1. **There is a significant focus on the health care sector by this government.**

   a) **How do you think this will impact the Indian pharmaceutical industry?**

   It is a great sign that the government is increasingly focussed on healthcare. We now have a slew of what is famously called the ‘Modicare’ reforms, with greater spend on healthcare, with specific emphasis on affordability and access to medicines. As a nation, we are moving closer to the goal of universal healthcare coverage for all Indian patients and this is very reassuring. There are various initiatives encompassing:

   - **Insurance cover - Ayushman Bharat (AB) scheme**
     AB moves us closer to our ultimate goal of universal healthcare coverage. However, some issues of fraud and misuse need to be ironed out. Overall, by increasing healthcare penetration, this scheme will benefit pharma companies in India but more as a volume play, as expectations on pricing will be low affordable pricing.

   - **Primary care centres**
     Apart from health coverage for over 10 crore disadvantaged families, the second pillar of AB is that nearly 1.5 lakh sub-centres and primary health centres will be transformed as health and wellness centres by 2022 to provide a comprehensive and quality primary care close to the community, while ensuring the principles of equity, affordability, and universality. This is a great move that will ensure primary healthcare for more patients who earlier had no access to healthcare and either relied on home remedies or suffered without a remedy.

   - **Jan Aushadi stores**
     In a step towards making medicines more affordable, Jan Aushadi stores make generic medicines available at outlets across the country. However, we need to keep a close watch on quality. In any case, due to price control, a lot of the branded generics are available at low prices and guarantee quality.

     Various buying behaviours have emerged among different strata in society- Some patients opt for the convenience of e-commerce to buy medicines, some shop at pharmacies and others would approach the Jan Aushadi stores. There will still be enough space for all kinds of players in the Indian pharma industry.

   - **Uniform Code of Pharma Marketing Practices**
     At the moment, this marketing code is voluntary, but will likely become mandatory in time. Most MNC Pharma companies, which are members of the OPPI (Organisation of Pharmaceutical Producers of India, an industry association of research-based pharma companies) already conduct their marketing practices in alignment with the code. This will bring in further transparency and ethical marketing practices in the industry, benefiting patients.
For GSK, we already conduct our business with utmost integrity:

- We don't pay doctors to speak on our behalf.
- We don't incentivise our sales people on sales targets.
- We don't distribute samples and freebies to doctors.
- Safety and quality are top priority

b) Do you foresee a slowdown in the industry?

The Indian pharma market has always been largely an acute branded generics market and a volume play. However, with a growing middle class and an increase in the incidence of lifestyle diseases like diabetes and cardiovascular issues, we are likely to see rising growth in the chronic segment. The chronic segment is likely to grow in higher double-digit growth.

With a world-class Intellectual Property Rights regime, the government is also encouraging the influx of more innovative, specialty medicines, as more companies are reassured that their patents will not be infringed.

2. The Indian pharmaceutical industry is continuing to face challenges on availability of active pharmaceutical ingredients (APIs) and intermediaries from China. How would this impact cost and growth in the near future?

Per the latest talk, the government seems to be doing a lot to encourage local API production (to reduce dependence on Chinese imports), including recent talk of exempting medicines made from locally sourced APIs from price control. A move like this would definitely incentivise local API manufacturers and boost capacity utilisation and reduce cost.

Yes, there is over dependence on China as a low-cost, high-quality option for API procurement, but other alternatives will arise in time. Though the quality of the APIs is crucial and this will be a big consideration in where companies will procure their APIs.

3. With your company focusing on optimising your product portfolio, launching new products over the next months, and focusing on key brands; what will be your key drivers for growth in the two to three years?

Our global growth initiative is about focusing our energies where it matters to impact patients’ lives and deliver sustainable profitable growth for the company.

We have established customer-centric ways of working to give us time to focus on prescribers and patients.

Towards this end, we have expanded our sales footprint, in an effort to expand our reach and increase our share of voice with customers. We are building capability in our sales force.

We have optimised our product portfolio. We are focusing on trade channel management with a dedicated team working on ensuring fulfilment of prescriptions generated by our sales teams.

We are also harnessing the power of data and analytics to drive our strategy. Our new marketing model is also customer-centric; our marketers spend their time getting closer to the customer and feeding back customer insights to global hubs that prepare marketing content and strategy. Through these new ways of working, we will expand our reach significantly and unlock sustainable profitable growth.

4. Your organisation has been continuously focusing on digital transformation.

a) How involved are you as a CFO in this digital transformation journey?

We have taken internal goals of driving simplification through automation and digitisation. At GSK, we are combining different technologies to reimagine the future. Finance has been at the forefront of this change, be it bringing BOTS into the system, going all in on Power BI tools for best-in-class forecasting among others, Project ‘No Excel’ for easy access to ERP financials, adoption of Qlikview for report viewing or our SAP platform for deep dive analysis and presentations.

We are moving towards location agnostic, paper-less workplaces.

Our customer engagement has also taken a digital leap, making sure that we reach more healthcare professionals with our scientific webinars and digital detailing on iPads. These are exciting times and we are committed to this transformation.

b) What are your top 3 learnings from this?

- We are unlocking the power of data and analytics, tracking customer insights to drive superior performance.
- We simplify process, to make things easier for employees, freeing up their time, so they can focus better on timely solutions for stakeholders and provide strategic inputs.
• Building future capabilities. This is the future of finance. We need to build a B team that is fit for the future and train them on technology and skillsets that would be required for this VUCA world. For example, understanding the impact of global politics and economy of the business.

5. Hiring and retaining talent is one of the key concern areas for the CFOs. Are you facing a similar challenge in your industry and what are the top two areas in finance that would need reskilling?

I would say hiring yes and retaining no. Hiring because for the young talent there are a lot of options of new age companies and start-ups available and they have plenty to choose from. However, once they enter GSK and understand its mission statement, values, and the learning platform that an end to end integrated business can offer they stay on.

On reskilling, we need an agile fit-for-future finance team. For this, we need to:

1) Train our Finance teams in the use of technology, so that they can analyse and contribute high-quality action-oriented insights in real-time, for more effective partnering with business.

2) They need to be able to better analyse the global and local macro-economic situation and forecast impact on business accurately.

It is a given that the team needs to be fluent in best practices in accounting and reporting for real-time partnering with business.

6. In the current economic scenario, what are your top three challenges as CFO?

Other than partnering the business for top performance and delivering total shareholder return, my focus is on:

• Driving sustainable profitable growth in the current tough economic environment.
• Driving simplification through automating and digitalisation and leveraging technology for best-in-class forecasting of results & delivery through power BI tools
• Building a fit-for-future finance team by training the team for the necessary skillset and mindset change required for the future.

The underlying basis for the above would be controls, compliance, and costs.
Expert views

The technology fallacy: Embracing the human face of digital transformation

When their organisations embark on digital transformation, finance executives typically consider evaluating and investing in a multitude of evolving and interrelated technologies, including the Internet of Things, artificial intelligence (AI), robotic process automation, and augmented reality. They also must figure out how digital capabilities can be embedded throughout the business, reshaping the company’s operating model and how it delivers value.

As daunting as that may sound, it’s not the toughest part of the transformation. The difference between a company that harnesses emerging technologies to establish competitive advantage, and one that commits random acts of digital, isn’t the selection of the technology. Nor is it the implementation. Culture, as it turns out, can advance or inhibit digital transformation. And if companies can lay the groundwork by building a culture that is more adaptable to change, then implementing new technology and business processes can proceed more smoothly.

Casting a bold vision

Most companies are moving in a digital direction—just not all at the same pace. Various companies are at various stages of maturity in their digital transformation journey.

An overwhelming majority of the companies believe that digital technologies will disrupt their industries to either a great or moderate extent. Yet, smaller group believe that their companies are adequately preparing to respond effectively. The substantial gap suggests that while most organisations may be talking about digital transformation, most may not be taking the right steps to address it.

Those steps are foundational: companies should consider changing how they do business, finding ways to respond more quickly and effectively to ongoing technology shifts and developing institutional and individual skills, as well as leadership styles to suit the new environment. And since a company’s culture can make all the difference in its overall digital maturity, organisations need to create environments where digital transformation can occur.

Critical to creating that innovative environment is communicating the goal. While digital transformation unfolds over time, management can motivate by relaying a clear picture of how it expects the changed business model to function: which customers will be served (and how), what new value proposition will result from different cost and efficiency advantages, and—of course—how technology might support the new model.
When it comes to acting on the plan, it’s advisable to shed grand initiatives in favour of short-term steps. In a twist on the concept of minimum viable transformation—which refers to reducing initial investment and time-to-market by making incremental changes—the authors suggest that companies start on the digital path by making minimum viable changes. Such iterative implementations may be as straightforward as endowing managers with decision rights to manage non-employees, such as contractors and contingent workers. With each digital initiative, of course, organisations have the opportunity to learn more about the new landscape. Managers and employees witness first-hand how the addition of a single digital tool can percolate throughout the business, affecting activities from product development to distribution to resource allocation. And the result of doing one thing differently, then another, builds up the culture’s agility muscle, as individuals accommodate and absorb each change.

The impact happens job by job, role by role. CFOs, for example, may see the need to temporarily suspend traditional capital cost ROI models to allow the digital efforts to grow. As for employees, small wins build on one another. As they see a viable business model taking shape, they should proactively focus on gaining the skills needed, formally or informally, to help advance the transformation.

**Barriers to culture change**

As they anticipate the dramatic impact of digital technology, companies gain a rare opportunity: a chance to restart the business—and its culture—from scratch. Not literally, of course, but by re-evaluating how the business creates and captures value, and by making some fundamental organisational shifts. But some barriers can make it difficult for companies to adjust their cultures to accommodate digital transformation.

**Model leadership for digital dominance**

The need for organisational self-assurance helps explain why effective leadership plays a critical role in creating the culture necessary for digital transformation.

Whereas in the past, organisations may have defined a strong leader as one who had all the answers, in a transforming environment, leadership is about framing powerful and inspiring questions. To keep their organisations at the digital forefront, leaders, including CFOs, will need to model continuous learning, as well as other essential capabilities such as:

- Providing direction or Being forward-looking
- Displaying business judgment
- Energising employee execution
- Inspiring others
- Promoting collaboration

**Clearing a path to digital transformation**

In the absence of a coherent roadmap, the phrase “digital transformation” can conjure notions of an expensive and expansive cure-all for a myriad of visible challenges: changing customer demands, the rise of non-traditional competitors, ongoing skill shortages, and ever-emerging competing technologies.

But to achieve an organisation-wide transformation, companies need a focused digital strategy: a plan for integrating different technologies and adding capabilities in such a way as to support the company’s objectives. A technology rollout schedule is no substitute for a comprehensive approach. Some issues companies need to address to scope their transformation strategy include:

- What ambition does the organisation have for digital technology?
- Where are competitors coming from?
- How will the role of humans change?

What can be true of leaders may also be true of culture: the type that took the organization to the entryway of digital transformation isn’t the same type that will manage its forthcoming restructuring. The key, in both cases, is to recognize the situation—and act on it—as swiftly as possible. There is more to this article. If you wish to read the full article please click here.
About Deloitte’s CFO Program

The CFO Programme brings together a multi-disciplinary team of Deloitte leaders and subject matter specialists to help CFOs stay ahead in the face of growing challenges and demands. The programme harnesses our organisation’s broad capabilities to deliver forward thinking and fresh insights for every stage of a CFO’s career – helping CFOs manage the complexities of their roles, tackle their company’s most compelling challenges, and adapt to strategic shifts in the market.

For more information, feedback, or suggestions, please write to us at: incfo@deloitte.com.