



IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015

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

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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

The healthcare 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 healthcare firms to adopt new technologies, while also revamping their existing systems, processes, and interfaces.

As the technology mandate for healthcare 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 healthcare outsourcing across the three major market segments – payer, provider, and life sciences. 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 20 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:

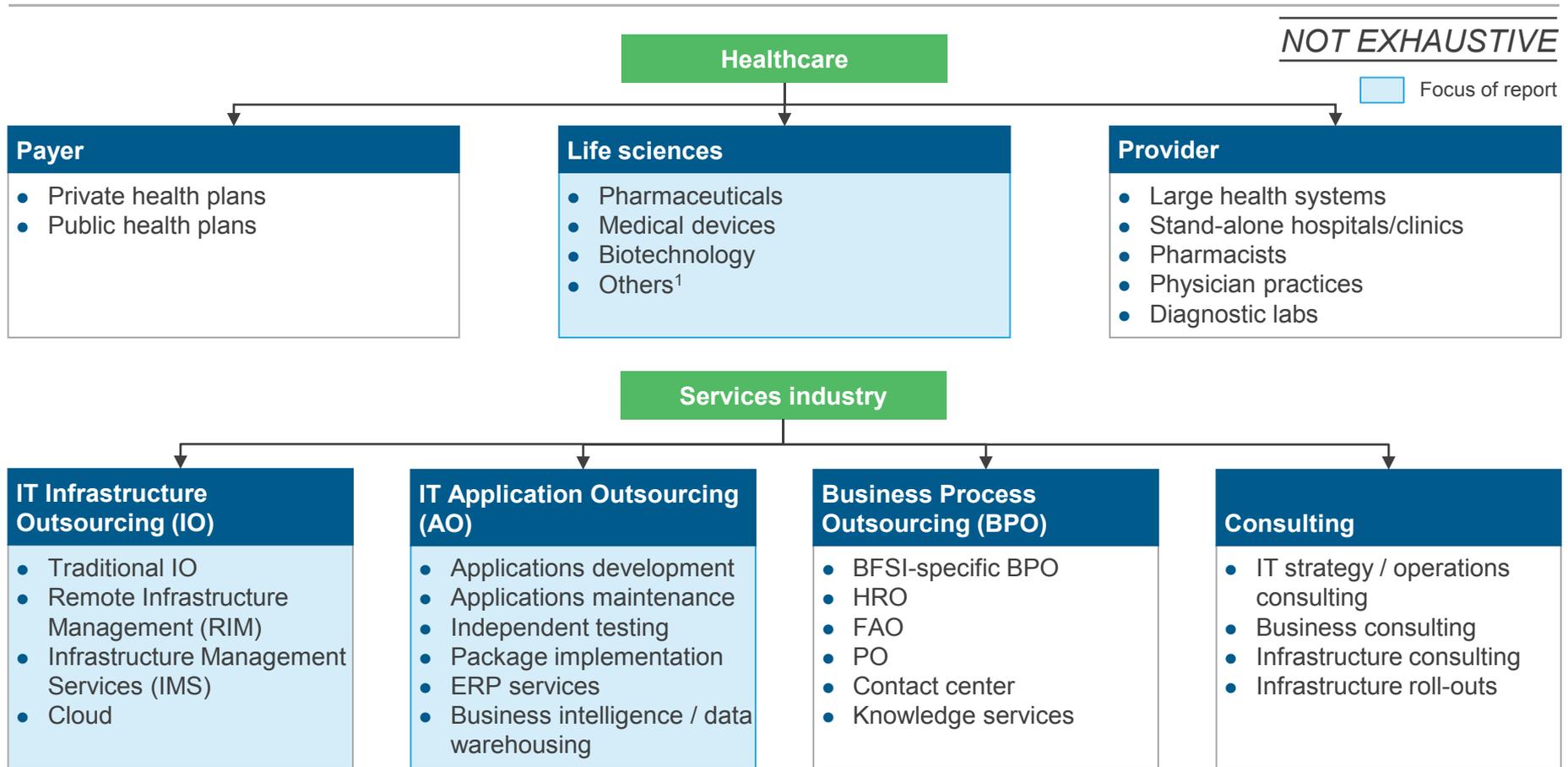
- The landscape of service providers for life sciences ITO
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix
- Implications for life sciences ITO buyers and service providers

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

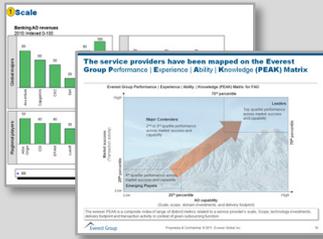


This report assesses ITO service providers in the life sciences vertical with a focus on large (TCV > US\$25 million), annuity-based, and multi-year (>3 years) relationships

¹ Includes healthcare data & information services and medical products distribution

This report is a part of Everest Group's series of reports focused on ITO in healthcare in 2015

Annual report

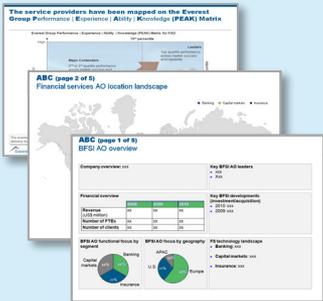


- Each report provides an overview of the ITO market for the specific healthcare subsegment
- Analysis includes the following content in the specific healthcare subsegment:
 - Trends in ITO in the overall healthcare industry
 - Market trends and activity for large ITO relationships
 - Emerging themes 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
 - ▶ Broad-based report
 - ▶ Big data & analytics
 - ▶ Digital services
 - ▶ Care management & patient engagement
- Life sciences
 - ▶ Broad-based report
 - ▶ Life sciences in Europe
 - ▶ Big data & analytics
 - ▶ Digital services
 - ▶ Clinical and R&D services
- Provider
 - ▶ Broad-based report

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:

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 Aspirants
- Leaders accounted for more than half of the new deal activity over the last three years
- Average life sciences ITO revenue of Leaders was nearly four times that of Major Contenders, and over ten times that of Aspirants
- Global and multi-region scope contracts formed the major share of deal portfolios for all three PEAK Matrix service provider categories
- Within categories, service providers exhibited stark differences in their Year-on-Year (YoY) life sciences revenue growth

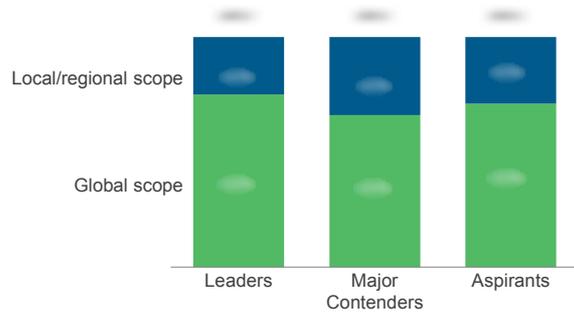
Implications for key stakeholders

- Adoption of digital enablers will be key for life sciences firms to enhance their customer engagement and operational efficiencies
- The life sciences ITO buyers are increasingly pursuing the integration of services, products, and vendors to contain costs and to attain greater visibility. In this situation, service providers need to focus on restructuring operations, sales methodologies, and team organization in accordance with buyer expectations
- Among service providers assessed in the PEAK Matrix, Leaders need to increase their focus on offering customizability and engaging in pro bono pilot projects. Both Major Contenders and Aspirants need to develop capabilities in offering value-addition over and above standard project execution

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

Regional scope of life sciences contracts with service providers

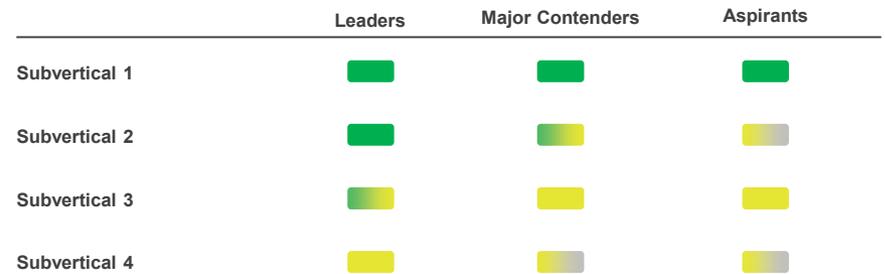
Scope distribution of large life sciences ITO contracts 2014; Percentage of transactions



ITO transaction activity in different life sciences subsegments

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

Subvertical scope of life sciences ITO contracts



Life sciences ITO revenue growth of service providers

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

Life sciences ITO revenue growth YoY growth (2013-2014)

	Leaders	Major Contenders	Aspirants
>15%	Service provider 1	Service provider 1	Service provider 1
	Service provider 2	Service provider 2	Service provider 2
	Service provider 3	Service provider 3	Service provider 3
10-15%	Service provider 1	Service provider 1	Service provider 1
	Service provider 2	Service provider 2	Service provider 2
	Service provider 3	Service provider 3	Service provider 3
<10%	Service provider 1	Service provider 1	Service provider 1
	Service provider 2	Service provider 2	Service provider 2
	Service provider 3	Service provider 3	Service provider 3

Delivery capability assessment of service providers



Service provider	Delivery capability						Market success
	Scale	Scope	Domain investments	Delivery footprint	Innovation	Buyer satisfaction	
Service provide 1	High	High	High	High	High	High	High
Service provide 2	High	High	High	High	High	High	High
Service provide 3	High	High	High	High	High	High	High
Service provide 4	High	High	High	High	High	High	High
Service provide 5	High	High	High	High	High	High	High
Service provide 6	High	High	High	High	High	High	High
Service provide 7	High	High	High	High	High	High	High

Source: Everest Group (2015)

Healthcare & Life Sciences research calendar

Topic	Release date
IT Outsourcing in Payer Industry – Service Provider Profile Compendium 2014	January 2015
IT Outsourcing in Healthcare Provider Industry – Service Provider Profile Compendium 2014	February 2015
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: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing in Life Sciences – European Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
mHealth: Consumers take the steering wheel	Q3 2015
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q3 2015
IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2015	Q3 2015
IT Outsourcing in Life Sciences: Big Data and Analytics – 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 Healthcare Payer Industry: 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 the Healthcare Payer Industry – Annual Report 2015	Q3 2015
IT Outsourcing in the Life Sciences Industry – Service Provider Profile Compendium 2015	Q3 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 (ITO) in European Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment** ([EGR-2014-12-R-1310](#)); 2014. This report assesses the capabilities of 15 leading ITO service providers specific to the European life sciences sector. These service providers are mapped on the Everest Group PEAK Matrix, a composite index of distinct metrics related to a service provider's capability and market success
2. **IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2014: Analytics Driving the Innovation Engine** ([EGR-2014-12-R-1144](#)); 2014. This report provides an overview of the ITO market for the life sciences industry. Analysis includes market size & growth, forecasts (up to 2020), demand drivers, adoption & scope trends, key areas of investment, and implications for key stakeholders. The report focuses specifically on how analytics has emerged as a core enabler of operational efficiency and will be a primary tool for life sciences firms looking to drive key strategic initiatives
3. **IT Outsourcing in Life Sciences Industry – Service Provider Profile Compendium 2014** ([EGR-2014-12-R-1219](#)); 2014. This report provides detailed profiles of the 18 service providers featured on the life sciences ITO PEAK Matrix 2014. Each comprehensive profile provides a perspective on their service suite, scale of operations, scope, domain investments, transaction success, delivery locations, and Everest Group's assessment of the service provider specific to life sciences ITO services

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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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