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## DIGITAL EXCELLENCE IN THE GLOBAL PHARMACEUTICAL INDUSTRY IN 2014

*DT Associates Ranks the Top Global Pharmaceutical Firms on Their Digital Transformation Efforts*

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### EXECUTIVE SUMMARY

To determine digital excellence maturity inside the world's largest pharmaceutical companies, DT Associates surveyed digital leaders and used our Digital Excellence Maturity Model to rank these companies on thirty-two different criteria. The leaders, Johnson & Johnson's Janssen and Merck, demonstrate the strong change management skills required to drive digital excellence. In contrast, the laggards, AZ and Roche, suffer from a lack of a sharp vision to guide and govern the various digital programs and capabilities. To accelerate their digital transformation, firms should adopt an approach that advances all of the different facets of digital excellence toward maturity at an equal pace.

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## ARE GLOBAL PHARMACEUTICAL FIRMS ACHIEVING DIGITAL EXCELLENCE?

Superior digital prescriber, payer, and patient experiences don't just happen—they're consciously developed and supported by healthcare organizations that understand the opportunities of and details behind digital technologies. And while implementing new technologies is important, it's vital to view digital transformation as a change management program that includes important factors such as people, processes, and a culture that supports digital excellence. To understand how close global pharmaceutical companies are coming to achieving digital excellence, we:

- **Defined a model of digital excellence maturity.** DT Associates' Digital Excellence Maturity Model is a framework of twelve core competencies related to effectively embedding digital technologies at pharmaceutical firms (see Figure 1). We organize these competencies according to the four stages of organizational maturity—assess, plan, accelerate, and optimize—and evaluate two or three specific characteristics of each. For example, we have found that buy-in is important to the success of a significant digital project or program, so we look to see if at least one senior sponsor is championing the project (see Figure 2). In total, we used thirty-two criteria to determine a firm's digital excellence maturity.
- **Surveyed digital leaders about their organizations.** We fielded an online survey to thirty-two digital leaders at global pharmaceutical companies and asked them to rate the state of their digital excellence as defined by our model.<sup>1</sup> We found that these leaders typically head up teams with about eight members. These teams support a range of countries and brands—nine countries and thirteen brands on average—and are working with a budget of about €2.1 million in 2014, a rise of about sixteen percent compared with 2013 (see Figure 3).
- **Ranked global pharmaceutical companies' digital excellence maturity.** For each of the thirty-two statements, respondents rated their firms on a scale of one (strong disagreement with the statement) to five (strong agreement). We converted these scores into percentages and averaged them to arrive at an overall score ranging from 0% (a complete lack of digital excellence) to 100% (full digital excellence maturity). Where we got more than one response from the same firm—due to factors like geographic coverage or organizational structure—we averaged those scores to determine the company's overall score.

**Figure 1: DT Associates' Digital Excellence Maturity Model**

Assess	Launch	Accelerate	Optimize
<i>Vision</i>	<i>Strategic Plan</i>	<i>Talent &amp; Skills</i>	<i>Benchmarking</i>
<i>Buy-In &amp; Impact</i>	<i>Road Map</i>	<i>Capabilities</i>	<i>Continuous Improvement</i>
<i>Assessment Framework</i>	<i>Change Management</i>	<i>Process &amp; Governance</i>	<i>Handover &amp; Phase-Out</i>

**Figure 2: Sample criteria in the Digital Excellence Maturity Model**

Assess		Launch	Accelerate	Optimize
Vision	Strategic Plan	Talent & Skills	Benchmarking	
Our company has a clear, shared vision of what digital is trying to achieve; this vision is well understood throughout the organization.	There is a clear plan behind the vision that specifies what the company wants to achieve with digital.	The digital team has strong business acumen, including project management skills.	Our company regularly compares the digital and customer interactions we offer via web, email, social, and other channels to those offered by our competitors.	
Buy-In & Impact	Road Map	Capabilities	Continuous Improvement	
The leadership team frequently endorses and commits to the digital team's role, vision, and responsibilities.	Leaders in other parts of the organization, such as brand, communications, and medical teams, actively support the digital road map and ensure that their teams adapt to its requirements.	It's clear to everyone how to access and start using digital capabilities (web, email, social, CRM, etc.).	Key decisions are made on the basis of a mix of business and customer metrics.	
Assessment Framework	Change Management	Process & Governance	Handover & Phase-Out	
Senior leadership measures the digital team's progress and holds it accountable based on company-wide metrics.	The digital team has at least one change champion who knows where and how digital change affects the business and has the tools to facilitate it.	The wider business, including medical, legal, and regulatory, has collectively agreed on the appetite and tolerance for risks related to digital excellence.	Once a digital capability is ready for implementation, our company transfers ownership to its logical primary business function (if applicable).	

## J&J AND MERCK TOP THE DIGITAL EXCELLENCE MATURITY RANKINGS

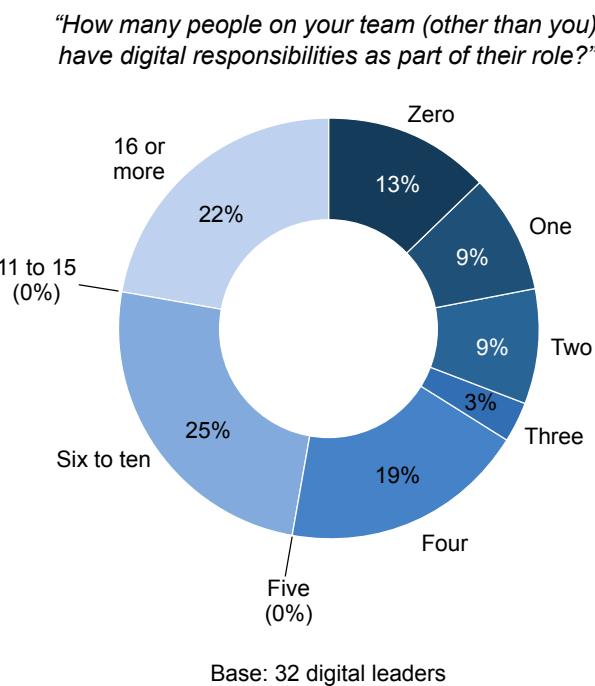
Just two companies—J&J and Merck—received scores in the upper quartile, thus demonstrating proficiency in digital excellence. A dense pack of companies, led by Sanofi and Bayer, follows; the difference between the first and last firm in this cluster is just nine percentage points (see Figure 4). Overall, here is what we found among the eleven top global pharmaceutical firms:

- **The most mature: J&J and Merck.** J&J emerged as the clear leader with a score of eighty-eight percent—ten percentage points clear of its closest competitor. This high score is mainly due to J&J's very strong Assess and Launch phase capabilities, including having a clear strategic plan and capability road map. J&J's primary weakness is its lack of ability to benchmark its range of customer experiences; the firm also faces challenges in embedding digital capabilities into core company functions once those capabilities have been defined and built.

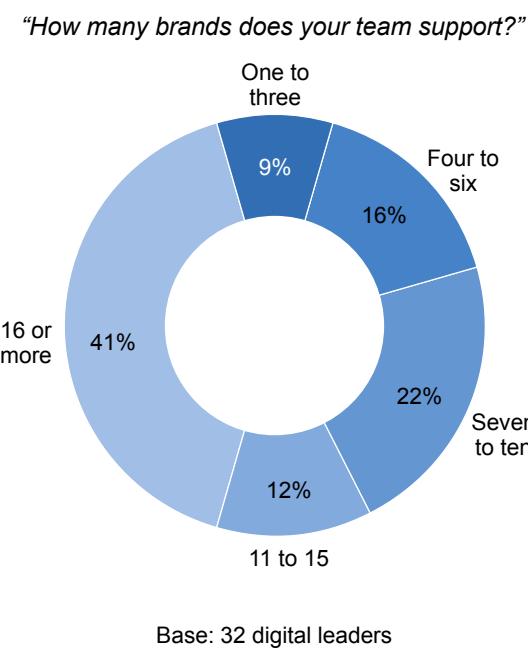
Merck's strong points include setting a clear vision for digital, securing company-wide buy-in for the digital strategy, and aligning the organization to that strategy; the firm is clearly reaping benefits from the Univadis legacy. Merck can further accelerate its digital excellence by putting in place empowering governance frameworks for those brand teams that want to adopt digital channels such as social media and personalized email.

**Figure 3:** Our sample of thirty-two digital leaders in the global pharmaceutical industry

**3.1** Digital teams come in all sizes



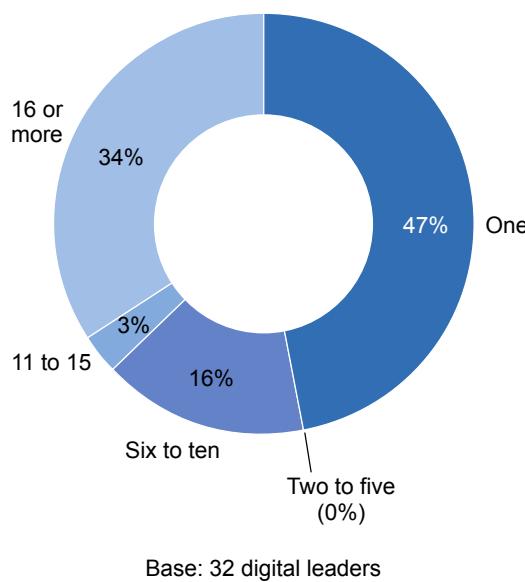
**3.2** Most digital teams support more than ten brands



**Figure 3:** Our sample of thirty-two digital leaders in the global pharmaceutical industry (cont.)

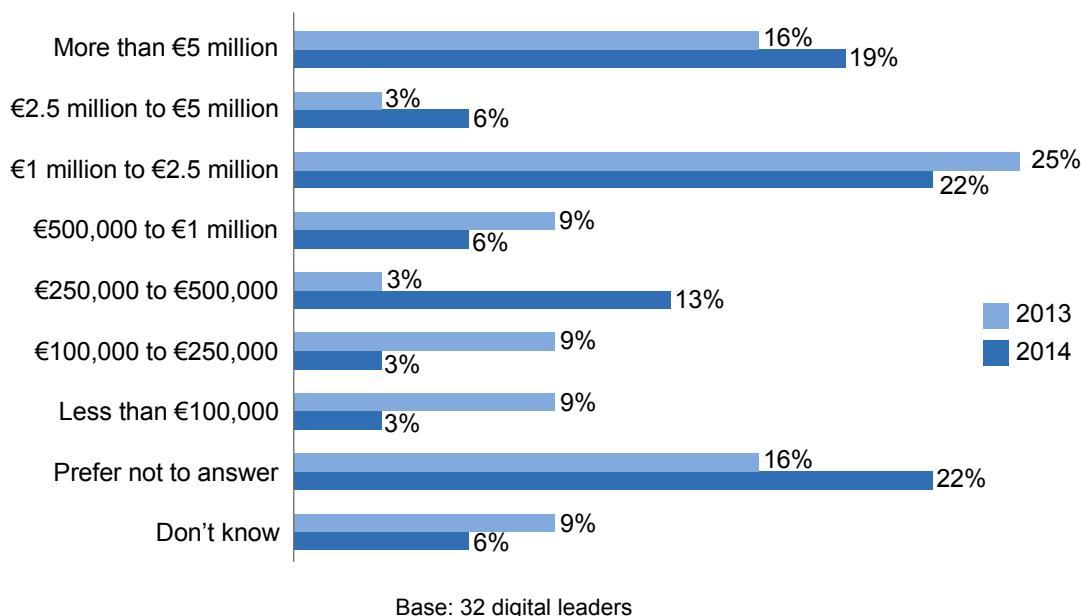
**3.3** Digital teams either support one country or affiliate — or a lot of them

*“How many countries or affiliates does your team support?”*



**3.4** Digital budgets are on the rise at global pharmaceutical companies

*“What was the budget for digital in 2013? What will it be in 2014?”*



- **The strong contenders: Sanofi and Bayer excel in specific areas.** With overall digital maturity scores of sixty-six percent, Sanofi and Bayer tied for third place our 2014 benchmark study. Sanofi is strong in defining digital standards in cross-functional governance charters, but it will need an effective measurement framework to track the impact of digital initiatives on overall business outcomes. Without such a framework, pressure from the management team will eventually result in the firm diminishing its investments in digital.

Bayer received the same overall score as Sanofi; while Sanofi was stronger in the Accelerate phase, Bayer clearly did better in the Assess phase. Our data indicates that Bayer's senior executives provide good support to the digital team; its challenge is finding the right people to staff the team with. Given the primary location of Bayer's digital team, the company has had difficulty attracting the right skills to advance its digital transformation.

- **The weakest: Roche and AZ.** Roche reports that the senior management team has a solid commitment to the digital team's role and vision. However, the vision that execs are endorsing is not well understood throughout the organization—to the point that leaders in other parts of the company don't actively support the digital road map!

AZ's digital road map is its biggest obstacle; its digital implementations suffer from weak project management skills and fail to meet the requirements of its internal target users. AZ's strongest pillar of success? The digital training program that the firm makes available to the wider organization, supported by strong levels of digital expertise within its digital team.

**Figure 4: Ranking of global pharmaceutical firms' digital excellence**

	<b>Assess</b>	<b>Launch</b>	<b>Accelerate</b>	<b>Optimize</b>	<b>Overall</b>
J&J	96%	100%	83%	75%	<b>88%</b>
Merck	81%	77%	70%	85%	<b>78%</b>
Sanofi	59%	63%	71%	70%	<b>66%</b>
Bayer	71%	66%	61%	66%	<b>66%</b>
Pfizer	68%	70%	63%	61%	<b>65%</b>
Lilly	51%	68%	65%	60%	<b>61%</b>
Novartis	56%	54%	61%	69%	<b>60%</b>
AbbVie	55%	53%	54%	67%	<b>57%</b>
GSK	58%	57%	49%	64%	<b>57%</b>
AZ	42%	49%	54%	55%	<b>50%</b>
Roche	35%	47%	60%	51%	<b>49%</b>

## METHODOLOGY

DT Associates fielded its Q1 2014 Global Digital Excellence in the Pharmaceutical Industry survey to forty-nine digital professionals who demonstrated interest in and familiarity with digital marketing and strategy as part of their role in a pharmaceutical organization. The forty-nine professionals who completed the survey answered basic questions about their role, their team, and their budgets. Based on answers to these questions, we excluded seventeen of the respondents from our final sample, which included only those who have significant digital responsibility and budget (e.g. heads of digital, digital directors, and digital leads).

We fielded the survey from January 2014 to February 2014. Respondent incentives included a copy of a business eBook or a donation to a charity, as well as a copy of a report containing the collected survey data.

Our sample is not guaranteed to be representative of the population. Responses do not convert directly into precise maturity scores for respondents' respective companies. Unless otherwise noted, data is intended for descriptive purposes.

## COMPANIES SURVEYED FOR THIS REPORT

AbbVie	Merck & Co.
Astellas Pharma	Mylan
AstraZeneca	Novartis
Bayer	Pfizer
Eli Lilly and Company	Roche
GlaxoSmithKline	Sanofi
Johnson & Johnson / Janssen	Teva

## RELATED CASE STUDIES

“The Changing Digital Landscape For Global Pharmaceuticals”, DT Associates case study, August 2013.

“The Evolving Digital Conditions For A Commercial Organization”, DT Associates case study, August 2013.

“Drive Digital Transformation Via A Digital Center Of Excellence”, DT Associates case study, March 2014.

“Use Brand Reviews To Optimize Your Digital Investments”, DT Associates case study, October 2013.

“Manage The Transition From Marketing Pilot To Global Rollouts”, DT Associates case study, February 2014.

## ABOUT DT ASSOCIATES

DT Associates is a specialist digital consultancy that enables healthcare companies to achieve digital excellence—an essential component of continued business success in an age of digital disruption. We help leading innovators in the healthcare and pharmaceutical industry successfully assess, launch, accelerate, and optimize digital excellence initiatives. DT Associates addresses firms' digital business challenges in ways that no other consultancy can. Our clients face complex marketing and technology questions every day; we help them make the right decisions. DT Associates' bespoke consulting services have a strong focus on digital marketing, strategy, and capabilities and our consultants bring deep digital and pharmaceutical knowledge and expertise to the table. Over the past ten years, we've



helped dozens of executives and teams at leading healthcare firms achieve digital success. Discover on how we can partner with you to achieve digital excellence at [www.dt-associates.com](http://www.dt-associates.com).

## **ENDNOTES**

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<sup>1</sup> In total, forty-nine people completed our survey. Our final sample only included the thirty-two respondents who are part of a central digital team or who are a digital lead for a significant affiliate with its own budget. We fielded the survey globally in January and February 2014. See the Methodology section for more information.

