Johnson & Johnson
Bringing new Ideas to Life with your suppliers

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Requiring surgery shouldn’t be a death sentence

Typical 19th century surgeon’s frock coat, with sewing needle and thread in the lapel.

• Not sterile

• Surgeons operated in street clothes

• **High patient mortality** rates due to surgical infections
So we did something about it.

Medical & scientific breakthrough: **germs** cause surgical infections

Early **sterile gauze**, sutures & cotton products

Pioneering **steam sterilization** techniques (1890)

Johnson brothers are the first to **mass-produce sterile surgical dressings**

Sterile products greatly **reduce surgical mortality rates**, saving lives

First ever **first aid kits** (1890) and **first aid manuals** (1901)
Our Credo defines our responsibility to the patients, doctors and nurses we serve, our employees, communities and stockholders.
FULL YEAR 2018 RESULTS

FULL YEAR 2018 SALES

- WORLDWIDE INCREASED 6.7%
- Excluding acquisitions/divestitures on an operational basis worldwide sales INCREASED 5.5%*
- DILUTED EARNINGS PER SHARE $5.61
- ADJUSTED DILUTED EARNINGS PER SHARE* $8.18 INCREASED 12.1%

WORLDWIDE CONSUMER SALES

- $13.9B
- Consumer worldwide sales increased: 1.8%
- Primary contributors to growth:

WORLDWIDE PHARMACEUTICAL SALES

- $40.7B
- Pharmaceutical worldwide sales increased: 12.4%
- Primary contributors to growth:

WORLDWIDE MEDICAL DEVICES SALES

- $27.0B
- Medical Devices worldwide sales increased: 1.5%
- Primary contributors to growth:
At Johnson & Johnson we recognize that **external innovation is a priority**.

Supplier Enabled Innovation is a hot topic and a fantastic opportunity for Procurement to significantly impact both top- and bottom-line.

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”

*Alvin Toffler*
Procurement has a unique position in innovation as a connector and leader of Supplier Innovation eco-systems that run across categories and across the organization.
At JNJ SEI is part of our overall Procurement Value Pillars

Develop partnerships with best in class suppliers that drive innovative insights and solutions

Launch a new technology that enables innovation

Execute new business models that drive innovation

Contribute to our mission to curate solutions that will change the trajectory of health
Disruptive business model innovations

**Artificial Intelligence**—Using smart algorithms supporting intelligent decision making

New operating models as AI can support tail spend analytics and management and AI Chatbots supporting sourcing events

**Digitalization / Big Data** – Making the Digital & Data Disruption work for companies

New skill sets to action and understand data available – a new type of procurement professional

**Blockchain**—by design, a secure log of transactions and of exchanges of value. An application naturally extending to streamline payments

Streamlining payments and contracting processes leading to improved E2E transparency
Factors influencing ability to maximize SEI