



SPONSORED February 12, 2024 06:00 AM EST

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Near-term strategies for biotech drug developers facing shifting healthcare dynamics

 Goldman Sachs and Parexel Biotech

A dynamic convergence of economic, legislative, scientific, and technological influences is molding the future of the healthcare industry – with implications for biotech companies. Healthcare environments are becoming increasingly complex as drug developers increasingly make the transition to next-generation therapeutics driving demand for clinical innovation. Against this backdrop, the industry continues to pioneer new approaches to engaging with patients, clinical trial teams, and healthcare providers. During a recent panel discussion, Goldman Sachs and Parexel shared perspectives on emerging trends and high-level developments to help biotechs plan their short- and near-term strategies.



Peyton Howell, Chief Operating and Growth Officer, Parexel (L) Jamie Macdonald, CEO, Parexel (R)

Economic influences

The investment landscape in healthcare is changing significantly, characterized by a strong movement toward the biotechnology, digital health, and precision medicine sectors. Parexel CEO Jamie Macdonald says, “At Parexel, we are strategically aligned with this shift, forming partnerships and alliances with companies and investors innovating in these sectors. We place primary importance on those that aim to make a positive social or environmental impact in addition to generating profit – working in concert to reduce the environmental footprint of clinical trials and foster sustainable practices.” These alliances will help us stay at the forefront of innovation while enabling us to tackle major global health challenges. Our overarching goal is to ensure that the end products of research are affordable and accessible to those who need them.



We are also closely observing the environment for funding. After the slowdown in 2022 and 2023, funding has been gaining momentum, and it is expected that we will see higher levels of biotech M&A, as expressed by Jerry Lee, partner in Investment Banking at Goldman Sachs. Goldman Sachs managing director Lyla Bibi added that it has been encouraging to see early signs of generalist investment returning to healthcare.

Legislative factors

Another central dynamic is the Inflation Reduction Act (IRA) in the U.S. All eyes are on the implementation and upcom-

ing timelines for this legislation, which in part aims to lower the cost of prescription drugs. At Parexel, our primary concern is how the IRA might affect our ability to foster innovation and provide the best possible patient care. Reduced government spending and tighter monetary policy could affect funding for biotech firms. Macdonald added, “As the impact of the IRA becomes clearer, this might affect priorities for drugs in the pipeline. But in our estimation, any slowdowns in a particular therapeutic area could face resistance from patient advocacy groups and lobbyists.”

Scientific developments

Every year brings more exciting breakthroughs in scientific innovation. In the recent past, the unprecedented speed of development of the mRNA vaccines has gotten the most attention, deservedly so. Yet gene therapies are moving into the neurosciences and even sickle-cell disease, which is “incredibly important,” according to Dr. Amy McKee, Chief Medical Officer and Head of Oncology Center of Excellence at Parexel. In particular, we are seeing encouraging developments in treatments for oncology, rare diseases, inflammation, and immunology, with correlating interest from capital investors. “Biotech companies are bringing in the basic science, which is helping to advance cross-pollination – for example, from immunology across therapeutic areas,” she noted. “We are helping to advance the incorporation of cross-pollination in drug development programs.”



Technology advancements

On the technology side, the industry is making great progress in using technology in clinical trials for a more patient-centric approach, better-quality data, and accelerated timelines. Evolving from a focus on automation, new technologies allow us to continue streamlining manual, labor-intensive processes such as data collection and analysis. “Artificial intelligence (AI) has the potential to revolutionize the clinical trial process,” said Macdonald. “Robotics, machine learning, and AI are being deployed in safety, statistics, pharmacovigilance, and data management to support decision-making that requires human intelligence. At Parexel, we have been proactive in leveraging AI to tailor our approach to better meet the needs and preferences of patients.”

On that point, McKee added, “Everyone needs to look very closely at patient involvement in drug development because that is the wave of the future. We have to make our protocols attractive for patients and build relationships with them – with endpoints that are meaningful enough that they will use the product after approval.”

In tandem with tremendous advances in genomics and data analytics, AI is also enabling tailored treatments based on individual genetics and disease profiles, paving the way for more targeted therapies. Developments in immunotherapy are helping combat various cancers and diseases beyond oncology; cell and gene therapies are transforming treatment paradigms for previously incurable diseases and genetic disorders.

Parallel to this, Parexel is taking the lead in adaptive trial designs and utilization of real-world evidence to enable more data-driven decision-making. Digital technology has also made enormous strides in easing the patient burden and increasing trial accessibility. All of these advancements are helping to optimize trial outcomes and increase the likelihood of successful drug development.

Gain more insights from us

Get more insights from our recent panel discussion with Goldman Sachs, entitled “Decoding Healthcare’s Future: A comprehensive analysis of investment, clinical research and regulatory dynamics.” Watch full video here: <https://www.parexel.com/insights-goldman-sachs-and-parexel>

Learn more about Parexel’s [solutions](#) and [insights](#) or contact us [here](#).

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