WHITEPAPER

From Turnover To Continuity: The Economics Of Insourcing

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Pharmaceutical and biotech executives are navigating a structural mismatch. Drug pipelines are expanding, regulatory oversight is increasing and development costs continue to rise. At the same time, headcount growth has stalled, leaving companies to meet higher expectations—often without additional resources.

Late-stage pipelines are promising but costly	R&D budgets remain resilient	Rising relative costs demand efficiency
A Deloitte analysis shows that the average internal rate of return (IRR) for the top 20 biopharma companies grew to 5.9% in 2024. However, R&D costs per asset soared to an average of $2.23 billion, highlighting the intensifying financial demands of advancing high-value candidates.	Despite economic uncertainty and macroeconomic headwinds, global pharmaceutical R&D spending increased by approximately 1.5% in 2024, reaching nearly $288 billion. Forecasts suggest continued growth, potentially approaching $340 billion by 2030.	Large biopharma companies typically invest 20%–30% of their revenue into R&D. To sustain innovation amid patent expirations and mounting expense pressures, firms are exploring strategic cost-reduction tools—from streamlining governance to optimizing clinical trial design—to improve productivity and protect profitability.

Temporary staffing often looks like a practical solution to this problem. It provides short-term coverage and a way to keep projects moving without adding full-time employees. Yet in practice, it can become a hidden drain on productivity and resources. High turnover, retraining cycles and compliance risks introduce costs that are rarely visible at the outset but accumulate over time.

The consequences extend beyond cost. Temporary staffing creates operational fragility by disrupting continuity, shifting HR and supervisory responsibilities back onto client teams, and eroding employee morale. For organizations that depend on consistency and compliance in regulated environments, these disruptions carry risks that go well beyond balance sheets.

Insourcing provides an alternative approach. By hiring, training and managing scientific staff who work within client facilities and under client SOPs and quality systems, insourcing helps companies maintain control of intellectual property, systems and workflows while achieving measurable gains in utilization and efficiency. Additionally PSS is co-employment compliant and can stay onsite indefinitely

Eurofins PSS Insourcing Solutions by the numbers

$37 million	93%	10%	20+ years
In documented client savings from 2017–2024 through Operational Excellence initiatives	Reported utilization rate for PSS employees compared to significantly lower internal averages	Portion of PSS employees' time spent in meetings vs. 40% for client FTEs	Length of longest continuous client engagement, with staff retained on-site for the full duration

This paper explores how insourcing transforms that equation—turning a persistent cost and capacity challenge into a strategic advantage for pharmaceutical and biotech firms.

Staffing is the cost pressure C-suites can't ignore

When budgets tighten, headcount is often the first lever executives pull to control costs. While this provides short-term relief on paper, the scientific workload does not diminish. Laboratories and development groups are left to complete the same volume of work with fewer people, creating bottlenecks that delay timelines and expose the organization to compliance risk.

"When headcount is capped, executives are left with work they can't staff," says Robert Reagan, Vice President at Eurofins PSS Insourcing Solutions North America. "Insourcing teams can step in to keep that work on-site and moving forward. In some cases, clients realize their FTEs are spending up to 40% of their time in meetings. That's why productivity gains with PSS are so visible—they're focused on the science."

The downstream consequences are familiar. Delays in testing and validation extend development timelines, pushing milestones further into the future and increasing the overall

> "Clients often come to us after experiencing the fatigue of recruiting, training and turnover in the temp model. They grow tired of the cycle and start looking for stability. What surprises them is how much more productive our teams are once they're on-site."
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cost of bringing therapies to market. Overextended teams are more prone to error, and the constant strain of doing more with fewer resources can erode morale and retention among core staff. What appears to be savings at the budget level often transforms into inefficiency at the operational level.

Temporary staffing fills some of these gaps, but only in a limited way. Contracts capped at 6 to 24 months, 100% turnover and the need for repeated retraining undermine the continuity that complex scientific work requires. Instead of stabilizing operations, this approach introduces cycles of disruption that executives must manage year after year.

The result is a pattern of underutilized equipment, unmet capacity and escalating opportunity costs. At a time when investors and regulators expect faster, more reliable delivery, relying solely on temporary staffing or restricted headcount is not sustainable. Leaders require a model that reduces cost pressure without sacrificing continuity or compliance.

For example, during a site restructuring at a major New England facility, unexpected turnover of senior FTEs threatened key projects. Insourced talent was already embedded on-site, which allowed for rapid stabilization. By developing a capacity plan and cross-training staff, the team ensured that project milestones were met without delay. Thanks to insourcing, what could have been a costly setback becomes a demonstration of continuity under pressure.

One client conducted its own analysis and found that PSS employees were operating at a **93% utilization rate**, compared with much lower productivity among internal FTEs who spent up to **40%** of their time in meetings. This single metric helped leadership recognize that **insourcing** was not just helping them fill roles, but **actually achieve higher productivity** with the same resources.

The true cost of temporary staffing vs. the savings of insourcing

Temporary staffing contracts are designed for short-term coverage, and each departure triggers a cycle of rehiring and retraining that can cost as much as $60,000 per worker. Beyond direct expenses, these cycles disrupt laboratory continuity, drain management time and undermine morale in many invisible ways.

Here's a look at several of the long-term cost savings pharma and biotech companies can capture with insourcing:

Reduced turnover costs Avoids the $60,000 per employee cycle of rehiring and retraining common with temp staffing.	**Higher utilization** PSS staff documented at 93% utilization compared to significantly lower rates for internal FTEs.	**Less time in meetings** Clients report internal staff spend ~40% of time in meetings; PSS staff deliver more hands-on science.
Cross-training Staff trained across functions prevent the need for temporary hires during peak demand.	**Capacity modeling** Forecasting tools match workload to resources, reducing overtime and downtime.	**Continuity of operations** Stable workforce prevents disruptions from turnover or contract expirations.

Compliance assurance

Clients indemnified from co-employment risk, avoiding potential penalties and legal costs.

Onboarding efficiency

Turnkey recruiting, security and systems integration shorten time-to-productivity.

Expanded capabilities

Growth from lab support into regulatory, IT, procurement and supply chain and quality assurance reduces the need for external vendors.

Insourcing as a strategic partnership, not staff augmentation

Insourcing differs fundamentally from staff augmentation. The insourcing partner is responsible for recruiting, training and managing personnel, ensuring they are not only technically qualified but also selected through behavior-based screening for adaptability, teamwork and service orientation. The result is a stable, motivated workforce that integrates seamlessly with client operations.

For example, a U.S. pharmaceutical client faced a critical challenge when 19 temporary worker contracts were set to expire simultaneously. Instead of cycling through turnover and retraining, the client transitioned those employees into insourced roles. Within months, the insourcing program grew to more than 80 employees on-site, providing

> Clients often ask where we find our people, because they wouldn't have made it through their own recruiting process. That's the value of our behavior-based selection: we look for service, teamwork and adaptability in addition to technical skills.
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> CAROLYN GARRETT
> Director Business Development
> Eurofins PSS Insourcing Solutions North America

continuity and avoiding disruption. The client not only stabilized its workforce but also expanded its capacity under a single, coordinated model.

Beyond staffing, the right insourcing partner can apply forecasting and capacity models to anticipate workload and allocate resources effectively. Cross-training and development programs expand the capabilities of teams, creating resilience during periods of change. For employees, this approach provides opportunities to broaden their scientific knowledge and develop career paths, which in turn supports retention. For clients, it translates into fewer disruptions and more predictable performance.

The scope of insourced support can extend also beyond laboratory roles. Teams can be deployed in regulatory affairs, IT, procurement and supply chain and quality assurance, often starting in the lab and expanding into adjacent functions as trust and performance build. This breadth allows clients to reduce administrative burdens across multiple departments, not only in the lab.

The comprehensive nature of the service—turnkey onboarding, compliance indemnification and embedded leadership—makes insourcing a long-term partner for organizations that must keep work on-site but cannot increase headcount.

> “Many clients start with us in the lab and then expand into regulatory affairs, IT, procurement, and contracts. Once they see the continuity and productivity gains, they recognize the value of extending the model. The insourced team becomes a silo of institutional knowledge, embedded in the client’s systems and processes. That’s what makes this a strategic partnership rather than staff augmentation.”
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> ROBERT REAGAN
> Vice President
> Eurofins PSS Insourcing Solutions North America

Building capacity that strengthens with time

Temporary staffing creates the illusion of flexibility while embedding hidden costs and risks. For pharmaceutical and biotechnology leaders, these inefficiencies are amplified by the scale and complexity of modern R&D. Insourcing offers a disciplined alternative: a co-employment compliant, stable workforce managed by Eurofins that integrates directly into client operations providing long-term support.

The results are tangible. Higher utilization rates, lower turnover and documented client savings highlight the value of insourcing as a strategy for doing more with less. Just as importantly, insourcing supports continuity, compliance and workforce stability at a time when these are essential to success.

Executives who reassess their staffing models in light of hidden costs will find that in-sourcing provides a practical, evidence-based path to meeting business goals. To learn more about how Eurofins PSS can help uncover hidden savings and strengthen operations, contact us to discuss a tailored assessment. ■

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Eurofins PSS Insourcing Solutions® (PSS) is a global, award-winning insourcing solution that places our people at your site dedicated to running and managing your laboratory services while eliminating headcount, co-employment and project-management worries.

We infuse our 60-year track record of scientific and laboratory operations expertise, as well as HR and great place to work best practices, to recruit, hire, train and manage highly qualified biopharmaceutical professionals to perform laboratory services at your site, using your quality systems and equipment. Our teams will even help you set up your laboratory and validate equipment according to your SOPs and Lean laboratory practices as needed.

Eurofins PSS Insourcing Solutions employs and manages full-time employees and provides a comprehensive benefits package, as well as training, development and career advancement opportunities. Offering these additional benefits allows us to attract, retain and motivate high-caliber employees to serve you. Our on-site dedicated leaders manage our full-time employees and provide you with scientific insourced services free from co-employment concerns. PSS is not staff augmentation, so it solves the challenges associated with the EU Temporary Agency's Workers Directive 2008/104.

▸Contact Eurofins PSS Insourcing Solutions at PSS@Eurofins.com