

2025

Biopharmaceutical

Surplus Asset Market Trends Report

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Biopharmaceutical Surplus Asset Market Trends Report

During the COVID-19 pandemic, the pharmaceutical industry saw tremendous investments and rapid growth. However, as the pandemic threat diminished, companies have been experiencing revenue drops and long-term challenges like patent expirations (Hargreaves, 2024). These challenges have led to recalibrations of staff and resources through cost-cutting measures, hitting the biotech sector hardest. Large pharmaceutical companies have not been spared either; however, according to Dey (2024), the biopharmaceutical industry has been growing at a robust pace. This growth is partly due to increasing investments by major companies (like Novartis, Abbvie, Eli Lilly...) in research and development (Maragkou, 2024); the high incidence rate of chronic diseases, most notably in North America and Europe, as well as the rising geriatric population across the world (Dey, 2024).

In 2023, the global biopharmaceuticals market size was valued at USD 400.66 Billion. The industry is projected to grow from USD 437.37 Billion in 2024 to USD 494.74 Billion by 2032, at a CAGR of 9.36% during the forecast period (2024 - 2032) (Dey, 2024).

This report outlines the challenges the industry is facing, as well as new trends. Particular focus will also be placed on the biopharmaceutical surplus asset market and its drivers.

Regional overview of the biopharmaceutical manufacturing market

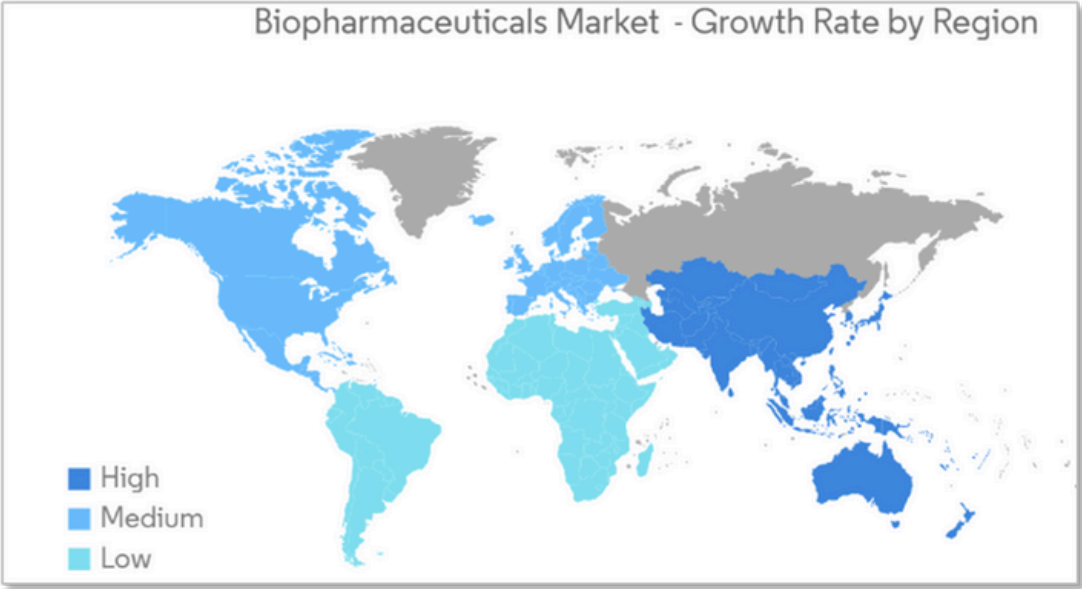
The Americas, particularly North America, is the largest regional biopharmaceuticals market. The prevalence of chronic diseases, such as cancer, is high in the Americas. As of September 2019, approximately 9.6 million people have died as a result of cancer. The presence of biopharmaceutical heavyweights like Pfizer, Inc., Amgen Inc., Eli Lilly and Company, and Bristol Myers Squibb Company is expected to drive the biopharmaceuticals market growth (Dey, 2024).

The increasing geriatric population, well-developed healthcare infrastructure, and high prevalence of neurological diseases are expected to drive the biopharmaceuticals market growth in Europe. Asia-Pacific is the fastest-growing regional market for biopharmaceuticals. Asia-Pacific is seeing a surge in the number of people suffering from diseases such as diabetes and cancer. Furthermore, the region has a supportive regulatory framework for approving biopharmaceuticals, which drives market growth.

The biopharmaceuticals market in the Middle East and Africa is expected to grow significantly due to the rising patient population suffering from various chronic diseases (Dey, 2024).

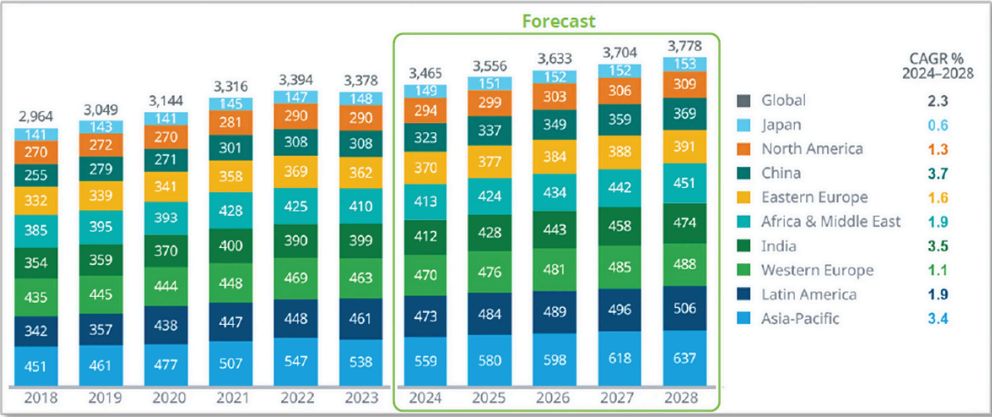
While North America is expected to hold a significant market share over the forecast period, the region with the highest growth is Asia-Pacific, as seen below.

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Source: Mordor Intelligence, 2024

In terms of consumer behavior, the rapidly aging population in Asia and the growing middle class (read increased purchasing power) are contributing to the increased use of medicines, particularly in China and India (Levy, 2024), as seen below.



Note: Forecasted Defined Daily Doses (DDF) in billions
Source: Levy, 2024

In addition, Asian countries are increasingly becoming attractive alternative locations for outsourcing of manufacturing of large molecules, with the Anti-cancer Monoclonal Antibodies segment expected to show significant growth (Mordor Intelligence, 2024). The comparatively low manufacturing and operating costs offered by countries like China and India are just some of the factors driving the Asian market (Grand View Research, 2024).

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Trends in the biopharmaceutical sector 2025 and beyond

The biopharma market is undergoing significant transformations driven by automation, which enhances production efficiency and product quality. Key technologies like the Internet of Things, Artificial Intelligence, digital twins, Augmented Reality and Virtual Reality, predictive analytics, and cloud computing are revolutionizing the industry. These advancements enable real-time monitoring, predictive maintenance, and faster development of innovative biopharmaceutical products (Hainz, 2024).

Key strengths, weaknesses, opportunities, and threats (SWOT) facing the biopharmaceutical market are:

Strengths	Weaknesses
Technological Innovations: Automation, IoT, AI, digital twins, AR & VR, predictive analytics, and cloud computing enhance production efficiency and product quality.	High Costs: Significant barriers due to raw materials, production, and distribution costs.
Generative AI (GenAI): Enhances efficiency and effectiveness across clinical, medical, and commercial areas.	Regulatory Challenges: Stringent regulations increase costs and delay product launches.
Consumer Demand: Increasing demand for high-quality, innovative biopharmaceutical products.	Market Saturation: High competition in mature markets.
Economic Growth: Higher disposable incomes and supportive government policies.	Litigation risk: potential lawsuits due to product safety and marketing practices
Portfolio Optimization: Focus on innovative products and optimizing strategies due to pricing pressures from regulations like the Inflation Reduction Act (IRA).	
Opportunities	Threats
Emerging Markets: Regions like Asia-Pacific and Latin America offer growth potential.	Economic Downturns: Economic instability can reduce consumer spending on healthcare.
Product Innovation: Continuous innovation can capture larger market shares.	Generic medication: loss of patent protection exposes companies to competition from cheaper generic drugs
Strategic Partnerships: Collaborations can help penetrate new markets and access advanced technologies.	Drug pricing pressures: lower profit margins due to government and taxpayer pressure on drug prices
Sustainability: Growing demand for environmentally sustainable products.	
Digitalization: Enhanced operational efficiencies and new market opportunities through digital technologies.	
Personalization: Increasing demand for personalized biopharmaceutical products.	

Source: Hainz, 2024; Kapoor, 2024; Diclehan, 2023; Solace Biotech, 2023

In addition, Diclehan (2023) further outlines that digital technologies will be the key drivers of healthcare spending, projected to reach \$11.3 trillion in 2025. Digital health advancements, including wearable tech and big data, promise faster diagnoses, personalized treatments, and better patient quality of life. Below are some more trends shaping the future of healthcare:

- **Decentralized Health Data:** Centralized health data is being replaced by decentralized models driven by the surge in data from individuals and organizations.
- **Remote Care:** Digital monitoring technologies like virtual care units, wearable devices, and virtual assistants are transforming healthcare delivery.
- **Telehealth:** Telehealth applications are expanding, allowing patients to receive care at home via remote consultations.
- **AI and Machine Learning:** These technologies are increasingly used in drug discovery, personalized medicine, and operational efficiency (Diclehan, 2023).

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Key challenges of the biopharmaceutical sector

A key characteristic of the biopharmaceutical sector since 2023 has been job losses due to unfavorable economic conditions and the desire to save capital (Taylor, 2024).

The biotech industry faced downturns earlier than other sectors. Due to an influx of capital during the pandemic, its valuation soared. However, as economic conditions shifted, this valuation became unsustainable, leading to downsizing or closures. In February 2024, the industry seemed to recover, with the XBI index reaching a two-year high. However, valuations dropped again, resulting in additional layoffs. Notably, Coherus BioSciences cut 30% of its staff, and CureVac let go of 150 employees in March (Hargreaves, 2024).

Job cuts were not confined to the biotech sector; they spread across the entire industry. Companies that saw significant revenue increases during the pandemic were among the most active in reducing staff. Pfizer had multiple job cuts in the US, including 285 positions at a New York R&D site and 52 in San Francisco (News12 Hudson Valley, 2023). Thermo Fisher Scientific cut \$450 million in costs due to slowing demand, resulting in 74 job losses in January 2024 (Leuty, 2024).

Other big pharma companies also downsized. In April 2024 Novartis announced it would cut 440 development positions in Switzerland and 240 in the US (SwissInfo, 2024). Around the same time, Sanofi and Boehringer Ingelheim also revealed plans to reduce their workforce, though they did not specify the number of affected employees (Hargreaves, 2024).

Companies are shedding staff due to a mix of industry-specific and broader economic factors. The biotech sector was hit hard by a drop in venture capital, leading to job cuts, R&D scale-backs, and closures. While not facing the same immediate threat, larger companies have also been cautious with capital due to increased revenues during the pandemic and a pullback in mergers and acquisitions (M&A). High inflation and rising interest rates have made financing M&A more expensive, adding pressure to refresh pipelines, especially with upcoming patent expirations for major drugs.

As a result, companies are reducing costs by closing underutilized facilities and cutting non-essential staff. These closures and staff reductions are part of a common industry cycle, usually followed by a wave of hiring as conditions improve (Hargreaves, 2024).

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The key challenges and opportunities facing both the biopharmaceutical manufacturing sector and the healthcare sector are highlighted below (Leurig (2024), Hunzinger et al. (2024), Coyle and Trikha (2024)).

Challenges

1. Health System Reforms:

- Stricter access and pricing environments.
- U.S. Inflation Reduction Act (IRA) impacts.
- EU legislation reducing drug exclusivity.
- Reforms in Germany, Italy, Japan, and China to control drug costs.
- Increasing compliance obligations and costs.
- New FDA guidance impacting data management and submission.
- Potential patent protection cancellations if prices aren't reduced.
- Increased scrutiny of mergers and acquisitions for anti-competitive practices.

2. Demographic Shifts:

- Aging populations and declining birthrates.
- Increased public health expenditures.
- Economic consequences of fewer working-age adults.

3. Changing Patient Experiences and Expectations:

- Trust in pharma is rebounding but still low.
- Disconnect between doctors and patients.
- Patients avoiding healthcare due to inconvenience and cost.

4. Talent Shortage:

- Difficulty in finding skilled candidates.
- Rapid technological advancements and new business models require new skills.
- Need for improved recruiting, upskilling, and hybrid work opportunities.

5. Cybersecurity and Data Protection:

- High cost of data breaches in the pharma industry.
- Vulnerabilities due to sensitive data, automation tools, and third-party vendors.
- Importance of strict security protocols and regular assessments.

6. Cost and Inflationary Pressures:

- Inflation impacting operational costs and supply chains.
- Need for digital technologies to automate processes and improve decision-making.
- Strategies like energy management and proactive maintenance to reduce costs.

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Opportunities

1. Scientific and Portfolio Innovation:

- Rise of novel modalities like mRNA, ADCs, and microbiome-based therapeutics.
- Breakthroughs in gene therapy and CRISPR-based drugs.
- Advances in oncology, immunology, obesity, Alzheimer's, and cardiovascular diseases.

2. Cost Optimization:

- Pruning pipelines, reallocating budgets, restructuring teams.
- Scrutinize decentralized structures and enhance offshore centers.
- Use analytics to understand productivity and reallocate spending.

3. Customer Engagement:

- Dynamic customer targeting and hyper-personalization.
- Shift from product-centric to customer-centric models.
- Strategic deployment of sales reps.

4. Partnership and Ecosystem Engagement:

- Engaging multiple stakeholders beyond physicians.
- Connecting disparate stakeholders to increase trust and impact.

5. Broader Healthcare and Societal Priorities:

- Investment in preventive medicine to advance health equity and reduce costs.
- Addressing health disparities and promoting fairness in healthcare.
- Reducing carbon footprint and making healthcare more sustainable.

6. Public Trust Deficit:

- Need for pharma to evolve and prioritize customer needs.

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Asset management as a key cost optimization consideration

Earlier in this document, we stated that a key focus of biopharmaceutical company strategies in 2025 and beyond is portfolio optimization, which evaluates the pharmaceutical portfolio against business goals, market conditions, and therapeutic priorities. This focus involves assessing each asset's value, risks, and strategic fit to make informed decisions on resource allocation and disposal (Verified Market Reports, 2024; IMARC Group, 2024). Pharmaceutical asset management involves systematically assessing and managing various assets like product candidates, manufacturing sites, distribution networks, IP, and joint ventures - an activity that requires thorough analysis, forecasting, and decision-making to allocate resources and mitigate risks.

The pharmaceutical asset management market was valued at \$100 billion in 2023 and is expected to reach \$150 billion during the forecast period of 2024-2030, with an estimated CAGR of 5.96% (Verified Market Reports, 2024). Likewise, the global healthcare asset management market size reached US\$ 16.4 Billion in 2023. IMARC Group (2024) expects the market to reach US\$ 36.9 billion by 2032, showing a growth rate (CAGR) of 9.2% between 2024 and 2032.

Some of the key factors contributing to the growth of the market are:

- Escalating demand for effective inventory management and cost control
- Strict government and healthcare organization
- Regulation of patient safety
- Rise in those affected by chronic diseases
- Technological advancements
- Rising costs of healthcare

The complex field of pharmaceutical asset management includes strategic planning, optimization, and supervision of pharmaceutical assets at every stage of their lifecycle—from drug discovery and development to commercialization and beyond. Key components of the asset management market include effective resource allocation, risk mitigation, and value addition to guarantee the highest possible return on investment, and continued competitiveness in the pharmaceutical sector.

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Risks of Lacking an Asset Management Program

However, asset management, particularly surplus asset management, is a complex and often neglected area. Some issues related to asset management in the biopharmaceutical sector are:

Noncompliance: Equipment used in pharma and specialty chemical production is regulated by export laws and bodies like the DEA and Health Canada. Without a management program, companies risk noncompliance and ignorance of regulations.

Fraud: Without a policy, companies are vulnerable to fraud, lost property, or missed opportunities. Contractors or internal staff might misuse or sell equipment without oversight.

Financial Burden: Storing unused equipment represents lost revenue potential. Unmanaged disposal can affect taxes, depreciation, and financial statements. Improper removal from maintenance programs can lead to unnecessary storage of spare parts. Overall, removing surplus assets optimizes workflow and enables organizations to allocate resources to high-priority projects.

Conclusion

Even as the biopharmaceutical industry encounters headwinds—such as patent expirations, price pressures, and ongoing restructuring—it remains poised for robust growth, aided by evolving demographics, rising healthcare demand, and continuous innovation. Strategic cost optimization, particularly through surplus asset management, has emerged as a critical lever for sustained success. By systematically tracking equipment lifecycles, centralizing data, and leveraging automation, companies can streamline operations, cut waste, and redeploy resources to higher-value activities like R&D and expansion into emerging markets.

Simultaneously, new technologies—IoT, AI, machine learning, and advanced analytics—are redefining how organizations manage manufacturing, distribution, and even patient engagement. Firms willing to embrace these digital solutions and adopt a proactive, end-to-end approach to asset and portfolio optimization will position themselves to thrive amid industry shifts. Ultimately, a strategic surplus asset management framework is more than a cost-saving measure; it creates a culture of efficiency that fuels innovation, mitigates compliance risks, and drives stronger financial returns in a dynamic global market.

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