Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015: Scaling the Next Frontier

Healthcare & Life Sciences IT
Market Report: July 2015 – Preview Deck

EGR-2015-12-PD-1512

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1 Banking, financial services, and insurance

Background and scope of the research

Background of the research

The healthcare and life sciences (HLS) landscape has been subject to significant turbulence on account of a gamut of factors including escalating costs, widespread regulatory amendments, changing business models, and evolution of the patient-centric paradigm (with mobile computing, social media platforms, and "anytime-anywhere" information access). This combination of disruptive and legacy factors has driven HLS firms to adopt new technologies, and at the same time revamp their existing systems, processes, and interfaces. The digital play has moved beyond from being a "nice-to-have" to an absolute necessity to survive and thrive in the modern age

As the technology mandate for HLS enterprises evolves, so do their relationships with IT service providers. This, in turn, is driving the need for relevant research and market intelligence on demand and supply trends in HLS IT across the three major market segments – payer, provider, and life sciences. Everest Group's HLS IT research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to HLS IT.

In this report, we analyze the capabilities of 15 IT service providers specific to the global life sciences digital space. 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 digital IT
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix
- Implications for life sciences IT buyers and service providers

Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **Services:** Digital IT services
- **Geography:** Global
- **Sourcing model:** Third-party IT transactions; excludes shared services or Global In-house Centers (GICs)

1 Includes healthcare data & information services and medical products distribution

EGR-2015-12-PD-1512

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

NOT EXHAUSTIVE

Focus of report

Healthcare

Payer
- Private health plans
- Public health plans

Life sciences
- Pharmaceuticals
- Medical devices
- Biotechnology
- Others[1]

Provider
- Large health systems
- Stand-alone hospitals/clinics
- Pharmacists
- Physician practices
- Diagnostic labs

Services industry

IT Infrastructure Outsourcing (IO)
- Traditional IO
- Remote Infrastructure Management (RIM)
- Infrastructure Management Services (IMS)
- Cloud

IT Application Outsourcing (AO)
- Applications development
- Applications maintenance
- Independent testing
- Package implementation
- ERP services
- Business intelligence / data warehousing

Business Process Outsourcing (BPO)
- BFSI-specific BPO
- HRO
- FAO
- PO
- Contact center
- Knowledge services

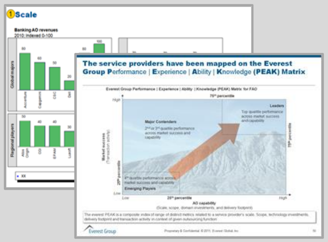
Consulting
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs

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 reports focused on ITO in healthcare in 2015

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

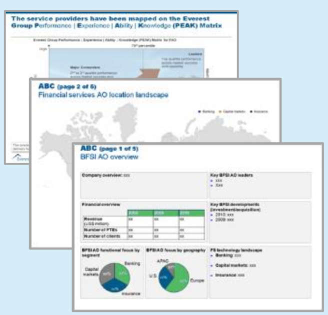
Focus of report

Payer

Life sciences

Provider

Service provider landscape and capability profiles



This set of reports is focused on key healthcare subsegments, and some crucial processes / value chain elements for the subsegments

Each report provides

- Mapping of service providers on **Everest Group's PEAK Matrix**
- Capability profiles of service providers capturing their ITO services experience. 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
- Global ITO
- Big data & analytics
- Digital services
- Care management & patient engagement

Life sciences
- Global ITO
- Life sciences in Europe
- Big data & analytics
- Digital services
- Clinical and R&D services

Provider
- Global ITO

Everest Group's healthcare and life sciences IT research is based on two key sources of proprietary information

1

- Everest Group's proprietary database of 1,000+ large, multi-year IT contracts within healthcare (updated annually)
- The database tracks the following elements of each large IT 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, 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 and life sciences IT service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Overall revenue, total employees, and healthcare employees
  - Major healthcare IT clients and recent wins
  - Recent healthcare-related developments
  - Healthcare IT delivery locations
  - Healthcare IT service suite
  - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

accenture, Cognizant, Capgemini, CGI, CSC, Dell Services, epam, HCL, hp, IBM, IGATE, Infosys, TATA CONSULTANCY SERVICES, Tech Mahindra, WIPRO

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 digital IT 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:

PEAK Matrix for digital life sciences IT

- Analysis of the service provider landscape for life sciences digital IT leveraging the Everest Group's PEAK Matrix reveals three distinct categories: Leaders, Major Contenders, and Aspirants
- Digital comprises over 10% of life sciences IT transactions, mostly as an add-on scope inclusion
- Analytics is the primary digitization tenet in life sciences followed by mobility and cloud; social remains an emerging area of interest, albeit with limited adoption
- The average life sciences digital IT revenue of Leaders is over three times and headcount is over two times that of Major Contenders
- North America and Europe remain primary regions for digital services in life sciences given the presence of most large pharma firms
- In terms of value chain adoption, sales and marketing is the key area of digital deployment within life sciences, followed by automation in marketing and operations

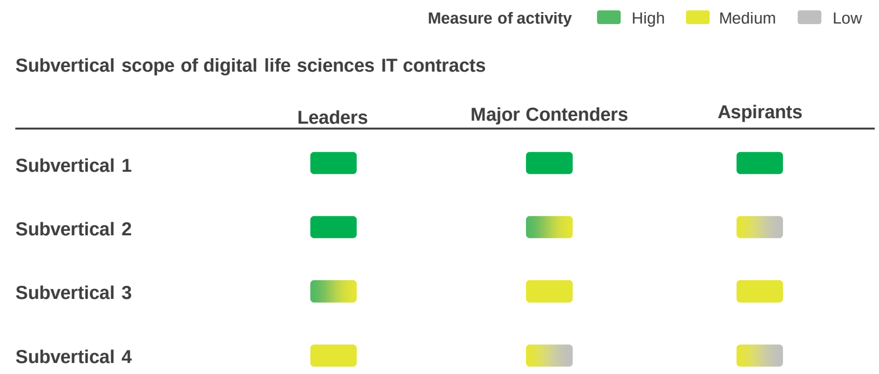
Implications for key stakeholders

- Enterprise buyers need to approach digitization across internal and consumer-facing operations to realize true benefits
- Buyers should evaluate integrated sourcing (apps, infrastructure, and business processes) options to mitigate issues related to silo-based sourcing
- Service providers should adapt to newer deal constructs (As-A-Service, integrated services, and gainsharing) to exhibit more skin in the game
- Vendors look to increase focus on omnichannel digital offerings with a view to drive customer centricity
- Providers to imbibe technology as opportunity for talent redistribution, reskilling, and efficiency enhancement

This study provides a deep dive into the life sciences digital IT service provider landscape; below are few charts to illustrate the depth of the report

External drivers for digitization in the life sciences industry

Digital IT transaction activity in different life sciences subsegments



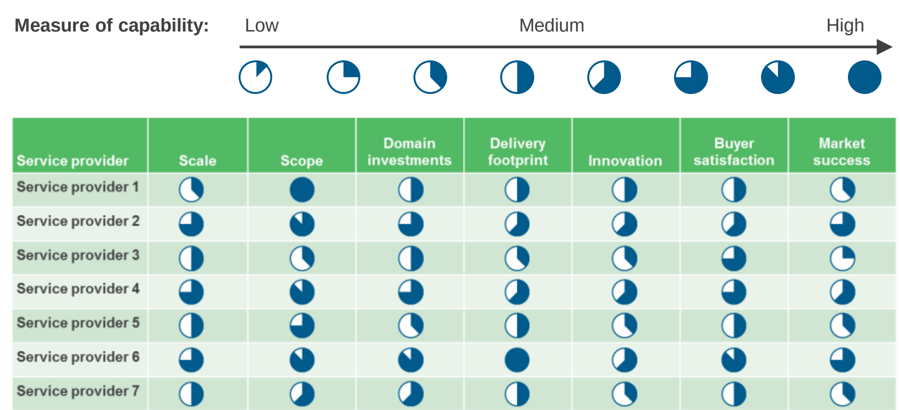
Life sciences digital IT revenue growth of service providers

Measure of activity High Medium Low

Life sciences digital IT services revenue
2013-2014; revenue in US$ million

	Revenue <50	Revenue >50
>20%	Service provider 1	Service provider 1
	Service provider 2	Service provider 2
	Service provider 3	Service provider 3
10-20%	Service provider 1	Service provider 1
	Service provider 2	Service provider 2
	Service provider 3	Service provider 3
<10%	Service provider 1	Service provider 1
	Service provider 2	Service provider 2
	Service provider 3	Service provider 3

Delivery capability assessment of service providers



Source: Everest Group (2015)

Healthcare & Life Sciences research calendar

Published | Current

Topic	Release date
State of the Healthcare ITO Market: 2015 - Decoding the Winds of Change	March 2015
State of the Life Sciences IT Market: 2015 - Comprehending the Elements of Change in the Life Sciences IT Landscape	May 2015
IT Outsourcing in the Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	June 2015
IT Outsourcing in Life Sciences – European Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
IT Outsourcing in Life Sciences: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2015: Integrated Services Strategy in the Age of Digital	July 2015
IT Outsourcing in Life Sciences: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in Life Sciences: Clinical and R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in Healthcare Payer Industry: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in the Healthcare Payer Industry – Annual Report 2015	Q3 2015
mHealth: Consumers take the steering wheel	Q3 2015
IT Outsourcing in Healthcare Payer Industry: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in the Life Sciences Industry – Service Provider Profile Compendium 2015	Q3 2015
IT Outsourcing in Healthcare Payer Industry: Care Management & Patient Engagement – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q4 2015
IT Outsourcing in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q4 2015
IT Outsourcing in Healthcare Provider Industry – Annual Report 2015	Q4 2015

Additional Healthcare & Life Sciences 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. **IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-12-R-1469); 2015: In this report, we analyze the capabilities of 20 leading ITO service providers specific to the global life sciences sector. These service providers are mapped on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a service provider's capability and market success.

2. **IT Outsourcing (IT) in European Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment** (EGR-2015-12-R-1500); 2015. This report provides a comprehensive assessment of the service provider landscape for IT outsourcing (ITO) services in the European life sciences industry. It maps 15 leading service providers on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a service provider's capability and market success. The report also provides an overview of the global healthcare ITO market and the European life sciences market; along with key factors driving the IT spend for European life sciences firms.

3. **State of the Life Sciences IT Market: 2015 - Comprehending the Elements of Change in the Life Sciences IT Landscape** (EGR-2015-12-R-1448); 2015. This report probes into the factors driving change in the life sciences industry, and provides insights into specific industry tailwinds, buyer imperatives, IT outsourcing trends, opportunities, and implications for life sciences enterprises and service providers. It also examines how the life sciences ITO market is expected to grow in the next 5-6 years.

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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