



Barriers to Digital@Scale – shifting the focus from tech to culture

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When thinking of digitization at scale, there is a tendency to believe that technological capabilities are key enablers. In discussions with a group of leaders from the European pharma and medtech industry, however, most participants said that technology is not the main issue. Scaling up their success from individual pilots to a level of implementation that would lead to substantial impact on their overall business models requires an investment in people and culture – namely, moving from a few dozen talents in a digital center of excellence to building digital talent at scale and transforming the mindset and culture of their overall organizations.

For our biannual European Roundtable on Digital in Pharma and Medtech, we invited 25 digital leaders from throughout the European pharma and medtech industry to take stock of digitization in pharma and identify the main barriers these leaders are facing in implementing digital strategy at full scale within their organizations. This whitepaper summarizes these discussions and findings.

Summary

When asked for the main success factors and key barriers to success in digital, one topic clearly stood out: **culture and mindset**.

Takeaways

- Almost all pharma and medtech companies **have started to work on their digital strategy**, and many have developed prototypes or run pilot projects.
- Scaling up those small efforts requires an **effort to change culture and mindset** because Digital@Scale requires buy-in not only from the senior leadership but also from middle management.
- This need for strong leadership **makes Digital@Scale a CEO topic**.
- CEOs will have to team up with an operational digital leader with a robust vision, which allows them to **“upset the status quo”** during the implementation phase.

The current state of digitization in pharma

Digital disruption has been a buzzword for a while and has already affected many industries. The pharma and medtech industries operate within a complex environment, with a multitude of stakeholders and interfaces from patients, to health care professionals, to payers. The combination of large data sets and the need for seamless interaction across multiple interfaces makes them an obvious choice for digital strategies. However, for obvious reasons

” The big tech companies are predictable. I’m afraid of three guys in Kazakhstan coming up with the next big thing in healthcare that will fundamentally undermine the system we know.

*Arthur Kaindl,
Siemens Healthineers*

related to public health, this is also a highly regulated industry, and regulation has slowed down the digital disruption here compared to other industries (e.g., logistics or automotive).

With some of the large tech players entering this high-margin field with their own products and offerings (e.g., in online pharmacy, or with analytics-powered decision support systems), and digital healthcare start-ups building compelling offerings, disruption has now firmly arrived in the pharma arena.

Over the past couple of years, the vast majority of our regular round-table participants have invested in the digitization of healthcare.

Most of them have set up digital centers of excellence and hired digital talents to start building their own digital healthcare solutions. Today, nobody really doubts that digitization has already reached the healthcare sector. Having collected the first experiences in this area themselves, we asked the digital leaders the question “what comes next?” We wanted to understand what the current status is and what the barriers to Digital@Scale were. We discussed the following questions:

- How do you make sure digital initiatives connect to each other, creating advantages beyond solving individual problems?
- How do you handle the talent challenge?
- What is your experience with transferring digital initiatives from an incubator setting into the line organization?

Current initiatives on building Digital@Scale

In a survey on the status of digital strategy, it became clear that all pharma and medtech companies in our sample have worked on their digital strategy; many have kicked off pilots or prototype development projects. The assessment of the maturity of their digital strategies, however, revealed stagnation: goals and objectives of the digital strategy (the “what”) seem to be in place, but there are challenges in defining a clear path toward the operational implementation (the “how”) (see Exhibit 1).

In discussions with our expert panel, we discovered that there is an increasing sense of urgency at most companies and a strong feeling that digital is important and that digitization needs to be incorporated into the overall business strategy. Yet, there is currently very little evidence of Digital@Scale in the companies we talked to.

The likely root cause is that pharma and medtech companies still have to put the basic building blocks in place to drive Digital@Scale. While we saw favorable responses to questions in

” **Prototypes at speed are worthless if culture and willingness to scale are lacking.**

*Matthias Gohl,
Zeiss Digital Innovation*

the areas of “capabilities of experimentation” and “roles and responsibilities in digital,” the answers to the “company culture” and “technology foundation” questions were rather sobering.

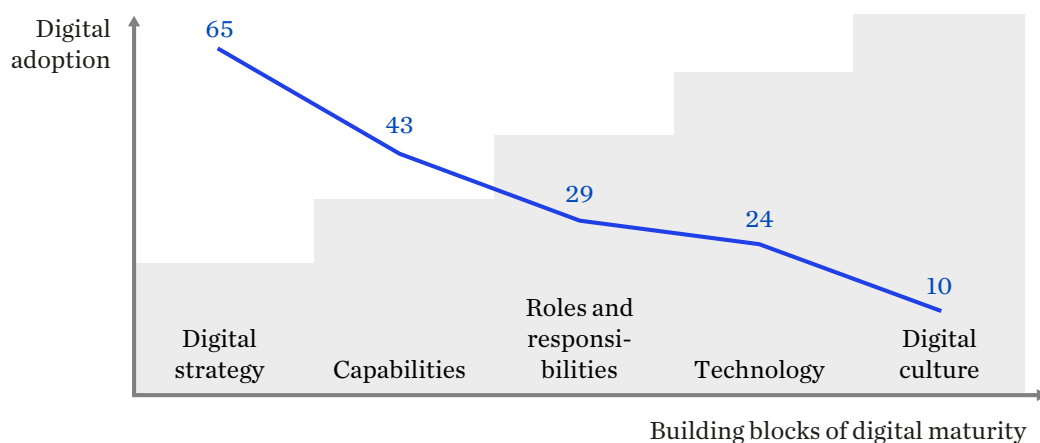
Our survey asked participants for the five building blocks of a digital business model, from **digital strategy** to **culture**. While the majority of the respondents (65 percent) had a strategy in place, the “softer” components needed for higher “digital maturity” were present only

in a minority of the surveyed companies. Only 10 percent said that **digital culture** is not an issue for them.

Exhibit 1

Digital@Scale journey requires multiple steps/building blocks for implementation, but culture seems to be the hardest to achieve

Share of respondents in percent



Barriers to Digital@Scale

When we asked questions about what works well and where the companies hit barriers, it became clear that technical components – such as cloud platforms, data management, multi-

channel environment, etc. – and even budgeting and resourcing are no longer considered much of an issue. Instead, topics typically associated with change management are becoming the biggest challenge (see Exhibit 2).

” **Culture, talent, and mindset are the biggest obstacles to scaling digitization.**

*Martin Hess,
Boehringer Ingelheim*

In general, our experts felt that the uptake of digitization was too slow and that leadership in their respective companies was rather conservative when it came to embracing new technologies. When asked about the main barriers, the three areas that were most frequently

mentioned were culture and mindset, organizational structure and governance, and hiring the right talent.

Exhibit 2
Key barriers of Digital@Scale



Enabling Digital@Scale

The challenge of digitization is no longer one of technological capability, but one of governance, culture, and talent. This is a clear indication that companies need to shift their focus from incubators and initiatives and start thinking about using a change management approach to scale their digital strategies.

To enable this, digital strategy needs to become not only part of the vision and mission of a company, but also a part of the ways of working and the organization at all levels of the company. Only by making digital an integral part of the culture at all levels will it be possible to scale up prototypes to fully fledged business models. To be achieved, this must not only be communicated as a priority for IT and HR, but as a priority for all functions. It must also be driven from the top and by leadership in all areas, whether they are leaders in medical/R&D, marketing, or operations.



In summary, we find that all pharma and medtech companies have started to work on their digital strategy, and many have developed prototypes or run pilot projects. Scaling up those small efforts requires an effort to change in culture and mindset, because Digital@Scale requires buy-in not only from the senior leadership but from the middle management as well. This need for strong leadership makes Digital@Scale a CEO and leadership team topic. CEOs will have to team up with an operational digital leader with a robust vision that allows them to “upset the status quo” that hinders change and then begin to facilitate the large-scale, sustainable implementation of digital models.

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