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PwC: Pharma Will Require Reinvention and Innovation for Sustainable Growth

(Source: An article by Fraser Kansteiner for FiercePharma)

The pharmaceutical industry is entering a decisive period of opportunity. While the sector continues to outperform many industries financially, structural pressures are reshaping the foundations of long-term value creation. Global firm PwC frames this moment not as a downturn, but as a strategic inflection point, one in which pharmaceutical leaders can proactively reinvent their organizations to drive growth, resilience, and sustained impact.

Despite strong scientific progress, traditional value models are under strain. R&D productivity has declined over the past decade, with industry estimates showing the cost to bring a new drug to market now exceeding US$2 billion, while average development timelines stretch beyond 10–12 years. PwC notes that returns on R&D investment across large pharma have fallen into the low single digits, compared with double-digit returns in prior decades. These dynamics underscore the need to rethink not just innovation, but how innovation is translated into scalable, real-world value.

At the market level, pricing and access pressures are intensifying. In many developed markets, payers now require robust real-world evidence and health economic data to support reimbursement decisions, particularly for high-cost specialty and biologic therapies. Specialty medicines account for more than 50 percent of global pharmaceutical revenues, yet serve a far smaller proportion of patients, increasing scrutiny around outcomes, affordability, and value-based contracting. This shift creates both pressure and opportunity for companies that can demonstrate measurable improvements in patient outcomes and system efficiency.

Digital transformation represents one of the most compelling levers for value creation. Advanced analytics, artificial intelligence, and automation can reduce clinical development timelines by 10–20 percent, improve trial success rates, and significantly lower operational costs. In manufacturing and supply chain operations, digitally enabled planning and predictive analytics can reduce inventory levels by 15–30 percent while improving service levels

(continued on page 2)

The Evolution of Community Pharmacies

(Source: An article by Kelly Bilodeau for Drug Store News)

Community pharmacies are undergoing a significant transformation, evolving from primarily dispensing-focused operations into integral access points for care delivery within the broader healthcare ecosystem. This shift reflects mounting pressure on health systems, growing consumer demand for convenience, and an increased emphasis on preventative and value-based care models. For healthcare and life sciences executives, the evolution of community pharmacy presents both strategic opportunity and competitive implications.

Pharmacists are increasingly assuming expanded clinical roles, including medication therapy management, immunizations, chronic disease support, point-of-care testing, and patient

(continued on page 2)

In Brief...

- **Merck/MSD** announced a successful completion of the cash tender (through a subsidiary) for all outstanding shares of common stock of **Cidara Therapeutics Inc.** Merck intends to complete the acquisition through a merger of Merck's wholly-owned subsidiary, **Caymus Purchaser Inc.**, with and into Cidara, with Cidara being the surviving corporation.
- **Cardinal Health** unveiled a pharmacy-to-supplier referral pathway program, *ContinuCare Pathway*, that is designed to help retail pharmacies seamlessly refer patients to **Cardinal Health-at-Home Solutions** for rapid fulfillment and direct-to-patient home delivery of diabetes supplies. The company also shared that the southeast grocery chain **Publix Super Markets,** has enrolled its entire pharmacy network in ContinuCare Pathway, representing nearly 1400 pharmacies.
- **Johnson & Johnson (J&J)** joins the list of biopharma companies that have received most-favored-nation drug pricing deals with the Trump Administration. With the agreement, which provides tariff relief on imported products, the company will offer some of its drugs at lower prices through the U.S. government's direct-to-consumer TrumpRx.gov platform. Along with the deal, J&J unveiled plans to build a cell therapy plant in Pennsylvania and a drug product manufacturing facility in North Carolina.
- *Rick Suarez*, previously **AstraZeneca's (AZ)** top executive in Spain, has been named as AZ's U.S. president and head of its U.S. biopharmaceutical business unit, according to company officials. Suarez will be responsible for heading the company's US$50 billion U.S. investment plan and help deliver the company's goal of reaching US$80 billion in revenues by 2030. Thus far, the U.S. investment plan features a massive US$4.5

(continued on page 2)

China's Pharma Companies are Prioritizing Innovation

(Source: An article by Kelly Bilodeau for PharmaVoice)

China's pharma sector is undergoing a rapid and strategically significant transformation, evolving from a generics- and manufacturing-led industry into a source of high-value innovation with global reach. Several Chinese pharmaceutical companies--including Jiangsu Hengrui Pharmaceuticals, BeOne Medicines, and Sino Biopharmaceutical--exemplify this shift, demonstrating capabilities in novel drug development, advanced biologics, and globally competitive R&D models.

These companies reflect a broader national and industry-wide push toward innovation-driven growth. Chinese pharma firms are now investing aggressively in discovery research, clinical development, and differentiated modalities such as biologics, cell and gene therapies, and precision medicines. This transition is supported by structural advantages, including access to large patient populations, increasingly sophisticated clinical trial infrastructure, and strong government backing for life sciences

(continued on page 2)

PwC *(cont'd.)*...

and compliance. These gains translate directly into margin expansion and improved capital efficiency.

Organizational and ecosystem transformation is equally critical. PwC points out that more than 50 percent of late-stage pipelines across the industry now originate from external partnerships, reflecting a decisive shift toward collaborative innovation models. Companies that excel at ecosystem orchestration, including alliances with biotech firms, academic institutions, technology providers, and healthcare systems, are better positioned to share risk, accelerate time to market, and access specialized capabilities that would be costly or slow to build internally.

Supply chain resilience has emerged as a significant priority. Recent global disruptions revealed that extended, cost-optimized networks often lack the flexibility to respond to disruptions. Companies investing in diversified sourcing, regional manufacturing, and digital supply chain visibility are seeing measurable improvements in continuity of supply, quality performance, and regulatory responsiveness, while reducing the financial impact. ESG performance is also becoming a quantifiable driver of enterprise value. Investors increasingly factor ESG metrics into capital allocation decisions. Companies with strong ESG integration often benefit from lower cost of capital, stronger stakeholder trust, and enhanced talent attraction.

The tools, data, and partnerships required for reinvention are already available. Companies that act decisively can unlock faster innovation cycles, more resilient operations, stronger stakeholder trust, and sustainable growth in an outcomes-driven healthcare system.

China's Pharma *(cont'd.)*...

innovation.

A defining characteristic of these innovators is their global orientation from early stages of development. These companies are designing clinical programs to meet international regulatory standards and actively pursuing partnerships with multinational pharmaceutical companies. Licensing agreements, co-development deals, and global trial participation have become central elements of their growth strategies, allowing them to monetize innovation while accelerating global market access.

Speed and capital efficiency also emerge as competitive differentiators and demonstrate the ability to move rapidly from discovery to clinical proof-of-concept, leveraging streamlined decision-making, digitally enabled R&D processes, and adaptive trial designs. This allows Chinese innovators to generate high-value assets faster and with less capital intensity than many Western peers.

Importantly, talent and organizational culture underpin this progress. China's most innovative pharma companies are attracting globally trained scientists, executives, and digitally fluent leaders capable of operating at the intersection of science, data, and commercialization. Their operating models tend to be flatter and more agile, enabling faster portfolio decisions and greater tolerance for calculated risk.

These developments carry clear implications for multinational pharmaceutical companies. First, China should no longer be viewed solely as a manufacturing base or commercial market, but as a core node in the global innovation ecosystem. Second, partnership strategies must evolve from opportunistic licensing toward deeper, earlier-stage collaboration and co-creation. Finally, the rise of capable Chinese innovators reinforces the urgency for global leaders to modernize R&D productivity, accelerate decision-making, and rethink capital allocation across pipelines.

Looking ahead, the trajectory of China's innovative pharma sector suggests increasing competition for assets, talent, and global mindshare. Companies that proactively engage with this ecosystem through partnerships, investments, and localized innovation strategies will be better positioned to access emerging science and sustain long-term growth.

Community Pharmacies *(cont'd.)*...

education. These services position community pharmacies as highly accessible and trusted healthcare touchpoints, particularly in underserved and rural communities where traditional provider access may be limited. With extended hours, no-appointment access, and strong patient relationships, pharmacies are uniquely positioned to close care gaps and improve health outcomes.

Regulatory and payer dynamics are accelerating this shift. Expanded scope-of-practice regulations, coupled with reimbursement pathways for clinical pharmacy services, are enabling pharmacists to practice at the top of their license. As healthcare systems grapple with provider shortages and rising costs, pharmacists are emerging as cost-effective partners in delivering routine and preventative care. This evolution supports system-wide goals of reducing avoidable hospitalizations, improving medication adherence, and managing chronic conditions more effectively.

Technology is a key enabler of this expanded role. Digital health platforms, integrated patient records, remote monitoring tools, and analytics are allowing pharmacists to coordinate more closely with physicians, payers, and care teams. These capabilities enhance continuity of care and enable pharmacies to demonstrate measurable clinical and economic value. Retail pharmacy chains are investing heavily in technology, data infrastructure, and workforce training to support this transition.

The evolving role of community pharmacy has implications across the healthcare value chain. For payers, pharmacies offer scalable channels for preventative care and population health management. For pharmaceutical manufacturers, pharmacists are becoming influential partners in patient engagement, adherence support, and real-world evidence generation. For health systems, collaboration with pharmacies can extend reach, improve patient experience, and relieve capacity constraints.

Looking ahead, the successful integration of community pharmacies into care delivery will depend on continued regulatory support, sustainable reimbursement models, and effective collaboration across stakeholders. Organizations that proactively engage pharmacists as strategic partners will be better positioned to improve access, enhance outcomes, and deliver value in an increasingly consumer-driven healthcare environment.

In Brief (cont.)

billion manufacturing plant in Virginia.

- **Novo Nordisk** has launched its freshly approved oral GLP-1 *Wegovy* pill in the U.S., with the cost of the once-daily pill starting 1.5 mg dose at US$149 per month. The approval and launch gives the company an edge over its chief rival, **Eli Lilly**. Lilly is jockeying for FDA approval of its own oral obesity candidate, *orforglipron*, which should receive approval in the near future.

(Sources: Company Press Releases, Drug Store News and Fierce Pharma)