

FTI CONSULTING SURVEY: US HEALTHCARE & LIFE SCIENCES INDUSTRY OUTLOOK 2022

New Horizons



As we emerge from the COVID-19 pandemic, we conducted our second annual *FTI Consulting Survey: US Healthcare & Life Sciences Industry Outlook*, asking industry leaders about key topics and trends ahead of the sector's largest summit, the J.P. Morgan Healthcare Conference (#JPM22.)

New ways of working, connecting, and doing business have inevitably emerged from major disruption across industries and geographies in the past two years. The healthcare and life sciences industry has seen its reputation significantly improve during the pandemic, and special purpose acquisition companies (SPACs), discourse around diversity, equity, & inclusion, and virtual gatherings have become essential threads in the fabric of modern society.

In October 2021, FTI conducted its annual survey of 251 senior decision makers working in corporate communications, investor relations, public affairs, business development, R&D and marketing for healthcare and life sciences companies in the U.S. to understand how the industry's perspective has evolved since 2020. More than half of respondents represent large companies, and a third represent publicly listed companies with an average \$5.8 billion market cap. The survey tracks opinions around virtual conferences anticipated in 2022, as well as M&A, IPO, and SPAC activity in the sector. It also includes perceived risks and levels of preparedness, and themes that surfaced in the last year, including the political & regulatory environment and diversity & inclusion.

Findings point to new horizons for healthcare & life sciences, building off momentum gained in the last year and looking ahead to 2022. For instance, the industry is confident that diversity in clinical trials will become equally important alongside safety and efficacy (82%) over the next 12 months, implying that the way the industry communicates its scientific data may soon transform. Similarly, virtual events have enabled more inclusive outreach, with a remarkable 91% of respondents saying they can help make the healthcare and life sciences industry more accessible to a wider range of demographics (+6% since 2020).

Furthermore, two-thirds of respondents (66%) expect conferences to continue to be held as virtual events instead of in-person even after the pandemic is over, though an emphatic 85% support the return of in-person healthcare industry conferences and events in 2022. Virtual settings are believed to help companies convey their messaging more

effectively (56%), but they do make developing relationships more challenging (54%). With that said, favorability of virtual healthcare conferences has increased substantially in the past year, rising from 53% to 69%, particularly driven by investor relations professionals with 57% claiming they are “very favorable” of virtual conferences, compared to 40% of those working in corporate communications or 44% in public affairs.

Deal-making is anticipated to rise in 2022. The most significant increase is expected in healthcare IPO activity, with 65% (+12% since 2020) expecting it to be higher in 2022, and 1 in 4 (24%) expecting it to be “far higher.” Nearly 7 in 10 (65%) expect M&A activity to be higher in 2022, rising +5% from last year, and majority (57%) also foresee higher SPAC activity in 2022 than in the previous 12 months.

COVID-19, economic & political uncertainty, and talent scarcity are currently seen as the industry's biggest risks, and notably, companies are not fully prepared to address them. COVID-19 (59%) is seen as the biggest risk for companies over the next 12 months, albeit this has dropped from 64% last year. Only 39% are “fully prepared” to respond to pandemic-related risks. Economic uncertainty is less of a concern this year (36%) than last (56%), but again, just 19% are “fully prepared” to deal with economic fallout. Companies consider the political environment (36%) to be more of a risk over the next 12 months than those previous (30%), although those who consider themselves “fully prepared” (26%) remains consistent. Finally, talent scarcity emerged as a high risk to companies this year (36%), up from 22% last year, with just over 2 in 10 claiming they are “fully prepared” to meet this challenge.

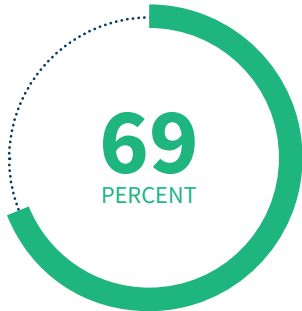


Our team of strategic communications and healthcare & life sciences experts recommends keeping an eye on the following key trends in 2022.

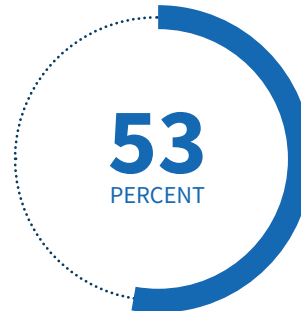


This research was conducted online by FTI Consulting's Americas Digital & Insights team from October 20-25, 2021 with n=251 decision makers in corporate communications, investor relations, public affairs, business development, R&D and marketing for healthcare and life sciences companies in the US. Due to the standard convention of rounding, some totals may not add up to 100%.

The reputation and outlook of the industry remains positive



NEARLY 7 IN 10 (69%) believe the reputation of the healthcare and life sciences industry has improved over the last 12 months.



Considering potential Congressional Action on the industry, **53% THINK IT COULD HAVE A POSITIVE IMPACT**, and 69% expect it.

Trustworthiness, transparency, and ethics are considered most important characteristics of incoming FDA Commissioner

71%
Trustworthiness

Respondents value trustworthiness (71%) as the most important characteristic by far, followed by transparency (54%) and ethical traits (53%).

54%
Transparency

53%
Ethical traits

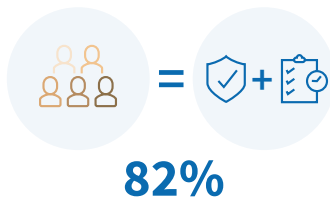
48%
Deep scientific knowledge/credibility

46%
Leadership

45%
Innovation

Secondary in importance, respondents value deep scientific knowledge/credibility (48%), leadership (46%) and innovation (45%) in any incoming FDA Commissioner.

Diversity, equity, and inclusion top of mind for the industry



82% of respondents are confident that diversity in clinical trials will become equally important alongside safety and efficacy in the next 12 months.



When considering diversity, equity, and inclusion, recruitment (51%) and retention (45%) are two top areas of focus for companies over the next 12 months.



Diversifying company leadership



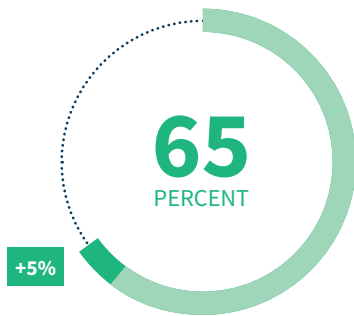
27%

diversifying the company board

Diversifying company leadership roles is also important (38%), more so than diversifying the company board (27%). However, just 25% consider the progress of the industry to diversify their boards over the last 12 months to be "excellent."

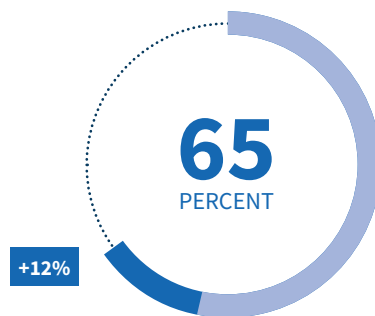
Healthcare M&A, IPO, and SPAC activity is expected to be higher in 2022

M&A ACTIVITY



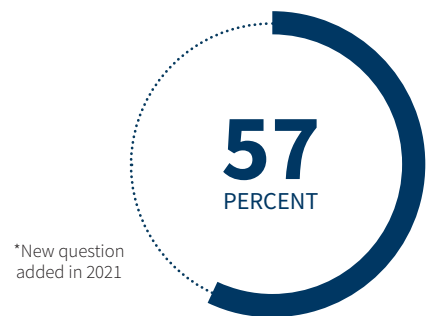
NEARLY TWO-THIRDS (65%) expect M&A activity to be higher in 2022, rising +5% from 2021.

IPO ACTIVITY



The most significant rise is expected in healthcare IPO activity, with **65% (+12%) EXPECTING IT TO BE HIGHER IN 2022**, and 1 in 4 (24%) expecting it to be “far higher”.

SPAC ACTIVITY



THE MAJORITY (57%) also foresee higher SPAC activity in 2022 than in the previous months.

COVID-19, economic & political uncertainty, and talent scarcity seen as biggest risks, and companies are still not fully prepared to respond

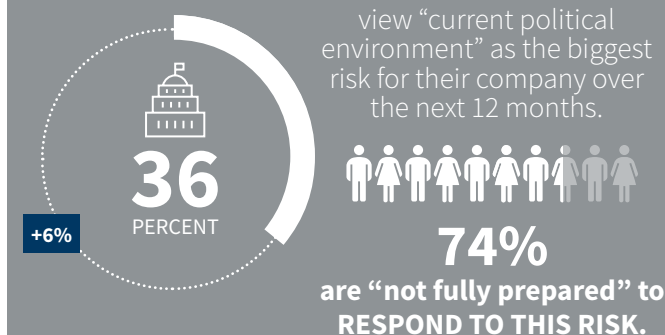
CORONAVIRUS DISRUPTIONS



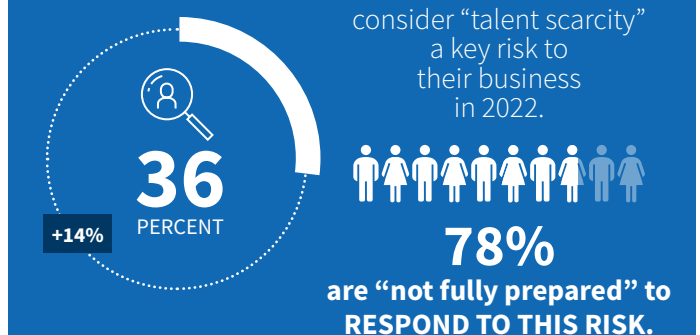
ECONOMIC UNCERTAINTY



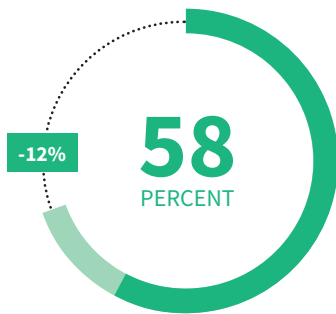
CURRENT POLITICAL ENVIRONMENT



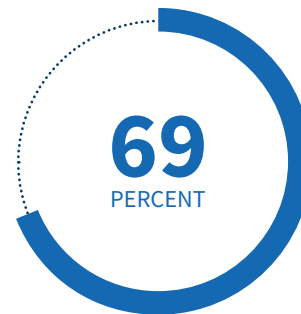
TALENT SCARCITY



Biden Administration's potential impact on the healthcare & life sciences sector viewed less positively than last year



believe the Biden Administration will have a **POSITIVE IMPACT** on the Healthcare & Life Sciences industry in 2022, down from 70%



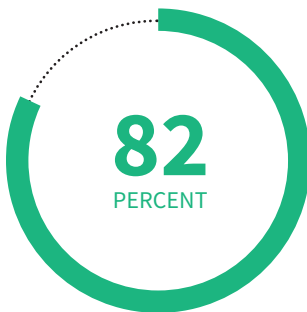
MORE THAN TWO-THIRDS (69%) expect significant policy changes will be made on drug pricing under the Biden Administration over the next 12 months.



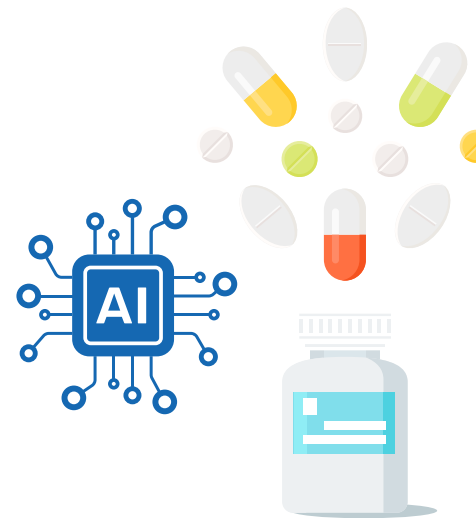
3 in 10

expect the impact to be **"VERY POSITIVE."**

Industry poised to continue leveraging technology in operations



MORE THAN 8 IN 10 believe the use of digital and AI in drug development will **ONLY INCREASE IN THE NEXT 12 MONTHS (82%)**



Mixed approaches to returning to the workplace



A prevalent "return to the workplace" strategy for healthcare & life sciences companies remains unclear, though interestingly, **98% of companies claim they have decided on their approach for the next 12 months.**

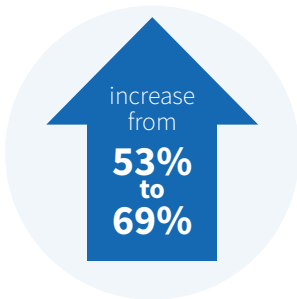
43%

are considering returning to pre-pandemic working.

When it comes to planning a return to the workplace, 78% are optimistic that a workable balance can be found. Companies are, however, split in their approach, with **49% planning to offer a hybrid working approach, while 43% are considering returning to pre-pandemic working.**



The industry likes virtual events but is looking forward to returning to in-person formats



OVER THE LAST 12 MONTHS, FAVORABILITY OF VIRTUAL HEALTHCARE CONFERENCES HAS INCREASED SUBSTANTIALLY, RISING FROM 53% TO 69%

This is particularly driven by those working in investor relations, with 57% claiming they are “very favorable” of virtual conferences, compared to 40% of those working in corporate communications or public affairs (44%).



Despite the lack of in-person interaction at a conference, respondents largely believe these virtual alternatives have helped their company convey their messaging more effectively (56%), however, the downside is that 54% believe their ability to meet and develop relationships has been reduced.

That said, this new medium has enabled more inclusive outreach, with an emphatic 91% believing virtual conferences can help make the healthcare and life sciences industry more accessible to a wider range of demographics (+6% since 2020).

Unsurprisingly, therefore, two-thirds (66%) expect conferences to continue to be held as virtual events instead of in-person even after the pandemic is over.

WHILE THEY HAVE BECOME AN IMPORTANT PART OF MARKETING STRATEGIES, VIRTUAL CONFERENCES WON'T REPLACE IN-PERSON NETWORKING EVENTS, WITH MANY SUPPORTING THE RETURN OF IN-PERSON ALTERNATIVES.



In the here and now, virtual conferences are an important and effective communications and marketing component, with 80% claiming they will remain a crucial part of company marketing strategies over the next 12 months.

There is, however, an acknowledgement that virtual conferences can never replace in-person networking events (82%), and that while 69% will continue to prioritize virtual even after the pandemic, an emphatic 85% support the return of in-person healthcare industry conferences and events in 2022.



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