KPMG 2025 Global Life Sciences CEO Outlook

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Foreword

In an age of heightened disruption, Life Sciences CEOs are optimistic. Many anticipate strong growth over the coming years on the back of new innovation and technology-driven increases in efficiency. Appetite for M&A remains high — particularly for new therapeutic areas and capabilities — while, at the same time, significant investment is being channeled towards operationalizing AI and other digitalization activities.

This balance between innovation and efficiency is creating interesting opportunities for CEOs. We expect to see continued divestment of non-core assets as organizations sharpen their market focus, unlocking capital to invest into new innovation and driving transformation across enterprises. Technology and AI will continue to play a key role, particularly in the middle and back office where significant value is ripe for unlocking.

A key theme that emerges across the report is the importance of empowering the workforce to adapt and experiment in this rapidly evolving sector. CEOs recognize the importance of enabling humans with technology, yet in many cases are struggling to drive adoption whilst retaining the skills and capabilities required to thrive in the future.

In this report, KPMG's network of regional Life Sciences leaders explore the results of a recent global survey of 110 Life Sciences CEOs from around the world. Supported by practical insights and recommendations, its intention is to help sector leaders, stakeholders and investors assess the key trends, challenges and opportunities facing organizations in this age of heightened disruption.

Liz Claydon
Global Head of Life Sciences,
and Global Head of Deal Advisory
KPMG International

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Executive summary

Confidence in the strength of the industry is up and the majority of Life Sciences CEOs expect to achieve earnings growth of more than 2.5 percent. Our survey suggests that innovation and efficiency will play key roles with data pointing to continued strong appetite for M&A and increasing investment into digitalization.

Interestingly, our survey indicates that organizations in the sector are moving from experimentation and pilots to operationalization and value creation of AI enabled technology. Yet the data also shows a clear focus on innovation with significant investment going into areas like multi-omic research (genomics, transcriptomics, proteomics, metabolomics and epigenomics) and personalized medicine.

With the market rapidly evolving, CEOs recognize that successful execution of their objectives hinge on their ability to enable their workforces to adapt, retrain and experiment. In part, leaders plan to attract and retain talent by narrowing the expectation gap of different generations within the workforce, through strategies like hybrid work models. They are also increasingly using retraining as a way to retain and recruit key talent in an increasingly competitive marketplace.

Sustainability and ESG remain high on the agenda for organizations globally, though application and focus varies depending on the region. While this may have created some challenges for multinational organizations, it has also enabled unique opportunities to regionalize objectives and activities.

Ultimately, our survey of Life Sciences CEOs suggests that growth will come from a combination of innovation and efficiency.

55%

of Life Sciences CEOs expect to achieve earnings growth of more than

2.5%

Key findings

What is on the minds of Life Sciences CEOs?

Industry snapshot

83% are confident in the growth prospects of the industry — up 16 percentage points from 2024

80% have already adapted their growth strategies in response to interrelated market challenges

86% have a moderate-to-high appetite for M&A over the next three years

Top 3 challenges impacting short-term decision making

1. Integration of AI into organizational processes and systems
2. Supply chain resilience/Technological disruption (two-way tie)
3. Global economic uncertainty

Creating intelligent organizations

65% expect returns on their AI investments within the next three years

25% say AI has given their organizations enhanced decision-making and data analytics capabilities

Top 5 most important future capabilities

1. Internet of Medical Things
2. Privacy enhancing technologies
3. Biomimetic devices
4. AI in products and services
5. Agentic AI/Intelligent manufacturing (two-way tie)

Enabling workforces

85% think that workforce AI readiness will have an impact on their growth objectives

73% expect most corporate staff to be working in hybrid models within three years

Embedding sustainability

25% integrate the costs and ROI of sustainability initiatives into every major capital investment

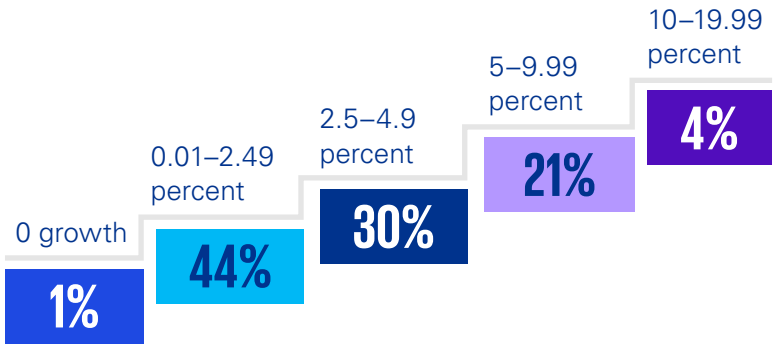
80% expect AI to help them reduce emissions and improve energy efficiency

Industry snapshot

Despite significant market uncertainty and concerns about economic growth, Life Sciences CEOs are increasingly confident. In our survey, 83 percent voiced confidence in the growth prospects of the industry — up 16 percentage points from 2024. At the same time, the proportion of CEOs who anticipate robust earnings growth (of more than 2.5 percent) rose from 39 percent in 2024 to 55 percent in 2025.

How do they expect to achieve that growth? According to our survey, innovation and efficiency will play key roles. Top of the list of operational priorities for sector leaders this year is the desire to advance digitalization and connectivity across their businesses. They also say they want to better understand and implement generative AI and agentic AI across their enterprises (more on this in the next chapter).

Earnings outlook for Life Sciences companies over the next three years



Q. What is your organization's earnings outlook over the next three years?
Source: KPMG 2025 CEO Outlook

Many also clearly expect to achieve growth through inorganic routes, with 86 percent of respondents saying they have a moderate-to-high appetite for M&A over the next three years (slightly trailing the cross-sector average of 89 percent).

Moderate-to-high appetite for M&A over the next three years

89%

Cross-sector average

86%

Life Sciences

But as demonstrated in a recent M&A report by KPMG International,[1] nearly 60 percent of deals actually destroy shareholder value rather than create it, suggesting CEOs may be trying to refocus on deals that deliver transformational value over those that simply provide scale or volume.

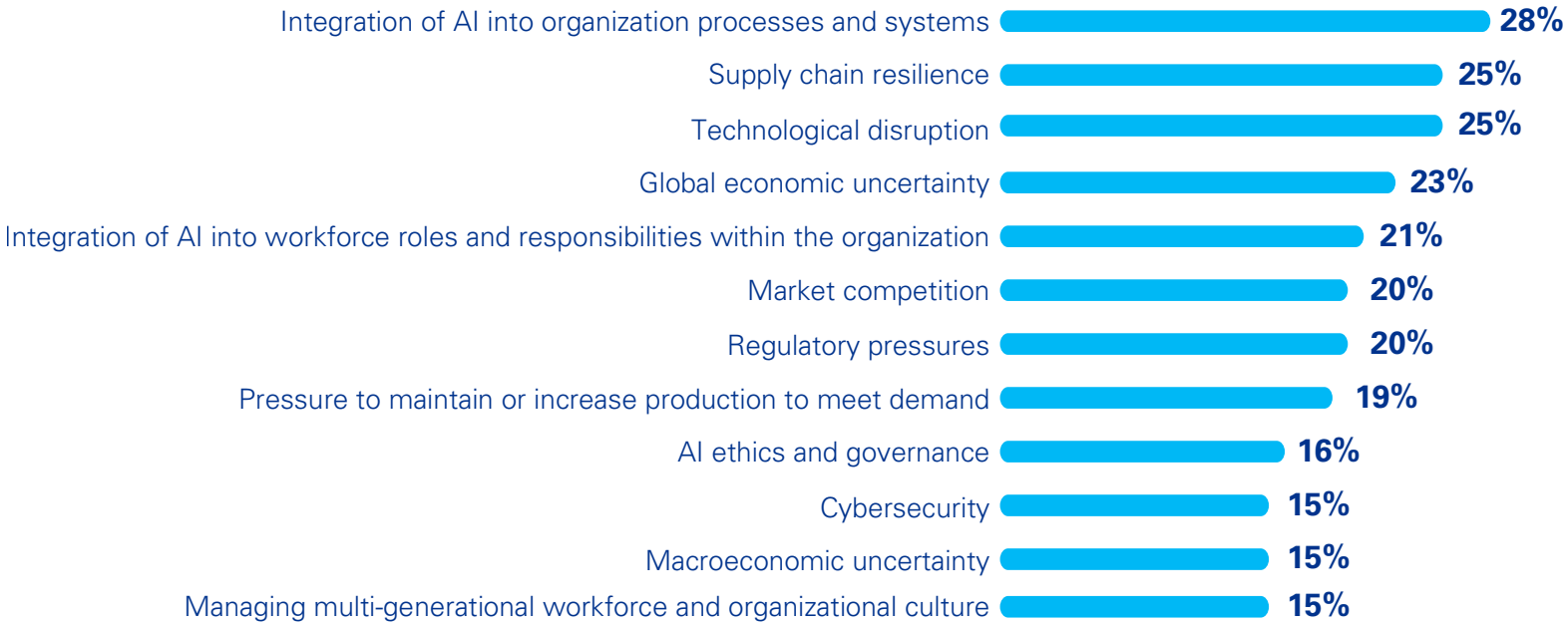
[1] The M&A Dance: Orchestrating synergies and value creation in public company acquisitions, KPMG International, August 2025

Life Sciences leaders are becoming more selective and disciplined about M&A by looking for sustainable value and long-term performance rather than short-term gains. This means having the right market focus in addition to a clear strategy and the right capabilities for unlocking value creation and driving transformation."

Liz Claydon
Global Head of Life Sciences and Global Head of Deal Advisory
KPMG International

Our survey also uncovers a number of challenges that are influencing short-term decision making as CEOs chart their path to growth. Perhaps not surprisingly, they are concerned about the difficulty of integrating AI into their existing processes and systems, as well as into their workforce. They are also worried about broader technological disruption. Likely reflecting recent geopolitical tensions, tariff environments and supply restrictions, many CEOs noted the need to significantly improve supply chain resilience — citing it as both a top five operational priority and as a top challenge impacting their short-term decision-making.

Challenges impacting short-term decision making in Life Sciences companies



Q. Which of the following pressures or challenges are driving your short-term decisions?
Source: KPMG 2025 CEO Outlook

"Supply chains are becoming increasingly complex, particularly as global trade norms evolve and new risks emerge," adds Peter Liddell, ASPAC Region Head of Life Sciences, and Global Leader, Operations Centre of Excellence, KPMG in Singapore. "As Life Sciences organizations start to move into new business models — such as precision medicine or automation — the biggest challenge will be in finding the economies of scale across what will often be disparate supply chains."

What the data shows, however, is that the sector is rapidly adapting to changes in the marketplace. Indeed, in our survey, every single respondent said they are adapting their growth strategy to reflect the interrelated challenges they face in the market. Eight-in-ten say they have already adapted their strategy. No other industry in our wider survey showed such commitment to change.

"The Life Sciences sector has entered a period of balancing innovation with cost effectiveness," adds Kristin Ciriello Pothier, Americas Region and Head of Life Sciences, KPMG in the US. "CEOs are looking at driving innovation through partnerships, efficiency through AI and growth through new business models. And that is driving a higher level of optimism across the sector."

Organizations that have already adapted their growth strategies due to interrelated challenges

80%

Life sciences

72%

Cross sector average

Key recommendations

- ***Transact to transform:*** M&A can help unlock valuable capital and resources (in the case of a divestment) to invest into transformation or it can infuse organizations with new and transformative capabilities and skills (in the case of an acquisition). The key is for senior leaders in the sector to understand where their organizations want to play, quantifying the value creation potential of their options and realizing this value through strong execution post-deal.
- ***Focus on supply chain:*** As the trade environment evolves and new business models emerge, CEOs should ensure their supply chains and partners remain fit for purpose. Integrating suppliers and new trading partners (such as third-party logistics providers or contract manufacturing organizations) — and their data — will likely require leaders to be more collaborative and innovative in their approaches.

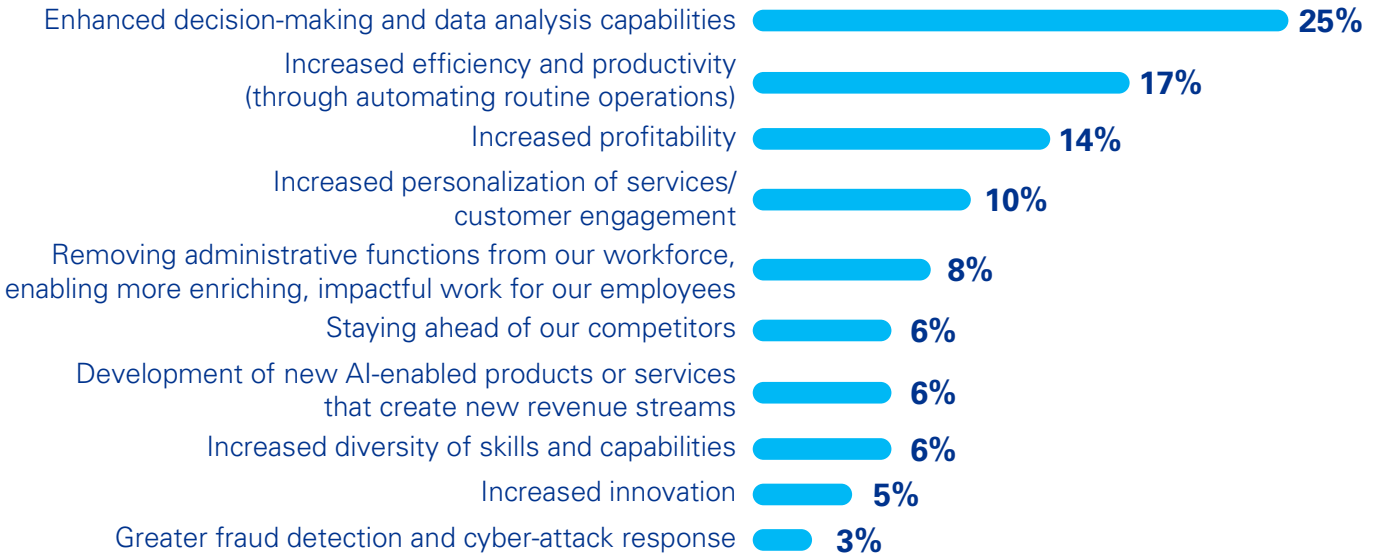
Creating intelligent Life Sciences organizations

With AI and Agentic AI at the very top of the Life Sciences priority list, we wanted to find out how that translated into actual spend and priorities. What we found suggests a shift from experimentation and pilots to operationalization and value creation.

In part, that is reflected in budget expectations, with 73 percent of respondents saying they plan to invest 10 to 20 percent of their technology budgets on AI. The data also indicates they are moving value creation forward — 22 percent say they expect to see returns on their AI investments within a year and 65 percent expect returns to materialize within the next one to three years — suggesting strong progress in integrating AI into operations.

Similarly, operational and efficiency outcomes top the list of benefits being achieved through AI. In our survey, a quarter of CEOs said they now enjoy enhanced decision-making and data analysis capabilities, up from just 4 percent who claimed the same last year. The proportion of respondents saying they have seen increased efficiency, productivity and profitability, sentiments that have also increased year-over-year.

Top benefits of implementing AI in Life Sciences companies



Q. What do you consider the top benefit of implementing the use of AI across your organization?
Source: KPMG 2025 CEO Outlook

"While the primary focus of recent AI investments has largely been on operational efficiency, leaders are scaling up their initiatives to unlock value far beyond headcount rationalization or cost efficiencies," notes Peter Liddell. "We recently helped a client implement AI in their customer service function. Some efficiencies were achieved. But the real value came from the service differentiation and working capital improvements they were able to unlock with the technology."

Focus on innovation-led outcomes, however, has weakened. The number of CEOs saying they anticipate creating new AI-enabled products tumbled by two-thirds over the past year. Those expecting AI to provide an overall increase in innovation fell from 13 percent of respondents in 2024 to just 5 percent in 2025.

This may reflect a more pragmatic view on the challenges associated with integrating generative AI into existing systems and processes. Regulatory and ethical challenges still top the list of AI-related concerns. However, cost and implementation challenges loom large for the majority of respondents, alongside data readiness and technical capability.

Cybersecurity is also a key concern for CEOs with 84 percent saying they are worried about their organization's vulnerability to cyber-attacks. And they are nearly unanimous (94 percent) in their concerns about fraud detection and prevention, as well as identity theft and data privacy — all topics that are both enhanced and threatened by advances in AI.

84%

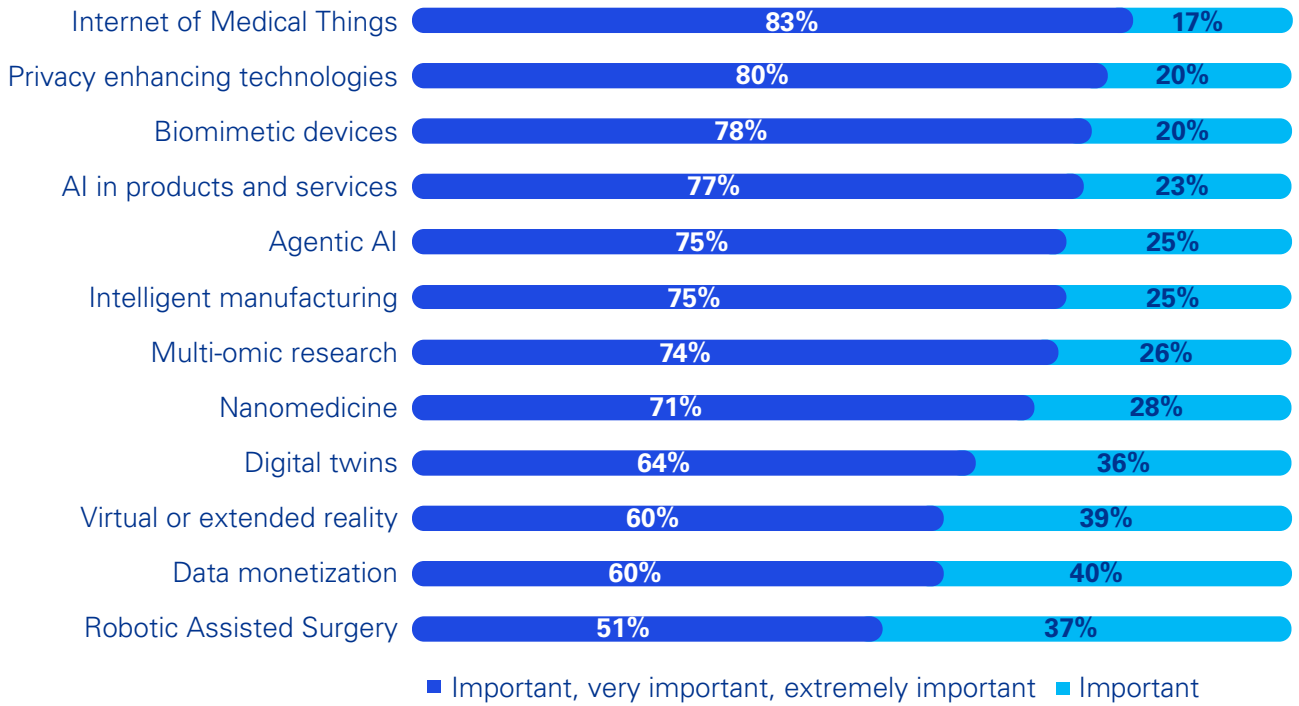
of Life Sciences CEOs are worried about their organization's vulnerability to cyber-attacks.

"The Life Sciences sector has long spent significantly on cyber security and privacy and that can serve them well as they strive to implement and integrate new technologies and data streams into their business models. That spend may need to continue, in particular for medical device companies as connected devices/tech become ever more integral."

Jon Haynes
EMA Region Head of Life Sciences and Partner
KPMG in the UK

While AI may top the priority list in terms of technology, CEOs are exploring a wide range of innovative ideas and technologies in order to drive growth, accelerate R&D and unlock operational efficiencies. We asked our respondents what capabilities they thought would be most important to their organizations in the next three years. Interestingly, the Internet of Medical Things (IoMT), multi-omic research and biomimetic devices topped the list, suggesting a strong focus on precision medicine and integrated biological insights. On the operational side, CEOs noted a focus on privacy-enhancing technologies and AI-embedded products and services.

Important capabilities for Life Sciences companies in the next three years



Q. Looking ahead to the next 3 years, how important will the following capabilities be to your organization?
Source: KPMG 2025 CEO Outlook

The focus on multi-omics illustrates the importance many Life Sciences organizations are placing on the creation of multi-faceted innovative therapies. Yet they are also clearly prioritizing AI and Agentic AI to drive efficiency and scale. It's that careful balance between innovation and cost effectiveness that is really driving decision-making in the sector today."

Kristin Ciriello Pothier
Americas Region and US Head of Life Sciences
KPMG in the US

Finally, our data indicates they are putting their money behind their ambitions. Moderate-to-high levels of funding are expected to flow into IoMT and biomimetic devices, as well as into privacy-enhancing technologies and multi-omic research.

Key recommendations

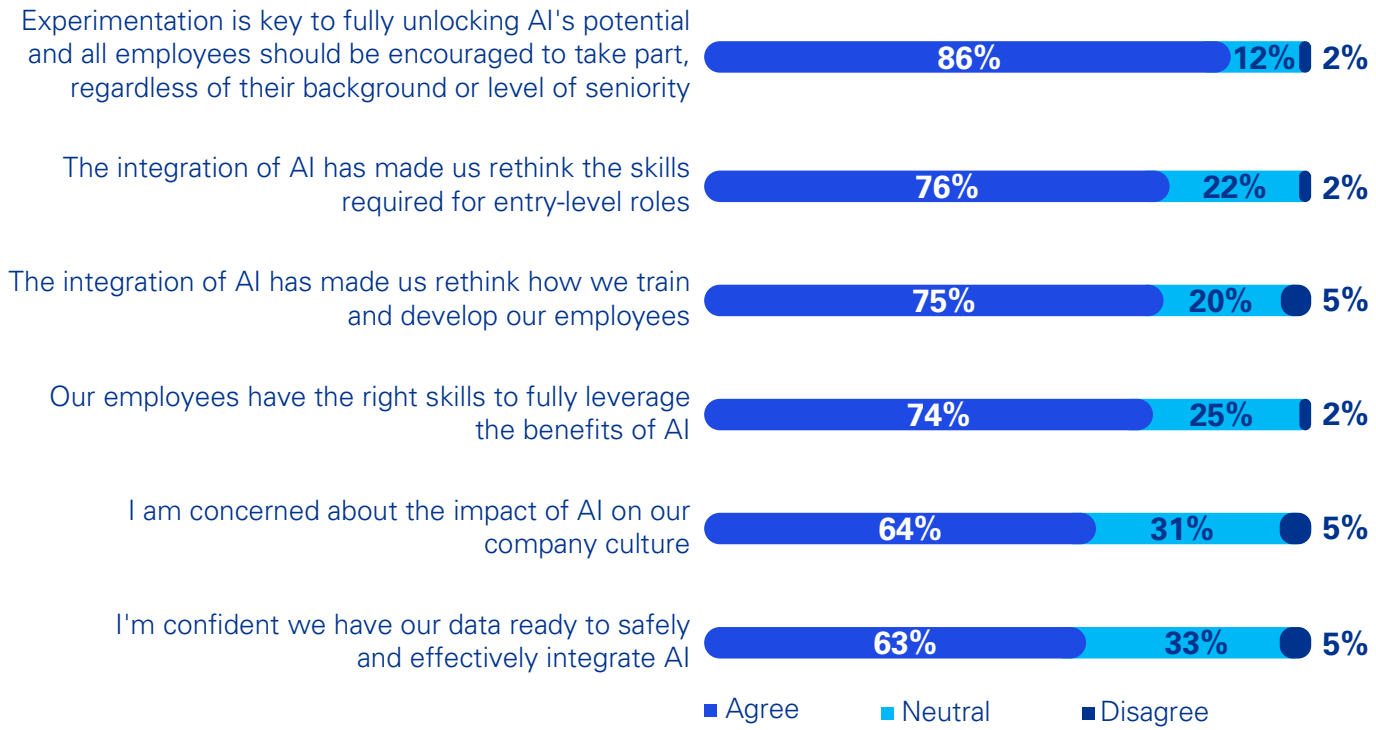
- ***Lead by example:*** To help to ensure strategic alignment, CEOs and their leadership teams should oversee AI-driven transformation at the enterprise level, embedding AI into operating models, to drive systemic improvements. They should also prioritize ethics, security, compliance and trust, aligning AI applications to reinforce transparency in clinical validation, real-world evidence generation and regulatory decision-making.
- ***Maximize tech investments:*** With most Life Sciences organizations having recently completed major technology modernization programs, senior leaders should shift their focus towards maximizing the value of these investments by championing the adoption of interoperable data standards and AI-driven governance in order to enhance data accessibility, security and regulatory compliance.
- ***Focus on business challenges:*** To maximize the value and impact of AI investments, organizations should align their AI investments against specific business challenges rather than allowing use-cases to lead their investment strategies.

Enabling workforces

Life Sciences CEOs recognize that unlocking value from AI and other emerging technologies requires a shift in employee skills and capabilities. When we asked our respondents what factors might impact their ability to achieve their growth objectives over the next three years, the number one answer was AI workforce readiness or upskilling — cited by 85 percent of CEOs. Competition for AI talent ranked fourth in the list of potential barriers to growth.

There are signs of optimism regarding workforce readiness with 74 percent of sector CEOs saying they believe their employees have the right skills to fully leverage the benefits of AI. At the same time, however, a similar number say that the integration of AI has made them rethink the skills required for entry-level roles and how employees are trained and developed.

Key organizational sentiment on generative and agentic AI



Q. Thinking about your organization's approach to generative and agentic AI, to what extent do you agree or disagree with the following statements?

Source: KPMG 2025 CEO Outlook

We are seeing leaders putting significant focus on retraining and upskilling as a retention tool. Providing their employees (particularly the non-digital native generation) — with the training, support and empowerment to experiment and develop their AI and wider technical skills. The organizations that invest in their peoples' training on AI today will see the dividends of that investment pay out in the medium term as employees start to reimagine organizational value chains."

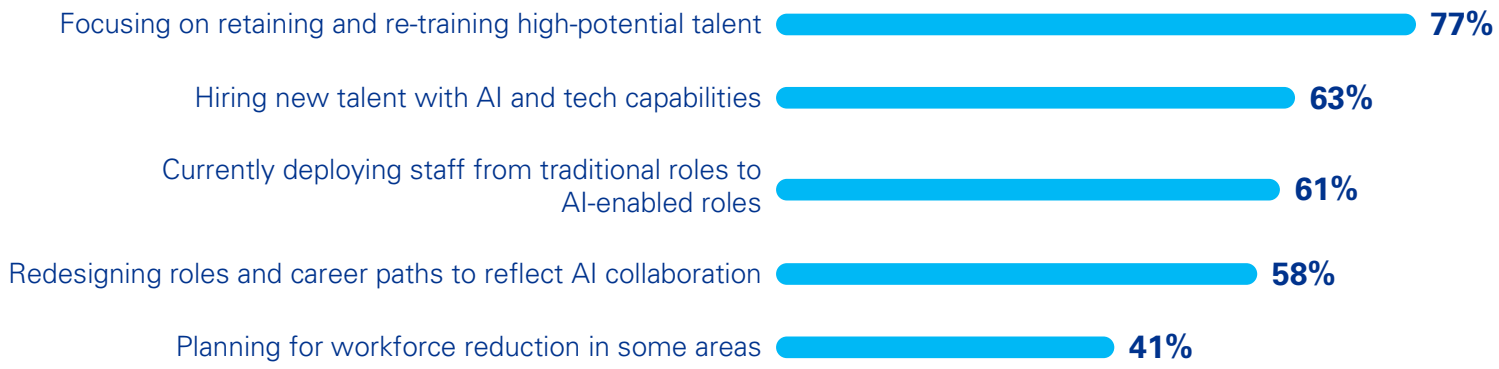
Liz Claydon
Global Head of Life Sciences and
Global Head of Deal Advisory
KPMG International

Generational gaps seem to be creating significant concern for many sector CEOs. In particular, respondents raise concerns about the growing generational differences around key future skills and widening expectation gaps — likely related to preferences around work structure, pace of progression and communication styles.

In the short-term, CEOs say they plan to roll out additional AI education and training across the entire workforce and to more openly communicate the potential impact of AI on job roles. The data suggests efforts will be made to tailor AI training to reach different generations within the workforce, supported by proactive investment into reskilling and upskilling.

Over the longer-term, sector leaders say that — beyond retraining and retaining high potential talent — they have plans to hire in new talent with AI and tech capabilities and to redeploy staff from traditional roles into AI-enabled roles.

Long-term Life Sciences workforce strategy change in response to AI



Q. How is your long-term workforce strategy (2-5 years) changing in response to AI?
Source: KPMG 2025 CEO Outlook

"It's not just training on AI — Life Sciences organizations need to constantly be training and retraining their people as the ecosystem and modalities become more complex," adds Kristin Ciriello Pothier. "Multi-omics simply didn't exist when many of today's senior scientists were in school — keeping your top talent on the cutting edge requires continuous training and development."

One way that organizations expect to win the war for talent is by providing more flexible work arrangements. Indeed, the past year has seen a significant shift in the number of CEOs saying they expect the majority of corporate workers to be operating in a hybrid model within the next three years; in 2024, just 20 percent thought hybrid models would win out, in 2025 that number skyrocketed to 73 percent.

Looking across sectors, however, it seems the sector may still struggle to compete against tech firms and other high-growth industries based on hybrid models alone; almost one-in-five Life Sciences leaders describe 'hybrid' as being four days in the office versus just 7 percent of tech leaders, suggesting a growing expectation gap between Life Sciences organizations and the talent they hope to hire.

Hybrid working environment expectations for corporate employees: Year-over-year sentiment change by Life Sciences CEOs

20%

2024

73%

2025

Key recommendations

- ***Identify opportunities:*** To capture value of their AI investments, senior leaders should identify and prioritize departments, roles and activities where the workforce can be transformed through AI to meet business objectives.
- ***Reshaped workforces:*** Senior leadership should champion AI implementations that are intentional and planned, with clear focus on humans at the center, designing new roles and experiences supported by change communication and worker upskilling programs.

Embedding ESG and sustainability

The ESG agenda is rapidly shifting. And our survey suggests that Life Sciences CEOs are in fact deepening their commitment to ESG, seeing it as a strategic imperative that intersects innovation, operational resilience and stakeholder trust.

The CEOs in our survey overwhelmingly voted the execution of ESG initiatives as their second highest priority for the next three years. Fifty-seven percent worry that climate and weather events will impact their organization's growth over the next three years, leading nearly one-in-five to say they will increase investment into climate and sustainability initiatives.

A significant number are making strong progress integrating ESG into their broader strategy. A quarter of our respondents say they comprehensively calculate and integrate both the costs and the potential ROI of sustainability initiatives into every major capital investment they make. Thirty-eight percent say they are aligning their goals with their core business strategy to demonstrate value to stakeholders.

Yet, in many ways, the data also shows an agenda in flux. Forty percent of sector CEOs say they are now adopting different approaches to sustainability depending on the regional or market context. Twenty-one percent say they have changed the language they use around progress communication. A similar number say they are reassessing their sustainability targets.

25%

Life Sciences leaders whose organizations integrate the costs and ROI of sustainability initiatives into major capital investments

> **"There is no question that EU Life Sciences companies remain committed to their ESG objectives. Rather than a pull-back, we are seeing companies become increasingly focused on a smaller number of critical ESG activities and then putting their full weight behind delivering strong results against their public objectives."**
>
> **Jon Haynes**
> EMA Region Head of Life Sciences and Partner
> KPMG in the UK

Impact of current geopolitical landscape or internal challenges on ESG and sustainability approach

Q. How has the current geopolitical landscape or internal challenges impacted your approach to ESG and sustainability over the past year?
Source: KPMG 2025 CEO Outlook

The good news is that many of the barriers to achieving net zero or similar ambitions seem to be easing. CEOs still cite a lack of skills and capabilities as their top challenge, but less frequently than they did the year before. Many also seem to think the technologies available to gather and analyze ESG data have improved, alongside internal governance and controls. On the flip side, our survey suggests leaders are more concerned about the cost of decarbonization and the ongoing impact of fragmented global regulatory systems.

As in many other areas of the business, there are high hopes that AI will help support climate and sustainability initiatives. Four-out-of-five respondents say that AI will aid in the reduction of emissions and improvements in energy efficiency. A similar number expect the technology to help them identify areas for resource efficiency improvements.

My hope is that we'll see Life Sciences companies start to use AI to optimize their supply chain and logistics operations in ways that dramatically reduce waste, enhance energy efficiency and improve resilience. That's not just about being environmental — it's equally about using the same supply chain data to free up working capital, improving growth outcomes and delivering on customer expectations."

Peter Liddell, ASPAC Region Head of Life Sciences, Global Leader Operations Centre of Excellence
KPMG in Singapore

Key recommendations

- ***Sharpen focus:*** Rather than committing to a wide range of activities and objectives, leaders should focus on the areas where their companies can have the most impact and concentrate resources in these areas to help achieve stronger results.
- ***Apply AI to low hanging fruit:*** From improving energy efficiency through predicting potential quality issues in manufacturing, AI can provide leaders with important insights that can dramatically improve both the sustainability and operational performance of organizations.

How KPMG can help

The Life Sciences industry is undergoing major transformation as technology, analytics, and data-driven approaches drive rapid innovation. At the same time, organizations face mounting challenges in productivity, pricing, competition, supply chain resilience, cyber risk, regulatory changes, and rising patient expectations.

We are uniquely positioned to guide your Life Sciences organization through this intricate environment. Whether it's modernizing operating models, identifying and unlocking value, from initial transactions to comprehensive transformations, to harnessing the full potential of AI and technology, or helping to advance, adapt, and activate MedTech innovation.

Our global life sciences network unites audit, tax, and advisory professionals who collaborate seamlessly across diverse disciplines. By integrating the expertise of scientists, clinicians, financial specialists, data analysts, data scientists, deal advisory and strategy specialists and other advisors, we offer a multifaceted approach to your challenges, delivering coordinated, multidisciplinary solutions.

Contact us to learn more about how we can help address your organization's current and future challenges.

kpmg.com/lifesciences

Did you know?

KPMG firms provide support to

the world's 30 largest

biotechnology and pharmaceutical companies ranked by revenue.[2]

[2] Source: KPMG firm client lists reconciled against list of biomedical companies by revenue. (2025 February 14). In Wikipedia. Retrieved February 21, 2025, from https://en.wikipedia.org/wiki/List_of_largest_biomedical_companies_by_revenue

Methodology

The 11th edition of the KPMG CEO Outlook, conducted with 1,350 CEOs between 5 August and 10 September 2025, provides unique insight into the mindset, strategies and planning tactics of CEOs.

All respondents oversee companies with annual revenues over US$500M and a third of the companies surveyed have more than US$10B in annual revenue. The survey included CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, the UK and the US) and 12 key industry sectors (life sciences, asset management, automotive, banking, consumer and retail, energy, infrastructure, healthcare, insurance, manufacturing, technology and telecommunications). Note, some figures may not add up to 100 percent due to rounding.

This report draws on the views of 110 Life Sciences leaders

In the research, the two largest sub-sectors were pharmaceuticals (representing 57 percent of respondents) and biotechnology (representing 22 percent).

The best-represented countries based on organizational headquarters were the US, Japan, China, Germany, UK, Canada, and India.

About the authors

Liz Claydon

Global Head of Life Sciences, and Global Head of Deal Advisory
KPMG International

Liz is a senior leader at KPMG who is deeply passionate about supporting her clients in achieving their growth aspirations. She leads KPMG's Global Life Sciences sector, supporting organizations at the forefront of major technology and AI transformation. Backed by a global network of 4,000 professionals, Liz provides practical, in-depth expertise to life sciences companies across consumer health, medical devices, med-tech, diagnostics, and biopharma. As Global Head of Deal Advisory, Liz also leads a network of 18,000 professionals guiding clients through their transactions and transformation journeys with value at the core. She has advised on many of the world's largest and most complex deals, with extensive experience across the life sciences and consumer sectors, covering both the Corporate and Private Equity landscape.

Kristin Ciriello Pothier

Principal, US and Americas Region Life Sciences Sector Leader and Global Deal Advisory and Strategy Leader, Healthcare and Life Sciences
KPMG in the US

Kristin has 30 years of experience working in the life sciences and healthcare sectors. She started her career as a scientist and clinical diagnostics developer, then transitioned to building consulting organizations, advising pharmaceutical, diagnostics, device, and consumer health companies, investors and medical institutions around the world on commercial and growth strategies and has a lead role in driving key transactions in the sector.

At KPMG, Kristin leads Life Sciences across both the US and the Americas region and is responsible for developing and operationalizing business strategies. She is also a precision medicine thought leader and her book, Personalizing Precision Medicine, has earned global recognition. A sequel to this book is planned for 2026.

Peter Liddell

ASPAC Region Head of Life Sciences, Principal Advisor
Head of Healthcare and Life Sciences, and
Global Leader Operations Centre of Excellence
KPMG in Singapore

Peter has worked with Life Sciences industry sector clients across the Asia Pacific region for many years to help them enhance their operational and financial performance. His key areas of expertise include operational strategy; supply chain and logistics advisory; business process analysis, improvement and redesign; and project, change and risk management. Peter has designed and run large-scale transformation programs that have driven value throughout clients' portfolios by accelerating opportunities to mitigate excessive business complexity and unnecessary operational costs, whilst helping them to position for growth and in accessing new markets.

Jon Haynes

EMA Region Head of Life Sciences, and Client Lead Partner
KPMG in the UK

Jon has many years' experience in the Life Sciences, Consumer and Retail sectors and is Client Relationship Partner for several large clients in these industries. As EMA region head of Life Sciences, Jon is responsible for the regional sector strategy. He also ensures that KPMG firms in the region have the support they need to help clients navigate complex business challenges such as delivering better and lasting financial results for stakeholders, leveraging technology to help increase competitive advantage, and unlocking the power of ESG to transform businesses and build a more sustainable future.

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