



Authored by:
Arelis Agosto
Research Analyst

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J.P. Morgan Healthcare Conference 2024: Renewed Optimism as AI Integration Accelerates

Earlier this month, Global X attended J.P. Morgan's Healthcare Conference. The 42nd iteration of the conference hosted nearly 10,000 attendees with presentations from over 600 leading healthcare companies.¹ The event often serves as an indicator for the year to come, and the artificial intelligence (AI) theme pervaded nearly every presentation, as the lines between the technology and healthcare spaces continue to blur. The sentiment this year was highly optimistic, contrasting with the last two years, when the healthcare sector had fallen out of favor given high interest rates, reduced access to capital, and increased regulatory oversight.

If the conference is any indication, 2024 might mark a turning point for dealmaking in the healthcare industry. After a relatively dry M&A landscape, the conference kicked off the year with the announcement of five deals, totaling \$8.2 billion.^{2,3,4,5,6} This might signal a potential uptick in M&A activity in 2024, with the pharmaceutical industry now having nearly \$1.4 trillion in dealmaking capacity.⁷

Recent regulatory approvals also spurred excitement. Last year closed with a record 61 novel approvals by the Food and Drug Administration (FDA), including the ground-breaking approval of the first gene editing treatment.^{8,9}

In this piece, we share our highlights from the event and offer our thoughts on how recent trends could shape the healthcare industry in 2024 and beyond.

Key Takeaways

- The AI theme was pervasive throughout the conference, as the technology is being leveraged more frequently in healthcare to aid in drug development, image analysis, and beyond, creating potential growth opportunities for both healthcare and technology companies.
- By leveraging wearable technology, artificial intelligence, machine learning, advanced sensors, and other modern technology, digital health companies are introducing innovative ways to reduce health expenses and improve patient outcomes.
- Exciting therapeutic developments, such as the growing utility of glucagon-like peptide 1 (GLP-1) treatments, along with encouraging preliminary M&A activity to start 2024, provided a sense of optimism and point to a potential rebound in the healthcare sector this year.

AI Reinforces its Role in Healthcare

A notable focus at the event was the promise of AI-enabled drug discovery. NVIDIA has been at the forefront of the AI revolution, and its presentation at the event had a completely packed room. The firm looks to leverage its lead in AI technology to increase the number of approved medicines and reduce the cost of drug development.

At the conference, NVIDIA announced its generative AI platform for drug discovery and design, BioNeMo, is advancing into beta testing. The BioNeMo platform is available through Amazon Web Services (AWS), where biotechnology companies can build or customize digital biology foundation models with proprietary data.



Despite technological advancements, developing a new medicine still takes 10-15 years and costs \$1.3 billion on average.^{10,11} Only one in 10 investigational drugs, however, makes it to market.¹² BioNeMo seeks to cut the time and investments while increasing the likelihood of success. Amgen, for example, has agreed to build AI models trained to analyze one of the world's largest human datasets on an NVIDIA platform.¹³ This project aims to build a human diversity atlas for drug target and biomarker discovery.

Healthcare customers now consume over \$1 billion dollars annually in NVIDIA graphics processing units (GPU) computing capabilities, and the firm hopes its growing role in the healthcare sector will disrupt the \$250 billion research and development (R&D) industry.¹⁴

NVIDIA's latest developments position the firm to help usher in an age of "digital biology," though the conference also included other notable updates from firms integrating AI into healthcare. The Mayo Clinic announced it will develop a foundation AI model with AI startup Cerebras Systems, leveraging Mayo's health data, including clinical notes, genomic sequencing, and imaging reports.¹⁵ We also saw other traditional technology companies leverage the conference to further cement their roles in healthcare. For example, Alphabet's drug development arm, Isomorphic Labs, inked deals with Eli Lilly and Novartis with nearly \$3 billion in combined deal value.¹⁶ For more information on AI's opportunity in healthcare, see [AI Applications in Healthcare: From Drug Discovery to Patient Care](#).

Remote Patient Monitoring at an Inflection Point

Digital health firms stand to disproportionately benefit from growing interest in AI, Internet of Things (IoT) applications, and renewed focus on chronic illnesses. By leveraging wearable technology, artificial intelligence, machine learning, advanced sensors, and other modern technology, digital health companies are introducing innovative ways to reduce health expenses and improve patient outcomes.

At the conference, continuous glucose monitoring firm Dexcom provided an update on its strategy to revolutionize remote monitoring. Dexcom is known for its continuous glucose monitors (CGMs), which measure glucose levels and automatically transfer data to a smart device. The firm has achieved great success in insulin-dependent patients with either type-1 or type-2 diabetes. Dexcom now looks to offer a unique device for patients who do not take insulin. The launch is expected this summer, and the company has demonstrated the CGM can save \$400 to \$500 per month for non-insulin patients.¹⁷

This marks a shift for Dexcom as it looks to expand its reach beyond traditional type-1 or insulin-dependent type-2 diabetics. An estimated 25 million individuals in the U.S. have type-2 diabetes but do not require insulin therapy to manage their illness.¹⁸ Dexcom also reported preliminary 2023 earnings data, showing revenue increased 24% during the year.¹⁹ The firm now forecasts 16-21% organic growth in 2024.²⁰ For more information on the CGM market, see [Diabetes Management: Massive Addressable Market Spurs Innovative Solutions](#).

Cardiac monitoring firm iRhythm Technologies was also in attendance. The company's flagship product, the Zio System, utilizes AI algorithms to detect irregular heart rhythms via a small, wearable patch that can be worn throughout the day. iRhythm reported patient registrations for the Zio system grew 22% YoY in the fourth quarter, and it estimates it now holds 70% of the market share in the long-term cardiac monitor (LTCM) market.²¹

Looking ahead, iRhythm seeks to expand into the mobile cardiac telemetry (MCT) market, which can help inform diagnosis for a broader range of cardiac illnesses. A next-generation device, the Zio MCT, can be worn for 21 days compared to the Zio AT's 14-day duration.²² The firm currently estimates it holds 7% market share of the MCT sector, and every 10 percentage point gain in market share could represent \$80 to \$100 million in incremental revenue.²³ iRhythm projects \$575 to \$585 million in 2024 revenues, representing 18-20% annual growth.²⁴ For more information on iRhythm, see [Four Digital Health Companies Transforming the Healthcare Industry](#).

Leading Innovations in Therapeutic Development

In the large pharma space, the conference showcased numerous developments in pharmaceutical prevention and illness treatment. Among them, Eli Lilly, the producer of wildly successful GLP-1 treatment Mounjaro, outlined its long-term strategy. The firm will focus its efforts on oncology, neuroscience, immunology, and the ever-popular endocrinology space, which includes diabetes and obesity.²⁵

Lilly's CEO, Dave Ricks, called attention to the 20 years the firm has worked to develop GLP-1 treatments, first for type-2 diabetes and now for obesity. Eli Lilly's endocrinology portfolio achieved an estimated \$17 billion in 2023 sales and is expected to grow at a 10% compound annual growth rate through 2028.²⁶ Amid ever-growing demand, an aging population, and a flurry of recent deals, Ricks also welcomed increased competition in the obesity space, noting the pharmaceutical industry should use its combined powers to advance the GLP-1 field to address other ailments like cardiovascular disease and liver disease.²⁷

Multiple panels throughout the conference spoke on the importance of increased insurance guidelines for the category, especially as data continue to show GLP-1s can reduce the risk of death, heart attack, and stroke in overweight patients.²⁸ In the United States, coverage of weight loss medications is still limited, even though an estimated 40% of Americans could benefit from these treatments.²⁹ For more information on the GLP-1 market, see [GLP-1s Are Just Getting Started: Prospects Beyond Diabetes and Obesity](#).

In the biotech arena, mRNA firm Moderna provided a strategic update amid decreasing demand for its COVID-19 vaccines. The firm projects \$4 billion in 2024 sales and a return to growth in 2025, aided by the expected approval of its investigational mRNA respiratory syncytial virus (RSV) vaccine later this year.³⁰ Beyond RSV, the company now boasts 44 development programs, up from 25 in 2020.³¹ Moderna also reports having a greater average success rate with clinical trials than the industry average – nearly double the industry average for phase I trials and three times the industry average for phase II trials.³²

Conclusion

This year's J.P. Morgan Healthcare Conference was particularly optimistic and showcased the exciting innovations in the healthcare industry as it continues to leverage cutting edge technology such as AI, machine learning, and advanced chips to improve patient care and drive sales. This integration, combined with exciting therapeutic developments and encouraging preliminary 2024 M&A activity, may present enticing investment opportunities in both the healthcare and technology sectors.

Footnotes

1. Modern Healthcare. (2024, January 22). 4 sectors stirring up interest at JPM 2024.
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7. Ernst & Young. (2024, January 8). Deals are back: Surge in life sciences M&A fueled by sector's capital reserves and quest for new revenue growth.
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30. Moderna. (2024, January 8). 42nd Annual J.P. Morgan Healthcare Conference Presentation.
31. Ibid.
32. Ibid.

Information provided by Global X Management Company LLC.

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