

Investor focus shifts to late-stage development in biotech, expert says

At OCTSC, an expert discussed the biotech funding environment, market trends and for all key stakeholders in the healthcare space.

Irena Maragkou | October 30, 2025

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Aditya Kotta discussed the biotech funding environment and market trends at OCTSC meeting, in San Diego, California, US. Credits: Athanasios Psimadis / Arena International.

The biotech sector has faced a challenging first half of 2025, underperforming relative to the broader tech industry and the S&P 500.

Nonetheless, there has been a strong rebound in the second half of 2025, particularly among profitable biotechs, following a significant increase in merger and acquisition (M&A) activity in the XBI index, said

Aditya Kotta, head of business development of US and EU at global contract research organisation (CRO) Novotech at a recent conference.

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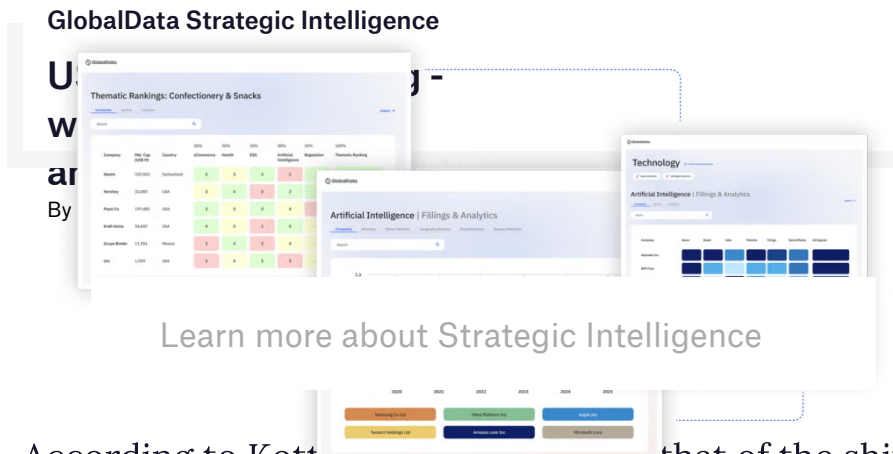
Kotta said that the bounce back is being fuelled in part by the [looming patent cliff](#), with the number of biotech acquisition headlines expected to rise significantly in the upcoming months.

He was speaking at the 13th Annual [Outsourcing in Clinical Trials Southern California \(OCTSC\)](#) 2025, which took place between 23-24 September in San Diego, California.

There has been a 20% reduction in listed companies in the biotech sector over the past 40 months, said Kotta. However, he added that this can be viewed positively, as it helps refocus attention on companies with strong

datasets, and despite a slow IPO market this year, 2025 is projected to be a [strong year for capital raising](#).

In Q3 2025, the total deal value for venture financing in the biotech industry reached \$3.1bn, up from \$1.8bn from the same period in 2024, according to a [GlobalData report](#).



According to Kotta, the current trend is that of the shift in investor focus, from favouring preclinical assets during the pandemic to prioritising companies with clinical-stage data currently. There is an increasing focus on clinical data, companies with clinical assets possess higher enterprise value.

The China impact

Another factor influencing the sector, is innovation from China, from where [a fifth of drugs in development](#) are said to have originated. Intellectual property from China is becoming increasingly significant, and while many venture capitalists (VCs) and funds continue to invest in local biotechs, Kotta noted that they risk “losing out on the speed of competition coming from China”.

At the same time, policies such as the BIOSECURE Act, could impact how international deals are facilitated. The challenge lies in finding nuanced ways to leverage data and innovation coming from China without stifling development.

One notable example of successfully collaborating with Chinese companies is of Summit Therapeutics licensing Akeso's PD1-EGFR monoclonal antibody for \$5bn in 2022. Akeso then reinvested its downpayment into research and development and now has 50 ongoing clinical trials, said Kotta.

Based on estimates that Kotta presented, within 15 years, around [a third of the US Food and Drug Administration \(FDA\) approvals](#) could originate from Chinese companies.

He noted that there is currently a stronger focus on biotechs to meet timelines rather than controlling spend, alongside a growing emphasis on flexible contracting models with milestone-based payments. Together, he concluded that these macrorends represent an inflection point in the global biotech-CRO landscape.

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