

2025 M&A Study: A Travelers Special Report

Today's M&A trends – what life sciences risk teams need to know.





An introduction from Jennifer Ampulski

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At Travelers, our dedicated life sciences team draws on over 40 years of experience to support the unique needs of companies at the forefront of developing innovative healthcare products. Businesses at varying stages of maturity rely on strong risk management practices – including cybersecurity and IP protection – to propel their growth.

Within the U.S. life sciences market, mergers and acquisitions (M&As) are another strategic tool for companies aiming to reduce the risks and costs associated with in-house innovation, diversify their market presence and access new patient populations.

This study, developed in partnership with PitchBook, takes a closer look at the M&A trends impacting life sciences companies through both quantitative and qualitative data. Areas of focus include:

- What's driving M&As and which regions attract deals.
- The impact on talent and risk management practices.
- Where private equity firms are investing.
- Sector-specific challenges and opportunities.

Through this report, we strive to equip distribution partners and business leaders with insights to help successfully navigate M&A transactions in the ever-evolving life sciences industry.





Executive Summary

Life sciences mergers and acquisitions (M&As) remain a key growth strategy.

Life sciences industries have experienced significant merger and acquisition activity over the past five years, driven by the pursuit of growth opportunities through access to cutting-edge research, intellectual property and geographic expansion.

Two categories of M&A transactions:



Strategic deals involve acquisitions by competitors or complementary companies aiming for long-term integration.



Private equity buyouts are driven by investment firms that acquire majority stakes with the goal of offloading at a profit.

- **Pharmaceutical companies** are joining forces to fortify drug portfolios.
- **Private equity (PE) firms** are ramping up work across the industry.
- **M&As can provide strategic benefits**, including accelerated product development, reduced time to market and enhanced economies of scale.
- **By acquiring established businesses**, firms can mitigate risks and costs associated with in-house innovation and market penetration.
- **M&As also enable companies** to diversify revenue streams and access new customer bases.

Source: PitchBook Data, Inc.

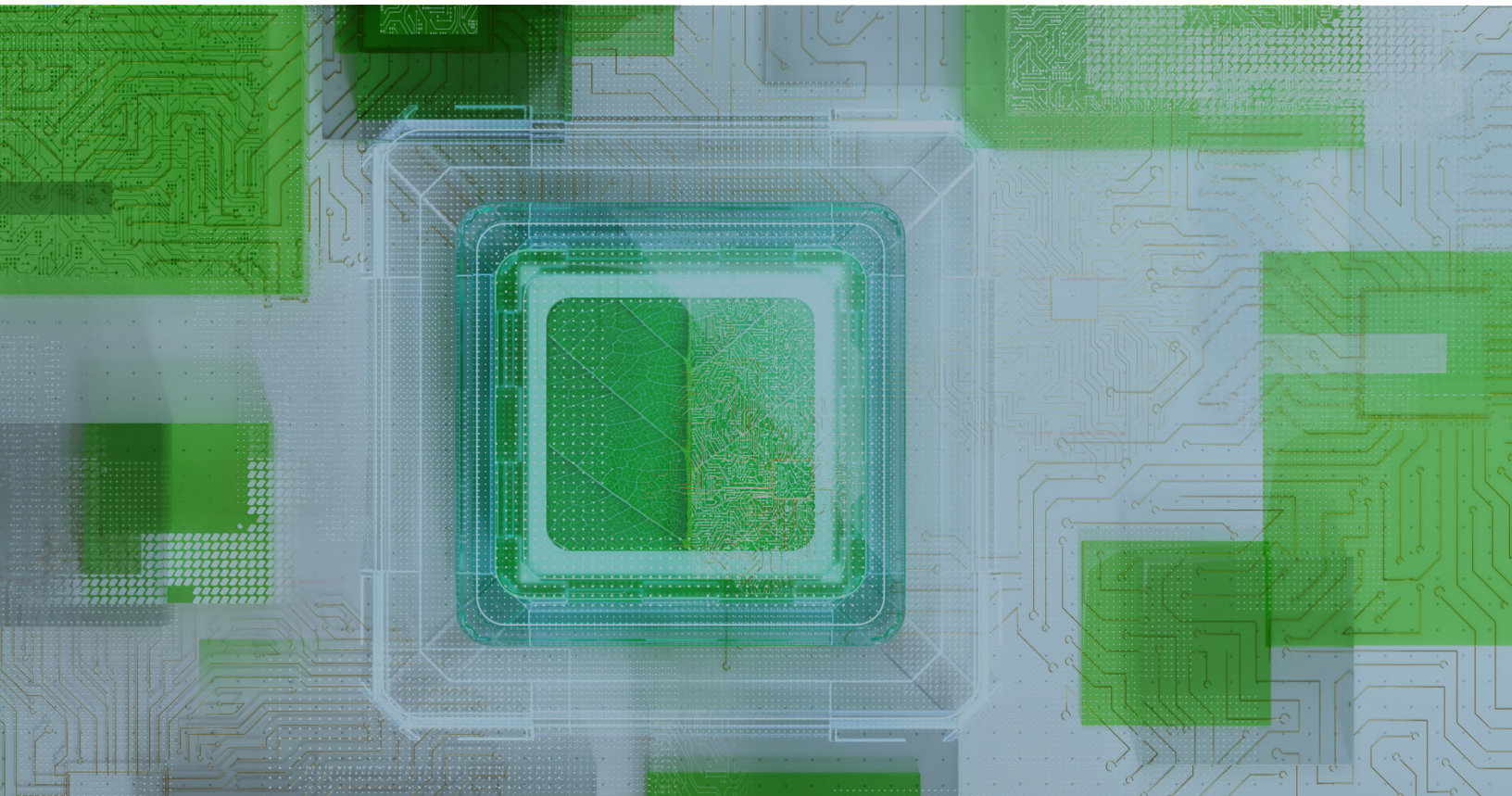


Trend Analysis

Artificial intelligence (AI) is making waves in life sciences

Digital healthcare providers like telehealth platforms and medical app developers represent a natural first step for AI integration, while legacy life sciences sectors like pharmaceuticals and medical devices are promising landscapes for further AI evolution.

- AI-powered platforms can transform how biotech and pharma companies identify new drug candidates.
- AI is also being used to streamline administrative tasks, including clinical trial planning and patient data.
- Specialized AI applications could inspire more M&A interest as established firms look to fully integrate these capabilities.
- Next-generation manufacturing is increasingly relevant in M&A activity as companies target producers of specialized components.





Established pharmaceutical companies are shaping the industry through strategic acquisitions

Consolidation remains a key strategy in the life sciences industry, with acquisitions following Food and Drug Administration (FDA) milestones to secure high-potential intellectual property (IP) and scale operations. Scientific breakthroughs are strong. The FDA approved 50 novel drugs in 2024, slightly above its five-year average of 48.8.¹ Over half targeted rare diseases, which highlights growth in niche markets.

Regulatory scrutiny and looming patent expirations in the next few years – known as the “patent cliff”² – may present headwinds. Acquisitions help offset expiring patents by securing new protected drugs or absorbing producers of generic and biosimilar drugs.

The life sciences industry still faces threats that can be mitigated with thoughtful M&A execution:

- Privacy, safety and logistics remain top concerns.
- Rising costs pressure R&D-heavy firms to outsource to contract research organizations (CROs).
- Fragmented supply chains and geopolitical uncertainty also present challenges.

1 [“Advancing Health Through Innovation: New Drug Therapy Approvals 2024,” U.S. Food and Drug Administration Center for Drug Evaluation and Research, January 2025.](#)

2 [“The Top 15 Blockbuster Patent Expirations Coming This Decade,” Fierce Pharma, Noah Higgins-Dunn, July 12, 2021.](#)



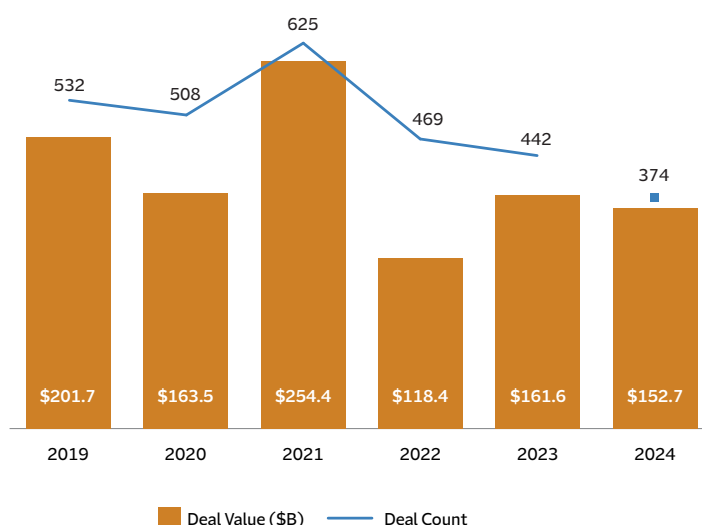
Life sciences M&As slowed in 2024 but remain strong

Life sciences saw a drop in M&A deal volume in 2024, though total deal value was more sustained, with over \$150 billion closed in the past two years. Deal sizes rebounded after a dip in 2023, with median size up 72.8%. Larger deals accounted for the higher share of overall deal count.

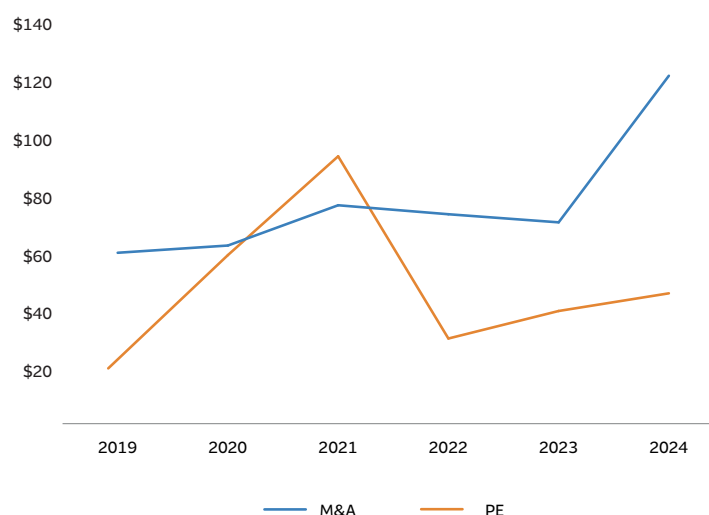
Rising R&D costs, higher regulatory hurdles and the race for late-stage assets continue to fuel big-ticket M&As. Expansion in personalized medicine, gene therapy and AI-driven drug discovery is prompting consolidation for scale and efficiency and driving the trend toward higher-value deals.



Life sciences M&A activity



Median life sciences deal value (\$ million) by type



Source: PitchBook Data, Inc. as of 12/31/2024

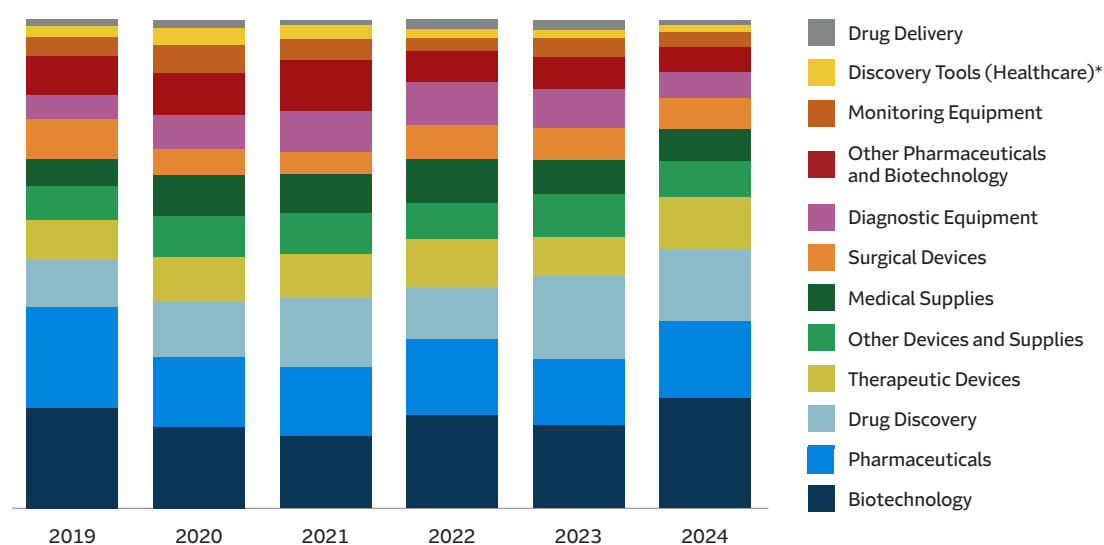


Drug development subsectors lead industry consolidation

Within life sciences, medical technology (medtech) company growth is driven by demographic changes and the need for product updates. M&A activity aims to expand product lines and enter new markets efficiently.

The three most active subsectors for M&A deals – biotechnology, pharmaceuticals and drug discovery – are involved in developing and bringing new medications to market.

Share of life sciences M&A count by subsector



*Discovery Tools (Healthcare) includes researchers and developers of tools used in drug discovery and drug delivery research.



Therapeutic devices led 2024 in year-over-year M&A deal count at 14.3%, followed by biotechnology at 12%.



Private equity (PE) accelerates pharma deals despite macro headwinds

Though their volume declined in 2024, strategic deals remain the dominant driver of industry consolidation. PE buyouts held steady, with firms acquiring companies with strong IP and scalable models.

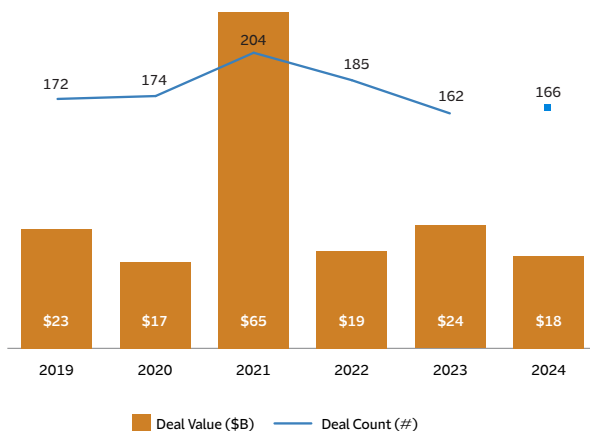
- PE has also capitalized on the rise of outsourcing through buyouts in the CRO and contract development and manufacturing organization industries.
- Deal flow in biotech and pharma remains steady given their size.
- Firms also continue to invest in hardware-centric areas with proven business models.

Activity is rising across a variety of subsectors:

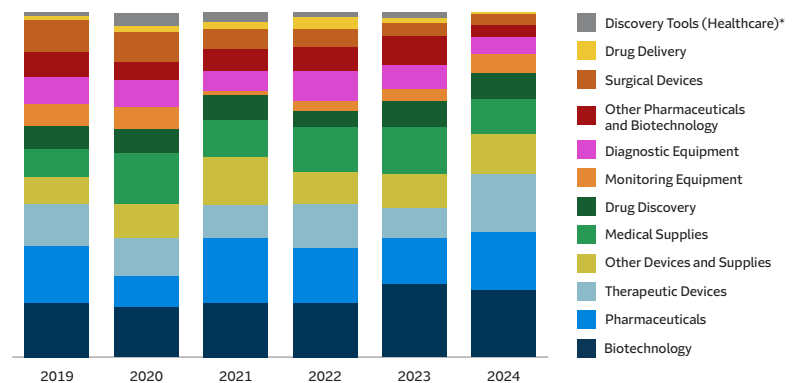
- Therapeutic devices are showing the strongest annual growth and five-year compound annual growth rate in deal count.
- Other devices and supplies and drug discovery saw growth as well.

The macro headwinds of regulatory hurdles and rising costs may cause more companies to look to PE buyouts in the quarters ahead.

Life sciences PE activity



Share of life sciences PE deal count by subsector

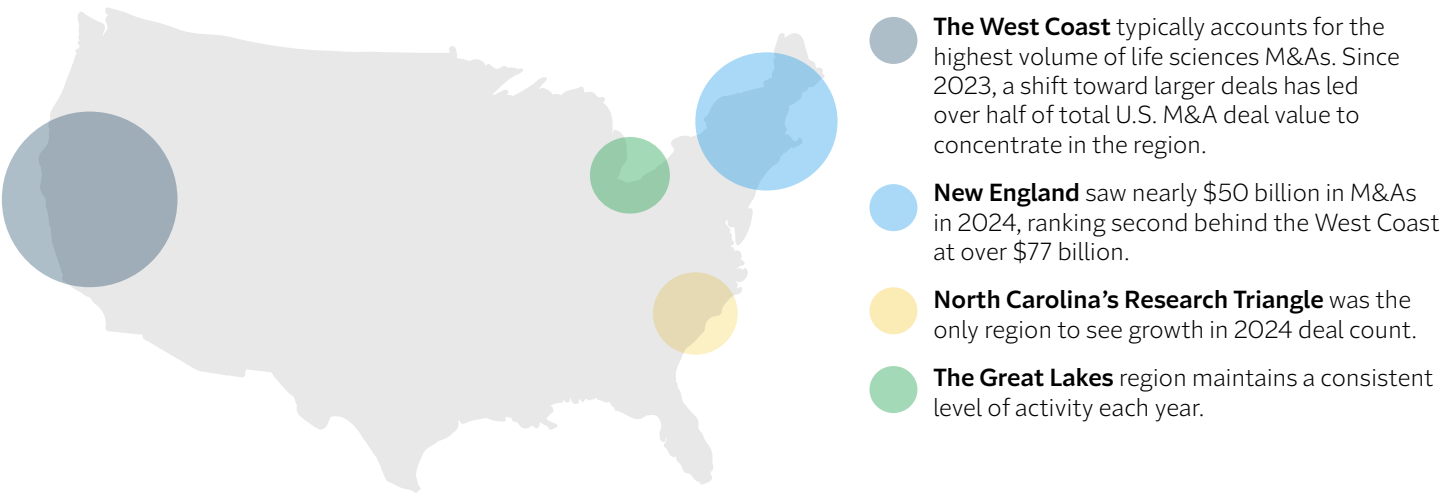


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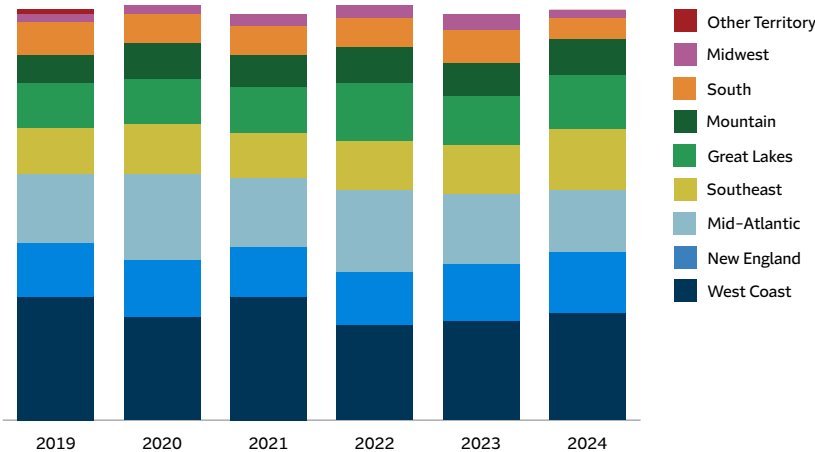


Consolidation is nationwide, but established regions attract larger deals

Life sciences M&A activity is concentrated in the following regions:



Share of life sciences M&A count by region



Life sciences incubators offer startups lab space, equipment and sometimes support services – much like a rental agreement – helping them avoid the high costs of building or maintaining full-scale labs during early, budget-constrained stages of innovation.

Source: PitchBook Data, Inc. as of 12/31/2024

Case Studies

Recent M&A activity in the life sciences sector highlights how companies are leveraging acquisitions to accelerate growth, access new markets and expand capabilities as demonstrated in these examples.

Case study 1:

Plasma collection company acquisition

Primary motivator: Growth

Background: A U.S.-based plasma collection company operates donation centers across multiple states to collect source plasma for use in plasma-derived therapies.

Deal synopsis: The plasma collection firm was acquired by a South Korean biopharmaceutical company to provide a stable plasma supply from the U.S. and enhance global production capacity. The plasma collection company now operates as a subsidiary.

Key takeaways:

- Control over raw material suppliers allows manufacturers to mitigate risks from global shortages.
- Vertical integration streamlines operations and reduces third-party dependency.
- Entering the U.S. market gives global firms access to a high-capacity, well-regulated supply base.
- Stable plasma access supports global health security and pandemic preparedness.



Case study 2:

Acquiring heart pump technologies

Primary motivators: Assets, growth

Background: A Massachusetts-based company that specializes in heart pump technologies, including some of the world's smallest pumps, designed to support patients with severe coronary artery disease and heart failure.

Deal synopsis: The company was acquired by a global healthcare leader to strengthen its medtech portfolio, with cardiovascular interventions identified as a strategic growth area and high-potential market. The heart pump producer now operates as a stand-alone business inside the legacy company's medtech segment.

Key takeaways:

- The growing demand for specialized medical devices reflects a broader industry shift toward high-impact interventions.
- Strategic acquisitions underscore the growing importance of integrating cutting-edge medical technologies with large-scale commercialization to improve patient outcomes.
- Regulatory approval remains a key factor in life sciences acquisitions. Buyers may seek companies with FDA-cleared or fast-track-approved products to streamline market entry and adoption.



From deal to reality: An on-the-ground perspective

To learn more about some of the impacts M&As can have on a life sciences company, we surveyed 243 life sciences executives with risk-related responsibilities who have undergone a merger or acquisition in the past five years.

Despite challenges, 87% of life sciences risk management professionals report that the overall impact of M&As has been positive. Expansion to new markets and reaching new customers topped the reasons.



Life sciences sector: Biggest successes of the M&A (Aggregated volunteered responses)



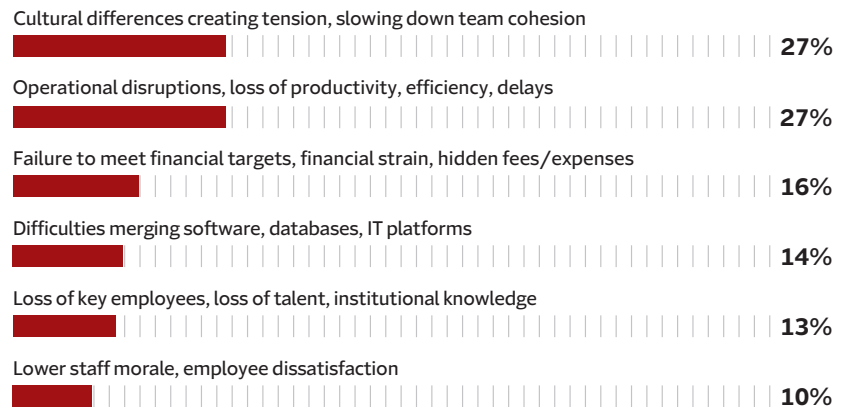
Source: Travelers M&A Study, 2025

Risk realities of life sciences M&As

Mergers and acquisitions in life sciences promise strategic growth, but they also carry risks. In our survey, cultural and operational disruptions ranked as top future concerns, ahead of financial and technological challenges.



Life sciences sector: Biggest future risks of the M&A (Aggregated volunteered responses)



Impact on workforce

Additionally, M&A activity in the life sciences sector did not happen without notable changes and disruptions. The majority of companies implemented new tools or processes to support the transition and many experienced changes in leadership.

The workforce was also affected, with over half of respondents indicating that employees either resigned, underwent major role changes or had to relocate.



Life sciences sector: % occurred as a result of the M&A



Impact on risk management

Nearly all life sciences companies changed risk management practices following a merger or acquisition (97%), while 94% said their practices became somewhat or much stronger.

Top Risk Management/Insurance Changes



Source: Travelers M&A Study, 2025





Life Sciences Sector: In Their Own Words

Lesson learned from mergers:

“

Inconsistent application of safety protocol and potential financial losses due to operational disruptions.

– Risk Manager, 50–249 employees

“

Slow integration could delay the realization of expected benefits.

– Risk Manager, 250–499 employees

“

Supply chain disruptions resulting from mergers may impact purchasing materials and delivery.

– CFO, 50–249 employees

Lesson learned from acquisitions:

“

Integration issues with technology, systems or company processes may take longer than anticipated.

– Vice President, 500–999 employees

“

Rapid technological advancements may outpace current systems, requiring costly upgrades.

– Controller, 250–499 employees

“

Disputes resulting from organizational culture differences can lower efficiency, morale and the ability to retain key workers.

– Risk Manager, 1,000+ employees





Conclusion and a Look Ahead

M&As will remain a staple of life sciences industry dynamics moving forward, with billions shaping the competitive landscape each year. Despite a slowdown in 2024, large transactions signal the critical need for upgrades in drug portfolios, next-generation manufacturing capabilities and broader growth strategies for life sciences players.

Acquisitions will require meticulous planning to unlock synergies and avoid operational hurdles. Emerging innovations like gene therapy and AI-enabled drug discovery raise the stakes for due diligence. Looking ahead, firms that proactively address risks and embrace innovation are better positioned to gain a competitive edge.

Volatility in global trade relationships is driving more companies to consider supply chain adjustments or alternative markets for stability, while pharmaceutical companies face a possible regulatory shake-up in the U.S.



A strong financial strategy, regulatory foresight and strategic partnerships are essential for long-term success in this rapidly evolving industry.

To learn more, click [here](#) for an interactive digital experience that dives deeper into our M&A study.





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PitchBook Methodology

Geography for M&A transactions is based on where the acquired/selling company is headquartered. Acquirers/buyers may hail from any region.

For more details, visit <https://pitchbook.com/news/pitchbook-report-methodologies>.



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