



Topic: IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014

Healthcare Outsourcing
Market Report: July 2014 – Preview Deck

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

The healthcare industry is witnessing an unprecedented churn and transformation, leading to a surge in IT and business process outsourcing adoption. Driven by regulatory reforms, tenets of consumerization, market consolidation, and emergence of next-generation digital avenues, outsourcing has accelerated in the space. Service providers across the spectrum have beefed up their capabilities to cater to this growing market.

With healthcare companies stepping up adoption of outsourced delivery, there is an uptick in demand for relevant research and market intelligence on demand and supply trends in healthcare outsourcing across the three major market segments – payer, provider, and life sciences. The need is more pronounced for the vertical-specific IT outsourcing function, where business challenges are driving greater adoption. Everest Group's healthcare outsourcing research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to ITO in the healthcare vertical.

In this report, we analyze the capabilities of 18 ITO service providers specific to the global life sciences sector. These service providers are mapped on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, which is a composite index of a range of distinct metrics related to a provider's capability and market success. We focus on:

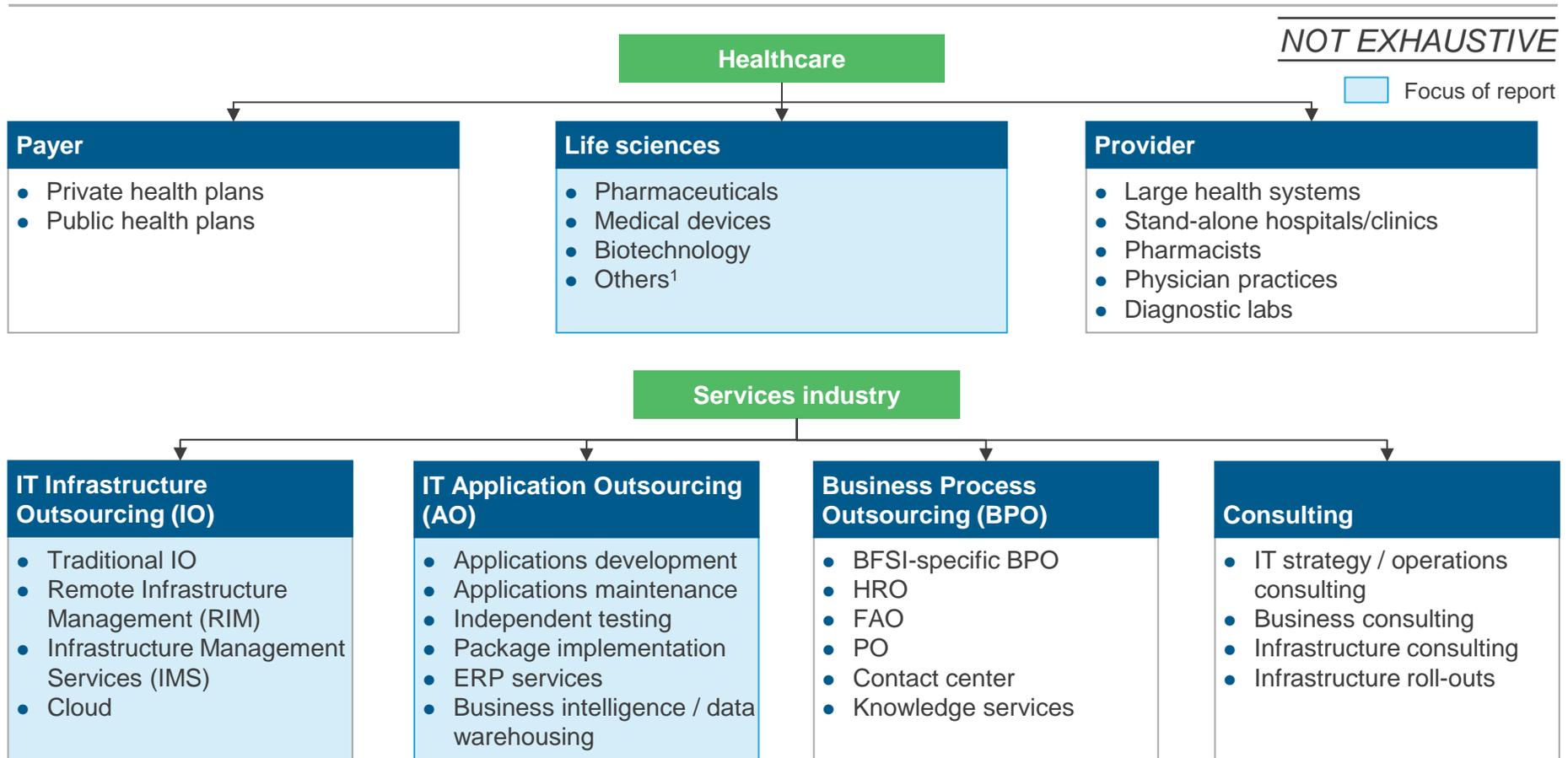
- The landscape of service providers for life sciences ITO
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix
- Implications for life sciences ITO buyers and service providers

Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences¹)
- **Services:** Large (TCV > US\$25 million), multi-year (>3 years), and annuity-based application outsourcing
- **Geography:** Global
- **Sourcing model:** Third-party ITO transactions; excludes shared services or Global In-house Centers (GICs)

¹ Includes healthcare data & information services and medical products distribution

This report examines the service provider landscape for large annuity contracts in the life sciences ITO market

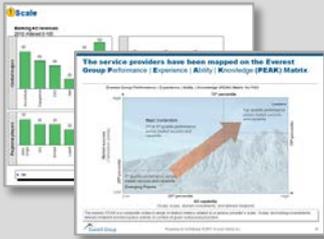


This report assesses ITO service providers in the life sciences vertical with a focus on large (TCV > US\$25 million), annuity-based, and multi-year (>3 years) relationships

¹ Includes healthcare data & information services and medical products distribution

This report is a part of Everest Group's series of six reports focused on ITO in healthcare in 2014

Annual report



- Each report provides an overview of the ITO market for the specific healthcare subsegment
- Analysis includes the following content in the specific healthcare subsegment:
 - Trends in ITO in the overall healthcare industry
 - Market trends and activity for large ITO relationships
 - Emerging themes driving ITO
 - Future outlook for ITO

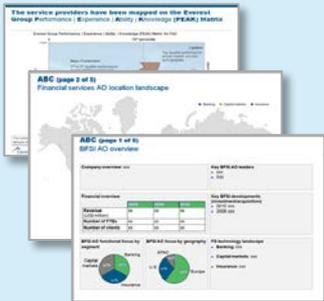
Focus of report

Payer

Life sciences

Provider

Service provider landscape and capability profiles



Each report provides:

- Mapping of service providers on **Everest Group's PEAK Matrix** for the specific subsegment
- Capability profiles of service providers capturing their ITO services experience in specific subsegments. This includes:
 - Service provider overview: Details of ITO services capabilities, key investments, proprietary solutions, and technological expertise
 - Functional / Line of Business (LoB) focus
 - Transactions overview for ITO services
 - Delivery footprint

Payer

Life sciences

Provider

Everest Group's healthcare outsourcing research is based on two key sources of proprietary information

1

- Everest Group's proprietary database of 1,000+ large, multi-year ITO contracts within healthcare (updated annually)
- The database tracks the following elements of each large ITO relationship:
 - Buyer details, including industry, size, and signing region
 - Contract details, including TCV, ACV, term, start date, service provider FTEs, and pricing structure
 - Activity broken down separately for healthcare payer, life sciences, and provider, and by business subsegment (for example, pharmaceuticals and medical devices)
 - Scope coverage of functional activities and buyer geography
 - Global sourcing leverage, including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of major healthcare ITO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
 - Overall revenue, total employees, and healthcare employees
 - Major healthcare ITO clients and recent wins
 - Recent healthcare-related developments
 - Healthcare ITO delivery locations
 - Healthcare ITO service suite
 - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis



Note: We continually monitor market developments and track additional service providers beyond those included in the analysis

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information that is contract-specific, will be presented back to the industry only in an aggregated fashion

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Overview and abbreviated summary of key messages

This report provides a comprehensive assessment of the service provider landscape for IT Outsourcing (ITO) services in the life sciences industry, and maps the leading service providers on Everest Group's PEAK Matrix. It also includes segment-wise analysis incorporating enterprises' feedback about service providers.

Some of the findings in this report, among others are:

Life sciences ITO service provider landscape

- In 2013, offshore majors outperformed other service provider groups in terms of average ITO revenue accrued from life sciences and FTE strength
- However, global majors retained marginally higher revenue productivity per-FTE on account of their solutions-driven portfolio, across applications and infrastructure services
- Pharmaceuticals continues to remain a major share of service providers' life sciences portfolio, with increasing traction in medical devices and biotechnology

PEAK Matrix for life sciences ITO

- Analysis of the service provider landscape for life sciences ITO leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Emerging Players
- The average revenue and headcount of Leaders is over four times that of Major Contenders
- Leaders accounted for over three-fifths of the new deal activity over the last three years, with nearly one-fifth deals based in Europe

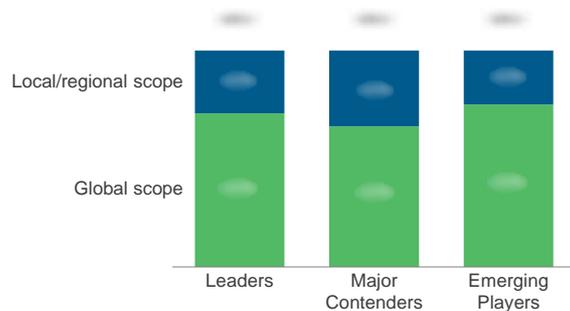
Implications for key stakeholders

- Analytics will be a core lever of operational efficiency going forward
- Fuelled by consolidation, big data, and next-generation technology imperatives, infrastructure outsourcing in life sciences represents a US\$3 billion opportunity over 2013-2020
- Among service providers assessed on the PEAK Matrix, Leaders need to evolve into strategic partners by bringing through leadership to engagements, Major contenders need to ramp up capabilities in next-generation IT avenues, and Emerging Players need to address staff augmentation issues as well as build domain expertise

This study offers four distinct chapters providing a deep dive into the life sciences ITO service provider landscape; below are four charts to illustrate the depth of the report

Regional scope of life sciences contracts with service providers

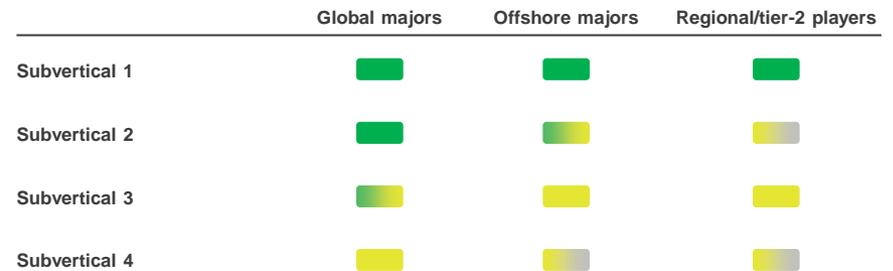
Scope distribution of large life sciences ITO contracts 2013; Percentage of transactions



ITO transaction activity in different life sciences subsegments

Measure of activity: High (Green), Medium (Yellow), Low (Grey)

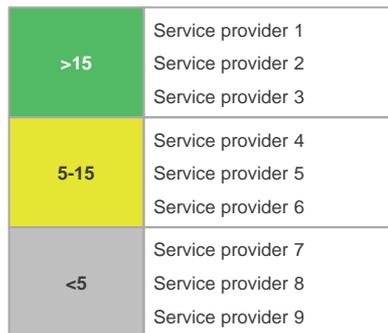
Subvertical scope of life sciences ITO contracts



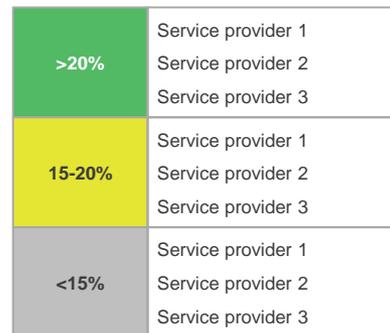
Active deals and life sciences ITO revenue growth of service providers

Measure of activity: High (Green), Medium (Yellow), Low (Grey)

Large active life sciences ITO deals
Number of deals

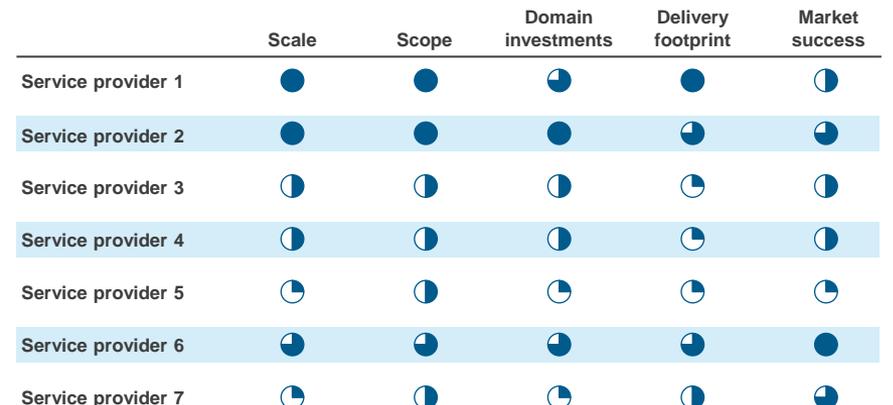


Life sciences ITO revenue growth
2012-2013; CAGR (Percentage)



Delivery capability assessment of service providers

Measure of capability: High (Dark Blue), Medium-high (Medium Blue), Medium (Light Blue), Low (Very Light Blue)



Source: Everest Group (2014)

2014 healthcare IT outsourcing research calendar

■ Published ■ Current
Release date

Topic

IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	November-2013
IT Outsourcing (ITO) in the Healthcare Provider Industry – Annual Report 2013: Entering the Big League of IT Adoption ...	December-2013
IT Outsourcing in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	December-2013
State of the Healthcare & Life Sciences ITO Market: 2014	January-2014
IT Outsourcing (ITO) in the Life Sciences Industry: Analytics Driving the Innovation Engine – Annual Report 2014	June-2014
Webinar Deck: What’s Driving the Surge in Life Sciences IT Outsourcing?.....	June-2014
IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014	July-2014
IT Outsourcing in Life Sciences – Service Provider Profile Compendium 2014	Q3-2014
IT Outsourcing in Healthcare Payer Industry – Annual Report 2014	Q3-2014
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014	Q3-2014
IT Outsourcing in Healthcare Payer Industry – Service Provider Profile Compendium 2014.....	Q3-2014
IT Outsourcing in Life Sciences – European Service Provider Landscape with PEAK Matrix™ Assessment 2014	Q3-2014
IT Outsourcing in Healthcare Provider Industry – Annual Report 2014	Q4-2014
IT Outsourcing in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014	Q4-2014
IT Outsourcing in Healthcare Provider Industry – Service Provider Profile Compendium 2014	Q4-2014

Additional healthcare research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Value Chain Digitization in the Pharmaceutical Industry: IT Outsourcing as the Vehicle to the Evolution of the Pharmaceutical Industry** ([EGR-2013-12-R-0975](#)); 2013. This viewpoint analyzes the current state and transformational changes occurring in IT adoption in the pharmaceutical industry. The analysis delves into the imperatives and drivers of digitization in the various value chain elements of the pharmaceutical industry
2. **IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2013: *IT is the Trump Card for Life Sciences*** ([EGR-2013-12-R-0959](#)); 2013. This report provides an overview of the ITO market for the life sciences industry. Analysis includes key trends in market size & growth, demand drivers, adoption & scope trends, emerging themes, key areas of investment, and implications for key stakeholders. The report also provides specific insights on the importance of technology enablement across the life sciences value-chain and how digitization is becoming paramount for driving key strategic initiatives in this industry
3. **IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013** ([EGR-2013-12-R-0970](#)); 2013. This report provides a comprehensive assessment of the service provider landscape for IT outsourcing (ITO) services in the life sciences industry. It maps 14 leading service providers on the Everest Group PEAK Matrix and includes detailed profiles of these service providers. This evaluation categorizes the service providers into Leaders, Major Contenders, and Emerging Players. It also identifies top three service providers as Star Performers, based on their year on year movement on the Matrix

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At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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