

Seeking growth in a turbulent landscape

82%

of pharma CEOs are concerned about the disruptive potential of new regulations, compared to just 66% of our overall sample

59%

of pharma CEOs worry about the impact of changes in distribution channels, versus 50% overall

Moderated optimism

Pharmaceuticals & life sciences (pharma) CEOs broadly agree with their counterparts in other industries about the global economic outlook: 48% think the economy will stay the same in the next 12 months, but 36% believe it will improve. The vast majority of pharma CEOs are also confident of generating higher revenues in both the short and longer term. They're looking to the US, China, Germany and Brazil to achieve this growth.

Disruptive megatrends causing concern

But two-thirds of pharma CEOs think the constraints on growth have risen in recent years. Over-regulation, pressure from indebted governments trying to curb costs and geopolitical uncertainty are major sources of concern.

Moreover, pharma CEOs are even more nervous about the disruptive forces reshaping their industry than CEOs in most other sectors. They fear tighter regulation, greater competition from new and old rivals and changes in distribution channels, in particular. They're less worried about the shifting spending patterns of consumers, since medicines aren't a discretionary purchase.

New rivals from other industries

More than half of all pharma CEOs anticipate greater movement between sectors in the next few years, as players in one industry enter another. They expect the competition within their own industry to come primarily from technology, healthcare and retail and wholesale distribution companies.

Nearly half of all pharma CEOs have also been looking further afield themselves: 26% have already entered a new sector, while 18% have considered doing so. Yet such pioneers are still relatively rare. A full third of the CEOs in our overall sample have already made the leap into other industries, so pharma CEOs are lagging behind their counterparts in this respect.

Questions to ponder

- What are you doing to prepare for the megatrends now disrupting your industry?
- What does your business really do? How are you rethinking its role and offerings?

Competing with new tools and techniques

Capitalising on the power of digital

Most pharma CEOs have been investing in digital technologies to create new value in new ways. They believe that mobile technologies for engaging with customers, cybersecurity systems and data analytics offer the greatest potential. They see less value in socially enabled business processes or new manufacturing technologies like 3D printing. But they're increasingly anxious about the speed at which technology is evolving: 50% expressed concern on this score, up from 32% in our previous survey.

That's not stopping pharma CEOs from pressing ahead with the digital transformation of their companies. And they say they're already reaping significant benefits in terms of digital trust, operational efficiencies and the ability to innovate. But they warn that maximising the value of a company's digital investments takes considerable effort. Above all, it requires a clear vision of the competitive advantages digital technologies can deliver and a CEO who personally champions their use.

Diverse alliances, different working ways

There's been a marked increase in the number of pharma CEOs planning to form a new alliance this year. Most of them want to partner with academia, suppliers, customers or governments, largely to get access to new technologies and customers and to become more innovative.

The number of pharma CEOs planning to hire more people has also risen sharply. Yet pharma CEOs worry less than CEOs in other sectors about the availability of key skills, despite the highly specialised nature of their industry. That said, nearly three-quarters of all pharma CEOs are now casting their nets further and searching for talent in different areas. Nearly two-thirds also have a strategy for promoting talent diversity.

Questions to ponder

- How are you identifying potential new partners – and making your company an attractive ally?
- How strong is your talent pipeline? What will it cost if you get your talent strategy wrong?



“When partnering with technology companies, it’s a broader area, including big data, sensors, and computing ...It’s new, it’s different, and it’s not the same path that we take with life science companies.”

Joaquin Duato, Worldwide Chairman, Pharmaceuticals, Johnson & Johnson

Get in touch with us!

Michael Swanick

Global Pharmaceuticals and Life Sciences Leader

+1 (267) 330 6060

michael.f.swanick@us.pwc.com