

AN FTI CONSULTING SURVEY: HEALTHCARE & LIFE SCIENCES INDUSTRY
OUTLOOK 2025

The Bounce Back: Unlocking the Healthcare & Life Sciences Industry's Potential in a Time of Change



Industry Sees Hope Among Sea of Challenges

In the fourth edition of FTI Consulting's Healthcare & Life Sciences Outlook Survey, healthcare and biopharma organizations are embracing a new sense of optimism. This is a significant finding given the immense change over the past 12 months — Republicans taking control of both the U.S. executive and legislative branches of government and the increasing use of AI in drug discovery and development — as well as the challenges affecting not only their businesses, but the world in which they operate. This includes drug pricing concerns and continued geopolitical tensions across the globe, just to name a few.

As we enter the second half of this decade, healthcare and life sciences ("HCLS") executives are optimistic about their ability to deliver financial results, the efficiencies provided by AI and the life-transforming treatments they can provide to patients.

Seventy-nine percent of respondents feel upbeat about the HCLS industry overall, notably up (+11%) from 68% in last year's iteration of this survey.¹

Eighty-six percent of leaders have high expectations for their organizations' financial performance, up 7% from last year. As the industry has increasingly encountered cybersecurity incidents, companies are preparing for these threats by investing in the development of communications and operational playbooks and crisis simulations. Today, 79% of respondents across the sector feel optimistic about preventing potential cyber attacks or incidents that they may face.

However, the optimism seemed to diminish when encountering political uncertainty, particularly in light of the U.S. Presidential election. Similar to the majority of citizens in the United States², when polled in October 2024, respondents were divided on how a Donald Trump vs. Kamala Harris Presidential administration would affect their industry. As leaders now prepare for the reality of a second Trump administration with his allies leading the Food and Drug

Administration ("FDA"), Health and Human Services ("HHS") and other components of healthcare policymaking, they will need to continue to monitor and evaluate the impact of any potential new policies on their business objectives.

In the years since the COVID-19 pandemic, analysts and other commentators have continuously previewed the industry rebounding and seeing new growth.³ After many periods of heightened expectations, 2025 seems to be the year when this prediction is expected to bear fruit.

Given the potential for financial growth and pipeline advancement on the horizon, now is the time for companies to ensure they have the most impactful strategic communications programs for 2025. To demonstrate their unique value proposition, control narratives and protect their reputation, organizations should develop sophisticated communications programs that articulate their value, upcoming milestones and impact and resonate with key stakeholders, including investors, patients, business and community partners and government regulators. A strong and integrated communications plan can help take advantage of the increasing optimism and interest in the sector and deliver results not only for the companies themselves, but also for the patients seeking new and innovative treatments for numerous conditions.

"After years of speculation and tempered optimism, M&A activity is expected to increase in 2025, as companies look to acquire viable, late-stage assets in order to grow their pipeline and accomplish their business objectives. Particular areas of investment include the rise of obesity treatments, an increased focus in immuno-oncology, gene editing and AI-powered drug discovery. The growing optimism among industry leaders and key stakeholders opens up the opportunity for companies to position themselves as innovators in the field and rise above the crowded marketplace."



– [Robert Stanislaro](#), Senior Managing Director, Corporate Reputation

ENTHUSIASM AND INCREASED POTENTIAL SPURS BUDGET INCREASES

Reflecting the increased optimism that leaders are expecting as they enter 2025, 48% of respondents expect to spend additional funds in the coming year to support their business.

- Almost half of leaders (47%) expecting to increase their budgets are devoting the additional funds to research and development.
- Top investment areas within communications include:



70%

Social and digital communications — almost an 18% increase from our 2024 survey



52%

Crisis communications and reputational management



48%

Webinars and virtual events



39%

Thought leadership



39%

Stakeholder mapping

THE INDUSTRY WEIGHS-IN: DONALD TRUMP VS. KAMALA HARRIS

On the heels of the U.S. Presidential election, almost 1 in 5 respondents (22%) identified the current political environment as a risk to their business. While the survey was conducted prior to President Trump winning the election, respondents were divided on which candidate they thought would have a more positive impact on the industry:



Nearly 7 in 10 (68%) say they think a potential Harris administration would have a positive impact.



Nearly 6 in 10 (58%) say they think a potential Trump administration would have a positive impact.

As leaders debated which candidate was best, President Biden's legacy and the impact of his administration on

the HCLS industry may have played a factor. The majority of respondents (64%) noted that the Biden administration has had a positive impact on the HCLS industry.

Now that the election is officially decided in favor of President Trump, the industry will soon see how his policy priorities and the Republican control of both the Senate and the House will impact the initiatives put in place under President Biden. Notably, at least 54% of respondents expect that components of the Inflation Reduction Act ("IRA") will be revised in some capacity over the next year. In addition, 61% of respondents stated that Republicans controlling the Senate and the House will positively impact the healthcare industry in 2025.

"As the industry prepares for a second Trump administration, leaders should expect to see a focus on reducing federal regulations, promoting market-based solutions and competition through a more favorable dealmaking environment, addressing the cost of prescription drugs and decreasing federal involvement in health coverage. While some changes could be implemented via executive orders, other major reforms would require Congressional support and face substantial political hurdles. In light of this, industry leaders need to not only monitor policies, but also grow their political relationships at the local, state and federal level."

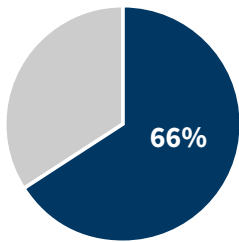


— **Lauren Crawford Shaver**, Senior Managing Director, Americas Head of Healthcare & Life Sciences, Strategic Communications

INCREASED M&A AND IPO ACTIVITY ON THE HORIZON IN 2025

After years of economic challenges following the COVID-19 pandemic and the Biden administration's firm antitrust stance deterring dealmaking in the first half of the decade, industry leaders expect M&A activity, IPOs and dealmaking to return in 2025. This may be attributed to more favorable economic conditions or President Trump's second administration implementing policies that promote and encourage acquisitions.

M&A Activity



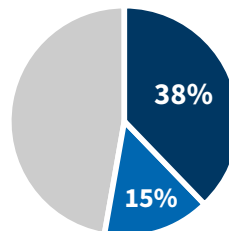
Approximately two-thirds (66%) of respondents expect M&A activity to be higher in 2025. When determining where to invest their well-earned capital, large biopharma companies are expected to continue to invest in targeted therapeutic areas where they

see the highest potential for financial returns, such as oncology, immunology, neurology and rare diseases.

IPO & Fundraising Activity

In 2024, the biopharma industry continued the bounce back of IPOs and fundraisings following the COVID-19 pandemic. Through early December 2024, 22 biopharma IPOs raised a total of \$3.5 billion, representing a new industry high since 2021.⁴ Venture investment through Q3 2024 was also tracking to surpass the previous two years, with funding for clinical-stage companies driving this increase.⁵

Reflecting the increased optimism that is resonating throughout the industry, nearly 4 in 10 respondents believe that the industry will be increasingly able to access capital in 2025 (up 10% from 28% in 2024). Sixty-one percent of leaders anticipate that IPO activity will be higher in 2025 than in 2024, a 7% jump from last year's survey.



● 38% agreed that it will be easier to access and raise capital in 2025.

● 15% agreed that it will be more difficult to access and raise capital in 2025.

Consistent with past years, the majority of respondents believe that the ability for HCLS startups to raise capital depends largely on company-specific factors, such as therapeutic area(s) of focus, pipeline assets and stage, pedigree, etc.

“Healthcare and life sciences companies appear optimistic about dealmaking as we head into 2025, particularly as we prepare for an incoming administration that many expect to be a boon to M&A and the broader capital markets environment. Companies looking to capitalize on renewed investor interest in the sector should be prepared to act decisively and effectively articulate their value proposition to the market in order to make the most of the 2025 macro-environment.”



– [Jim Polson](#), Senior Managing Director, Financial Communications

HARNESSING THE POTENTIAL OF AI

Industry leaders continue to see the immense potential of AI, particularly in the ways that this new and innovative technology can provide efficiencies and streamline critical operations as part of the drug development process.



Nearly 8 in 10 respondents are optimistic about AI and its impact, both to create efficiencies within (77%) and outside (77%) of drug development.

As a result, in 2025 and beyond, industry leaders and analysts should monitor the latest developments with AI and evaluate how these intelligent solutions can be utilized throughout their business.

“The growing integration and implementation of AI continues to drive optimism across the industry; however, ensuring a consistent AI usage framework and equitable access to this technology will be key to driving the most effective results. As investors, partners and regulators continue to monitor and evaluate HCLS companies’ activities, transparent communication and disclosure of AI practices will be key to establishing trust and managing potential reputational risks.”



– [James Condon](#), Managing Director, Digital & Insights

CARDIOVASCULAR, METABOLIC AND IMMUNOLOGY TREATMENTS COME TO THE FOREFRONT

As seen in recent media coverage across top-tier and key biopharma trade outlets, there are particular therapeutic areas that the industry is focusing on for their long-term growth. With the rising popularity of GLP-1s in order to treat obesity and metabolic conditions and a renewed focus on immuno-oncology treatments, these are key areas to watch, both from an investment and strategy perspective, going into 2025, particularly as larger pharmaceutical companies look for potential M&A targets.

The top five therapeutic areas that respondents have identified for new and future investments include:



38%

Immunology and inflammation



36%

Infectious diseases and vaccines



34%

Respiratory



32%

Cardiovascular, renal and metabolic



32%

Neuroscience

IS ESG STILL AT A CROSSROADS?

Compared to how ESG dominated conversations across the industry several years ago, HCLS leaders have tempered expectations about the benefits of commenting on social and environmental issues, particularly given the incoming presidential administration and other political changes.

Over half (55%) of respondents expect ESG issues to pose a medium risk to their company's reputation in 2025. Their biggest concerns and challenges with communicating around their ESG program include the risk of creating liability for the company or greenwashing (48%) and attracting attention and coming under attack from anti-ESG political factions (46%), notably up 5% from last year.

Given the ongoing controversy around ESG topics, it is interesting to see the industry shifting thematically to focus more on mainstream and healthcare-related topics for their upcoming initiatives. Health equity appears to be the number one theme for leaders at 42%, up 6% from 2024. Other areas of focus include data security (38%) and data access and affordability (36%).

"The recent politicization of ESG has resulted in companies being fearful of attracting too much attention given the risk that dialogue becomes critical or negative. While this is understandable, we also expect it to be balanced by two key considerations. First, key stakeholders remain focused on ESG issues that can materially affect companies — positively or negatively — and companies will need to continue to control the narrative to favorably differentiate themselves among peers. And second, the array of relevant regulation coming out of the United States and the EU to which U.S.-domiciled HCLS companies will be subjected to will inevitably increase both the level of related disclosures and the scrutiny with which they're reviewed."



– **Ben Herskowitz**, Senior Managing Director, ESG & Sustainability Advisory

CYBERSECURITY: AN OUNCE OF PREVENTION

As reflected in our 2024 report, the industry seems to be aware of the challenges and reputational risk posed by cyber incidents and cyber attacks. For the second year in a row, cyber incidents/attacks (23%) were identified by leaders as the second highest risk facing the industry, with economic uncertainty (38%) ranking first and the political environment (22%) at third.

Of the many different types of incidents that the industry could face, the greatest areas of vulnerability include malware and ransomware (59%, up 5%) and incidents that involve privacy violations (54%, up 5%) and phishing (46%, up 5%).

The industry also acknowledges the wide range of impacts of cyber incidents. According to respondents, the top three biggest risks that a cyber attack or incident pose to the industry are:



61%

Data access or exposure



52%

Impacts to patient care



48%

Financial costs

As leaders better understand the prevalence of cyber incidents and the damage they can cause to their companies' operations and reputation, we are seeing the industry shift to more of a preparedness mindset. More than 68% of respondents report having a crisis communications plan in place, up 13% from 2024; and more than half (54%) have participated in a crisis simulation or tabletop exercise, up 17% from last year.

"The year 2024 was a sobering one in that we witnessed an increasing and evolving cybersecurity threat landscape specifically targeting the healthcare industry. But, we also witnessed an awakening in the sector, with more healthcare organizations investing in cybersecurity preparedness and readiness programs — including communications planning and training — ahead of the crisis. Looking ahead to 2025, it is imperative that HCLS leaders keep their foot on the gas of cybersecurity preparedness."



— **Jamie Singer**, Senior Managing Director, Cybersecurity & Data Privacy Communications

Final Thoughts & Takeaways

- A triumphant return of dealmaking, M&A activity and IPOs coincides with a renewed sense of optimism across the industry.
- Leaders are divided about the impact that a second Trump administration will have on their businesses, but expect changes with the IRA to be forthcoming.
- As cybersecurity incidents have become the “new normal,” leaders must continue to invest in crisis communications preparedness to minimize potential disruptions and risks.
- Key therapeutic areas identified by leaders for increased investment and long-term growth include immunology, cardiovascular and infectious diseases.
- AI continues to be seen as a key to unlock efficiencies and drive innovation — particularly in the drug discovery and development process.

Using Strategic Communications to Propel Continued Growth in 2025

After years of much speculation, the results from this year's Healthcare & Life Sciences Outlook Survey show that a rebound for the sector is upon us, particularly from an M&A, fundraising and deal pipeline perspective.

While political uncertainty and cybersecurity incidents will still be something to contend with, leaders should seize opportunities presented by these events and use communications to set the course for continued success. Executives should devote resources to overarching communications strategy and specific narrative development, stakeholder mapping and engagement. A comprehensive and thoughtful communications approach will be critical to making inroads with key audiences — including regulators, investors, business and community partners, media and patients — to support the broader business objectives.

With strong relationships with key audiences within the public and private sectors, and at every level, and combined with expert-led counsel, FTI Consulting's [Healthcare & Life Sciences](#) communications experts know how to engage stakeholders, decisionmakers and influencers with the right message at the right time and achieve maximum impact for our clients.

Endnotes

¹ "BioPharma in 2024: At a Crossroads," FTI Consulting (December 8, 2023), <https://fticonsulting.com/2024-healthcare-life-sciences-industry-outlook-biopharma-at-crossroads/>.

² "October 2024 National Poll: Trump 49%, Harris 49%," Emerson College Polling (October 26, 2024), <https://emersoncollegepolling.com/october-2024-national-poll-trump-49-harris-49/>.

³ "Healthcare and life sciences M&A: Poised for a rebound?," KPMG (last accessed December 10, 2024), <https://kpmg.com/us/en/articles/2023/healthcare-life-sciences-ma-poised-rebound.html>.

⁴ Cantor Fitzgerald, "Cantor's Biotech Non-Denominational Advent Calendar Day 9: Opening Sleigh Bells," (December 9, 2024), pp. 2, available from LSEG, accessed December 11, 2024. <https://cantor2.bluematrix.com/docs/pdf/c921612a-0b08-48b0-bf1a-5ab35a30f545.pdf>

⁵ "Q3 2024 Biopharma Licensing and Venture Report," J.P. Morgan, pp. 3, 6 (October 2024), <https://www.jpmorgan.com/content/dam/jpmorgan/documents/cb/insights/outlook/jpm-biopharma-deck-q3-2024-final-ada.pdf>

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This research was conducted online by FTI Consulting's Digital & Insights Practice within the Strategic Communications segment between September 24 and October 9, 2024 with n=250 decision makers in corporate communications, investor relations, public affairs, business development, and marketing for healthcare and life sciences companies in the U.S. Due to the standard convention of rounding, some totals may not add up to 100%.

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