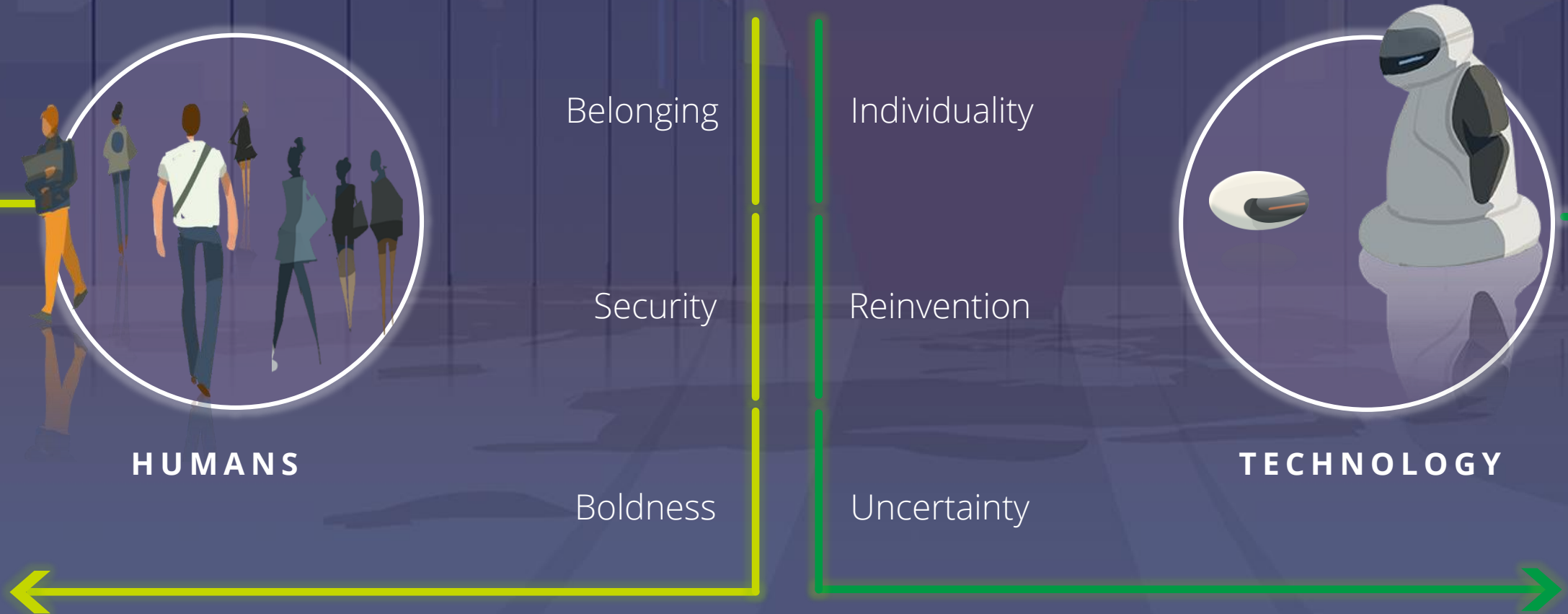




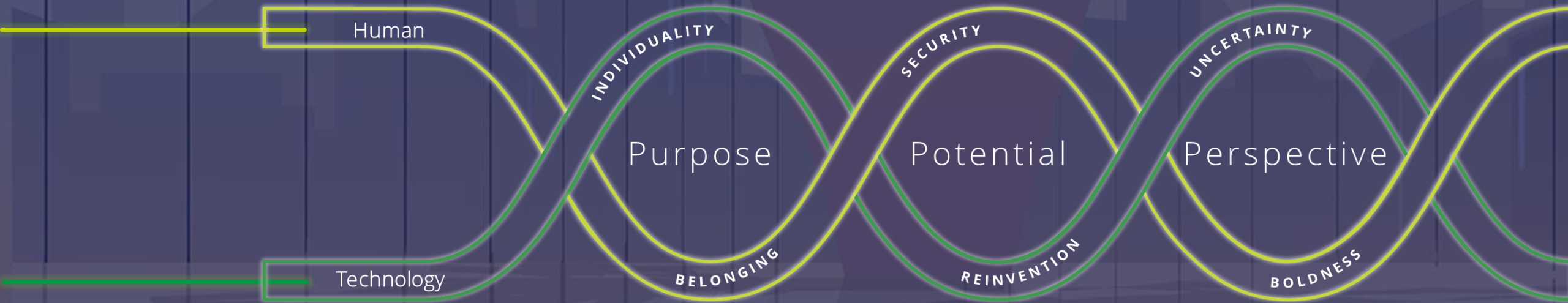
2020 Deloitte Global Human Capital Trends
The Social Enterprise at Work: Paradox as a Path Forward

Life Sciences Industry Breakout

This year, we focus on answering a paradoxical question:
Can organizations remain distinctly human in a technology-driven world?



These attributes represent the DNA of the Social Enterprise at Work



Purpose

An organization that doesn't just talk about purpose, but embeds meaning into every aspect of work every day

Potential

An organization that is designed and organized to maximize what humans are capable of thinking, creating and doing in a world of machines

Perspective

An organization that encourages and embraces a future orientation, asking not just how to optimize for today, but how to create value tomorrow

Executive Summary

Key takeaways from the Life Sciences Industry Trends

1 in 2 LS respondents said they aren't ready to use AI and data to monitor individuals and the workplace

Only 1 in 6 LS organizations feel very ready to incorporate well-being into their workforce design

Organizational silos prevent effective knowledge sharing *16% more often* in LS organizations than in the rest of industry

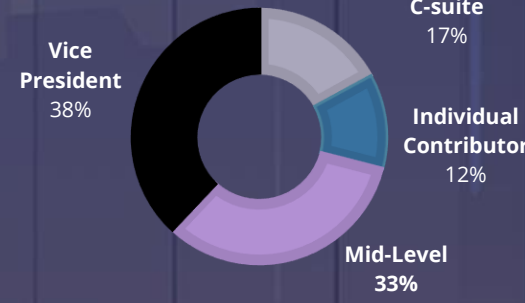
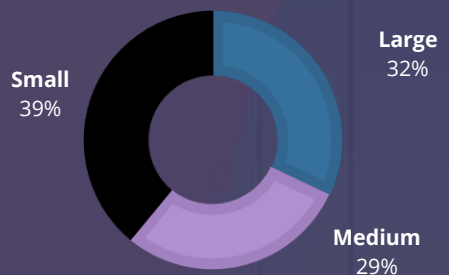
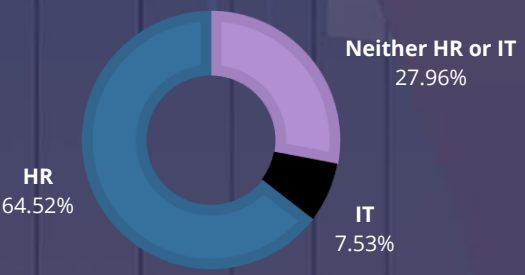
Over 70% of LS organizations expect managing ethical issues related to the future of work to be more important in the next 3 years

Over 60% of LS organizations feel that fostering a sense of belonging greatly supports organizational performance

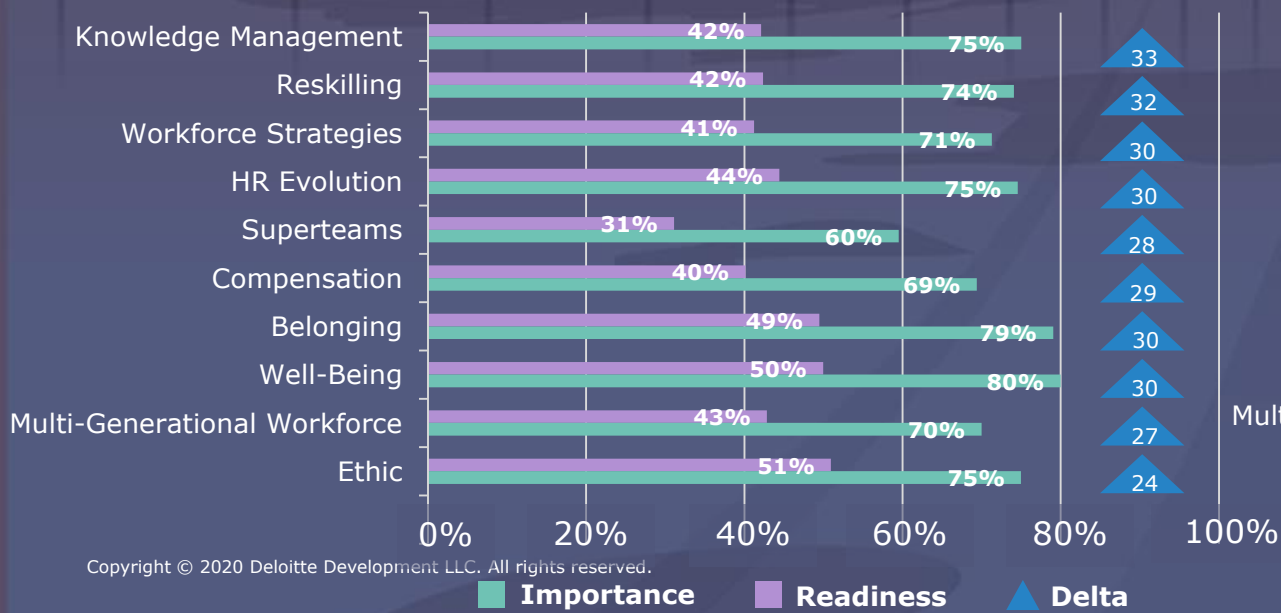
2020 Human Capital Trends: Life Sciences Overview

The Global Human Capital Survey included **186 Life Sciences** respondents across **43 countries**

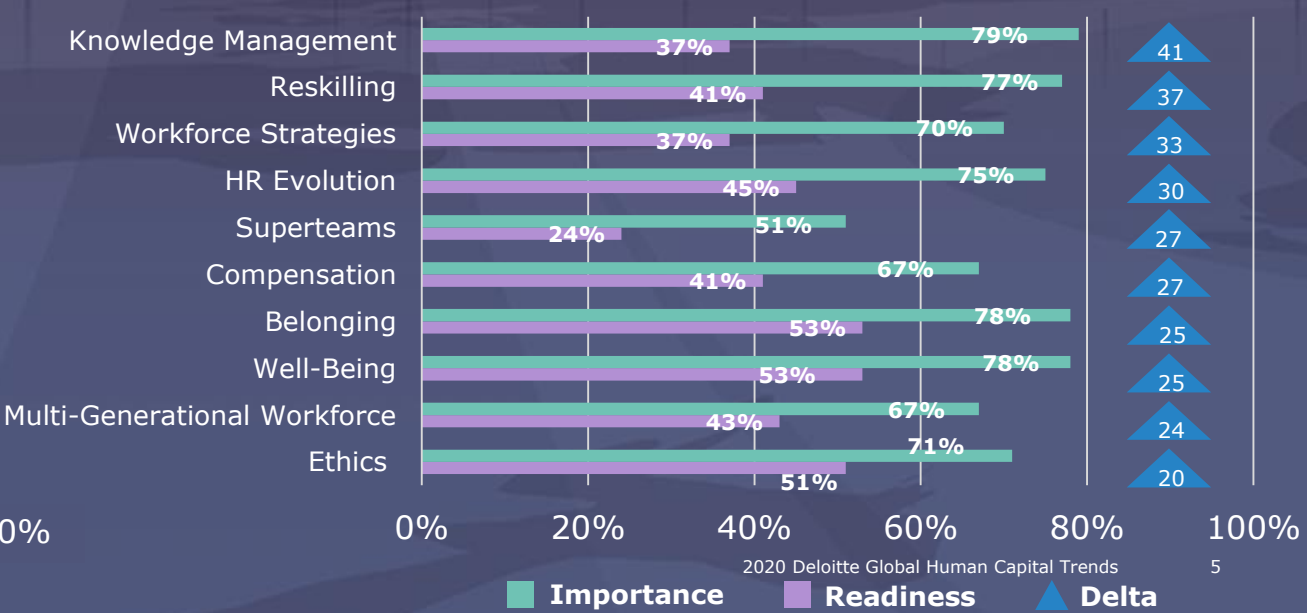
Life Sciences Respondents Breakdown



Top 10 Human Capital Trends: All Industries



Top 10 Human Capital Trends: Life Sciences



Intersection of Life Sciences and Human Capital Trends

For organizations looking to stay ahead of industry trends in Life Sciences, there are specific Human Capital levers that can be pulled to enable their efforts.

Life Sciences Trends ¹						
		Value for patients, care teams and partners	Value for the Workforce	Accelerating R&D Using Technology	Transformative Innovation and CSR*	Operational Efficiencies
Human Capital Trends	Knowledge Management					
	Reskilling					
	Workforce Strategies					
	HR Evolution					
	Superteams					
	Compensation					
	Belonging					
	Well-Being					
	Multi-Generational Workforce					
	Ethics					

¹ Source: Deloitte's 2020 Global Life Sciences Outlook (see appendix)

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*Corporate Social Responsibility

Life Sciences Industry Spotlight on Purpose

Purpose



Belonging: From comfort to connection to contribution



Designing work for well-being: Living and performing at your best



The postgenerational workforce: From millennials to perennials

As the world becomes increasingly digital, consumer expectations are changing. People expect faster response times and more convenience. Similarly, employee expectations of their employers have changed. Employees want employer values to reflect their own and expect more focus on well-being, belonging and personal development. As technology continues to play a bigger role in the workplace, it's critical for LS employers to focus not just on developing employee technical skills, but also their human skills of creativity, empathy and critical thinking. These skills will increase employee resilience in the face of ever-changing technical skill requirements and enable them to pivot rapidly as technology and work evolves.

In the LS industry, well-being and belonging are more important than ever; **78%** of respondents said that these two trends are important or very important in driving organizational performance. To illustrate this point, a LS company recently worked with leadership to reduce status bias and build inclusive leadership skills, leading to increased psychological safety and a greater connection between employees and the company purpose and mission. Additionally, **38%** of respondents said that the biggest driver of a sense of belonging at work is feeling aligned to the organization's purpose, mission and values. This example shows how LS companies can increase workforce productivity by reinforcing the organization's mission and increasing the workforce's sense of belonging.

Belonging and well-being are particularly important in today's work environment as mission-critical frontline employees work to create a COVID-19 cure and more employees are working remote. By offering flexible work scheduling to ensure well-being, creating virtual engagements to ensure belonging and being understanding of the workforce's needs, LS organizations can drive employee purpose at work.

Life Sciences Industry Spotlight on Potential

Potential



Superteams: Putting AI in the group



Knowledge management:
Creating context for a connected world



Beyond reskilling:
Investing in resilience for uncertain futures

In the digital era, the workforce is experiencing constant changes to skills requirements, team composition and information sharing due to technology. LS organizations need to embrace their digital DNA to think differently, identify opportunities for human and machine collaboration and ultimately empower their workforce by supporting the development of critical human skills. By leveraging AI, encouraging effective knowledge management and building workforce resilience through the development of such human skills (empathy, critical thinking), LS organizations can increase their workforce's potential for long-term success.

From drug discovery and development of life-changing treatments to increased productivity and process streamlining, machine learning is reshaping the future of LS. In this year's survey, **74%** of LS respondents reported that technology and adoption of AI is top of mind again this year, as they indicated their organization is exploring/piloting or implementing AI across multiple functions. For the Sales & Marketing functions, AI can revolutionize the reliance on in-person interactions and create customized digital engagement with HCPs to deliver personalized experiences. Real-time insights and analytics can lead to continuous improvement in processes in the R&D function, transforming clinical trials and achieving better patient outcomes. Overall, automation enables employees to focus on tasks that add more value and to reinvent their capabilities.

In addition to AI, a focus on both knowledge management and upskilling can also maximize human potential in the workforce. This is clearly illustrated by the fact that **88%** of LS respondents said it is very important or important to upskill the workforce to expand skills to work in adjacent areas. By collaborating with colleagues to dive deeper into complex business questions, the LS workforce can generate new insights and develop an agile mindset to continuously improve business outcomes.

Life Sciences Industry Spotlight on Perspective

Perspective



The compensation conundrum: Principles for a more human approach



Governing workforce strategies: New questions for better results



Ethics and the future of work: From “could we” to “how should we”

Organizations are being asked to operate in an increasingly transparent digital world by providing clarity and reasoning behind their decision-making processes. At the same time, leaders are also wrestling with an increasing range of ethical challenges. These challenges are associated with compensation, data and analytics and managing the relationship between humans and technology.

With the intersection between humans and technology continuing to grow, LS organizations are racing to keep up. Only **20%** of respondents said they are ready to use AI and data to monitor humans, yet **30%** of respondents said this is their top concern for the future. With LS organizations continuing to capture personal health data and leveraging AI to automate decisions made during drug discovery and clinical trials, it is critical that LS organizations improve their ability to address ethical challenges and embed ethics within their AI-powered systems.

Additionally, with LS organizations seeing a shift in the nature of jobs due to AI, employees are demanding a consistent approach to fairness of pay. With nearly half (**40%**) of LS respondents identifying fairness of pay as a top ethical concern related to the future of work, there is a need for LS organizations to reinvent their compensation strategies to meet the expectations of their employees.

There is a clear opportunity for LS leaders to develop a tailored future of work strategy that takes into account the need for strong ethical decision making to ensure the workforce can fully meet its potential and feel committed to the purpose.

2020 Global Human Capital Trends: The LS Readiness Gap

The three highlighted trends below had the largest gaps between importance and readiness across this year's trends for LS and will be covered on the following slides in detail

Purpose



Belonging: From comfort to connection to contribution



Designing work for well-being: Living and performing at your best



The postgenerational workforce: From millennials to perennials

Potential



Superteams: Putting AI in the group



Knowledge management: Creating context for a connected world



Beyond reskilling: Investing in resilience for uncertain futures

Perspective



The compensation conundrum: Principles for a more human approach



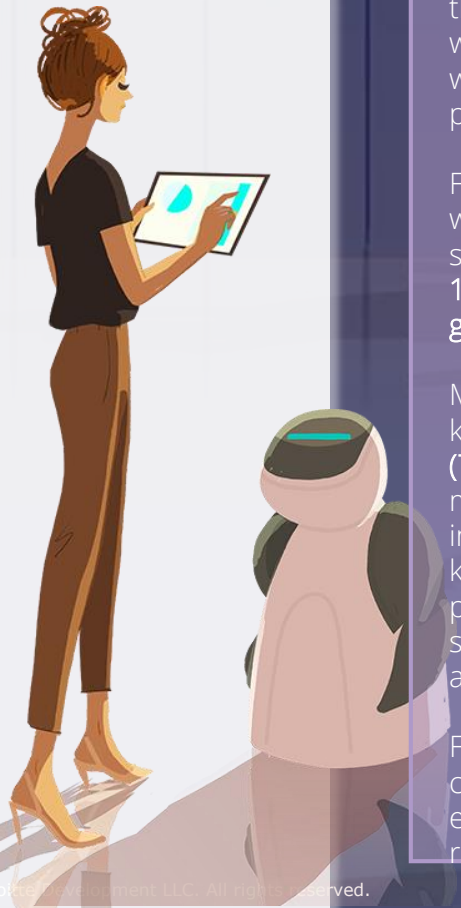
Governing workforce strategies: New questions for better results



Ethics and the future of work: From "could we" to "how should we"

Final Chapter – A memo to HR: Expand focus and extend influence

Creating context for a connected world



KNOWLEDGE MANAGEMENT

As knowledge continues to be a key competitive differentiator in driving organizational performance, organizations globally are looking to redefine their traditional views of knowledge creation to maximize human potential at work. With new advanced technologies, ways of working and shifts in workforce composition, knowledge management has become an urgent priority.

For LS respondents, **79%** identified creating and preserving knowledge in the workforce as an important or very important priority for their organization's success, **making it the year's top-ranked trend for importance in LS. Yet only 10% said they were very ready to address this trend, representing the largest gap between importance and readiness across all trends.**

Many workers equate their net worth to the knowledge they hold, leading to knowledge hoarding and information silos. The majority of LS respondents (**71%**) said their **organization's biggest barrier** to effective knowledge management is **organizational silos** (compared to only 55% in the rest of industry). By creating a larger platform for workers to build upon each other's knowledge, innovation and growth will require many sets of eyes to identify patterns and synthesize information, leading to job security and organizational status stemming from organizational contributions instead of personal achievements.

From biopharmaceutical early-stage drug trials to supply chain innovation, cultivating knowledge sharing can advance market solutions in a more effective way and help the workforce realize that sharing makes them more relevant, not less.

Investing in resilience for uncertain futures



BEYOND RESKILLING

In the current digital age, skill requirements change faster than employers can train employees, making traditional reskilling efforts obsolete. What is needed is a worker development approach that considers both the dynamic nature of jobs and the equally dynamic potential of people to reinvent themselves. To do this effectively, organizations should focus on building workers' resilience for both the short and the long term.

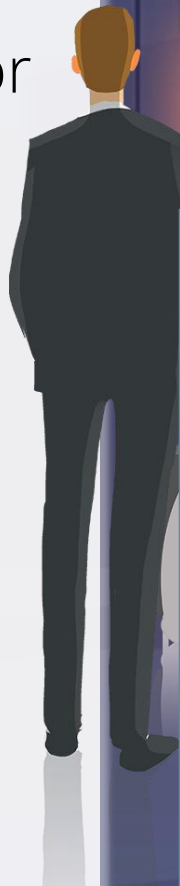
77% of LS respondents identified reskilling as **important or very important** to the success of their organization. Yet only **41%** said that they are ready or very ready to address this trend (**5%** reported very ready), making this the second largest readiness gap across all LS trends.

In the past, business success relied mainly on deploying precisely calibrated skills to efficiently construct products or deliver services at scale. Today, success increasingly depends on innovation, entrepreneurship and other forms of creativity that rely not just on skills, but also on less quantifiable capabilities such as critical thinking, emotional intelligence and collaboration.

82% of LS respondents identified building the innate capabilities listed above as **important or very important**. Yet only **10%** said there would be a significant increase in investment in this area in the next three years.

This presents an opportunity for LS organizations to shift their focus from building skills to cultivating capabilities. As COVID-19 continues to reshape the Future of Work and LS organizations prepare for the next paradigm-shifting crisis, focusing on innovative digital learning and future-focused virtual leadership academies are a great place to start.

New questions for better results



GOVERNING WORKFORCE STRATEGIES

In addition to the lack of preparedness to handle ethical dilemmas at the intersection between humans and technology, the demand for workforce metrics and governance has also increased as workforce strategies and operations evolve. For LS organizations, **70%** of respondents say governing changing workforce strategies is important or very important for their success over the next 12-18 months, but only **7%** say they are very ready to address this trend. With **100%** of LS respondents saying they need additional information on some aspect of their workforce, there is an opportunity to refocus workforce data collection efforts and ask fundamentally new questions to inform decisions. Salesforce recently hired a Chief Ethical and Humane Use officer to ensure that emerging technologies were being implemented ethically in the organization and that employee concerns were being accounted for. LS organizations can learn from this example.

This year's survey shows that the majority of LS respondents are focusing on collecting workforce information within three areas: headcount, hiring and turnover (**88%**), salary costs (**81%**) and workforce composition (**59%**). Yet areas that are critical to an organization's success in the future of work, such as new workforce initiatives and the status of reskilling, are areas where respondents were least likely to collect workforce information.

Leveraging forward-looking metrics is especially critical given the unprecedented nature of current events, where LS organizations are preparing for a priority shift with pipeline activities surrounding COVID-19, and determining their readiness for the future through workforce strategy redesign.

Appendix

DESIGNING WORK FOR WELL-BEING



78% of all surveyed Life Sciences organizations

saying **worker well-being** is important or very important for their success over the next 12 to 18 months

Compared to **80%** of all industry respondents

YET ONLY 15%

of Life Sciences organizations are very ready to address this trend

AND 12%

of respondents across all industries said they are very ready to address this trend

Well-being has one of the largest readiness gaps in all industries and Life Sciences specifically.

BELONGING

78% of all surveyed Life Sciences organizations

fostering a **sense of belonging** was important to their organization's success in the next 12-18 months

YET ONLY 13%

of Life Sciences organizations are very ready to address this trend

93%

of LS respondents said fostering a sense of belonging **supports or greatly supports organizational performance**

YET ONLY 25%

of respondents said they are **effective** at doing this

A sense of belonging is viewed as critical for organizational performance.



39% of all surveyed Life Sciences organizations

say that **between half and all** of their workforce will need to change their skills and capabilities in the next 3 years

Compared to **53%** of all industry respondents

YET ONLY 15%

Of LS respondents said they could to a great extent anticipate the skills needed

AND ONLY 13%

expect their organization to make a significant investment increase in this area

Developing human capabilities such as creativity and empathy will be key for successful reskilling of the future.

THE POSTGENERATIONAL WORKFORCE

67% of all surveyed Life Sciences organizations

say leading multi-generational workforces is important for their success over the next 12-18 months

Compared to **70%** of all industry respondents

YET ONLY 5% Of LS respondents strongly agree that leaders are equipped to lead a multi-generational workforce effectively

AND 62% consider generational differences when designing and delivering workforce programs

Developing human capabilities such as creativity and empathy will be key for successful reskilling of the future.

KNOWLEDGE MANAGEMENT



79% of all surveyed Life Sciences organizations

say **creating and preserving knowledge across evolving workforces** is important for their success over the next 12 to 18 months, **making it the year's top-ranked trend for importance in Life Sciences**

Compared to **75%** of all industry respondents

YET ONLY 10%

of Life Sciences organizations are very ready to address this trend

AND 9%

of respondents across all industries said they are very ready to address this trend

Making knowledge management this year's trend with the largest gap between importance and readiness across all industries.

SUPERTEAMS

51% of all surveyed Life Sciences organizations

say the **redesign of jobs to integrate AI technology** is important or very important for their success over the next 12 to 18 months

Compared to **59%** of all industry respondents

YET ONLY 3% of Life Sciences organizations are very ready to address this trend

AND 7% of respondents across all industries said they are very ready to address this trend

Organizations that choose to integrate humans and AI into super teams will be able to realize much greater value by redesigning work in transformative ways.

THE COMPENSATION CONUNDRUM

67% of all surveyed Life Sciences organizations say **the changing nature of compensation expectations and strategies** is important or very important for their success over the next 12-18 months

Compared to **69%** of all industry respondents

YET ONLY 5% of Life Sciences organizations are very ready to address this trend

AND 9% of respondents across all industries said they are very ready to address this trend

Compensation and rewards needs to be viewed in the context of cultivating lasting relationships with workers.

GOVERNING WORKFORCE STRATEGIES

70% of all surveyed Life Sciences organizations

say **governing changing workforce strategies** is important or very important for their success over the next 12-18 months

YET ONLY 7%

of Life Sciences organizations are very ready to address this trend

91%

said that their organization produces information on the state of their workforce

YET ONLY 11%

of organizations produce the information in real time; **43%** said they produce it either ad hoc or not at all

Several factors from both inside and outside the organization are driving the surge in demand of better workforce metrics.

71% of all surveyed Life Sciences organizations

say **ethics related to the future of work** are important or very important for their success over the next 12 to 18 months

YET ONLY 16%

of Life Sciences organizations are very ready to address this trend

93%

of Life Sciences respondents believe that the future of work raises ethical challenges

YET ONLY 33%

have clear policies and leaders in place to manage them

Ethical concerns are front and center for today's organization as the nature of work, the workforce, and the workplace rapidly evolve.

Global Life Sciences Trends

Deloitte's 2020 Global Life Sciences Outlook called out five key trends impacting the Life Sciences sector. A number of these trends have important human capital considerations.

Creating Value for Patients, Care Teams and partners

- Focus on a holistic patient experience through technology, data and inclusivity
- Drive patient advocacy
- HR, operations and IT should look for opportunities to break down siloes for better business outcomes

Creating Value for the Workforce

- Meaningful and value-based work is an important factor in accepting a job
- Understand generation's needs in the workforce
- Leveraging emerging technologies and flexible work models to attract talent

Accelerating R&D Using Technology

- AI is ushering a new era of intelligent drug discovery
- Competition for AI talent will likely be fierce given AI-Driven R&D

Focus on Outsourcing to Drive Operational Efficiency

- Many companies will concentrate on more strategic outsourcing partnerships and a hybrid of outsourcing models
- Shifting outsourcing capabilities will likely become more prominent in AI, robotics, cognitive automatic, and cloud computing to help improve productivity and reduce costs

Tackling Transformative Innovation for the Future

- Digital transformation can innovate commercial and supply chain processes
- Marrying innovation with social good adds value to financial performance and benefits society

