

AN INDUSTRY BRIEFING FROM GRAIL

What's Changing in Your Programme Capital Story

Your next €100M of capital. The forecast you sign. The thesis your specialist-fund investors can recite back. Three questions that look separate, but are actually one. A briefing for CFOs at mid-market European life sciences firms.

PREPARED BY

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FOR

European mid-market
life sciences finance leaders

DATE

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Thursday morning, board pack due next Thursday

Every CFO at a mid-sized European life sciences firm has had the same Thursday morning. Four things on the screen at 8:30. Your lead programme is twelve months from Phase 3 readout and the CMC update landed three weeks late. Your CSO wants €40M next quarter to accelerate a parallel Phase 2 asset onto a compressed timeline because an AI-accelerated competitor is entering the same indication three quarters ahead of plan. Your head of BD forwarded a mid-stage licensing-in opportunity yesterday that is 40% cheaper than 2021 comparables because specialist-fund distributions hit decade lows. And your specialist-fund anchor investor's analyst closed last week's call with a single line: curious to hear your thinking on capital allocation and portfolio priorities before JPM.

You have signed fifteen forecasts for this board. The pattern used to be simple. Advance the lead. Hold the cash to next readout. Update the probability-weighted NPV once a year. The business was understandable.

Something changed. Your programme-portfolio IRR math is under pressure as AI-accelerated competitor timelines enter your best indications. Your capital is running through CSO-committee governance without ROIC discipline against licensing-in alternatives. Your controllers are closing faster than they ever have, and the audit committee is asking about traceability on agent-assisted programme-cost attribution. The close is clean. The portfolio story underneath it is not.

The job has not changed in fifty years. The bar has risen on every measure of doing it, simultaneously, and the portfolio contradictions you have been navigating since you took the seat are suddenly re-openable. The CFOs who treat them as engineering problems run the offensive play. The ones who treat them as permanent trade-offs lose capital-allocation authority to the CSO within eighteen months.

This briefing covers what is happening in your sector, what it means for the finance function you run, and the three questions your team should answer before the next board pack.

European mid-market life sciences just lost the timeline that priced the sector for a decade

Every AI capability your competitors deploy into target identification, molecular simulation, and translational modelling compresses their programme front-third by six to nine months. Your risk-adjusted NPV on the lead asset was modelled against 2019 competitor timelines that the AI-compressed reality has now made obsolete. The first competitor Phase 2 readouts running on AI-accelerated pipelines are landing in 2025 and 2026. As of December 2025, no AI-discovered drug has received FDA approval, but the point is the timeline not the approval. When a competitor entering the same indication shows six to nine months of timeline advantage at Phase 2, your lead asset's probability-adjusted NPV compresses 15 to 25 percent against the plan the board voted on. The board does not read that as a scientific setback. It reads as a capital-allocation problem the finance seat has to re-open.

Your peers are not waiting. Specialty pharma and commercial-stage biotechs are treating the 2026 BD window as the buying moment of the decade. Specialist-fund distributions are at decade lows, and mid-stage asset valuations are down 30 to 50 percent from 2021 peaks. Firms with disciplined capital and clean portfolio-IRR math are in-licensing de-risked Phase 2 assets at multiples the 2021 market would not have honoured. Other firms are renegotiating milestone and royalty architectures built on 2019 timeline assumptions that no longer hold. A small set of the more patient ones are building the programme-portfolio intelligence that specialist-fund investors cannot see elsewhere. They are the quiet compounders. The rest of the sector is running programme budgets on spreadsheets built when AI-compressed competition was theoretical.

Your programme NPV is compressing. Your capital-allocation process still runs on 2019 timeline assumptions. The science is doing its job. The portfolio decision is one the finance seat has not yet claimed.

The sector is repricing underneath everyone at the same time. The EU Omnibus lifted 80 percent of companies out of direct CSRD scope in February 2026, splitting firms into those redeploying their CSRD data foundation into programme-portfolio intelligence and those deflating the investment. EU HTA Joint Clinical Assessments went live for oncology and ATMPs in 2025 and scope expands to Class IIb and III medical devices in 2026. The mid-market sits where these shifts converge, and the firms treating them as separate compliance projects rather than one data architecture are walking into a JPM conversation they will not win.

Your capital, your forecast, and your narrative are feeling it every day

Your capital allocation. Your CSO's €40M acceleration request is running through the same programme-committee governance you use for protocol amendments. It is not a programme-timeline request. It is the largest single capital-allocation decision you will make this decade, and it deserves the same discipline you bring to BD. The finance seats that ship this as a capital-line decision to the board, with alternatives analysis against in-licensing and ROIC hurdles, keep the authorship for the next ten years. The ones that sign the revised programme budget hand the authorship to the CSO by default.

Your forecast. The team built the annual plan on Phase 3 readout timing and probability assumptions from 2024 competitive-intelligence. The competitor entering your best indication is now running on an AI-compressed Phase 2 schedule six months ahead of your model. Your Head of FP&A cannot reconstruct the portfolio-level story because programme cost attribution lives in clinical-ops spreadsheets, development-stage probabilities sit in the CSO's head, and regulatory timeline risk sits in the Head of Regulatory's email. The forecast was not aggressive. The data architecture underneath it was built for annual reconciliation rather than continuous reconstruction of the portfolio story. That is where the exposure lives.

Your milestone and royalty architecture. The royalty stack on your inbound and outbound licensing deals was structured against 2019 timeline assumptions. Milestones triggered on dates that the AI-compressed competitor environment has now made inadequate as value capture. The deal architecture that ran clean from 2018 to 2023 is now the reason your lead asset's economic returns compress faster than your programme advances. Royalty architecture is a capital-allocation question about where the returns get captured, not a BD-team housekeeping task.

Your controller and FP&A bench. The journal entries, programme-cost attribution drafting, milestone-revenue-recognition checks, and first-draft board-pack generation that used to train a junior controller into a Senior Controller into a VP Finance are now running on agents. The Q1 headcount win is real. The 2031 succession bench is empty. The finance function that cuts the junior layer without rebuilding the entry pathway has a cheaper quarter this year and no internal CFO candidate in five.

Your economic thesis. Your board has asked for the strategy-day preview. Your specialist-fund anchor investor has asked for a portfolio-prioritisation note before JPM. Your chair has asked how the firm stays ahead of AI-accelerated competitive timelines. Three audiences, three different documents, each drafted by a different team. None of them are anchored in the same data. The CFOs pulling ahead write the thesis once and let the three audiences draw from the same architecture. The ones behind them are editing three decks and hoping the probability assumptions match.

You do not have three scorecard problems. You have one.

Your sector is repricing from the front of the pipeline because AI-accelerated competitors bring compressed Phase 2 timelines into the indications you have been building against for three years. Your finance function is stretched because the forecast credibility, the capital-allocation authority, and the economic thesis are each being managed as a separate programme, each drawing on a different data layer, each drafted by a different team. Same force, two altitudes. But there is a third thing happening that most mid-market life-sciences CFOs have not named yet, and it is the one that matters most.

Capital allocation without forecast credibility is guessing. Forecast credibility without a narrative is scorekeeping. A narrative without a data architecture underneath it is marketing. The finance seat that holds all three holds one integrated asset, not three separate programmes. Every capital-allocation question, every forecast-credibility gap, every narrative weakness is a symptom of the same missing layer: the programme-capital-intelligence infrastructure that feeds all three from the same data, the same governance, the same discipline.

This is the ERP decision of this decade. Every CFO in your cohort is making it right now, whether they see it or not. The ones who personally owned the 1993 to 1998 ERP decision kept capital-allocation authority for the next twenty years. The ones who signed the IT requisition because "that was an IT decision" watched the CIO take a board seat and the next CFO hire come from outside. The shape is the same. The asset under decision is different. The cost of getting it wrong in 2026 is compressed into eighteen months instead of five years.

You can tell which camp a firm is in from a single question. Can your team answer any material board question by walking the same portfolio graph, in the same meeting, with the same data? Most mid-market life sciences cannot. The ones that can have already made the shift, and they are the ones specialist-fund investors are already rewarding.

You have twelve to eighteen months. The 2026-2027 BD window is a short cycle. The CFOs who own this decision personally run the offensive play. The ones who do not become the CFO the board replaces when the successor walks in with a thesis.

What most firms are doing. What the winners are doing instead.

Every life-sciences CFO has had the AI conversation. Most are making the same four decisions. A smaller group is making different ones. Default looks cleaner for three quarters. Winners compound from month fifteen.

THE DEFAULT PATH

Run the CSO's programme budget as the capital plan

Sign the revised burn. CSO committee owns the allocation. BD window passes while acceleration debate runs.

Hold milestone architecture from 2019 assumptions

Royalties trigger on dates AI-compressed competitors now beat. Value capture erodes as programmes advance.

Run the portfolio on annual probability refresh

Twelve-month cadence. Ten scenarios take a quarter. Competitor timeline shifts surface in post-mortem, not in time.

Cut the controller layer for the Q1 win

Headcount down fifteen to twenty-five percent. Empty succession bench in 2031. External CFO hire the year after.

THE WINNERS' PATH

Route programme capital through the BD hurdle

Five options on one page: accelerate, in-license, commercial build, CDMO capacity, return cash. ROIC discipline against each.

Renegotiate royalty and milestone architecture

Milestones re-indexed against AI-compressed competitor timelines. Value capture holds when programmes advance on faster clocks.

Rebuild the forecast as a live portfolio graph

Ten programme scenarios in an afternoon. Competitor timeline shifts surface in the same board meeting, not next quarter.

Redesign the junior pathway around judgment

New hires pair with agents on portfolio scenarios, BD diligence, governance. Bench rebuilds faster than it would have grown.

The default path shows a cleaner Q1. The winners' path has visible friction for three quarters and compounds from month fifteen. The difference is whether the CFO is authoring the capital or administering it.

THREE QUESTIONS

Capital Allocation. Forecast Credibility. Value-Creation Narrative.

Three questions every life-sciences CFO is tracking. The first is the crux. The other two are how you earn the right to answer it.

01 · CAPITAL ALLOCATION

Where does the next €100M actually compound?

Lead-programme acceleration? In-licensing a de-risked Phase 2 asset at specialist-fund-distribution-low valuations? Commercial launch infrastructure pre-readout? CDMO capacity build? Return of capital? Today's default: the CSO proposes, the programme committee governs, the revised budget gets signed, and the capital-allocation authority slides away from the seat. The question is not which programme. The question is whose decision this is.

02 · FORECAST CREDIBILITY

Why is the portfolio NPV compressing, and what is the programme-level story?

Your board voted on a 2028 launch and a risk-adjusted NPV anchored in 2024 competitive-intelligence. Your Head of FP&A cannot walk the audit committee through the portfolio-level story because programme costs sit in clinical-ops spreadsheets, development-stage probabilities sit in the CSO's head, and regulatory timeline risk sits in the Head of Regulatory's email. Ten programme scenarios used to take a quarter. They now run in an afternoon. The bar has risen on what credible means.

03 · VALUE-CREATION NARRATIVE

What does this firm do that compounds faster than peers?

Your board wants the strategy-day preview. Your specialist-fund anchor investor wants the portfolio-prioritisation note. Your chair wants the how-we-stay-ahead-of-AI-accelerated-competitors answer. Three audiences, three documents, three teams, and the probability assumptions underneath them do not match. The CFOs pulling ahead write the thesis once and refresh it continuously from the same data architecture that runs the forecast. The three audiences read excerpts of the same document.

What the firms winning this play are actually doing

Four concrete moves any life-sciences CFO can start this quarter. Each addresses one lever. Pulled together, they become one programme-capital-intelligence asset the firm runs on.

1**Capital: route programme acceleration through the BD hurdle, not the programme committee**

Your CSO's €40M request is a capital-allocation decision. Treat it like one. Present the alternatives on one page: lead-programme acceleration, in-licensing a de-risked Phase 2 asset, commercial launch infrastructure, CDMO capacity build, return of capital. ROIC-scored against the same horizon you use for BD. Name what you are choosing not to fund to protect the thing you are funding. That is the sentence that keeps authorship at the seat.

2**Forecast: rebuild the portfolio as a live probability-adjusted graph, not an annual refresh**

Your programme-portfolio IRR model should draw from live competitor-timeline intelligence, live regulatory-pathway risk, live CMC cost attribution, and live commercial launch-readiness data as one graph rather than five spreadsheets stitched together. Ten scenarios compress from a quarter to an afternoon. Competitor timeline shifts produce the portfolio-level story in the same board meeting, not in the post-mortem.

3**Milestones and royalties: renegotiate the architecture against AI-compressed timelines**

Your inbound and outbound deal architecture was structured against 2019 competitor-timeline assumptions. AI-compressed competition changes what milestone-triggered value capture looks like in practice. Re-index the royalty stack and milestone schedule against current competitor Phase 2 and Phase 3 timelines. The 2026 BD window is a short cycle. The mid-stage asset valuations are 30 to 50 percent below 2021 peaks. Finance authors the renegotiation plan. BD executes against it.

4**Narrative: write the economic thesis once, refresh continuously**

Three sentences on one page. What does this firm do that compounds faster than peers when AI-accelerated competitors enter your best indications? What capital gets starved to protect it? What gets fed? Refresh the thesis continuously off the same portfolio graph that runs the forecast. Specialist-fund pre-JPM note excerpts the thesis. Audit-committee prep excerpts the thesis. Strategy-day deck excerpts the thesis. Three audiences, one artefact, four registers. The CFO authors the narrative. The board recites it back.

The only firm joining capital authorship to working infrastructure

The life-sciences CFO has four places to go. None can do what we do.

The big life-sciences transformation practices will sell a twelve-to-twenty-four-month programme staffed by a partner and analysts billing hours. Their audit arm constrains their governance advice. Their billable-day model requires selling substrate that agents commoditise. They ship a tighter close, not authorship of the portfolio.

The specialty life-sciences strategy boutiques will sell quarterly-cadence diagnostics from partners and analysts. They will write the economic thesis. They cannot put a working portfolio-IRR agent in the CFO's hands in three weeks or sit with the FP&A team while the governance is built.

The portfolio-management platform vendors will sell software licences and a long implementation. Your moat has to sit on firm-owned infrastructure or it becomes a vendor asset at renegotiation. The CFO who builds programme intelligence on a vendor stack builds it for the vendor.

The specialist-fund IR advisors will sell narrative support tuned to analyst relationships. None can run the capital-allocation-plus-portfolio-intelligence conversation the seat requires. A cleaner story, the same authorship gap.

The market offers four things you have already said no to. GRAIL is the fifth option.

WHAT YOU GET

Senior advisory that speaks board-room, not deck-room

Working infrastructure your team uses the same week

Custom agents built on your portfolio, your book, your data

The start of a programme-intelligence layer your FP&A owns

No vendor lock-in at any phase of the engagement

WHY IT MATTERS

Founded by operators who have carried CFO-adjacent seats

Business first, technology second

Three weeks from first meeting to working infrastructure

Your team keeps the infrastructure, you own the IP

Every next step earned by what just shipped, never assumed

Three sessions with your finance leadership. Working infrastructure from week one.

We start with your finance leadership team because the change cannot outrun the team's personal understanding of what is possible. Three workshops. Each delivers standalone value. Each earns the right to the next.

WORKSHOP 01

How to think

Walk through what is happening in your sector and inside your finance function. Build the first piece of infrastructure in the room: a live portfolio-IRR agent on your real programme model, running against your real competitor-timeline, CMC, and commercial-readiness data. Your leadership team leaves with a shared view of what to do next and the first piece of working infrastructure already in their hands.

WORKSHOP 02

Your finance infrastructure

A half-day build. Your Controller, Head of FP&A, Treasurer, Head of BD, and Head of IR each leave with five to ten pieces of working infrastructure tuned to their function. Programme-cost attribution agents. Continuous portfolio scenarios. Royalty-stack intelligence. BD diligence acceleration. Board-pack narrative drafting. Infrastructure your team is using the same week, not decks about infrastructure.

WORKSHOP 03

Ready to run

Refined infrastructure based on real use. The rollout plan to the wider finance organisation. The capital-allocation-thesis document for the next board meeting. The milestone-renegotiation roadmap for BD. And the CEO and specialist-fund conversation with numbers they can check: ROIC alternatives, portfolio scenarios, moat measurement.

Three weeks. No IT project. No board approval needed to start. The infrastructure your finance function is already running on when we finish.

For your next forecast review

The questions where your finance leadership cannot agree are the ones worth an hour on the agenda.

Your CSO wants €40M to accelerate the lead programme. Is it in the programme-committee budget as a timeline request, or on the capital page as one option among five?

Your board voted on a risk-adjusted NPV anchored in 2024 competitive intelligence. Can your team walk the audit committee through the portfolio-level story against AI-accelerated competitor timelines in the same meeting, or does it take a post-mortem?

Your royalty-stack and milestone architecture was set against 2019 competitor-timeline assumptions. What is the twelve-month plan to renegotiate the architecture, and who on your team is authoring it?

Your specialist-fund anchor investor, your chair, and your CEO have each asked for a different portfolio document in the last ninety days. Are they excerpting the same thesis, or are your teams drafting three that do not reconcile?

Of the junior controllers and FP&A analysts you are cutting to agents this year, how many would have made your 2031 succession bench? What are you doing instead to build that bench?

If any of these produces a disagreement in your finance leadership, that is the conversation worth having before the board asks.

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