

McKesson CITO Nancy Avila on the Strategic Importance of Operations Within IT | Technovation 729

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SUMMARY

Nancy Avila, Executive Vice President and Chief Information and Technology Officer at McKesson Corporation, discusses her role in overseeing technology initiatives that drive healthcare innovation and improve patient outcomes. With a focus on data, cybersecurity, and operational efficiency, Avila emphasizes the importance of a culture of innovation within the organization to adapt to the rapidly changing healthcare landscape.

- *McKesson is a major player in healthcare, distributing a third of all pharmaceuticals in North America and managing significant oncology practices.*
- *Avila's dual role as CIO and CTO involves compliance, operational optimization, and strategic technology development to support growth.*
- *The organization is leveraging data to enhance patient care and automate operations, moving towards a more data-driven approach.*
- *A culture of innovation is being fostered, encouraging employees to ideate, experiment, and learn from failures.*
- *The pandemic highlighted the need for a dynamic supply chain, leading to innovations like dynamic distribution to meet urgent healthcare needs.*
- *Avila advocates for a hybrid model of centralized and decentralized decision-making to balance operational efficiency with business unit needs.*
- *Her board experience has provided insights into risk management and the importance of compliance and cybersecurity.*
- *Future trends include the maturation of AI and data technologies, which Avila believes will significantly enhance customer experiences and operational capabilities.*

welcome to Tech Novation I'm your host Peter High my guest today is Nancy Avila Nancy is the Executive Vice President and Chief Information and Technology officer of McKesson Corporation a company that distributes Pharmaceuticals and provides Health Information Technology medical supplies and Care Management tools the company delivers a third of all Pharmaceuticals used in North America and earns roughly 264 billion dollars in annual revenue in her role she's responsible for the company's technology initiatives including software infrastructure application

development tools processes operations and cyber security he plays a critical role in accelerating mckesson's Enterprise strategy by guiding the company's Healthcare technology products and data and analytics capabilities she's been her role for roughly three years prior to McKesson Nancy was the Chief Information

officer of Johnson Controls she's on the board of directors of Comerica Bank among multiple board appointments she has and I look forward to hearing more about her journey as a tech and digital leader as well as

hearing more about the Innovation she's driving at lesson Nancy welcome to Tech Novation it's always great to speak with you great thank you Peter I'm excited to be here oh I'm very excited as well well let's begin Nancy if you don't mind with a brief overview of McKesson what a what a consequential organization it is what a large and complex business it is as well I I mentioned a little bit about uh what it is that you do but I wonder if

you could take it from there and offer a little bit more detail yeah well actually I think you I think you described McKesson quite well but you know I often start with um the broader healthcare industry because as I came into McKesson I really knew McKesson from my pharmaceutical manufacturing days where I just assumed it was a distributor and and it's so much more and when you think about Healthcare and the excitement of healthcare right now you know Healthcare

is on the cusp of so many different Innovations that are going to drive medical breakthroughs whether it's um curing diseases you know eradicating diseases um changing how patients get their care more further away from the hospital into the homes and when you think about your personal experience as a customer or a patient when you call a doctor when you order when you order um uh supplies or when you need to get medical supplies McKesson plays in so

many different elements of that and when you think about that we're not just a distributor for pharmaceuticals and medical supplies we actually um manage a significant portion of oncology practices across the U.S so we provide support services to these Physicians so they can focus on their patient but that includes technology and security we have one of the largest platforms that connects all pharmacies across the U.S and in Canada to authorize medications that's a really

important capability when you're sick and you need to have a certain prescription a lot of times it's very confusing to figure out what's covered in your insurance policy and when you have cancer you know three weeks of pre-authorization can make a difference in your care um and lastly we have some of our newer growth businesses that that are purely driven around data and understanding um you know this data and how do we improve patients lives we have a

business called on Tana where they work with manufacturing companies um and they collaborate on data to identify outcomes to improve treatments for patients that can improve lives so so coming to a question when you think about it it just touches so many points of Health Care and actually the greatest thing um and exciting thing about what we get to do is when we make a change we we ideally can improve a patient's outcome whether that's a better

experience through our customers or helping improve that treatment based on the data we have and how we collaborate with our customers so it's an exciting place to be so it's fun that's great what a great overview and

let's talk a bit about your role there are two parts at least to your title Chief Information officer as well as Chief technology officer talk a bit about uh the consequence or significance of each of those and and thus your purview if you would yeah you

know um I think that's one of the exciting things that this role is you know there is an operating responsibility of just running the technology company but I think as Brian Tyler came in as they shaped this role a lot of technology is directly services and products that we sell to our customers and the underlying infrastructure drives a lot of what we do so my role is is essentially a couple of things is and I start with the basics compliance and we

are regular companies so making sure that through our technology that we're compliant whether that's making sure we have the right visibility and data to track Controlled Substances making sure you know we're able to report on socks uh cyber security so we have that core responsibility that's part of the CIO world and the other piece is how we optimize our internal operations and Platforms in terms of process automation with our business and and functions but

I think the most strategic piece comes with the CTO responsibility is how do we work across the company and build the right technology to enable our keep growth strategy and so that's the funnest part um but when you think about what I do day to day a lot of it is working across my leadership team understand what our critical growth there is and making sure we have the right Investments um to drive the right values across the

company that that's probably the most primary thing and then it's it's collaborating across um the custom on how do we build and modernize our technology stack so when you think about some of the newer Technologies that's changing and reshaping a lot of Industries um these Technologies now require us to rethink everything from our Network everything to how we move to Cloud how we built our data structures it's no longer just a data Lake it's now how do

you move data closer to you know closest to the customer experience it's it's around OT and how do you leverage that so it's starting to build a collaboration across the entire community um to do that and and finally you know when you think about changing um the experience it's helping our businesses understand how they need to think about technology um so we do a lot more of how do we change the culture how do we help the

businesses understand the newer Technologies and then how do we work together to figure out what makes sense to improve our our customer outcome and even our employees experience yeah very very interesting I appreciate that overview and and I know from our prior conversations that uh you also get very much involved in the uh operations you mentioned that actually among the things that that you highlighted there that as you as you think about technology as a significant portion of

the overall business strategy the Strategic importance of operations is something that you really sort of delve deeply into can you talk a bit further about that notion especially considering how important to an organization the size scale of yours um the the criticality of that yeah Peter you know it's something I've become quite

passionate on and when I walked into McKesson there was a lot of focus on improving infrastructure but we had were like any typical large company where we

made decisions um not to upgrade certain platforms or not you know to manage the risk in terms of end of life and coming in what I realized is our infrastructure touches our patient and it was such an aha moment where um when our Network's down cancer patients can't get an infusion in some cases so if you we have to be always on um we have platforms that process orders across the healthcare we transact more orders in Pharmaceuticals between the

hours of five to nine than Amazon so when you think about that impact we are processing at such a large scale when infrastructure is down um our health care our health care is impacted so um so we've really have focused on that um everything from cyber security everything from how we make sure we we improve our Network and some of our most critical platforms that when they're down it doesn't impact business operations impacts our customers and a

the patient's ability to get their drugs or to get a certain Health Care Service or certain prescriptions authorized so that's been that's been how we're going to leverage and modernize our future it's all Based on data that data is exists in our current landscape and so how we modernize is really really important to make sure there are certain areas of our infrastructure that we maintain we support and we we upgrade so so it was a

big aha moment that infrastructure strategic and like most companies you know it's coming back in the Forefront of how do we make sure we're making strategic Investments to maintain it and run it well it's interesting and you mentioned data now a couple different ways earlier you talked about how you want to move data closer to the customer experience is the way you phrased it now you're also noting the criticality of of data on the operations as well data Falls within

your purview talk talk a bit about how you thought about organizing organizing data in order to do both the things you've described and no doubt quite a bit more yeah yeah you know I think um when I think about it uh you know where where are we hit business we're maturing on understanding how to use data and so when you look at operations we are using data not just to optimize like you traditionally do but automate

automate and remove the human interaction so we've done a lot of automation um workflow automation RPA but where we're at is how do we actually start to automate at scale where we can now take out that human being and that's all Based on data understanding data and using data to orchestrate um Behavior the second piece is using data to drive intelligence and insight and how we run our business so we we have a vast amount of data and we're

starting to use it um not just I call it I call it not to validate the hypothesis of an experienced seasoned business person or to understand our customer but we're at a point and we've done that for years in terms of using data to drive better outcomes for our customers and patients but now how do we use that intelligence to actually come and give us Insight that we didn't really understand and or inside its scale and so we're doing a

lot of that around we have a we have a use case around select and save where sometimes our customers will come and they need to order certain products we may be out um but now we're starting to use that data and look at their past patterns to provide Alternatives where they can have a product that that's available on an alternative product so they don't they don't lose out but it also improves their customer service so that would be

that's one example um and then the last piece is where we're actually working um within Healthcare is how do we collaborate with some of our customers and um look at data to improve how that so we do have a big focus in cancer we have a business specifically targeted for that um and when you think about data um whether it's automation whether it's insight and intelligence or actually driving changes in how patient care happens it's all about data it's all about data

and I know Innovation is a big mandate for you and for the team generally speaking um I I know that you've really worked hard and intentionally to build a culture of innovation and I wonder if you could talk a bit about what that entails cultures in many ways the most difficult uh uh item to change as it means changing people's behaviors the way they operate and work um how have you thought about uh you know pushing the organization in the

direction more towards Innovation yeah you know it is it's I I sometimes uh there's a cynical part of me where Innovation is that next new you know word um but when you think about what we're doing and I give a lot of credit to our CEO Brian Tyler where um the foundation of our growth is fueled based on how we change our mindsets and and how we solve problems and so he's had a big Focus around how

do we become um a culture that allows Innovation and what I mean by that is a culture that allows us to ideate allows us to fill fast pivot and move forward and that's the biggest culture change I would say um that that we've been pushing is how do we give our organization permission to fail or how do we give our organization to say yes go be curious and learn that um in fact Brian and we had his CEO

leadership meeting last week and it was all based around Innovation but but some of the role I felt one of my roles is a steward to help teach and create that culture and so we've stood up an innovation office Innovation doesn't happen centrally Innovation isn't on top about initiative but what we've done is we've built a group of people where we're working across the business teach them how to I you know so instead of it's typically

not the person at the top that has the idea it's typically a number of inputs from across the organization and typically the best ideas come from people living and breathing um in the trenches we also have another component of our Innovation office where once they have an idea how do we help them drive a staging Cape process to do a MVP and fail we've done I think this year so far we've done something like 40 use cases we're only taking a few to

scale but what we've done is we've taught our business how to bring in startups how to look at different technology how to solve the problem differently how to go out and experiment and understand the customer oftentimes the customer or your business stakeholder will think they know what they want but through

experimentation and ideation you'll realize that it's a completely different approach to solve that so so we're doing things like that um but ultimately it's it's you know

it's it's changing that culture and um when you have your CEO that's backing it um you can really see the difference in the change and so I can understand that that would be a really important lever to have an important voice in the room and you're when you're talking about that change you know the the topic of Supply chains has made it into popular culture to a way that uh what one wouldn't have necessarily imagined uh as it now you

know all of us experience issues uh with our personal Supply chains with with goods and services that we're we're we're procuring personally you run your organization um runs a remarkably complex supply chain and I wonder you know at a time where it is a a topic of Interest what are some of the ways in which Tech and digital can alleviate issues that abound relative to supply chain yeah yeah no I um you know it's it's a great question

and what's what's interesting is um when the pandemic hit um a lot of a lot of cios a lot of companies were focused on getting people to work from home and getting that that was in place but one of the things we had to do on the back end was we actually had to scale our supply chain 15 times um to the volume of what we had ever done in order to help the US government provide

um you know the coveted vaccine to to the nation as well as to other countries and what we learned by that is we learned where we had to be dynamic and what I mean by that is two years ago we saw constraints in the supply chain that we had to solve for um and it came down to three things um we were although they may have been Legacy platforms they were platforms that were built to scale so we had the

ability to scale um the second piece though we had built um these Platforms in a way that reflected our operating miles so when we didn't have supplies we were able to look at the data understand the patterns and be able to Pivot with alternative sourcing but we were also able to push down um unique capabilities and one great example is early on in the pandemic um face masks were a standard product that they were just face masks they

became a critical component to delivering services and surgeries and to critical patients and um we overnight had a misplacement of where the inventory was and where the need was so we were able to work with our business in in within a couple days build a new capability called Dynamic distribution where we were able to understand where the need of supply chain was and we appropriate that so so that's one example where we were able to use some

of our new technologies to Pivot on that I think that but when you look at the urgency when you look at that you have constraints but I think one of the most important piece that came out of it is our Workforce so when when you looked at how we solved problems we have a Workforce that is passionate about understanding that we're in the middle of of impacting someone's care and so that sense of urgency is something that

I think is unique to McKesson and and really drives another lens of how we solve problems um but every in every single case that was looking at data it was bringing the team together not a large team but quickly a team together that understood the impact to how to healthcare and then we quickly were able to solve for that another Innovation was understanding pricing changes as supply chain constraints change you had a flux in pricing and we actually

um saw that there was a unique correlation to the pricing of gloves um that no one ever understood and it was as the price of rice increased in Asia there's a likelihood of a price to increase in gloves and that's because rice the cost of rice in Asia is a big indicator of inflation in Asia so that would be one unique example that our data team had come back and identified so so um but yeah it's you know I just I go

back to the people and just the collaboration and understanding the mission of what we have here very very interesting indeed and one of the fascinating aspects also of your business is you have business units operating companies that themselves could be Fortune 500 companies uh just in terms of their size and scale in in different segments uh generally in healthcare but in rather different segments and I wonder talk a bit about how you think about the balance between

um you know centralized uh decision-making common ways of doing things as opposed to technology that addresses the unique needs of each of those businesses yeah yeah you know that's always when you when you come in as a CIO or CTO that's always the debate you know centralized decentralized um I think one of the the great things here is um understanding that uh every business delivers a significant value to the healthcare and to your point it could be

a company that's in and of itself but where we have found that ounces there are things every every business needs at the Enterprise so so there's typically no debate around the compliance cyber security the foundational infrastructure um that works there is also no debate around building a center of excellence around core capabilities like data um like like process Engineers or software Engineers that can build common things for things or businesses and then provided services but where we start to

differentiate is to be clear around how our businesses use those skills and tools to enable them very specifically for their business so um so we run kind of I call it a hybrid model where it's not all centralized but we have core things that no matter what type of a company you are you need to be secure you need to be compliant you need to operate at scale I'm and the scale of where we can standardize to run our

operations and infrastructure that's a service that that the businesses can benefit from that so that's shared services um and then um I have cios very specifically for every business unit and their responsibility is a full spectrum CIO where they're responsible for pulling together the tech priorities and enablement um that are going to optimize each business and so they have responsibilities to drive Innovation they have responsibilities to drive and embed enablement through newer

Technologies and data and then they have a responsibility to lean into the central organization to to procure

those services Nancy you've also um uh been as I mentioned in the introduction uh are now a member of the board of directors of Comerica Bank an appointment to you you uh um received just earlier this year and I wonder as there are many I think among your peers who would wish to follow in your footsteps towards directorships at

publicly traded significant organizations like that one you know talk a bit about your pathway to gaining access to to the board um and maybe advice you'd offer for others who might wish to do the same sure sure yeah you know it's it's been a great privilege and I would tell you three years ago I wasn't thinking about that but I have my previous CEO George Oliver had just recommended encourage me participate in boards to get two things

an experience of another management team you know every management team has a different culture makes decisions differently um debates differently um and through that I actually serve on the board of Children's Hospital of Wisconsin it's action operating board it's a non-profit hospital but it's an operating board and it gave me so much exposure to um to how to be on a board versus being in management and serving a board and one of the things I learned there were

two things is just the responsibility of risk and oversight that you have for the board and your responsibility in that case I'm on the patient safety I was on the patient Safety Committee last year I'm moving on to the audit committee I'm an issue but it just gave me a lot of experience of the role you play um and I would tell you is coming in there is an increased need to understand compliance um and cyber security that's

a big risk to boards um but it was also being able to contribute in a whole different way of just management expertise um so my advice to anybody who's interested is is to start with your passion um it's it's and find a board that's going to give you an operating experience um through a non-profit that that would be my one experience and I think my final advice a lot of times people think it's it's you know an additional

compensation it's additional feather I I think you know what drives me is you want to be around like-minded people intelligent you want to be you want to be around those pieces but find your passion um yes there there is compensation but the amount of investment commitment and risk you take to be on a board um outweighs anything like that so it's really you know really find something you like to do um but my advice is to start to get

experience that's a great great piece of advice appreciate you offering that I wonder Nancy there are a number of Trends we've already begun to to speak about but um you know as you look to the future or the year ahead the next couple of years ahead even are there trends that particularly excite you that are making their way onto your personal or professional roadmaps yeah actually um I uh what excites me is you know we've had technology disruption for the

last couple years um for well for years um and we've talked a lot about Innovation data Ai and ML and what I'm excited about is is we have technologies that have been here for the last three to five years but but they have matured and they've become mainstream where they're now they're now able to scale um so so the things I think about is we need to now modernize um our our technology in a way that data

is going to be you know pervasive across the network so we spent years creating data Lakes centralizing it to drive a lot of intelligence Central automation um but now we're at a point where whether it's OT whether it's some of these newer AI um components that you can push closer to the customer experience when do we think how we do that um but when you think about the capability and the speed and and how it truly can mimic human

interaction um you know that that's what's exciting to me is is we're just on the cusp of being being able to really see some of this technology truly help us in ways that we haven't seen last week we were we were kind of playing with um a conversational artificial intelligence um person we called Katie and it's actually based on the same technology as um Alexa but when you add a visual face that looks no different than you and I

on the video screen um what was shocking to me was the emotional impact my my body had and and the interaction how it changed the experience was just so incredible um but what it also required us to do as a technology team is what infrastructure do we need what network do we need what capacity how do we think about building that data structure map that's a very different architecture than some of the things we've built the past so so it's

an exciting time to to be in in Tech and really see some of these new capabilities come to life and I think we're just at the cusp of it just shaping how we work it's it's really really exciting that's fantastic I I wanted to also ask you Nancy as somebody who is so accomplished has been a a uh a chief a tech and digital Chief at multiple consequential organizations now at one of the just a handful of few

largest companies in the world um I I wonder if you as you reflect upon things are there any secrets to your rise or your success that you would offer as you know kind of advice to those who might be younger than you who would wish to follow in your footsteps you know I um it's an interesting question because I I think and it's easy for me to say in this position I'm so grateful for the opportunity

I am I think there's a couple things I I have never focused on always been one to go after opportunities that are going to make an impact s and I will reflect on my my opportunities that Advance me were the opportunities that were the hardest sometimes risky in terms of you know well if it doesn't go well I'm not sure where I'm going to be next but it's always been chasing the challenge of making an impact and that that's

other thing is um I I feel like I am grateful for the opportunities timing was element but I always had great people around me and I had great teams oftentimes a strong voice it doesn't mean it's the right Voice or has the right answer but I've always been able to build a team really great like-minded at people like-minded but inclusive and diverse where we could collaborate become up for an idea as I call it I'm driving the bus

I need a leadership team if I take a right turn and they think I need to take a left turn I have the leadership team that's going to tell me that um so um I think it's a lot of putting your head down understanding um where you can make an impact and the basic thing is when you focus on on doing the right thing for your company it's typically the right thing for your department and eventually will

be the right thing for you so so that to me is when you get to do the fun stuff and you know where you're making an impact it's it all plays itself out so um I'm just grateful it's been you know I can look back and to be in these places and it hasn't been easy it's been with a lot of you know sometimes I made that decision okay we got to rethink that [Music] so I'm grateful to to be where I'm at

and to have made an impact that's really fantastic well clearly an impact that you are you continue to make uh Nancy Avila thank you so much for joining me uh today a great conversation describing your your pathway across uh across your career but also the the strong contribution you and your team are making at McKesson it's been a great conversation oh thank you and good to see you Peter and um let's keep having fun that sounds great