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A Look at the 2026 Pharma Pipeline and What Lies Ahead

(Source: An article by Alexandra Shimmings for Citeline)

The latest R&D data points to a pharmaceutical innovation engine that is recalibrating rather than retreating—an important distinction for distributors and wholesalers planning for medium-term demand, network design, and manufacturer engagement. While the total number of drugs in development declined modestly in 2025, this follows a period of unusually strong expansion and is widely viewed as a normalization. The more telling signal lies in how the pipeline is evolving in composition, ownership, and stage progression.

From a demand-shaping perspective, oncology remains the dominant therapeutic area, accounting for the largest share of new candidates. However, its relative growth has slowed while neurology continues to expand steadily. This shift is meaningful for distributors: neurological therapies (often targeting chronic, complex conditions) tend to require sustained patient engagement, adherence programs, and specialized distribution models. At the same time, growth in immunology and cardiovascular categories introduces a broader mix of specialty and high-touch therapies that will increasingly flow through non-traditional channels.

Critically, pipeline maturity is improving. Despite the overall dip in total assets, clinical-stage volumes, particularly in Phase II and Phase III trials, are rising. This indicates a healthier conversion of early-stage science into late-stage candidates, translating into a more predictable cadence of product launches over the next three to five years. For distributors, this reinforces the need to scale launch readiness capabilities, including inventory planning for high-cost therapies, reimbursement navigation, and provider education support.

The structure of the innovation base is also shifting in ways that elevate the strategic role of distributors. The number of companies with small pipelines continues to grow, and these firms now represent a larger share of total assets. At the same time, large pharma players are maintaining or expanding their pipeline contributions. This bifurcation (growth at both ends of the spectrum) creates a "missing middle" and increases reliance on distribution partners. Smaller biotech companies often lack commercialization infrastructure, making distributors critical for market access, while large manufacturers are outsourcing more complex logistics and patient support functions.

Geographically, the US continues to strengthen its position as the leading hub for drug development, while China's growth shows signs of moderating. This reinforces the US as the primary launch market and underscores the importance of domestic distribution networks capable of supporting rapid, large-scale product rollouts.

For pharmaceutical distributors and wholesalers, it is important to note that future growth will not be driven by volume

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- **Merck & Co.** has agreed to acquire **Terns**, and its drug for myeloid leukemia, for US$6.7 billion. Terns' myeloid leukemia candidate promises to be best in class for the disease. This is the latest acquisition by Merck who is aiming to minimize the loss of its patent for *Keytruda*, which expires in 2028. Merck's recent acquisitions will help to make the company a major player in the oncology space.
- **Johnson & Johnson** and **Protagonist Therapeutics** have received approval from the **U.S. Food and Drug Administration** for *interleukin-23 (IL-23)* receptor antagonist *Icotyde (icotrokinra)*, a once-daily pill for patients with moderate-to-severe plaque psoriasis (12 years or older) who are also candidates for systemic therapy or phototherapy. This is a "game-changer" for many patients and aligns with new guidance from the **International Psoriasis Council**, which recommends that patients switch to systemic therapy after cycling through topical treatments.
- Global sales of orphan drugs are projected to grow to more than US$400 billion by 2032 according to the newly released *"2026 Orphan Drugs Report"* from **Evaluate**. The rare disease treatment market is forecasted to generate more than 21% of the US$1.9 trillion in global prescription medicines sales worldwide by 2032, marking an increase from 15% in 2022 according to a report by **Citeline** published March 12, 2026.
- Pharma manufacturer **Sandoz** announced the creation of a new biosimilar development, manufacturing and supply unit to be headed by *Armin Metzger* who will join Sandoz on April 1, 2026. According to company officials, consolidating biosimilar development, manufacturing and supply under one leader will enable fast decision-making and stronger

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The Next Patent Cliff Is Not a Repeat—It's a Structural Shift

(Source: An article by Jessica Merrill for Scrip, and the report "Global Use of Medicines, The Global Outlook for Medicines" by IQVIA)

The 2026 loss-of-exclusivity (LOE) cycle marks the beginning of a fundamentally different patent cliff—one that will reshape pharmaceutical revenue pools, channel dynamics, and the strategic role of distribution. While this year's expirations represent approximately US$10 billion in U.S. branded sales at risk, they are best understood as the front edge of a much larger wave expected to exceed US$200 billion globally by 2030.

What differentiates this cycle is not simply scale, but structural complexity. Small molecule therapies—particularly in primary care categories such as diabetes—will continue to see rapid and steep generic erosion, with substitution rates accelerating within months of entry. In contrast, an increasing

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

expansion alone, but by value density and service intensity. Winning organizations will be those that invest in specialty distribution infrastructure, deepen manufacturer partnerships, particularly with emerging biotechs, and build capabilities that extend beyond logistics into commercialization support, data services, and patient-centric solutions.

For a more in-depth look, please register for Citeline's April 21st webinar, Pharma's R&D Annual Review for 2026 at https://www.citeline.com/rd26.

Next Patent Cliff (cont'd.)...

proportion of at-risk revenue is concentrated in biologics, where biosimilar adoption is slower, less predictable, and heavily influenced by payer policy, provider confidence, and interchangeability designations. The result is a dual-speed market, where volume shifts and margin compression occur unevenly across therapeutic classes and time horizons.

For pharmaceutical distributors, this divergence introduces both pressure and opportunity. Near-term financial impact will be driven by mix degradation, as high-margin branded products give way to lower-margin generics. However, this dynamic is offset by the rising complexity of specialty and biologic distribution. Biosimilars, in particular, demand capabilities beyond traditional logistics spanning cold-chain infrastructure, reimbursement support, provider education, and real-world data enablement. Distributors that invest in these areas are positioned to play a more embedded role in therapy adoption and lifecycle management.

At the same time, payer influence is intensifying. Pharmacy benefit managers and health plans are increasingly proactive in driving rapid uptake of generics and biosimilars through formulary exclusions, step therapy protocols, and rebate realignment. This will accelerate volume conversion while increasing pricing volatility, requiring distributors to enhance forecasting precision, contract management, and working capital discipline.

On the supply side, manufacturer behavior is evolving in parallel. Large pharmaceutical companies are mitigating LOE exposure through pipeline diversification and lifecycle strategies, while emerging biopharma firms—many with limited commercialization infrastructure—are entering the market at scale. This is driving greater channel fragmentation, including expanded use of specialty pharmacies, limited distribution networks, and more targeted access models.

For CEOs in pharmaceutical distribution, the implications are clear: the next phase of value creation will not be driven by volume expansion alone, but by capability depth and strategic positioning. Winning organizations will be those that can operate seamlessly across high-efficiency generic channels and high-complexity specialty ecosystems, while increasingly serving as partners in commercialization, access, and patient support.

The 2026 LOE cycle is not the disruption. It is the inflection point. The broader transformation is already underway, and it will reward distributors that evolve from logistics providers into indispensable orchestrators of access and value in a more fragmented, specialty-driven pharmaceutical market.

Middle East Geopolitical Tensions Indirectly Affecting Japan's Pharma Supply Chain

(Source: A staff article for Pharma Japan)

Rising geopolitical tensions in the Middle East are beginning to exert indirect pressure on global pharmaceutical supply chains, with early signals emerging from Japan's manufacturing base. While no immediate disruptions have been reported, companies are already adjusting procurement strategies by rerouting shipments, diversifying suppliers, and increasing inventory buffers to mitigate risk.

The primary concern lies in upstream dependencies, particularly active pharmaceutical ingredients (APIs) and petroleum-derived materials such as plastics and chemical feedstocks. Early delivery delays and cost pressures in petrochemical inputs highlight the vulnerability of pharma supply chains to energy-linked disruptions.

Industry stakeholders are proactively seeking government intervention, including prioritized logistics capacity, financial support to offset rising input costs, and regulatory flexibility to enable rapid sourcing changes. These developments underscore a broader shift toward supply chain resilience and economic security planning.

For pharmaceutical distributors, this means heightened volatility in sourcing, potential cost inflation, and the need for greater agility in inventory and supplier management as geopolitical risk becomes an increasingly material factor in global supply continuity.

In Brief (cont.)

alignment, as well as accelerating full vertical integration.

- **Takeda** will institute a new round of restructuring so that the company can streamline operations which will help bankroll upcoming drug launches and late-stage pipeline development. The initiative is aimed at delivering more than US$1.26 billion in annual gross savings by Takeda's 2028 fiscal year. Company officials stated that increased efficiencies generated by the restructuring will be driven by streamlining corporate function, "bringing leadership and teams closer to patients and customers" and simplifying processes through advanced technologies.
- **Novo Nordisk** has won approval from the **U.S. Food and Drug Administration** for *Wegovy HD*, a 7.2 mg version of its *semaglutide*. The drug will work as a complement to its lower dose subcutaneous and oral versions of the obesity drug. Novo Nordisk reported a 20.7% weight loss at 72 weeks for the new version, outperforming the 2.4 mg dose of the injectable version which reported a weight loss of 17.5%. The oral version reports a 16.6% weight loss with daily dosing at 25 mg.
- **Novartis** has agreed to acquire **Excellergy Inc.** The California-based biotech's lead asset is an IgE antibody named *Exl-111*, which is currently in phase 3 development. The drug is designed to render allergic effector cells ineffective at the source of activation. Novartis is already a major player in the IgE space thanks to its drug *Xolair*.

(Sources: Drug Store News, FiercePharma, PharmaVoice and Scrip)