

# LIFE SCIENCES INVESTMENT: OPPORTUNITIES IN 2025

As 2025 begins, groundbreaking advancements in the field of life sciences continue to emerge, showcasing the immense potential for transformative innovations. For example, researchers have introduced a novel gene-editing tool called SPLICER, which is a modified Nobel-prized CRISPR technology. This technology enables cellular mechanisms to bypass problematic genetic sequences linked to diseases, such as Alzheimer's. In a recent study published in *Nature Communications*, the tool demonstrated its ability to reduce amyloid-beta plaque precursors in mice, holding promise not only for Alzheimer's but also for other diseases.

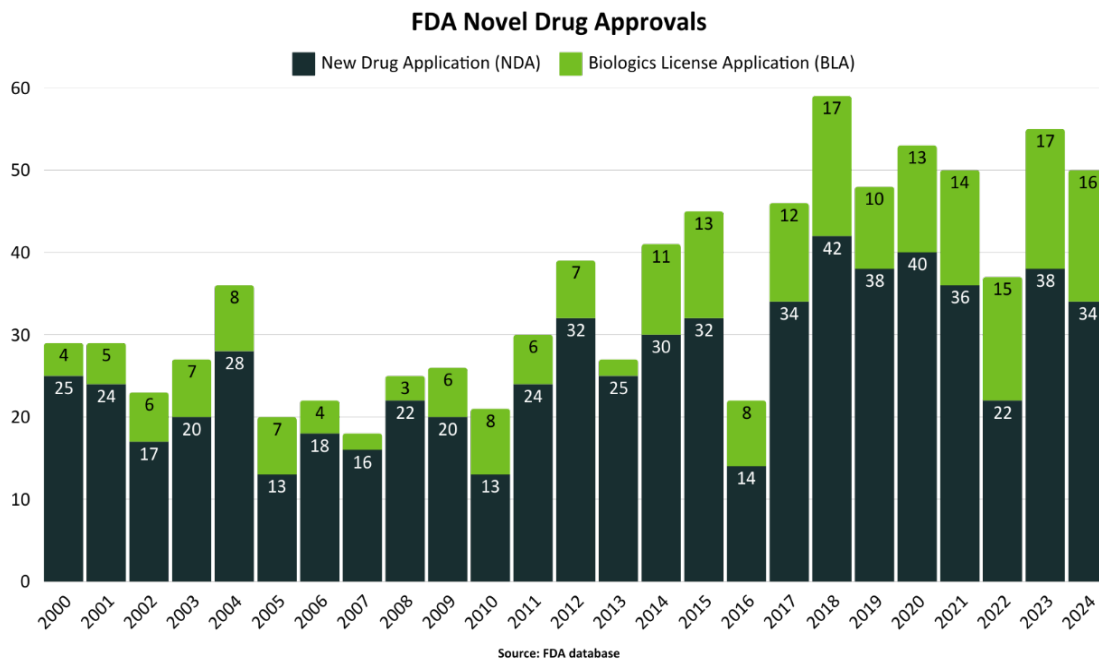
This exciting innovation is just one among many across the life sciences in the areas of genomics, human longevity, medical devices, brain-computer interfaces, the drug discovery process and medical testing heralding breakthroughs in the coming year.

January 2025

### Investors' Optimism

The life sciences sector is poised to attract significant attention from investors in 2025. The Jefferies 2024 Temperature Check survey revealed that 20% of respondents anticipate equity raising and IPOs to dominate transactional activities in 2025, a sharp rise from 6% in 2023. This optimism reflects the most positive sentiment towards IPOs since the survey's inception in 2018. Moreover, 64% of respondents predict a notable increase in IPO activity for 2025, indicating widespread confidence in the sector's potential.

Additionally, regulatory progress further bolsters this enthusiasm. The U.S. Food and Drug Administration's Center for Drug Evaluation and Research (CDER) approved 50 novel drugs by December 2024, following a record of 55 approvals in 2023—the second-highest annual total in 30 years. Such consistent regulatory support showcases the robust pipeline of innovation within life sciences.



### Industry Growth and Expansion

Despite challenges, the life sciences sector remains optimistic about 2025. A survey conducted by the Deloitte US Center for Health Solutions revealed that 75% of executives in pharmaceutical, biotechnology, biosimilar, and medical device manufacturing companies anticipate a strong year ahead. Among these respondents, 68% expect revenue growth, and 57% foresee margin improvements. This optimism reflects a shared belief in the sector's resilience and growth potential.

Coming into 2025, large pharma companies are sitting on a significant amount of cash and debt capacity, amounting up to USD1 trillion. The industry is waiting to see how these large pharma is going to deploy these assets and when.

### **Driving Digital Transformation**

Digital transformation, particularly the adoption of generative artificial intelligence (Gen AI), is reshaping organizational strategies in life sciences. According to Deloitte's analysis, nearly 60% of surveyed executives identified Gen AI as a key trend, with plans to expand its use across the value chain. By integrating Gen AI into workflows, companies aim to enhance productivity, streamline operations, and reduce costs. Over the next five years, biopharma companies could realize up to 11% additional value relative to revenue through AI-driven efficiencies. For some med-tech firms, these innovations could lead to cost savings of up to 12% within two to three years.

The transformative potential of Gen AI goes beyond incremental improvements, offering opportunities to revolutionize research and development, optimize back-office operations, and deliver superior customer experiences. As organizations scale their AI investments, they are likely to unlock even greater value.

### **Navigating Challenges**

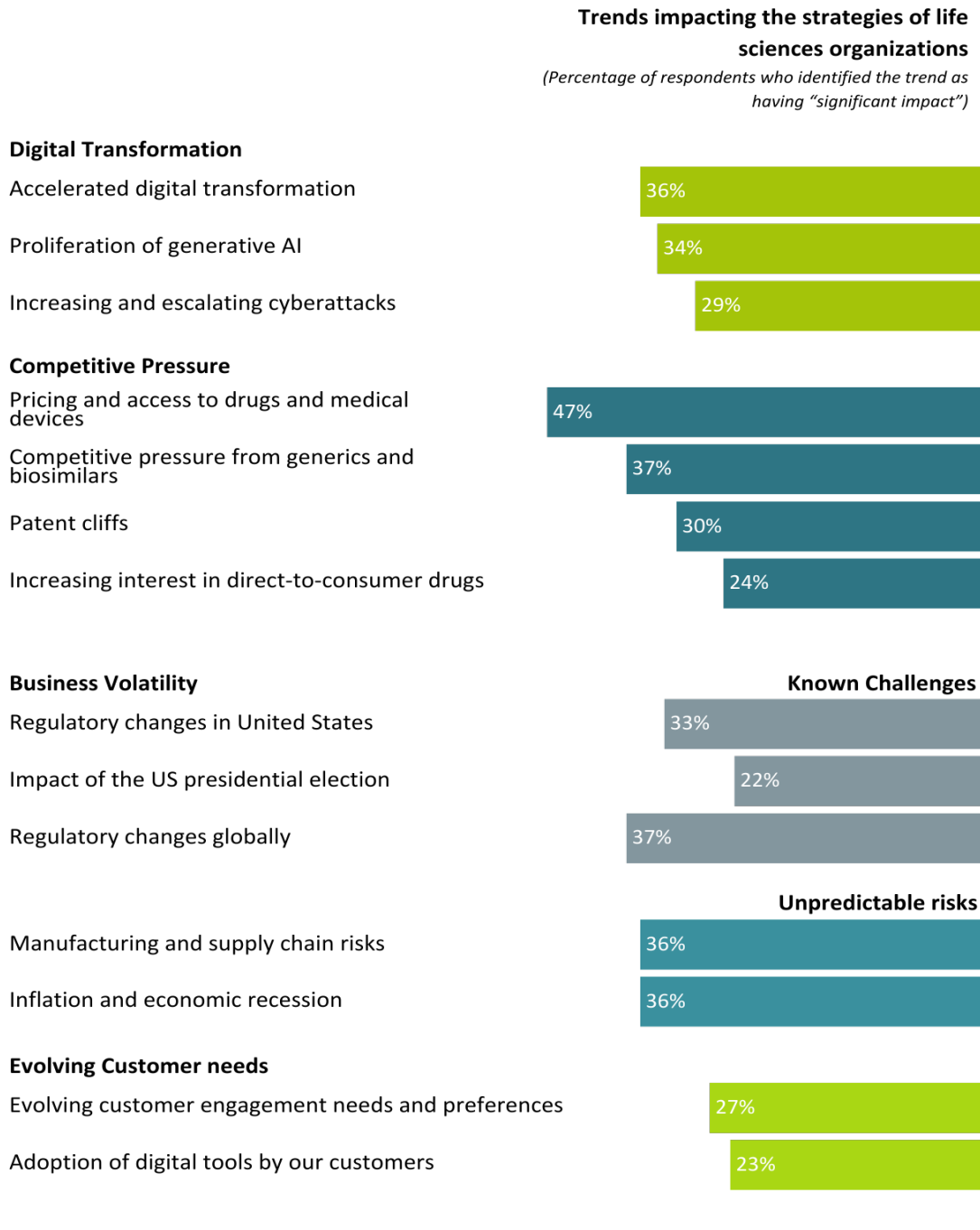
With the optimistic outlook, this is not to say that the future is as rosy as a future where florists have unlocked the secret of rose cloning. The survey highlights several key challenges impacting the industry. Pricing and access pressures, global regulatory changes, and manufacturing and supply chain risks are among the most significant concerns.

A significant number among the survey population are bracing for unexpected challenges and business volatility coming from regulatory changes in the US and Europe. Implications from the change in US leadership is also being closely watched by the industry.

About one-third of survey respondents expressed concern about potential changes to US regulations in 2025, while 37% are apprehensive about global regulatory changes and geopolitical uncertainties. While the number of these cautious executives are slightly higher compared to past years, noticeably, concerns related to inflation and economic uncertainty have declined among the surveyed.

Companies in life sciences are using scenario-planning to address coming challenges and mitigate against risks. The report outlines key areas where companies in the industry are prioritising with the view of improving organisational resilience, maintaining agility, and deploying strategic foresight

## 2025: Trends for life sciences



Source: Deloitte's 2025 Life Sciences Outlook Survey

### **Embracing Sustainability**

Sustainability is becoming a pivotal focus for life sciences companies as they adapt to the evolving demands of a greener future. The industry is actively exploring ways to reduce its environmental footprint by adopting sustainable practices across research, manufacturing, and supply chain operations. Initiatives such as reducing energy consumption in laboratories, minimizing waste from manufacturing processes, and transitioning to eco-friendly packaging are gaining traction. Moreover, many companies are investing in renewable energy sources to power their facilities, demonstrating a commitment to both innovation and environmental stewardship. R&D's are also focusing on more sustainable use of products such as bio-pesticides and carbon capture technologies. As regulatory bodies and consumers place greater emphasis on sustainability, integrating these practices not only helps meet compliance but also strengthens brand reputation and resilience in a competitive market.

### **A Promising Future**

In 2025, the life sciences sector is set to undergo significant transformation, driven by technological advancements, regulatory support, and a commitment to innovation. Investors have an unprecedented opportunity to participate in a field that combines groundbreaking science with operational excellence. With the integration of Gen AI and data-driven strategies, life sciences companies are poised to deliver breakthroughs that will shape the future of healthcare. Investing in life sciences this year not only offers the potential for financial growth but also the chance to contribute to transformative changes that improve lives globally.

### **Reference:**

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