

THE TRANSFORMATIONAL CIO

Harvey Nash/KPMG CIO Survey 2018

Pharmaceuticals Industry Findings

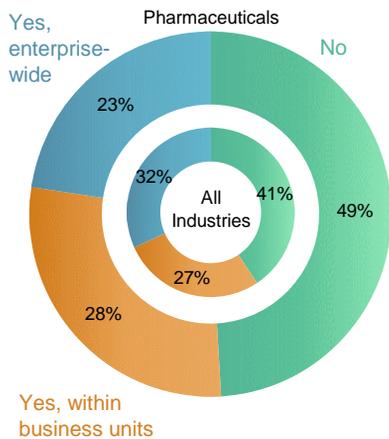


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

This Pharmaceuticals industry snapshot provides survey responses from 59 IT leaders on some of the key topics, and highlights several areas where this industry's responses differed significantly from those across all industries.

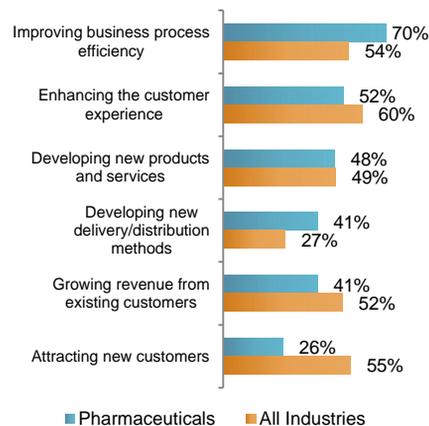
Digital Strategy

Does your organization have a clear digital business vision and strategy?



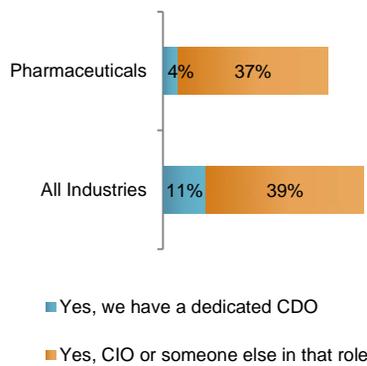
Pharmaceutical companies are **less likely to maintain an enterprise-wide digital business strategy** than others (23% vs. 32% for all industries), and are roughly equally likely to have one within business units (28% vs. 27%). Overall, 51% have a clear strategy, less than other industries.

Which are the most important goals when prioritizing digital technology initiatives in your organization?



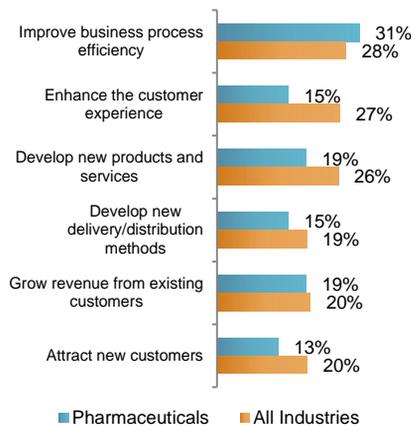
When prioritizing digital investments, Pharmaceutical companies **most heavily focus on improving business process efficiency** (70% vs. 54% for all industries) and **enhancing the customer experience** (52% vs. 60%).

Does your organization have a Chief Digital Officer or someone serving in that capacity?



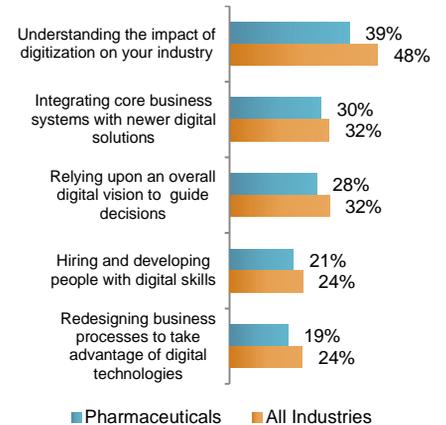
Only 41% of Pharmaceutical companies have a CDO or equivalent, with 4% having a dedicated CDO, and an additional 37% having the CIO or someone else act in that role. Overall, they are less likely than others to have a single executive lead their digital strategy.

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



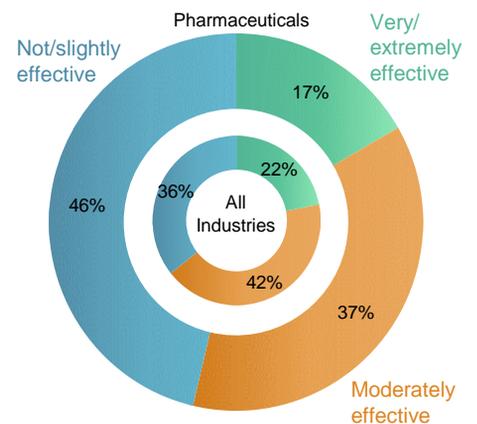
Despite its high importance, **just 15% of Pharmaceutical companies rate themselves as very effective or better at using digital to enhance the customer experience**. They are more much effective at using digital to improve business process efficiency (31%).

How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Pharmaceuticals effectiveness in key digital capabilities tends to lag peers in other industries. Pharmaceutical companies are **most effective at understanding the impact of digitization** (39%), but **struggle with redesigning business processes to take advantage of digital technologies** (19%).

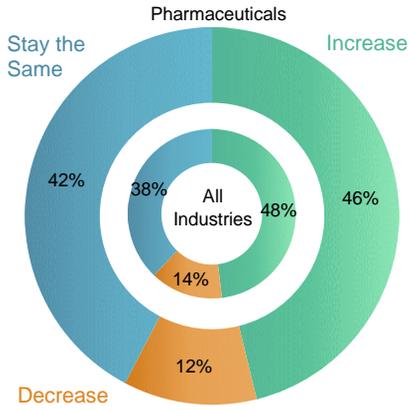
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Like other industries, Pharmaceutical companies **report low overall effectiveness levels in their digital strategies**, with just 17% describing their digital strategies as very effective or better.

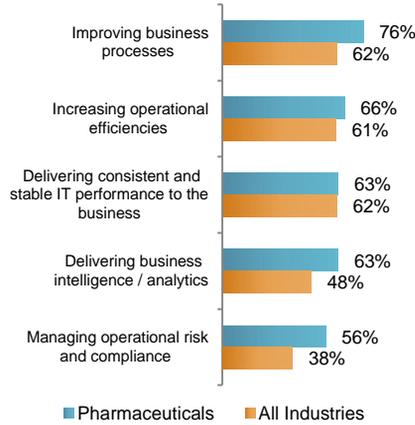
Budget/Priorities

Looking forward, over the next 12 months, what do you expect your IT budget to do?



Pharmaceutical companies are **slightly less optimistic about their IT budgets for next year** than companies in other industries, with 46% expecting an increase in their budgets, compared to an all-industries average of 48%.

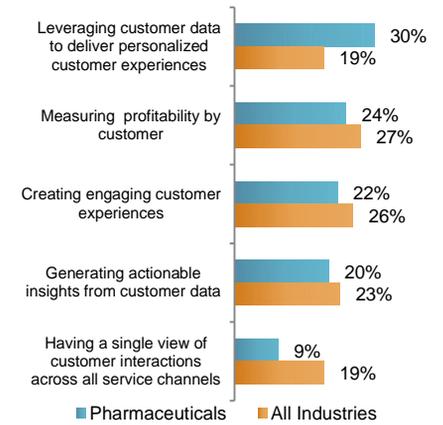
What are the key business issues that your management Board are looking for IT to address? (top 5)



Compared to IT priorities in other industries, Pharmaceutical management Boards **more heavily emphasize improving business processes** (76% vs. 62% for all industries), **and increasing operational efficiencies** (66% vs. 61%). They also prioritize managing risk and compliance more than others.

Customer Capabilities

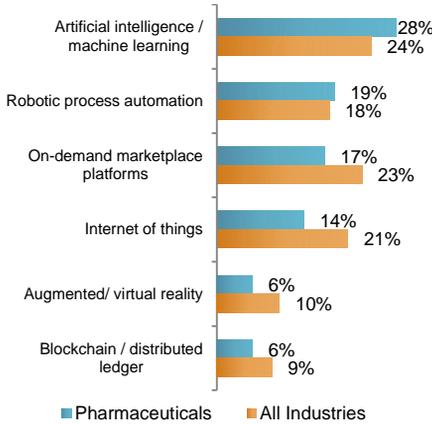
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



While Pharmaceuticals **exceeds cross-industry benchmarks in leveraging customer data to deliver personalized experiences** (30% vs. 19% for all industries), it **struggles with its effectiveness in other critical customer-focused capabilities**, with no more than 24% rating themselves at least very effective at any, well below cross-industry standards.

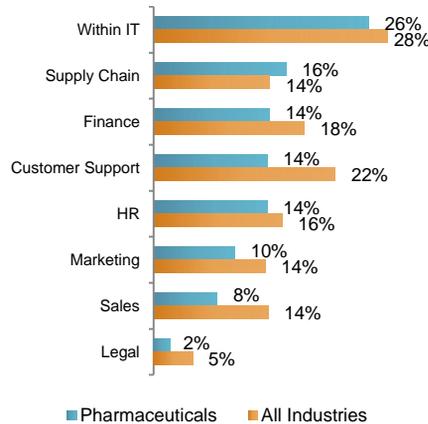
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



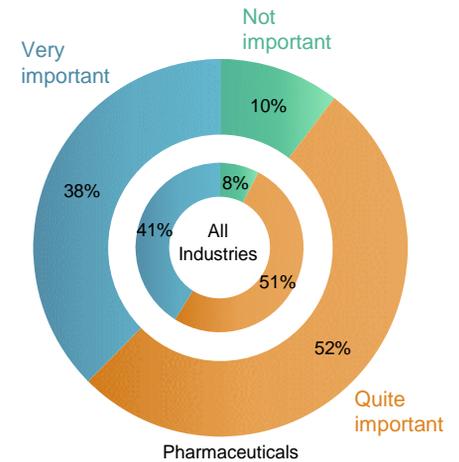
Of next-generation technologies, Pharmaceutical companies are **most likely to have invested in A.I./machine learning** (28% vs. 24% for all industries) and **robotic process automation** (19% vs. 18%).

In which functions have you implemented digital labor / automation?



While digital labor remains in its relative infancy both in Pharmaceuticals and elsewhere, Pharmaceuticals has most focused its **digital labor/automation efforts within IT** (26% vs. 28% for all industries) and **in Supply Chain** (16% vs. 14%).

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



As with companies in other industries, Pharmaceutical companies **view having an innovative, experimental culture as a critical component of the success of their digital strategies**, with 90% viewing it as very or quite important.

Conclusion

The digital divide continues to impact in pharmaceuticals. Leveraging the emerging digital ecosystem to drive overall enterprise value continues to challenge CIOs in this sector. Pharmaceuticals continue to have no clear digital vision and strategy, and this is evident by the slow adoption in using intelligent automation within IT versus inside core functions such as supply chain. Furthermore, CIOs continue to struggle with leveraging data to drive insights into customer profitability; having a single view of customer channels and enhancing the customer experience, showing a lack of integration between the digital strategy and an executable data architecture roadmap. Because of this, we are starting to see a new role emerge in pharmaceuticals, the Chief Digital Officer, who will drive the innovation required to move the enterprise beyond the pill, while the CIOs who are slow to disrupt themselves continue to be pushed to traditional IT operations roles, which are quickly being automated and moved to the cloud.

Further information

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