



**Coulter:Partners**

**Digital Leadership  
at the Top**

A Review of Digital Leadership  
on Boards & Executive  
Committees of Leading Pharma  
& MedTech Companies

# Introduction

Perceived as “late to the digital party”, global pharma and MedTech companies are now in a race to implement and scale digital transformation across their entire enterprise. A spate of high-profile industry partnerships and acquisitions across pharma and MedTech illustrate the industry’s commitment to accelerated digital transformation; for example, Roche’s 2018 \$1.9bn acquisition of Flatiron and Medtronic’s recent acquisition of UK-based A.I. player Digital Surgery. The top 10 pharma companies alone have contributed to a cumulative investment of USD4bn into digital health companies between 2014 and 2019<sup>1</sup>.

In a drive to benefit from such technologies as AI-enabled drug discovery, “digiceuticals”, remote disease management or digitisation of manufacturing and diagnostics, the Life Science industry is competing for game-changing leaders vs. the Life Science industry is competing for game-changing, leaders with the right technological understanding, innovative thinking and industry experience. To compete with the agility and pace of non-traditional, tech players invading the healthcare space, Life Science Boards and CEOs are under pressure to develop an accelerated digital strategy and raise their profile on the C-suite agenda.

*“Despite recent shifts, the sector continues to lag behind most industries and is not yet where it needs to be—truly transforming at scale”<sup>2</sup>*

What can Life Science and MedTech organisations learn from other industries that have already transformed at scale? How can they execute digital transformation most effectively across their businesses, in alignment with their R&D and commercial strategies? To find some answers, Coulter Partners explored the ways that 60 leading global pharma and MedTech companies are implementing digital transformation, by focusing on 4 key leadership areas that can influence digital strategy:

1. A dedicated Chief Digital Officer (CDO) on the named Executive Committee (ExCo)
2. A Chief Information Officer or other C-suite position with a digital remit, on the named ExCo
3. Digital experience on the Board
4. The industry background and diversity of the cohort of 60 CEOs



## 4 Key Areas of Top-level Leadership

These four points of leadership provide opportunities to influence digital acceleration. Each are important in the following ways:

### 01 Chief Digital Officer (CDO)

Having a CDO on the named ExCo shows the importance of digital is akin to sales, finance, commercial or scientific functions. A CDO is often a catalyst hire who brings together different parts of the organisation under a digital strategy. They will often partner with technology to deliver platforms and analytic capability, and HR & Talent to ensure the current and future pipelines are aligned to be digital ready

### 02 Chief Information Officer (CIO)

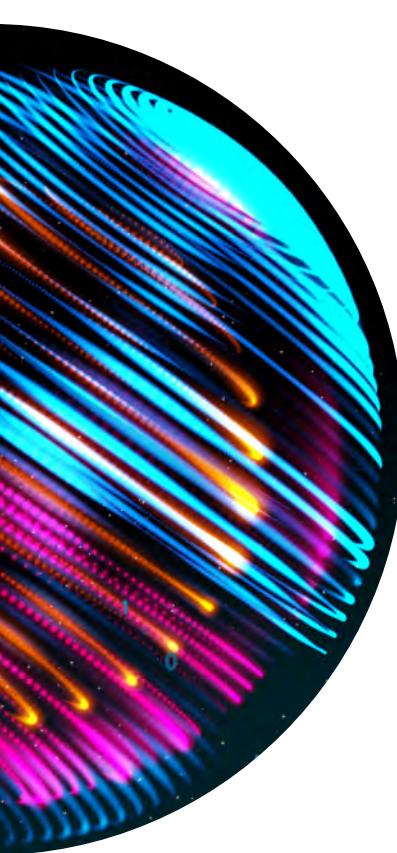
Technology is a significant part of any transformation for pharma or MedTech. Where there is not a named CDO at the top table, having the CIO as part of the ExCo demonstrates a commitment to technology and its importance. In some cases, CIOs have publicly declared digital as part of their remit

### 03 Digital Board Experience

The board provides an ideal opportunity to add complementary digital expertise from inside or outside the industry, where there are skills gaps in the executive team. Independent directors can drive digital innovation to influence the commercial performance of the business

### 04 CEO Diversity

It is widely acknowledged that diverse teams make better decisions and are more innovative. Alongside this, CEOs are the critical role in any transformation. Digital transformation of consumer, retail and financial services has happened at a faster pace than in Life Sciences and MedTech. A diverse set of CEOs across an industry can be an indicator, or driver of innovation



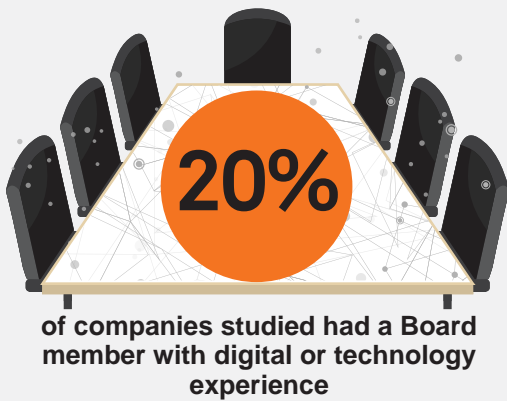
# Our Findings

## Coulter Partners Digital Leadership Study

How do the leading global pharma and MedTech companies ensure adequate digital representation “at the top table” and a digital strategy to achieve transformation at scale?

- 1 A dedicated CDO on the named ExCo
- 2 A CIO or other C-suite position with a digital remit, on the named ExCo
- 3 Digital experience on the Board
- 4 The profile and diversity of the CEO population

### Digital Board Members



The board directors covered in our study had a range of backgrounds, from digital natives like Google, through to organisations that had been credited with their own transformation like Adobe and Dassault Systems.

- Danaher** - Jessica L. Mega, MD, MPH (Verify Life Sciences LLC)
- Merck & Co** - Mary Ellen Coe (Google)
- Pfizer** - Shantanu Narayen (Adobe)
- Sanofi** - Bernard Charlès (Dassault Systèmes)

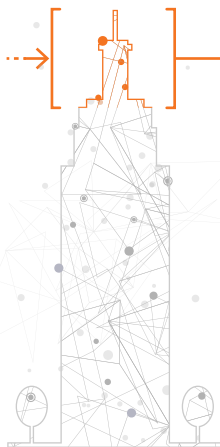
### Digital Leadership

22% of companies had some form of digital leadership on their named ExCo

**22%**

**78%**

No digital representation on the named ExCo



17% had a named CDO

5% had another senior position specifically having digital responsibility

Over half of this cohort were hired in the last two years

All digital leaders in MedTech were hired internally

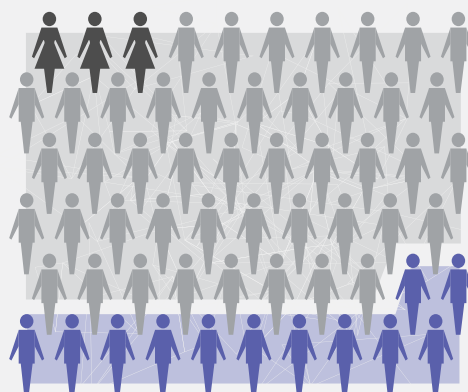
Pharma notably appoint from external industries including retail, hospitality and diagnostics

### Diversity of Leadership – The CEO Profile

A diverse set of CEOs across an industry can be an indicator, or driver of innovation. Looking at specific elements of diversity of CEOs – gender, internal vs external appointment and non-Life Science industry experience – a visible lack of diversity emerges.

**95%**

Male

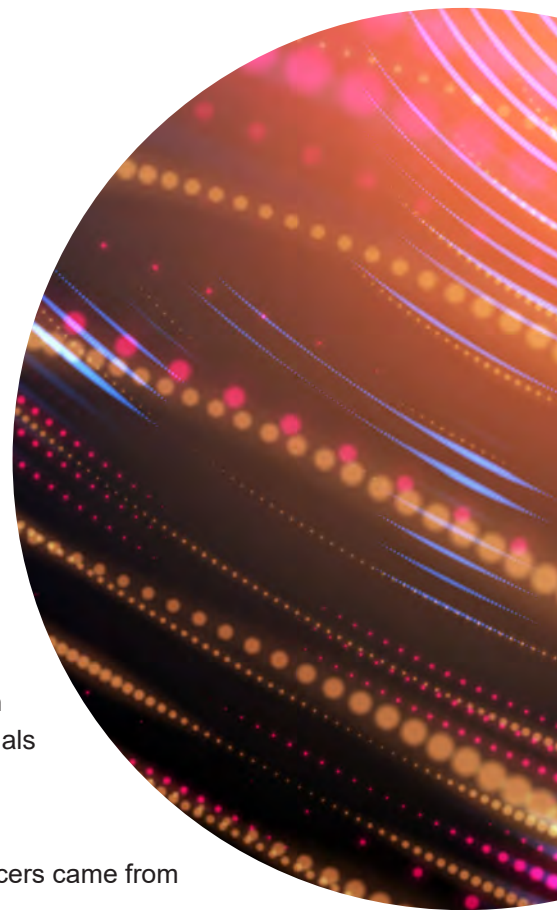


→ **80%**

hired from within the organisation

→ **20%**

were external hires, but all of these came from within the same industry



## Where Digital Leaders Come From

Our findings showed that nearly a quarter (22%) of companies had some form of digital leadership on their named ExCo – but only 17% had a named CDO, the remaining 5% had another senior position specifically having digital responsibility, citing digital responsibilities in their role remits, e.g. Chief Information Officer, Chief Innovation & Strategy Officer, SVP Software Solutions, to name a few. This shows that, although several of the leading Life Science organisations have digital on their minds, it has still not secured a place **at the very top** of strategy and decision-making. Furthermore, just over half of this cohort were hired in the last two years, indicating the role's relatively recent acceptance on the ExCo.

When we look at where these digital leaders came from, the picture becomes more interesting. Around one third of the leaders in our dataset were external hires, all of which were appointments at the big pharma companies. MedTech companies hired all its digital ExCo leadership from within, promoting individuals from roles such as SVP Chief Technology Innovation and VP IT and Chief Technology Officer.

Bolder perhaps with its ExCo hiring, pharma's externally appointed digital officers came from a variety of backgrounds:

- **Lidia Fonseca** – Pfizer – Diagnostics
- **Bertrand Bodson** – Novartis – Retail
- **Karenann Terrell** – GSK – Retail
- **Arnaud Robert** – Sanofi – Hospitality

## The Board as a Source of Innovation

Across our dataset, 20% of companies had a board member who demonstrated in-depth digital expertise. The backgrounds of these board members tended towards senior commercial leaders or CEO/Chair of companies – like Xerox and Adobe – that had been credited with their own digital transformations. Interestingly of the 20% in this dataset, two-thirds could be found in pharma companies, with MedTech organisations showing less inclination to have digital representation at board level. Only three organisations within our total dataset emerged with both a CDO on the ExCo as well as a digital transformation expert on their board.

## Diversity of Leadership – the CEO

There is a widespread acceptance that diverse teams perform better and are more innovative.<sup>3</sup> The CEOs in this study did not, however, demonstrate diversity in specific areas of gender, internal vs external appointment and non-Life Science industry experience. 95% of the CEOs in our study were male and 80% of them were appointed from within their organisation. Of the remaining external hires, every one of them came from within the same industry (pharma or Medtech). While they may drive the strategy for digital acceleration, these CEOs may need to rely on the complementary skills of their diverse leadership teams to implement change effectively.



## Making the Next Steps on the Journey

The research shows a variety of strategies recently adopted in Life Sciences to catch up with digital advances in other industries. Although this blended approach of digital hiring across the ExCo and board demonstrates that pharma and MedTech recognise the importance of digital transformation, the statistics show there is still a long way to go in many organisations. Company cultures, traditional mindsets and product portfolios all affect the pace and priority of digital transformation and securing a place for digital at the “top table” is taking time. Our work across the spectrum, from early stage, disruptive, innovative, digitally native businesses through to global pharma and MedTech businesses has shown there are multiple approaches organisations can take to accelerate their digital journey:



### Recruit Digital Board Directors

Our experience shows us that appointing digital expertise to the board provides challenge and insight to both the board and the ExCo. The Board Director covered in our study had a range of backgrounds, from digital natives like Google, through to organisations that had been credited with their own transformation like Adobe and Dassault Systems.



### Create Advisory Boards

A pragmatic first step, avoiding commitment to either a board seat or executive level appointment could be the creation of advisory boards. They can work alongside the CEO and board on specific areas of transformation. Advisory boards work best with a very clear remit and reporting structure, often given specific tasks to solve under the guidance of the CEO or ExCo.



### Digital Leadership at the Very Top

The trigger for the appointment of a Chief Digital Officer is to create a focal point, and then accelerate the impact of digital across the organization. This catalyst role works with multiple business stakeholders to bring together different points of view, with the outcome of creating specific digital related change initiatives.



### Assessment

Through a combination of our work with early stage companies, and helping our global clients on their digital transformation, we see the skills and experience needed for change. Assessment is an excellent way to help understand the current skillset and the team's ability to deliver against a redefined more digital and agile strategy. Transformation requires a significantly different mix of competencies from organic growth, and this can be accurately assessed in a data driven way, against the corporate strategy to create greater alignment between the two.

### About Coulter Partners

Coulter Partners is a board and senior level executive search specialist focused exclusively on global Life Sciences. From our offices in the UK, Europe, North America and Asia-Pacific, we work together across boundaries and disciplines to build outstanding leadership teams for our clients in the pharmaceuticals, biotechnology, medical devices, diagnostics, health tech, CRO and services sectors. Our industry leading reputation is founded on deep sector knowledge and innovative thinking. Our strategy is built on a unique team culture and true global reach. Our goal is to bring you the world's best talent.

With a dedicated digital practice we are adept in helping clients across Life Sciences, build transformational digital leadership across multiple areas of their business.

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### Sources

1. Measuring Digital Health Maturity: Review of the Top 10 Pharma Activity (2014-2019), Research & Markets, Oct. 2019
2. The technology imperative for life sciences, McKinsey, Jan. 2020
3. Does Diversity Actually Increase Creativity?, Harvard Business Review, June 2017"

