

# The Impact of Deglobalization

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Raahkee Mirchandani ([00:16](#)):

Thank you, Catherine. I'm Raahkee Mirchandani, Vice President of Community for Dow Jones, and I'm joined today by Ash Shehata, Principal of the Global Health Care Center of Excellence at KPMG. Ash, thank you for joining us today.

Ash Shehata ([00:30](#)):

A great pleasure to be here Raahkee, thank you.

Raahkee Mirchandani ([00:33](#)):

We've got five minutes. I'm going to hop right into it. For a first question, I'd love for you to talk to our audience about deglobalization and what it means.

Ash Shehata ([0:41](#)):

You know Raahkee, deglobalization has kind of two aspects to it. There's a political aspect and there's an economic aspect. I'm going to cover the economic primarily. What it really is about is always finding the most efficient place to manufacture of source a good or product. And it's also being able to do that kind of at the private industry level, making those decisions and being able to kind of look at countries across the globe in different criteria, but being able to make those decisions for the sourcing and the capability pricing of your product.

Raahkee Mirchandani ([01:12](#)):

Ash, do you believe that the deglobalization trend has been in the making for some time and only accelerated through the pandemic and now also with the increased geopolitical instability.

Ash Shehata ([01:26](#)):

You know, it's a great question. You know, this has been a long journey here. I think back even in my career we started deglobalization for technology capabilities over twenty years ago. So, it's taken us, you know decades and decades to get to the point we are now. I would say the deglobalization discussion may take us several decades as well, to get to a different place than we are now. And there are three areas always like to think about when we think of deglobalization. You know one is really looking at the pricing, we talked a little bit about that. The second one is also being sensitive and aware on some of the newer things that we're looking at in the world today. For example, ESG, and then third one which I think is really important when we look at global tax and global reorganization between the G20 and OECD is how are we going to look at this kind of world economy looking forward. So, I think as we kind of think of where we've been and where we're going, those are the considerations that we need to kind of put on the table now.

Raahkee Mirchandani ([02:20](#)):

What are the shorter and longer-term implications of deglobalization? And Ash, how can organization in the healthcare ecosystem look at this as an opportunity versus seeing it as an impediment?

Ash Shehata ([02:33](#)):

Now it's a great question and I'd say as I talked about before those kind of the three drivers, you know price and some of the social sourcing and ESG. Those are the things that are going on everybody's mind. So short term, I do think there is going to be a consideration around more volatility in pricing and supply chain. And I know it's hard to believe that that can be the case, but more volatility is definitely I think is in store for us right now and we need to prepare for that. The second thing if we kind of agree that that's going to be the case, we do need to start looking at alternatives and even though some of those alternatives, especially in life sciences and healthcare maybe uncomfortable because we spent so much time kind of reassuring and rebuilding and fortifying these supply chains. It is uncomfortable to say, where's my Black Swan moment, but we need to prepare for that now and we need to begin to kind of have those discussions and honest discussion. And the third one which I think a really important one is we need to kind of begin to explore some of these options with our clients, especially the ones who are very price sensitive because in order to get that right balance of price and quality, and price and sustainability, we have to have an honest dialogue about it. So that's short-term. Long-term the opportunities are immense. I mean really grading a sustainable sourcing model that isn't just about a low price but really building, you know, capabilities and markets and countries across Europe, Asia, AsPac and the Americas, that's a much better World Order and I think one that we'd all like to see. The second area that I think show long-term is going to be exciting for us is really being able to create a better dialogue with our clients and our customers because this is a journey that we're going to be on together and it isn't just a one-way transaction, it's a two-way agreement. And then finally, I think the third one this is a chance and the moment to really build those relationships with boards and management and relationship to have these discussions. So, it really is about you know, we talk about sustainability in so many things in our world today with energy and quality of life. This is going to be one of those things and I think healthcare and life sciences as a critical industry is prime for this discussion right now.

Raahkee Mirchandani ([04:32](#)):

Well, thank you so much, Ash. That's the time we have today, and I really appreciate you joining us for this conversation.

Ash Shehata ([04:39](#)):

Raahkee, it's been a great pleasure, thank you so much.