from 2024. Business functions are in a more growth-focused mindset versus 2024, with much less cost-cutting. The best way to innovate and grow is still considered to be via organic portfolio expansion; doing so inorganically is less favourable than in 2024, while there's increased focus on expanding geographic reach organically.

Dealmaking dominates as the biggest driver of innovation and growth. Pricing and reimbursement processes are still having a big impact, but they're currently considered more of a barrier. The geopolitical and trade environment is the biggest mover versus 2024 and a top barrier behind pricing and reimbursement processes. Respondents also say AI is driving innovation and growth.

But dealmaking sentiment has dropped since 2024. Nearly half of respondents (43%) expect dealmaking activity to increase over the next 12 months. But geopolitical and macroeconomic uncertainty is more of a concern than two years ago. Strategic partnerships for R&D purposes are the top priority deal type for business growth. Tuck-ins, bolt-ons and early stage/venture investments are more strategically important in 2026 than in-licensing. And asset/platform/division acquisitions have dropped down the list of priorities since 2024.

Tariff pressures are pushing businesses to invest in R&D and manufacturing operations. 47% of respondents are planning to invest and 37% are in watch-and-wait mode. But 78% of respondents think the effect on innovation and growth strategies is at least moderate.

ESG falls down the list of priorities. Only 9% of respondents see ESG as a strategic priority, down from 13% in 2024. The relative importance of each ESG pillar has changed completely since 2024: governance is now the top priority, followed by environmental then social elements. In 2024, social was most important and environmental was the least. Boards are increasingly ESG-ready – the percentage of respondents getting external ESG advice has halved since 2024.

Intelligent technology moves up the agenda. 48% of respondents say their business has integrated AI at a basic level but want to integrate it further, and 36% are at an advanced stage of AI integration. A clear strategy and planning are the critical success factors for AI adoption. The biggest barriers are a lack of appropriate IT infrastructure, regulations and a lack of skilled personnel.

AI adoption is accelerating across business functions. Life sciences businesses are using AI in operations and business support much more than two years ago. Patient screening and diagnosis is the top market opportunity and it seems to be growing in care delivery. But it's decreased in the health and wellness tracking space.

Decentralised, patient-centric care will surge in the next ten years. 78% of respondents think out-of-hospital care will increase significantly and businesses are better prepared to capture this opportunity than they were in 2024. Innovators still have a key role to play in delivering care throughout the patient journey.

CHAPTER ONE

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)**.

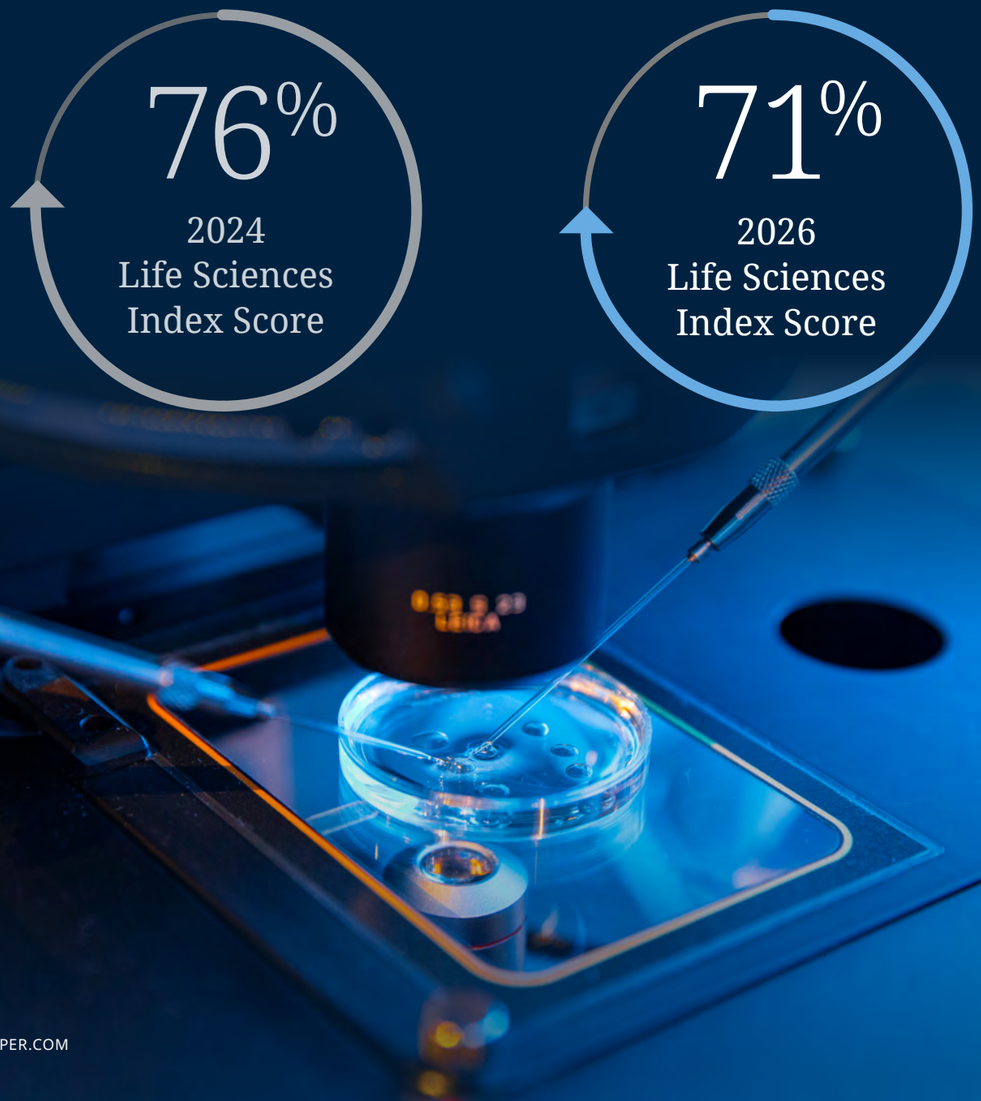


Figure 1: How attractive do you think the global life sciences ecosystem is right now for fostering innovation and growth?

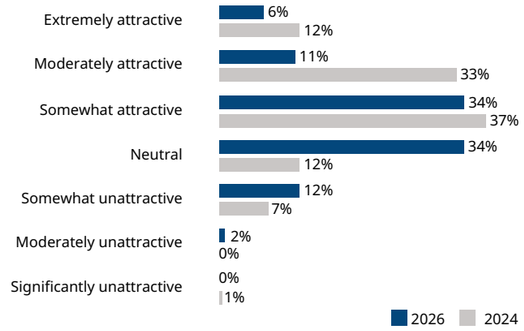
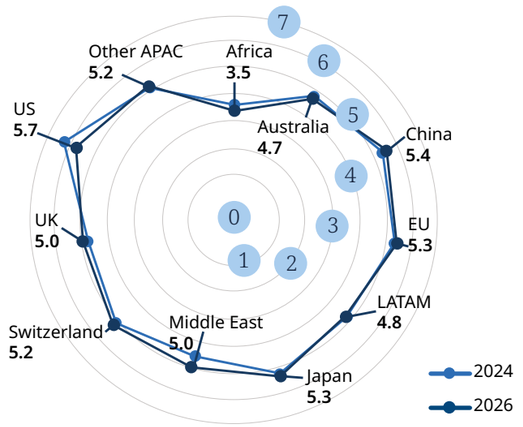


Figure 2: How attractive do you think the following regions or countries currently are for fostering innovation and growth in the life sciences industry?

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

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."

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.

Adam Vause, our Life Sciences lead for the Middle East and Africa, says 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."

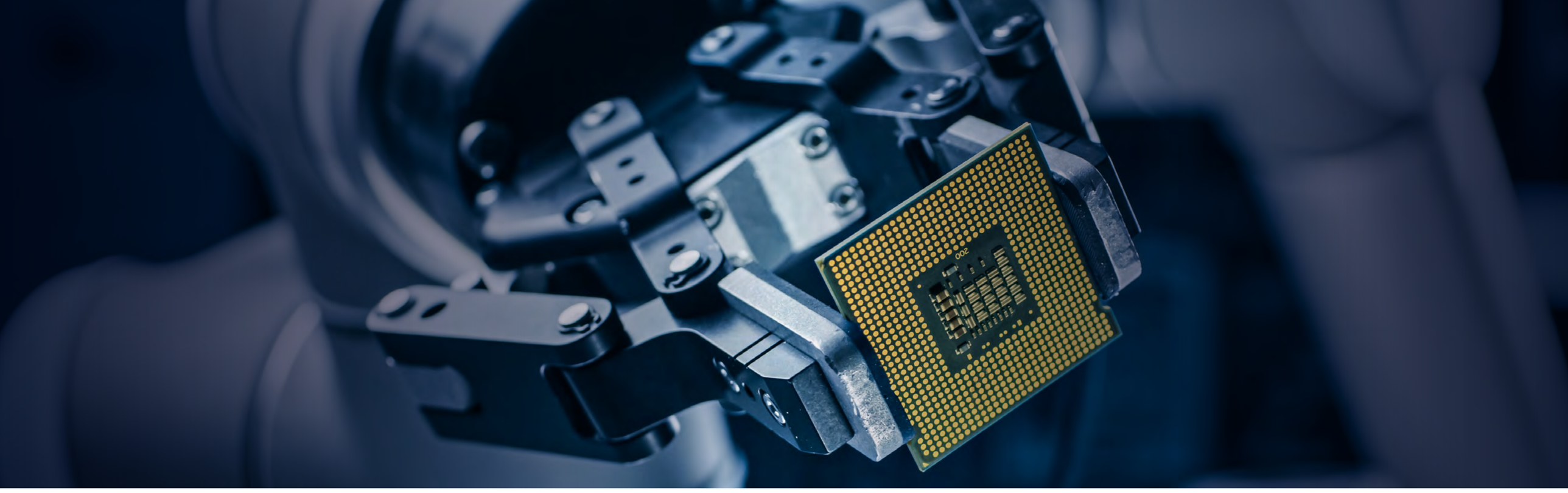
The EU score is unchanged from 2024. When respondents specified which EU country is the most attractive for life sciences innovation and growth, 60% said Germany, followed by France at 11% (N=72). These two countries are still the leading EU life sciences markets, with more people saying they're most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

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."

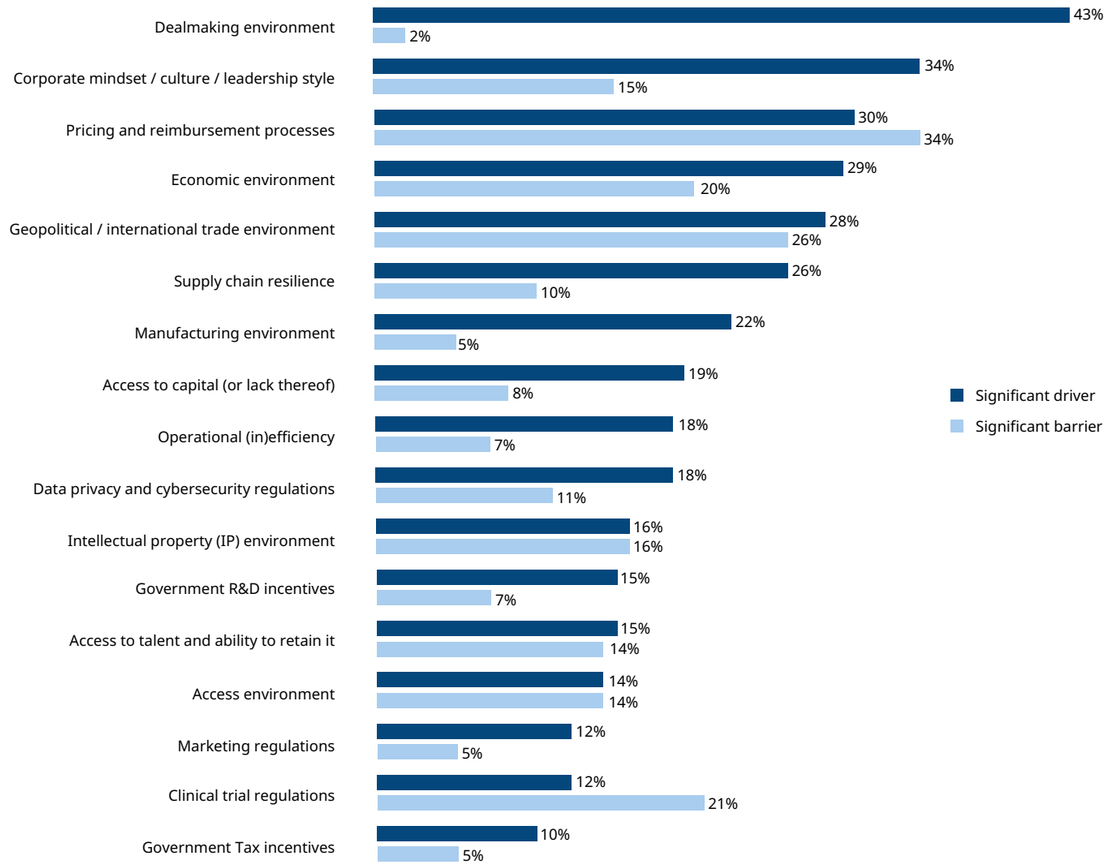
"Significant progress has also been made in CTR implementation and in guidance/training offered by EMA to CTIS users, which should foster public trust towards the clinical data gathered in the EU. However, very significant administrative burdens remain, as well as divergent approaches by the member states. 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?

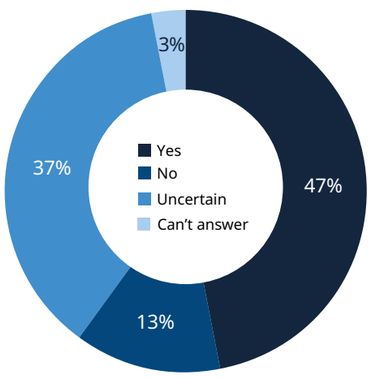


Figure 5: How severely does – or would – the imposition of new or higher tariffs disrupt your company's innovation and growth strategies?

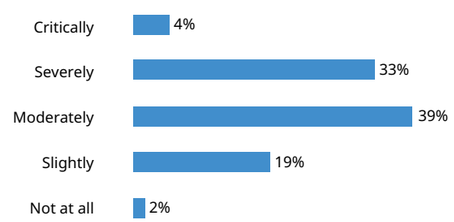
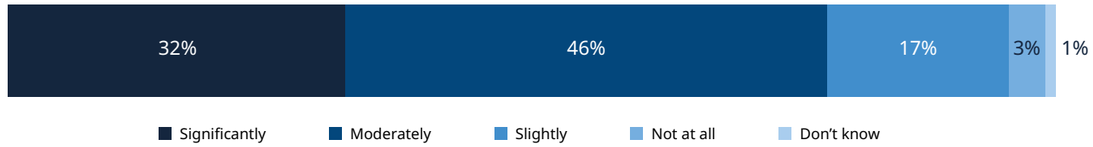


Figure 6: How much does operational resilience impact your innovation and growth strategies?



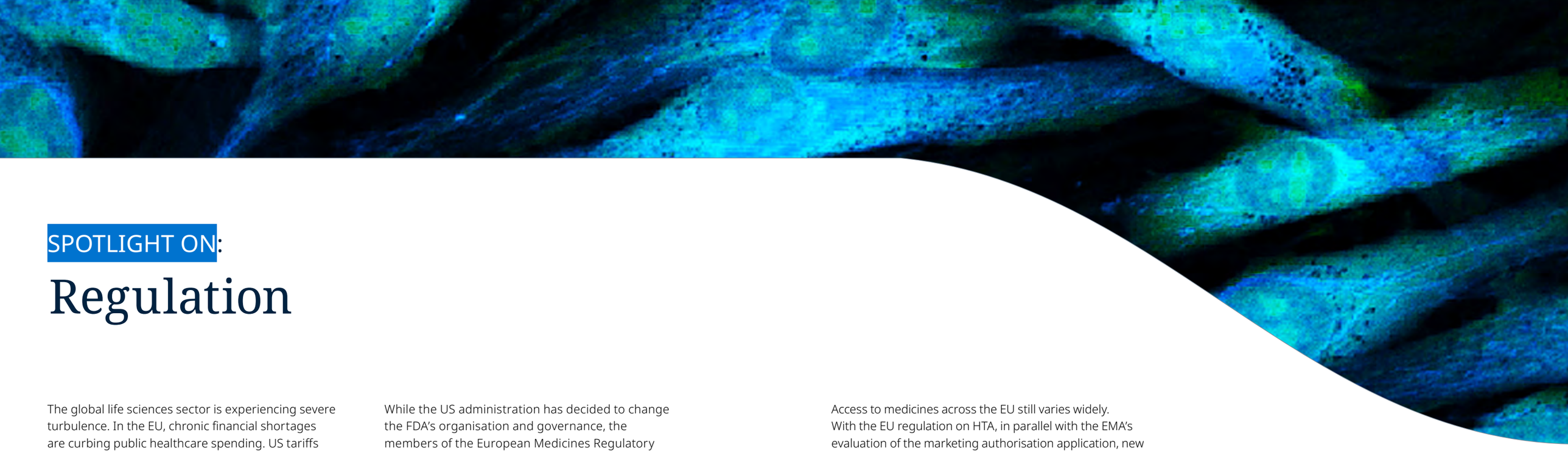
Operational resilience plays an increasingly important role in driving innovation and business growth and we're now monitoring this trend in the Life Sciences Index. The largest proportion of respondents (46%) say it has a moderate impact and a further 32% say the impact is significant **(Figure 6)**. 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.



SPOTLIGHT ON:

Regulation

The global life sciences sector is experiencing severe turbulence. In the EU, chronic financial shortages are curbing public healthcare spending. US tariffs and the government's repeated announcements about applying a "most favoured nation clause" for drug pricing are exacerbating the need for competitiveness. Businesses are being forced to accelerate key company decisions to avoid being left behind.

The EU's competitiveness gap is widening compared to other global players – notably China, which has introduced several regulatory changes to foster innovation.

ACT-EU is delivering good progress (see my thoughts on clinical trial regulations in **Chapter One**: Fostering Innovation and Growth of this Index). And the long-awaited European pharmaceutical legislation reform seems close to approval.

Contrary to the Commission's original proposal in April 2023, both the European Parliament and Council have resisted radical changes to regulatory data protection periods. Instead they've chosen to refine existing terms in the pharma law reform approved on 11 December, after 32 months of negotiations.

Other controversial issues have finally been resolved. For example, the transferable exclusivity voucher incentive for new antibiotics, an unprecedented measure from a global regulatory perspective. There are conditions to obtain the voucher, and no doubt there will be practical difficulties in implementing this new measure. But the co-legislators should be commended for approving a tangible incentive to R&D investments on new antimicrobials.

While the US administration has decided to change the FDA's organisation and governance, the members of the European Medicines Regulatory Network (ie the Commission, member states and the EMA) have increased their cooperation in a quite stable environment.

The EU's use of evidence-generating approaches – such as extrapolation, modelling and simulation – is expected to increase, driven in part by the growing availability of real-world data through platforms like DARWIN EU® (Data Analysis and Real World Interrogation Network). In 2025, the EMA initiated 100 studies through DARWIN EU. The platform acts as a pathfinder for the European Health Data Space (EHDS), demonstrating the benefits that regulators get when accessing and analysing large healthcare datasets.

Both the FDA and EMA are enhancing their efforts to keep pace with the use of AI in pharma. AI is predicting protein folding, modelling pharmacodynamics and pharmacokinetics in silico. It's being studied to identify alternatives to animal testing and via Large Language Models. And it's transforming unstructured data into structured data and supporting regulatory reviews.

AI is becoming an integral component in medical devices. Recently the EMA/CHMP issued a qualification opinion for an AI-based measurement of non-alcoholic steatohepatitis (AIM-NASH). It analyses liver biopsy images and quantifies histological features to determine disease activity in NASH/MASH. Innovators have to ensure they're using fit-for-purpose algorithms and datasets in accordance with current ethical, technical, scientific and regulatory standards.

Access to medicines across the EU still varies widely. With the EU regulation on HTA, in parallel with the EMA's evaluation of the marketing authorisation application, new drugs will now undergo a Joint Clinical Assessment (JCA). A JCA won't replace national decisions on pricing and reimbursement, but it's intended to help member states make decisions, facilitating faster and more uniform access to innovation in the EU.

A sort of "regulatory competition fever" seems to have hit regulatory authorities, each striving to make their country more attractive for R&D investments. The European Commission has just launched a Biotech Act aimed at boosting innovation, helping small and medium enterprises to find new capital for their activities, and streamlining clinical trials and regulatory paths. And the FDA has just announced that they'll no longer require comparative efficacy studies for biosimilars, replaced by comparative analytical assessments. This will significantly reduce the time and effort manufacturers spend on placing their biosimilars on the US market.

Life sciences companies should keep a close eye on these global political and legislative developments. They're an opportunity for growth and may at least partially compensate for the lost income and capitalisation over the last three years.

Stefano Marino
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CHAPTER TWO

Business modes

Overall, revenue expectations are still positive – 92% of respondents predict some kind of business growth this financial year, compared to 95% in 2024 **(Figure 7)**.

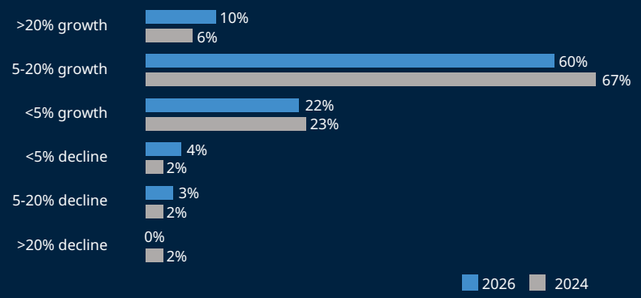
Expectations around the extent of revenue growth is very similar to our 2024 survey results, with some percentage-point differences. Most expect a 5-20% increase, though this is seven percentage points lower than in 2024.

The difference seems to be spread in both directions, with more respondents (4pp increase) expecting over 20% growth, and more expecting a revenue decline of less than 20% (3pp increase). This may reflect the winners and losers in the ongoing VUCA environment we're experiencing. Business models, operational footprints and commercialisation strategies are more exposed, affecting top and bottom lines in different ways.

Life sciences innovators have a more targeted business mindset compared to 2024. When asked what mode their business function is in **(Figure 8)**, 51% say they're mostly in revenue growth and investment mode, while 20% say they're mostly in cost-cutting mode.

Both modes are up eight percentage points on 2024, meaning businesses are much less focused on a mix of the two and making more concerted efforts in one direction: growth (top line) or efficiency and profitability (bottom line).

Figure 7: How much do you anticipate your business' revenue to change this FY versus last FY?



Organic portfolio expansion is still the most favoured path towards innovation and growth for life sciences businesses **(Figure 9)**. While a quarter of respondents say doing so inorganically is the best path, this option has become less popular since 2024 (12pp decrease). More businesses instead prefer organic geographic expansion (10pp increase).

A greater emphasis on R&D productivity and pipeline optimisation – spurred on by intelligent technology – favours organic portfolio expansion. Meanwhile, heightened regulatory scrutiny and continued macroeconomic headwinds exacerbated by trade wars are affecting the cost and feasibility of cross-border deals, tempering enthusiasm for inorganic portfolio expansion.

Figure 8: What mode is your business function in?

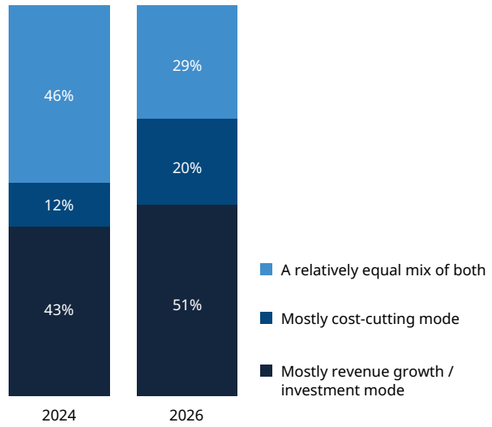


Figure 9: What does your business currently consider to be the biggest path towards innovation and growth in the near term (ie within the next year)?

There's strong demand for de-risked, high-quality late-stage assets, causing valuations to rise and making deals more expensive and competitive. For early-stage and pre-commercial assets, valuation gaps between buyers and sellers are still a challenge. Some businesses are pausing dealmaking efforts, delaying certain deals as they seek to safeguard their position, or abandoning them altogether as they wait to see how the landscape evolves before committing.

Tom Heylen, our Co-Head of International Life Sciences M&A, says "this is reflected in DLA Piper's latest Life Sciences M&A Supplement, where we've seen an overall reduction in appetite for M&A. The mid-market is showing greater resilience than larger deals but in all cases we're seeing a more cautious approach to M&A with more time spent diligencing targets and structuring transactions to reduce risk."

The name of the game is increasingly one of discipline. Innovators that combine this with strong integration capabilities are expected to outperform their peers.

Despite this backdrop, pipelines still need to be filled with promising innovations to protect long-term growth. And businesses need a mix of organic and inorganic approaches.

Inorganic growth can accelerate entry into high-growth therapeutic areas and provide instant access to novel technologies and platforms, such as antibody-drug conjugates (ADCs) and radioligand therapies (RLTs) in the field of precision oncology. Indeed, our survey respondents think dealmaking is the top driver of innovation and growth.

What makes organic geographic expansion a more viable path to growth than in 2024? Trade uncertainty has forced many businesses to diversify their geographic footprint away from countries facing unfavourable tariffs to improve their operational resilience.

Governments are competing to become global life sciences leaders and world-class innovation hubs. They're offering innovators a range of incentives to invest in R&D and manufacturing activities on their soil. And maturing healthcare markets around the world are generating increased demand for innovation, making an operational or commercial presence in those markets more viable and valuable.

Finally, cutting-edge innovations like cell and gene therapies and RLTs need to get to patients as quickly as possible, forcing innovators to expand their geographical footprints from a manufacturing perspective.

"We're putting an end to the hierarchical model and putting more power in the hands of the innovators and creators at Bayer. We call it Dynamic Shared Ownership. We redesigned Bayer around our mission: Health for all, Hunger for none. That began with an overhaul of our operating model: to deliver faster innovation for the farmers, patients and consumers who depend on #TeamBayer."

Dr. Edda Dolzer
Senior Litigation Counsel, Bayer AG

CHAPTER THREE

Dealmaking

The dealmaking environment is less optimistic now than in 2024. More respondents expect deal activity to decrease over the next 12 months (+10pp; **Figure 10**), citing macroeconomic and geopolitical uncertainty and volatility.

Access to capital has declined while the cost of capital has increased, meaning innovators are much more cautious about the deals they make.

Despite this more cautious view of dealmaking, the largest proportion of respondents (43%) still expect deal activity to increase in the coming year.

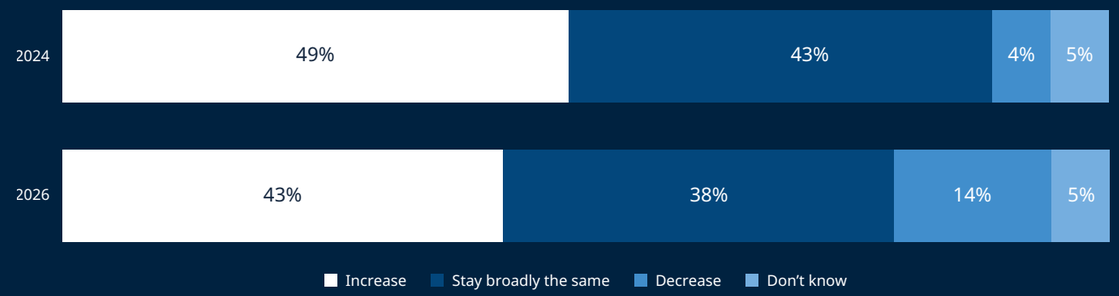
Businesses still need to consolidate and feed the innovation funnel, irrespective of the macroenvironment. And many respondents say AI is driving activity. AI-based discovery platforms, AI-driven diagnostic tools, digital therapeutics and intelligent care coordination are just some of the areas in which life sciences businesses are seeking deals.

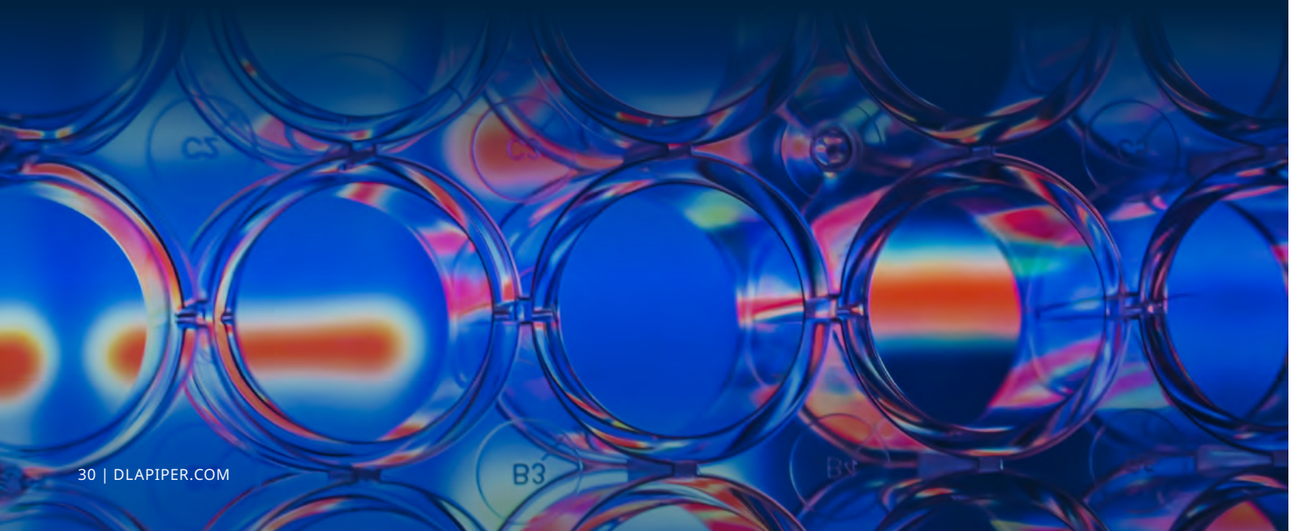
Portfolio optimisation continues, with innovators doubling down on their priority areas and divesting non-core assets. Immunology and inflammation, precision oncology and neurology are still hot therapeutic areas, and the success of incretin analogues is driving interest in the cardiometabolic space.

Meanwhile, the FDA's new Rare Disease Evidence Principles (RDEP) pathway, launched in September 2025, could spur increased interest in rare disease dealmaking.

In terms of geographic hotspots, China currently dominates licensing deal flow. While cross-border M&A involving China has been constrained by complexity, there's been a surge in licensing deals made with Chinese innovators. And Chinese companies are increasingly partnering with global life sciences innovators.

Figure 10: How do you think life sciences deal activity will change over the next 12 months?





"While the deal market has been challenging, particularly in 2024 and H1 2025, competitive processes in life sciences M&A are becoming more common as the pool of potential acquirers grow, especially with private equity looking to deploy just some of their accumulated dry powder and other alternative funders participating (such as sovereign wealth funds) either as a syndicate or alone," says Robert Newman, Corporate Partner in our Life Sciences practice.

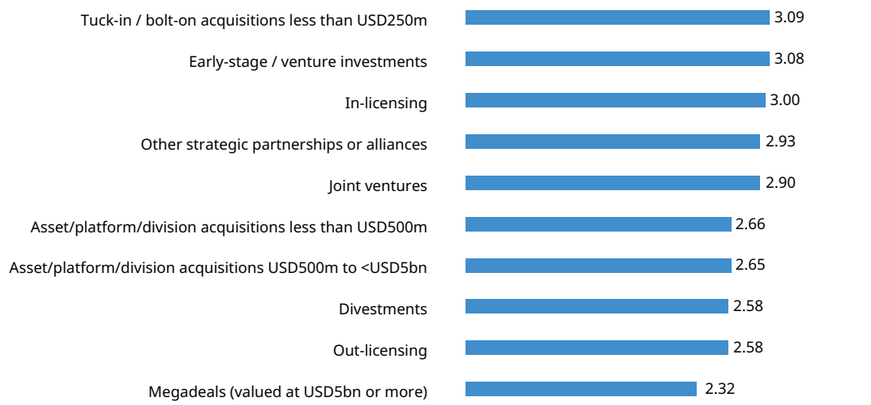
"This competitive tension typically drives higher valuations, quicker timetables and reduces the risk of an abort. For bidders who've lost and already invested heavily in the due diligence phase, they'll want to use that knowledge by looking at other assets in the sector, which may or may not already be on the market."

"Consequently – and despite macro-uncertainty – stakeholders across the spectrum are awakening and becoming buoyed by the assets that are being placed on the market. Pricing expectations are aligning and the cost of debt is generally lowering. Optimism is, therefore, running higher than it has been over the last 18 months, with the increasing deal activity in H2 2025 expected to continue into 2026. With public markets also recovering, particularly in the US and Asia, confidence is growing that we are entering into a period of sustained deal activity in life sciences," says Robert Newman.

What types of deals are most important for business growth? Strategic partnerships for R&D are the top priority, thanks to the greater flexibility, lower resource commitment and lower risk they offer in terms of portfolio management versus in-licensing and outright acquisition **(Figure 11)**.

Figure 11: How important is each of these deal types for your business' growth?

Average rating on 1 to 5 scale (1 is not being considered, 5 is a strategic priority)



Life sciences companies are turning to early-stage and venture investments to avoid the higher scarcity value associated with market-ready assets, and venture capital offers a rich and agile ecosystem of early-stage, pre-clinical and experimental innovation that biopharma and medtech companies can tap into.

In uncertain times, tuck-ins and bolt-ons provide a clearer, more predictable path to value creation than in-licensing.

This is especially the case now that innovators are more laser-focused on which high-growth areas to invest in, thanks to ongoing efforts to refine and streamline portfolios.

Tuck-ins and bolt-ons are more likely to have the added benefit of talent acquisition and carry less integration risk than acquiring specific assets or platforms and divisions.

Megadeals, like in 2024, are the least important deal type for life sciences innovators. Smaller, more targeted deals align better with how the industry is approaching growth today: agility, value for money and prudent deployment of capital are top of mind.

Victoria Rhodes, Co-Head of International Life Sciences M&A, says "with deal appetite best described as 'cautious,' optically less risky partnership arrangements or strategic alliances are at the top of the agenda for many in the sector. This is particularly evident when considering inorganic growth in some jurisdictions, such as China, where there's huge opportunity and innovation, but risk appetite for deals can mean that partnerships and alliances offer a safer investment strategy. Similarly, large corporates across both biopharma and medtech continue to explore venture transactions, looking for minority investments as a lower-risk alternative to M&A, which doesn't impact on the P&L, but seeks to keep the innovation pipeline stocked with varying rights to be first in the queue upon a sale or if certain milestones are reached."

CHAPTER FOUR

Sustainability

Sentiment around sustainability and ESG has shifted notably over the past two years. Increased polarisation, caution, quiet resilience and strategic recalibration; the sustainability environment is changing across sectors, not just in life sciences.

ESG has become a particularly politically charged term in the US, leading to many companies greenhushing to avoid scrutiny and rebranding away from the term, but maintaining underlying sustainability efforts.

"Outside the US, anti-ESG sentiment is less prominent, but life sciences businesses are being more cautious. Fewer ESG-specific topics are stated to be top of mind for boards and business in general," says Moritz von Hesberg, Corporate Partner in our Life Sciences practice, with a focus on sustainability.

Investor scepticism of sustainability initiatives is also increasing, with many worrying that they could harm short-term corporate performance and might fail to deliver on their promise of positive long-term effects. Many investors think ESG's importance in deal decision-making will decline, despite increased reporting.

ESG backlash – mostly resulting from changing perceptions in the US – is expected to continue over the next few years, but corporate sustainability strategies will continue. They're just recalibrating and maturing. The focus is increasingly on materiality, ensuring compliance across key jurisdictions in the face of regulatory divergence, and how sustainability can give businesses a competitive edge via operational resilience and customer retention.

For many life sciences companies, sustainability is increasingly about return on investment and is no longer a mere reporting requirement. Despite the scepticism, sustainability is now widely accepted as a strategic imperative and core to how life sciences businesses operate, innovate and grow.

Only 9% of our survey respondents say ESG forms a clear part of their overall business strategy and that they invest significantly in it **(Figure 12)**. This is a four percentage-point decrease on the 2024 result.

The decline of ESG as a top priority could be down to anti-ESG sentiment and may reflect a deliberate effort to deprioritise or simply to greenhush. But overall, anti-ESG sentiment is considered lower in the life sciences than in other sectors.

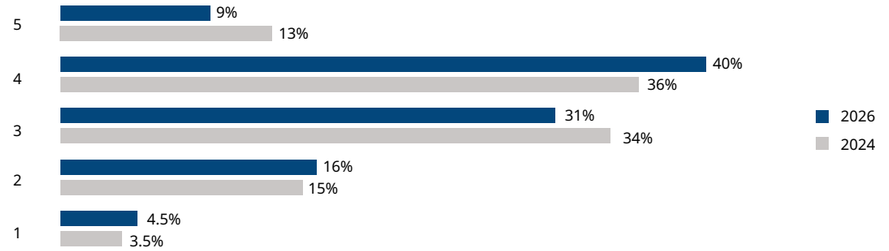
ESG is still on the agenda for most businesses, with at least some level of resource and capital allocated to it. Areas like supply chain resilience, access to medicines and climate risk mitigation are critical for maintaining a license to operate in the sector.

Perhaps the data reflects how sustainability has become embedded in corporate strategies and is now business as usual.

"It may also be a confirmation that life sciences innovators have been paying attention to ESG-related areas core to their long-term operational and economic success for some time, irrespective of the ups and downs of specific ESG regulation," says Moritz von Hesberg.

Figure 12: How much of a strategic priority are ESG issues for your business?

1 to 5 scale (1 not a priority at all; 5 a significant priority that forms a clear part of the overall business strategy)



For the life sciences businesses we surveyed, governance is what they're focused on most, followed by environmental and then social issues. This is a change from two years ago, when the social element gained the most attention, governance was second, and the environment was third **(Figure 13)**.

It's unsurprising governance is top of mind. Life sciences innovators have stepped up their compliance efforts because of increased reporting requirements. And to mitigate compliance risks – including those related to greenwashing, concerns about which are rising – they've increased investment in data quality and governance, both in-house and via third parties.

To help reduce compliance costs for companies, policymakers are keen to simplify ESG regulation.

In early 2025, the EU started to refine and rearticulate its regulations – notably CSRD and CSDDD – via an omnibus package, but this has created ongoing uncertainty for businesses on how to proceed with their sustainability strategies.

Moritz von Hesberg adds, "another factor contributing to the focus on governance is the global fragmentation of ESG regulation. Federal climate disclosure rules have stalled in the US, while state-level mandates (eg in California) and EU regulations continue to evolve. Companies with global operations must monitor and adapt to divergent requirements and pay particular attention to their global governance and compliance set-ups."

Uncertainty around AI adoption is also driving the importance of corporate governance.

Moritz von Hesberg and Alex Tamlyn, Chair of DLA Piper's Boardroom Counsel practice, agree that the adoption of AI will have a strong impact on sustainability in the life sciences sector. "From an innovator's perspective, the use of AI to reduce lead time between drug discovery and commercial production is at the forefront of their mind. However, ESG-related challenges remain – in particular, properly controlling AI deployment so that product safety and quality aren't compromised," they say. "Another interesting development is that agentic strategies are moving beyond isolated pilots. Life sciences companies are beginning to orchestrate AI agents across workflows, which can unlock significant operational efficiencies but requires robust oversight to avoid 'AI sprawl' and ensure ethical use. Boards will face multiple challenges and heightened governance responsibility when deciding on the right balance of AI implementation in the coming years."

The environmental sustainability of life sciences businesses is critical. It's about reducing their significant environmental footprint – from high energy and water consumption in labs to plastic waste and embodied carbon – by adopting green chemistry, circular economy principles, and sustainable manufacturing and supply chain practices. Nature and biodiversity are becoming more important in reporting and supply chain compliance, particularly given how material they could be to the sector.

Health systems are responsible for about 4-5% of global GHG emissions. And biopharma and medtech innovators are significant contributors to health system emissions; pharmaceuticals alone can contribute as much as half in some nations.

More than 75% of GHG emissions from the life sciences sector are Scope 3, ie occurring in the value chain, so more businesses are focusing on how they can make their supply chains more sustainable.

Medtech supply chains are particularly complex and resource intensive. In 2024, the Collective Healthcare Action to Reduce MedTech Emissions (CHARME) collaborative launched to improve sustainability in medtech supply chains and addresses the lack of a coordinated and large-scale approach to reducing GHG emissions in the medtech industry. CHARME brings together healthcare providers, medtech innovators, NGOs, distributors and GPOs, with a focus on the US market.

Biopharma is making similar efforts. The Pharmaceutical Supply Chain Initiative (PSCI), a collaborative industry group focused on sustainability, ethics and responsible sourcing, helps pharma and biotech companies coordinate ESG efforts, in particular around Scope 3 emissions and supplier engagement.

"Supply chain transparency and disclosure remain a cornerstone of ESG regulation in many countries, including in the EU," says Alex Tamlyn. "Combine this with the fact that life sciences supply chains are typically long, complex, and have specific needs such as specialised transport conditions, and you have the dual challenges for innovators of accurate disclosure and practical resilience. Whether or not boards buy into the 'philosophical,' 'normative' or 'commercially advantageous' aspects of ESG, the necessity of supply chain integrity and compliance is crucial and cannot be deprioritised or negotiated away."

Increasing numbers of life sciences companies – representing over half of the biopharma sector by revenue – are joining the UN-backed Race to Zero initiative, reflecting a growing commitment to net zero goals across the sector.

Nearly two-thirds of pharma and medtech companies in the Race to Zero initiative have started a My Green Lab Certification, which is a 2030 Breakthrough Outcome for the sector. And nearly half of those certifications are being implemented at a global scale, highlighting businesses' deep commitments to improving their environmental footprints.

The challenge is in extending this commitment to suppliers to help reduce Scope 3 emissions. Innovators are putting increasing pressure on their suppliers to achieve My Green Lab certification, via the Converge initiative (endorsed by the PSCI), a pharma-supplier sustainability partnership. Certified suppliers will have a competitive advantage in procurement processes.

The social element of ESG, while less of a focus on average according to our respondents, is still important to life sciences innovators. Not least because access to, and quality and safety of medicines and medtech, is their raison d'être. Anti-DEI sentiment, particularly in the US, could be pushing the "S" down the ESG agenda, while geopolitics and macroeconomics are pushing the "G" and the "E" up the agenda, as companies seek resilience in a VUCA world. These dynamics are broadly reflected in respondents' ranking of the ESG themes listed in **Figure 14**, which are largely unchanged from our 2024 report.

At the top are themes at the core of life sciences business growth: product safety and quality; affordability and access; and business ethics. Business ethics is in third place again, given the unique responsibilities life sciences innovators face in terms of public safety, regulatory compliance and societal trust.

Next in the ranking are two themes covering supply chain resilience and sustainability. Sustainable sourcing, product lifecycles and a circular economy has moved up one rank, swapping with patient access to and diversity in clinical trials.

Decentralised trials (DCTs) play a key part in improving patient access and enrolment while engaging with fewer trial sites. But some respondents say the use of DCTs is tapering off after peaking during the COVID-19 pandemic, as innovators wait for more evidence that they offer the right return on investment.

Add this to the anti-DEI sentiment seen particularly in the US, and this clinical trial theme has become less important for business growth. Finally, despite the scale of the challenge in this sector – or perhaps because of it – decarbonisation still ranks last.

Figure 13: How much focus does your business currently put on each of the three ESG pillars?
Average based on 1 to 5 scale (1 no focus at all; 5 strongest focus)

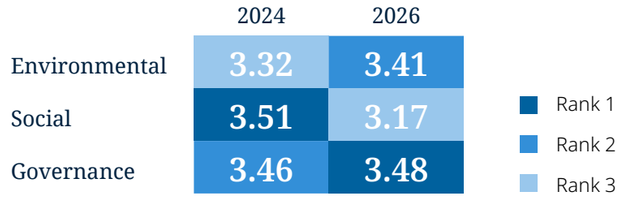


Figure 14: How important are these ESG-related themes for your business growth?
Weighted average per theme based on 1 to 7 ranking (1 most important; 7 least important)

Rank	Theme	Weighted average 2026	Weighted average 2024
1	Product safety and quality	5.89	5.96
2	Access to and affordability of innovations	4.39	4.62
3	Business ethics	4.33	4.49
4	Supply chain compliance and resilience	4.19	4.34
5	Sustainable sourcing, product lifecycles and a circular economy	3.47	3.20
6	Access to and diversity in clinical trials	3.45	3.39
7	Net zero decarbonisation	2.29	1.98

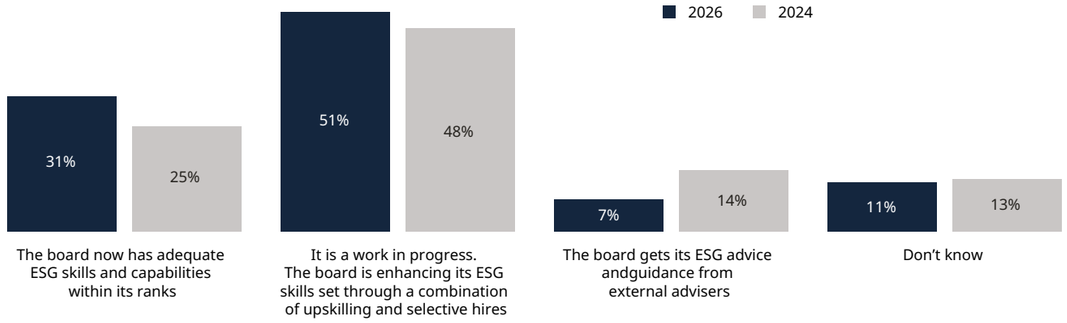
How ESG-ready is your board? Our survey suggests businesses are better prepared than two years ago, with more boards believing they now have everything they need to implement their sustainability strategies (+6pp) and more in the process of enhancing their ESG skillsets (+3pp). The number of respondents saying their boards get external ESG support has halved since our 2024 report **(Figure 15)**.

Alex Tamlyn highlights the difficulty of interpreting this data. "Potentially it could indicate that the 'shock of the new' has subsided and that businesses are developing an internal ESG skillset as they progress up the ESG maturity curve. That would be a good thing. But there's also certainly empirical evidence that it shows a reallocation of resources by companies away from ESG to address the stated priorities of their investors in pursuit of financial returns, not a means to an end of long-term decision making at all."

To complicate matters, transition plan disclosures by in-scope businesses are at the forefront of ESG climate regulation, particularly in the EU and potentially also in the UK. The forward-looking nature of this regulation will test the risk perception and appetite of boards familiar with older style "rear view mirror" disclosures based on historical data, and the long-tested verification processes that support them.

Alex Tamlyn believes that "business leaders should view mandatory plan disclosure as an opportunity to produce highly decision-relevant information for the providers of capital" and that "boards should ensure that they have access to good quality data covering not only the 'what?' but also the 'how?' and the 'when?' of their emissions reduction strategy."

Figure 15: How ESG-ready is your board?



"Through our work with life sciences practitioners, executives and standard setters, we're seeing effective governance, sustainable packaging and decarbonisation crystallising as priorities for the sector's innovators. Aligning global operations with fragmenting local regulations is complex. The sector's reliance on energy-intensive processes and single-use plastics poses a unique dilemma. And Scope 3 emissions are notoriously difficult to measure.

Meanwhile, intelligent technology is emerging as a key sustainability enabler. For example, AI is driving smarter resource use and more efficient trial design, and blockchain is being explored to enhance supply chain traceability.

Overall, the sustainability challenge and opportunity lie in closing the loop, embedding sustainability not just as a response, but as a proactive, cross-functional driver of risk management and value creation. This requires upskilling leadership to navigate the regulatory and reputational landscape, investing in robust sustainability data infrastructure and governance — enabled by intelligent technology — and refocusing procurement through a sustainability lens. Those who act with clarity and focus will not only meet stakeholder expectations but also unlock new growth opportunities in a rapidly greening global economy, even in the face of regulatory and geopolitical challenges."

Moritz von Hesberg and Alex Tamlyn
Co-Leads, International Life Sciences ESG team, DLA Piper

CHAPTER FIVE

Intelligent technology

The value of intelligent technology to the life sciences industry is immense. Generative AI alone is expected to create tens to hundreds of billions of dollars' worth of efficiency and productivity benefits every year for biopharma and medtech combined.

And for the healthcare systems that innovators serve, the benefit is expected to be even greater. Add emerging agentic AI capabilities and the longer-term promise of quantum computing into the mix, and the magnitude of value creation moves from transformative to potentially revolutionary.

In a 2024 Accenture Biopharma R&D Executive Survey, 87% said AI and machine learning are imperative to business success. Appropriately deployed – that is to say, at scale across the value chain – intelligent technologies are expected to significantly reduce R&D and manufacturing costs, bring innovations to market significantly faster, and generate extra revenue per innovation, running into the billions.

Given the scale of the opportunity, it might seem surprising that only 37% of our respondents say intelligent technology is a significant priority for their business, up just one percentage point on our 2024 report. But if you look at the distribution of responses across the five-point scale, you can see a marked shift towards the higher end (4 or 5 out of 5). Intelligent tech is clearly becoming a higher priority for businesses overall **(Figure 16)**.

In our 2024 report we suggested that intelligent technology isn't a significant priority in more life sciences businesses because many don't know how best to deploy it, despite recognising its transformative value. A 2025 Financial Times analysis of the SEC filings and investor calls of S&P 500 companies confirms this: the risks associated with intelligent technology are much more frequently mentioned (and better defined) than the opportunities. More on risks and opportunities shortly.

The lack of confidence in how best to use intelligent technology is reflected in how well it's integrated into life sciences businesses. Almost half of respondents say integration is basic, but there is an aspiration to go further **(Figure 17)**.

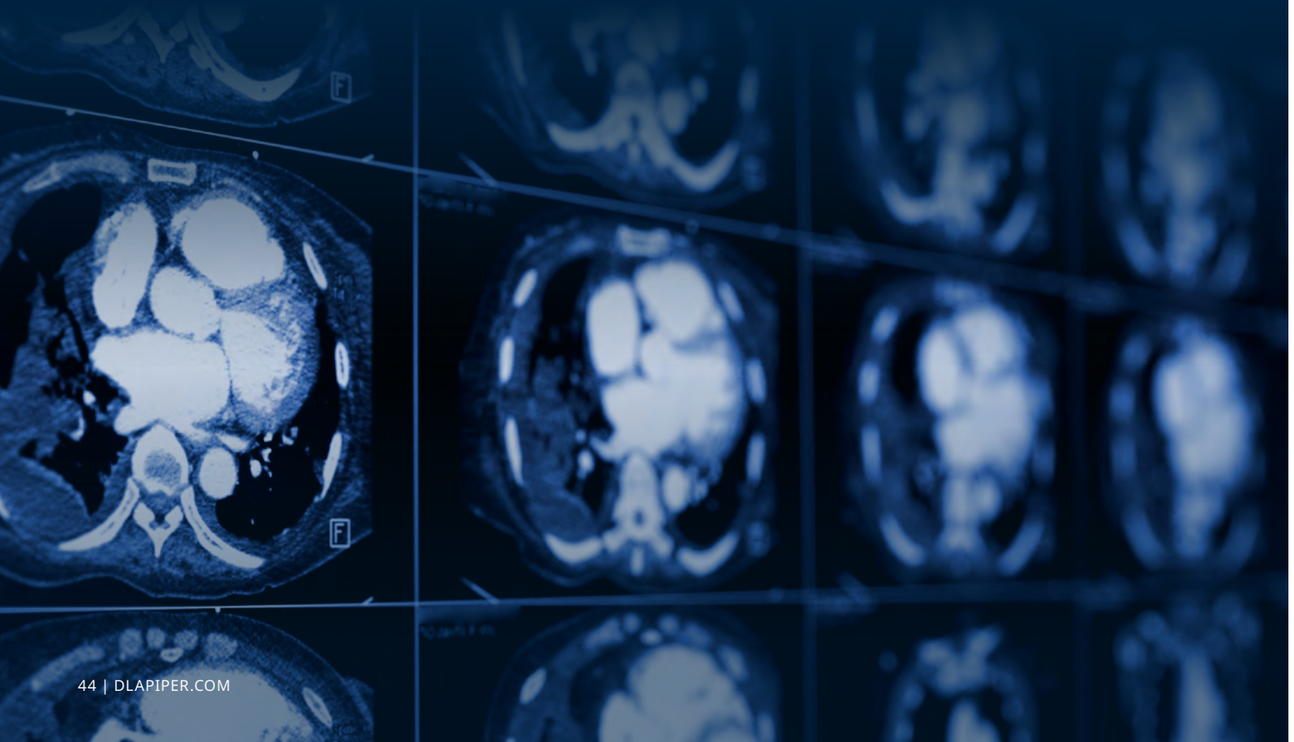


Figure 16: How much of a strategic priority is the application of intelligent technology for your business?

1 to 5 rating (1 not a priority at all; 5 significant priority)

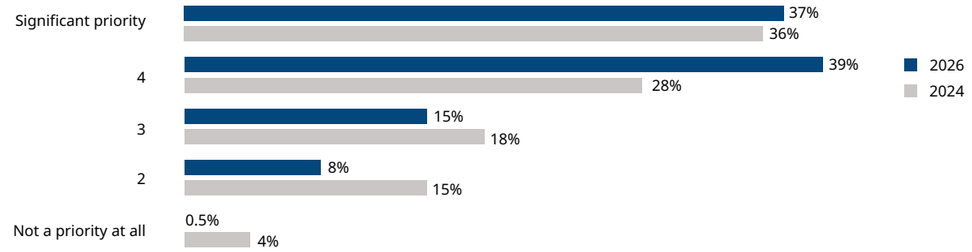
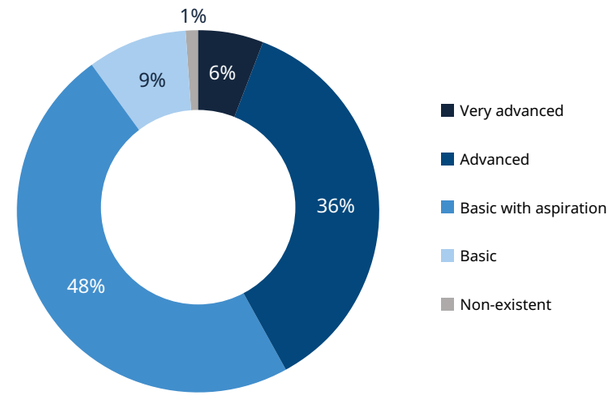


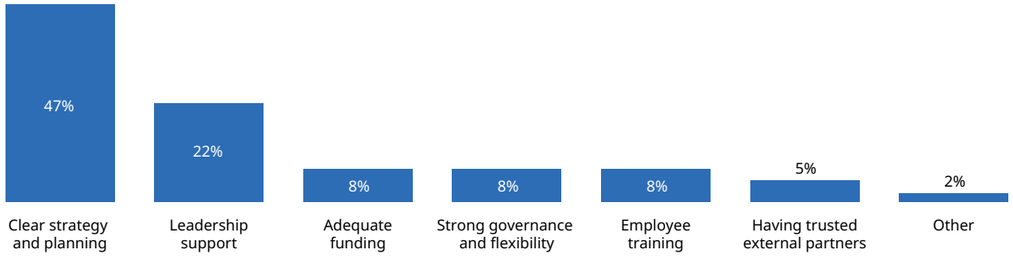
Figure 17: How do you rate the level of intelligent technology integration into your business?



So, what's the most critical factor for successfully adopting intelligent technology? Just under half of respondents say clear strategy and planning is key, followed by leadership support at 22% **(Figure 18)**. This aligns with what some say is the case across sectors: many businesses have a fear-of-missing-out mentality, rather than thinking about intelligent tech in a truly strategic way.

Gareth Stokes, Global Co-Chair of Technology at DLA Piper, says that "some are deploying AI for the wrong reasons. The worst examples are organisations undertaking projects simply to say that they're doing something with the technology, rather than because there's a well-identified problem for which AI is the best or only solution." Without the right tone from the top and a clear implementation plan with the "so what?" explicitly defined, companies will be slow to integrate and may never embed it fully, missing out on the transformative benefits it could bring.

Figure 18: What is the most critical factor for successful intelligent technology adoption in your business?



While only 8% cited strong governance as key to adoption, Chloe Forster, Partner in our Technology Transactions and Strategic Sourcing group, highlights that "now is the time for life sciences companies to establish AI governance models that not only embrace the vast opportunities this technology offers but do so in a controlled and responsible way. The right governance model – driven from the top – is critical to becoming a truly AI-enabled business."

Delving more deeply into adoption of intelligent technology in the sector, we asked respondents to select their top three barriers to greater use and to rank those top three **(Figure 19)**. Based on weighted average scores, lack of appropriate IT infrastructure is the most important barrier to adoption, followed by regulations.

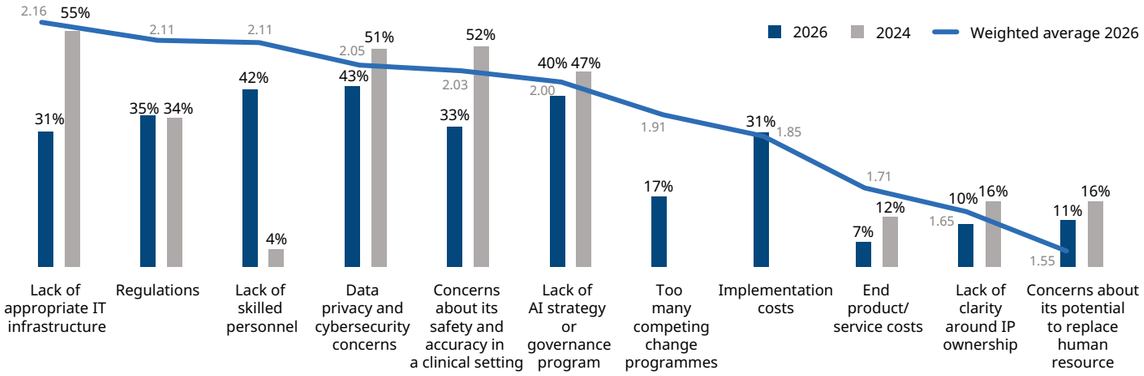
One respondent says it's a lack of regulation that's causing adoption resistance. And while data privacy and cybersecurity concerns are one of the top barriers, lack of skilled personnel is now considered a greater obstacle.

Gareth Stokes comments: "The shift in perceived barriers to adoption reflects both changes in the geopolitical landscape since 2024, and the maturing of AI technologies. With a continued rise in cyberattacks in a more polarised and unstable world, and an awareness that AI models (especially the large frontier AI models accessed via cloud subscriptions) require the passing of significant volumes of data to the model vendors, life sciences companies are right to perceive a risk in adoption. We've seen growth in experimentation with medium to medium-large size models (70 billion to 400 billion parameters) hosted in on-premises environments, often fine-tuned on specific medical datasets to produce fine-tuned AI models for life sciences applications. These models, in life sciences domain-specific tasks, equal or outperform the largest frontier models while taking far less compute resources. By running the models locally, life sciences and medtech organisations can more easily control privacy and cybersecurity risks. Based on current interest in these approaches across the sector, and an increasing array of highly performant pre-trained open weights AI models, we expect this trend to increase strongly in the next 12-to-24 months."

On the lack of skilled personnel point, Chloe Forster says that "life sciences AI projects demand a unique blend of capabilities: data science and algorithm design combined with an understanding of biology, clinical workflows, and regulatory requirements. As intelligent technology evolves, organisations must invest in continuous upskilling and regularly assess team composition to stay ahead."

Where are innovators using intelligent technology the most in their businesses? Marketing and customer interactions, and business insights, are the top areas for AI investment **(Figure 20)**.

Figure 19: What do you think are the biggest barriers to greater adoption of intelligent technology across the life sciences industry and healthcare ecosystem? *Top three selected and ranked*



Compared to other parts of a life sciences business, these areas typically show faster returns on investment, which encourages intelligent technology adoption. Marketing and business analytics also face fewer regulatory hurdles than R&D and manufacturing, making it easier to apply intelligent technology.

In an intensely competitive sector, AI helps innovators gain an edge. In marketing and customer engagement, it's about differentiation: greater personalisation and optimised omnichannel campaigns.

In business insights, it's about supporting overall competitive advantage: harnessing data-rich environments to make decisions faster and monitoring the regulatory and compliance environment to flag risks earlier.

"This strongly reflects our own experiences" says Gareth Stokes, "with intense interest from life sciences clients in generative AI use cases in marketing and creative areas, as well as more 'hard science' uses in R&D."

Overall, the data suggests a trend towards broader use of AI across business functions.

Compared to two years ago, there's much greater adoption in business support functions (+13pp) and operations (+11pp). Conversely, we're seeing less focus on its use in discovery (-13pp) and clinical trial optimisation (-12pp), relative to other parts of innovators' businesses. This reflects the fact that innovators are now turning their attention to broader business operations, having previously selected the R&D function – the innovation engine – as one of the early beneficiaries of intelligent technology.

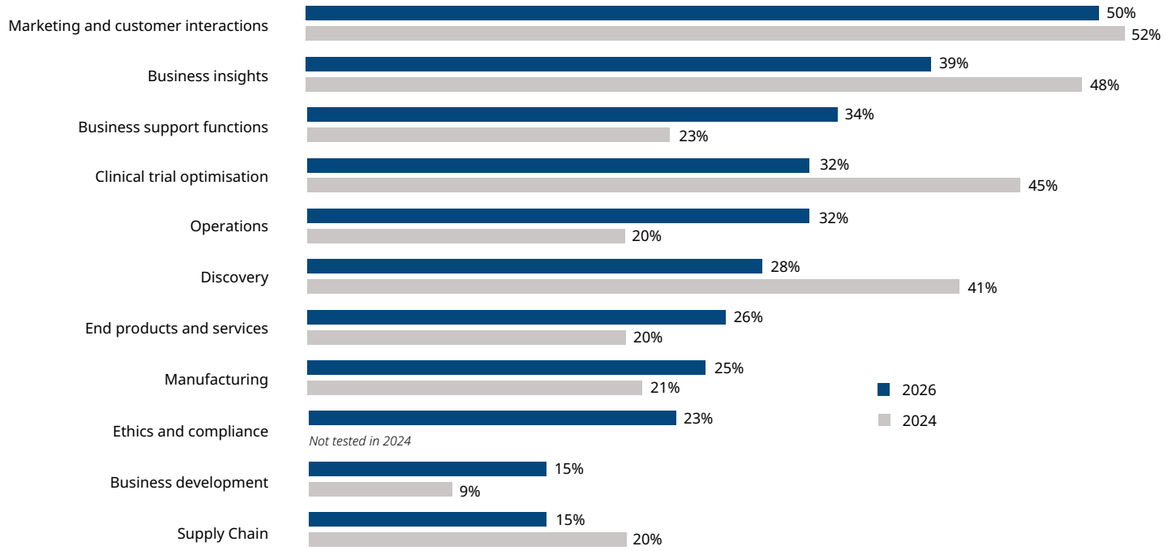
Innovators are increasingly grappling with an explosion in data that needs to be made sense of, and operational pressure in the form of rising costs and market volatility. This is the push. And the pull is regulatory evolution – offering increased guidance on responsible AI use – combined with technological maturity.

Generative AI (GenAI) and more recently agentic AI are opening up a more autonomous, adaptive and scalable world for life sciences innovators.

"The next great wave of use cases are the various classes of use under the agentic AI umbrella – those areas where the AI model is trusted to carry out certain third-party interactions or transactions independently. This obviously requires a far higher level of testing and assurance before the 'human in the loop' is removed. As agentic AI becomes more widespread, we expect this to influence areas of AI deployment in the near-to-medium term, with business support functions, supply chain uses and some limited customer interactions likely to be the main beneficiaries," says Gareth Stokes.

While only 15% of survey respondents noted supply chain as a top area for intelligent tech investment, one example of how GenAI is being used in this area is to improve the distribution of advanced therapies. Using GPS-enabled vials for real-time tracking and route optimisation helps anticipate potential delivery challenges.

Figure 20: In what parts of your business is intelligent technology being applied the most?
% respondents who selected business areas as one of their top three



This year we added ethics and compliance to our question about where intelligent technology is being applied the most. 23% of respondents selected it as a top three investment area in their business. This is a relatively lower priority use case for life sciences innovators. But given greater scrutiny of the use of AI from a compliance perspective, we expect to see this percentage increase in future editions of the report as it becomes increasingly important to ensure robust governance.

Chloe Forster notes that "horizon scanning and automated monitoring of a complex, evolving regulatory landscape is a clear use case for life sciences innovators. We're seeing an increasing number of clients looking to AI as a means to help manage this compliance burden."

In terms of the commercial opportunities that intelligent technology offers across the industry, patient screening and diagnosis are the strongest **(Figure 21)**.

Early detection and diagnosis mean better outcomes for patients, and screening tools and diagnostics are cost-effective interventions in the long-term, helping to reduce the resource burden on healthcare budgets.

One respondent noted that "chronic disease management accounts for about 70% of healthcare costs. Early intervention and preventative technology could make a significant difference here." Clearly the demand for innovation in this part of the care journey is there, and the addressable market is huge.

Technological advances like liquid biopsies, digital pathology and nano sensors mean less invasive and more precise testing. And the "omics revolution," which includes genomic screening, is driving demand for more advanced diagnostics. All of this is turbocharged by intelligent technology, enabling ever faster and more accurate screening and diagnoses, leading to more personalised, precise and more effective care.

In our 2024 report we highlighted GRAIL's Galleri multi-cancer early detection (MCED) blood test as a cutting-edge example of how intelligent technology is advancing the field of cancer diagnostics. The product has made significant strides in the past two years with positive trial results. It's commercially available in the US, but GRAIL is aiming for FDA approval this year. In the UK, NHS England will wait to see final results from its three-year NHS-Galleri trial – due this year – before it decides on rollout. The way we detect and treat cancer might look very different from then.

Interestingly, the perceived opportunity for intelligent healthtech products and services in care delivery – that is, how care is provided to patients across the care continuum and throughout the healthcare ecosystem – seems to be increasing.

Intelligent tech is a key facilitator of decentralised care delivery, a care model of focus for many countries as they seek to reduce the burden on hospital infrastructure and reduce healthcare costs, while increasing quality of care. And we're seeing agentic AI emerge as a powerful "digital healthcare assistant": a proactive, always-on, autonomous collaborator existing to optimise workflows, enhance patient engagement with care, and support healthcare IT infrastructure.

But experts have recently warned that AI tools in healthcare risk amplifying biases, leading to poorer outcomes for women and ethnic minorities. Academic studies show large language models (LLMs) often misinterpret symptoms and show less empathy toward certain groups because of biased training data. While AI innovators work on fixes, experts warn that without diverse datasets and strong oversight, health disparities could worsen. Initiatives like the NHS-backed Foresight model aim to improve accuracy, though privacy concerns persist.

Clinical management is also considered more of an opportunity among our respondents, while health and wellness tracking has dropped down the growth agenda. We can attribute this to two broad trends: increasing customer awareness of and confidence in intelligent technology and the benefits it can bring to the clinical environment, driving demand; and a maturing regulatory landscape, creating more predictable growth opportunities for those wanting to incorporate intelligent technology into their products and services.

Most life sciences innovators are experienced in navigating the highly regulated life sciences industry, but the much broader and less regulated consumer market that health and wellness tracking exists within is a new world for many life sciences businesses. It's harder to differentiate in a space dominated by well-known tech and consumer brands, margins are lower, and the products can be difficult to fit strategically into businesses largely focused on measurable health outcomes and clinical decision-making.

That said, the use of wearables (the basis of health and wellness tracking) for remote patient monitoring is expected to increase, enabling earlier diagnoses and more dynamic clinical management. The increased convergence of clinical and non-clinical worlds through connected devices carries increased data privacy and cybersecurity risks, but patients and healthcare providers are more willing to embrace smart technology when they can see clear health and lifestyle benefits.

Gareth Stokes comments that "this is one area where more protective regulations (especially the EU's privacy, AI, cyber and digital markets rules) tend to engender public trust and lead to more confident uptake of products by consumers. They'll be more likely to use products if they know organisations that they're going to trust with some of their most sensitive data (health information, 'quantified self' wellness measures, location data, activity levels) have to hold, protect and process that data only in accordance with various mandatory standards. As more devices sit in the grey area between consumer wellness products and dedicated medical devices, the role of regulation in underpinning consumer confidence will be ever more important."

Figure 21: Which applications do you think represent the biggest opportunities for intelligent healthtech products and services? *1 to 6 ranking (1 is biggest opportunity)*

Rank	Theme	Weighted average
1	Patient screening and diagnosis	4.55
2	R&D	4.35
3	Clinical management	3.50
4	Care delivery	3.22
5	Health and wellness tracking	2.76
6	Healthcare operations and financial management	2.62

SPOTLIGHT ON:

Product liability litigation

Manufacturers and suppliers around the world are facing increased risk of product liability litigation, particularly collective action. Group action regimes and growing consumer protection concerns are driving this surge. For life sciences companies, this means increasing possibility of litigation and the need to proactively manage risk.

Class actions and mass torts are no longer rare occurrences; they're the defining feature of the modern product liability litigation landscape. The trend of large-scale group actions concerning pharmaceutical products and medical devices is gaining global momentum. But the pace of change varies significantly across jurisdictions.

The US leads the way. Canada, Australia, the UK and the EU (in particular, the Netherlands) are also key jurisdictions where defendants face group claims with significant exposure to financial or reputational damage.

But even in jurisdictions with established regimes, the landscape is dynamic. Claimants are trying to reframe product liability claims as consumer protection group actions seeking redress for anti-competitive acts. In the UK and US at least, this could lead to standardised damages in an opt-out class action (rather than mass tort or group litigation).

Each jurisdiction brings unique challenges. From punitive damages to onerous disclosure obligations. For life sciences actors with a global reach, one challenge is maintaining a consistent position across disparate regimes where claimant organisations might share information across borders and exacerbate the risk of new claims. This is particularly so where private international law makes it unlikely that consumers in disparate countries can group together to bring a product liability claim.

New laws in the EU, including the EU Product Liability Directive, are likely to intensify litigation risks. They could expand product definitions – including AI-based medical technologies and diagnostic tools – and extend deadlines for consumers to bring latent claims. Applying strict liability under product liability law (where a product is presumed to be defective) to an AI-based product will make it easier for consumers to prove a claim founded on use of a technologically complex product.

Claimants also face challenges. Not all jurisdictions are conducive to litigation funding – most notably parts of the EU. And, from a UK funder's perspective, the recent court-approved settlement in the Mastercard litigation, which materially limited the funder's recovery, may make funding consumer group actions less attractive.

All pharmaceutical and medical device products are heavily regulated, including with onerous pharmacovigilance requirements. So it will always be a challenge for a claimant to frame allegations that a supplier should have provided enhanced warnings or different labelling. While regulatory compliance isn't a self-standing defence in every jurisdiction, it can be a key consideration for a judge or jury in deciding whether a product was unsafe.

To navigate increasing risk, manufacturers and suppliers of life sciences products should focus on enhanced risk management. In litigation, historic product development and post-market surveillance activities might draw intense focus years after they took place. But with robust quality management, internal training systems and meticulous regulatory compliance, companies can protect their products against scrutiny.

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CHAPTER SIX

Future of care delivery

To understand how life sciences innovators think the world of healthcare is evolving, we asked respondents how much they agreed with a set of statements about the world of care delivery ten years from now **(Figure 22)**.

The statement that most respondents strongly agree with (rating of 6 or 7 on a 7-point Likert scale: 55%; 78% agreed at least partially), is that significantly more care will be delivered out of hospital via dedicated satellite facilities. This statement has moved up from fifth place since 2024 and highlights that the trend towards decentralised, more patient-centric care, is making good progress.

This is largely thanks to technological innovation – such as minimally invasive techniques, portable diagnostics, remote monitoring technology and modern networking technology – allowing many more procedures to be performed in outpatient settings.

Patients prefer care closer to home and are increasingly expecting it to be as accessible as retail experiences, reflecting the consumerisation of healthcare. Satellite facilities offer localised, more accessible care without the overhead of large hospitals, reducing the strain on emergency and acute care needs, cutting wait times for elective procedures, and helping to lower overall healthcare costs. They're also often modular and easily scalable, allowing flexible deployment based on changing population needs.

Overall, there are clear benefits to both patients and healthcare providers. And for innovators, especially those in medtech, satellite facilities offer opportunities to extend the depth and breadth of their offering across the care continuum.

But moving towards a more decentralised model of care delivery creates increased complexity in the ecosystem. Stakeholder collaboration is becoming ever more important. We're seeing a rise in integrated care networks (ICNs) which have worked well in Germany, and an evolution in public private partnerships (PPPs), from a focus on improving infrastructure and operations, to one on improving overall quality of care delivery.

> *"We see more large healthcare providers and governments looking to us to work with them to optimise care."*
>
> **Medtech respondent**

PPPs can be applied to a wide range of healthcare needs, where private sector skills, experience and access to capital can be used to achieve care delivery goals. This means PPPs are expanding across the care continuum, supporting governments with improving access to care beyond the hospital.

But there are challenges. The biggest one is often a healthcare system mindset that focuses on immediate cost savings and urgent care, rather than the long-term health and financial benefits of moving non-urgent care into the community, making it extremely difficult to move resources and capabilities out of the traditional hospital model.

Satellite facilities might offer a more immediate return on investment for healthcare systems and top the list of future-looking statements in our survey. But statements around virtual care, at-home care and an overall shift in focus towards prevention and way from treatment and cure, continue to feature at the bottom of the list in terms of what's achievable in a decade. Complexity, cost, stakeholder mindset, bigger priorities, pace of innovation of enabling technologies. All can be used in different combinations to explain the slower progress in these areas.

Many respondents agree that innovators will be key stakeholders in delivering care to patients throughout their journey (53% strongly agreed; 78% at least partially), and that precision medicine will be the norm (49% strongly agreed; 77% at least partially).

Healthcare systems are increasingly embracing collaboration and co-creation with innovators, acknowledging the unique set of skills and resources they can bring to the table to truly push the needle when it comes to access to and quality of care. No longer simply product suppliers operating in a silo, they're now care partners focused on optimising the care continuum and patient and HCP experiences, as well as clinical outcomes.

There's no doubt that precision and personalisation is the future of healthcare, and the sector has made great strides on the precision front, thanks to data and technological advances.

The omics revolution is enabling large-scale patient stratification. For example, targeted oncologics based on tumour genomics are reshaping the standard of cancer care. And pharmacogenomics is helping to produce safer and more efficacious therapies.

Precision medicine benefits from clear, quantifiable biomarkers and AI-driven analytics making it easier to define and regulate treatments for genetically stratified subgroups. In the world of medtech, devices are getting smaller, faster, smarter and more precise, because of relentless software (eg AI) and hardware (eg semiconductor) innovation.

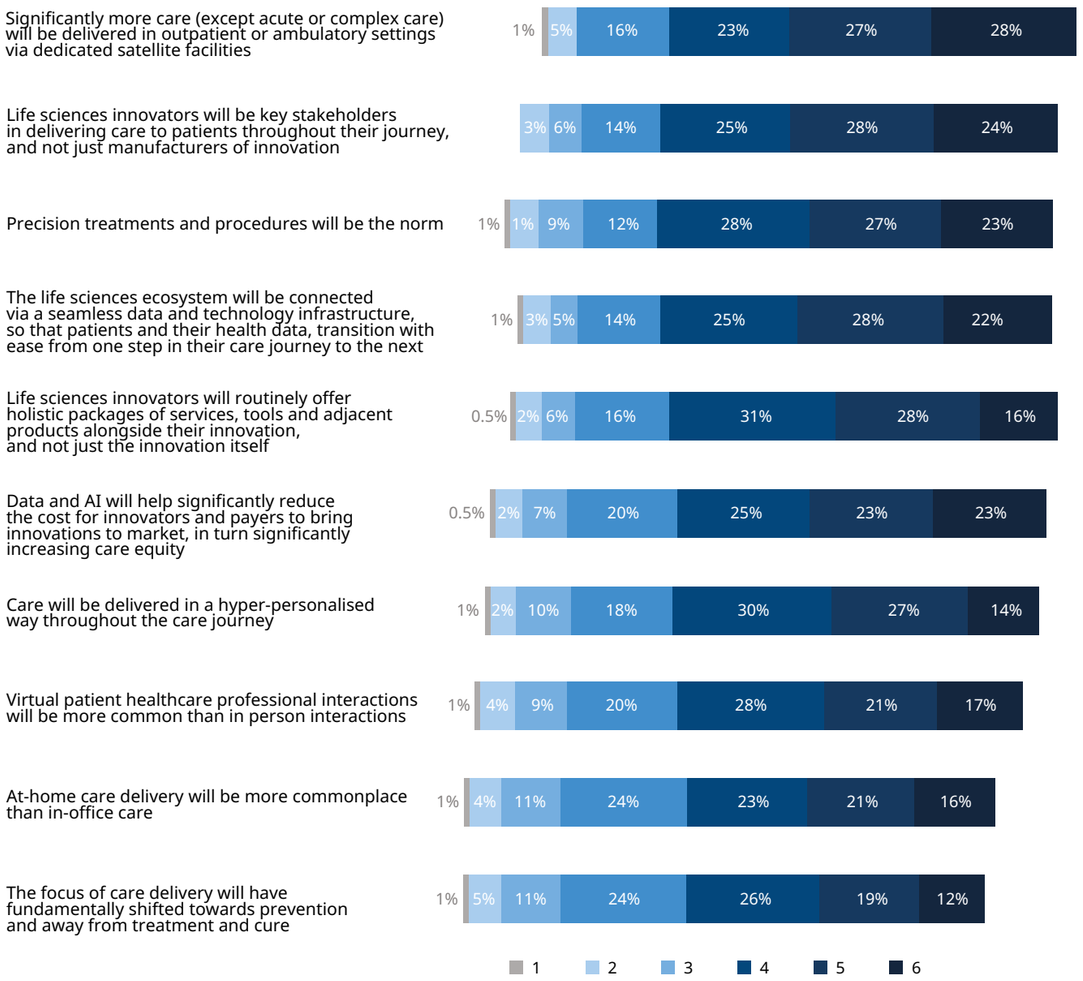
While we're seeing more personalised treatment, for example in the form of autologous cell and gene therapies and surgery highly tailored to specific individuals using AI, robotics and 3D printing, truly personalised care is harder to achieve. It encompasses the full profile of an individual patient – genetics, lifestyle, environment, behaviour and preferences. It's about individualising care models and patient-provider relationships. This much richer but complex model of care will take time to realise due to significant challenges with data integration, healthcare system readiness and concerns around ethics and equity (eg how do we avoid bias in personalisation?). Respondents think personalised care journeys is less achievable by 2036 than several other future-looking statements we put to them.

It seems less likely that innovators will offer a seamless data and tech infrastructure and holistic care packages. Both statements have dropped two places since 2024 in terms of the percentage of respondents at least partially agreeing to these future scenarios (76% each).

This could reflect the increasing realisation of the scale of the challenge in terms of leveraging data and technology in healthcare systems. The building blocks are there (data and tech innovation). But the foundations (aging, fragmented and resource-constrained healthcare systems) are the main limiting factor, whether it's about providing a seamless, data-connected care journey or innovators providing holistic care offerings.

> *"Our growth is increasingly centred around integrated care models, AI-powered personalisation and value-based innovation, including investments that combine therapy with real world services."*
>
> **Biopharma respondent**

Figure 22: How much do you agree with these statements about the future of care delivery?
In ten years: *1 to 7 rating (1 is don't agree at all, 4 is neutral, 7 is completely agree).*



Innovators have to stay ahead of the curve and continuously anticipate changes in the healthcare landscape. If respondents said they strongly agreed with a statement, we asked how well prepared their business is to capitalise on this expected future.

For the top six future scenarios in **Figure 23**, life sciences innovators are better prepared than they were two years ago – more businesses are very well aligned than partly aligned, while the opposite was true in 2024.

Respondents agreed least with the statement that by 2036 care will fundamentally be focused on prevention and proactivity **(Figure 22)**.

But it's one of the future scenarios innovators are most aligned to, highlighting their recognition of the paradigm shift in healthcare **(Figure 23)**.

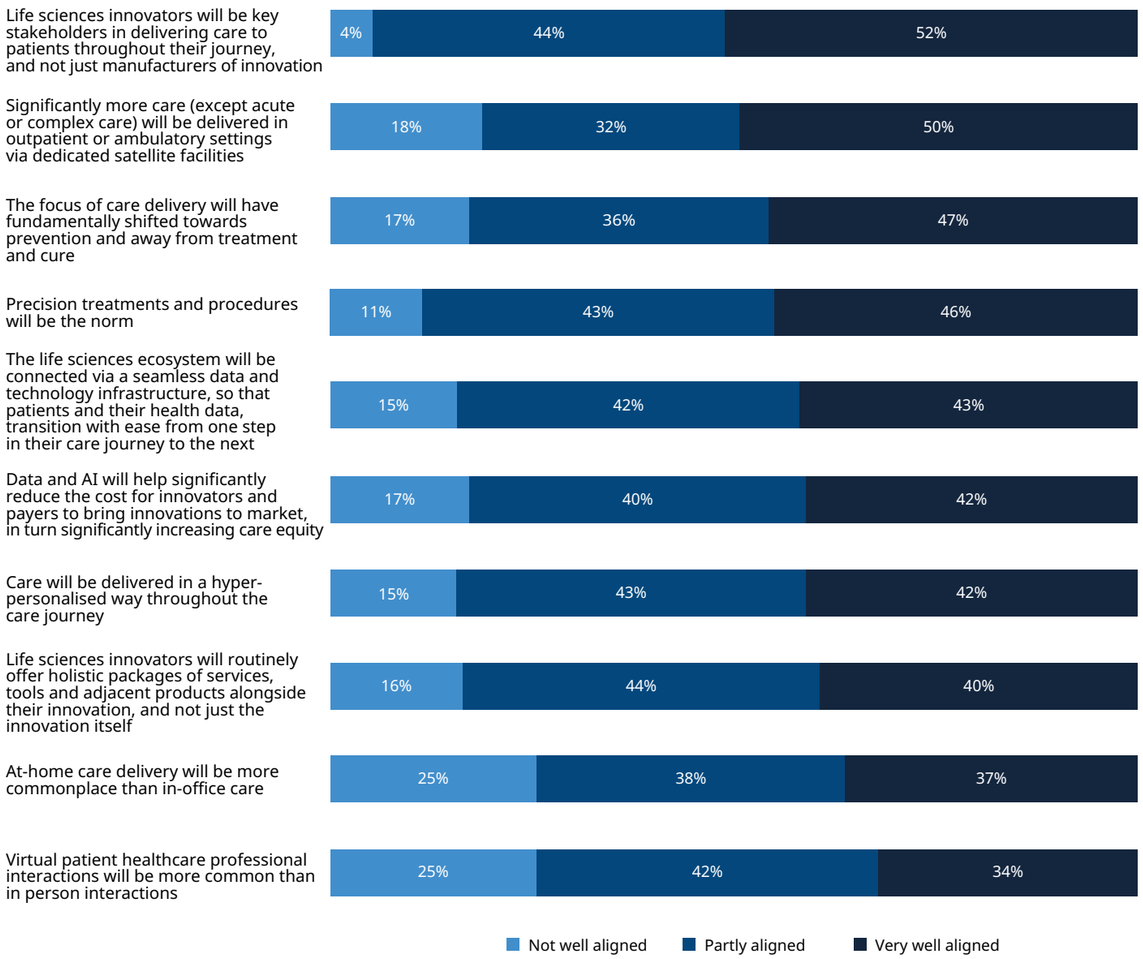
Across all statements, substantial proportions still say their businesses are only partly aligned, highlighting that there's much more to do to prepare for growth in the future healthcare landscape.

The innovators we surveyed are least prepared for virtual and at-home care delivery. These care settings are reshaping how biopharma and medtech innovators engage with patients, develop products and deliver value.

> *"We have in-house patient navigation programs that use AI to reach out to patients to ensure test completion. We also focus on a portfolio of products that can be used in the oncology space at all phases of screening, diagnosis and treatment guidance. This ensures a portfolio approach and builds strong customer relationships."*
>
> **Biopharma respondent**

Figure 23: How well aligned is your business' growth strategy to the future scenario(s) you strongly agree with?

Statements in order of most aligned to least aligned



Take at-home care delivery as an example of what innovators need to think about. In biopharma, dosage forms are needed that support at-home administration; in medtech, devices need to be designed for the home environment – how can they be safe, easy-to-use and connected for at-home use?

Products need to be safe, usable and compliant outside of controlled clinical environments, and support continuous care, better adherence and real-world data collection. For medtech in particular, they also need to be inclusive, scalable and adaptable to diverse home settings.

Distribution models also need to be rethought, including cold chain, last-mile delivery and remote support infrastructure. And in the virtual care setting, there are opportunities for innovators to offer subscription-based services and digital companion apps.

Finally, innovators need to partner – for example with telehealth providers, payers and home care providers – to effectively manage care and data outside hospitals. With various governments pushing for decentralised care models, it will become increasingly important for innovators to incorporate these out-of-hospital settings into their strategic thinking.

> *"Patients are resistant to take time away from work to visit HCPs. There is also a larger focus on reaching less served populations who may lack transportation and/or live in remote areas that lack healthcare infrastructure. ESG programs focus on reaching these underserved patients with appropriate healthcare solutions (at-home and virtual care delivery)."*
>
> **Biopharma respondent**

Concluding remarks

The life sciences sector is navigating a complex and rapidly evolving global landscape shaped by geopolitical shifts, economic pressures and technological breakthroughs. The past few years have demonstrated the sector's resilience, but it's in a state of recalibration.

Politics are reshaping regulatory environments and funding priorities. Inflation, supply chain disruptions and margin compression are forcing companies to adopt leaner and more efficient business models.

Asian markets, particularly China, South Korea and India, are rising as world-leading life sciences hubs, and regional supply chains are gaining importance. And the lessons learnt from the pandemic continue to influence the way healthcare systems – and innovators – operate and collaborate.

Despite a slight decline in overall market attractiveness, life sciences innovators are still optimistic for the year ahead. The dealmaking landscape – while more cautious than in 2024 and with businesses more focused on organic growth – is still a critical lever for innovation.

Partnerships and strategic alliances are particularly important, and earlier-stage investments represent a key route to innovation in the face of stiff competition for market-ready assets. Advanced therapeutics are pushing the boundaries of medicine, but pricing and reimbursement challenges are still the biggest barrier to ensuring optimal access.

Intelligent technology is emerging as a transformative force across the industry, with AI integration expanding beyond commercial and R&D to cover the entire value chain. But businesses have to address barriers like infrastructure gaps, regulatory complexity and talent shortages to fully realise its potential.

Sustainability, while less of a stated priority, is evolving into a more BAU activity and is more governance-led, with boards increasingly equipped to drive sustainability efforts from within.

The future of care delivery is one of decentralisation, tech-enablement and precision, with innovators preparing to play a broader role across the care continuum to improve experiences and health outcomes.

Ultimately, the Life Sciences Index 2026 paints a picture of an industry in transition – one that's adapting to complexity with strategic clarity and technological ambition. Success will depend on how effectively life sciences businesses can embrace advances in science and technology and align with emerging care models. But they also have to strengthen compliance, foster collaboration and build agility.

Marco de Morpurgo, Global Co-Chair of Life Sciences, says: "The life sciences industry is really at a crossroads right now. We're seeing a wave of transformation driven by both external pressures and internal dynamics. On the outside, regulatory landscapes are shifting, patient expectations are evolving, and technology is advancing faster than ever. Internally, organisations are grappling with the need to modernise legacy systems, streamline operations, and foster innovation while managing cost pressures. It's a complex mix, and it means the old ways of working don't cut it anymore. The new world demands agility, collaboration and a willingness to rethink the entire value chain."

"In terms of the legal landscape, it's as global, fast-moving and complex as the science and technology driving this sector. But it's more fragmented. From navigating evolving regulations and resolving high-stakes disputes to structuring cross-border deals and managing risk across jurisdictions, our Life Sciences team provides the clarity and confidence innovators need to move boldly into the future. We're here to help them stay agile and connected across markets, turning legal complexity into strategic advantage, so that they can focus on delivering the next breakthrough innovation to the people who need it the most."

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Appendix

Sample and methodology

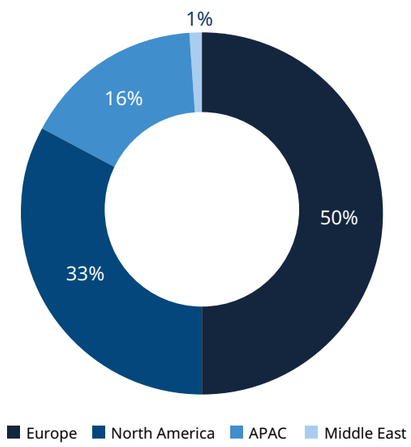
In mid-2025 DLA Piper instructed NewtonX to survey 200 senior respondents from approximately the top 150 innovative biopharma companies (annual revenue >USD400m) and top 150 innovative medtech companies (annual revenue >USD80m), according to global fiscal year 2023 revenues (data source: S&P Capital IQ Pro).

Respondents working for generics or biosimilars businesses, or businesses where the majority of manufactured goods are generics or biosimilars, were excluded. Also excluded were domestic businesses, and innovators with FY23 revenues below the thresholds.

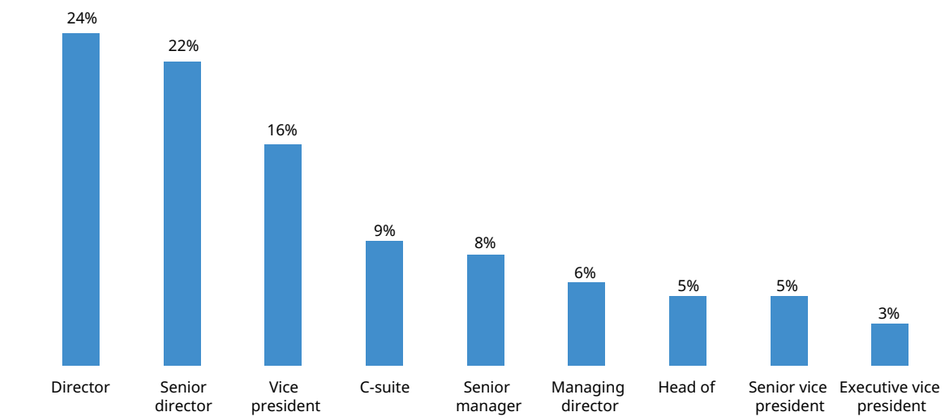
The online survey comprised 24 quantitative questions with options for additional comments. NewtonX recruited respondents, programmed the survey and collated the results. DLA Piper designed the survey and analysed the results. All responses were anonymised and presented in aggregate. For all questions, N=202 unless otherwise specified.

Of the 202 respondents, 53% worked for biopharma companies and 47% for medtech companies. Half of respondents were based in Europe, and 33% in North America. No respondents were based in Latin America or Africa. 70% of respondents held roles with a global remit, 23% with a regional remit and 7% with a local remit. Please see figures for additional detail on respondents' profiles.

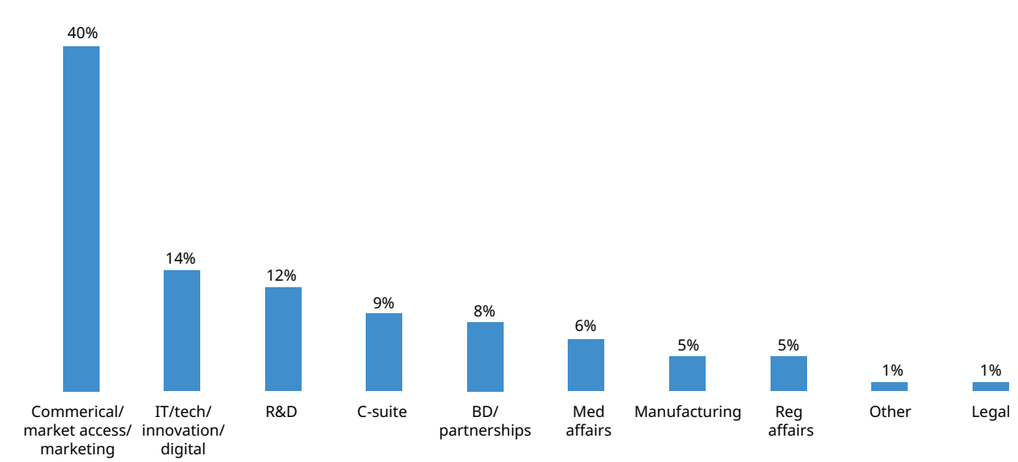
Location of respondents



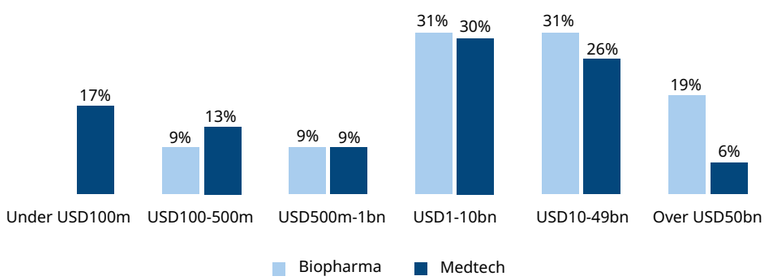
Role of respondents



Business function that respondents work in



Annual revenues of respondents' businesses



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