

Harvey Nash/KPMG CIO Survey 2017

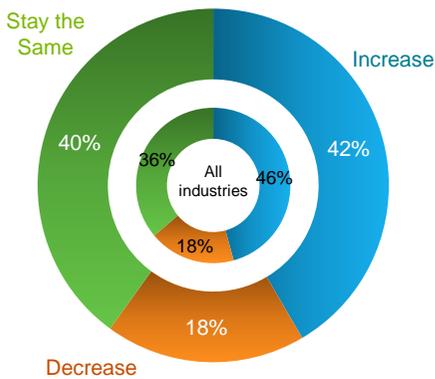
Pharmaceuticals Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This pharmaceuticals sector snapshot provides survey responses from 76 pharmaceuticals companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

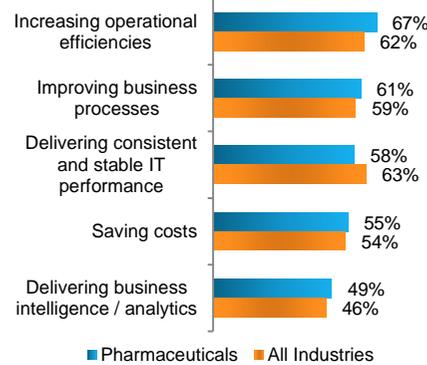
Key Topics

Looking forward, over the next 12 months, do you expect your IT budget to?



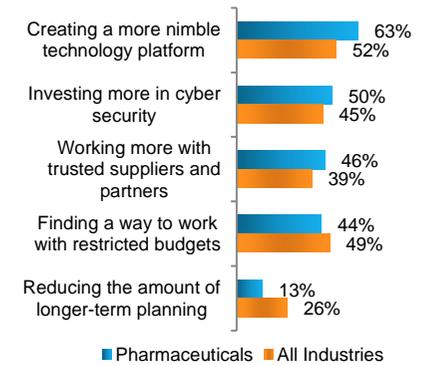
Pharmaceuticals companies are **slightly more pessimistic about their IT budgets for next year** than in other industries, with fewer expecting a budget increase (42% vs 46% for all industries), and the same a decrease (18% vs. 18%).

What are the key business issues that your management Board is looking for IT to address? (top 5)



Pharmaceuticals company Boards most notably **place a greater emphasis on increasing operational efficiencies** (67% vs. 62% for all industries) and **less of an emphasis on delivering consistent and stable IT performance** (58% vs. 63%).

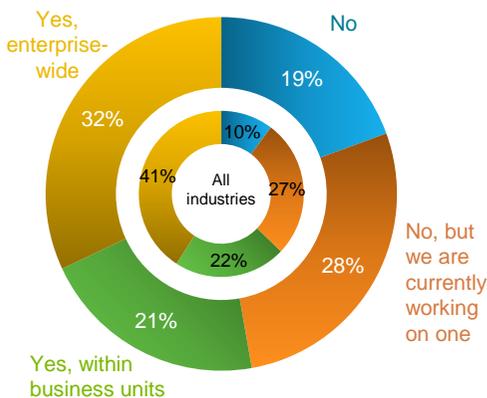
How have you adapted your technology plans to deal with uncertainty? (top 5)



Pharmaceuticals companies **much more often deal with uncertainty by creating a more nimble technology platform** (63% vs. 52% for all industries), and **less often by reducing the amount of longer-term planning** (13% vs. 26%).

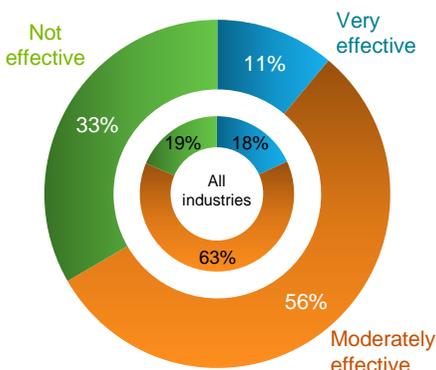
Digital Strategy

Does your organization have a clear digital business vision and strategy?



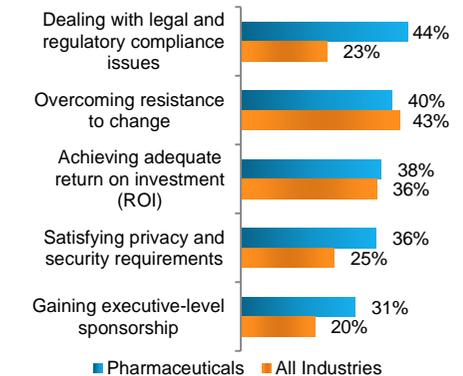
Pharmaceuticals companies are **less likely to maintain an enterprise-wide digital business strategy** than in other industries (32% vs. 41%).

How effective has your organization been in using digital technologies to advance its business strategy?



Pharmaceuticals companies **report low overall effectiveness levels in their digital strategies**, with many more describing their strategies as not effective (33% vs. 19% for all industries) than very effective (11% vs. 18%).

Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, pharmaceuticals companies **face greater challenges with compliance issues** (44% vs. 23% for all industries), **privacy/security** (36% vs. 25%), and **executive sponsorship** (31% vs. 20%).

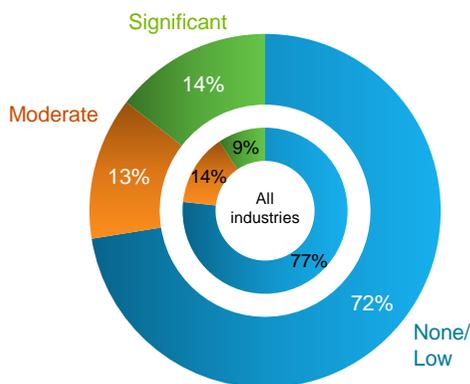
Technology & Innovation

How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant Investment)



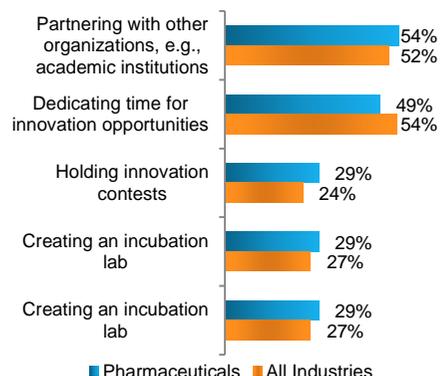
Compared to other industries, pharmaceuticals companies are **roughly equally likely to invest significantly in IaaS and PaaS**, but are **much more likely to invest in SaaS**.

How would you characterize your current investment in digital labor?



Pharmaceuticals companies **have invested somewhat more heavily in digital labor** than in other industries, with more making significant investments (14% vs. 9% for all industries).

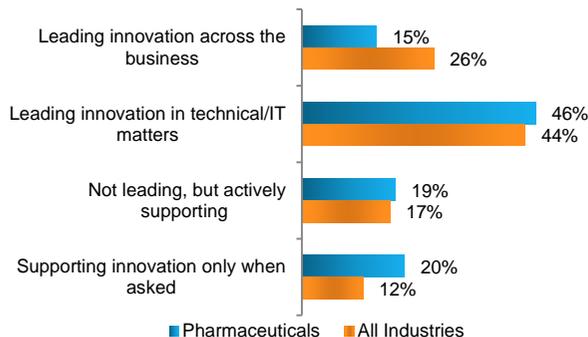
In which of the following ways is your organization fostering innovation?



Pharmaceuticals companies **undertake similar innovation-related activities** as in other industries, with partnering with other organizations and dedicating time for innovation activities the most popular.

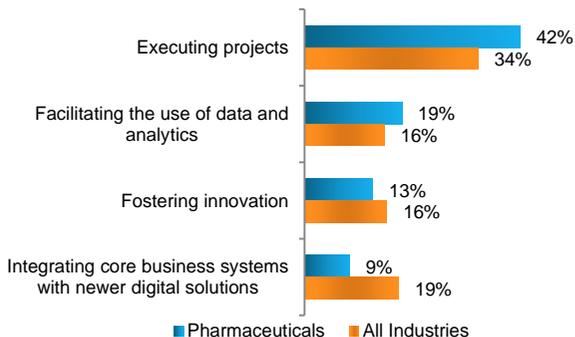
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



Compared to non-industry peers, pharmaceuticals CIOs are **less likely to lead innovation across the business** (15% vs. 26% for all industries), and are **more likely to take secondary, supporting roles** such as supporting innovation only when asked (20% vs. 12%).

How effective is your IT organization in each of the following capabilities? (Very Effective)



Pharmaceuticals companies **exceed cross-industry effectiveness benchmarks in executing projects** (42% vs. 34% for all industries). However, they **lag in certain next-generation capabilities** such as fostering innovation (13% vs 16%) and integrating core business systems with digital solutions (9% vs. 19%).

Conclusions

CIOs in pharmaceuticals face three competing barriers in this emerging digital ecosystem: requirements to decrease costs as margins are squeezed; regulatory and legal challenges; and competition from non-traditional healthcare industries who are using strictly digitally-focused business models. Pharmaceutical companies have been slow to adapt effective digital strategies to support the overall business vision, opening the door for the ones "who get it right" to leapfrog their competition. While CIOs still view themselves as leading innovation from a technical / IT standpoint, many have not moved into supporting enterprise-wide innovation. Pharmaceutical CIOs need to move the needle from a traditional IT operations focus, to enabling innovation by continuing to invest in cloud-based solutions, while leveraging the emergence of disruptive technologies such as Internet of Things, Artificial Intelligence and digital labor.

Further information

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