



## Life Science Cost Leakage Executive Brief

### Why Cost Leakage Rarely Looks Like a Cost Problem

In life science organisations, value erosion rarely announces itself through obvious overspend. Instead, it accumulates quietly across decisions made in isolation — long before it appears in financial statements, funding discussions, or transaction outcomes.

By the time leadership teams feel pressure on runway, valuation, or deal terms, the underlying causes are often embedded across the organisation and difficult to unwind.

This brief outlines **where cost leakage typically originates, why capable teams miss it, and when it becomes financially visible.**

### Where Cost Leakage Typically Occurs

Across biotech, medtech, CDMO, and university spin-outs, cost leakage most often emerges at the *interfaces* between functions rather than within them.

Common areas include:

#### 1. R&D Focus

- Scientific programmes that drift beyond defined commercial intent
- Parallel research efforts addressing similar questions
- Early technical decisions that later constrain development options

## 2. CMC & Manufacturing Strategy

- Late-stage process changes driven by earlier assumptions
- Misalignment between scale-up strategy and long-term supply needs
- Over-reliance on external partners without integrated oversight

## 3. Regulatory Strategy

- Sequential rather than integrated regulatory planning
- Remedial work following preventable feedback from authorities
- Documentation and data gaps requiring rework

## 4. Commercial Readiness

- Market access considerations introduced too late
- Product profiles misaligned with payer or customer expectations
- Downstream changes forced by upstream decisions

## 5. Organisation & Spend

- Fragmented decision ownership
- Consultant-driven execution without system accountability
- Spend justified locally but misaligned globally

## 6. Data & Decision-Making

- Decisions made with partial visibility
- Metrics optimised at functional level rather than enterprise value
- Inability to translate qualitative risk into financial consequence

## Why Smart Teams Miss Cost Leakage

Cost leakage persists not because teams are incompetent, but because:

- Each function optimises locally
- Accountability is distributed, not owned
- Early-stage decisions appear low-risk in isolation
- Financial impact is delayed and indirect

Local optimisation creates the illusion of efficiency, while system-wide value quietly erodes.

## When Cost Leakage Becomes Visible

Most organisations only recognise cost leakage when it surfaces as:

- Accelerated cash burn
- Reduced funding runway
- Downward pressure on valuation
- Less favourable licensing or acquisition terms
- Increased dependency on reactive cost controls

At this stage, options are narrower and remediation is more expensive.

## A Different Way to Surface Risk Earlier

The **Life Science Cost Leakage Audit™** was developed to make these issues visible *before* they become financial constraints.

It is: - A structured, executive-level diagnostic - Completed in under 60 minutes -  
Designed to translate qualitative risk into **indicative annual cost exposure ranges (€)**  
- Focused on prioritisation, not reporting

It is not a financial audit. It is a strategic cost–value diagnostic.

## Who This Is For

This approach is designed for leaders who: - Are responsible for enterprise value, not just functional delivery - Want clarity before committing additional capital or accelerating growth - Prefer informed decision-making over reactive correction

## Next Step

If this brief resonates, you may wish to explore the full **Life Science Cost Leakage Audit™**, available as a standalone diagnostic.

It is intended to support earlier, clearer conversations about where value is being lost — and why.