

Cambridge International  
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## Life Sciences Industry Analysis



# Introduction

The life science consulting industry has emerged as a critical partner to pharmaceutical, biotechnology, and medical device companies striving to compete in an increasingly complex global market. These consulting firms provide strategic guidance that helps organizations navigate stringent regulatory landscapes, respond to shifting market dynamics, and harness the latest technological innovations. This white paper will examine the sector's key players, explore industry growth trajectories, consider ongoing consolidation trends, and assess the external factors influencing future developments.

# Key Players

The key players in the life sciences market have shifted greatly due to recent technological advancements in pharmaceuticals. Most notably are Eli Lilly and Novo Nordisk's large expansion within life sciences' market capitalization. With Eli Lilly being the 11th largest company by market share in 2022, to 1st in market cap at 738.8 billion dollars as of 2024. Novo Nordisk follows with 427.8 billion in market cap. ([Statista, 2024](#)). Apart from life sciences companies, consulting firms have found their way into the industry as well. McKinsey & Co.,

Deloitte, and Accenture are a number of firms offering a wide variety of consultancy services such as design, R&D, analytics, equipment, and much more to life sciences. ([McKinsey, 2024](#)).

## Industry Growth

Innovation has been a major factor in the growth of life sciences, with recent developments in weight loss drugs such as Mounjaro and Ozempic leading the way. Other innovations in life sciences include advancements in cell therapy, de-extinction efforts, and mRNA based therapeutics. ([Thermo Fisher, 2024](#)). Within life sciences various industries are expected to grow at different rates. The life science tools market being an industry expected to perform exceptionally well into the future. With market size totaling 111.28 billion in 2022, that market size is expected to surpass 365 billion by 2032. Signifying a 13% CAGR between 2023 and 2032. ([Towards Healthcare, 2023](#)). Analytics is another growing industry within life sciences, with life science analytics expected to have a CAGR of 7.6% between 2023 and 2030. ([GrandviewResearch, 2024](#)). A major factor hindering the growth of life sciences is an ever present labor shortage, with the life sciences industry only reporting a 0.2% growth in employment since June 2022. ([CBRE, 2024](#)).

## Current Consolidation

The life sciences industry has seen increasing consolidation as the industry grows. Life sciences M&A deals totaled \$163 billion in 2023, seeing a \$28 billion increase from 2022. A majority of the M&A deals originate from pharmaceutical investment. This is due to the large amount of pharmaceutical revenue projected to be lost due to loss of patent exclusivity. With 190 drug patents expiring by 2030, over \$230 billion in revenue is expected to be lost.

([Deloitte, 2024](#)). As a result pharmaceutical companies are looking to expand their portfolios to offset the cost of patent protection losses. Further consolidation efforts in life sciences are expected to increase due to changes in business models, with increases in software such as medical devices, subscription healthcare, and other wearable healthcare devices.

## Life Sciences in San Diego

San Diego has become pivotal to the life sciences industry within the United States.

Ranked 3rd in the nation for life sciences by JLL. As of 2024, there are 59,980 jobs in the life sciences within San Diego. Additionally, there are over 2,000 active life sciences firms within the area. Combined the average salary in San Diego life sciences totals \$185,977 ([San Diego REDC, 2024](#)). Single handedly the life sciences cluster of San Diego contributed \$56 billion to the U.S. economy annually, with some of the notable industry leaders including Illumina, BD, Bristol Myers Squibb, Alma Life Sciences, and Eli Lilly. San Diego has bolstered life sciences in their market by offering key resources to companies. These resources include 1Strand, an RNA therapeutic R&D nonprofit. Biocom California is another advocacy group focused on public policy and assisting life sciences in overcoming barriers to entry. San Diego Biotechnology network is an additional resource available to life sciences professionals looking to expand their professional network. Finally, San Diego has a variety of incubators and accelerators available to startups looking for support in their endeavors ([San Diego REDC, 2024](#)).

## External Factors

The regulatory environment is continually shaped by evolving policies from the FDA, EMA, and other global bodies, which significantly influence service requirements in the healthcare

sector. Concurrently, market pressures such as price sensitivities, patent cliffs, and the shift towards patient-centric healthcare models are driving companies to adapt their strategies to remain competitive. Additionally, technological advancements in AI, big data analytics, and digital therapeutics are creating new consulting niches, enabling firms to offer more specialized and innovative solutions ([McKinsey & Company, n.d.](#)).

## Conclusion

Life sciences is a promising industry with a wide variety of sub-industries that operate within. Analytics, tools, and pharmaceutical life sciences are a number of industries expected to see healthy growth in the next 10 years. Shifting objectives and strategy are contributing to M&A activity within the industry as we see the possibility of significant losses of revenue due to expiring patent protections. While growth may be stunted due to workforce shortages, it's clear that innovation, strategic positioning, and growing sub-markets will all be contributing factors leading growth for years to come.

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