

Six Questions for CIOs

Conversations with Top Life Sciences CIOs

CTPartners' **CIO²⁰¹⁰** provides a blueprint of the experience, expertise, and leadership attributes a company should seek when selecting a CIO.

To find out how some of the leading life sciences CIOs think about current and upcoming challenges in their professions, our Global Life Sciences & Healthcare Practice talked with a select group of CIOs, including several from *US Fortune 100* pharmaceutical companies. We kept the conversations confidential and talked about everything from the potential of CIOs making the leap to the CEO role to their insights about mentoring staff.

Following is a synopsis of the questions and answers, along with an assessment by the CTPartners Global Life Sciences & Healthcare Partners. In the conclusion, you'll find the **CIO²⁰¹⁰** summary of the six key areas of expertise recommended when hiring or mentoring life sciences CIOs.

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Question #1

CTPartners' CIO²⁰¹⁰ holds that many CEOs will look for future CIOs to be well-rounded business leaders capable of handling even higher-level roles. We asked, "What do you think is the next logical role for most CIOs on the executive management teams? Are CIOs increasingly being considered viable as CEO candidates? And, if not, where do you think CIOs will contribute most, and why?"

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ANSWERS

- Most of the CIOs said that CIOs are still not considered viable candidates for the CEO role for a mainstream life sciences company. They said the CIOs were still too far away from the core business and lacked the essential marketing and/or scientific skills necessary to lead a major life sciences company.
- However, several stated that a CIO may achieve CEO potential if the company is a technology-specific support company. For instance, a company that provides compliance assistance for mainstream life sciences companies.
- Half mentioned that under the right circumstances, they could see a CIO going on to be a COO, and one suggested maybe a CFO. However, they all stressed that such a change wouldn't be a direct step—that to become a COO, a CIO would need to become more heavily involved in the core aspects of the business, such as running a manufacturing line or taking over US or European sales and marketing.
- They all stressed that the job of CIO in and of itself brought tremendous value to their companies—and offered plenty of challenges. They seemed less concerned with their next role, but were instead focused on accomplishing the major tasks ahead.
- A common statement was that CIOs can no longer succeed as technologists alone, but must be talented businesspeople. That means continually teaching staff to craft and measure technology decisions around business goals.
- Only one person knew of any other CIO contemplating the leap to CEO, and didn't think the leap would be successful. All others said they didn't know of anyone actively pursuing that path unless you considered a technology-focused company that was in a support role to life sciences. One person mentioned knowing of a life sciences-focused software company where the CIO became CEO.
- In general, they thought the CIO will be closer to the top role five years from now as the emphasis on regulation and compliance become even more critical to the core business...closer, but not a next logical step.
- Several stated the CIO should have a seat at the executive table. If not, "They are probably in trouble."
- All mentioned that CIOs must be effective at working on a global scale.

CTPartners' Assessment

For a variety of reasons, other industries are a step ahead of the life sciences industry in promoting CIOs to larger roles. For example:

1. The business silos within life sciences corporations have led to the proliferation of CIOs focused upon individual lines, rather than the corporate CIO found in other industries.
2. Industries that are highly transactional (such as financial services) have been more dependent upon CIOs over the past 10 years, and thus the CIO is more central to the business.
3. The marketing and scientific skills prevalent in many life sciences CEOs and COOs makes the CIO of today a less likely candidate for the top role.

As the life sciences industry continues to move toward shared service models, and increasing competition demands operational effectiveness, it is likely the skills of CIOs will become even more central to the success of the business. As that happens, even greater leadership roles for CIOs will emerge.

Question #2

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- *When comparing life sciences to other industries, there are some significant commonalities: like most manufacturing companies, big pharma produces a high volume of products that require sophisticated technologies to create and distribute (often on a global scale). Added to that, life sciences companies are highly regulated, similar to financial services. With these commonalities in mind, we asked, "What different skills—if any—are required of a life sciences CIO?"*

ANSWERS

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- The group felt that many of the technical skills CIOs needed were similar across many sectors, with the exception of the technology or financial service companies where technology is already the core business. However, CIOs across all vertical sectors are increasingly expected to support business goals.
- The degree to which technology was involved with compliance and regulatory aspects in life sciences is much more pronounced than in other industries. "I came from telecom. I could not have imagined the degree of regulatory requirements [in life sciences]."
- Some of the CIOs talked about how it can be challenging to work with the scientists who often lead the life sciences companies: "The difficulty [that a CIO has in life sciences] is there is a high IQ and a fair amount of specialization...in effect, you're trying to make huge cultural changes in someone else's language. There's not the inherent respect for IT like there is in some other industries, such as financial services."

- One mentioned how different the requirements are between pharma and medical devices:
 - “If you’re pure pharma, a very good understanding of research and development and everything from biotechnology and molecular discoveries to manufacturing tablets...[are vital for a CIO].”
 - “With medical devices, there are very different requirements. You must have very heavy manufacturing experience. You have some of the parameters of pharma, but you also need to understand consumer business. Plus, the product cycles are very aggressive. They don’t have the seven-year patent protection of pharma.”
- Several of the CIOs from the very large companies talked about the need for diverse skills because of the wide variety of products—everything from beauty products to clinical drugs. “For me, the conversations are never the same. I can talk about five different things in one day.”

CTPartners’ Assessment

The CIOs consistently stated that the technical skills necessary to succeed in life sciences are not unique to the industry. Yet, there are business skills that are vital to anyone taking the top IT role in life sciences—such as experience in an intensely regulated field (like finance). CIOs may also need a substantial manufacturing background and at least be conversant with the science if they are to be considered credible with their many constituents.

Question #3

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- *A topic that CTPartners’ Life Sciences & Healthcare Practice knew would be of strong interest to the CIOs was the impact of government/insurance compliance regulations. There are dramatic changes under way and yet few standards in place. We asked, “How do you see the increased government regulation and/or other changes in the industry changing the CIO role over the next five years? And how will that affect the CIO’s career potential?”*
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ANSWERS

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- As one CIO said, “The CIO has the imperative to be expert and have the organizational confidence in all facets of regulatory compliance, whether it be financial controls, manufacturing processes, or R&D. If you fail in any one of those areas, it can cause dire consequences for your company—either in terms of financial sanctions, regulatory sanctions, or the most draconian—the FDA decides you haven’t followed the rules properly and you’re not allowed to ship products. If ever we’re not able to serve a patient because of IT issues, that would be a very bad day for a CIO.”

- Most of the interviewees said the next five years will be very challenging because compliance standards are still evolving. At the same time, profits are shrinking and CIOs will be at the forefront of helping “squeeze value from the middle of the P&L sheet,” including outsourcing of jobs overseas. Therefore, the attitude was that there was not a lot of upside for them career-wise, but their value to the organization is critical nonetheless. As one said, “We have to both cut our costs and change the business structure at the same time. CIOs will be very busy and there will be tensions. It will be tough for us to highlight the positive, and we will spend a good bit of our time treading water.”
- One CIO summarized IT’s role particularly well, saying, “Harmonizing business processes against geography and different functions is our business.”

CTPartners’ Assessment

As regulatory standards continue to evolve—at the same time as price competition increases—the role of life sciences CIOs over the next five years will only become more critical. It is incumbent upon CEOs and board members to ensure that their CIOs have the personal abilities, the resources, and the access to the executive team to achieve their goals. At CTPartners, we expect to see the very definition of a successful CIO change dramatically in the next five years. As they show the ability to manage regulation and price reductions, we predict an even greater challenge will emerge—IT taking the lead in tracking, reporting, and correlating millions of diverse research data points so scientists can pull information from a wide range of sources in the creation of new drugs and products. When that happens, IT will move solidly to the core of the life sciences industry.

Question #4

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- *The CIO²⁰¹⁰ states that future CIOs will possess functional experience in other (non-IT) areas that provide greater business understanding, making the future CIO a more well-rounded business leader. So we asked, “How do you coach your team members to gain non-IT experience? Do you actively rotate your IT talent in/out of IT? Or do you assign non-IT executives to tightly business-focused IT roles?”*

ANSWERS

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- The CIOs warmed to this topic. They obviously think quite consciously about mentoring their staffs. “It’s really critical to mentor staff—to have an idea about the evolution of your people from their entry into the company and all the way through. I don’t think IT is any different from any other part of the company. You need to think about leadership early, so that those people who have the capabilities and desire take the right path.”
- Some CIOs did rotate IT folks in and out of IT. They said most IT staff and their business clients appreciated the training.

- As far as rotating business non-IT people into IT, some said that was difficult to bring scientific people into IT—that they just weren't interested. Others said a short stint in IT was regarded as a valuable career move.
- They stressed the importance of teaching their people to tie technology solutions to business goals. As one CIO said, "It's not enough for one of my people to tell me: 'The purpose of this project is to deploy a CRM program and it will take this long.' Instead, I want to know how IT will help the business be more successful."
- Several talked about co-locating IT staff with businesses and/or sending their team to business industry events rather than IT events.
- One mentioned trying to make it a policy to have an IT person sit on the committee for any major initiative within the company.
- The kind of person is more important than the skill sets: "Yes, you want people with the technical capability...but mostly, you want people who are flexible and nimble enough to learn new things. In five months from now, they will be doing something different from what you hired them for. It's more important to find good people and develop them into good roles."
- One made the point that it's best to hone business skills early in your career...that as you get further up the ladder, it's more difficult to deliver the broad level of technical support if you are too focused in one aspect of the business.
- It's extremely important that people be given crystal clear feedback even if it's uncomfortable for them to hear or for you to say. If you don't, you really stunt their opportunity to grow and develop, and you are not living up to your role.
- You need to differentiate your people as top, medium, and low performers—and compensate them accordingly or ask some to leave.
- Pharma has been lagging in the way we treat people. It's no longer realistic to act as if we are going to recruit and hire people for life.
- Give people a broad set of assignments—applications, support business, project management. You need to stretch people.
- "I believe leadership skills are both inherent and learned. Yet opportunity creates it more than anything—you must provide opportunities so that people can really shine and show what they are made of... If you don't provide those opportunities you'll never know."

CTPartners' Assessment

Rotating top talent in and out of IT is no less critical, nor does it appear to be any less prevalent, in the life sciences industry than in other industries. The interviewed CIOs unanimously supported the practice of providing future CIOs the experience of working as business team members outside of pure IT. Exposure to the business appears to be a universally understood principle across all industries.



Question #5

Some industries are more open to out-of-industry talent than others. Such industries seek outside talent as a way of broadening the organization's perspective on the use of technology. So we asked the CIOs, "Do you hire staff from outside the industry? If so, which industries? And why? Are there any skills you find missing in life sciences candidates that are more readily available in other industries?"



ANSWERS

- The short answer is yes, the CIOs do hire outside the industry for particular skill sets. Depending upon the job, medical/scientific skills might not be important. "Because of the global nature of the business, we have gone out to the financial services people to bring in high-end technology talent. That industry is all about scalability, 24/7, and [they can help us] dramatically improve the serviceability of our services and applications." Other sectors mentioned include banking, the CIA (for security), or industries that have extensive data center experience. "That said, we don't go outside as much as we should. The industry tends to look for people within the industry."
- There are many circumstances when it is better to take technically astute R&D people with medical/scientific knowledge and teach them IT and project management skills rather than teach IT people medical/scientific skills.
- Some of the larger companies hire actively across the different lines and see it as almost the same as hiring from different industries. For instance, someone with experience supporting a consumer beauty products background moving to a drug line. "We have a slating process. Particularly for key level and director level managers—I'll work with corporate HR and IT across all the companies in the corporation. We look for diverse, qualified candidates. Even though there are always one or two candidates from within my own business, nobody gets the job just because I know them. Likewise, I can't hoard my good people—and only offer up my losers. I've got to offer up my good people to the slate when it comes up."
- The need for genuine diversity is key—looking for people with ethnic, cultural, lifestyle, and geographic differences. "It may be comfortable to hire the people who are like you, but you don't know what you are missing."

CTPartners' Assessment

Life sciences CIOs appear to be less concerned about industry background than they are about general talent. The global and multiple-product nature of many of the larger corporations has forced them to deal with internal candidates rotating from one product division to another, conditioning IT organizations to accept greater diversity than mono-line product companies. Likewise, there is a growing appreciation of the functional experiences that out-of-industry CIOs and IT members can bring into life sciences. For instance, the introduction of a strong IT leader with a world-class supply chain and shared services background is better appreciated in the industry today than it would have been a few short years back.



Question #6

We asked our survey participants to consider the same question—only this time from the point of view of a CEO hiring a CIO. We asked, “Are board members and CEOs willing to look outside the industry for their top IT position? If so, which industries? And why? Are there any skills or attributes they might find missing in life sciences candidates that are more readily available in other industries?”



ANSWERS

- Several of the CIOs were from outside the industry themselves, including the telecom and technology sectors. This question brought most of them back to the message that CIOs need to be good leaders and businesspeople as much as technologically savvy.
- They stressed that the CEO will base his/her hiring decision of a CIO very much on the company's current situation. For instance, “They must have a knowledge of pharma, but it's good to have someone who has worked in an industry with similar issues: shrinking margins, for example. CEOs are very interested in getting both. It's absolutely desirable to have someone who has ‘been there, done that.’ Someone who has helped a business go through a transformation, such as raising money from the middle of their P&L sheet instead of from sales. Industries like chemical, pulp, and paper—those types of manufacturing businesses—plus a few from financial services. Large-scale *Fortune 100*, *Fortune 250* companies.”
- Oftentimes, life sciences CIOs will need global experience in mergers and acquisitions as well as regulatory experiences. Financial industries can be a good source for such people.
- “It is exceptionally important to recognize that the pharmaceutical business is global.” Because of the expense of developing products, a CIO must have an awareness and experience outside the US. Ideally, he or she should have lived and worked outside the US, and understand the global marketplace dynamics.
- One CIO brought up the point that it's important the right-level people interview CIO candidates, including: the president, CEO, head of marketing, head of HR (and corporate CIO, if applicable). It's important to know from the beginning if “...the CIO is being hired to help run the business or to just keep the systems running.”

CTPartners' Assessment

Considering that several of the life sciences CIOs we interviewed were from outside of the industry, it's clear that many board members and CEOs are willing to look beyond industry lines for their top IT position. We encourage CEOs, whether looking inside the industry or out, to look first at the business capabilities of any CIO candidates. While there are many technically savvy IT professionals inside and outside life sciences, the truly successful CIO knows how to align technical strategies against business goals. So when conducting your interviews, ask yourself, “Does this candidate have what it takes to improve my business?”

A Guide for Tomorrow's Life Sciences CIO—Today

The **CIO²⁰¹⁰** can be used as a hiring guide for CEOs, boards, and chief human resource officers and as a professional development tool for CIOs to use in conducting succession planning and providing career coaching. It identifies and details the six key areas of expertise required for today's most competitive CIOs. It serves as a blueprint for the next generation of technology professionals.

The **CIO²⁰¹⁰** was first published in the Fall of 2005 and developed as a blueprint for hiring CIOs across all industries. The following model reflects the findings of the new life sciences survey. For example, unlike some other industries, CIOs in life sciences do not perceive themselves to be on a direct track to becoming CEOs. They also feel that the demands of working in a regulated industry create additional challenges.

With that said, it was not surprising to see how directly the following six areas of expertise for CIOs ring as true in life sciences, as they do in other industries:

The six areas of expertise include:

1. Business Acumen

Life Sciences **CIO²⁰¹⁰** understands the business/science. He/she has leveraged IT to support a winning business, has empathy for the business, and acts as a true leader and business partner. Furthermore, he/she is a peer to the business/science leaders and delivers services that are both highly sought after and appreciated. The Life Sciences **CIO²⁰¹⁰** earns an A rating from the line of business leaders he/she supports. Attitude and focus matter. Life Sciences **CIO²⁰¹⁰** is only content when the needs of the business are truly met.

2. Technical Competence

Life Sciences **CIO²⁰¹⁰** has well-rounded experience in all traditional CIO silos including application (business-focused) development, infrastructure/operations, enterprise systems, strategy, and architecture. Life sciences demands that the CIO has a strong understanding of regulatory issues. Otherwise, the degree of detailed understanding of technology differs based on the size of the organization. Regardless of company size, **CIO²⁰¹⁰** is best served by having career experience in all IT areas. The application development VP today must consider gaining operations experience tomorrow and vice versa. This requirement decreases as the size of the role increases. In the largest of corporations, the ideal CIO is likely evaluated first on the other criteria, with pure technical acumen being the least important of all.

3. Non-CIO Functional Experience

Life Sciences **CIO²⁰¹⁰** ideally has previous experience running a line of business P&L. He/she has previously served in a finance, marketing, or other non-IT functional area. Such experiences better position the CIO to make business decisions and progress to the next level. The IT professional, therefore, needs to consider not only rotation through the traditional technology roles, but also should spend time in management roles with the business. Assuming the **CIO²⁰¹⁰** is on the path to the next level (COO, possibly CEO) it is imperative the executive possess the general management, financial management, and operations management skills that position the CIO as a viable candidate for the next level.

4. Vendor and Sourcing Management

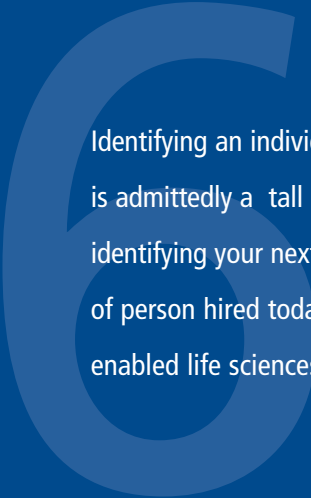
Life Sciences **CIO²⁰¹⁰** works in a world very different from that of his/her mentor. Outsourcing, “right-sourcing,” and other staffing alternatives will continue to develop. BPO, SLA, and other terms largely unknown 10 years ago will continue to proliferate. **CIO²⁰¹⁰** must be qualified to evaluate and lead initiatives in this area that is so critical to corporations today and in the future.

5. Career Future

Life Sciences **CIO²⁰¹⁰** does not see the move into a “top IT role” as the end game. While he/she may not see the CEO role as directly attainable in most large pharma companies, he/she is hungry to grow into other top roles. As a result, **CIO²⁰¹⁰** should be a long-term candidate for the next level role and must possess interest in career longevity that supports this goal.

6. Global

Life Sciences **CIO²⁰¹⁰** realizes that the world is a global marketplace and borders will continue to evaporate. He/she has experience managing resources around the world, understands how to manage a team from diverse cultures, and, optimally, has lived or worked internationally.



Identifying an individual who encompasses all six areas of expertise is admittedly a tall order. However, by using these criteria when identifying your next CIO, you will significantly improve the caliber of person hired today and propel the growth of your technology-enabled life sciences business.

About CTPartners

CTPartners is the performance-driven executive search firm serving clients across the globe. Committed to a philosophy of true partnership with clients, the firm offers a proven record in C-suite, top executive, and board searches, as well as private equity and venture capital services.

With origins dating back to 1980, CTPartners serves clients with a global network of more than 300 professionals offering unparalleled expertise in technology, media and telecom, financial services, life sciences, professional services, retail, and manufacturing.

CTPartners' focus is simple: Place the right executive in the chair. With a commitment to delivering exceptional performance, quality and results, its audited successful placement rate during 2006 was 80%. In 2006, the firm was the first in its industry to measure its candidate stick rate of 94%. CTPartners had an average days to placement in 2006 of 125 days, and 90% of their placements took an average of 101 days. These statistics are believed to be the highest in the executive search industry.

Methodologies used include state-of-the-art technology, such as ClientNet™, a password-protected extranet service that renders a search transparent and facilitates client communications. Other tools include Candidate Central™, which shortens the recruitment cycle by efficiently engaging candidates, and a 40-day Audit™ process.

Headquartered in New York, CTPartners has offices in Bogotá, Boston, Caracas, Chicago, Cleveland, Columbia, Geneva, Hong Kong, Jerusalem, Lima, London, Menlo Park, Paris, Singapore, and Washington, DC.

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