

TALES OF TRANSFORMATION



Who's leading the digital charge in life sciences?

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00:02-00:57 **Heidi:** Digital technologies are disrupting organizations of every size and shape, leaving many executives scrambling to find and assess the new technologies that will help their organizations compete now and in the future. Life science companies are no exception. However, while the technology itself is vital to digital transformation, the importance of strong leadership and culture cannot be overlooked.

This is Tales of transformation. Today we continue our discussion on digital transformation and life sciences to explore the key roles that leadership and culture play in helping organizations move from simply doing digital to being digital.

Today I have Dave Rosner and Garth Andrus, both principals in Deloitte Consulting LLP, with me to discuss how life science companies can strengthen their own digital DNAs and build a culture that fosters digital innovation and growth. Welcome to the show.

00:58-00:59 **Dave:** Thank you for having us.

00:59-01:00 **Garth:** Thank you, Heidi.

01:01-01:22 **Heidi:** Dave, let's tackle the leadership question. A recent Deloitte MIT survey found that more than three-quarters of biopharma respondents say their organizations need to find new leaders to succeed in the digital age and only 20 percent think their companies are effectively developing the type of leaders necessary in a digital environment. Why is this so challenging of many life science companies?

01:23-02:15 **Dave:** It's hard to find people outside of the biopharmaceutical industry that can come in at senior levels within an organization and be effective without a deep background in their industry. So, typically biopharmaceutical companies aren't bringing in new leadership from outside and that can be challenging when you are looking to inject new capabilities such as digital technologies. And when you talk about technology at a biopharmaceutical company, they're talking about genetics and biology and things about developing their products and less about leveraging digital. So, the mindset is going to take time to shift where the internal talent is going to need to be developed, but you're also going to need to find ways to bring in new talent from other industries without having the prerequisite knowledge of the industry, and that's not always a bad thing. ►

02:16–02:32 **Heidi:** In recent months, a handful of life science companies have named digital officers from outside the industry of what you have just referenced, leading many to ask who should lead a digital transformation at a life science company. Should it be the CIO, CDO, or someone else?

02:33–04:03 **Dave:** There's no right or wrong answer for this, and I think in some ways we're still watching to see how it plays out exactly. Different companies are taking different paths. We typically would respond to that question by asking what it is that you're actually trying to accomplish with digital. And we're seeing three pillars that companies are focusing on: one would be using digital to more effectively or efficiently run their operations. And for something like that, you're going to want an operator, you're going to want a CIO or somebody in the business who's really focused on operations. We're also seeing companies that are saying, we want to leverage digital to really engage, engage with our patients, with the caregivers differently. And that could be a CIO, that could be a CDO, that could be a new chief customer officer, but it's a different mindset and competency and leadership required than optimizing operations across the organization. Lastly, some companies are looking to innovate, and they're looking to find digital solutions that go along with their therapies, and that can require a whole new type of capability and leadership, and sometimes that's coming in the form of a head of digital medicines or chief medical officer in some cases. So really where does it sit? Do you need a CIO that knows digital? Do you need a chief digital officer? We would turn it back around and ask the question what it is you're trying to accomplish with the transformation and the move to digital and then let that answer the question.

04:05–04:10 **Heidi:** Garth, what key differences do you see in the cultures of companies that are more digitally mature than those that aren't?

04:11–05:18 **Garth:** There definitely is some big differences between those that are more digitally mature and those that are just starting out. What we found with life sciences companies is there's two areas that stand out: learning to work in new ways and changing how work gets done around those new ways, and the second is sharing results from productive failures in constructive ways and using that as a means to a more formal organizational learning. In a study by MIT that you mentioned earlier, we found that early-stage organizations that are really just beginning to apply a lot of changes in the way they work, it's about 31 percent of those companies are really learning to work in new ways. So meaning, they're not really changing a lot about how work gets done. And maturing digital companies or almost 70 percent of companies are actually changing the way work gets done. So, there's quite a few significant differences between early stage and later stage cultures and how companies, especially life sciences companies, are approaching that.

05:19–05:35 **Heidi:** Deloitte has identified 23 DNA traits that organizations can adopt to help them become more digitally mature. Garth, which of these traits do you see traditionally less mature in life science companies, and what steps can they take to strengthen their DNAs?

05:36–07:22 **Garth:** Every organization has its own DNA. And it may have digital DNA in it, and it may not, or it may be a little less mature level. We kind of measure DNA from exploring, to doing, to becoming, to being. And there are these 23 traits, as you mentioned, and what we found in life sciences is that there tends to be two, three, or four that just rise to the top in most of these organizations, and the three that tend to bubble up most are intentionally collaborative, failing forward and learning faster, and then synchronizing ways of working. So maybe I can give you an example from the third one. This is about how organizations are really changing the way that they operate day-to-day and how they're synchronizing work between processes, expectations, decision rights, looking at key interaction points and actually synchronizing that and beginning to adopt more of digital operations. So, the typical things you find in synchronizing work is at the speed of the new digital processes or really either closely or not closely matching the speed of the traditional business processes. So, a lot of times we call that uneven velocity between digital and legacy, and that's a big challenge for a lot of companies, especially because you're operating in really two modes of operation. And the second kind of area and synchronizing ways of working is that the culture—is our organizational culture really allowing for easy adoption of new digital ways of operating. And so those are two challenging areas that we found in life sciences that seem to stand out. ►

07:23-07:31 **Heidi:** Is it fair to ask should they try to address all at once, you know, 23 DNA traits. Or do they really need to take sort of a step-through process?

07:32-10:24 **Garth:** It's definitely a journey, and most companies take two to three of these traits at a time and really begin to focus on those and start to change the way they work. And the way we do these is through an area that we call minimum viable changes or MVCs for short. These are really kind of a series of tactical day-to-day actions that weave these desired changes into your everyday DNA. So, these MVCs are digestible and specific, they're time-bound, they're actionable, and they're measurable. So essentially, you're beginning to weave in digital DNA into your existing organizational day-to-day DNA. An example from a few minimum viable changes you could do to help weave in more digital DNA around how you're organizing, operating, and behaving in the organization to be more digital; one is assessing needed decisions across teams and remastering needed decision rights. How do we change the way that we make decisions? And are we expanding decision rights for people in really thoughtful ways? So, to implement that, you would do this in 90 days or less and it would be very digestible and specific, very time-bound, action-oriented, and measurable. Second one would be implementing virtual job rotation to acquire specialized skills. And that's a really fascinating area because people want to move skilled practitioners or leaders around to get exposure to different parts of the organization and sometimes it's just not feasible. Especially when you have a scientist and you may say I need or the scientist really needs to have more financial skills. So we created something called virtual job rotation, where they stay in their current job but then we focus on somewhere between 10 and 20 percent of their day-to-day job as part of another team that may actually be focused on financial skills. And then last is standing up a collaboration center of excellence. At one company, in 90 days they set up this center of excellence. So anytime there is a new project, they go to the COE and it's almost like going to a doctor and doing an intake form, here's how many groups were going to work across, how many geographies, we've worked with this group before, we haven't worked for this group before, we're not using collaboration tools, we are using collaboration tools, whatever it may be. And then this group who have different skills kind of lay out how you begin to operate, everywhere from how you run meetings, how you deal with time zones, how do you deal with different cultures? Within an organization even, not just country cultures, but cultures of the organization? And then take some really strong actions and specific tactics to change the way you collaborate. And this has been a very successful way to weave digital into the DNA.

10:25-10:56 **Heidi:** Yeah, I love the sample and I feel like most people could benefit from a virtual job rotation. Right? I mean, you know, because we're living in such a mobile global world, it improves the satisfaction when you can see the other side of the coin. I think it's fascinating. So thank you for that sample. Dave, given life sciences companies aren't considered to be as digitally savvy compared to some of their peers, how do they compete for talent?

10:57-12:53 **Dave:** It starts with the mission, and the mission of a pharmaceutical company is differentiated from consumer products, financial services, or some other industries. It's really cultural. And we like to talk about culture, will eat strategy for breakfast every day. And what we mean by that is you can have the best strategy in the world, but if you don't really change the culture and, as Garth touched on, really the ways of working, you're not going to pull through that strategy. And the ways of working and changing the culture are very, very closely tied together in a digital transformation. More and more we're starting to see pharmaceutical companies follow other industries in shifting the way they work internally, and they're blurring the lines between traditional IT roles and operation roles and lines of business roles, and they're forming what we call internal product teams. And really a lot of this is about agility and moving faster, but a lot of that is also about being a more digitally savvy company, and that's one way to really attract the talent. So, if you're a new engineer that's newly out of college and you're looking for a place to spend your time and your energy, you're going to want to go to an environment that feels culturally different than a large corporate bureaucracy. And we're seeing that forming product teams that are based on principles of agility, that are breaking down the walls between traditional IT and the business that they support into these cross-functional teams that are really closer to the customer, whether that customer's a patient or that customer is somebody internally that is supporting a patient, is a more modern and attractive way for engineering talent and other digitally savvy talent to come to. ➤

So that cultural shift, but it's also aligned with a different way of working, we think is really important if you're going to really shift your mind-set and your organization to be more digitally savvy.

12:54–13:18 **Heidi:** There is no shortage of opportunities that new technologies and digital capabilities offer life sciences companies, but the technology alone is not the answer. Leadership, organizational change, and culture are all key to helping companies harness the power of technology.

I want to thank my guests Dave Rosner and Garth Andrus for joining me today on Tales of transformation. Thank you.

13:19 **Garth:** Thank you, Heidi.

13:20 **Dave:** Thank you, Heidi.

13:21–13:26 **Heidi:** Stay tuned as we continue our series exploring digital transformation in life sciences.

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