Insight Brief

# Navigating a Brave New World: Strategies for Emerging Biopharma

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The healthcare industry is experiencing unprecedented transformation with gross-to-net spread economics reshaping market dynamics and rapid-fire policy changes creating headwinds and tailwinds for Emerging BioPharma (EBP) companies. Because of their relative size, EBPs lack the heft to influence these and other macro forces. What they can do is transform industry volatility into competitive advantage by playing to their nimbleness and ability to think asymmetrically. This IQVIA insight brief touches on six industry trends EBPs should be monitoring. It also outlines seven "new rules" for shaping winning strategies amid the challenging dynamics of a Brave New World.

## A $500 billion question and six trends reshaping healthcare

In 2024, the pharmaceutical industry generated over $1 trillion in list-price sales. Yet manufacturers captured less than half — about $487 billion — in net revenue. What happened to the approximately $500 billion lost between gross and net?

IQVIA refers to this as the "spread economy," and it flows through rebates to Pharmacy Benefit Managers (PBMs), employers, hospital 340B discounts, and group purchasing organization fees (estimated at $50 billion).

This complex web of stakeholder economics is now under scrutiny from multiple policy initiatives fueling uncertainty. For EBPs, understanding this context is crucial. After all, every thread in this $500 billion web has a stakeholder on the other end — and pulling on any one of them could unravel entire market segments.

Beyond the $500 billion gross to net question, EBPs need to keep an eye on these six trends reshaping the healthcare landscape in 2025 and beyond:

Click Discover the top six current healthcare trends and how they are reshaping strategies in 2025. Our blog delves into the unique policy and launch dynamics challenges, and how EBP companies can navigate more effectively.

1. **Fast-paced policy change**. The Trump administration's 120+ executive orders in its first 120 days target the spread economy through list-price reduction, PBM reform, and populist policies aimed at lowering U.S. costs while raising international prices.

2. **Impact of benefit redesign**. Medicare Part D changes have fundamentally altered payment dynamics — with payer responsibility for specialty products tripling from $55,000 in 2024 to $160,000 in 2025. At the same time, the percentage of patients experiencing $0 out-of-pockets costs has improved dramatically.

3. **Utilization surge**. Eliminating catastrophic coinsurance drove a 53% increase in oncology prescription volume, as patients previously "warehoused" in assistance programs, charity care, and foundational assistance flooded back into the visible market.

4. **"Pill penalty" wild card**. Potential policy changes could extend small-molecule exclusivity from nine to 13 years, potentially doubling lifetime asset values and reshaping R&D investment incentives.

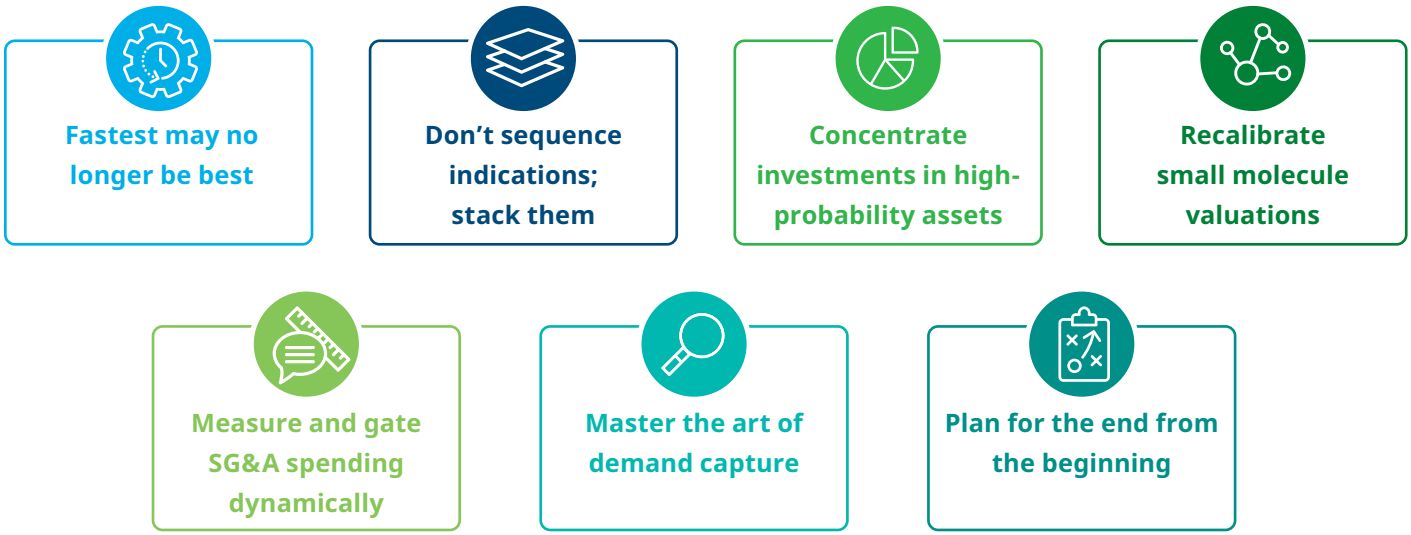
5. **Boom-or-bust launches**. Just five drugs captured 80% of first-year sales in 2022 and 2023. Meanwhile, half as many launches hit the $100 million+ mark from 2020 to 2024 compared to 2015 to 2019.

6. **Demand-capture challenges**. Brands are losing up to 96% of demand generated between first fill attempt and 12-month adherence. Yet most organizations are measuring only the final 20% of the patient journey — leaving significant blind spots around the "how" and "why" of demand leakage.

Much like the weather, these external forces are outside your control. Your best moves: stay informed about current and forecasted conditions and craft agile plans for navigating them. IQVIA has identified seven strategic principles to help you get started.

# New rules for crafting successful strategies

IQVIA data, analysis, and experience point to seven "new rules" to guide emerging biopharma companies' strategic planning strategic planning and decision-making:




## Rule 1: Fastest may no longer be best

Historically, companies raced to get new products to market as quickly as possible. Today, speed-to-market strategies can limit lifetime value under constraints of the Inflation Reduction Act (IRA). A better approach is to prioritize indication sequencing over speed alone. For example, if your EBP has both a rare/orphan indication requiring a six-month trial and a larger population indication requiring longer development, the optimal strategy may be to delay launch to maximize total addressable market value. By going after the small indication first, you come to market sooner but limit lifetime value. The new calculus requires modeling Maximum Fair Price (MFP) negotiation scenarios across different indication strategies.

**Key takeaway**: Rethink clinical development timelines and investment. The rush to first approval may no longer optimize shareholder value if it triggers earlier negotiation eligibility or limits indication expansion opportunities.

## Rule 2: Don't sequence indications; stack them

Under IRA rules, multiple indications can trigger MFP negotiations regardless of timeline. Consider frontloading your R&D investment to secure multiple indications early in the product lifecycle rather than stretching them out over time. Think of it as a "loaded deck" strategy. With all your cards in hand, you can decide which to play strategically. To get there, conduct parallel clinical programs during the pre-commercial phase. While this requires significant upfront capital, the cost is lower than post-approval studies and provides maximum strategic flexibility.

**Key takeaway**: For resource-constrained EBPs, prioritize indications that provide the greatest combined market opportunity while maintaining regulatory feasibility.

## Rule 3: Concentrate investments in high-probability assets

Compressed product lifecycles mean that lower-probability, longer-payback assets may *never* reach profitability. Given that, you're well advised to abandon the traditional portfolio approach of betting on multiple longshot assets. Instead, concentrate resources on assets with clear paths to market significance within the available exclusivity window.

As an example, consider a small molecule that previously required 10 years to reach breakeven but now faces negotiation at year nine. Considering today's dynamics, you may be better off reallocating that investment to other higher valued assets.

**Key takeaway**: This new rule isn't about abandoning promising science; it's about finding ways to succeed within a compressed timeline model.

## Rule 4: Recalibrate small molecule valuations

The "pill penalty" creates a four-year valuation disadvantage for small molecules versus biologics. But if the pill penalty closes, small molecule values could double overnight, as approximately half of lifetime value typically occurs in years nine to 13. In the face of this uncertainty, model both scenarios in your asset valuations and partnership negotiations. For small molecule programs, this potential policy change could fundamentally alter deal structures and development priorities.

**Key takeaway**: Don't bet the company on policy changes but ensure that your valuation models and strategic planning account for the significant potential upside.

## Rule 5: Measure and gate SG&A spending dynamically

Traditional launch spending models for Sales, General, and Administrative (SG&A) expenses assume progressive revenue growth that may not materialize in the current environment. Instead of frontloading promotional investments, implement threshold-based spending gates — with promotional spending triggered by demonstrated market traction milestones. This is particularly true when considering Direct to Consumer advertising investments.

**Key takeaway**: Until efficient conversion has been demonstrated, invest in optimizing demand capture, versus generating additional demand. Using a football analogy, it is very easy to outkick your coverage.

## Rule 6: Master the art of demand capture

As noted in the key trends, access barriers are causing brands to lose up to 96% of generated demand. It's a problem that's difficult or impossible to solve if you're measuring only successful fills. That's because that metric misses 80% of the opportunities for demand-capture optimization.

To improve demand capture, implement analytics that encompass the entirety of the patient, access, affordability, and adherence journey:

- Coverage and prior authorization to help optimize payer contracting and develop robust prior authorization support.
- Distribution and plan restrictions to ensure broad pharmacy network coverage and specialty pharmacy partnerships.
- Patient abandonment post-approval to implement proactive patient support and affordability programs.
- Treatment discontinuation to develop adherence programs and real-world evidence initiatives.

**Key takeaway**: Even small EBPs can influence these metrics through targeted payer engagement, optimized patient assistance programs, and strategic specialty pharmacy partnerships. Investment early in the patient journey pays dividends years later as improved adherence builds demand.

## Rule 7: Plan for the end from the beginning

Compressed exclusivity periods require thinking 12 steps ahead starting on Day One. With that in mind, you need to develop comprehensive lifecycle management plans at launch. That includes planning real-world evidence studies that support value propositions for potential negotiations; mapping additional indications that strengthen the overall value story; and maintaining partnership optionality by structuring deals that maintain strategic flexibility as market dynamics evolve.

**Key takeaway**: Consider engaging IQVIA and similar partners to model various negotiation scenarios and build supportive evidence packages early in the product lifecycle.

### RETHINKING BIOTECH FUNDING AND GO-TO-MARKET DECISIONS

Traditional biotech funding and partnership strategies are being complicated by the convergence of policy uncertainty and market volatility. We're observing fluctuating asset valuations based on policy speculation — with large pharma still interested, yet cautious.

In this environment, partnership timing becomes crucial. What may have been a clear "develop vs. partner" strategy for an EBP in the past is now fluid, requiring you to model multiple scenarios.

Clear communication has become even more critical. Potential partners need to understand your lifecycle strategy and supporting evidence plans. Going into a discussion unprepared about IRA impact and value protection strategies can undermine negotiations.

Finally, consider how compressed timelines affect capital requirements and return timelines in investor presentations.

## Control what you can

While EBPs cannot influence the macro forces reshaping healthcare, you can optimize how you plan for and respond to these dynamics. Adapting to volatile "weather" and navigating asymmetric competition requires:

- **Deep analytics** to understand promotional sensitivity, early adopter identification, and real-world evidence generation at a granular level.
- **Precision targeting** to focus on high-value physician segments and practices that drive strategic volume.
- **Agile execution** to rapidly adapt strategies based on real-time demand capture analytics and market response.
- **Evidence development** to build and articulate compelling value stories that withstand negotiation pressure and support premium pricing.

The emerging biopharma companies that will thrive in the Brave New World are those that understand the new rules, measure the right metrics, and execute with surgical precision.

Learn more by viewing the full-length IQVIA webinar, A Brave New World: 2025 Trends Reshaping Healthcare and exploring how IQVIA serves the EBP market.

# About the author

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Susan is a dynamic leader in the healthcare space with extensive expertise in consulting, data and analytics, real world evidence, and launch excellence. She is currently leading a team of commercial launch experts with a dedicated focus on companies preparing to bring their first product to market in the United States. Susan earned a Bachelor of Arts from LaSalle University in Philadelphia.

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