



# Albright Life Science Report

2018

In the annual Albright Life Sciences Executive Survey, more than 100 Danish Life Science Executives have shared their thoughts, insights and evaluations on industry trends, growth prospects and barriers. In this report, you will gain insight into what executives from the Medical Devices/IVD, Pharma/Biotech and other related Life Science sectors have found to be the most likely drivers of growth, which growth strategies they expect to employ, as well as what they see as the biggest threats to future growth.

**70%**

*are concerned that increasing pricing pressure will limit growth in the future*

**75%**

*are confident that strategic alliances and partnerships will contribute to future growth*

**71%**

*of executives in Medtech/IVD are concerned that insufficient access to talent will limit growth*





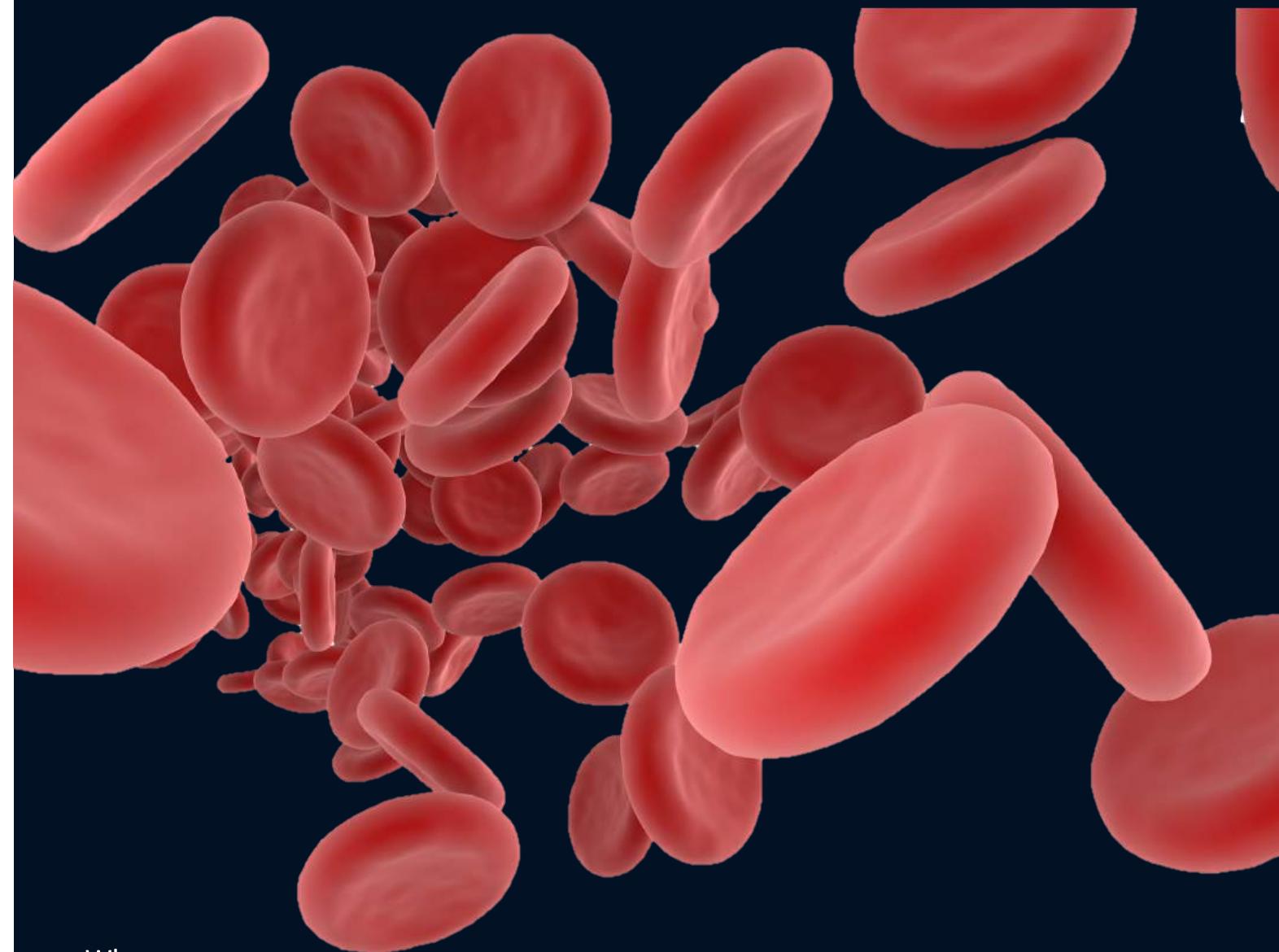
## Dear Life Science Executive

When it comes to Life Sciences, we are doing something right in Denmark...

Employing more than 40,000 people, the Life Science industry in Greater Copenhagen is a world leader in R&D spending, clinical testing and drug development. As a country, Denmark has one of the the largest commercial drug development pipelines in Europe measured in drugs per inhabitant, while we are observing a boom in the development of new and ground breaking Medical Devices/IVD's. Now, the question is, what lies ahead?

Have a look and find some of the answers in the Albright Life Science Report.

// Henrik Brabrand, CEO – Albright Life Sciences A/S



### Who we are

Albright Life Sciences A/S is a AAA-rated executive search and leadership consulting company and one of the largest Life Science-focused executive search firms in the Nordic region. We serve global and local clients within the Life Science industry.



## Q1: How confident are you about your organisation's prospects for revenue growth over the next three years?

Answers from the Life Science Executive Survey generally show high confidence towards future revenue growth. **83%** of respondents **are either “very confident” or “confident”** when it comes to revenue growth prospects.

Within the **Medical Devices/IVD industry**, more than 87% of the surveyed executives express that they are either “very confident” (54,2%) or “confident” (33,3%) of their organisation’s prospects for growth over the next three years. Within the **Pharma/Biopharma/Biotech industry**, 40% of the surveyed executives express that they are “very confident” and 44% indicate that they are “confident” of their organisation’s prospects for growth. Executives from the **suppliers to the Life Science industry** express a level of confidence which is comparable to that within the Pharma/Biotech industry.

### LIFE SCIENCES IN DENMARK

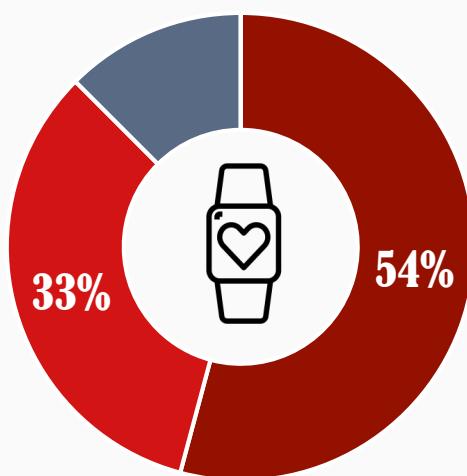
Denmark is home to one of the **world’s strongest Life Science clusters**.

Life Science firms in Denmark are able to widely benefit from **locational advantages** which arise from operating in Denmark.

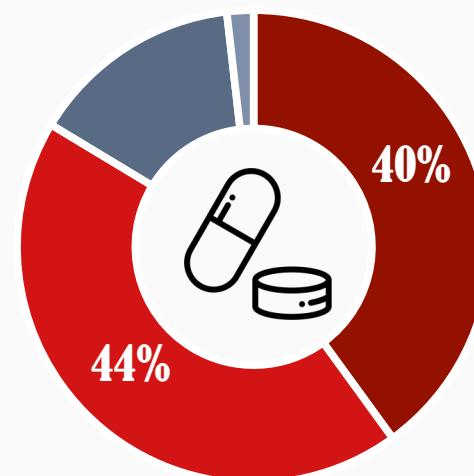
Exports from the Danish Life Sciences industry have experienced an increase of over **500%** over the last 20 years and the industry continues to grow.

The Danish **Medical Device industry** is the **2<sup>nd</sup> largest in Europe** measured by market size per capita\*

**Medical Devices/IVD**



**Pharma/Biopharma/Biotech**



\*very confident   \*confident   \*somewhat confident   \*not confident



## Q2: Considering the following possible growth drivers, how confident are you that they will contribute to your organisation's growth?

- ✳ **Value-based contracting/pricing** tying payments to outcomes
- ✳ **Patient-centricity** driving increased interaction with large patient communities
- ✳ **Digitization of products and/or services**
- ✳ Introduction of **disruptive/ground breaking product/service technologies**
- ✳ Emerging technologies that **improve study design** and/or physician and patient recruitment
- ✳ Emerging technologies that **optimize the supply chain**
- ✳ **Advanced data analytics** and/or data-driven improved insights
- ✳ **Strategic alliances and partnerships** in order to e.g. access external expertise and technology



We have established that Life Science executives are very positive in regard to growth prospects. But what will drive this growth?

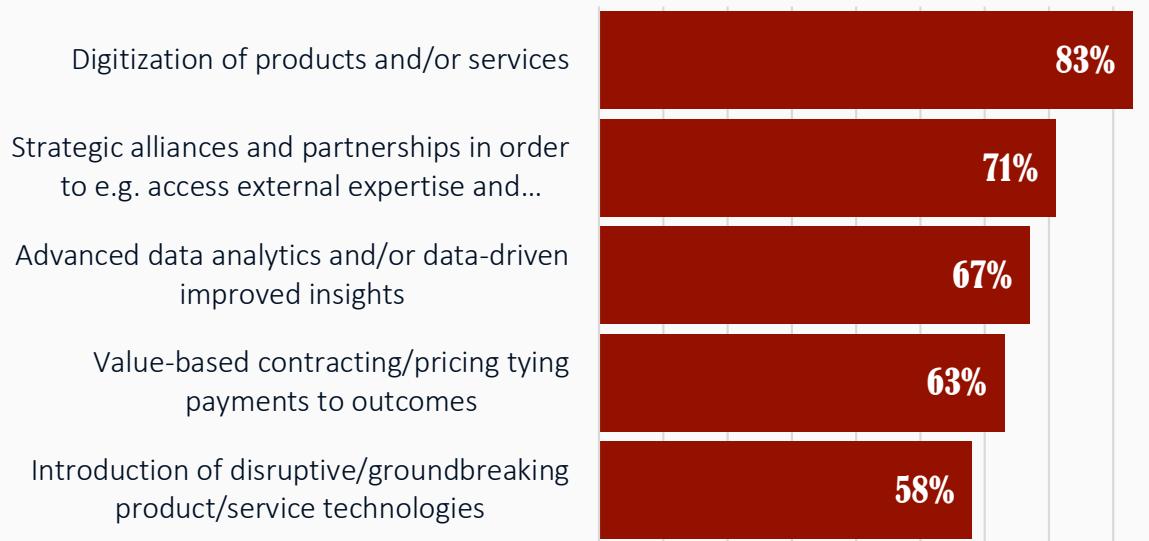
According to survey respondents, the two most important growth drivers are: (1) **Strategic alliances and partnerships** (74% are either confident or very confident) and (2) **Advanced data analytics** (67% are either confident or very confident). The latter is in fact also anticipated to be one of the key drivers for future growth for firms who act as suppliers to the Life Science industry, along with the **introduction of disruptive technologies** (100% are either confident or very confident).

In the eyes of executives from the Medical Devices/IVD industry, the two factors, which are seen as most likely to drive growth are: (1) **Digitization of products and services** (83% are either confident or very confident) and (2) **Strategic alliances and partnerships** (71% are either confident or very confident).



## Top 5 Expected Growth Drivers

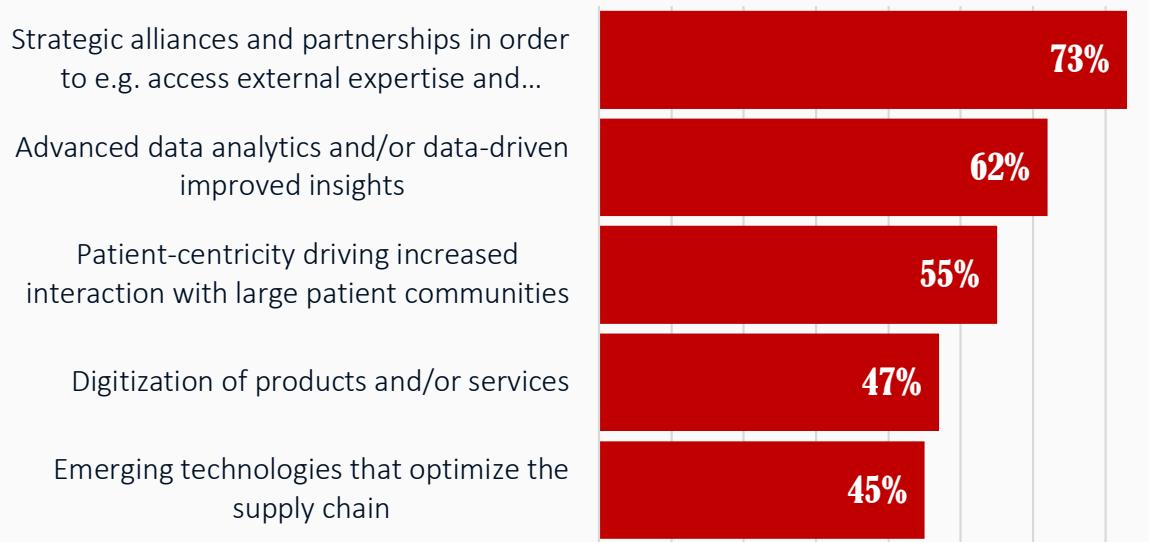
### Medical Devices/IVD



\* very confident and confident

In the Pharma/Biotech/Biopharma industry, the factor which executives believe is most likely to drive growth is **Strategic alliances and partnerships** (73% are either confident or very confident). **Advanced data analytics and data-driven improved insights** (62% are either confident or very confident) is also high up on the list of expected growth drivers in this industry, while the confidence toward digitization as a growth driver is significantly less than in Medical Devices/IVD.

### Pharma/Biopharma/Biotech



\* very confident and confident



## Technology at the top of Life Science executive's minds

A majority of the factors, which – according to surveyed life science executives – are most likely to drive future growth relate to technological developments. Technological and digital innovations are currently redefining the Life Science Industry and this tendency is clearly reflected in the survey results. The new and constantly improving technologies offer an ocean of new possibilities that can benefit firms as well as consumers.

Particularly within Medical Devices/IVD, technological innovations seem to be disrupting the industry, dissolving the lines between medicine and technology, and emphasizing the importance of new product and service technologies, which will also benefit the life science industry at large.



*"It is evident that change is on the agenda in all corners of the Life Science and Healthcare industry and that even greater change lies ahead. The introduction of service brands, consumerism, digital technologies and changing demographics will push the industry to think in new paradigms and move faster and more agile than ever before."*

- Henrik Brabrand, Albright Life Sciences A/S



### Q3: Considering the following possible threats to your organisation's growth prospects, how concerned are you about each of the following?

#### 1. Increasing pricing pressure

#### 2. Insufficient access to talent

#### 3. Over-regulation

- \* Speed of technological change
- \* Difficulty in obtaining reimbursement
- \* Cyber threats
- \* Volatile commodity prices
- \* Inability to form the right alliances
- \* Changing consumer behavior
- \* Expiration of patents
- \* Geopolitical uncertainty
- \* Uncertain economic growth
- \* Inability to capture emerging markets
- \* Increasing tax burden

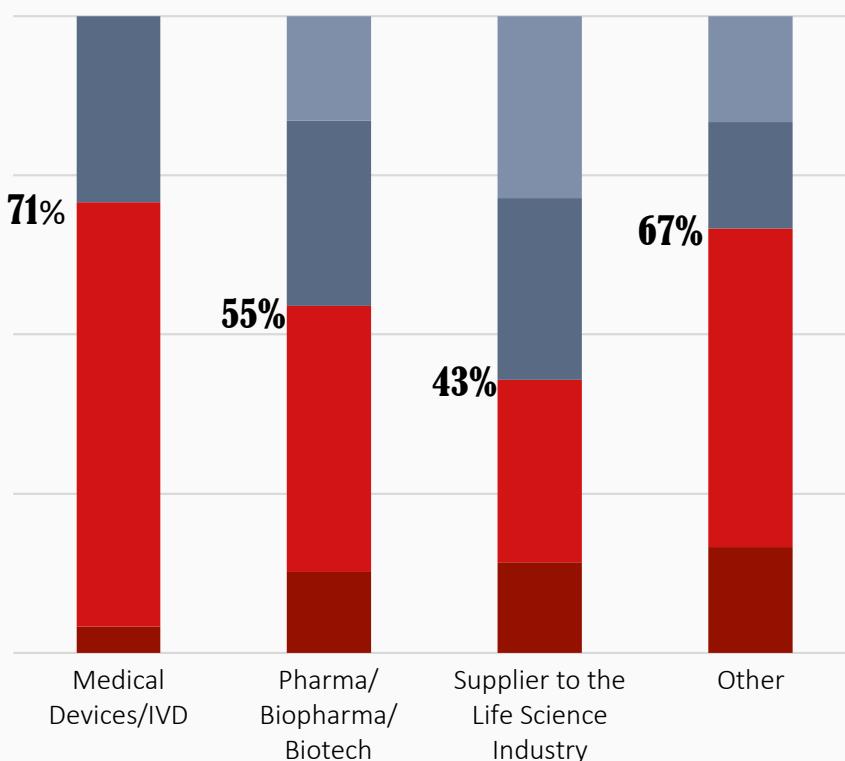
#### Insufficient access to talent

**6 out of 10** Life Science Executives answered that they are concerned with not having sufficient access to talent



This is in spite of Denmark's extensive workforce of skilled professionals – among others in the Life Science industry employing more than 40,000 people.\*

### Respondents' concern towards insufficient access to talent



Concern of insufficient access to talent is one of the threats to growth which is most dominant among the surveyed Life Science executives. The concern is especially prevalent among Medical Devices/IVD executives.

\*very concerned

\*concerned

\*somewhat concerned

\*not concerned



### Q3: Considering the following possible threats to your organisation's growth prospects, how concerned are you about each of the following?

Although industry growth prospects are predominately positive, there are also significant threats that may act as barriers to future growth in Life Sciences.

In fact, a large fraction of the surveyed Life Science executives view: (1) **Increasing pricing pressure** (70% are either confident or very confident), (2) **Insufficient access to talent** (59% are either confident or very confident) and (3) **Over-regulation** (46% are either confident or very confident) as possible threats to their organisation's growth prospects.

71% of respondents within **Medical Devices/IVD** express significant concern of their company not being able to access the required talent, while this is the case for 55% of executives working in **Pharma/Biopharma/Biotech**.

To mitigate the risk of insufficient access to talent, Life Science companies must adjust to changing market conditions and make themselves increasingly attractive towards future employees and consequently dedicate resources to attracting and developing their talent pool.

*"The identification and closing of unprecedented capability gaps within Life Science organisations' will gain focus in parallel with being disrupted by the acceleration of AI, cognitive technologies and automation, shortening production times and increasing process efficiencies benefiting patients and clinical trial productivity."*

- Henrik Brabrand, CEO – Albright Life Sciences A/S

#### Growth Plan for Life Science by the Danish government 2018

With the Growth Plan for Life Science, the Danish Government aims to improve growth conditions for the life science industry in Denmark.

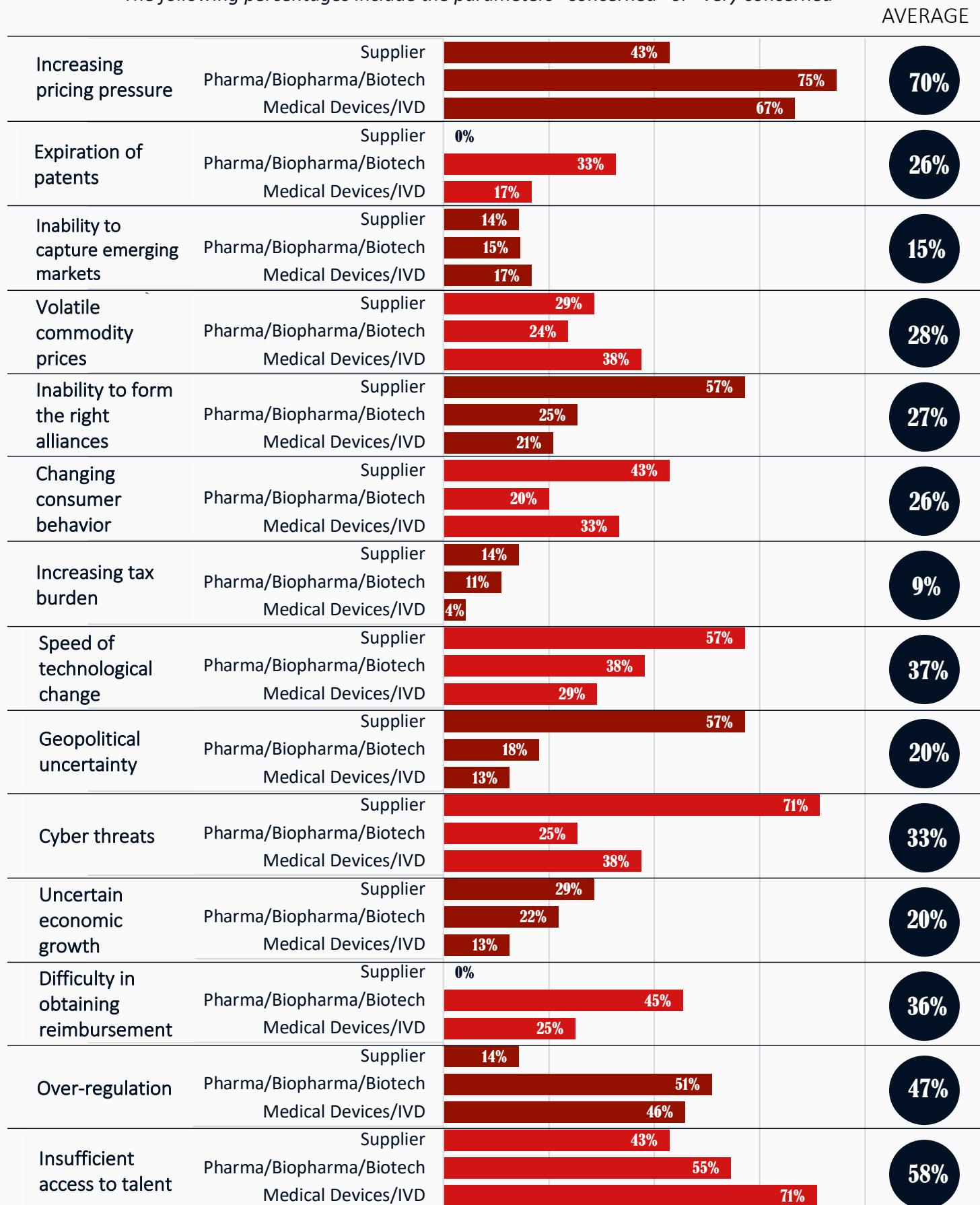
##### Key initiatives:

- Increased **tax deductions for research and development (R&D)**
- **Reduction on fees** for commercially initiated clinical trials
- Better **access to skilled labour**
- Expansion of the **tax scheme for foreign researchers**
- Establishing a national organisation to **promote clinical trials** in Denmark
- Strengthened **technology transfer** from universities
- Introduction of **investor tax deduction**
- Strengthened international cooperation with health authorities



## Which Barriers to Growth are Life Science Executives Most Concerned About?

*The following percentages include the parameters “concerned” or “very concerned”*





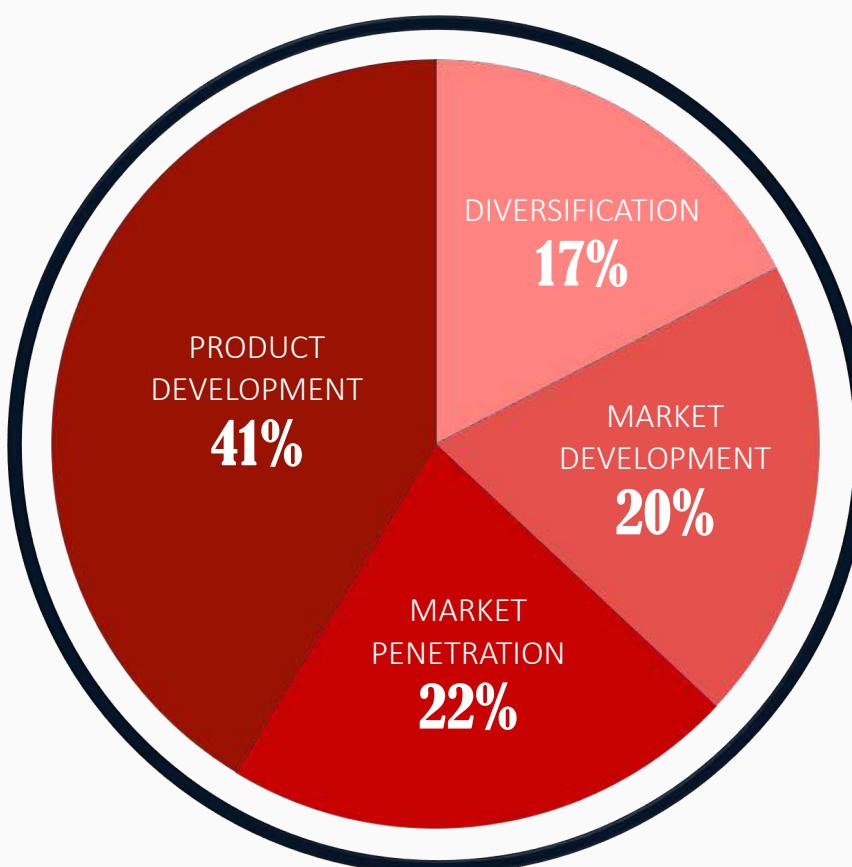
## Q4: Which of the below four growth strategies do you predominately expect to employ to grow over the next three years?\*

**Market penetration** – i.e. increasing market share in current markets using existing products/services

**Market development** – i.e. targeting existing products/services toward new markets or new segments of current markets

**Product development** – i.e. development of new products/services targeting current markets (patients, prescribers and/or payers)

**Diversification** – i.e. development of new products/services targeting new markets (patients, prescribers and/or payers)



### BUSINESS IN DENMARK

Denmark is among the **world's best locations for doing business** according to Forbes Magazine. In fact, The World Bank ranks Denmark as the easiest place in Europe to do business\*

"Denmark is the ultimate gateway to Europe. No other European country offers a perfectly blended cocktail of top notch infrastructure mixed with little or no red tape and bureaucracy, alongside a healthy dose of flexible and highly educated work force who (all) speak English"\*

//Henrik Brabrand, CEO

### FACTS & PERSPECTIVES

Denmark is a global leader in the deployment and use of **Health IT systems**\*

The **Danish population is homogeneous** and clinical standards are well described\*

Companies have access to comprehensive **national health registries** and quality databases\*



**40%** of the surveyed Life Science Executives expect to pursue a strategy of **product development**. Growth within the Life Science industry is highly dependent on the ability to deliver new and improved products and services, and constant innovation is required if firms are to succeed in the global marketplace. The importance of innovative thinking is further emphasized by the fact that the majority of executives wish to grow by targeting current markets at a time where **consumers are becoming increasingly demanding** and **competition more fierce**.

The political focus in Denmark on creating favorable conditions for research in healthcare and welfare offers favorable circumstances for Life Science companies who pursue a strategy focused on product development. Denmark has reached the objective of investing 3% of GDP in R&D and the Danish R&D spending within Life Sciences is fueled by public as well as private spending. There is a tradition for public-private partnerships in areas such as development and testing of healthcare and welfare solutions.\*

The expectation of growth via a strategy of product development among executives could suggest that Denmark, also going forward, will be among Europe's largest in terms of the commercial drug pipeline and that R&D spending won't be scaled back anytime soon.

## FACTS & PERSPECTIVES

Denmark is the **world leader** within clinical research, according to current available ratings\*. Danish publications rank in the top in the most commonly used listings\*

Denmark has the largest **commercial drug development pipeline** in Europe measured in drugs per inhabitant\*

This is to a large extent due to the excellent framework conditions for testing new solutions, that the country provides

**57%** of respondents at VP-level respond that they expect to employ a product development strategy.





## Conclusion

The conducted Life Science Executive survey has yielded important insights into one of Denmark's most important industries. While the survey results indicate positive prospects for growth, it is also clear that companies within the Life Science Industry will have to navigate in an increasingly more complex marketplace and adjust to a rapidly changing environment in the coming years.

Life Science companies can benefit from new technologies and strategic partnerships, which can increase innovation and ease the product development process. Furthermore, the increased insights that data, as well as the right alliances can provide, may be instrumental in mitigating threats emerging from an increasingly more digitalized and challenging environment.

In these years rapid change is a fact of business – not least in the Life Science industry. Growth however, is not and the question is: who will be able to stand out and who will benefit rather than suffer from the massive changes in store for the industry?

### Albright Life Sciences A/S

Bredgade 63A

DK-1260 Copenhagen

[www.albrightglobal.com](http://www.albrightglobal.com) | [info@albright.dk](mailto:info@albright.dk)



### ABOUT THE SURVEY

The Albright Life Sciences Executive Survey 2018 received responses from 106 executives employed exclusively within the Life Science industry in Denmark. Responses were collected via an online survey conducted in the period between May 24<sup>th</sup> and June 7<sup>th</sup> 2018.

The surveyed executives range from C-suite/Executive Vice President level to Manager level. The report distinguishes between executives from companies in Pharma/Biotech/ Biopharma, Medical Device/IVD, Suppliers to the Life Science Industry and others.

### SOURCES

- <https://investindk.com/en/set-up-a-business/life-sciences>
- <https://investindk.com/en/insights/denmark-to-become-a-leading-life-sciences-nation>
- <http://www.copcap.com/set-up-a-business/key-sectors/life-sciences>
- "Start with Denmark: The Heart of Life Sciences for Research and Business."
- Danish Ministry of Foreign Affairs
- Factsheet for the Danish Government's Growth Plan for Life Science
- "2018 Global life sciences outlook", Deloitte
- "What are the trends and key growth drivers that will shape the life science industry?", Jennifer Stanley, Atheneum