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RESEARCH

Life Sciences BPO – Annual Report 2017: Personalization Bug Biting the Market

Healthcare and Life Sciences BPS
Annual Report – September 2017: Complimentary Abstract / Table of Contents

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- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and methodology of the research

Background of the research

The global life sciences BPO market is expected to grow at a steady pace of 9-11% over 2016-2018. The life sciences industry continues to face existing challenges – increased competition from generics, declining margins, strengthening regulations, declining R&D profitability, end of blockbuster drugs and increasing number of approved personalized drugs, growing consumerism, tough macroeconomic conditions, and changing business models. However, adoption of solutions such as analytics, IoT, automation, and omnichannel marketing can be a game changer and help mitigate these challenges.

In this research study, we analyze the global life sciences BPO market and its impact on life sciences companies and service providers.
We focus on:

- Key themes prevalent in the life sciences industry
- Key solutions available in the market
- Life sciences BPO market size and adoption by LoB
- Adoption of technology in the market

The scope and methodology of this report includes:

- Coverage across more than ten life sciences BPO service providers including Accenture, Cognizant, Conduent, DXC, Genpact, HCL, IBM, Indegene, Syntel, TCS, Tech Mahindra, Wipro, and WNS
- Proprietary contractual database of 150+ life sciences BPO contracts (updated annually)

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Overview and abbreviated summary of key messages (page 1 of 2)

This report will assist key stakeholders (life sciences companies, service providers, and technology providers) understand the dynamics of the life sciences BPO market and help them identify key challenges faced by the life sciences industry and some of the solutions that will have significant role in future. In this backdrop, this report provides comprehensive coverage of the global life sciences BPO market including detailed analysis of market size & growth, geographic distribution, technology adoption trends, and pricing structure.

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

Life sciences BPO market

- The global life sciences BPO market is grew at a CAGR of ~11% during 2014-2016; however, some of the challenges prevalent in the market are likely to drive slower growth over next 2-3 years
- While North America continues to be the most significant market for life sciences BPO, Europe and Asia Pacific have witnessed significant growth

Challenges in the market

- Slower growth in developed or mature markets of North America and Europe, along with increasing adoption of generics continue to be one of the key challenges faced by biopharma companies
- Increasing pressure from regulatory bodies, especially to reduce prices and move jobs back to onshore, and rising expectations of customers, are also likely play significant role in formulating future strategy of life sciences companies
- Increasing focus of biopharma companies on personalized medicines presents with whole new set of opportunities and challenges; some of the ways to overcome challenges and ensuring success of such drugs include new HIT system, change in sales & marketing strategy, and adoption of new pricing models that are linked to value

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Overview and abbreviated summary of key messages (page 2 of 2)

Life sciences BPO solution characteristics

- Despite decline in share, input-based pricing model (fixed fees and FTE-based) still dominates the life sciences BPO market
- Share of big pharma (revenue greater than US$20 billion) in the life sciences BPO market has declined over last few years
- Adoption of analytics is at more advanced stage when compared adoption of RPA in life sciences BPO market; however, primary focus area while adopting analytics involves use of basic analytics (reporting and descriptive) and less of advanced analytics solutions, such as predictive and prescriptive

Service provider landscape

- The market continues to remain consolidated at the top, with Accenture, Cognizant, Genpact, and TCS, together accounting for more than 60% of the market by revenue
- While pharmacovigilance emerged as the most outsourced segment, sales and marketing emerged as the most competitive segment within life sciences BPO market
- Emergence of startups and entry of BPO+IT players has caused significant disruption in the life sciences outsourcing market

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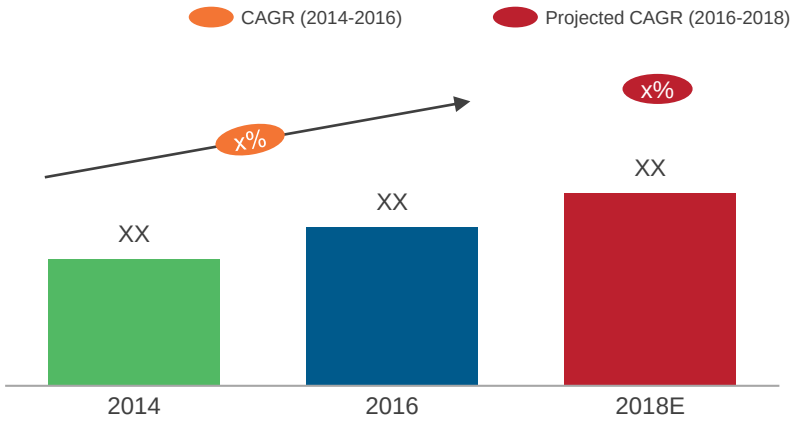
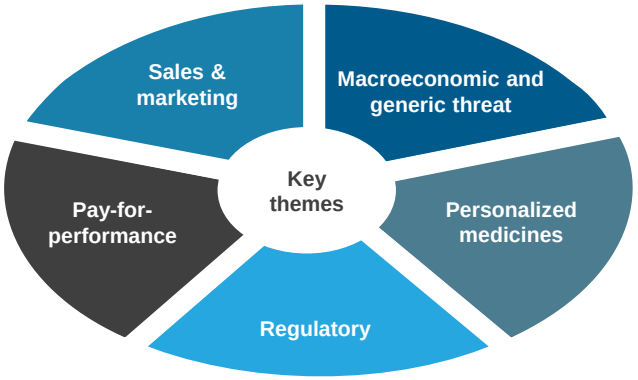
This study offers four distinct chapters providing a deep dive into key aspects of life sciences BPO market; below are four charts to illustrate the depth of the report

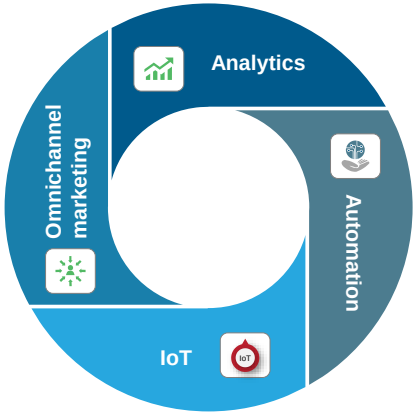
Life sciences BPO market size, revenue in US$ billion



Key challenges for life sciences companies

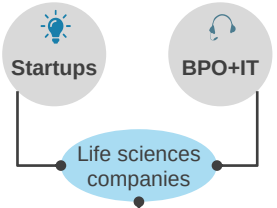


Key solutions to be leveraged

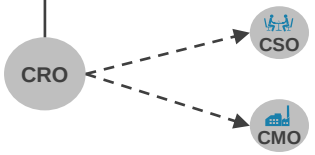


Service provider landscape

- Extensive use of technology
- Targeting drug discovery & research, and sales & marketing side of business
- Primarily onshore-based
- Focus on one particular business process/challenge



- Strong experience in leveraging digital
- Offer shorter time-to-market
- Extensive leverage of offshore locations for labor arbitrage benefits
- Lack of experience in core life sciences processes



- Strong focus on clinical side
- Embedded within pharma ecosystem
- Limited to low technology leverage
- Low focus on downstream processes

Source: Everest Group (2017)

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Healthcare and Life Sciences BPS research calendar

Published | Planned | Current release

Flagship reports	Release date
Healthcare Payer BPO Annual Report: Value-Based Sourcing Helping Payers Stay Afloat in an Era of Uncertainty	March 2017
Healthcare Payer BPO Service Provider Compendium 2017	April 2017
Life Sciences BPO Service Provider Landscape with PEAK™ Matrix Assessment	June 2017
Life Sciences BPO Annual Report	**September 2017**
Healthcare Payer BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q4 2017
Healthcare Provider BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q4 2017
Life Sciences BPO Service Provider Compendium 2017	Q4 2017

Thematic reports	Release date
Viewpoint – Wipro Bets Big on Healthcare through the HealthPlan Services Acquisition	February 2016
Viewpoint – Medicaid/Medicare Version 2.0: Exploring the Next Growth Wave in the Market	November 2016
Viewpoint – Will Big Pharma Heed the Call to Bring Jobs Home?	April 2017
Webinar Deck – Trump Cards: Driving Healthcare Innovation During Uncertainty	June 2017
Viewpoint – Innovation in Pharmacovigilance (PV): How to Spend Smarter Not Higher?	June 2017
Viewpoint – Rising Cost of Healthcare in the United States: Can Analytics Help?	August 2017
Viewpoint on Member Engagement of the Future	Q4 2017

Note: For a list of all HLS BPO reports published by us, please refer to our website page

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Additional BPS research references

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

1. **Life Sciences BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-12-R-2223); 2017. Life sciences industry is suffering from the dual danger of declining margins and rising competition from generic manufacturers, forcing them to look for solutions to grow efficiently. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas

2. **Innovation in Pharmacovigilance – How to Spend Smarter Not Higher** (EGR-2017-12-V-2195); 2017. Despite spending billions of dollars, lack of drug-related Adverse Event (AE) reporting and subsequent drug safety breaches continue to impact millions of lives and cause financial losses. Pouring more money at their Pharmacovigilance (PV) arms is no longer an efficient solution, so what can the pharmaceutical companies do to get out of this quagmire?

3. **Rising Cost of Healthcare in the United States** (EGR-2017-10-V-2301); 2017. The cost of healthcare in the United States is rising significantly as compared to other geographies. This has led both payers and providers to eat into each other's margin in the process of optimizing costs for their business. However, the efficient use of analytics can help them to significantly reduce these costs while achieving quality of care. This viewpoint talks about the potential of big data analytics in healthcare, the challenges faced by different segments of payers and providers in the industry, and probable solutions to those challenges in the short and long term

4. **Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment** (EGR-2017-12-R-2082); 2017. Amid political uncertainties, the market for third-party BPO in healthcare payer space continues to grow, albeit at a slower pace vis-à-vis previous years. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas

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