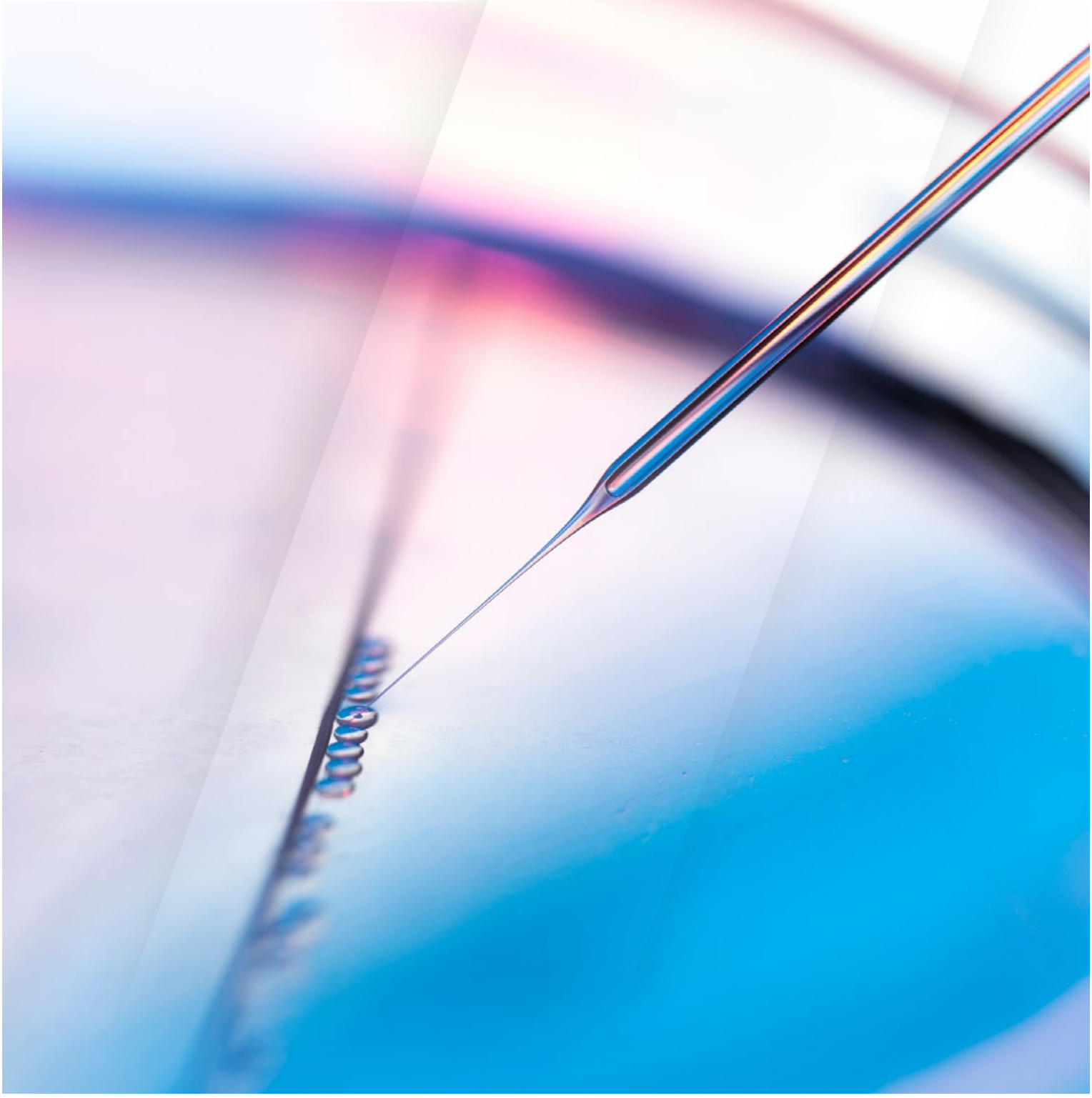


Strengthening supply chains in life sciences

Growing Global

forvis mazars

Introduction

In the aftermath of widespread supply chain failures during the Covid-19 pandemic, the life sciences industry increased production closer to end-user markets. Supply chain visibility improved and the industry responded to a wave of new regulations mandating sustainability and supply chain traceability.

Scenario modelling, risk management and agile planning became more widespread and sophisticated, reflecting the higher cost of disruption in a sector where delays can have immediate consequences.

For life sciences companies diversifying into new territories, the exposure of these gaps has led to a step change in expectations of supply chain management. However, building resilience into a global system designed to take advantage of unhindered trade flows has not been easy, particularly where supply chains were built for scale and efficiency rather than visibility and responsiveness. Some pharmaceutical companies may struggle to impose order on the inbound data flows required to increase supply chain visibility, making it more difficult to maintain control across complex, multicountry supply networks.

Despite these efforts to increase supply chain resilience, life sciences remains a globally integrated industry, dominated by the large transatlantic trade in manufactured therapies alongside the production of generic drugs and active pharmaceutical ingredients in Asia. As healthcare systems globally rely heavily on the cost efficiencies of overseas production, these added complexities continue to underpin the structure of the sector. Recent geopolitical disruption illustrates the challenge is not whether global integration continues, but whether supply chains can respond with sufficient agility when pressures arise.

These sector specific pressures require a broader set of supply chain responses outlined in the Growing Global: Strengthening supply chains report. While many industries are reassessing how their supply chains support international growth, life sciences face a more constrained operating environment, where regulatory requirements and approval driven timelines amplify the consequences of delay.

Companies planning international expansion will be aware that building and designing life sciences supply chains for the long term is a more challenging undertaking, thanks to the complex web of regulations that govern the sector. Among industry leaders, localisation of drugs and therapies is cited by 46% of executives as the most frequently identified barrier to international expansion, highlighting the operational effort required to adapt products, processes and documentation for new markets.

The challenges do not end there. Companies planning to produce and launch new drug therapies in the U.S. market ideally need to synchronise manufacturing facility construction and supply chain development with likely regulatory timelines, as delays at this stage can have a direct impact on revenues following substantial upfront investment. U.S. tariffs on pharmaceutical imports and their complicated implementation have created substantial challenges for the sector, adding further uncertainty to already complex expansion decisions. As expected, tariffs have made international expansion more challenging. Half of life sciences executives report that their organisations have no current plans to expand internationally over the next five years, a noticeable decline when compared to previous years.

In this context, supply chains are no longer just an operational necessity for life sciences organisations, they are an increasingly critical enabler of sustainable growth. The ability to balance efficiency with resilience, operate effectively within complex regulatory frameworks and maintain visibility across globally integrated networks is becoming a defining factor in how life sciences companies expand internationally.

Key insights

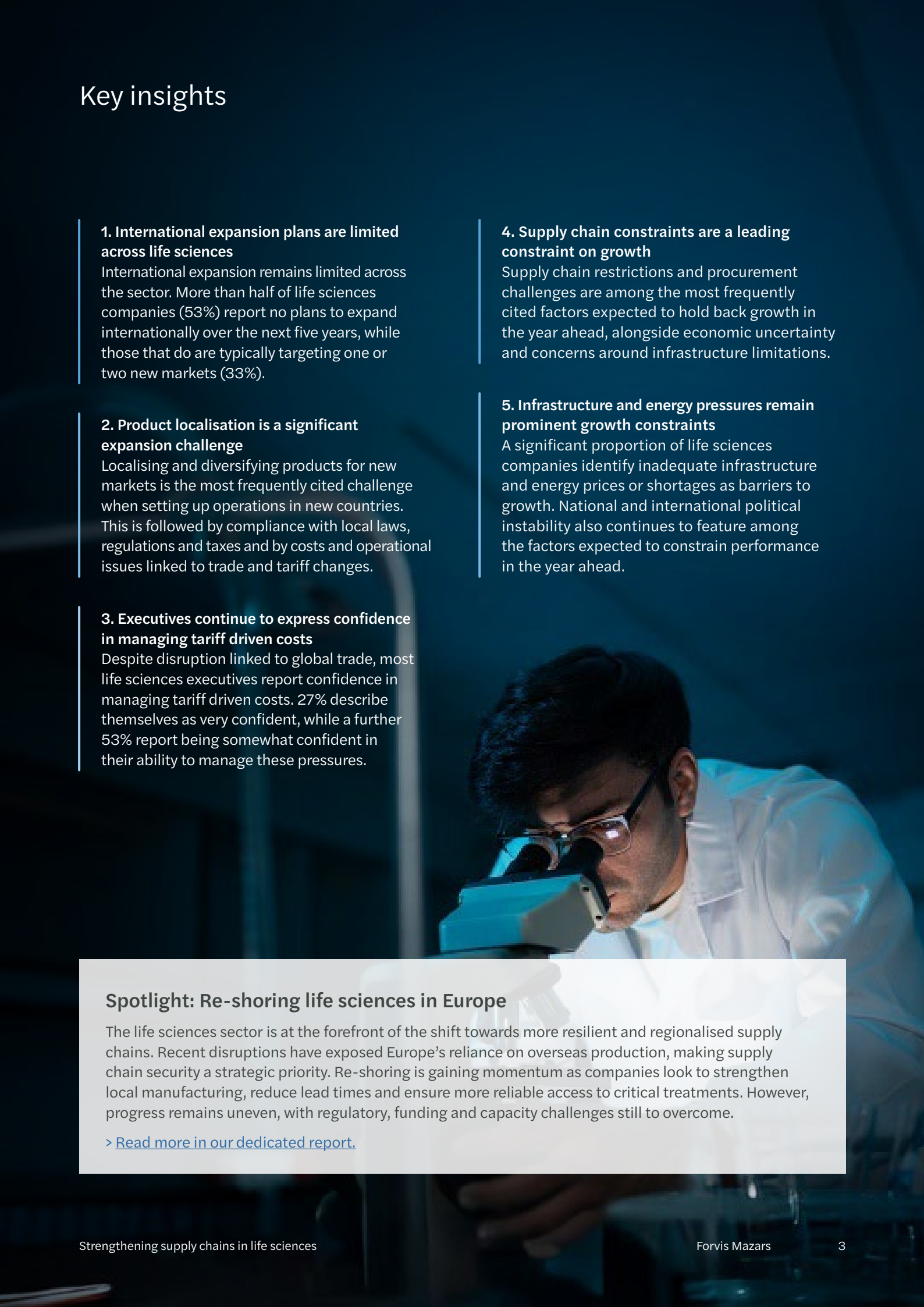
1. International expansion plans are limited across life sciences
International expansion remains limited across the sector. More than half of life sciences companies (53%) report no plans to expand internationally over the next five years, while those that do are typically targeting one or two new markets (33%).

2. Product localisation is a significant expansion challenge
Localising and diversifying products for new markets is the most frequently cited challenge when setting up operations in new countries. This is followed by compliance with local laws, regulations and taxes and by costs and operational issues linked to trade and tariff changes.

3. Executives continue to express confidence in managing tariff driven costs
Despite disruption linked to global trade, most life sciences executives report confidence in managing tariff driven costs. 27% describe themselves as very confident, while a further 53% report being somewhat confident in their ability to manage these pressures.

4. Supply chain constraints are a leading constraint on growth
Supply chain restrictions and procurement challenges are among the most frequently cited factors expected to hold back growth in the year ahead, alongside economic uncertainty and concerns around infrastructure limitations.

5. Infrastructure and energy pressures remain prominent growth constraints
A significant proportion of life sciences companies identify inadequate infrastructure and energy prices or shortages as barriers to growth. National and international political instability also continues to feature among the factors expected to constrain performance in the year ahead.



Spotlight: Re-shoring life sciences in Europe

The life sciences sector is at the forefront of the shift towards more resilient and regionalised supply chains. Recent disruptions have exposed Europe's reliance on overseas production, making supply chain security a strategic priority. Re-shoring is gaining momentum as companies look to strengthen local manufacturing, reduce lead times and ensure more reliable access to critical treatments. However, progress remains uneven, with regulatory, funding and capacity challenges still to overcome.

> Read more in our dedicated report.

Preparing for what's next

For life sciences companies, international expansion remains a strategic consideration, but one increasingly shaped by practical constraints. Decisions about where and how to grow are influenced less by ambition alone and more by regulatory complexity, operational readiness and supply chain capability. As highlighted in Growing Global: Strengthening supply chains, the conditions for expansion have become more demanding, particularly in sectors where timing, compliance and continuity are critical.

The operating environment continues to test supply chains from multiple directions. Localising drugs and therapies for new markets remains the most significant challenge when establishing operations abroad, closely followed by compliance with local laws, regulations and tax requirements. These factors add time, cost and risk to expansion, particularly in highly regulated markets. Supply chain and procurement challenges are also among the frequently cited as constraints on growth, alongside persistent economic uncertainty.

Trade conditions add further pressure. Changes to tariffs and their implementation continue to affect sourcing, manufacturing and distribution decisions. While most executives express confidence in their ability to manage tariff-driven costs, trade policy remains an important source of friction in cross border supply chains. This helps explain why many life sciences companies are limiting expansion or reassessing existing plans.

Alongside trade and regulation, operational pressures continue to shape the international expansion environment. Infrastructure constraints, energy prices and political instability remain prominent concerns across many markets, increasing uncertainty for globally integrated supply chains and contributing to a more cautious operating environment, particularly for organisations reliant on complex international production and distribution networks.

"In life sciences, supply chains have to support regulatory compliance, product localisation and availability at the same time. That combination significantly increases the complexity of international expansion."

Nigel Layton
Partner, Head of Life Sciences
Forvis Mazars Group

> Explore the latest insights on trade and tariffs with our Global trade insights tracker

Looking ahead, three structural shifts are likely to define the next phase of supply chain development in life sciences.

1. Greater emphasis on supply chain readiness as part of expansion planning
As expansion becomes more selective, supply chains are expected to support market entry from the outset. In life sciences, delays in manufacturing, sourcing or distribution following approval can have immediate consequences, increasing the importance of operational alignment across borders.

2. Earlier integration of regulatory requirements into supply chain design
Localisation of drugs and therapies, alongside compliance with national regulatory frameworks, increasingly shapes supply chain design. Regulatory considerations are no longer confined to downstream activity but influence how supply chains are structured in support of international expansion.

3. Stronger focus on technology, data and operational visibility
As supply chains extend across jurisdictions, technology and data capability play a greater role in maintaining visibility and coordination. Fragmented systems and inconsistent data can slow decision making and reduce control, particularly across multiple regulatory regimes.

"An effective supply chain today is not one that reacts to disruption, but one that is designed for it. In life sciences, resilience, compliance and operational readiness must be built in from the outset to ensure organisations can deliver under any scenario."

Jacques Lambert
Senior Advisor, Life Sciences
Forvis Mazars Group

These shifts also place greater demands on governance. As supply chains increasingly influence expansion outcomes, they require closer oversight at leadership level. Decisions around investment, location and growth must be grounded in a clear understanding of supply chain capability and risk exposure.

In this context, supply chains extend beyond an operational role in life sciences organisations. They increasingly influence how companies navigate the practical realities of international expansion within a more constrained global environment. How effectively supply chains are planned and managed is shaping not only the pace of expansion, but the level of risk organisations are prepared to carry as they grow across borders.

Contacts

Nigel Layton
Partner, Head of Life Sciences
Forvis Mazars Group
nigel.layton@mazars.co.uk

Nicolas Quairel
Partner, Life Sciences
Forvis Mazars Group
nicolas.quairel@forvismazars.com

Jacques Lambert
Senior Advisor, Life Sciences
Forvis Mazars Group
jacques.lambert@forvismazars.com

forvismazars.com