Life Sciences Digital in North America – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018

Healthcare & Life Sciences IT Services (HLS ITS) Market Report – June 2018: Complimentary Abstract / Table of Contents

EGR-2018-30-CA-2657

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

Application Services	**Human Resources**
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Membership information

- This report is included in the following research program(s)
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In addition to a suite of published research, a membership may include

- Price book
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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and methodology of the research

Background of the research

The Life Sciences (LS) industry is now beginning to look at digital transformation more seriously. With the advent of omni-channel information through IoT devices, mobility, and social media, consumers are gaining access to innovative ways of managing their own health. On the enterprise side, digital methods have the potential to make internal workflows more efficient. They could also be a means to reduce drug development timelines, gain supply chain transparency & efficiency, and even combat counterfeits. Early adopters of digital transformation will reap the benefits while those that procrastinate will, over the course of time, become irrelevant.

The need for LS firms to go digital has not gone unnoticed by service providers. To take optimal advantage of the market situation, vendors need to step up and act as strategic partners to LS enterprises in their digital transformation journeys.

This, in turn, is driving the need for relevant research and market intelligence on demand and supply trends in LS digital services. Everest Group's HLS ITS research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to digital services in the LS vertical.

In this report, we analyze the capabilities of 23 IT service providers specific to the life sciences sector in North America. 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 provider's capability and market impact. We focus on:

- IT digital services market trends for life sciences in North America
- The landscape of service providers for life sciences digital services
- Assessment of the service providers on several capability- and market success-related dimensions

The scope and methodology of this report includes:

- Industry: life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences1)
- Services: digital services
- Geography: North America
- Sourcing model: third-party ITS transactions; excludes shared services or Global In-house Centers (GICs)
- Methodology: the report is based on four key sources of information: proprietary database of IT services contracts of major IT service providers with workplace services in scope of work (updated annually), proprietary database of IT service providers (updated annually), service provider briefings, and buyer reference interviews

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

This report examines the 2017 life sciences digital services for North America provider landscape and its impact on the life sciences market. It focuses on service provider position and growth in the life sciences digital services market, changing market dynamics and emerging service provider trends, assessment of service provider delivery capabilities, and key life sciences digital services provider profiles.

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

Life sciences digital services market

- The overall life sciences digital service market is a US$4 billion+ opportunity, with North America comprising nearly three-fifths of the market
- We expect the global life sciences digital services market to grow at ~20% over 2017-2020
- Pharmaceutical and biotechnology will be the segments driving most of the market growth, while growing consumerism will drive increased demand for medical devices

Life sciences enterprises' approach to digital

- Life sciences firms are taking a selective approach to digital by focusing on four principal areas to create differentiated impact - faster drug development, efficient internal workflows, remote and self-care, and counterfeit reduction
- Leading enterprises (with a digital-first agenda) don't believe their service providers are creating the right value for digital programs (especially around strategic engagement). ~53% of such enterprises are taking a Do-It-Yourself (DIY) approach

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

Emerging service provider trends

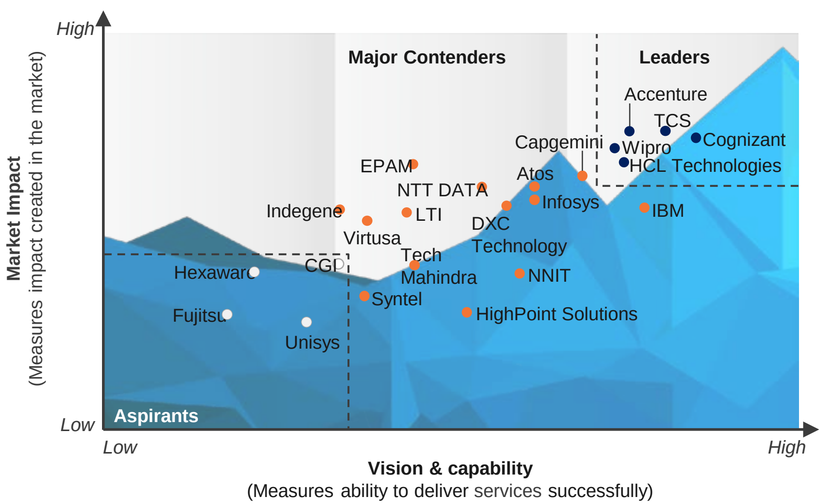
- Currently, seven players account for over half the market for digital services in North America
- Service providers are stepping up their capabilities to address immediate demands from life sciences firms in the areas of analytics, automation, big data, cloud, and IoT

Service provider delivery capability

- Life sciences digital services providers for North America can be categorized into Leaders, Major Contenders, and Aspirants based on vision & capability and market impact
- Accenture, Cognizant, HCL Technologies, TCS, and Wipro are the current Leaders in the North American life sciences digital services market. However, several service providers are emerging as Major Contenders

This study offers four distinct chapters providing a deep dive into facets of the life sciences digital services market in North America; the exhibits below illustrate the depth of the report

Everest Group PEAK Matrix™ for life sciences digital in North America



● Leaders   ● Major Contenders   ○ Aspirants   ☆ Star Performers

Notes PEAK Matrix specific to life sciences digital services in North America
Assessments for Accenture, CGI, Fujitsu, HighPoint Solutions, IBM, Indegene, Infosys and Unisys exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with life sciences firms that are buyers of digital services

Capability assessment

Illustrative example

Measure of capability: ● High ◯ Low

Service provider	Market impact				Vision & capability				
	Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
Service provider 1	3/4	3/8	3/4	5/8	5/8	3/8	5/8	5/8	1/2
Service provider 2	1/4	1/2	1/2	3/8	1/4	3/8	3/4	1/2	3/8
Service provider 3	3/8	3/4	3/4	5/8	7/8	1/2	3/8	1/2	5/8
Service provider 4	3/8	1/2	5/8	5/8	1	3/8	3/4	1/2	5/8
Service provider 5	5/8	3/4	1/2	5/8	5/8	5/8	1/4	1/2	1/2
Service provider 6	1/2	3/8	5/8	1/2	5/8	1/4	3/8	5/8	3/8
Service provider 7	1/2	3/8	3/4	1/2	3/4	3/8	1	5/8	5/8
Service provider 8	1/2	1/4	5/8	1/2	3/8	3/8	1/4	5/8	3/8
Service provider 9	1/4	1/2	3/4	3/8	3/4	3/8	5/8	5/8	1/2

Everest Group's remarks on service providers

Illustrative example

Measure of capability: ● High ◯ Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
3/4	7/8	1	7/8	1	3/4	7/8	3/4	7/8

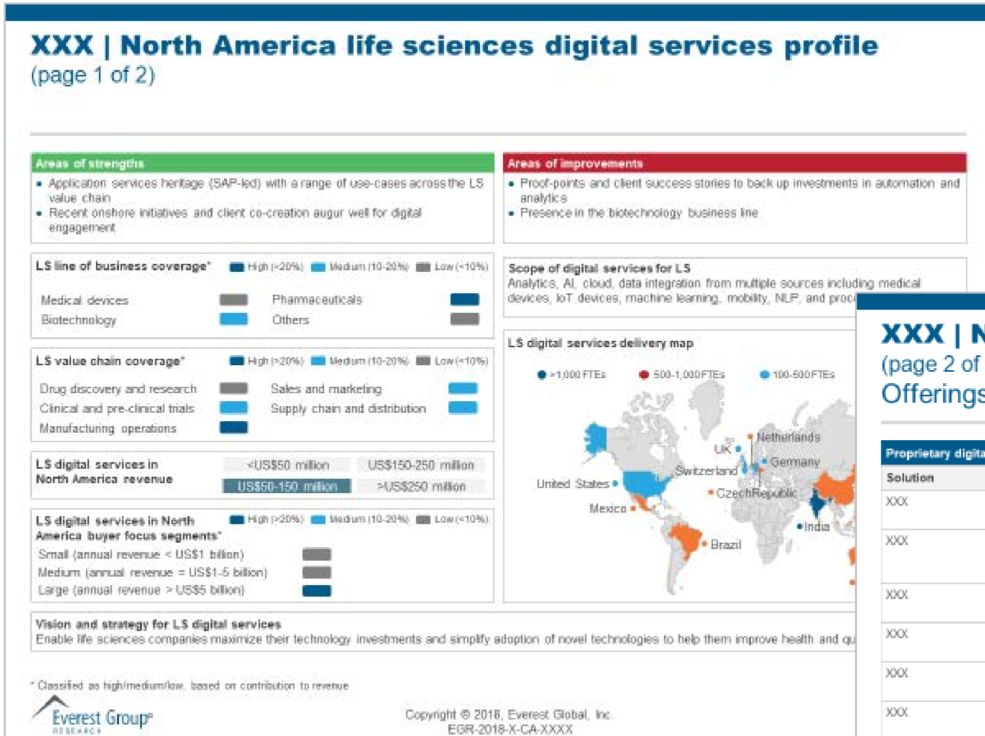
Strengths

- Service provider 1, has a robust delivery presence in Asia Pacific with multiple delivery centers in India, Australia, the Philippines, and China, enabling it to service client requirements efficiently
- It has a good number of multi-country as well as single-country clients across the world

Areas of improvement

- Service provider 1 should increase offerings of value-added services such as employer branding, talent communities and workforce planning
- It should try to expand into larger multi-country deals and also scout for engagements in other Asia Pacific markets to strengthen its presence in the region

The PEAK Matrix report has service provider profiles for all 23 players featured in the evaluation



XXX | North America life sciences digital services profile
(page 1 of 2)

Areas of strengths
- Application services heritage (SAP-led) with a range of use-cases across the LS value chain
- Recent onshore initiatives and client co-creation augur well for digital engagement

Areas of improvements
- Proof-points and client success stories to back up investments in automation and analytics
- Presence in the biotechnology business line

LS line of business coverage* High (>20%) Medium (10-20%) Low (<10%)

Medical devices | Pharmaceuticals
Biotechnology | Others

Scope of digital services for LS
Analytics, AI, cloud, data integration from multiple sources including medical devices, IoT devices, machine learning, mobility, NLP, and proc

LS value chain coverage* High (>20%) Medium (10-20%) Low (<10%)

Drug discovery and research | Sales and marketing
Clinical and pre-clinical trials | Supply chain and distribution
Manufacturing operations

LS digital services delivery map

LS digital services in North America revenue
<US$50 million | US$150-250 million
US$50-150 million | >US$250 million

LS digital services in North America buyer focus segments* High (>20%) Medium (10-20%) Low (<10%)

Small (annual revenue < US$1 billion)
Medium (annual revenue = US$1-5 billion)
Large (annual revenue > US$5 billion)

Vision and strategy for LS digital services
Enable life sciences companies maximize their technology investments and simplify adoption of novel technologies to help them improve health and qu

* Classified as high/medium/low, based on contribution to revenue

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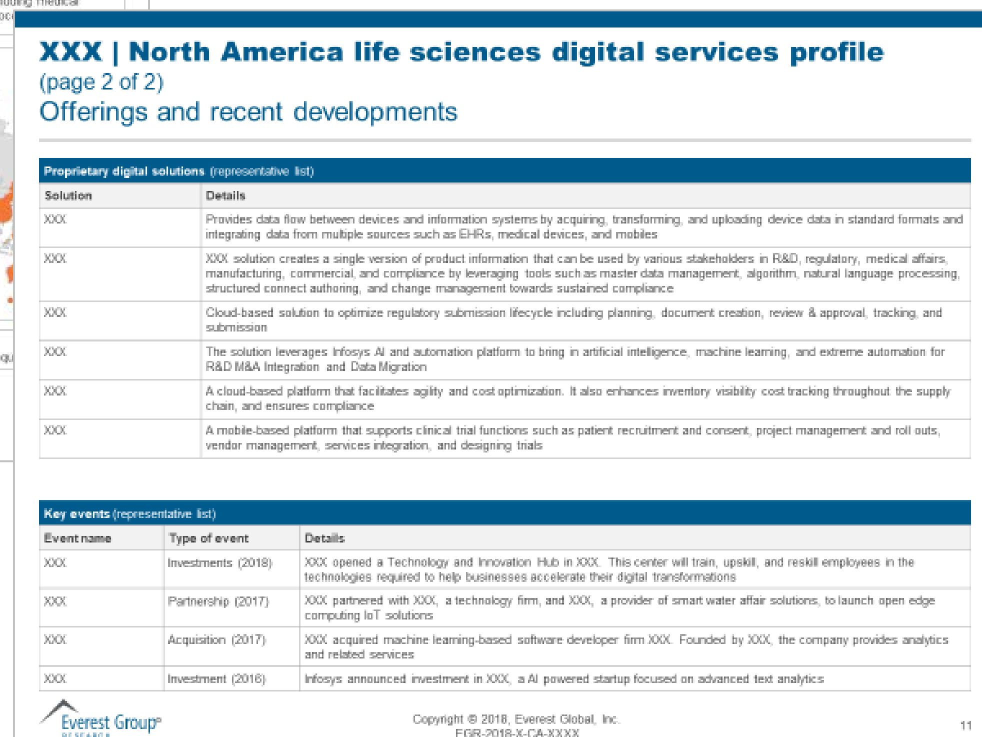

XXX | North America life sciences digital services profile
(page 2 of 2)
Offerings and recent developments

Proprietary digital solutions (representative list)

Solution	Details
XXX	Provides data flow between devices and information systems by acquiring, transforming, and uploading device data in standard formats and integrating data from multiple sources such as EHRs, medical devices, and mobiles
XXX	XXX solution creates a single version of product information that can be used by various stakeholders in R&D, regulatory, medical affairs, manufacturing, commercial, and compliance by leveraging tools such as master data management, algorithm, natural language processing, structured connect authoring, and change management towards sustained compliance
XXX	Cloud-based solution to optimize regulatory submission lifecycle including planning, document creation, review & approval, tracking, and submission
XXX	The solution leverages Infosys AI and automation platform to bring in artificial intelligence, machine learning, and extreme automation for R&D M&A Integration and Data Migration
XXX	A cloud-based platform that facilitates agility and cost optimization. It also enhances inventory visibility cost tracking throughout the supply chain, and ensures compliance
XXX	A mobile-based platform that supports clinical trial functions such as patient recruitment and consent, project management and roll outs, vendor management, services integration, and designing trials

Key events (representative list)

Event name	Type of event	Details
XXX	Investments (2018)	XXX opened a Technology and Innovation Hub in XXX. This center will train, upskill, and reskill employees in the technologies required to help businesses accelerate their digital transformations
XXX	Partnership (2017)	XXX partnered with XXX, a technology firm, and XXX, a provider of smart water affair solutions, to launch open edge computing IoT solutions
XXX	Acquisition (2017)	XXX acquired machine learning-based software developer firm XXX. Founded by XXX, the company provides analytics and related services
XXX	Investment (2016)	Infosys announced investment in XXX, a AI powered startup focused on advanced text analytics

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Research calendar – Healthcare & Life Sciences IT Services

Published | Planned | Current release

Flagship HLS ITS reports	Release date
Life Sciences Clinical Trials – PEAK Matrix™ Assessment for Products 2017	September 2017
Healthcare Provider Annual Report 2017: Will the Real Value-Based Care (VBC) Please Stand Up?	October 2017
Healthcare Payer IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	October 2017
Healthcare Consulting – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017	November 2017
Healthcare Provider IT Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017	November 2017
Life Sciences Annual Report 2018: Pharma's "DevOps" Factor for Digital Transformation	March 2018
Life Sciences Digital in North America – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	**June 2018**
Life Sciences Digital in Europe – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	Q3 2018

Thematic HLS ITS reports	
Rising Cost of Healthcare in the United States	August 2017
Exploring the Middle East Healthcare Opportunity	August 2017
The Curious Case of Infosys and Vishal Sikka	August 2017
Healthcare IT Security Services – Market Trends	September 2017
The Rise of Medicare Advantage	October 2017
Life Sciences Report Card 2017 – Enterprise Initiatives and Service Provider Performance	March 2018
Healthcare Report Card 2017 – Enterprise Initiatives and Service Provider Performance	March 2018

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

Additional HLS IT services research references

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

1. **Life Sciences Annual Report 2018 – Pharma's DevOps Factor for Digital Transformation** (EGR-2018-30-R-2589); March 2018. With high time-to-market, increase in drug safety breaches, and the industry lagging behind in overall technology adoption, the pharmaceutical sector is crying out for a change in approach. DevOps as a methodology seems to check all the boxes. Having successfully been implemented in the software industry to respond to fluctuating demands, provide better customer experience, and reduce time-to-market, in this report, we describe out how the concept might be extended to pharmaceuticals to tackle the challenges that the industry inherently faces.

2. **Hot Life Sciences Startups: Friends, Foes, and Frenemies in the Innovation Ecosystem** (EGR-2017-12-R-2124); March 2017. In this report, starting with a long list of over 150 candidates, we analyze 20 hot life sciences startups across three investment areas – drug discovery / product development, clinical and pre-clinical trials, and sales and marketing

3. **Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-12-R-2180); May 2017. This report covers life sciences IT application services market trends, the landscape of service providers for life sciences IT application services, assessment of the service providers on a number of capability-related dimensions, and implications for life sciences IT application buyers and service providers

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