J.P. Morgan Healthcare Conference 2024

Introduction

The 42nd J.P. Morgan (JPM) Healthcare annual conference, held 01/2024 in San Franciso. The largest healthcare investment symposium in the industry, it brings together global industry leaders, emerging fast-growth companies, innovative technology creators and members of the investment community.

Industry analysts outline that **'cautious optimism'** was the prevailing attitude amongst biotech CEOs and investors.

Key Themes

Drawing on publicly available[1], online, reports the following provides a summary of the key themes of discussion at this year's conference, which, US commentors, expect to be major topics throughout 2024.

Public markets[2]

After a largely lacklustre 2023, the last six weeks of the 2023 brought some positivity from (US) public markets. Macro factors are particularly important for the biotech sector, with high interest rates depressing current valuations. Recovery has long been predicted to be dependent on a reduction in interest rates, and uncertainty about the upcoming US (UK) elections continues to weigh on the market.

M&A

(In the US) 2023 ended up as a strong year for M&A, thanks to nine US$1 billion+ M&A deals announced in Q4. Transaction values doubled from the prior year, with well over US$100 billion in deals. The expectation is that the trend will continue, driven by Big Pharma looking for assets to replace drugs coming off patent.

Private fundraisings

VCs have plenty of dry powder which they need to invest. New funds are still being formed, adding to the cash pile. Seed stage and modest Series A financings remain strong. Times are harder for companies who are low on cash and do not have strong data, or where the next significant data readout is some way off. For those companies, it's still a question of survival until sentiment improves.

Hot indications

Obesity and other metabolic diseases, inflammation, and immunology (I&I) and CNS (neuropsychiatry) are all tipped as hot indications for 2024.

[1] For example see HERE, HERE and HERE.

[2] https://www.fiercebiotech.com/biotech/jpm24-where-biotech-investors-want-put-their-money-after-2-year-bear-market

Hot modalities

After a spate of approvals in 2023 gene therapy continues to attract a lot of attention. The CRISPR[3] patent landscape is notoriously fragmented, and patent holders are likely to take a quite different view of incorporation of their patented technology in a human therapeutic compared to what historically has been a tolerant view of its use as a research tool in the course of product development (see sample deals - Abbvie[4] / Merck[5] / Pfizer[6]).

Clinical trials difficulties

Some recent clinical trials failures are shining a light on the role of the Clinical Research Organisation. Commentators have asked, is it time to dust off your clinical MSAs for a long, hard look at the performance standards, service levels and liability clauses?

Generative AI

Wider conference discussion amongst AI/drug discovery companies revealed an interesting consensus that some form of open innovation or pre-competitive co-operation in the sector would be desirable, particularly in obtaining access to curated datasets.

HMG Engagement

The purpose of the remainder of this paper is to provide a short summary/read-out on HMG engagement at JPM.

The following are a few highlights from the HMG engagements made directly with the industry during JPM week. They are focused on the positives and opportunities:

Positives: What we heard from industry

- **The UK science base** is strong & forward looking, & global industry stakeholders recognise/appreciate this.
- The UK is rich with **world-leading large data sets** with Genomics England, Our Future Health and UK Biobank seen to be globally unique in the industry.
- The UK can be a **capital-efficient** place to operate and has strong **talent**. Cost of labour is good.

[3] Clustered Regularly Interspaced Short Palindromic Repeats

[4] https://www.prnewswire.com/news-releases/abbvie-completes-acquisition-of-immunogen-302059477.html

[5] https://www.adcreview.com/business-economics/merck-co-msd-and-daiichi-sankyo-to-jointly-development-and-commercialization-three-dxd-adcs/

[6] https://www.pfizer.com/news/press-release/press-release-detail/pfizer-completes-acquisition-seagen

Trends:

- Several very senior leaders in companies across the spectrum of the industry are now taking on AI stewardship roles in their enterprises, alongside other duties. **AI was definitely the hot technology.**
- Other hot tech included **multiomics**[7], and **single cell genomics.**
- Industry shared a view that they felt that global **patient sentiment** about research participation may not be as strong as before the pandemic, has seen patient interest in participating in studies waning.

Opportunities:

- Industry acknowledges progress made in several UK crunch points for the sector over the past 12 months (clinical research delivery and medicines pricing in particular) – **and would like to see progress consolidated and clear action towards the delivery of commitments** made eg in the L'OS review and the VPAG deal. There is Interest in collaboration around rethinking screen failure in clinical trial recruitment, and how to **improve access to research options for patients.**
- **MHRA** has the potential to capitalise on opportunities to work in an **agile and innovative** way post-Brexit.
- With the **£520m funding** for the sector announced, manufacturing is an opportunity that we should lean into.

On the **Venture Capital and SME** side of our stakeholders, generally there was a feeling shared with DBT that VC / finance investment and pharma partnering cooled off in 2023 (slow/lower than normal) but is showing signs of starting to pick back up and there is general optimism that 2024 will be a better year.

[7] an integrated approach to power discovery across multiple levels of biology, combining genomics, transcriptomics, epigenetics, & proteomics