



20th CEO Survey

20 years inside the mind of the CEO *...What's next?*

Insights from the global pharmaceuticals & life sciences industry

March 2017



ceosurvey.pwc

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20 years inside the mind of the CEO ...What's next?

Introduction, methodology and participants

Key findings

Competing in an age of divergence

Managing man and machine

Gaining from connectivity without losing trust

Digital tools and resources

Contacts and acknowledgements





*20 years inside the mind of the CEO
...What's next?*



Fieldwork in numbers

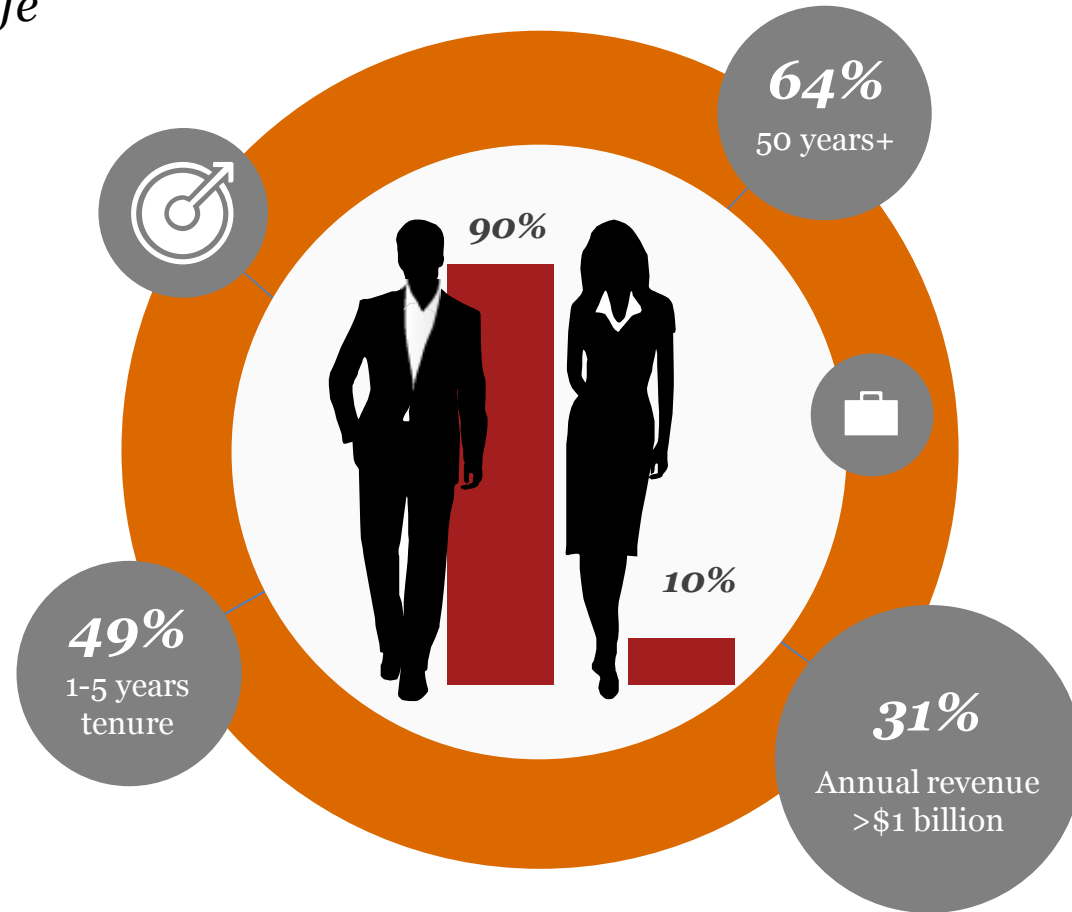
Characteristics of our pharmaceuticals and life sciences (Pharma) CEOs

89

interviews completed

37

countries



20 years inside the mind of the CEO...What's next?

Over the past 20 years, CEOs have witnessed tremendous upheavals as a result of globalisation and technological change.

Yet greater convergence has come with greater divergence.

CEOs are standing at the crossroads:



Competing in an age of divergence



Managing man and machine



Gaining from connectivity without losing trust

“These are the best of times and the worst of times for CEOs.”



Competing in an age of divergence



Over the last 20 years, CEOs have witnessed tremendous upheavals as a result of globalisation and technology

In trade



- 4x trade flows
- 5x financial flows
- BRIC economies

In technology



- Exponential rise in global online traffic
- Google, Wikipedia, Facebook, Alibaba
- Genomics, personalised medicine, data & analytics

In society



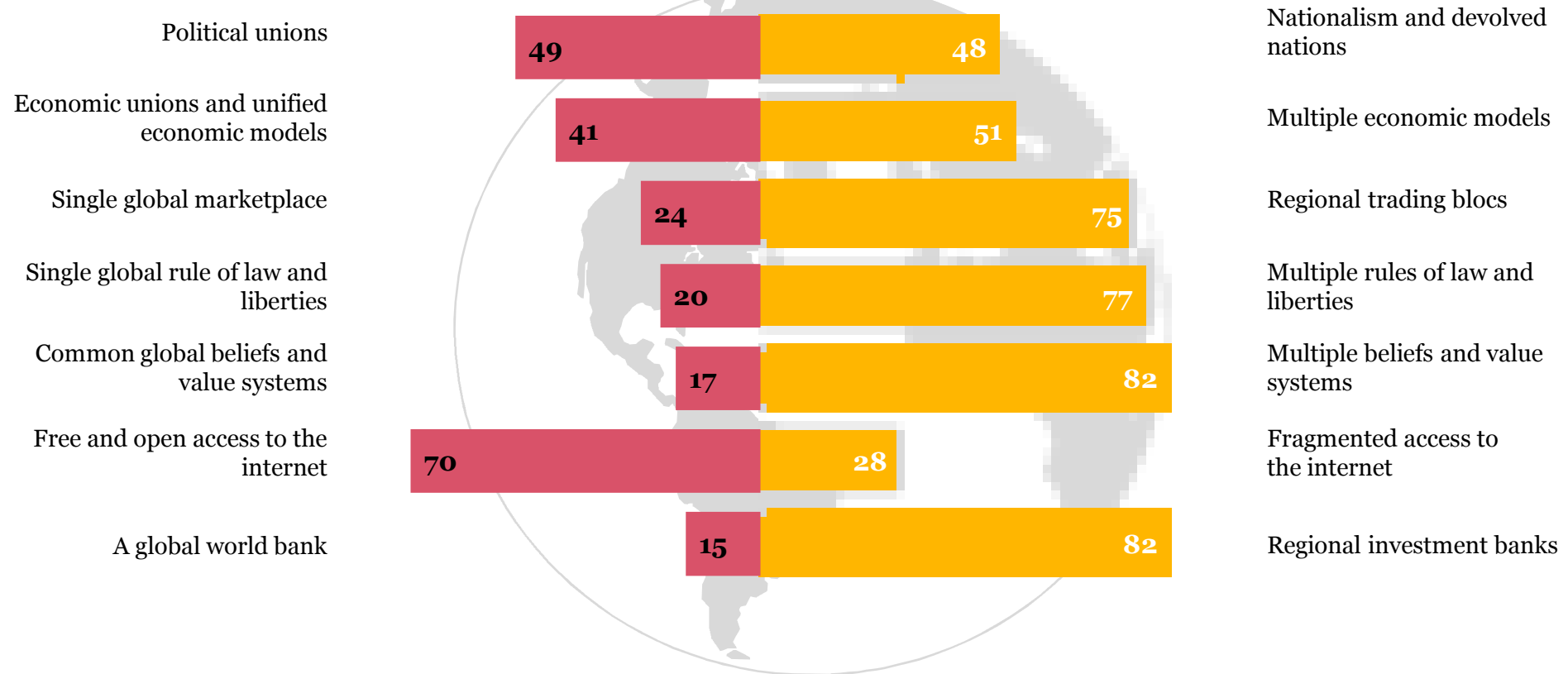
- Lifting 1 billion out of extreme poverty
- New emerging middle class

... however

- Inequality is on the rise
- Mistrust in business
- Growing social instability
- Rise in populism
- Pricing pressures
- Regulatory scrutiny

But what does the future hold?

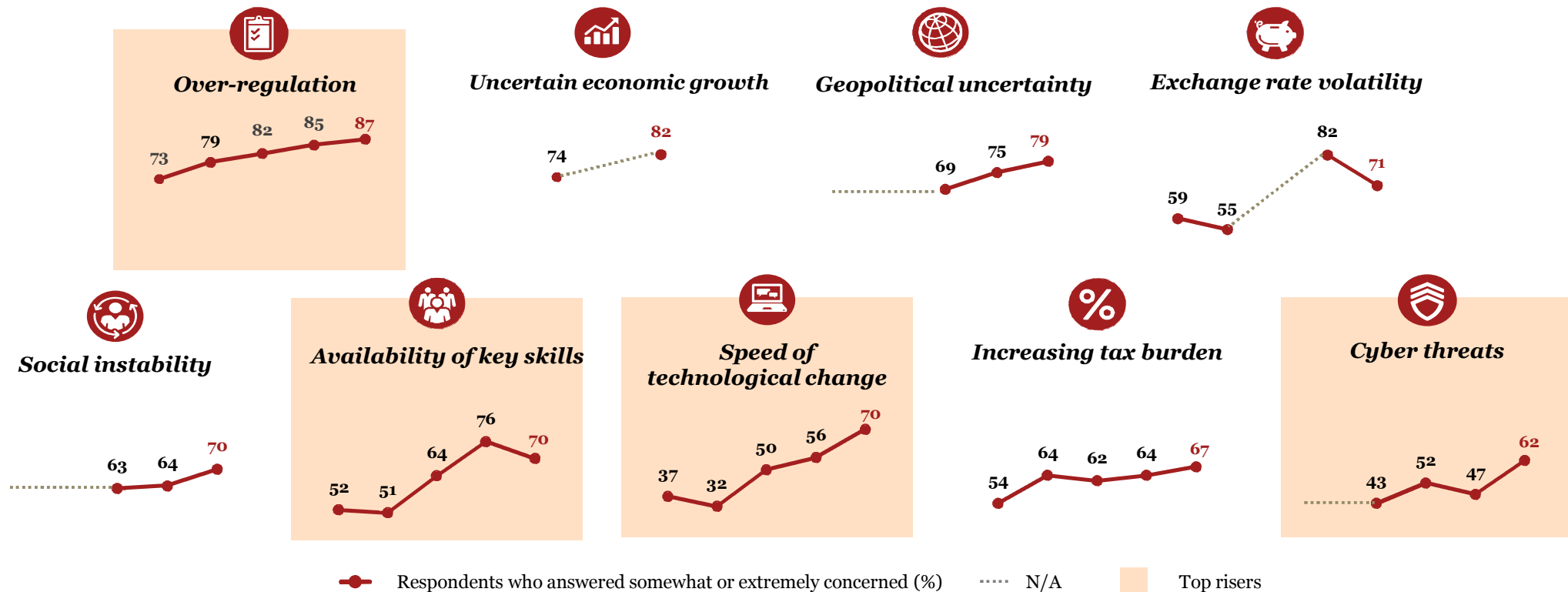
CEOs are seeing an increasingly complicated and multi-polar world of diverging socioeconomic and political models, beliefs and values.



Source: PwC, 19th Annual Global CEO Survey. Base: All Pharma/LS respondents (87)

More causes for concerns

Pharma CEOs' levels of concern continue to rise across a number of potential threats this year, with over-regulation, availability of key skills, speed of technological change and cyber threats all seeing large increases since 2013.

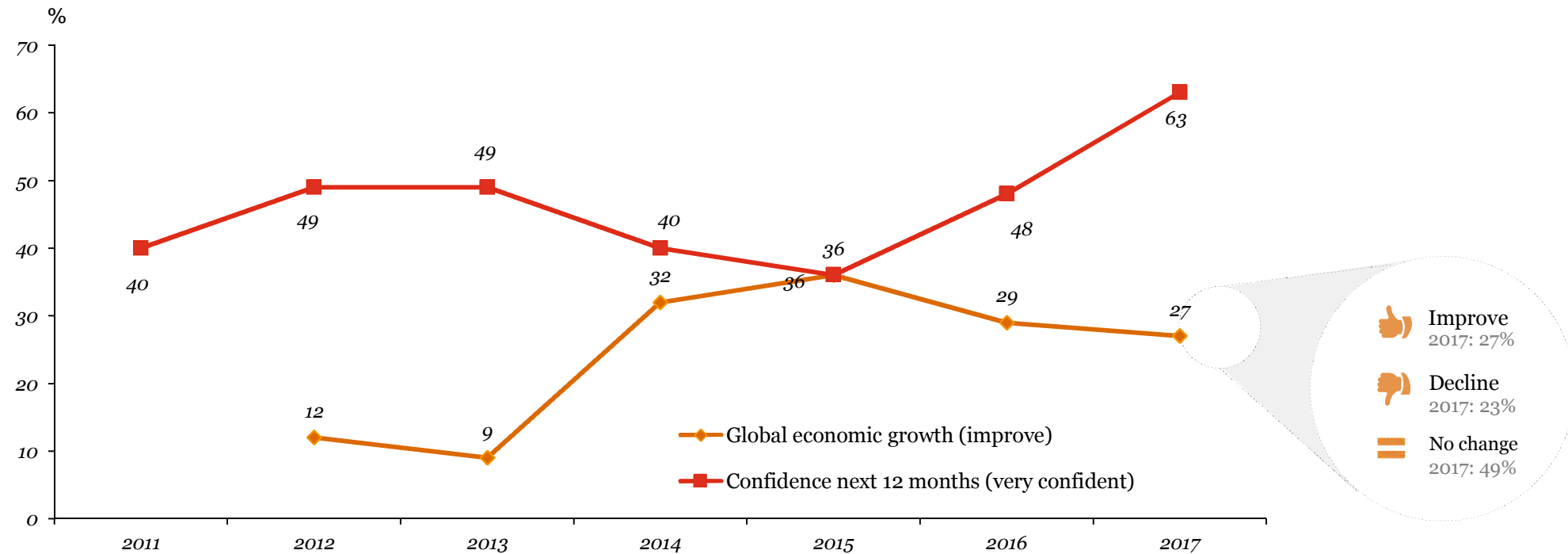


Base: All Pharma/LS respondents (2017 = 89; 2016 = 87; 2015 = 101; 2014 = 119; 2013=90)

Q: How concerned are you about the following economic, policy, social, environmental and business threats to your organisation's growth prospects?

Uncertainty has become a way of life

Pharma CEOs' short-term confidence in their companies has risen over the last three years and outweighs their confidence in overall global economic growth.



Base: All Pharma/LS respondents (2017 = 89; 2016=87; 2015=101; 2014=119; 2013=90; 2012=82; 2011=53)

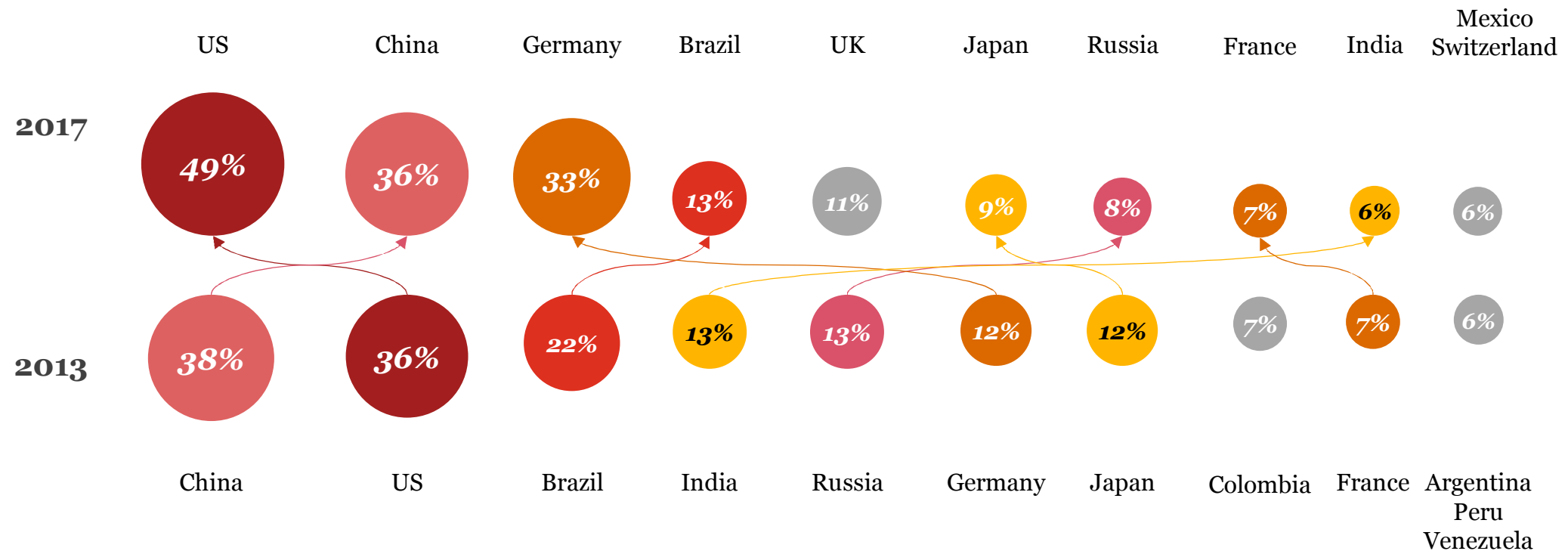
Note: From 2012-2014 respondents were asked 'do you believe the global economy will improve, stay the same or decline over the next 12 months?'

Q: Do you believe global economic growth will improve, stay the same, or decline over the next 12 months?

Q: How confident are you about your company's prospects for revenue growth over the next 12 months and next 3 years?



The developed markets continue to have greater potential than the growth markets in the minds of Pharma CEOs



Source: PwC, 16th Annual Global CEO Survey and 20th CEO Survey. Base: All Pharma/LS respondents (2017 = 89; 2013 = 90)

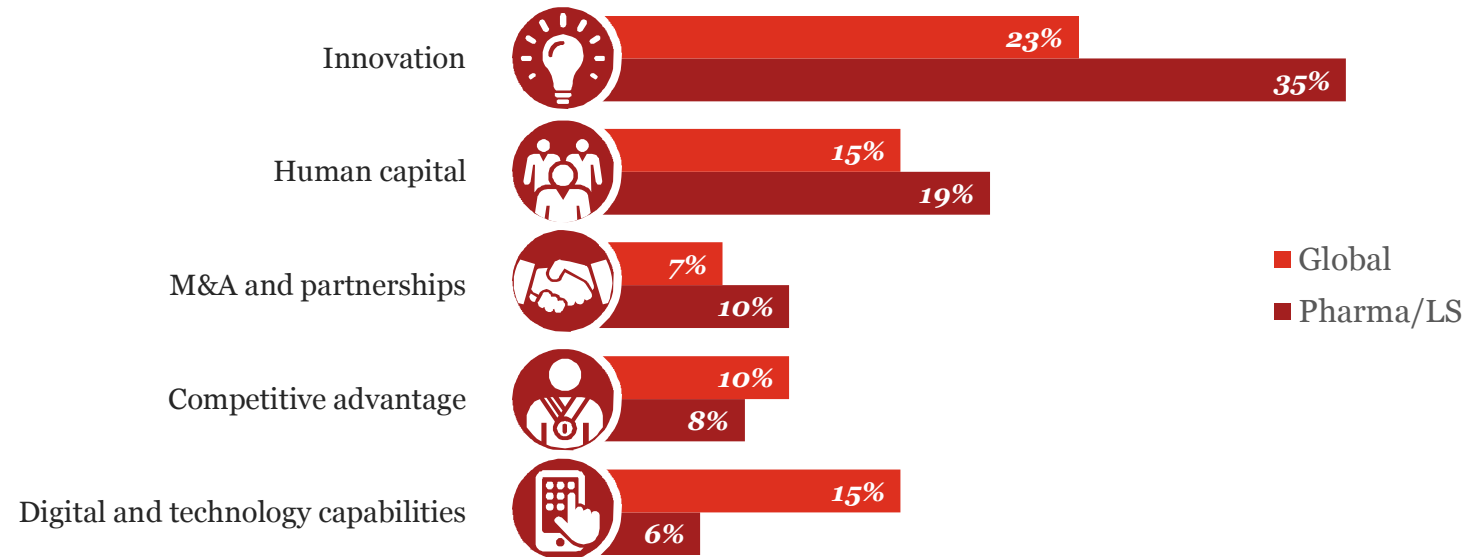
Q: Which three countries, excluding the one in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months?

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Pharma CEOs are creating their own opportunities as innovation takes centre stage

79% of Pharma CEOs are focusing on organic growth over the next year and 35% most want to strengthen innovation in order to capitalise on new opportunities. This is well above the average for this year's survey.



Source: PwC, 20th CEO Survey. Base: All respondents (1379) and all Pharma/LS respondents (89)

Q: Given the business environment you're in, which one of the following do you most want to strengthen in order to capitalise on new opportunities?



Managing man and machine



Managing man and machine

While technology is a key catalyst for innovation, 70% of Pharma CEOs are worried about key skills shortages. And although 46% plan to raise headcount – the highest figure since we first asked the question – 51% of CEOs who are very confident of growth plan to do it without increasing the number of staff on their books.

49%

*of very confident
Pharma/LS CEOs plan to
increase headcount*

14%

*of very confident Pharma/LS
CEOs plan to decrease
headcount*



Source: PwC, 20th CEO Survey. Base: All Pharma/LS respondents (89)

Q: Do you expect headcount at your company to increase, decrease or stay the same over the next 12 months?

Q: How confident are you about your company's prospects for revenue growth over the next 12 months?

Leadership skills are hard to find

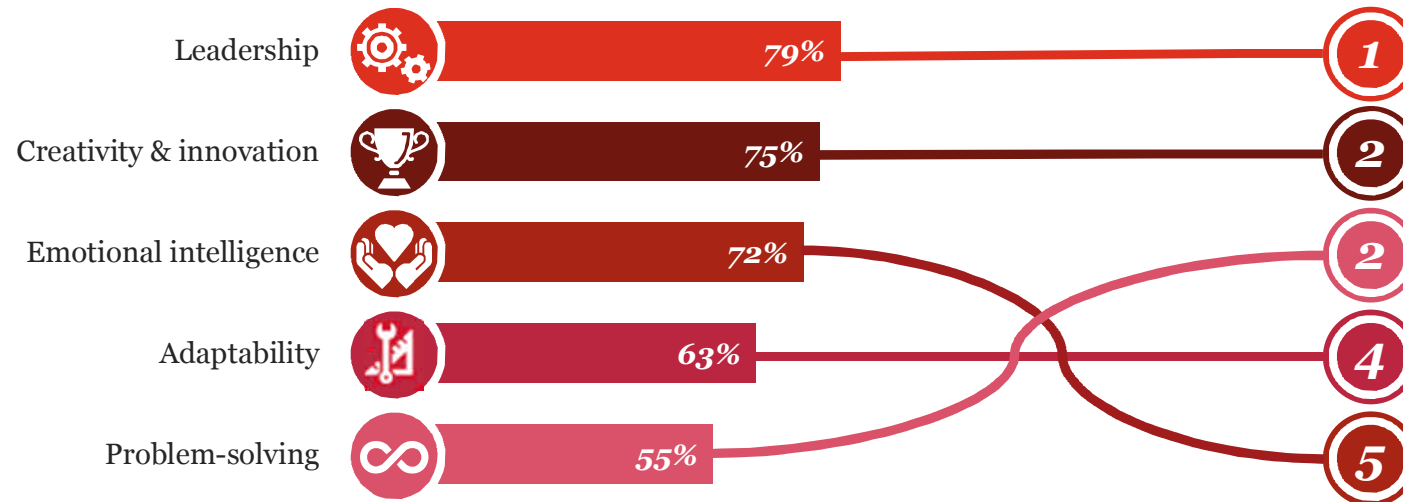
Over two-thirds of Pharma CEOs find it difficult to recruit people with skills they consider most important to their organisation, including leadership, problem-solving, and creative skills.

Difficulty to recruit people with skill

Respondents who answered somewhat difficult or very difficult

Relative importance of skill

Respondents who answered somewhat important or very important



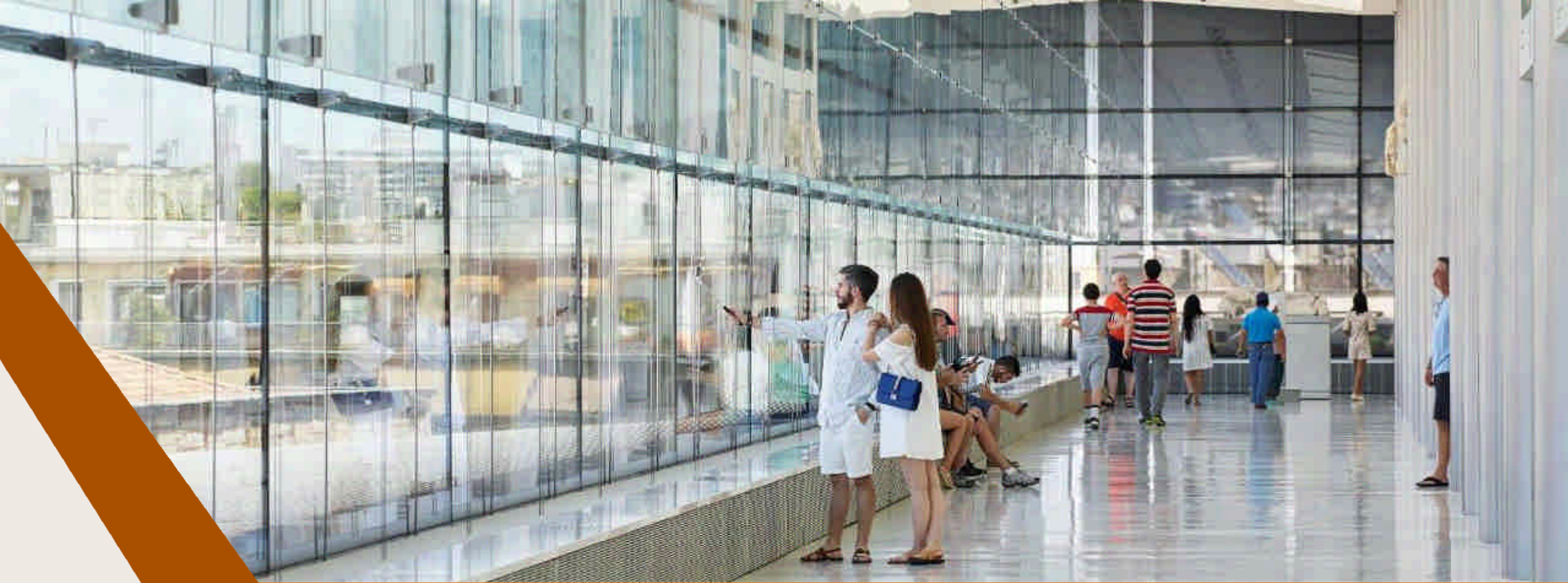
Source: PwC, 20th CEO Survey. Base: All Pharma/LS respondents (89)

Q: In addition to technical business expertise, how important are the following skills to your organisation?

Q: How difficult, if at all, is it for your organisation to recruit people with these skills or characteristics?

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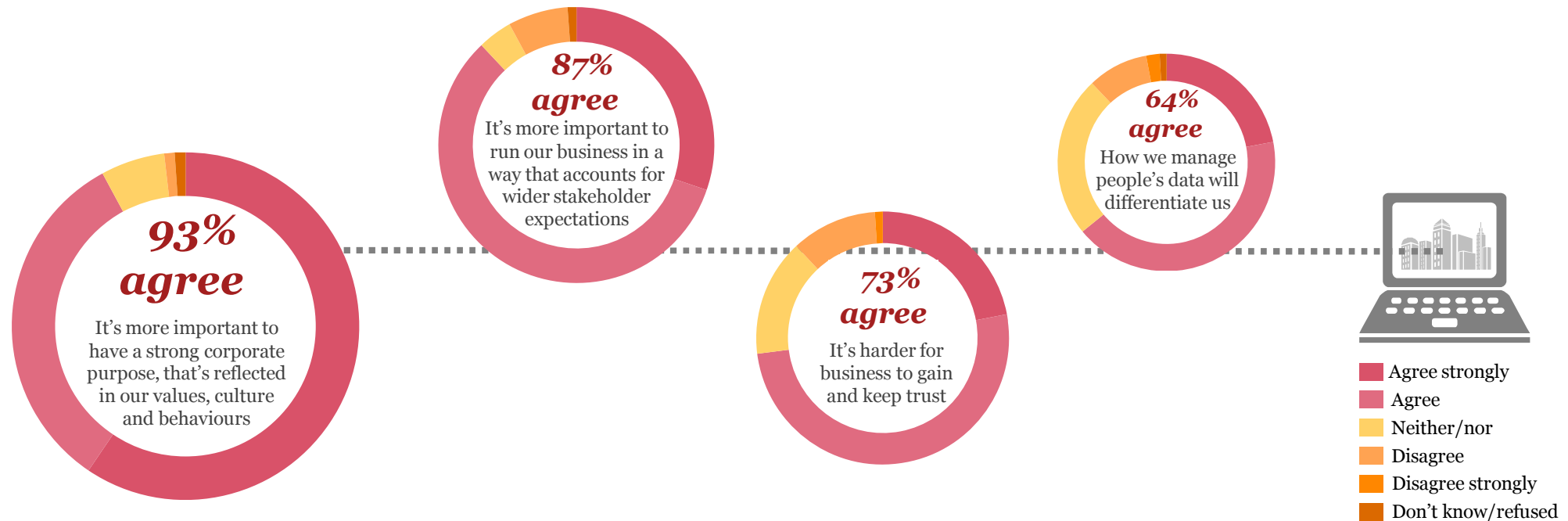


Gaining from connectivity without losing trust



Keeping trust in an increasingly connected world

In 2003, only 30% of all CEOs in our survey thought corporate misdeeds posed a threat to growth. Today, 54% of Pharma CEOs worry about lack of trust in business.



Note: The graphs may not add up to a 100% due to rounding errors

Q: In the context of an increasingly digitised world, to what extent do you agree or disagree with the following statements?

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The dark side of connectivity

Many Pharma CEOs see clear risks to trust from issues related to our reliance on data in our business and personal lives – and they’re taking action to mitigate them.

The extent of negative impact on trust over the next five years...

Cyber security breaches affecting business information or critical systems

37%

53%

Risks from use of social media

52%

38%

Breaches of data privacy and ethics

37%

52%

IT outages and disruptions

34%

48%

The extent to which CEOs are addressing each area today

44%

45%

60%

27%

37%

56%

45%

47%

■ To some extent ■ To a large extent

Source: PwC, 20th CEO Survey. Base: All Pharma/LS respondents (89)

Q: To what extent do you think the following areas will impact negatively on stakeholder trust levels in your industry in the next five years?

Q: To what extent is your organisation addressing the following areas today?

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Digital tools and resources



Looking for more data?



1

Try it

Go to our online data explorer at pwc.com/ceosurveydata

2

Pick a question.

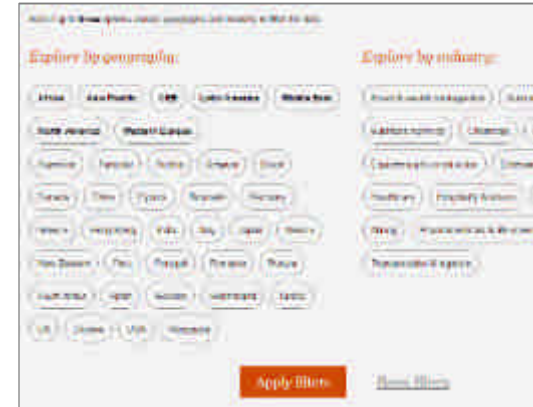
Select one of the two theme tabs and choose your question.

Explore the data

Growth & competition

Do CEOs believe global economic growth will improve, stay the same or decline over the next 12 months?

How confident are CEOs about their company's prospects for revenue growth over the next 12 months?



3

Customise it.

Select up to three industry and geography (country or region) filters to customise your data.

4

Share your chart.

When you're happy with your custom graph, share your chart on social media!



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Johnson & Johnson



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