

From Scientific Promise to Impact

European Biotech & Life Sciences: Market Conditions, Structural Challenges and Opportunities

Scope

Biotechnology and the wider life-sciences ecosystem
European Union and United Kingdom

Research cut-off

16 October 2026

Purpose

Independent market overview

Executive perspective

Europe's life-sciences ecosystem combines world-class research, entrepreneurial talent and established pharmaceutical capabilities. Yet scientific strength does not automatically translate into scaled companies, sustained financing or broad patient and market impact. Current policy and industry evidence points to a central challenge: strengthening the connections between discovery, capital, development, commercialisation and the operating capabilities required to deliver results.

This report brings together public evidence and strategic interpretation to examine where the European market stands, what constrains growth, and which opportunities could help the ecosystem convert innovation into durable value. It is a general research publication, not an investment recommendation or a ranking of companies.

1. Executive summary

The European opportunity is substantial — and the scale-up challenge is real. In July 2025, the European Commission stated that life sciences contribute nearly €1.5 trillion in value to the EU economy and support 29 million jobs. In October 2025, Invest Europe reported record venture-capital investment of €4.7 billion in European biotech and healthcare start-ups in 2024, 43% above 2023. These figures describe different scopes: the first covers broad life-sciences sectors; the second focuses on venture-backed biotech and healthcare start-ups.

€1.5tn	€4.7bn	+43%
EU life-sciences value added (2022)	Biotech & healthcare VC investment (2024)	VC investment growth vs 2023

Five findings

- 1. Europe has a strong scientific base.** The European Research Council's September 2026 analysis highlights activity across gene editing, synthetic biology, AI-enabled research, engineered living materials and biomanufacturing. Its portfolio included €4.09bn in biotechnology research funding during 2014–2023, supporting 2,416 projects in 28 countries.
- 2. Financing continuity is a critical issue.** Recent European policy and industry analysis highlights a gap between early scientific discovery and the capital needed for later-stage development and scale-up. Funding conditions vary by stage, modality, therapeutic area and investor appetite.
- 3. The bottleneck is broader than money.** Talent, infrastructure, clinical development, manufacturing, data capabilities, regulatory pathways and market access all influence whether promising science reaches patients and customers.
- 4. Operating discipline becomes more important as companies grow.** Clear portfolio choices, governance, milestone management, resource allocation and decision rights can help leadership teams navigate uncertainty without importing unnecessary bureaucracy.
- 5. Opportunity exists across the value chain.** Company builders, investors, research institutions, public programmes, specialist service providers and established life-sciences companies can all contribute to stronger translation and commercialisation.

Central takeaway

The next phase of European biotech competitiveness will depend not only on generating more discoveries or mobilising more capital, but on improving the system that turns research and investment into repeatable development progress, scalable businesses and real-world impact.

2. Market conditions: a strong base with a scale-up gap

Scientific and economic significance

The European Commission's 2025 Strategy for European Life Sciences sets an ambition for the EU to become the world's most attractive place for life sciences by 2030. The strategy spans research and innovation, market access, public trust and the adoption of new technologies. The Commission's €1.5tn value-added and 29-million-jobs figures refer to broad EU life-sciences sectors in 2022, including activity beyond human therapeutics.

Venture investment

Invest Europe reported that European biotech and healthcare venture investment reached €4.7bn in 2024, up 43% from 2023 and more than four times the level a decade earlier. Nearly 1,000 start-ups received backing. Across 2020–2024, €18.4bn was invested in 2,806 venture-stage companies. This is an encouraging signal, but one strong annual result does not eliminate financing volatility or prove that capital is available to every company or development stage.

Financing and commercialisation constraints

A European Commission biotechnology policy analysis published in 2026 describes fragmented access to finance, insufficient enabling infrastructure, specialised talent constraints and gaps in data and AI deployment as barriers to scale-up. The European Life Sciences Coalition, launched in February 2026, has also called for stronger capital mobilisation and a more continuous funding pathway. These sources point to a structural issue: companies may be able to start, but struggle to finance and execute the full journey to scale.

Public policy is moving

The policy agenda includes improving the research-to-market pathway and strengthening Europe's attractiveness for life-sciences investment. Policy intent is important, but its practical impact will depend on implementation, access to capital, speed and predictability of development pathways, and the ability of companies to scale in Europe.

How to interpret the data

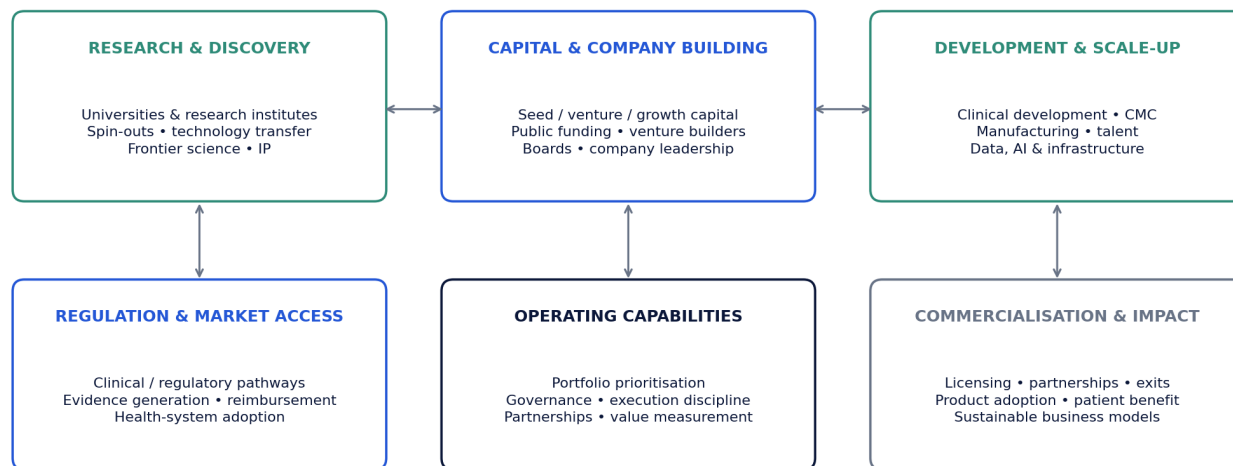
The figures in this report are not directly interchangeable. Broad economic estimates, venture investment statistics, research grant totals and private-market funding monitors use different definitions, periods and coverage. They should be read as complementary indicators of the ecosystem, not combined into one market-size number.

3. Visual map of the ecosystem

Biotech is not a single market. It is a connected system in which research, capital, development, regulation, commercialisation and operating capabilities influence one another. Gaps at the interfaces can slow the whole value chain.

EUROPEAN BIOTECH & LIFE SCIENCES ECOSYSTEM

A system of interdependent capabilities — not a league table



THE CENTRAL CHALLENGE

Turn scientific promise and invested capital into repeatable progress and real-world value

The map is a conceptual framework, not an exhaustive list of organisations. Its purpose is to show why progress depends on coordinated capabilities across multiple stakeholders.

European clusters and networks

Europe's activity is distributed across multiple hubs rather than one dominant centre. Well-known ecosystems include the UK's London–Oxford–Cambridge corridor; Switzerland's Basel, Zurich and Lausanne; France's Paris region; Germany's Munich, Heidelberg and Berlin; the Nordics; and the Benelux region. Central Europe also participates through research institutions, spin-outs and cross-border networks. This list is illustrative and should not be read as a ranking.

4. Where the market could create opportunity

The following are opportunity areas inferred from the evidence and the structure of the sector. They are strategic hypotheses, not quantified forecasts of revenue or market size.

Opportunity area	Why it matters	Potential ecosystem response
Translation from research to company	Promising discoveries need commercial pathways, IP strategy, leadership and early validation.	Stronger technology transfer, venture building, founder support and translational funding.
Financing continuity	Long development timelines create capital needs across multiple milestones and market cycles.	More coordinated public/private capital, syndication, cross-border investment and stage-appropriate financing.
Portfolio prioritisation	Capital, specialist talent and time are scarce; not every programme can progress at once.	Transparent decision criteria, scenario planning, stop/continue decisions and resource reallocation.
Operating model maturity	Companies' ways of working can become strained as teams, programmes and geographies expand.	Fit-for-stage governance, decision rights, operating cadence and lean portfolio management.
Development & manufacturing	Clinical, CMC and production complexity can create costly delays and dependencies.	Earlier capability planning, partnerships, infrastructure access and integrated milestone management.
Data, AI and digital capabilities	Research and development are increasingly data-intensive, but adoption requires infrastructure, skills and governance.	Responsible AI use, data foundations, workflow integration and measurable use cases.
Market access & adoption	Scientific or clinical progress alone does not guarantee uptake or sustainable economics.	Earlier evidence planning, payer / health-system engagement, partnerships and adoption strategy.

An important distinction

Not every challenge should be solved by another consultancy, platform or funding programme. Some are scientific, clinical or regulatory in nature; others require policy reform or infrastructure investment. The strongest solutions will match the intervention to the actual bottleneck and avoid treating every problem as a generic management issue.

5. What leadership teams and investors can do

For biotech leadership teams

Make the portfolio explicit. Translate the company strategy into a small number of programmes, milestones and enabling capabilities. Make dependencies and trade-offs visible.

Plan for scenarios. Model runway and milestones under different funding, clinical and partnering conditions; define decisions that would trigger a change in direction.

Keep governance proportional. Set clear decision rights and review rhythms without recreating the bureaucracy of a large corporation.

Measure progress, not activity. Track the indicators that inform decisions: evidence milestones, time-to-decision, resource use, critical dependencies and readiness for the next value inflection point.

Prepare for the next transition early. Financing, licensing, clinical expansion and manufacturing transitions require capabilities that may take months to establish.

For investors and boards

Assess execution capability alongside science. Leadership, decision-making, resource allocation and operating discipline affect a company's ability to deliver its plan.

Support repeatable learning across portfolios. Portfolio companies can benefit from shared playbooks, experienced operators and trusted specialist networks, while preserving the autonomy each company needs.

Use milestones as decision points. Connect capital deployment to evidence, risk reduction and explicit choices about continuation, partnering or resourcing.

Build for financing continuity. Encourage realistic plans for the next funding stage and earlier identification of gaps in capabilities, evidence or infrastructure.

For policymakers and ecosystem organisations

Focus on the hand-offs between research, translation, early capital, later-stage financing, infrastructure and market access. Monitor whether programmes reduce real friction for companies, not only how much funding they announce. Improve coordination across countries and funding instruments where fragmentation creates avoidable delays.

A practical set of questions

- What is the next value-inflection point, and what evidence will demonstrate progress?
- Which two or three assumptions could invalidate the current plan?
- Are resources allocated to the most important priorities?
- Which decisions are delayed, and why?
- What capability must be in place before the next financing or development milestone?
- How will leadership know early that the plan needs to change?

6. Outlook: the next competitive advantage

Europe's biotech challenge is often described as a shortage of capital. Financing is undeniably important, but the available evidence points to a broader system problem involving the continuity of funding, infrastructure, talent, development pathways and commercialisation. The sector's future will depend on whether these pieces work together.

Three themes to watch

- 1. From scientific excellence to repeatable company building.** Research institutions and founders will need more effective pathways for translating discoveries into ventures with clear development and commercial milestones.
- 2. From isolated funding rounds to financing continuity.** The quality of the ecosystem will be measured not only by the size of headline rounds, but by whether companies can access appropriate capital through successive stages of development.
- 3. From plans to measurable execution.** Companies that connect capital allocation, decision-making, operating capabilities and evidence of progress may be better placed to navigate uncertainty and earn stakeholder confidence. This is a strategic interpretation, not a proven causal claim from the funding data.

Conclusion

Europe has the scientific foundations, institutions and entrepreneurial energy to build globally relevant life-sciences companies. The opportunity now is to strengthen the connections that allow innovation to travel further: from lab to venture, from venture to scale, and from investment to real-world impact.

Discussion question

What would make the greatest difference to European biotech scale-up over the next five years: more late-stage capital, stronger translation from research, better access to infrastructure and talent, or more effective company execution? The answer may be a combination — but the balance matters.

7. Sources and methodology

Research cut-off: 16 October 2026. The report combines official EU material, sector association data and specialist industry analysis. It is intended as a high-level market overview; it is not a comprehensive market-sizing study. Interpretations and opportunity areas are labelled as analysis rather than reported fact.

1. Invest Europe (6 October 2025), “VC Success in European Biotech & Healthcare.”

Source for €4.7bn invested in 2024, 43% year-on-year growth, 988 companies and 2020–2024 totals.

<https://www.investeurope.eu/publications-policy/publications/2025/vc-success-in-european-biotech-healthcare/>

2. European Commission (2 July 2025), “Making Europe a global leader in life sciences.”

Source for EU life-sciences economic contribution and the 2030 strategy ambition.

https://commission.europa.eu/news-and-media/news/making-europe-global-leader-life-sciences-2025-07-02_en

3. European Commission, COM(2025) 525, “Choose Europe for life sciences.”

Policy strategy and sector context.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0525>

4. European Research Council (30 September 2026), “Europe’s biotech frontier: New ERC report charts breakthrough potential and barriers.”

Source for 2014–2023 ERC biotechnology funding and challenges in translation and commercialisation.

<https://erc.europa.eu/news-events/news/europes-biotech-frontier-new-erc-report-charts-breakthrough-potential-and-barriers>

5. European Commission, 2026 biotechnology policy analysis.

Source for structural scale-up constraints, including access to finance, infrastructure, specialised talent and data / AI deployment.

https://health.ec.europa.eu/document/download/48009973-efbb-4101-ae8f-e81a34764e39_en?filename=biotechnology_C2026-3375-1_en.pdf&prefLang;=lv

6. Invest Europe / European Life Sciences Coalition (launched 12 February 2026).

Industry perspective on investment and financing continuity in European life sciences.

<https://www.investeurope.eu/news/newsroom/european-life-sciences-coalition-launched-to-strengthen-europe-s-life-sciences-investment-ecosystem/>

Methodological notes

- “Life sciences” is broader than biotech and includes multiple sectors; the report preserves source definitions.
- Funding data varies by reporting period, coverage and methodology. No single market-size estimate is inferred from incompatible datasets.
- The ecosystem map is conceptual. Opportunity areas are strategic interpretations, not quantified market forecasts.
- Public policy announcements are not treated as proof that implementation has already resolved structural barriers.