

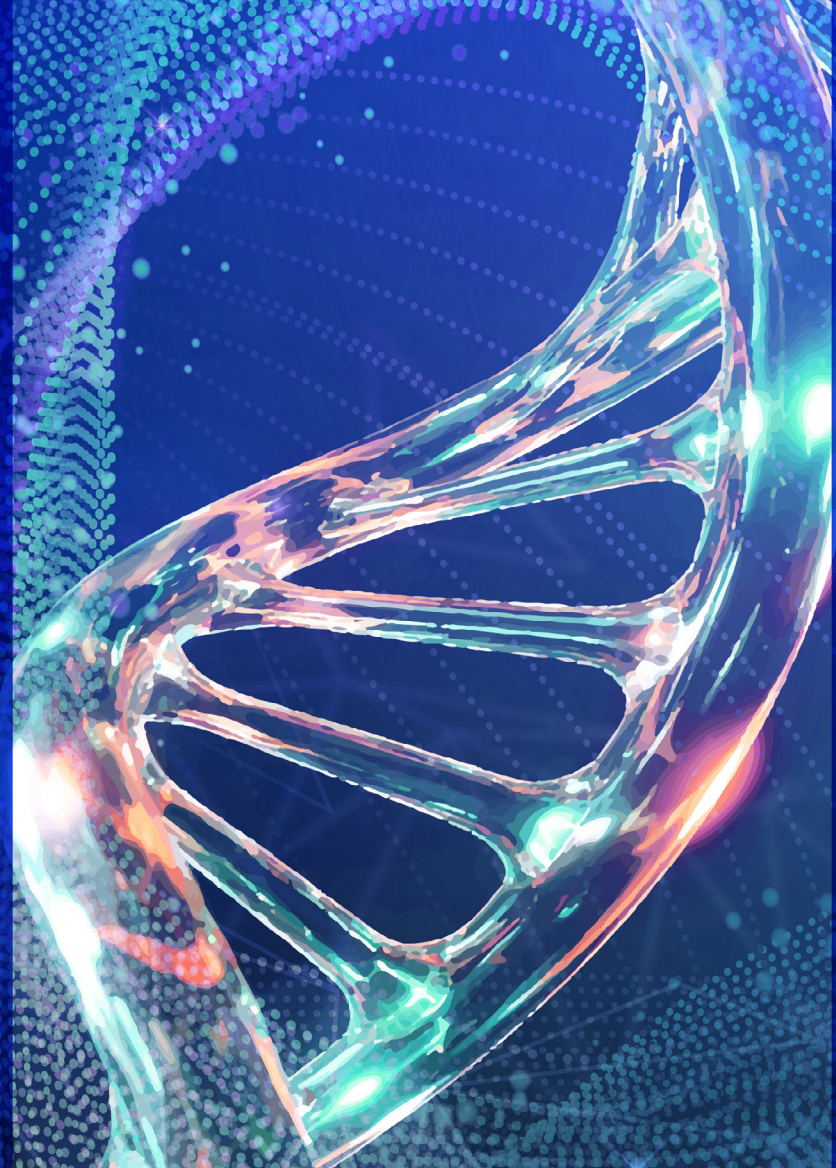


From point-to-point alliance sprawl to ecosystems:

Why life sciences firms must embrace a new model

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Introduction

For years, life sciences (LS) organizations have divested assets and moved certain operational processes key to their commercial and postmarket success to outside vendors and strategic partners. Today, however, the cost of this fragmentation has become impossible to ignore. Recent analysis from the Tufts Center for the Study of Drug Development shows that each day a drug launch is delayed now costs sponsors roughly \$500,000 in lost sales, before accounting for the direct costs of running extended clinical trials.¹ That means even modest slippage—caused by misaligned partners, duplicated validation, operational inefficiency, or poorly coordinated systems—can quietly destroy tens of millions of dollars in value.

**Each day a drug launch is
delayed costs sponsors**



\$500,000 in lost sales

¹ Zachary P. Smith, Joseph A. DiMasi, and Kenneth A. Getz, “New Estimates on the Cost of a Delay Day in Drug Development,” Tufts Center for the Study of Drug Development, May 21, 2024

Against that backdrop, many LS companies have come to depend on a sprawling web of point-to-point alliances, each built to solve a discrete problem, but few designed to work together as a coherent system (Figure 1 and Figure 2). That approach has often worked well, helping LS companies optimize a broad range of essential functions, from research and development and quality management to compliance and daily operations. Now, however, the value of point-to-point alliances has reached its limits. Common frustrations that have arisen from this model include costs outpacing revenue, juggling too many vendors, and limited benefit from artificial intelligence (AI) despite significant investments. And we believe these issues stem from a fundamental design flaw in how connections to essential partners are established, coordinated, and refined, which ultimately limits the data they have to drive cognitive insights. These same fragmentation dynamics are precisely what ecosystem models are designed to eliminate—by aligning partners, systems, and data around shared workflows and outcomes. Data proliferation and increased operational costs are direct results of managing multiple disjointed partner ecosystems. As organizations add more alliances, essential information becomes fragmented across platforms, requiring repeated reconciliation and manual oversight—driving up both complexity and expense.

To address this flaw, today’s scientific and business imperatives require a more intentional approach of establishing carefully constructed ecosystems. In this context, an ecosystem is a coordinated network of partners, platforms, and systems that

work together through shared data, governance, and workflows to deliver greater value than isolated, point-to-point alliances.

Providing an evolution from traditional point-to-point alliances, these dynamic networks can help teams inside and outside LS organizations share resources and expertise in coordinated ways. These changes have the potential to reduce the bottlenecks, fragmentation, and unnecessary steps that point-to-point alliances often encounter.

Increasingly, this shift toward ecosystems is not simply a strategic choice—it is being forced by inorganic change. Merger and acquisition (M&A) activity is bringing together therapeutic companies, data and AI platforms, service providers, and operational capabilities that were never designed to operate as a single system. These combinations often involve surprising players and new adjacencies, rapidly expanding the scope and complexity of LS organizations. As a result, leaders are not just deciding whether to adopt an ecosystem model; they are grappling with how to make newly formed ecosystems actually work—operationally, technologically, and in highly regulated environments.

In this paper, we explore the drawbacks of point-to-point alliances and highlight the benefits of supporting an evolution toward LS ecosystems. We consider how organizations can transform themselves by establishing the data, governance, and operating models needed to orchestrate partners and platforms. The goal is not more technology, but rather a more intentional system for scaling insights, compliance, and innovation.

Figure 1. Before: Alliance sprawl

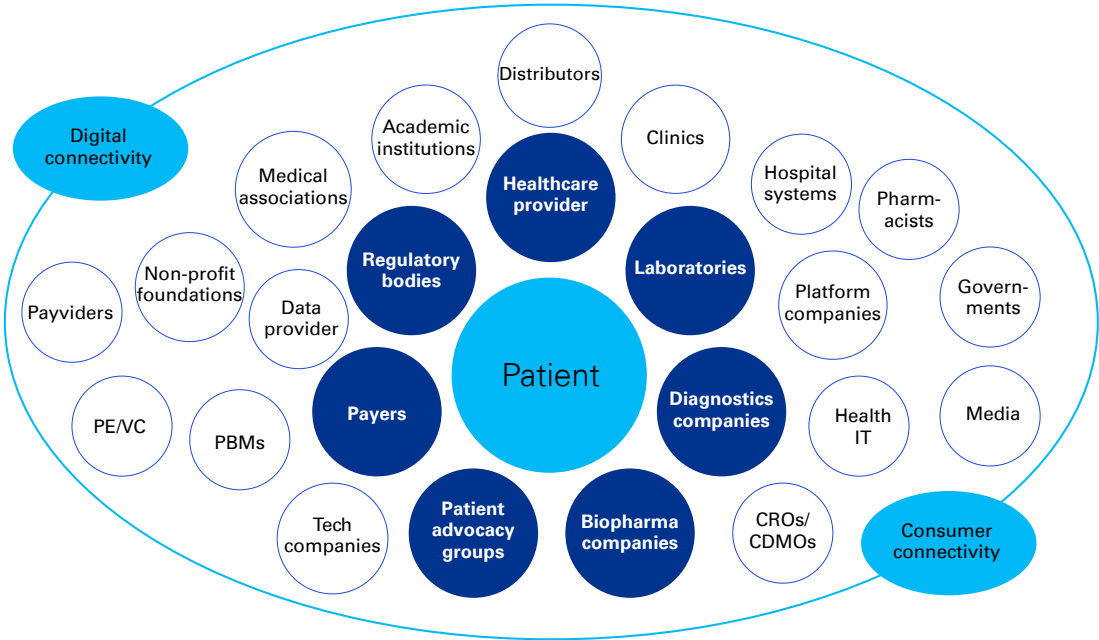


Figure 2. After: Integrated ecosystem



The forces fueling the push toward ecosystems

Pressures from inside and outside LS organizations are compelling company leaders to reconsider how they operate. These companies, in an unforgiving competitive landscape, must deal with a laundry list of challenges, from rising research and development (R&D) costs and pressure on profit margins to data security and privacy, supply chain issues, and the struggle to integrate AI productively and profitably.

In this environment, many organizations are beginning to question the effectiveness of bilateral alliances. These connections with other firms have tended to emerge organically, with organizations turning to individual partners to solve such discrete problems as running a clinical trial, integrating a system, or accessing a specialized capability. Yet amid rising data volumes, AI usage, and regulatory expectations, meeting one challenge often creates many others. Organizations find themselves managing expanding arrays of customized integrations and needing to validate and revalidate those disparate processes. Costs can increase without meaningful improvements in speed or outcomes.

Forming LS partner ecosystems is a logical step for addressing the fragmentation and inefficiency of point-to-point alliances, and in a KPMG US survey of senior company leaders, 75 percent cited the ability of partner ecosystems to fuel

growth, innovation, and agility.² To underscore the importance of making this transition, in the same KPMG survey, 83 percent of executives said they expected to expand their networks of partners over the next one to three years.³



Yet much of the momentum toward creating ecosystems comes from inorganic forces. As LS companies pursue M&A and partner with new kinds of organizations, the challenge of merging operations and integrating capabilities requires an increasing focus on the kind of efficiency and savings that ecosystems can provide.

Often, M&A has brought together surprising players as LS organizations expand their scope and reinvent themselves by moving into new corners of the industry. For example, several drug distributors have recently broadened into patient services. Cencora has made acquisitions of oncology and

ophthalmology practices, including the 2025 acquisition of OneOncology and the purchase of EyeSouth Partners in March 2026.⁴ Similarly, McKesson acquired a controlling interest in Community Oncology Revitalization Enterprise Ventures (Core Ventures) in 2025 to accelerate clinical development, improve patient outcomes, and expand access to cancer care in local communities.⁵ Cardinal Health, meanwhile, acquired a majority stake in GI Alliance in 2024, making it the country's leading gastroenterology management services organization (MSO),⁶ and in 2025 purchased Solaris Health, a urology MSO, as well as making acquisitions in diabetes and oncology as part of the company's strategy to move into pharmaceuticals, medical supplies, and healthcare services.⁷

In another kind of unexpected combination, diagnostics mainstay Danaher entered a new market—medical devices—with its acquisition of Masimo, a leader in pulse oximetry and other patient monitoring solutions, a transaction that brings Danaher an increasingly valuable trove of patient data.⁸

Combining such disparate organizations makes it almost mandatory for company leaders to step back and consider how to address inherent inefficiencies and redundancies. Forming carefully designed ecosystems can be an important part of the answer.

² "Accelerate growth and innovation with the right partner ecosystem," KPMG LLP, 2025

³ "Accelerate growth and innovation with the right partner ecosystem," KPMG LLP, 2025

⁴ "Retina Consultants of America Announces \$1.1 Billion Acquisition," Levin Associates, March 23, 2026

⁵ "McKesson Corporation Completes Acquisition of Core Ventures," press release, June 3, 2025

⁶ "Cardinal Health announces two strategic additions to its portfolio," press release, November 11, 2024

⁷ "Cardinal Health expands urology focus with \$1.9bn Solaris Health deal," press release, August 12, 2025

⁸ "Danaher To Acquire Masimo Corporation," press release, February 17, 2026

Why pressures on LS companies are particularly acute

LS companies operate at the intersection of complex science, exacting regulation, and expanding networks of partners and vendors. In practice, that means priorities often conflict across their operations and those of their partners. For example, the insatiable thirst for patient data may lead to concerns about the necessity of anonymizing data, maintaining privacy, and documenting how data is protected and used.

Consider the web of alliances and partnerships that LS organizations already depend on. More than half (57 percent) of LS respondents to the 2025 KPMG Transformation Survey said they rely on technology service providers to drive innovation, while 44 percent engage managed service providers, 43 percent participate in industry consortia or alliances, and 39 percent work with academic institutions. Each of those connections can deliver essential intelligence and services—and each requires carefully constructed and monitored structures to ensure that quality and compliance are maintained.

Such demands, which grow as the complexity of the science underpinning the industry leaps ahead, apply to

organizations across the LS spectrum. Pharma companies, increasingly focused on cell and gene therapies and other advanced therapeutics, must find ways to deal with the inherent complexity of that science. In the diagnostic realm, a postgenomic era of molecular research poses similar challenges. To harness rapid advances in AI-based radiology, medical device companies must create systems that safeguard patient data and provide appropriate human oversight. Biopharma services providers, to which large pharma companies and smaller biotechs outsource much of their R&D, manufacturing, and other parts of their operations, face a broad array of technological, regulatory, and other issues.

Regulatory pressures on LS subsectors, meanwhile, continue to mount, as state, federal, and international bodies shift, refine, and intensify their scrutiny to keep pace with unrelenting technological innovation. In the 2025 KPMG Chief Compliance Officer Survey, 44 percent of respondents said they expected greater regulatory oversight in the next one to three years.



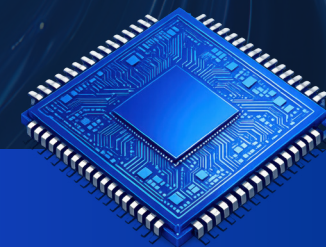
Data silos, AI roadblocks, and regulatory frictions

LS organizations continue to form new point-to-point alliances, adopting multiple clouds, analytics platforms, and partner systems. This means that essential data tends to be duplicated, fragmented, and buried in silos, frustrating efforts to coordinate how that information can be used. Disconnected systems may require repeated reconciliation, manual review cycles, and delayed decision-making. Indeed, KPMG research indicates that fewer than half of LS technology leaders have full confidence in their data availability, timeliness, and accuracy.

Similar problems of disparate, isolated processes put in place by multiple partners are preventing AI investments from generating some of the results that LS leaders need. In a KPMG study of LS executives, 68 percent said AI is fundamentally reshaping their businesses, and three out of four LS organizations report achieving AI-related cost savings. Yet, only about a quarter of companies say they have seen growth in revenue, and just 16 percent have experienced a

high contribution to revenue from AI investments. According to July 2025 research by Iqvia, many LS companies said they face significant challenges in trusting AI data accuracy, and 81 percent of leaders cited achieving analytic accuracy and operational efficiency as the top barrier to AI implementation. Rigid, siloed data infrastructure across multiple partner and vendor systems was identified as a chief impediment.⁹

Regulatory compliance, which accounts for almost 25 percent of operating costs for a typical pharma manufacturing facility, is often also hindered by today's explosion of data as well as by the added complexity of AI and issues of shared responsibility and system integration. GxP systems for compliance, which can help ensure that data integrity is maintained and that pharma products, medical devices, and other LS outputs are produced, tested, and distributed according to the highest standards, can be held back by existing hybrid, distributed environments that prevent validation of siloed compliance systems.¹⁰



Only **16 percent** of LS companies report high revenue contribution from AI investments—despite 68 percent saying AI is fundamentally reshaping their business.

⁹ Jamie Cattell, Vincent Ciro, Brian Fallica, Deborah Martin, and Luke Greenwalt, "Are Life Sciences Behind in the Adoption of AI?," Iqvia blog post, December 12, 2025

¹⁰ Bruce Wilcox, Rameez Chatni, and Jeremiah Morrow, "Navigating GxP Compliance in the Age of Precision medicine," Cloudera, September 2, 2025

An evolution that pays dividends

An ecosystem is not intended to replace platforms or partnerships. Rather, it reorganizes the isolated deployments of current point-to-point alliances and systems around shared value streams. That reorganization may encompass therapeutic solutions (pharmaceuticals, diagnostics, devices, combination products, and support products and services for patients and people worldwide), core platforms (cloud, data, AI, and workflow), specialized partners (clinical research organizations [CROs], analytics firms, AI start-ups, and contract development and manufacturing organizations [CDMOs]), and operational systems (quality, regulatory, supply chain, and finance).

LS respondents to the KPMG Transformation Survey said they prefer this kind of end-to-end transformation because it improves entire workflows rather than isolated functions. In practice, a few high-impact use cases demonstrate how much value there can be in this kind of change.

Typically, biotech and biopharma company sponsors work with multiple suppliers for bioprocessing, clinical development, clinical supply, and manufacturing, with separate CROs and CDMOs likely to be among those suppliers. Yet this decentralized approach can lead to inefficiency and delays,

adding to the high cost of drug development. According to one study, each month that a Phase III clinical trial is delayed can mean as much as \$8 million in lost revenue.¹¹

A recent report by the Tufts Center for the Study of Drug Development looked at the potential benefits of taking a different approach, helping to build an ecosystem by employing an integrated CDMO/CRO model from Thermo Fisher Scientific. The findings showed that by eliminating operational silos, the combined services could reduce drug development timelines by as much as 34 months across Phase I to Phase III, a significant improvement on the 10 to 15 years normally required. In addition, researchers determined that combining CRO and CDMO services could generate as much as \$63 million for a drug sponsor, a return of up to 113 times the initial investment.¹²

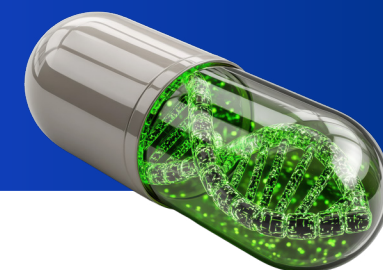
These outcomes illustrate that integrated ecosystem models do more than reduce fragmentation—they directly improve speed, lower costs, and unlock measurable gains in innovation and performance.

An additional examination of the Tufts study highlighted some of the ways the integrated CDMO/CRO helped accelerate drug development. Narrowing the “gray space” of handoffs between

manufacturing sites and clinical sites provided significant benefits. In one case, the transition from Phase I to Phase II for a small molecule candidate was shortened by four months when a Phase I resupply batch of the compound was found to be available to be repurposed for Phase II.

The combined CDMO/CRO also helped with risk mitigation, according to the Tufts study, providing a single risk register that allowed both the drug sponsor and the CDMO/CRO provider to view handoffs in real time, ensuring there could be a quick response when there were problems.¹³

Integrated CDMO/CRO ecosystems can cut drug development timelines by up to 34 months and generate as much as \$63 million for a drug sponsor.



¹¹ Javier Rubio-Hernandez, Anh Ninh, and Michael Lefew, “Improving the performance of supply chains in clinical trials with delays: an optimization approach to determining the number of recruitment sites,” *Annals of Operations Research*, May 10, 2023

¹² “Tufts Center Study Shows Significant Time Savings in Delivering Therapies to Patients with Thermo Fisher Scientific’s Accelerator™ Drug Development 360° CDMO and CRO Solutions,” press release, June 16, 2025

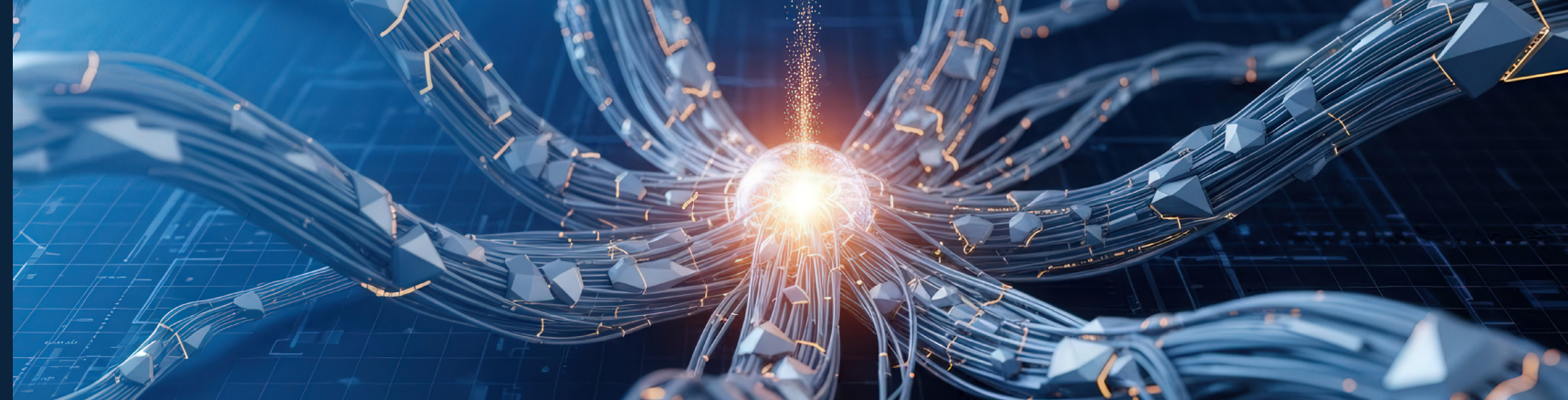
¹³ “Beyond the Tufts study: Real-world application of CDMO–CRO integration,” press release, February 10, 2026

Why a shift to ecosystems matters now

Those kinds of benefits suggest what can happen when LS organizations reassess their current alliance and platform strategies through an ecosystem lens. In this sense, ecosystems are not just a structural evolution—they are a performance model for capturing value that fragmented approaches inherently leave on the table. They may find they can extract more value from existing platforms while also integrating new capabilities. Ecosystem-level design can reduce analytics and AI layers while helping minimize redundant data movement and enabling data to be reused across functions and partners.

To move beyond alliance sprawl, leaders need to identify where fragmentation is destroying value, redesign their systems to prioritize value streams, and establish the data, governance, and ecosystems required to orchestrate, rather than merely to connect, their partners and platforms.

Those that adopt this ecosystem mindset could be able to extract more value from existing investments; integrate new capabilities faster; and build resilience across R&D, regulatory, and operations. This aligns with how organizations already want to transform—but cannot achieve through point-to-point models alone.



How KPMG can help

Life sciences organizations are moving beyond point-to-point alliances toward integrated ecosystems. The challenge is no longer selecting individual platforms or partners—it is orchestrating them to work together as a coherent, regulated system.

KPMG helps life sciences organizations operate at this orchestration layer. We bring together strategy, operating model design, data and technology modernization, and AI-first thinking to help clients move beyond fragmented execution and toward end-to-end value streams.

Rather than treating data modernization, application modernization, and AI as separate initiatives, KPMG helps

clients address them as an integrated ecosystem—enabling trusted data reuse, interoperable platforms, and AI that can operate across functions and partners. Outcomes such as reduced technical debt, faster integration, and improved AI ROI can emerge through this integrated approach.

By helping organizations coordinate platforms and partners, modernize core capabilities as a unified system, and embed AI-first thinking into operating models, KPMG supports life sciences companies as they scale insight, strengthen compliance, and accelerate innovation—without adding unnecessary cost or complexity.

Authors



Kristin Ciriello Pothier

Life Sciences Sector Leader,
US and Global Deal Advisory and Strategy Leader
E: kpothier@kpmg.com

As the KPMG Americas Life Sciences Sector Leader and Global LS Deal Advisory and Strategy Leader, Kristin guides the firm's strategic direction across deals, consulting, audit, and tax for pharmaceutical, biotech, medical device, and diagnostics companies. Her unique positioning combines hands-on research experience in clinical laboratory and precision medicine with sophisticated deal advisory expertise—enabling her to evaluate opportunities through both a scientific and commercial lens. She works with clients across the continuum of organic and inorganic strategy, from commercial and growth strategy and implementation, to due diligence, integrations and separations for pharmaceutical, diagnostics, device, and consumer health companies, investors, and medical institutions worldwide. She also works with health systems and affiliated organizations on their innovative services strategies, diligences, and operations, including clinical laboratory builds, innovation hub builds, health IT, AI implementation, hospital services, and clinical outreach strategy. Her career has focused on innovative medicines and advancements in clinical diagnostics laboratories, developing product and service strategies and operations with on-the-ground experience in North America, Latin America, Europe, Asia, India, the Middle East, and the Caribbean. Kristin holds an MS in Clinical Epidemiology, Health Management, and Maternal and Child Health from the Harvard School of Public Health and a BA in Biochemistry from Smith College.



Dipan Karumsi

Life Sciences Consulting Leader,
KPMG US
E: dkarumsi@kpmg.com

Dipan serves as the Consulting Sector Leader for Life Sciences at KPMG where he is responsible for overseeing market development and delivery of the KPMG end-to-end consulting solutions for companies in pharmaceuticals, medical devices, and biotech. He brings transformation and technology enablement depth to help drive value across areas such as customer, finance, IT, human capital, supply chain and procurement, forensics, risk and regulatory compliance, managed services, and other functional domains critical to delivering value within life sciences organizations. Embedded within these solutions and end-to-end integrated capabilities is the KPMG depth of expertise around automation, AI, and data analytics that help to further enhance value and optimize the operating model.



Anand Sekhar

Life Sciences Technology Leader,
KPMG US
E: anandsekhar@kpmg.com

As the Life Sciences Technology Leader for KPMG in the US, Anand helps companies enhance value, improve performance, and increase flexibility through digital transformations. His clients include global pharmaceutical, medical device, and bioscience firms. He collaborates closely with clients to develop and execute digital transformation strategies.

Anand engages in collaboration with prominent technology, data, and services companies such as Microsoft, Google, Databricks, Snowflake, and SAP. He assists clients in addressing critical issues related to sustainable growth, regulatory changes, and business protection. Additionally, Anand supports life sciences companies in integrating AI throughout their organizations, enhancing commercial operations, regulatory compliance, quality and safety, finance, supply chain, and technology to improve efficiency and deliver greater value.

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We are one of the largest global providers of professional services to the healthcare and life sciences industry, spanning strategy, advisory, audit, and tax. With more than 6,400 dedicated industry professionals, we combine deep sector expertise with proprietary tools and data-driven methodologies. Our team has guided numerous emerging biopharmas through their first launches, supporting clients as they transition from strategy through execution to measurable value creation.

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The investment surge

Projected AI spending

\$114M to \$207M

ROI and investment

Average projected investment over the next 12 months jumps sharply to

Q1 2026 \$207M

Q1 2025 \$114M

The rise of AI agents

AI agent adoption growth

11% to 54%

Humans and agents working together

87% Upskilling

63% Human validation

AI agent adoption is on an upward trajectory, with organizations increasingly integrating agents into business functions, processes, and teams.

11%

33%

54%

2025 Q12025 Q22026 Q1

(1) KPMG U.S. (2026): AI quarterly pulse survey.

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