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2026 Biopharma Leadership Outlook: 4 Trends and What They Mean for Leaders

The mood in the biopharma industry at the beginning of 2026, including during the annual J.P. Morgan Healthcare Conference in San Francisco, has been one of more overt optimism than we had sensed in several years.

For all of the challenges that leaders have faced over the past year — from geopolitical tensions and rising competition from China to pressures for most-favored-nation (MFN) pricing and the increasing impact of AI — there seem to be positive sentiments that the industry has avoided the worst-case scenarios and is now ready to enter a period of growth. In particular, there is a sense that money was finally coming off the sidelines for investment in new deals, M&A, licensing agreements, and initial public offerings (IPOs).

In this article, we look at the top trends we will be watching in 2026, and what they mean for leaders.

1. Policy, government and geopolitics are now CEO-level issues

To say that government affairs is top-of-mind in 2026 is an understatement. Every biopharma leader doing business in the U.S. that we spoke with at J.P. Morgan said that they have had in-person discussions with government officials over the past year.

A range of policy, regulatory and geopolitical issues are interacting with one another in biopharma. MFN pricing discussions in the U.S. reverberate globally — impacting not just American drug prices (and, by extension, bottom-line performance), but also influencing launch timing and pricing in Europe. In fact, companies are beginning to delay or forgo some drug launches in Europe as pricing pressures mount.

Geopolitical tensions have also led many countries to prioritize domestic innovation and manufacturing. For Europe, this dynamic has shined a light on an innovation gap: The region's strong academic research base hasn't yet translated to U.S. levels of biotech company formation or intellectual property. Meanwhile, China and South Korea are rapidly advancing late-stage drug candidates and new biotech ventures, intensifying international competition. And in the U.S., FDA backlogs have posed a unique challenge for new small biotech firms hoping to move their innovations forward, underscoring how regulatory hurdles in one region can ripple across the global industry.

What this means for leadership

- **The top CEOs are pivoting quickly, becoming more agile decision makers**. Today's environment rewards speed amid uncertainty. Many are revisiting strategy, adjusting it where necessary, and engaging in scenario planning to prepare for any and all eventualities. For pharma companies, irrespective of scale, pipeline and portfolio strategy is both a critical challenge and a major opportunity.
- **The role and influence of chief government affairs officers are growing**. As government and policy becomes a CEO-level issue, leaders who can influence policy while maintaining an eye on commercial results can make a critical impact.
- **Commercial and business-unit leaders must have policy expertise**. It's not enough for commercial and business-unit leaders to simply defer policy expertise to government affairs teams. They must understand pricing, reimbursement and regulatory politics, as policy has become inseparable from commercial strategy.

2. Biopharma leaders prepare for China's expansion

Over the past few years, China's impact on this industry has rapidly shifted from theory to reality. The U.S. leaders we've spoken with are struck by the innovation emerging from China — particularly in bispecifics and trispecifics — marking its evolution from a fast follower and producer of generics to a frontier innovator advancing novel therapies that rival Western R&D.

China's development environment — dense hospital networks, government-supported infrastructure and a vast patient pool — make it one of the world's fastest for early-stage clinical development. China's regulatory environment further accelerates progress through investigator-initiated trials, which allow hospitals to launch early studies of unapproved therapies without national level approval, an especially powerful mechanism in fast moving areas like cell and gene therapy. Together, these factors make China a preferred hub for rapid early-phase validation and a strategically important engine of clinical development speed.

Today for Western pharma, China is both rival and a supplier on global pipelines. Many are licensing Chinese innovations to offset the looming $300 billion patent cliff by 2030, with companies both in the U.S. and Europe willing to balance competitive awareness with a willingness to invest and collaborate where the strategic value is clear. However, many companies are also extending stealth periods and guarding their own intellectual property, wary of rapid (and cheap) replication by fast-moving Chinese competitors.

What this means for leadership

- **IP protection has become a leadership imperative**. It has significant business repercussions for top leaders. In particular, CEOs and scientific leaders are being pushed to protect their intellectual property longer.
- **Leaders need a global perspective**. The level of surprise at China's speed and sophistication is a sign to leaders that they must seek to understand global innovation dynamics, not just domestic competition. They are also seeking to understand how to compete against and work with innovators across the world. In particular, many are evaluating their companies' investment strategy and foothold in China.

3. Observers feel positive about a deals/IPO breakout in pharma in 2026

While pockets of caution remain amid political uncertainty, economic unpredictability and slower private markets, there is widespread optimism about forward movement on the deals front in 2026, particularly in the second half of the year. Investment is on the rise already, with more licensing deals and M&A activity expected in the coming months. In biotech in particular, private companies are looking for M&A opportunities while planning IPOs if a stronger strategic deal cannot be hammered out.

Driving some deals movement, in part, is the patent cliff, coupled with lower-than-expected impacts from MFN. Still, big pharma has become more selective, demanding deeper clinical data, more comparators and higher diligence to ensure greater chances of success. And private equity investors remain focused on pharma services and carve-outs, with prolonged exit restraints pushing many sponsors into a more hands-on operating mode focused on value creation during longer holds.

Overall, investors are focusing on fundamentals, with a clear preference for companies that can demonstrate strong clinical data, differentiated assets and near-term value creation. There's a notable shift toward disciplined capital deployment, with both public and private investors scrutinizing business models more rigorously before committing funds.

What this means for leadership

- **Today's leaders must prepare simultaneously for multiple possible outcomes, rather than commit to a single outcome**. Whether the end result is IPO, M&A or licensing, organizations will need agile CFOs and CBOs who can prepare for any path forward. The credibility of senior leadership rests on being ready for the market window when it arrives, not predicting it perfectly.
- **Companies will seek strategic CFOs who can help with banker relationships and storytelling**. In an environment with more IPOs, organizations will have to determine between finding a transitional CFO to guide the IPO before handing it over to an operational CFO and a bridge CFO available for all stages.
- **Amid longer hold periods, private equity is driving more mid-cycle CEO transitions and placing heavier demands on leadership and governance**. This evolution requires resilient, strategically adaptive CEOs who can reset value creation plans, paired with stronger board and executive chair support to offset deliberately lean boards.

4. AI goes from discovery tool to enterprise imperative

AI's role in biopharma has clearly matured over the past year, shifting from pilot-stage enthusiasm to demonstrable performance impact. Leading firms use AI to their advantage across commercial organizations and business development.

At the Jefferies conference in November, leaders were discussing AI as having moved from "pilot to priority," with most organizations already seeing meaningful effects in diagnostics and early drug discovery. Just a few months later at the J.P. Morgan conference, that narrative had already evolved further: AI was seen not as theoretical upside but as a source of operational ROI, with agentic AI, closed-loop discovery systems and automated clinical workflows emerging as near-term value drivers.

That said, most pharma organizations are not yet operating in an integrated AI model. AI adoption today is characterized by pockets of innovation within functional silos. R&D is generally ahead of the curve, while commercial and supply chain are beginning to scale use cases, however true cross-functional orchestration remains limited.

The next phase of AI maturity will be defined not by more pilots, but by connecting AI capabilities across the value chain. This shift is already visible in leading partnerships. Nvidia and Eli Lilly's co-innovation lab positions AI as a core discovery engine rather than a point solution, while Novartis' global deployment of Salesforce's Agentforce shows how

AI is simultaneously being operationalized in commercial engagement at scale. Together, these moves signal that AI leadership is no longer confined to R&D excellence, but to orchestrating integrated, end-to-end AI capabilities across the biopharma value chain.

Right now, however, we are seeing a bit of haves vs. have-nots when it comes to AI. While some have advanced their use to help drive non-traditional routes to market, others — particularly smaller commercial-stage companies — are far behind, barely deploying AI except in the most basic cases.

What this means for leaders

- **The leadership challenge with AI is not technology — it's data, governance, culture and leadership**. Success with both AI and global R&D partnerships requires cultural agility, rewarding learning, adaptability and cross-boundary collaboration. Leaders must be able to speak credibly to how AI can be deployed beyond R&D to commercial, HR and support functions. Rigid hierarchies and slow decision cycles will prevent companies from competing with more agile ecosystems like China's.
- **Senior leaders fluent in AI-enabled drug discovery will drive advantage in a competitive market**. This includes chief scientific officers and heads of R&D who understand the confluence of AI, data access, drug discovery and computational biology.
- **Your data strategy equals your AI strategy**. Longitudinal data access and data quality will increasingly separate AI leaders from laggards. Leaders must treat data as a core strategic asset, not an IT concern.

A year ago, many CEOs and boards found themselves gripped by decision paralysis — overwhelmed by geopolitical tensions, macroeconomic volatility and fears that external forces were shifting faster than their organizations could manage. This year, the tone has changed. Leaders are adjusting to a new normal, filtering out the noise to recognize what is truly within their control to make disciplined, context aware decisions. With approaches based on systems thinking and "strong opinions, lightly held," they are moving past fear to act with greater clarity, agility and resilience.

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