

# Shaping the pharma industry

Key takeaways from our event in Davos during the World Economic Forum, and a pragmatic view on finding opportunity in the face of uncertainty

// DAVOS 2026



# In the “Spirit of Dialogue,” we brought together leaders to discuss the interplay of Big Tech & Life Sciences

Pharmaceutical, technology, and institutional representatives gathered during the World Economic Forum to discuss the trajectory of global health and industry intervention, noting the wider plays of Big Tech across various verticals and the urgent need for health business model reinvention.



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# Unconventional challenges are putting the pharma industry under unprecedented pressure to adapt

Aging populations, the rise of chronic diseases, and constrained public budgets have intensified scrutiny over drug prices, while simultaneously extending health span. Health emerges as an issue of national security & sovereignty, bringing pharmaceutical players into geopolitical crossfire.

## AFFORDABILITY

In the United States, this tension is particularly acute. The U.S. market remains the world's largest and most innovation-driven, while high drug prices are targeted for system sustainability noting poor overall outcomes per dollar invested. Political pressure, exemplified by drug price negotiations and reimbursement reforms, reflects a shift toward affordability and value-for-money. At the same time, strong incentives for breakthrough innovation persist, especially in oncology, rare diseases, and longevity-related chronic care, reinforcing the U.S. role as a global R&D engine.

“So, we are going to be getting massive drug savings [...] and we've had numerous states that wanted to do it.”

Donald Trump



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“Predictions suggest that in this century, humans may live to 150 years old.”

Xi Jinping

## LONGEVITY

China presents a contrasting view with a growing global influence from the perspective of consumption, production, and innovation. Rapid population aging and universal coverage ambitions have pushed the government to prioritize affordability and access through centralized procurement and aggressive price controls. While this compresses margins, China increasingly rewards innovation that addresses unmet medical needs and long-term disease management, fostering a fast-growing domestic pharmaceutical and biotech ecosystem. This turns China from an export target market and basic producer to global innovation champion.

Together, the U.S. and China illustrate the industry's global challenge: sustaining innovation for longevity while adapting pricing, access, and business models to meet societal expectations. The ability to balance these forces will define the pharmaceutical industry's long-term legitimacy and growth.

## AI is a ubiquitous buzzword, but its real impacts across the value chain merit exploration and integration

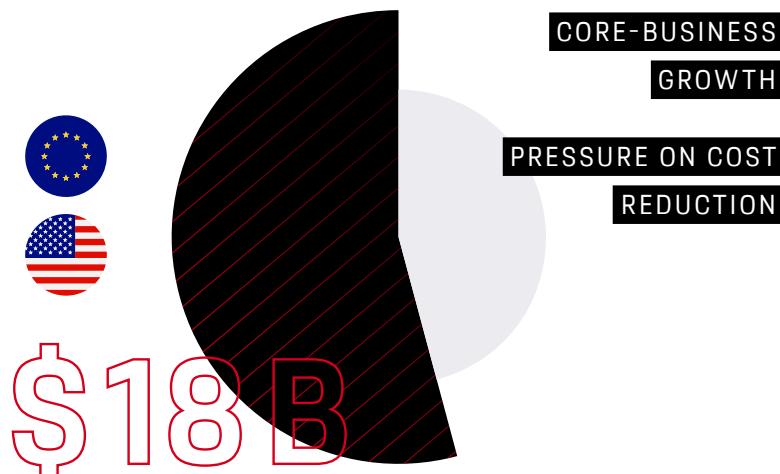
Given the market pressures, large pharma companies are moving beyond their traditional boundaries looking for levers to accelerate their growth and efficiency targets. Western life science venture capitalists anticipate the direction with massive bets on AI to face the challenges.



As of 2026, the world is realizing massive AI infrastructure investments. This front-loaded investment cycle is raising concerns in capital markets around a "bubble", yet the strategic consensus among big players in both the Pharma and Tech industries is clear: AI has become a core growth lever and a prerequisite for technological innovation and in the life science and healthcare industry the pressure is even more pronounced, given the potential to solve systematic issues. In pharma, AI applications mainly aim to address two challenges. Firstly, maneuvering around the "patent cliff" by enabling more rapid discovery and lead selection, while potentially lowering failure rates through clinical trials. Secondly, AI's ability to be integrated directly into traditional operations, enabling the realization of efficiencies across core process steps. As data, models, and the democratization of software development increasingly shape the entire healthcare ecosystem across players and the entire value chain, the central question is no longer whether AI will dominate life sciences, but how this shift will redefine the industry's economic

 "Even a 10% reduction in R&D failure rates due to AI could enable lower drug prices and higher volumes downstream."

**Joey Wilson**  
Lead Expert, Life Sciences at Porsche Consulting



### AI Investment by EU & US Life Science Venture Capital

(46% of the total life science investments)

and business models. This urgency for innovation acceleration is a challenge, especially in Europe, where drug prices are significantly lower than in the United States, where the American pharmaceutical spending reached approximately \$1,400/yr per capita, providing larger room for margins and free cash flow to fund innovation. In Europe, tiny margins can threaten investment capacity, creating increasing expectations of price growth. Planning the wise use of potential extra profits and having a clear view of where to invest to fuel innovation will be a key differentiator in the arena.

# Some innovations in Life Sciences are being led by Big Tech

## Does this lead to collaboration or competition?

The most prominent companies are already establishing strong partnerships with Big Tech, constituting a solid trend to watch. Of the over 1,500 partnership agreements in health, the majority are focused on Data & Analytics, as a foundational pillar in the AI era.

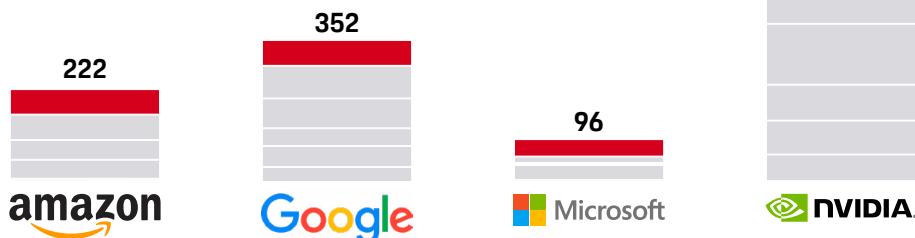
Big Tech's accelerating role in life sciences is already visible in the scale and direction of agreements, signaling a default operating mode rather than an exception. At the same time, this mechanism is reshaping competitive boundaries: the more data, models and platforms become embedded in discovery and delivery, the more strategic control shifts toward those who orchestrate them. In the pharma sector, for example, AI is being applied to molecular-scale science through generative approaches for small molecules, protein function, and lab automation, with an expanding move toward in-silico experimentation designed to reduce reliance on slow, costly lab cycles. Yet the dependency on domain expertise makes collaboration the most likely way to bring progresses, especially where market access is still completely controlled by the incumbents. On the other side, where Big Tech

 "Partnerships are crucial. Tech companies operating in isolation are unlikely to achieve meaningful progress without the experience held by domain experts."

**Christopher Bishop**  
Microsoft Technical Fellow and  
Founder of Microsoft Research AI for Science

approaches the patient interface and distribution layer directly, and this is the case of the MedTech, a frontal competition between tech companies and incumbents looks already happening, like in the wearable market, where giants such Apple are increasing their presence (e.g. EarPods to accurately monitor heartbeat). In an industry where "move fast and break things" is incompatible with patient safety, the strategic implication is a hybrid landscape: partnerships will remain essential.

## >1,500 agreements signed between life science and Big Tech\*



### No. 1

#### Health Data & Analytics

- Digital therapeutics & wellness tech
- Monitoring, imaging & diagnostics tech
- Care delivery & navigation tech
- Drug R&D tech
- Health insurance & RCM tech
- Digital pharmacy tech

\* Acquisitions, partnerships, licensing agreements and investments. Counts include companies and related entities from 2021 to 2024 Source: Galen Growth, Is Big tech Important to Digital Health innovation?

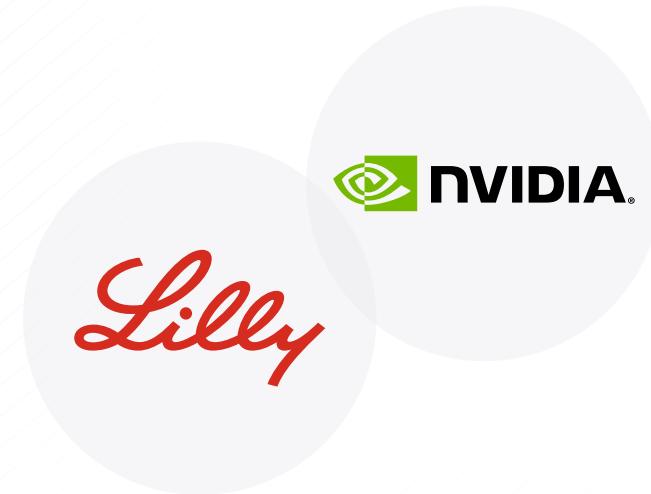
## Market movers are already acting, both with unprecedented collaborations and M&A deals

### Eli Lilly | NVIDIA

#### AI co-innovation lab to reinvent drug discovery

The one-of-a-kind \$1 B lab focuses on applying AI to tackle central challenges in the pharmaceutical industry, with major focus on producing real-world data to train and validate AI models to improve clinical development using NVIDIA's BioNeMo platform and Vera Rubin supercomputing architecture.

By joining forces, the two companies bring together highly specialized talent and abilities to shape and leverage data at unprecedented scale, moving toward a future where discovery is driven by rapid experimentation and customized models.



The lab serves as a blueprint for drug discovery, where scientists can work on vast biological and chemical spaces in silico before creating a final single molecule.

Lilly contributes its extensive R&D expertise and laboratory infrastructure, and NVIDIA provides cutting-edge AI capabilities, such as biology models, multimodal foundational models, agentic and physical AI, and DGX Cloud capacity.



## \$1 B Invested

In a five-years strategic alliance

“AI is driving an evolution of the clinician’s role rather than replacing clinicians altogether.”

**Christopher Bishop**

Microsoft Technical Fellow and  
Founder of Microsoft Research AI for Science



## Microsoft | Nuance

Founded in 1992, Nuance is a pioneer in developing conversational AI, cloud-based ambient clinical intelligence and radiology reporting. Today, its footprint reflects industrial-scale adoption: Nuance solutions are used by more than 55% of physicians and 75% of radiologists in the U.S. and are used in 77% of U.S. hospitals.

A decade ago, the rise of machine learning and computer vision fueled predictions that radiology would be automated away. Instead, the opposite has occurred. As imaging volumes and clinical complexity have grown, the number of radiologists has continued to increase, while the nature of their work has evolved.

Rather than replacing clinical expertise, AI has expanded the time available for diagnostic reasoning and patient interaction. Nuance’s AI-enabled reporting and ambient clinical intelligence solutions exemplify this shift by automating documentation, structuring clinical information, and reducing administrative friction. AI acts as a productivity and accuracy multiplier, enabling professionals to operate at greater scale while maintaining diagnostic rigor. The resulting efficiency gains help healthcare systems absorb rising demand for imaging and diagnostics, ultimately supporting a broader and greater number of patients.

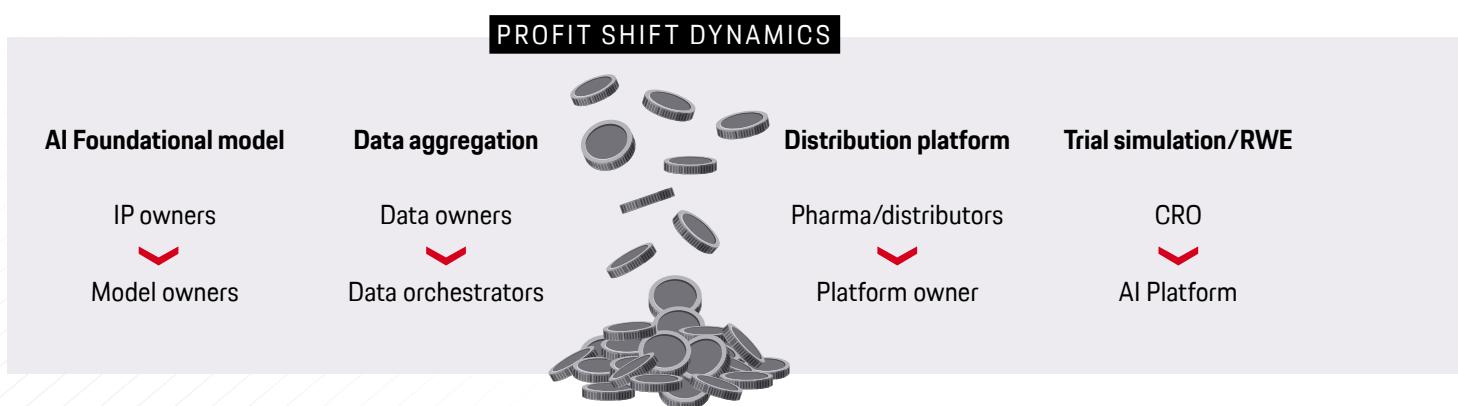


## \$19.7 B Acquisition

3rd largest acquisition in Microsoft's history

# In this evolving context, profits are subject to radical shifts, following value generation

Innovation makers will compete to capture the value, and traditional pharma companies need to strengthen their business moat to preserve profit shift in an industry where tech is expected to play a key role in value generation.



“When companies invest and take risks, successful outcomes must be rewarded to sustain further innovation, alongside robust intellectual property protection within regulatory frameworks.”

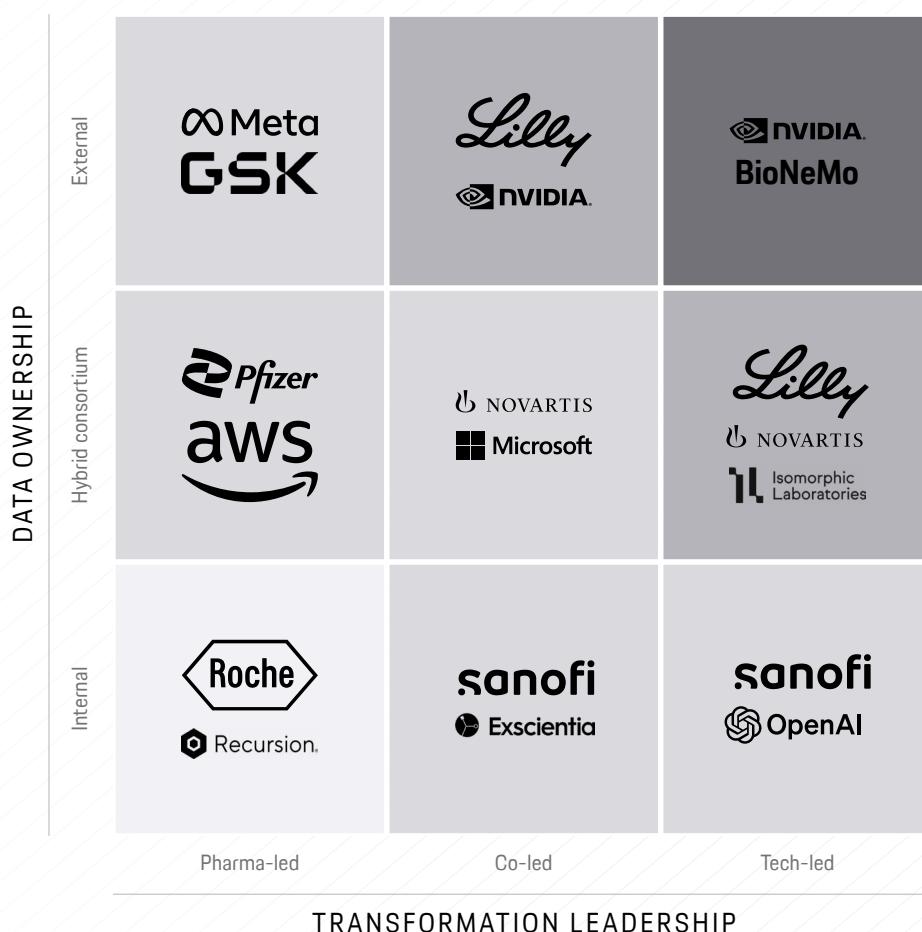
**Sergio Marullo di Condojanni**  
CEO Angelini Pharma

In global healthcare, technology no longer represents merely a lever for incremental innovation, but the true driver of structural transformation of the business model. Therefore, in this transition, the central strategic variable is not only technology adoption, but who is willing and able to invest ahead of outcomes, absorb risks, and then convert success into durable profit tools. The economic logic is straightforward. The industry shifts from IP ownership to model ownership, and computational models become the core engines of drug development. As it moves from data ownership to data orchestration, competitive advantage increasingly depends on the ability to secure, govern, and scale access to

high-quality data. And as distribution evolves from traditional channels to platform-based access, value capture migrates toward those who control interfaces and the rules of participation. This transition implies clear winner/loser dynamics, in which access to data must be secured, with governance recognizing data as both critical and sensitive, making protection and legitimacy as important as technical usability. At the same time, the transformation must be co-created across industries and institutions to reduce structural friction and allow innovation to scale sustainably. This is particularly true in Europe, where the market is characterized by a strong degree of fragmentation.

# Nine types of partnership models have been used by leaders, which support your navigation of AI effectively

AI can address complex challenges affecting the industry, first in R&D. We identify nine business models based on data ownership and value source.



## DATA OWNERSHIP

Ranges from Internal, through hybrid consortium, to external (biobanks, national cohorts, open datasets). It reflects who controls the data and the level of privacy, governance, and integration effort required.

## TRANSFORMATION LEADERSHIP

Depending on the value chain step the company is playing it might have the right to lead. This right is connected to the criticality of any of the joining parties, including their chance to be replaced by substitutes with comparable performances, costs and required skillset.

# How should you play to better capitalize on the AI innovation wave and maintain a competitive edge?

Business model choice strongly vary based on your current data assets, capabilities, technological footprint and ability to invest in transformation. To better choose the right business model we recommend six steps:

## DATA OWNERSHIP

01

### Map the data you own and control clearly

Elucidate the status of your current data, as well as its usability and interoperability among departments and potential third parties. Make the classification clear, shared across the company and available subject to request, with a strong and clear governance.

02

### Assess if the data is unique and protected

Evaluate the protection of your data to ensure both its internal and external safe usage, its legal coverage in terms of exclusive ownership and correct usability and be sure external exchange is regulated to reflect value sharing and remuneration.

03

### Utilize your core data to create a unique comparative advantage

Core data must be treated like any other asset or product, and its usage must be supported by solid business case and expected ROI, which highlight the business value across time and the payback period considering the investments to make it available.

## TRANSFORMATION LEADERSHIP

04

### Define your innovation target picture

Innovation is a mantra, but making the wrong moves due to a poor trajectory can jeopardize the payback and lose strategic focus. Having a clear direction and a backward plan helps build a reasonable mid- to long-term plan and clear ROI expectations.

05

### Understand which technology you are missing

Breaking down the roadmap into a mid- to long-term plan helps companies clearly identify the right partners to leapfrog to the next step of technological advancement and start an ordered selection process.

06

### Explore and evaluate all available alternatives

Build the value map to understand how the players generate unique and sustainable value and be sure the dynamics are reflected on the value capture measure accordingly (E.g. agreements and contracts for outcome sharing, revenue models, go-to-market, etc.).

# Porsche Consulting supports major players in life science in entering the new industry era

We are trusted by the most prominent "future shapers" in the life science industry. Our pragmatic approach make us reliable companions able to shape with you a strategy that turns into effective and tangible results.

>1,000  
PROJECTS

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