



Disruption in healthcare and life sciences: Asia Pacific leaders' view

Asia Pacific healthcare and life sciences leaders are future-proofing for disruption by continuing to invest in the right people and building a culture of readiness. But preparing for the future should also include assessing and rethinking their current business models.

Asia is undergoing one of the most profound demographic shifts in its recent history. In a market that faces increasing volatility, uncertainty, complexity, and ambiguity, changing demographics is one of a wider set of macro trends—including emerging technologies, globalization and trade issues, the rise of the gig economy, a multigenerational and multicultural workforce footprint, increasing mobility of talent, and new ways of working—that are transforming Asian workforces and setting radically new expectations for the immediate future of work.

Life sciences companies in Asia are not untouched by these trends. Digital technologies and patient-centricity are driving innovation, and an age-old commercial model is feeling its way from products to solutions. The war for talent is intensifying exponentially, with competition for people with disruptive skills reaching beyond sector boundaries, amplified by attractive new entrants to the market. Culture, leadership, and reputation matter more than ever in attracting and retaining talent. The sector is also being disrupted by consolidation, as organizations look for synergies that can give them a competitive edge in the market.

A recent survey we conducted with 57 regional healthcare and life sciences leaders in the Asia Pacific (APAC) region reveals that just 41% of APAC leaders think they are well prepared to face these disruptions, compared with 53% of leaders at peer companies globally. By investing in the right people and leaders and shifting the culture of the organization, leaders in the region can put themselves in the best position to face the impending disruptions to their industry.

The shape of disruption in Asia Pacific healthcare and life sciences

Healthcare and life sciences companies in Asia Pacific are up against significant disruption that will have lasting effects on how they operate.

Seventy-nine percent of surveyed APAC leaders believe their company faces more disruptive pressure in the region today than it did 18 months ago, on par with leaders globally (78%). And they believe this pressure will continue to grow.

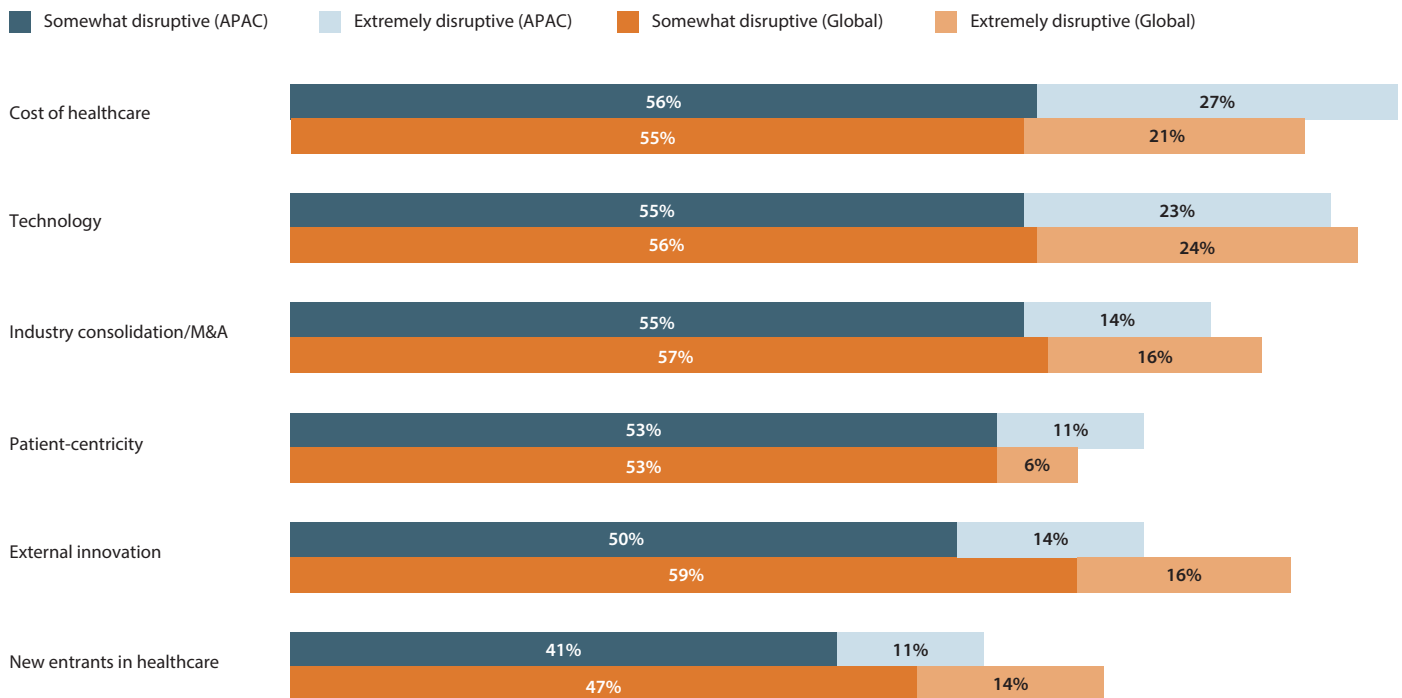
Eighty-six percent of APAC leaders agree that the pace of disruption will increase over the next 18 months, with the cost of healthcare, new technologies, industry consolidation, and empowered customers the most impactful forces driving this disruption (Figure 1).

These leaders see the most significant factors of disruption being the growing importance of data analytics capabilities, a shortage of skilled talent, the growing sophistication of lower-cost competitors, and the essential need to work in new ways (Figure 2).

86%
of APAC leaders agree that the pace of disruption will increase over the next 18 months.

Figure 1: **Industry forces are driving disruption.**

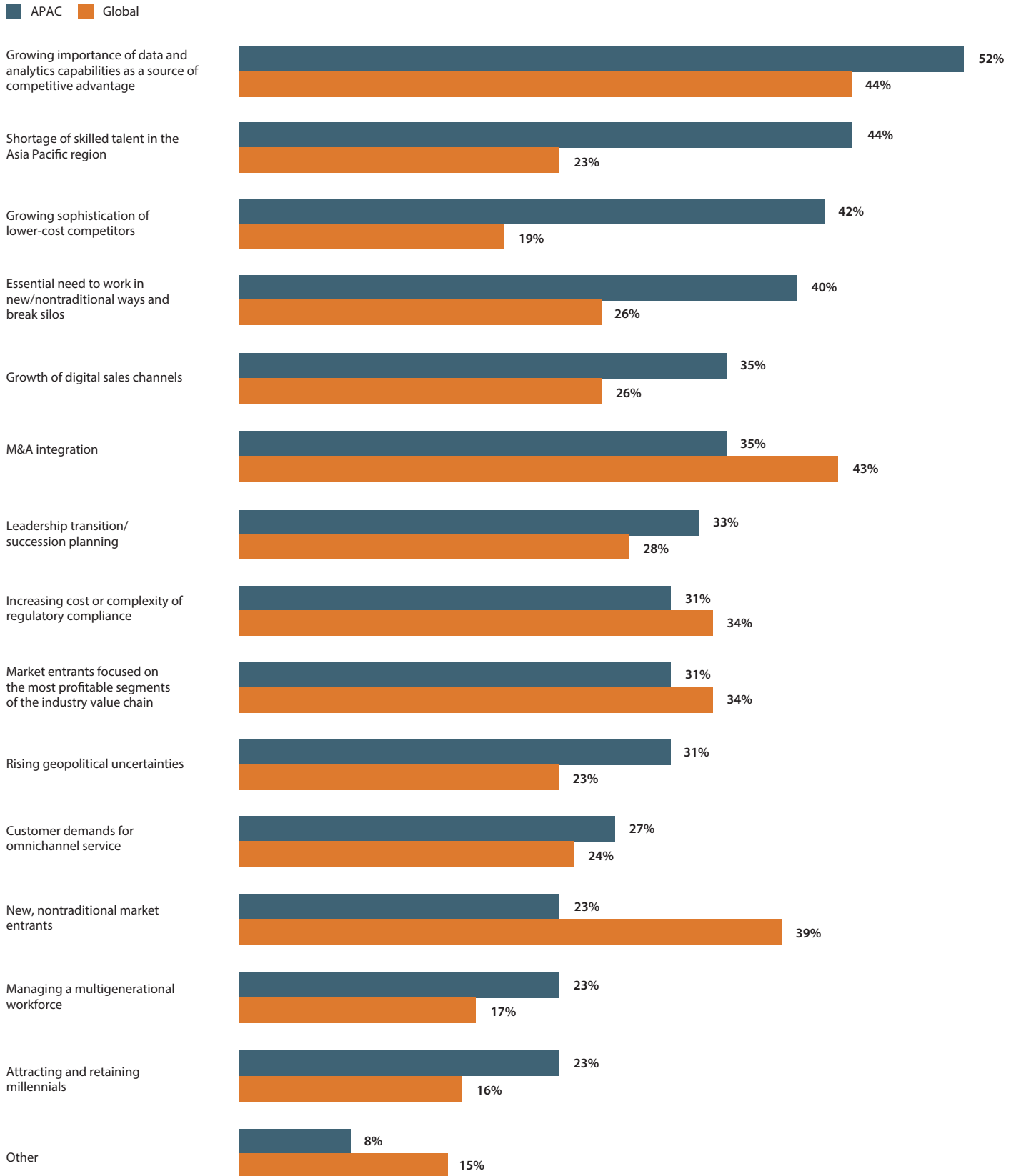
Please rate the level of disruption of the following factors to your business.



Source: Heidrick & Struggles' Disruption in Asia Pacific healthcare industry survey, 2019, n = 57 regional leaders

Figure 2: **Asia Pacific companies are facing many factors of disruption.**

Which of the following factors represent the most significant sources of disruption and change for your company over the next 18 months? (Select the top three.)



Source: Heidrick & Struggles' Disruption in Asia Pacific healthcare industry survey, 2019, n = 57 regional leaders

Building resilience to channel disruption

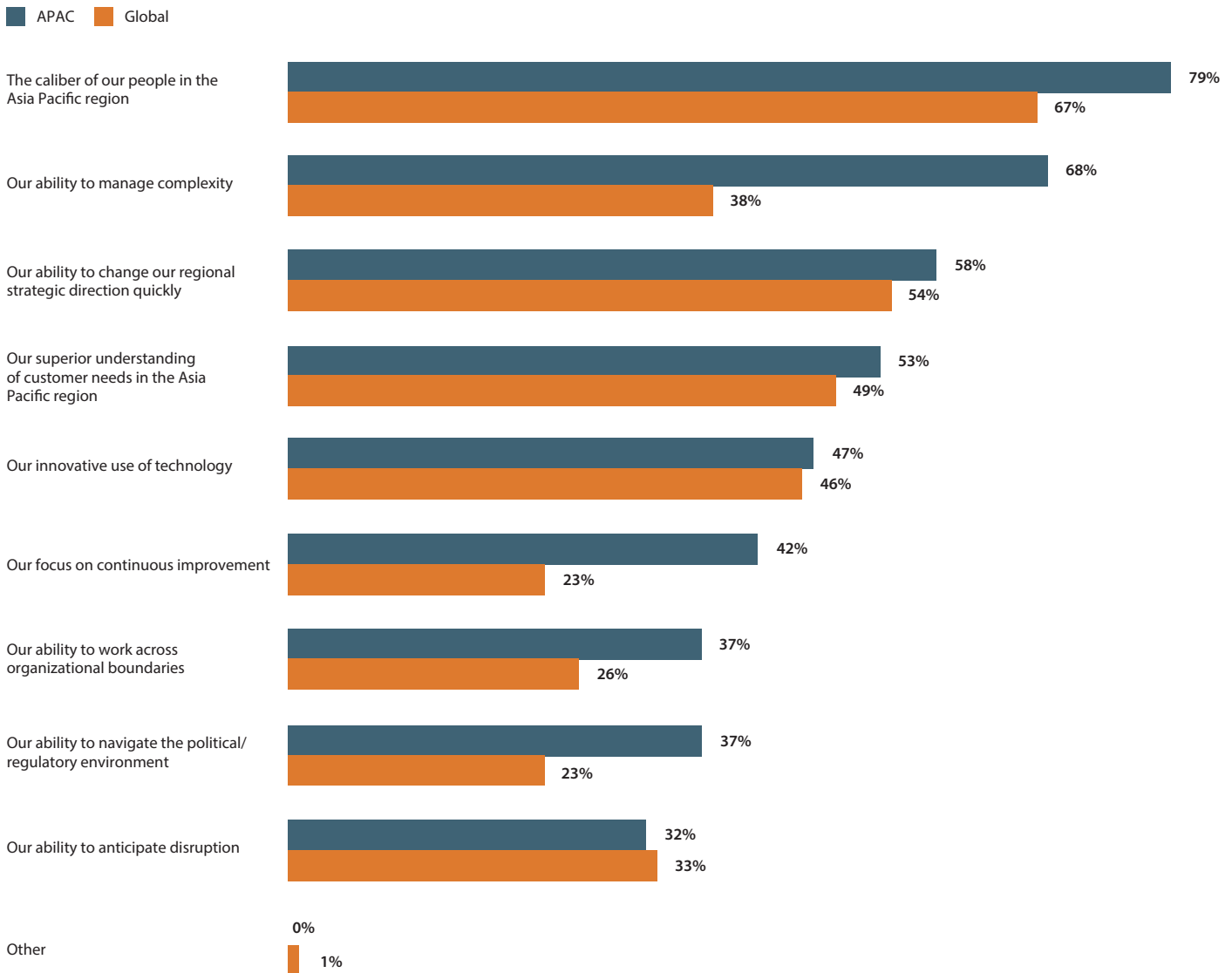
Only 41% of APAC leaders think they are well prepared to face these disruptions, compared with 53% of leaders at peer companies globally. Overall, they feel more uncertain than global leaders, with 39% neither agreeing nor disagreeing that their company is well prepared (compared with just a quarter globally).

Forty percent of respondents think their companies are prepared to face regional marketplace disruptions, crediting their preparedness or confidence to the caliber of the people in the Asia Pacific region, their ability to manage complexity, and their ability to change strategic direction quickly (Figure 3).

Indeed, ingenious medicines and market opportunity do not guarantee business success; rather, the people of an organization do. More specifically, it is the quality of leadership demonstrated by those people. By

Figure 3: **Asia Pacific leaders believe the caliber of their people will most help their companies face disruption.**

If you indicated that your company is well prepared to face marketplace disruptions in the Asia Pacific region, which of the following factors are responsible for your belief? (Select the top three.)



Source: Heidrick & Struggles' Disruption in Asia Pacific healthcare industry survey, 2019, n = 57 regional leaders

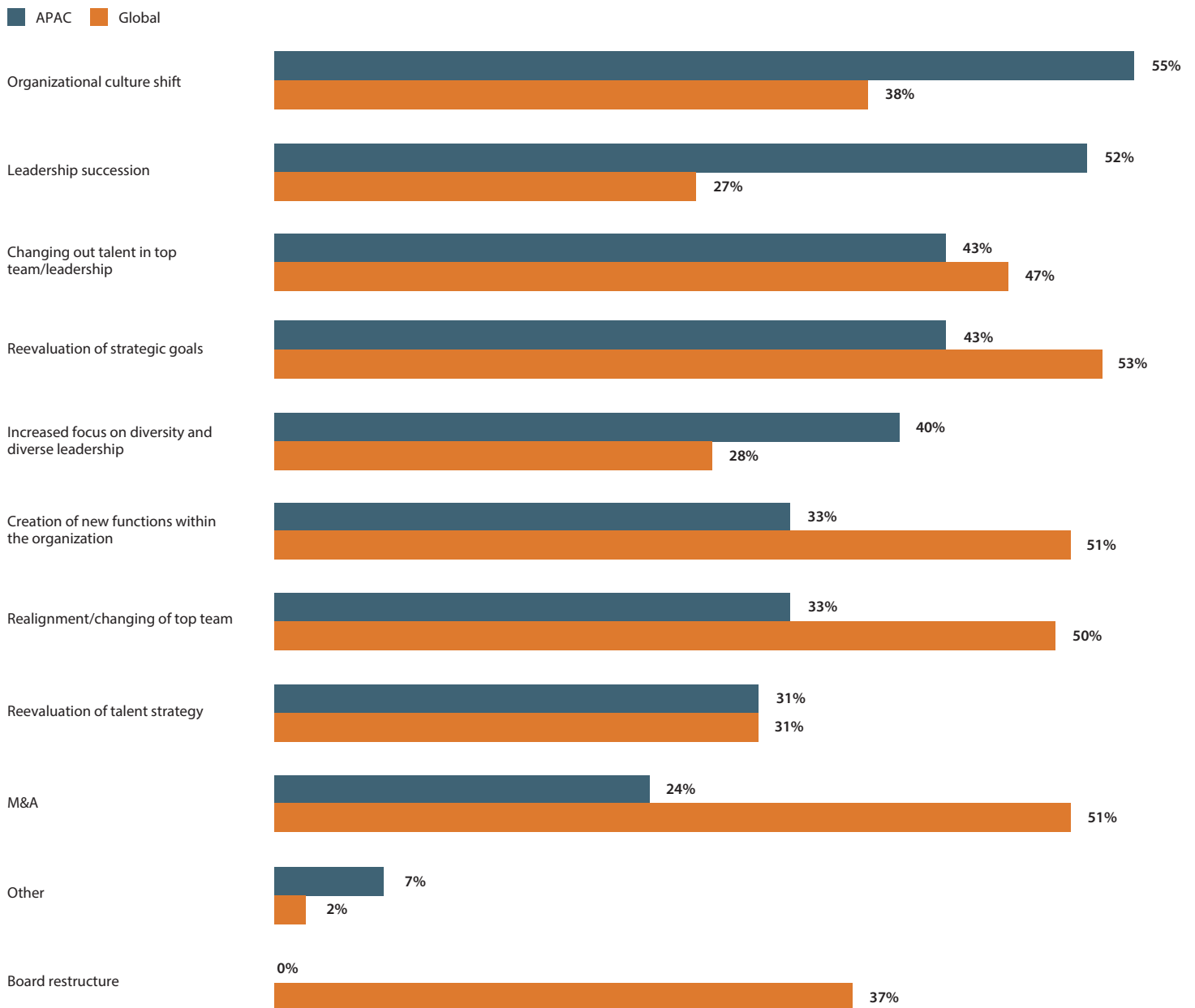
continuing to invest in the right people, including diverse leaders; building a culture of disruptive readiness; and focusing on the consumer experience, leaders in the region can put themselves in the best position to face the impending disruptions to their industry.

But preparing for and tackling disruption require a multifaceted approach that includes assessing and, likely, rethinking current business models. “What if Amazon enters your sector?” is no longer a hypothetical question in healthcare. Amazon has recently teamed up with JPMorgan and Berkshire Hathaway to disrupt the US market through a nonprofit called Haven that promises to transform healthcare through lower costs, among other things. APAC organizations such as Tencent and Alibaba pose a similar challenge.

When we asked regional leaders what they have considered changing, or what they have already changed, in the past year, they highlighted organizational culture shifts, leadership succession, changing out talent in the top team and leadership, and reevaluation of strategic goals (Figure 4). They are open to defining new skills for the future.

Figure 4: Companies are changing their culture to meet the pace of change and combat disruption.

Which of the following organizational changes have you made in the past year—or are now considering making—to meet the rapid pace of change and to combat disruption?



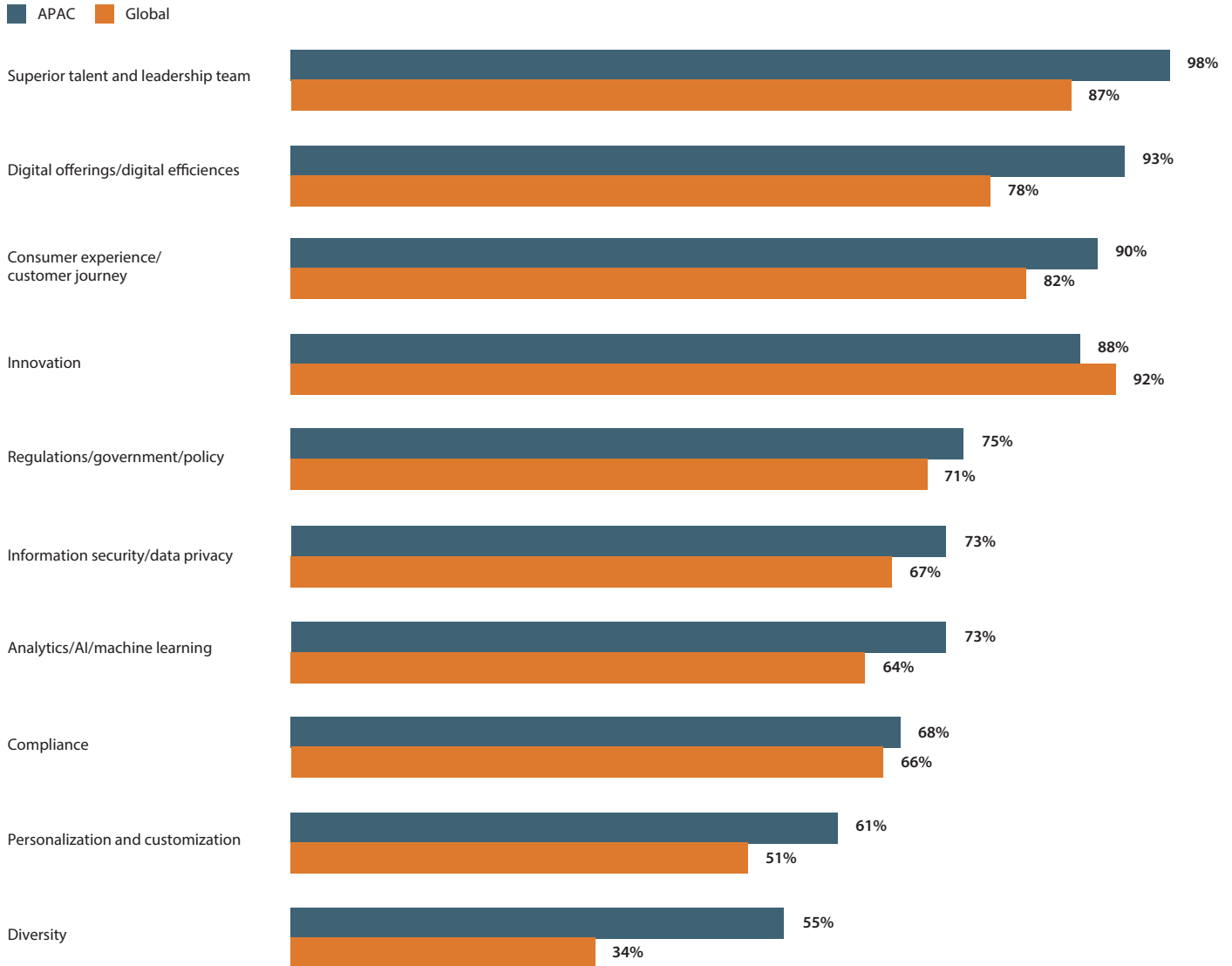
Source: Heidrick & Struggles’ Disruption in Asia Pacific healthcare industry survey, 2019, n = 57 regional leaders

It is also notable that a far higher share of leaders in this region compared with global leaders are focused on increasing the company's diversity. Indeed, APAC leaders mirror the global sentiment that it is important to have a diverse leadership team in order to outpace competitors (around 80%), but fully half of APAC executives believe this is critical, compared with only 38% globally.

The ultimate evidence for the critical need to focus on people and culture is that, when asked to prioritize investments to build competitive advantage, APAC leaders focus on people first (superior talent and leadership team), followed by digital offerings and efficiencies and consumer experience (Figure 5). A higher share of APAC leaders hope to spend more in each of these areas than do their global counterparts.

Figure 5: **Asia Pacific leaders see their talent and leadership team as their most strategic investment.**

Where does your company need to invest to gain or maintain a competitive advantage or to address new strategic challenges?



Source: Heidrick & Struggles' Disruption in Asia Pacific healthcare industry survey, 2019, n = 57 regional leaders

Riding the waves of disruption: Culture and talent as a competitive advantage

Western multinational corporations no longer hold a monopoly on brand attractiveness and increasingly compete equally with local Asian conglomerates, which have global scale and growth aspirations. Indeed, 80% of APAC leaders agree that culture significantly contributes to their success in the market. And most APAC leaders are fairly confident in the current skills of their people, with well over half (60%) believing they attract the best talent in the market and 71% believing their people always deliver what they've committed to.

All that said, the Asia Pacific region is not a homogenous entity. Each market has its own cultural and market nuances that need to be addressed. For example, what is a disruptive practice in India may be counterproductive in Japan. The companies that succeed in this region will be those that take a few key actions tailored to their market.

Watch for the “ripples.” We define “ripple intelligence” as the ability to discern and connect disparate events, discover patterns, and anticipate distant threats or opportunities. Large, fast, and immediate trends can sometimes distract from slower but ultimately more important changes, while some seemingly disconnected events may combine in unexpected ways to create industry-changing trends.

Future-proof your leadership pipeline. The right top team can help you prepare for unforeseen events and trends. Leadership succession (52%) and changing out talent in the top team and leadership (43%) were two of the top four priorities APAC leaders think they need to act on to tackle the impact of disruption. A recent paper we published about the search for APAC digital leaders identifies vision, agility, and digital proficiency as the key attributes companies should look for in their quest for top talent.¹

Build an employer value proposition that is aligned to a mission that captures the passion of millennials. People are now the ultimate arbitrage against disruption as capital gets increasingly less expensive. Therefore, companies that are able to identify what talent they need and manage their human capital are 40% more productive, on average, than the rest.² To stay competitive, companies have to consider more and more strategic hires, expand the talent pool, upskill their employees, and build an inclusive workforce.

Shape your culture to respond to rapid changes. Compensation is an important driver but is no longer enough to entice and retain the best and brightest; culture plays a more important role than ever before. Eighty percent of the APAC leaders we surveyed agree that their company's culture significantly contributes to their success in the market—and chose an organizational cultural shift as the top priority in their approach to mitigate disruption.

Overall, while APAC leaders feel unprepared for the increasing disruption they expect to face, their plans are aligned with their understanding of the threats. That is, APAC executives plan to combat the pressure of new technologies and empowered customers by investing in people to drive digital offerings and the consumer experience. Continuing to focus on having the right talent and leadership will give them the best chance to remain well positioned during these impending disruptions. And since nearly three-quarters believe their company views difficult situations as positive opportunities to emerge stronger, APAC companies should embrace this view to jump-start their actions quickly.

1. Dan Cullen, David Hui, and Graham Kittle, “Transforming Asia: The search for digital leaders,” Heidrick & Struggles, June 6, 2019, heidrick.com.

2. Colin Price and Sharon Toye, *Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility*, John Wiley & Sons, 2017.

About the survey

The survey was conducted online in July 2019 and gathered responses from 57 regional leaders in pharmaceuticals, biotech, medtech, healthcare services, and other areas of the healthcare and life sciences industry in Asia Pacific.¹

1. For results from our global survey, see Heidrick & Struggles, “Disruption today in healthcare and life sciences,” February 19, 2019, heidrick.com.



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Healthcare & Life Sciences Practice

Heidrick & Struggles' Healthcare & Life Sciences Practice helps leading organizations in these sectors align their talent strategies and business objectives to foster innovation and enable growth in a fast-moving, rapidly changing world.

Companies in the healthcare and life sciences sectors contend with ever-changing technology, patient populations, markets, pricing, and regulatory environments. Their leaders must have the competencies required to lead all aspects of the business, while understanding the value of innovation and the relevance of science. With more than 80 professionals in major cities around the world, our Healthcare & Life Sciences Practice team combines unparalleled search resources with a deeply consultative approach to help clients boost their leadership capabilities.

We have expertise across all areas in the healthcare and life sciences sectors, including biotechnology, healthcare services, managed care, medical devices and diagnostics, pharmaceuticals, research and development, and contract research.

Working closely with a broad range of clients, ranging from start-ups to global public companies and healthcare organizations, Heidrick & Struggles identifies succession issues, considers team composition, and taps nontraditional talent pools. We advise and recruit in the context of an organization's culture. We partner with our clients to find leaders who can align and integrate the interests of complex stakeholder groups, build their organizations, and demonstrate shareholder value year after year.

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