2025 Biopharma Leadership Outlook: Top Trends and What They Mean for Leaders

As we saw a year earlier, there was a feeling of cautious optimism at the 2025 J.P. Morgan Healthcare Conference in San Francisco. But the flavor of cautious optimism felt different this year, depending on whom you asked. Amid generally higher hopes for more deals for biopharma in the upcoming year, there was also a sense of realism about the numerous challenges ahead, from questions about interest rates and the IPO market to macroeconomic uncertainty and geopolitical upheaval across the world.

2024 was the biggest election year in human history, with more than 72 countries holding elections. Global businesses have braced for change and change is already happening. In the U.S., the Trump administration has issued several new executive orders. It has implemented and then delayed tariffs on key U.S. trading partners, with those countries vowing economic retaliation. Global stock markets have been on a rollercoaster ride. All of this adds up to increased risks, and some opportunities, for the global biopharma industry.

Mitigating risks and capitalizing on emerging opportunities in this environment requires executive leaders and boards that can navigate complexity adeptly, knowing when to act versus wait-and-see, and are self-reflective and adaptable, seeking out other perspectives and changing course if needed. Our research shows that these are critical attributes for CEOs and arguably the entire executive leadership team.

With that backdrop, we look at some of the key trends we will be watching in 2025 and what they mean for leadership.

China's role in the global biopharma market is rapidly growing

China's growing role in the global biopharma market was perhaps the dominant topic of conversation in San Francisco. In 2024, over 6,000 drugs were in development in China, a remarkable 13-fold increase over the past decade. Nearly a third of therapeutic molecules licensed by U.S. pharmaceutical companies last year originated in China — a significant shift considering none were sourced from there just five years ago.

The sense from industry leaders is that China is only scratching the surface of its potential today. The molecules coming out of China thus far have mainly been follow-on drugs, but that is changing. As one article puts it, "'[M]e toos' are becoming 'me betters' that could surpass available therapies and earn significant revenue for companies." Add in the recent news outside the industry about advances by Chinese AI start-up DeepSeek, and it's easy to see how China could be on equal footing with global competitors by the end of this decade.

The new U.S. presidential administration adds another layer of complexity to this issue. Will a pro-business stance open the door to more U.S.-based pharma and biotech companies acquiring molecules developed in China? Or will there be political resistance to American investment in China — opening opportunities for companies based outside of the U.S.? How will U.S. tariffs on China play out for the industry? And could the Biosecure Act be resuscitated, limiting access to certain Chinese partners? Leaders will need to navigate this complicated and evolving environment to set up for long-term success.

Leadership implications

» **Translational medicine expertise — bridging the gap between discoveries and clinical research — will be in high demand**. Companies are generally purchasing early-stage assets from China, planning to run clinical trials in the U.S. that abide by FDA standards. Strong translational leaders will be needed to design effective clinical trials to hopefully bring a successful drug to the market quickly. They will need a deep understanding of preclinical studies to evaluate those done in China and how they compare to U.S. standards of safety and efficacy. The chief medical officer, the person responsible for clinical development or someone on their team also must have a strong understanding of the continuum of drug development — from entry into the clinic through market opportunity. While it's rare to find all these skills in one person, they will be increasingly necessary to evaluate the data required for U.S. clinical development programs as more Chinese assets are brought in for further development.

- **Balancing optimism and vigilance will be key to navigating this environment**. The sector needs leaders who can build teams with high levels of trust and empower them to think critically and speak honestly. Secure leaders do not take constructive criticism personally. Rather, they welcome and foster it. Constructive debate that balances optimism and vigilance will be important as companies evaluate more assets from China. Discerning which assets are worthy of investing in will be a complex and evolving calculation. It is essential to assess the quality and reliability of these assets in the context of the global market. Companies scouting assets from China should recognize the strong scientific capabilities of many Chinese companies while considering how regulatory standards, quality control and transparency differ across borders.

- **Pharma and biotech leaders must remain attuned to geopolitical matters more than ever**. Geopolitics will impact biopharma in ways that affect companies' business prospects. The macro environment globally will have an impact on corporate strategy and leaders must be well versed in these issues.

GLP-1s could reshape the healthcare ecosystem

Blockbuster GLP-1 drugs like Wegovy and Zepbound have already generated significant revenues for their makers. They have also highlighted how quickly things can change in the pharmaceutical industry, and how long-ago investment decisions can have an impact for many years down the line.

Uptake of these drugs will likely increase in the coming years if insurance coverage in the U.S. for these drugs expands, approved indications continue to grow and prescription volumes across geographies increases. About two-thirds of employer-sponsored plans did not cover them in 2024, nor did Medicare, although that may soon change. But will supply keep up?

Insufficient manufacturing capacity has limited supply. Some contract development and manufacturing organizations (CDMOs) have invested in GLP-1 manufacturing capacity. Also, despite concerns from the FDA, compound pharmacies are offering these medications, with some online providers creating access to compounded versions to meet the demand for these drugs coming from patients.

Meanwhile, pharma companies not already in this space are evaluating their current portfolios and pipelines to understand both the first- and second-hand impacts of GLP-1s. What if lower obesity rates lead to fewer related health issues, such as type 2 diabetes, high blood pressure, cardiovascular disease and osteoarthritis?

Payers and providers in the U.S. may also feel impacts from GLP-1s for years to come. Payers could face higher short-term pharmacy costs — but potentially long-term cost savings — if employers, Medicare and state Medicaid plans expand coverage. Providers could see a short-term boost in demand for primary care if more consumers seek access to these drugs. Prescribing patterns may shift too if more physicians see GLP-1s as a first line of treatment for patients with obesity and comorbidities. Providers also need to understand the long-term impact of lower obesity rates on their business — perhaps fewer orthopedic and cardiovascular procedures — and adjust their strategy accordingly.

If GLP-1s successfully help lower population-level obesity rates and in turn, prevent, treat or reverse related health issues, there could be major shifts across healthcare and beyond as retailers, food manufacturers, airlines and other sectors respond and react to changing consumer demands and habits.

Leadership implications:

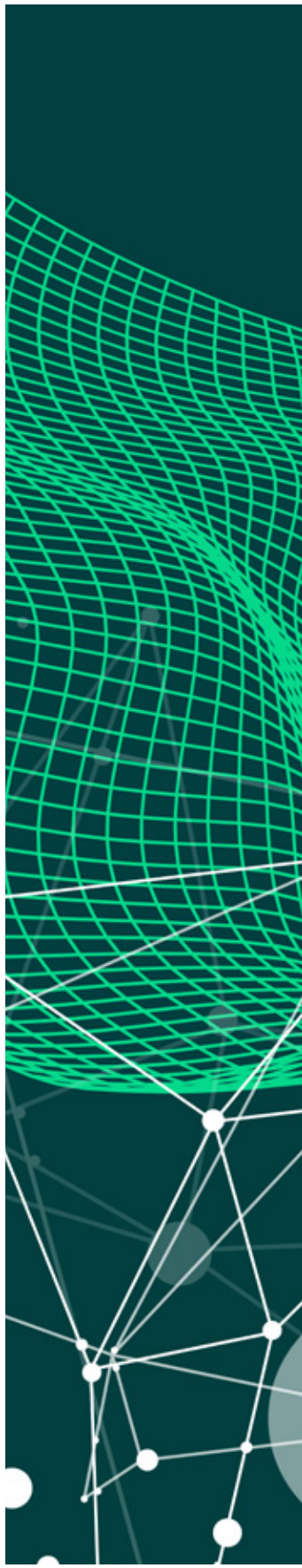
- **Commercial leadership is as important as ever for biopharma and will require an increased ability to lead amid uncertainty**. Companies with GLP-1s need to get in front of providers and patients to drive the demand and revenue for these drugs. But reaching thousands of providers will be challenging under the current commercial sales model. They also need to capitalize on the important role direct-to-consumer (DTC) advertising plays for these products in the U.S., while monitoring potential changes to DTC advertising that could come from the Trump administration.

- **R&D-commercial collaboration in biopharma is key to understanding GLP-1s' impact on the pipeline**. Leaders will need to quickly discern how a reduction in people suffering from obesity and related chronic conditions could impact overall population health and providers' prescribing patterns — and in turn, the need for and commercial viability of some drugs under development.

- **Influencing and collaboration skills are key for payer leaders navigating the GLP-1 landscape**. They need to work closely with pharmacy benefit managers to understand the financial implications of more individuals taking GLP-1s. Drug coverage will vary by insurance type and will need to be considered and determined in partnership with the various plan sponsors — the federal government, state governments, employers, etc.

- **Health system and hospital leadership may change in the long term if GLP-1s bring major changes in population health**. Hospitals may have to rethink their pricing and operating models if there are fewer high-margin procedures, such as orthopedic surgeries, to subsidize other low- or no-margin care.

AI becomes a long-haul play as its short-term buzz starts to wane



More than two years after ChatGPT's debut, a little of the early excitement has worn off the AI revolution, as the hopes for short-term transformation have given way to the reality that much of AI's impact won't be felt for years to come.

In biopharma, AI has proven to be a catalyst for innovation, reshaping how discoveries are made, improving clinical trial recruitment, accelerating biomarker development for precision medicine, optimizing manufacturing operations, and improving post-marketing surveillance and drug utilization through analysis of real-world data. That said, while current AI technologies excel at finding linkages within what is already known and optimizing related decisions, they aren't yet geared for generating novel ideas. AI's capacity for creative thinking may be years away.

Today, biopharma must focus on harnessing AI's current power to minimize variability, inefficiencies and failures while at the same time creating space for creative and critical thinking to generate new, unexpected ideas. Some of our greatest medical advances have been accidental, like penicillin. Leaders in this sector must remember that some "mistakes" may represent the next big breakthrough.

In the near term, some recent AI news is generating excitement, including a $500 billion investment by the U.S. government in AI infrastructure. And agentic AI — artificial intelligence that not only analyzes data but also can autonomously make decisions based on it — could play a significant role in drug development and manufacturing by taking over some decision-making and tasks currently done by humans. But that will require the long task of integrating those AI agents into business processes, reviewing positions, and figuring out how to retrain or redeploy teams.

Leadership implications:

- **An AI-fueled world values creative, inspirational leaders**. In a world where AI can do programming and some decision-making, the best leaders will be critical and creative thinkers. Leaders who understand what's changed and can inspire their teams to think big about truly novel ideas for exploration that may lead to the next big discovery.

- **AI leadership in biopharma is shifting away from the visionary leader and toward those with change management muscle and strong collaboration and influencing skills**. There are several challenges to deploying AI in biopharma, including data quality and availability, regulatory compliance, integration with existing systems, and resistance to change among employees. Additionally, issues related to AI interpretability, investment costs, ethical considerations and scalability further complicate successful implementation. Addressing these challenges requires strategic planning, investment in infrastructure, and solid change management and stakeholder management. Effective deployment of AI often requires cross-functional collaboration among various departments (R&D, IT, regulatory, etc.). Siloed operations can hinder the effective sharing of insights and data.

Biotech and pharma companies are preparing for a deal resurgence

The patent cliff for large pharma companies looms large, as several drugs are set to lose patent exclusivity between now and 2030, resulting in hundreds of billions of lost revenue. To mitigate this, pharma companies need to fill their pipelines now with promising drug candidates backed by strong science that offer significant commercial potential.

Even though pharma companies have significant capital to invest, many are building up capital to enhance their pipelines and fund development of the next blockbuster drug by selling non-core assets they have deemed either low-growth or no longer part of their strategy. There is also a general optimism that the regulatory environment for deals will open up under the new administration — particularly for large deals, which have been relatively scarce in recent years. Put simply, pharma deals are a matter of when, not if.

Biotech companies are also eager for deals and funding after a two-year period in which neither deals nor funding have flowed freely. However, the stakes are higher — as are expectations from potential partners or acquirers. Investors want more data. They want assets either at or near clinical studies before investing. They want companies that can execute flawlessly.

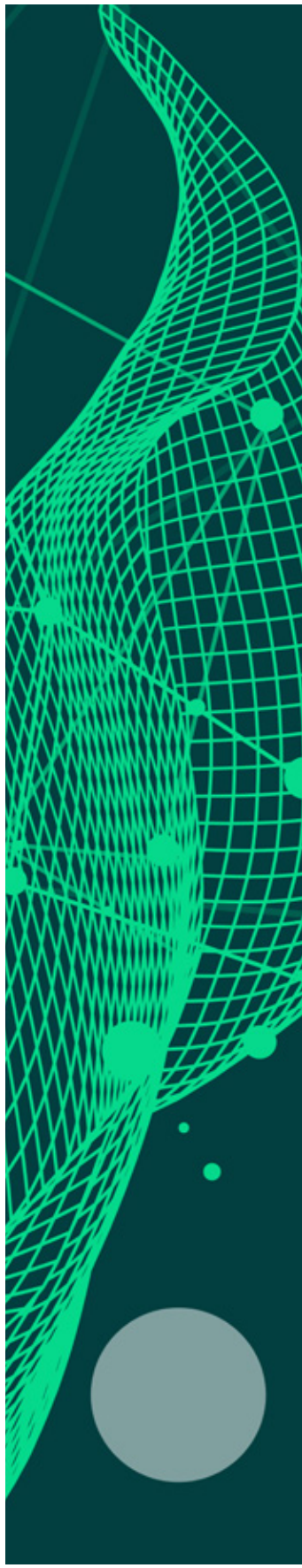
Leadership implications:

- **Pharma leaders across all functions need to go beyond cross-functional collaboration and embrace systems thinking to evaluate and execute the right deals**. Business development and licensing (BD&L) teams are scouting for deals to backfill the pipeline. This must be a coordinated effort that engages leaders across functions in systems thinking — embracing the interconnectedness of everything and thinking beyond traditional lines to make bold decisions. For example, the R&D team must consider the commercial potential of their work and how it could drive profitability, and the commercial team must engage with the R&D and BD&L teams to understand drug candidates' clinical points of differentiation for prescribers and patients. And all must work together to understand and evaluate the impacts of the Inflation Reduction Act (IRA) on deals and internal R&D investments. Early cross-functional exposure will help new leaders to understand the impact the decisions they make have on other functions and, ultimately, on profitability and future growth.

- **Biotech companies increasingly are seeking new executives to oversee clinical programs and operations**. The current asset-based focus across biotech is putting a premium on excellent execution. This is leading some biotech companies to seek a chief operating officer earlier to serve as a single point of accountability for ensuring flawless execution, overseeing clinical program leadership — clinical operations, facilities, IT, regulatory, product development, etc. — and ensuring they are effi-

ciently executing the company's strategy. Traditionally in biotech, CMOs, CFOs or even CEOs have overseen these functions. Other companies are turning to program leadership roles — like a CEO or general manager of an asset — to ensure precision in program execution and a seamless strategy across clinical development and commercial planning.

» **Biotech companies need leaders who can articulate the commercial value of their work**. Venture capital firms and biopharma companies are often underwhelmed by biotech companies that only pitch the science. Biotech companies need leaders who can think through the commercial profile of a product — the target product profile, additional indications, etc. Differentiation is increasingly important, particularly in hematology and immunology, and biotech companies need to demonstrate their relative, competitive value. The ability to communicate the commercial value of the work is also important as biotech companies prepare for a potential IPO window in 2025. Strong boards, audit chairs and finance leaders will be needed to effectively guide companies through this pivotal moment.

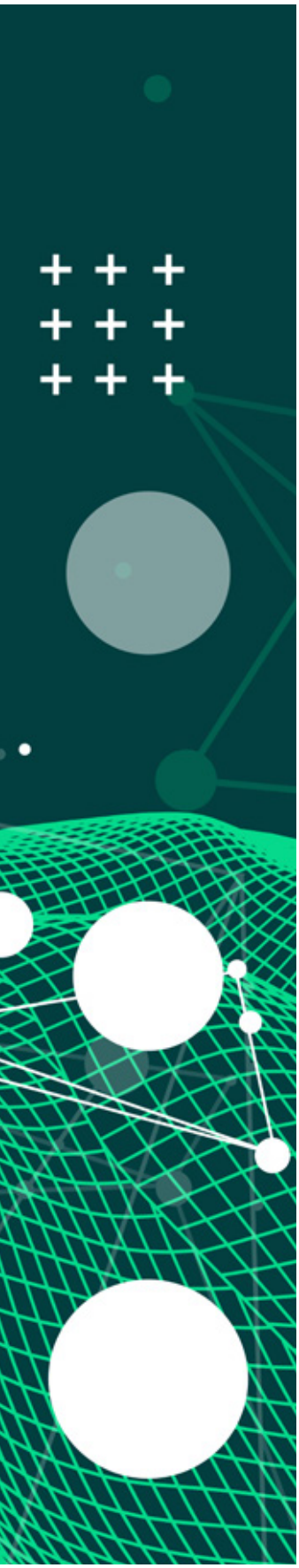


Private equity eyes pharma services and pharma carveouts while wrangling with exit strategies

For private equity (PE) firms, the primary investment focus in biopharma has been pharma services, as the business model fits nicely with many PE value creation plans, or carveouts from pharma companies offloading non-core assets.

However, the pharma services market is constrained. The number of targets continues shrinking: Most large pharma services companies — mainly contract research organizations (CROs) and CDMOs — were already taken private and some later exited. PE firms with capital to invest are thus eyeing small and midsize pharma services companies, often with a niche focus on a therapeutic area, technology or manufacturing environment. The knock-on effect is that funds that previously held five larger companies may today own a dozen or so smaller ones — each requiring their own set of strong leaders and board members.

Exit strategies are another sticking point. Many PE portfolio company valuations are down from when they were purchased. Relatedly, holding periods tend to be longer than planned, as exit opportunities have been fewer than expected with interest rates still high and the IPO market relatively cold. PE firms will be keeping an eye on how the market evolves in 2025, and whether the IPO markets will open amid a shifting regulatory and economic environment in the U.S.



Leadership implications:

- **Strong operating partners can guide strategy and execute on the value creation plan across portfolio companies**. As the number of companies in PE funds grows, fund managers may have to take a more hands-off approach to strategy execution and value creation. A strong operating partner can support the CEOs and executive teams across portfolio companies, helping them achieve their value creation plan targets.

- **Firms will need to consider first-time CEOs**. CEOs with PE experience are in short supply. Although PE firms may hesitate to appoint first-time leaders, our research shows that first-time CEOs actually outperform experienced CEOs over the course of their tenure. To ensure their success, it is crucial to conduct a thorough leadership assessment of the incoming CEO to identify gaps in their skills and experiences that can be augmented via the management team. Additionally, providing adequate onboarding support is vital. Offering targeted strategic support from the board of PE-backed companies has emerged as a popular strategy to bolster the effectiveness of new CEOs.

- **PE leaders will need to evaluate the exit readiness of their portfolio companies' leadership teams**. Evaluating management teams pre-deal is common, yet it is far rarer for PE firms to give the same attention to teams later in the investment cycle, particularly close to exit. It's critical to understand what gaps the current team may have and determine whether adjustments to the operating team can better position the company for an exit. Those who do not risk leaving money on the table.

From our perspective as advisers to top leaders and boards across the healthcare ecosystem, one theme remains clear: The appetite for great leadership is strong. Organizations across the sector, and in the healthcare industry at large, are seeking leaders with the wisdom and know-how to guide their organizations to lasting success. These leaders are scarce. To ensure lasting success, companies and their boards must find, attract and retain or develop and retain these leaders and their teams.

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit **www.spencerstuart.com**.