




LIFE SCIENCES OUTLOOK 2023:

How early stage firms can navigate financial and political uncertainty to bring life sustaining products to market



Delve is a competitive intelligence and risk advisory firm specifically focused on supporting public affairs professionals as they help organizations navigate complex political and reputational challenges and opportunities. In the life sciences sector, the firm works with biopharmaceutical manufacturers bringing new products to market and defending their products in the marketplace, early-stage firms transitioning from the clinical to commercialization stage, and direct health care firms innovating access to and delivery of care.

How can early-stage Life Sciences leaders overcome the headwinds they face in 2023?

Dear Life Sciences Leader,

Early-stage healthcare and biopharmaceutical firms and their investors will face significant financial and political headwinds in 2023. Firms that understand these risks and challenges and how to navigate the full range of policymakers and stakeholders stand a better chance of achieving success in this environment.

We developed this playbook specifically to help early-stage leaders in the Life Sciences overcome the headwinds faced by the industry, including the rising cost of capital and increasing politicization of commerce. With a pivotal role in sustaining and saving lives, the **Life Sciences industry is at the forefront of scrutiny** from policymakers, investors, and stakeholders – and this scrutiny calls for a deliberate, well-informed approach.

At Delve, we believe what you don't know can hurt you, which means **actionable intelligence is a strategic imperative**. The framework in this playbook ensures you have an information advantage that protects and advances your business and policy objectives, but you do not have to navigate these challenges alone.

For their most consequential initiatives, public affairs professionals turn to Delve. Across industry sectors, including Life Sciences, our team digs deep to arm them with the insights they need to understand and mitigate political and reputational risks that are growing both in number and levels of sophistication. You can learn more at www.delvedc.com or contact us directly.

Thank you,



Jeff Berkowitz

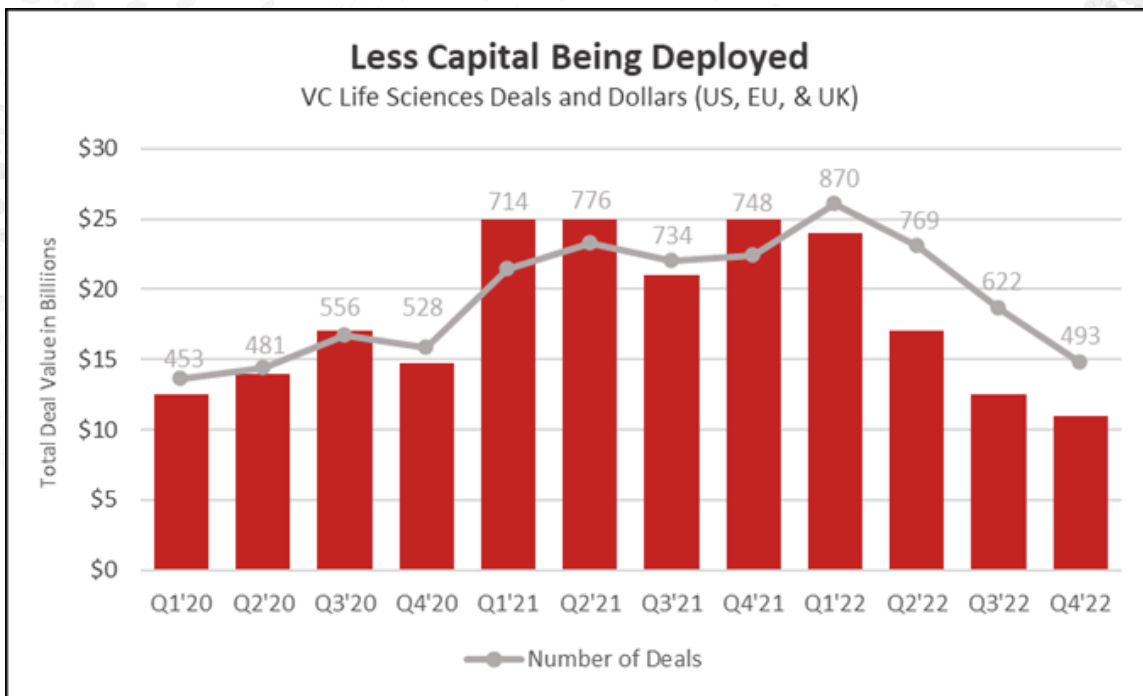
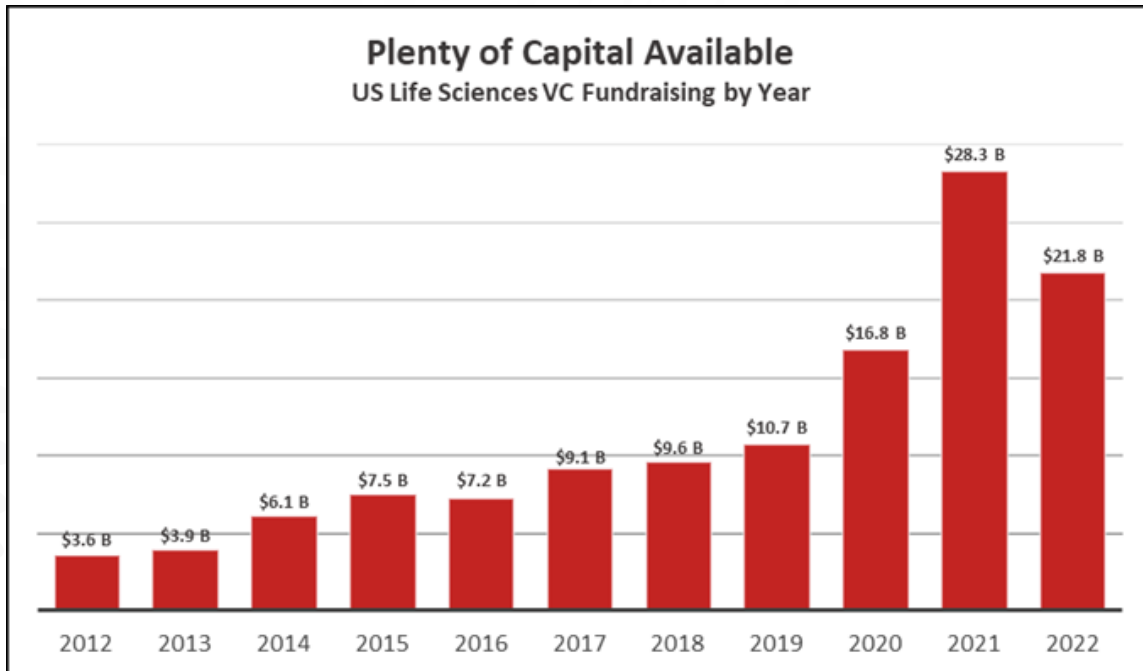
Founder and CEO

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2023 Financial Outlook

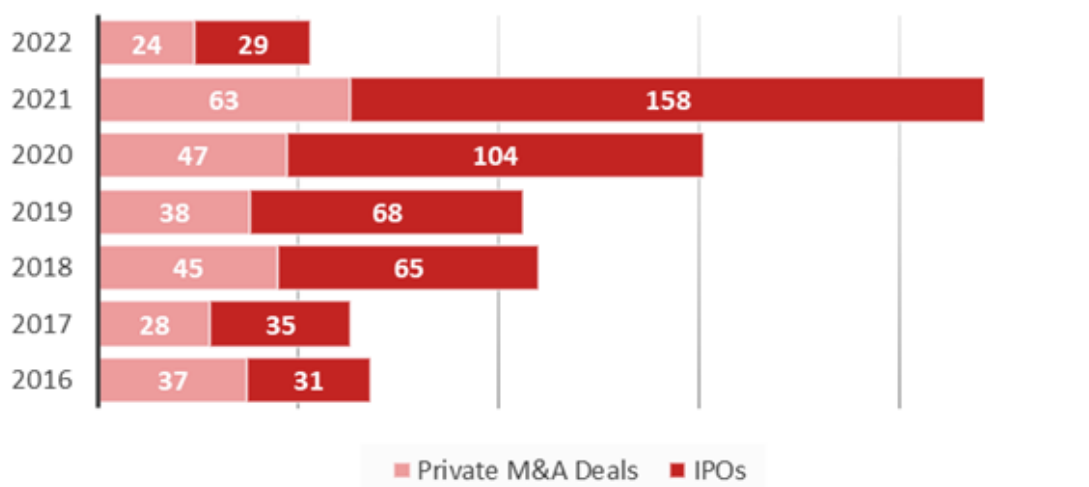
With capital markets tightening and exit opportunities diminishing, having a compelling story is key to setting yourself apart.



Sources: Pitchbook and Silicon Valley Bank datasets

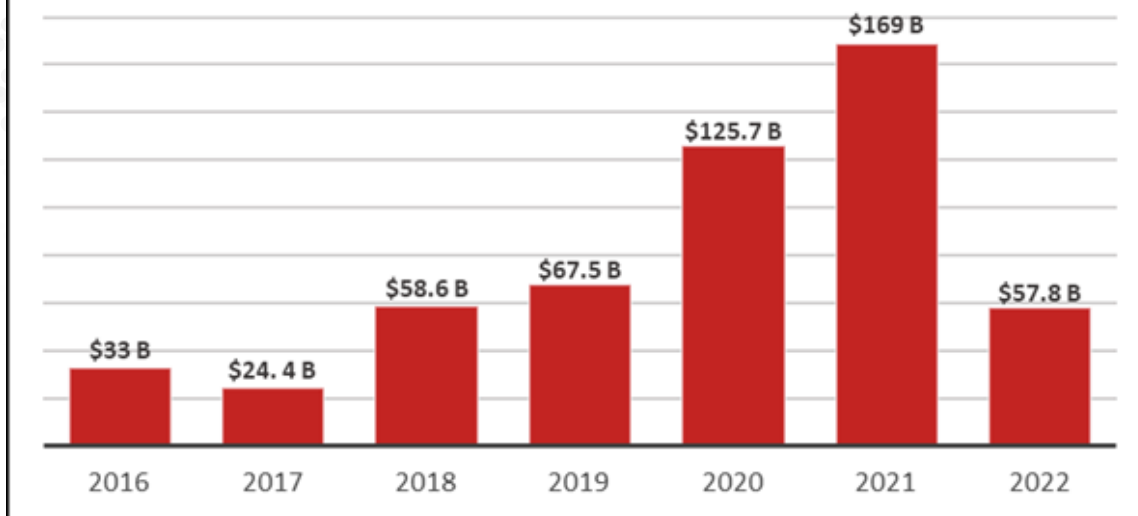
Fewer Exit Opportunities

Private M&A Deals and IPOs by Year (Global)



Lower Exit Values

Combined M&A and IPO Deal Value by Year (Global)



Sources: Pitchbook and Silicon Valley Bank datasets

2023 Policy Outlook

Commerce today is increasingly politicized, and a broader range of policy-makers and stakeholders expect to have a voice and ensure investors and companies are operating in a responsible way. With its pivotal role in sustaining and saving lives, it is no surprise the Life Sciences industry finds itself at the forefront of this scrutiny and pressure.



Cost & Access

Cures, treatments, diagnostics, and other health technologies are getting increasingly customized and sophisticated. But these advancements come with higher costs and more complex delivery even as more **policymakers, consumers, and other stakeholders are becoming more attuned to health equity** factors, including cost, geographical accessibility, and insurance coverage.



Politics Of Approval

With higher costs and more complex care options comes heightened scrutiny on product approvals. Policymakers and stakeholders are ramping up the pressure on regulators to ensure the efficacy offered by new treatments is worth the expense they hope to command in the marketplace. **Approval processes today are more likely to get entangled in broader political and social debates** as different factions identify new antagonists to their agenda.



DEI & Social Impact

Stakeholders expect companies to reflect and include everyone in our society, particularly traditionally marginalized or underserved communities. From clinical trial makeup to the people sitting in the boardroom, how life science companies address diversity, equity, and inclusion and commit to a positive social impact will be a key factor for investors, advocates, and policymakers.



Environmental Impact

Policymakers and consumers, spurred on by years of environmentalist pressures, are scrutinizing the sustainability and environmental impact of a wide range of industries, including life sciences. **The life science industry will need to anticipate and address more questions and pressures from regulators and activists** on a number of these issues, from carbon footprint to manufacturing waste handling to single use plastics and beyond.



Data Privacy

As life sciences grows more digitized and technology takes a more prominent role across the healthcare sector, **firms must ensure they are protecting patient data** not just from cyber breaches, but from politically charged scrutiny.



Antitrust

Washington has grown more emboldened in **scrutinizing mergers and acquisitions** as regulators and key officeholders on both sides of the aisle blame rising cost of treatment and reduced access to care on market consolidation.



Supply Chain

A growing number of **critical medical shortages** is raising consumer awareness of how unstable supply chains remain post-COVID. At the same time, **policymakers are raising pressure to reduce our reliance on China** for critical materials needed for drugs, medical equipment, and medical devices. Firms must be prepared to address if and how they are reshoring or nearshoring their products.



IP Protections

As the pandemic winds down, anti-patent activists' successful pressure campaign to get COVID-related intellectual property waived is empowering the same and other activists to apply their playbook to others in the pharmaceutical and biotechnology industry. More policymakers – including those in the U.S. and Europe – are paying heed, and **the industry must anticipate pressure to disrupt the current patent system**, as well as higher scrutiny of government support and university research involvement in private drug development.

Your Playbook for Advancing Innovation

Navigating the financial, political, and reputational headwinds will require life science companies and investors to act smartly to shape public perceptions as they bring new life saving and sustaining products to market. Here's how:

- 1 Determine** where to focus your efforts by assessing potential brand and policy risks or roadblocks in bringing your product to market and mapping the range of policymakers and stakeholders who will shape the business and policy landscape so you can focus your messaging and outreach efforts on the right people in the right places.
- 2 Shape** your story by framing a narrative that advances your objectives with core brand assets that ensure all internal and external engagement efforts are consistent and effective, supported by compelling facts, data, and third party voices.
- 3 Protect** your interests with a deep understanding of the policymakers and stakeholders who are likely to impact your business and policy objects and a system to anticipate the shifting landscape and stay ahead of key developments.

1 Determine Where to Focus Your Efforts

► Understand Where Your Risks Are

Bringing an innovative product to market often means disrupting a series of players in the field fighting for their interests across jurisdictions. Plenty of scrutiny will come from federal regulators and policymakers, but that is just the beginning of the challenge in today's operating environment.

To focus time and resources on where the most important debates are likely to occur, and understand which stakeholders shape and influence in what ways, survey the landscape for where meaningful wins can be achieved and where serious political and reputational blows are likely to come.

This assessment should identify key factors that indicate the likelihood of opportunity or challenges on key issues and interests for your company. At Delve, we weigh these factors across each jurisdiction to identify risk and opportunity that helps external affairs professionals target with pinpoint precision where to concentrate their resources and engage early.

► Find Your Stakeholders

Today, successful external affairs efforts must engage a range of actors beyond the actual decisionmakers, such as advocacy groups, trade associations, competing businesses, academics, and public and private interest groups.

Such allies are best found and cultivated before the public debate begins. You may find that some opponents are willing to engage while others stay on the sidelines. Others may exist somewhere between friend and foe. These nuances can be exploited to strengthen your coalition or find cracks in the opposition.

Reading the tea leaves of previous statements and positions, business interests, political issues, funding sources, any relevant affiliations, and interests illuminates where they may come down in supporting or opposing a device, pharmaceutical, or technology. Together, these details help create a "web" of all stakeholders to build a winning coalition and understand where any opposition is originating.

2 Shape Your Story

An effective playbook starts with clearly stated objectives presented in a clear corporate narrative that builds trust and loyalty, guides decision making, and makes for a world-class brand. To connect this narrative in compelling and consistent ways with all your stakeholders, you need to build foundational brand assets.

▶ **Develop Core FAQs and Brand Assets**

Foundational brand assets should connect your business and policy objectives with a compelling and consistent narrative that resonates with investors, policymakers, and other stakeholders.

Beyond the typical brand assets, life science companies need to anticipate common questions and concerns from a wide range of stakeholders and address those topics in a consistent and effective way across all internal and external engagement. We recommend building this “Core FAQ” based on the insights from the Risk Assessment and Stakeholder Mapping.

▶ **Leverage a Science and Policy Factbook**

While a Core FAQ ensures you can anticipate questions, you must also be proactive in making the case for the unmet need you are addressing and the clinical and technological efficacy your product or technology offers.

Building a robust bank of knowledge or “Factbook” helps you illustrate the market value and scientific rigor in a communications-ready format to the press and public, investors, policymakers, and other stakeholders. This tool can promote the company’s positive impact and rebut anticipated criticism from the media and skeptics using third-party verifiable materials.





3 Protect Your Interests

► Secure an Information Advantage

With the landscape assessed and stakeholders mapped, it is time to dig deeper into who those policymakers and stakeholders are and what is important to know about them.

Whether it means developing key facts to understand who influences which policymakers and how, or exposing false motives of the opposition, an information advantage is an essential part of a winning public affairs toolkit.

With more stakeholders engaging in more debates, the field of play is wider than ever before, so sharp, usable information lets you shape the debate with government decision-makers, the press, and the public.

► Stay Ahead as the Landscape Changes

Even after charting a course, the marketplace continues to shift. Stakeholders evolve and new previously unknown players enter the field. By the time critical information reaches the headlines, it is often too late.

A rapid response program that catches key developments before they occur and deploys key facts to shape the narrative keeps you in control.

With more stakeholders engaging in more debates, the field of play is wider than ever before, advance warning allows you to shape the debate with government decision-makers, the press, and the public. At Delve, it is the analysis that makes the difference, synthesizing information into actionable, digestible insights that ensure you stay ahead and surprise is never the norm.

