



J.P. Morgan Healthcare Conference 2025: Healthcare's Roadmap for the Year Ahead

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Global X attended the 42nd Annual J.P. Morgan Healthcare Conference, which featured presentations from over 500 leading companies to nearly 10,000 attendees. The conference, widely regarded as healthcare's most influential annual gathering, highlighted such key themes as regulatory outlook, AI integration in healthcare, and renewed M&A activity.

Following a period marked by high interest rates and muted deal activity, the healthcare sector shows signs of renewed momentum in 2025. Industry leaders outlined ambitious plans to accelerate growth through technological innovation, strategic acquisitions, and pipeline development. This shift comes as large pharmaceutical companies command nearly \$1 trillion in combined financial capacity, creating significant potential for strategic transactions.¹

Key Takeaways

- Merger and Acquisition (M&A) Momentum Acceleration: Major deals, including Johnson & Johnson's \$14.6B Intra-Cellular acquisition, signal renewed dealmaking, supported by nearly \$1T in industry financial capacity.²
- Data Infrastructure Expansion: Strategic partnerships between tech and healthcare companies aim to unlock value from vast clinical datasets.
- Healthcare Labor Challenge: Technology adoption could address projected shortfall of 10 million workers by 2030 through automation and efficiency gains.³

Healthcare M&A: Deal Activity Accelerates

The pharmaceutical and biotechnology sectors appear primed for increased M&A activity in 2025, following years of relatively quiet dealmaking. The annual J.P. Morgan Healthcare Conference, widely regarded as a bellwether for industry trends, reinforced this outlook with several significant announcements, including the largest healthcare acquisition in more than two years.

Several factors support increased M&A activity. These include industry cash reserves at record levels, the need to replenish product pipelines ahead of patent expirations, and a more favorable regulatory environment for acquisitions under the new administration.

Key deals announced at the conference include:

- Johnson & Johnson's report of the \$14.6 billion acquisition of Intra-Cellular Therapeutics, marking the largest biopharmaceutical deal in over two years.⁴ The transaction centers on Intra-Cellular's Caplyta, an approved treatment for schizophrenia and bipolar-related depression. The drug, which generated \$665 million in revenue for 2024, is projected to reach peak annual sales of \$5 billion.^{5,6} Intra-Cellular also has a host of other neurological candidates in development, including ones for Parkinson's disease, schizophrenia, and opioid addiction.
- Eli Lilly's agreement to acquire Scorpion Therapeutics' promising cancer drug candidate STX-478 in a \$2.5 billion deal, expanding its oncology portfolio.⁷ The experimental treatment targets mutations in the PI3K α gene, which plays a crucial role in driving several aggressive cancers, including breast, gynecological, as well as head and neck malignancies. This acquisition strategically positions Lilly in the rapidly expanding PI3K α inhibitor market, which is expected to grow at a 31% CAGR through 2030, with projected annual sales reaching \$3.4 billion by the end of the decade.⁸
- Gilead Sciences' announcement of the \$1.7 billion acquisition of LEO Pharma, centered on LEO's oral STAT6 program for inflammatory diseases.⁹ The treatment has potential to be an oral alternative to Sanofi's Dupixent, which generated \$14.2 billion in 2024 sales across indications, including dermatitis and asthma.¹⁰ The deal marks Gilead's strategic push beyond its current focus on cancer and anti-infectives, which represent 98% of expected 2025 revenue.¹¹

M&A Impact: Investment Implications

Big Pharma enters 2025 with nearly \$1 trillion in combined financial capacity, with Johnson & Johnson, Novo Nordisk, and Eli Lilly each commanding over \$85 billion in deal capacity.¹² This spending power aligns with a key period of patent expirations through 2033, affecting blockbuster therapies like Keytruda, Eliquis, Jardiance, and Opdivo.¹³



For healthcare investors, this creates clear opportunities. Biotech acquisitions typically command premiums 50-100% above market prices, delivering returns for shareholders.¹⁴ M&A activity tends to lift valuations across the sector as investors identify potential acquisition targets, creating multiple paths for appreciation.

The scale is significant – with over \$400 billion in revenue tied to patent expirations through 2033, pharmaceutical companies are motivated to reinvest in pipelines through strategic acquisitions.¹⁵ This surpasses the last major expiration wave in 2011, which put \$250 billion at risk.¹⁶

AI Integration: Beyond Drug Discovery

AI and broader technology innovation took center stage at this year's J.P. Morgan Healthcare Conference, reflecting their **growing influence across the healthcare industry**. With healthcare facing a projected 10 million worker shortfall globally by 2030, technology emerges as a key solution for enabling doctors and researchers to achieve a greater impact with their limited time.¹⁷

On the heels of its **presentation at CES** the week prior, Nvidia highlighted the company's expanding role in healthcare AI. **Last year's presentation** focused on drug development capabilities through its BioNeMo platform for biological foundation models for drug discovery. This year's presentation, however, demonstrated broader healthcare applications, including physical AI initiatives to support next-generation robot-assisted surgeries.

Nvidia sees healthcare growing beyond its current billion-dollar revenue contribution to a potential hundred-billion-dollar opportunity.¹⁸ The company is leveraging its network of 3,500 healthcare and life sciences partners to accelerate this growth through key partnerships such as those with:¹⁹

- IQVIA: A collaboration to leverage its 64 petabytes of clinical research and consumer data spanning over 1.2 billion patient records.^{20,21}
- Enhanced Mayo Clinic: A partnership to advance AI-powered digital pathology, leveraging 20 million whole-slide images.²²
- Illumina: An agreement to accelerate genomic analysis for medical diagnostics and drug discovery.

AI-Powered Healthcare Data Platforms

AI dominated conference discussions across healthcare sectors, from FDA panels to medical device innovations, with Tempus AI's updates emerging as a highlight. Tempus combines genomic sequencing and AI to advance precision medicine, while its software platform leverages one of healthcare's largest clinical databases to streamline medical decision-making and drug development.

The firm's presentation proved particularly compelling. The firm announced expanded capabilities for its generative AI assistant, Tempus One, which supports both clinical decision-making and drug development research. The platform now incorporates the company's proprietary Large Language Model (LLM) Agent Infrastructure to analyze unstructured healthcare data more effectively. The latest version includes new generative AI features for patient queries, timelines, prior authorization, and data exploration, allowing users to extract insights from both curated datasets and unstructured data within its analytics platform.

Shortly after the conference, Tempus unveiled Olivia, an AI-powered health app that consolidates patient data across platforms. The app integrates over 1,000 health systems, syncs with personal health devices, and allows manual record uploads. Olivia creates an interactive timeline of a patient's health journey, providing easy access to lab results, imaging reports, visit summaries, and detailed clinical data.

Conclusion

The 2025 J.P. Morgan Healthcare Conference demonstrated meaningful progress in healthcare's technological transformation, particularly through AI integration and advanced computing capabilities. Early M&A activity and continued innovation in both therapeutic development and digital health point to a dynamic year ahead. As these technologies mature and find practical applications, they may create significant opportunities for investors in both the healthcare and technology sectors.

Footnotes

1. STAT. (2025, January 8). With a major patent cliff coming, will JPM play host to some serious deal-making?
2. Ibid.
3. World Health Organization. (2025). Health Workforce. Accessed January 29, 2025.
4. STAT. (2025, January 13). J&J to buy Intra-Cellular Therapies for \$14.6B, picking up mental health drug.
5. Ibid.
6. Evaluate Pharma. (n.d.). Intra-Cellular Therapies: Sales | Product Sales by Indication. Accessed January 17, 2025.
7. Eli Lilly. (2025, January 13). Lilly to acquire Scorpion Therapeutics' mutant-selective PI3K α inhibitor program.
8. Evaluate Pharma. (n.d.). Phosphatidylinositol 3-kinase (PI3K) modulator: Worldwide | Market Size by MoA. Accessed January 17, 2025.
9. Gilead. (2025, January 11). Gilead and LEO Pharma Enter Into Strategic Partnership to Accelerate Development of Oral STAT6 Program with Potential in Multiple Inflammatory Diseases.
10. Evaluate Pharma. (n.d.). Dupixent: Product Overview | Summary. Accessed January 17, 2025.
11. Evaluate Pharma. (n.d.). Gilead Sciences: Sales | Sales by Therapy Area. Accessed January 17, 2025.
12. STAT. (2025, January 8). With a major patent cliff coming, will JPM play host to some serious deal-making?
13. Ibid.
14. Accelerate. (2024, April 2). AlphaRank Merger Monitor – Synergies in Science: Exploring Biotech M&A Dynamics.
15. STAT. (2025, January 8). With a major patent cliff coming, will JPM play host to some serious deal-making?
16. Ibid.



17. World Health Organization. (2025). Health Workforce. Accessed January 20, 2025.
18. NVIDIA. (2025, January 13). Presentation at J.P. Morgan Healthcare Conference, 2025.
19. Ibid.
20. NVIDIA. (2025, January 13). NVIDIA Partners With Industry Leaders to Advance Genomics, Drug Discovery and Healthcare.
21. IQVIA. (n.d.). Real World Evidence. Accessed January 20, 2025.
22. NVIDIA. (2025, January 13). NVIDIA Partners With Industry Leaders to Advance Genomics, Drug Discovery and Healthcare.

Information provided by Global X Management Company LLC.

Investing involves risk, including the possible loss of principal. Diversification does not ensure a profit nor guarantee against a loss.

Portfolio expansion through strategic acquisitions involves risks including integration challenges, regulatory approval, and potential failure to achieve expected benefits. The relationship between patent expirations and strategic acquisitions involves complex market dynamics that may impact company valuations and market positioning.

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