



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

Healthcare & Life Sciences IT
Market Report: July 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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Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com

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 15 ITO service providers specific to the European 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 in Europe
- 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

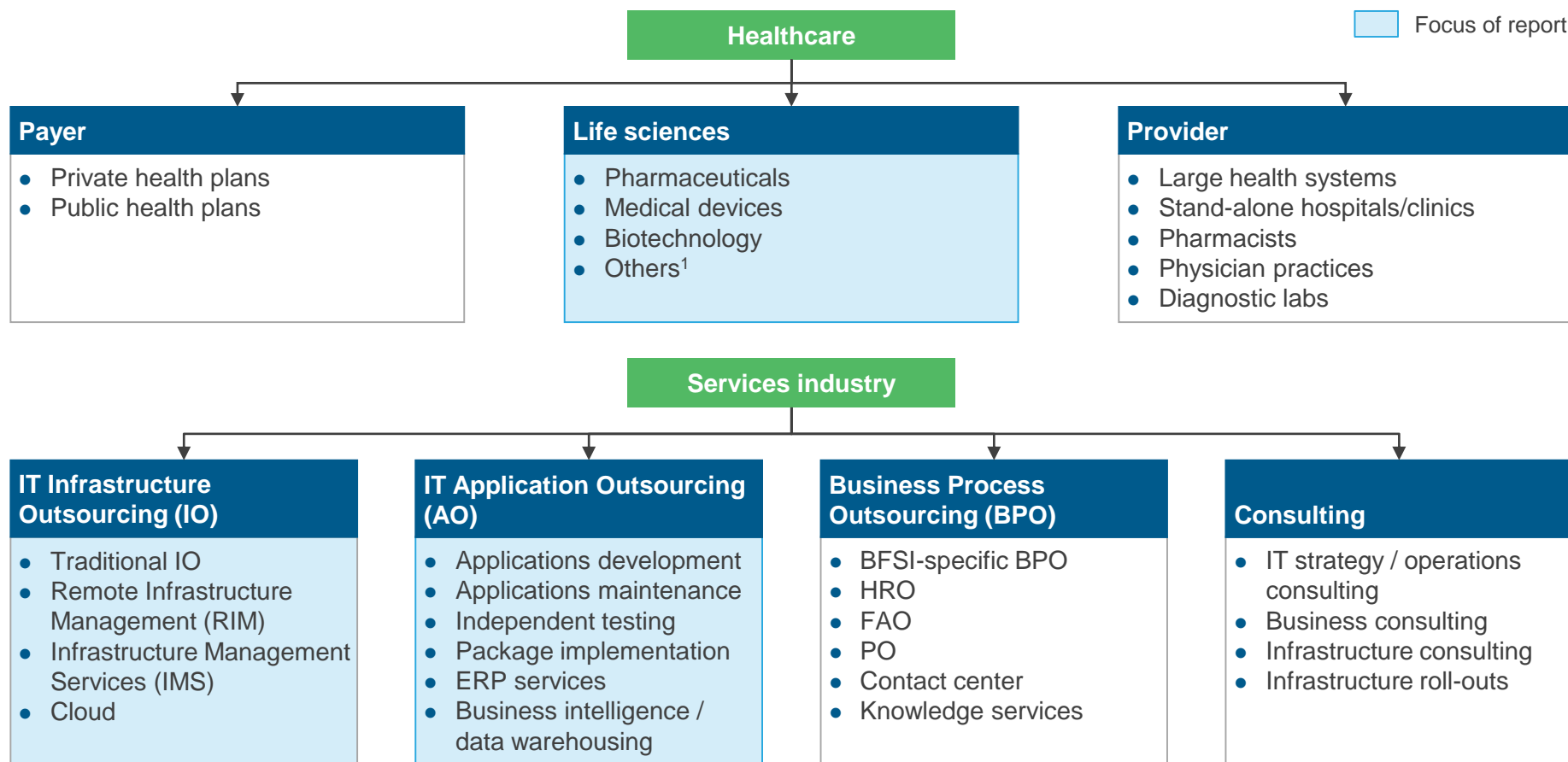
Scope of this report

- **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:** Europe (including United Kingdom)
- **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 European life sciences ITO market

NOT EXHAUSTIVE

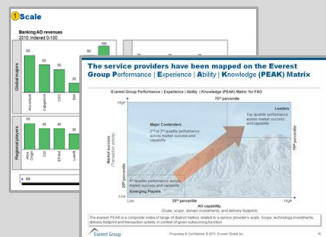


This report assesses ITO service providers in the life sciences vertical with a focus on large (TCV > US\$25 million), annuity-based, multi-year (>3 years), and Europe-focused relationships

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

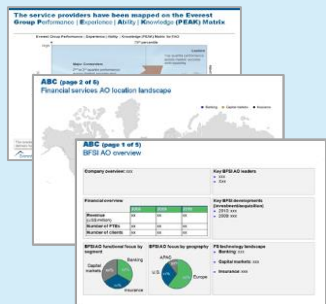
Focus of report

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 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, provider, and by business subsegment (e.g., 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


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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 European 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 European life sciences ITO

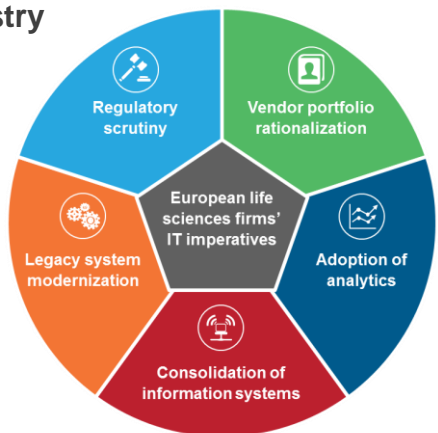
- Analysis of the service provider landscape for European life sciences ITO leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants
- On an average, European life sciences ITO revenue of Leaders is nearly twice that of Major Contenders, and over five times that of Aspirants
- Eastern Europe is typically a low-focus area across service provider categories. Aspirants have a stronger foothold on the Nordics as compared with other categories
- Pharmaceuticals continues to hold a major share of life sciences portfolio for service providers, with increasing traction in medical devices and biotechnology
- With growing contractual opportunities in Europe, most players managed over 10% YoY revenue growth during 2014

Implications for key stakeholders

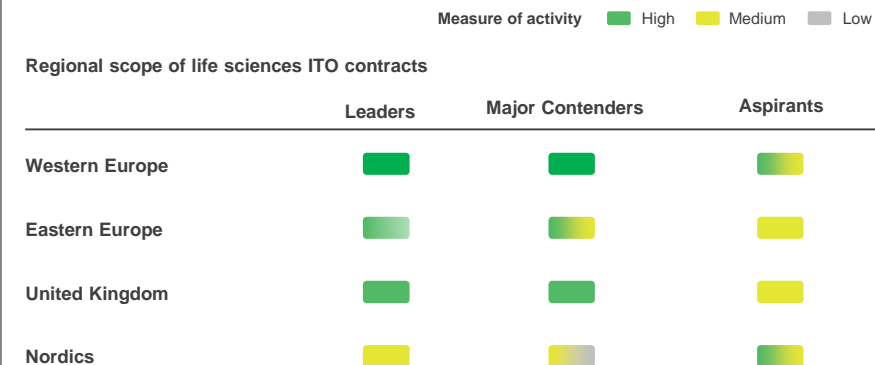
- As European life sciences firms make efforts to enhance profitability/margins by realigning their strategic focus, optimizing operations, and expanding service lines, technological enablers such as analytics, data management, and legacy modernization will be key for their endeavors
- This, in turn, will translate into new opportunities for service providers in the European life sciences ITO market, which was valued at US\$11.4 billion in 2014
- Leveraging a healthy onshore-offshore mix and developing a knowledge of country-specific dynamics will be key for service providers to win new opportunities in Europe
- Among service providers assessed in the PEAK Matrix, Leaders should lay focus on offering greater customizability in engagements. Major Contenders and Aspirants need to develop capabilities in offering value-addition over and above standard project execution

This study offers four distinct chapters providing a deep dive into the European life sciences ITO service provider landscape; charts below illustrate the depth of the report

Themes driving ITO spending in the European life sciences industry



Life sciences ITO transaction activity in different European regions

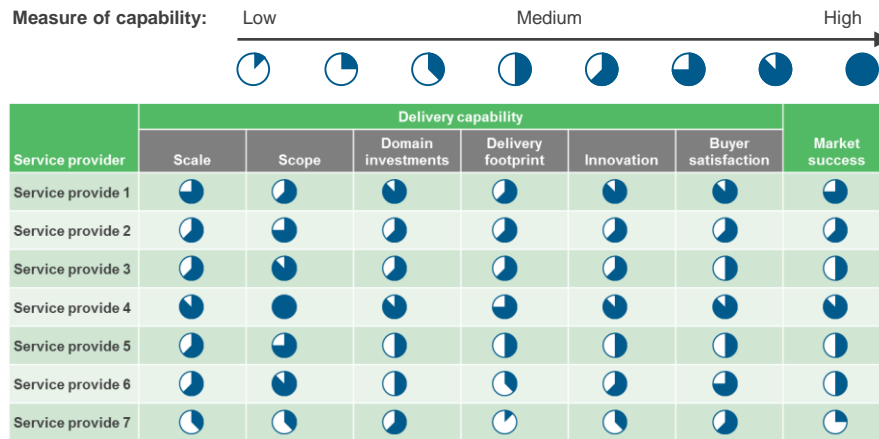


European life sciences ITO revenue growth of service providers

European life sciences ITO revenue
2013-2014

	Leaders	Major Contenders	Aspirants
>20%	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3
10-20%	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3
<10%	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3	Service provider 1 Service provider 2 Service provider 3

Delivery capability assessment of service providers



Source: Everest Group (2015)

Healthcare & Life Sciences research calendar

Topic	<div> <div></div> Published <div></div> Current </div> 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 – 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	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 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 (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

For more information on this and other research published by Everest Group, please contact us:

Sarah Burnett, Vice President:

sarah.burnett@everestgrp.com

Jimit Arora, Vice President:

jimit.arora@everestgrp.com

Abhishek Singh, Practice Director:

abhishek.singh@everestgrp.com

Nitish Mittal, Senior Analyst:

nitish.mittal@everestgrp.com

Mayank Maria, Analyst:

mayank.maria@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



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About Everest Group

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Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi

india@everestgrp.com
+91-124-284-1000

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