



FTI Consulting Survey Identifies Top Risks and Opportunities for Healthcare & Life Sciences Sector in 2024

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Economic and Political Uncertainty, Cybersecurity Incidents, Talent Scarcity and Declining Reimbursement Rates Identified as Biggest Risks Facing the Industry

Technologies Such as Artificial Intelligence Are Expected to Create Efficiencies around Drug Development

Capital Market Activity Is Expected to Improve After Another Challenging Year for the Sector

WASHINGTON, Dec. 13, 2023 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE: FCN) today announced the results of its [U.S. Healthcare & Life Sciences Industry Outlook 2024](#), which found that although leaders in the sector are less optimistic about the industry's financial outlook for 2024, they expect technologies such as artificial intelligence ("AI") to transform drug development and revolutionize the healthcare and life sciences industry.

Among the top findings, sector leaders are notably less optimistic about the industry in 2024 compared to previous years, with 68% of respondents feeling optimistic about the healthcare and life sciences industry overall, down 8% compared to 76% from [last year's survey](#).

Respondents believe the sector is facing a number of risks in the coming year, with 40% citing economic uncertainty as the biggest liability, followed by cybersecurity (24%), talent scarcity (24%) and declining reimbursement rates (21%). Cybersecurity made the largest jump, climbing from the seventh most-significant risk in last year's survey.

Despite these tempered expectations, the survey found 66% of respondents are optimistic about the ability of transformative technologies like AI to create efficiencies within and outside of drug development. Half of the companies surveyed plan to increase their overall budget from 2023, with 48% investing more in research and development ("R&D").

"As we head into next year, the sector is at a crossroads. Investment in the sector's core competency — development of innovative medicines — is expected to increase, with AI predicted to drive change both within and outside of R&D," said [Robert Stanislaro](#), a Senior Managing Director and Head of the Healthcare & Life Sciences' Corporate Reputation offering within the Strategic Communications segment at FTI Consulting. "While Food and Drug Administration approvals in 2023 have already exceeded the total number seen in 2022, 2023 has not seen the uptick in dealmaking volume and overall investment in biopharma many were expecting. This trend, combined with disinformation campaigns, initial implications of the Inflation Reduction Act ("IRA") and macroeconomic uncertainty, is leading to cautious optimism for 2024."

Despite broader economic uncertainty driving continued caution across the sector year over the last year, two out of three (67%) respondents anticipate higher M&A activity, and about half (48%) of respondents foresee higher Special Purpose Acquisition Company ("SPAC") activity in 2024.

Ahead of the 2024 election in the U.S., sector leaders are divided on how the Biden administration has impacted the industry (49% positive vs. 40% negative). This mixed sentiment also translated into divided views on the IRA. Leaders expect the IRA to encourage the development and demand for vaccines (62%) and biologics (60%). However, a quarter of respondents (25%) expect the legislation to negatively affect patient access to and affordability of care and 22% believe it will curtail orphan drug development in the coming year. Notably, 58% of respondents expect more lawsuits to be filed against the U.S. government by pharmaceutical and life sciences companies as a result of the regulations' impact on business activity.

"As companies face increasing market pressures, technological disruption, public scrutiny and political unpredictability, leadership must constantly assess the political landscape to manage and mitigate risks," said [Lauren Crawford Shaver](#), a Senior Managing Director and Americas Head of Healthcare & Life Sciences within the Strategic Communications segment at FTI Consulting. "Companies can build momentum toward smarter, more effective policies by strengthening alliances and communicating effectively to multiple stakeholders ahead of policy initiatives."

The full survey report is available [here](#).

About the Survey

This research was conducted online by FTI Consulting's Strategic Communications segment between October 9-18, 2023, with 250 decision-makers in corporate communications, investor relations, public affairs, business development and marketing for healthcare and life sciences companies in the United States. Forty-three percent of respondents represent large companies (with more than 250 employees), and roughly one third (35%) represent publicly listed companies with a weighted average \$5 billion market cap.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 8,000 employees located in 31 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$3.03 billion in revenues during fiscal year 2022. In certain jurisdictions, FTI Consulting's services are provided through distinct legal entities that are separately capitalized and independently managed. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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