

Funding, Exits, and Operations: Critical Considerations for Life Sciences Executives in 2025

Rising costs of drug development, evolving regulatory landscapes, and the increasing importance of data and technology continue to shape financial and operational decisions for life sciences executives in 2025. During recent executive discussions, including at the J.P. Morgan Healthcare Conference, leaders at CrossCountry Consulting joined seasoned industry experts to highlight key challenges and opportunities on the horizon.

Here's what's top of mind in the current environment.

Exit Strategies

As the [IPO market evolves](#), life sciences companies are preparing their transformation roadmaps to ensure seamless transactions when the right moment arrives. Earlier this year, Jen Cadigan, Life Sciences Lead at CrossCountry, led a panel on “The CFO’s Path to Maximize Value Creation During an Exit” with JPM Commercial Banking and Wealth Management teams, which highlighted key trends in the sector, including:

- **Dual/triple tracking:** Many companies are [pursuing multiple exit paths](#) simultaneously, such as mergers, acquisitions, SPACs, and traditional IPOs. Preparing for these exits is similar, but the transaction type certainly impacts the timing of events. Maintaining an attractive posture to buyers of all kinds helps set the stage for any outcome in the exit-readiness journey, which requires additional resources and expertise.



- **IPO preparation:** Thorough preparation is crucial for all exit paths, including building a strong financial foundation, establishing robust internal controls (SOX compliance), and developing a compelling investor relations story. Life sciences companies [anticipating an IPO in the future](#) should generally begin preparing 12-18 months in advance – earlier if they're commercial stage or have a multinational presence.
- **Team readiness:** Assessing and developing a high-performing team with the necessary skills and capacity for a public company environment is paramount. The number of [core functions and third-party resources](#) required to execute a successful transaction is often more involved than companies expect. Finance, accounting, cybersecurity, IT, risk management, legal, FP&A, audit, and other key departments will require significant transformation in processes, reporting, and technology in the lead-up to an exit. With support from a transactions advisor and consideration from a cross-functional team, the CFO should be leading the exit process from the front to ensure a profitable exit.

Financing and Fundraising

Taking the next step in drug development, regulatory compliance, and market expansion requires a long cash runway, which companies are finding difficult to secure. Some of the ways companies can still maintain forward momentum and access capital are through:

- **Strategic partnerships:** Exploring strategic partnerships with larger pharmaceutical companies can provide alternative funding sources and accelerate drug development. With interest rates and inflation remaining elevated and life sciences companies approaching capital markets with caution, financing through M&A and pharma investment can be more attractive and less risky.
- **Investor relationships:** Building strong, transparent relationships with investors is critical to securing private funding. Even without going public, companies should engrain a culture of disclosing everything that could be material and revealing uncertainties in their future operational potential. With the right set of investors, mutual trust can go a long way toward obtaining future rounds of funding.



Financial and Operational Excellence

Back-office efficiencies can free up labor and cash that are better allocated to science or research activities. To mature some of these foundational functions, enable scalable growth, and respond effectively to unexpected events, companies are looking toward:

- **Technology adoption:** Implementing robust ERP systems like [NetSuite](#) can enhance operational efficiency, improve financial reporting and governance, and provide valuable insights into business performance, all of which will be critical in 2025 as companies navigate the markets. Finance and IT teams leveraging a [systematic, cross-functional implementation methodology](#) can ensure all technology investments are cost-effective and purpose-built for unique life sciences needs.
- **Treasury management:** Optimizing treasury functions, including cash management and banking relationships, is essential for maximizing liquidity and minimizing financial risk. CrossCountry's proprietary [reporting and analytics framework](#) enables companies to generate meaningful enterprise insights through a holistic approach to automation, integrated dashboards, prescriptive analytics, and real-time close capabilities – all driving toward maximum value creation and risk mitigation.
- **Capital effectiveness:** [Optimizing costs](#) throughout the drug development process is top of mind given the rising costs of innovation. Because small M&A deal costs are beginning to normalize, companies needing to raise more cash to get a drug across the finish line may find [success through M&A](#).
- **Data security and compliance:** Ensuring data security and compliance with evolving regulations, such as GDPR and CCPA, continues to be a top priority and challenge. A transition into a public environment will only bring heightened scrutiny to internal controls, data integrity, reporting, and compliance programs many life sciences firms already struggle with.

Minding the Cap Table

To help set up finance teams for success with the tax, wealth, and estate planning components of transaction events, CrossCountry partners with external commercial banking and wealth management advisors. This work helps facilitate and maximize:

- **QSBS eligibility:** Understanding and maximizing the benefits of the Qualified Small Business Stock (QSBS) tax incentive is crucial for founders and investors, as careful planning and tracking of equity ownership is required to maintain eligibility.
- **Wealth and estate planning:** As founders and executives approach liquidity events, planning for personal wealth, tax, and estate matters comes into closer focus. It's difficult to track tax impacts after the fact. It's much easier 2-3 years in rather than several years down the road once thinking about a transaction.



Looking Ahead

While the current environment presents challenges, there's also a sense of optimism within the life sciences sector. Continued innovation, strategic partnerships, and a focus on operational excellence will be key to navigating the evolving landscape and achieving long-term success. Ready to get started on your value-creation journey?

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