

Executive Perspectives on Top Risks 2021 and 2030 Pharma/Life Sciences Industry (Mature)

“We see the risks related to regulatory changes around drug pricing to reduced funding for all but specific biotechnology research, tax reform, and tariffs; the regulatory uncertainty facing life science and pharmaceutical companies is greater than ever before. Although these risks may be outside one’s universe of control, we actively monitor these potential changes to ensure we understand the risks they pose to how life sciences and pharmaceutical companies do business”

Some of the other key trends we see that continue to challenge companies operating within the industry include:

- Cybersecurity Threats – Ransomware and data breaches are becoming more common. A comprehensive cybersecurity strategy and dedicated resources to protect intellectual property, clinical trial data, employee data, and patient information from theft is increasing, not only directly, but through the company’s suppliers and vendors. Additionally, the movement toward joint ventures, collaborations and sharing of IP – Makes it important to know and measure what was shared, and to clearly identify what must be protected.
- The pandemic has put broad pressure on the global supply chain due to both overwhelming demand for some supplies, as well as reduced workforce availability and global trade challenges.
- As businesses move more systems, data and processes to the IoT, Cloud and other virtual environments, the risk of cyber threats and related liabilities continue to grow. Big Pharma is subject to increase threats and attacks directed at its industrial systems
- Inability to win the war on talent – During a time of historically low employment, in the industry, competition for qualified talent is high. The cost to attract and retain knowledgeable accounting, finance, IT, and industry professionals is increasing.
- Disruptive Technology – The rapid speed of innovation and new technologies (e.g. Big Data, AI, Robotic Process Automation, Machine Learning) may outpace a company’s ability to compete in the future.

Given the products and their use in this industry space, it is no accident that risks that impact brand image and reputational risks are ranked so high.

- by Keith Kawashima, Managing Director

Top 10 Risks for 2021

	N=31
Pandemic-related policies & regulation impact business performance	6.81
Succession challenges, ability to attract and retain top talent	6.06
Ability to manage an unexpected crisis significantly impacting our reputation	5.90
Regulatory changes and scrutiny may heighten, affecting the manner in which products or services will be produced or delivered	5.87
Challenges associated with remote working environment	5.87
Our organization may not be able to adapt its business model to embrace the evolving “new normal” imposed on our business by the current pandemic and emerging social change	5.81
Adoption of digital technologies may require new skills or significant efforts to upskill and reskill existing employees	5.77
Pandemic-related market conditions reduce customer demand, including shifts in consumer behavior to digital channels	5.77
Ability to meet expectations around protecting the health and safety of employees, customers, suppliers and the communities in which we operate	5.71
Economic conditions constrain growth opportunities	5.65

Top 10 Risks for 2030

Adoption of digital technologies may require new skills or significant efforts to upskill and reskill existing employees	5.16
Succession challenges, ability to attract and retain top talent	5.13
Regulatory changes and scrutiny may heighten, affecting the manner in which products or services will be produced or delivered	5.00
Ensuring privacy/identity management and information security/system protection may require significant resources for us	4.97
Ability to manage an unexpected crisis significantly impacting our reputation	4.90
Inability to utilize data analytics and “big data” to achieve market intelligence and increase productivity and efficiency	4.84
Pandemic-related policies & regulation impact business performance	4.84
Shifts in perspectives and expectations about social issues and priorities surrounding diversity, equity and inclusion may significantly impact our ability to attract/retain talent	4.77
Pandemic-related market conditions reduce customer demand, including shifts in consumer behavior to digital channels	4.77
Substitute products / services may arise that affect our business model	4.74

Executive Perspectives on Top Risks 2021 and 2030 Pharma/Life Sciences Industry (Emerging)

“We see the risks related to regulatory changes around drug pricing to reduced funding for all but specific biotechnology research, tax reform, and tariffs; the regulatory uncertainty facing life science and pharmaceutical companies is greater than ever before. Although these risks may be outside one’s universe of control, we actively monitor these potential changes to ensure we understand the risks they pose to how life sciences and pharmaceutical companies do business”

Some of the other key trends we see that continue to challenge companies operating within the industry include:

- Immature and inadequate IT infrastructure and systems – Companies often make limited investments within IT; as investment is primarily focused on R&D activities and funding clinical trials. Commercialization requires a refocus on the IT systems and infrastructure to ensure it can support the company’s transition to a pharmaceutical company.
- Inability to win the war on talent – During a time of historically low employment, in the industry, competition for qualified talent is high. The cost to attract and retain knowledgeable accounting, finance, IT, and industry professionals is increasing.
- Transforming from an R&D to a commercial organization – Making the leap from an R&D focused organization to a commercial organization requires the right combination of resources, process, and technology. Establishing processes that can support a commercial launch and also scale to support organizational growth can be a challenge.
- Cybersecurity Threats – Ransomware and data breaches are becoming more common. A comprehensive cybersecurity strategy and dedicated resources to protect intellectual property, clinical trial data, employee data, and patient information from theft is often immature and limited.
- Disruptive Technology – The rapid speed of innovation and new technologies (e.g. Big Data, AI, Robotic Process Automation, Machine Learning) may outpace a company’s ability to compete in the future.

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