



Topic: IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013

Healthcare Outsourcing
Market Report: November 2013 – 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 has witnessed a rapid increase in IT and business process outsourcing adoption in recent years. Regulatory reform, consumerization of healthcare, market consolidation, and emergence of new technologies have accelerated outsourcing in the healthcare market. A number and variety of service providers have developed capabilities to cater to this growing market.

With healthcare companies stepping up adoption of outsourced delivery, there is an uptick in demand for 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 14 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:

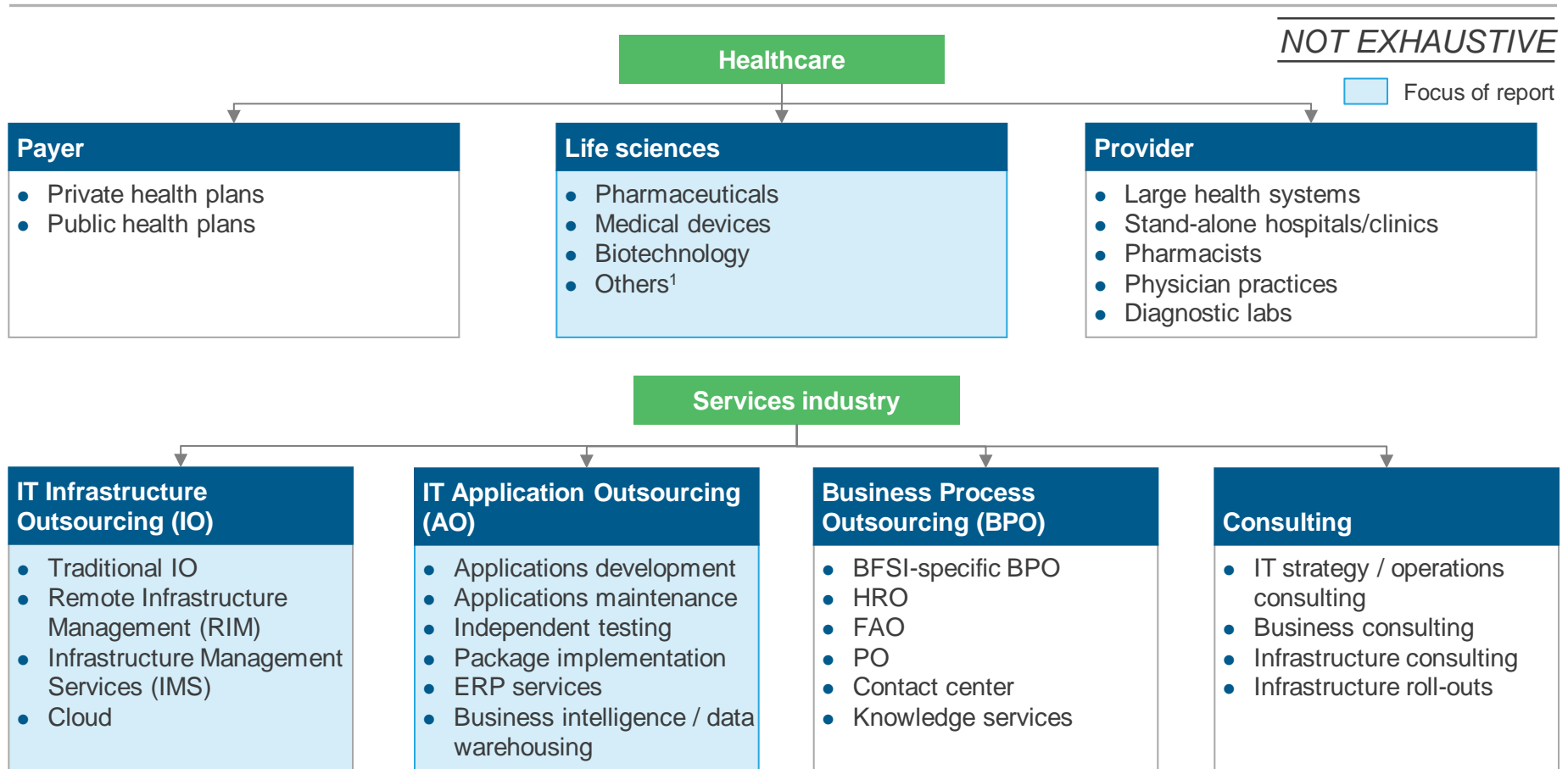
- The landscape of service providers for life sciences ITO
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix
- Implications for life sciences ITO buyers and service providers

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

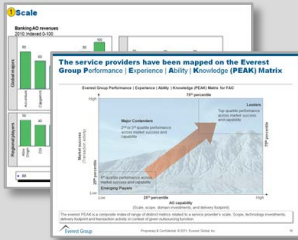


This report assesses ITO service providers in the life sciences vertical with a focus on large (TCV > US\$25 million), annuity-based, and multi-year (>3 years) relationships

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 2012

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

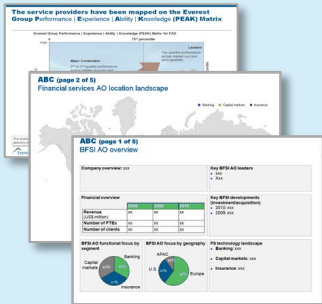
Focus of report

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 **275+** 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

 **accenture**
High performance. Delivered.

 **Cognizant**

 **CGI**

 **DELL** Services

 **FUJITSU**

 **HCL**

 **Hexaware**
TECHNOLOGIES

 **IBM**

 **Infosys**

 **Tech Mahindra**

 **TATA CONSULTANCY SERVICES**

 **UNISYS**

 **virtusa**
Accelerating Business Outcomes

 **WIPRO**
Applying Thought

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 detailed profiles of the service providers featured on the PEAK Matrix.

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

Life sciences ITO service provider landscape

- In 2012, offshore majors led other service provider groups not only in terms of average life sciences ITO revenue but also in headcount
- Global and offshore majors represent a significant majority of the current life sciences ITO activity; Global majors lag behind other service providers in growth of LS ITO revenue
- All service provider categories have a significant majority of their life sciences ITO contracts in the pharmaceuticals subvertical

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 three times that of Major Contenders
- Leaders witnessed higher contract signing activity over the last three years as compared to other service provider groups

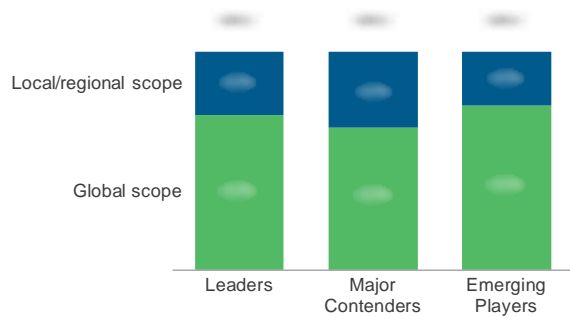
Implications for key stakeholders

- Life sciences firms need to create a corporate roadmap for digitally enabling the organization's value chain and identify strategic partners who can enable their comprehensive technology-driven initiatives
- Among service providers assessed on the PEAK Matrix, Leaders need to invest in building a transparent productivity dashboard for buyers, Major contenders need to build capabilities in niche capability areas, and Emerging Players need to employ their specialist domain knowledge with a flexible staffing model

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

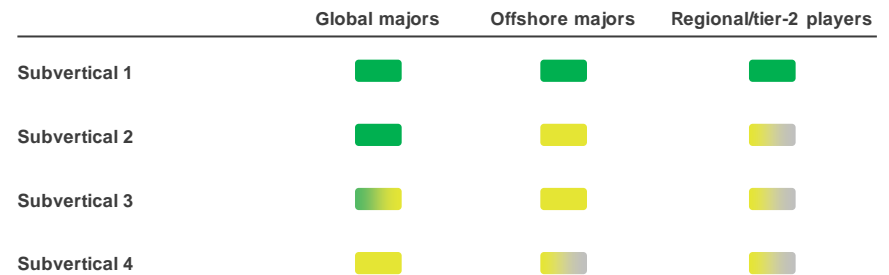
Scope distribution of large life sciences ITO contracts 2012; Percentage of transactions



ITO transaction activity in different life sciences subsegments

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

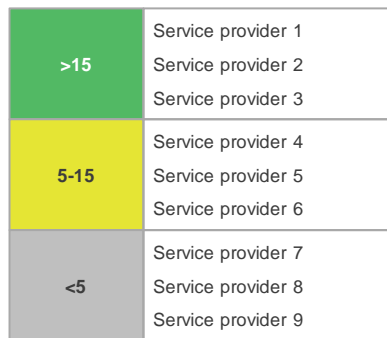
Subvertical scope of life sciences ITO contracts



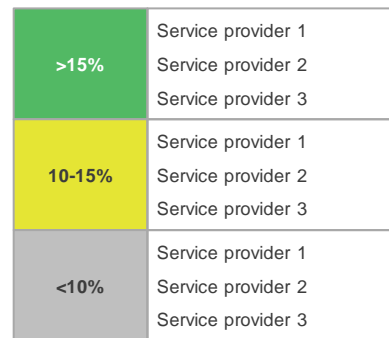
Active deals and life sciences ITO revenue growth of service providers

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

Large active life sciences ITO deals
Number of deals

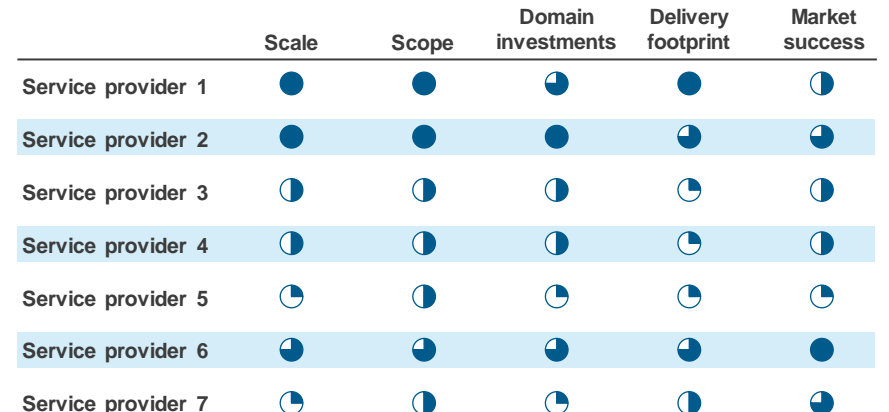


Life sciences ITO revenue growth
2011-2012; CAGR (Percentage)



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 (2013)

This report also features detailed profiles of the service providers featured on the Everest Group PEAK Matrix for life sciences ITO

ILLUSTRATIVE

Company X | Life sciences ITO profile Key offshore ITO locations



Company X | Life sciences ITO profile Corporate and healthcare overview

Company description:

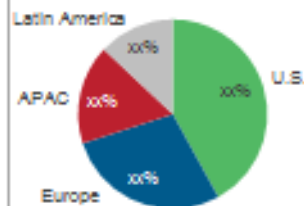
Company X is a global provider of IT and BPO services. Its IT offerings span technology consulting, application development and maintenance, systems integration, software products and IT infrastructure services. It primarily serves BFSI, healthcare, retail and manufacturing verticals

Headquarters: xxx

Website: www.companix.com

Geographical mix

FY 2011; US\$ million
100% = xx



Service mix

FY 2011; US\$ million
100% = xx



¹ FY ends on December 31
Source: Everest Group (2012)



■ >US\$500 million
■ US\$100-500 million
■ <US\$100 million

Scale of healthcare subverticals:

■ Payer
■ Life sciences
■ Provider

Key financial parameters

Revenue in US\$ million



Services offered for healthcare vertical:

ADM and testing, ICD-10 transition, healthcare reform compliance, health analytics and BI, claims processing, privacy and security, quality and claims auditing and reporting, and legacy systems modernization

Major healthcare clients:

Company A, Company B, Company C, Company D, Company E, Company F

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EGR-2011-12-PD-xxxxx

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Source: Everest Group (2013)



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Healthcare outsourcing research calendar

■ Published ■ Current

Topic	Release date
Webinar Deck: The Changing Face of IT Outsourcing in the Healthcare Payer Market: Don't Miss the Sailing Ship	June-2013
IT Outsourcing in the Healthcare Payer Industry – Annual Report 2013: Taking the Debate Beyond the Reforms Mandate	July-2012
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	August-2013
IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2013: All or Nothing: IT as the Trump Card for Life Sciences	October-2013
Value-chain Digitization in the Pharmaceutical Industry.....	October-2013
Webinar Deck: Value-chain Digitization in the Pharmaceutical Industry Is Causing Tectonic Shifts in ITO Strategy.....	October-2013
IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	November-2013
Consumerization in Healthcare	Q4-2013
IT Outsourcing in Healthcare Provider Industry – Annual Report 2013	Q4-2013
IT Outsourcing in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	Q4-2013
SMAC in Healthcare – Drivers and Implications	Q4-2013

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. **Outsourcing and Offshoring Trends in Pharmaceuticals** ([EGR-2011-2-R-0600](#)); 2011. This research provides an in-depth analysis of outsourcing and offshoring in the pharma industry, with focus on outsourcing transactions in the industry, buyer adoption of outsourcing, and the service provider landscape. The report also comments on the key future trends to watch, for buyers, service providers, and other industry stakeholders

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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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