

Deloitte, MIT study finds biopharma companies seek digital transformation, most are lagging

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Fourth Annual Digital Business Global Executive survey reveals cultural, leadership and funding challenges that must be addressed.



Singapore - While many biotech and pharmaceutical companies seek the many competitive advantages that come with digitally transforming their businesses, few biopharma leaders say they have made the changes necessary to achieve their transformational goals, according to new research from Deloitte and MIT. Yet their commitment to digital transformation is strong, experimentation is ensuing, and many are changing their leadership and cultures to adapt to a rapidly changing world.

The 2018 Digital Business Global Executive Study from Deloitte and *MIT Sloan Management Review* surveyed managers, executives, and analysts across industries and countries to understand how digital technologies are impacting strategy, culture, leadership, and talent. The fourth annual study found that while many biopharma companies are exploring a variety of digital opportunities – from engaging consumers with apps to improving operations with artificial intelligence – just 20 percent of leaders said their companies are digitally maturing.

“Biopharma leaders know that if they don’t embrace digital transformation they will be surpassed by more agile competitors,” said Greg Reh, principal, Deloitte Consulting LLP, and U.S. and global life sciences leader. “But transformation can pose some cultural challenges that slow the pace of change. The good news is that their mindsets are shifting toward greater digital experimentation, collaboration, and innovation.”

Where Biopharma Stands in its Digital Journey

Most biopharma leaders say their companies are either early in their journey (25 percent) or developing their capabilities (55 percent). Even though most companies are still in their development phase, 58 percent said that digital is a top management priority, with 75 percent expecting to achieve the value of their digital initiatives within the next five years.

The survey revealed a number of factors including lack of a clear vision, inadequate leadership, and limited funding for digital transformation.

Even though digital is a priority for more than half of biopharma companies surveyed, some say their organizations can be distracted by “shiny object” syndrome – shifting focus based on what they hear competitors are doing.

Many seek a clearer vision from leadership on their organization's digital efforts.

The survey found that many biopharma employees also seek a clearer vision from leadership on their organization's digital efforts.

Compared to other industries pursuing digital transformation, biopharma ranks in the middle in terms of its digital maturity and exhibiting the flexible leadership required, the study found. Biopharma is outpacing manufacturing, financial insurance and government organizations in its digital journey, but lagging behind IT, entertainment and telecom companies.

Leadership and Funding Challenges

When asked about leadership, more than three-quarters of biopharma respondents (78 percent) said their organization needs to find new leaders to succeed in the digital age. Only 20 percent said their companies are developing the types of leaders who have the capabilities necessary to facilitate the transformation. This means that companies may need to look externally for digital leaders. Some companies are hiring Chief Digital Officers, often from other industries, to lead transformation efforts.

The study also found that many biopharma companies are not willing to fund digital projects or staff them with the necessary resources. Fifty-four percent of respondents agreed that adequate funding is a major drag on digital initiatives.

“Opportunities abound for biopharma companies to digitally transform how they engage with patients, physicians, health systems and payers, or innovate new products, or a host of other improvements,” said Mike Standing, partner, Deloitte Consulting UK and EMEA life sciences and health care leader. “But it requires having a sound strategy, collaborative culture, and supportive leadership. It also requires taking risks, which are inherent in all digital disruptions. Biopharma companies need to bravely address the risks rather than let concerns delay their transformation efforts.”