IT Outsourcing in Life sciences Industry – Service Provider Profile Compendium 2015

Healthcare and Life Sciences IT Outsourcing
Market Report: March 2016 – Preview Deck

Our research offerings for global services

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

▶ BFSI[1] Information Technology

▶ BFSI[1] Business Process

▶ Healthcare & Life Sciences

▶ Application & Digital

▶ Cloud & Infrastructure

▶ Global Sourcing

▶ Locations Insider™

▶ Service Optimization Technologies

▶ PricePoint™

▶ Finance & Accounting

▶ Procurement

▶ Human Resources

▶ Recruitment & Talent Acquisition

▶ Contact Center

▶ Transaction Intelligence

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

Subscription information

- This report is included in the following subscription(s)
  - **Healthcare & Life sciences IT**

- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services

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1   Banking, financial services, and insurance

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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
- Implications for life sciences ITO buyers and service providers
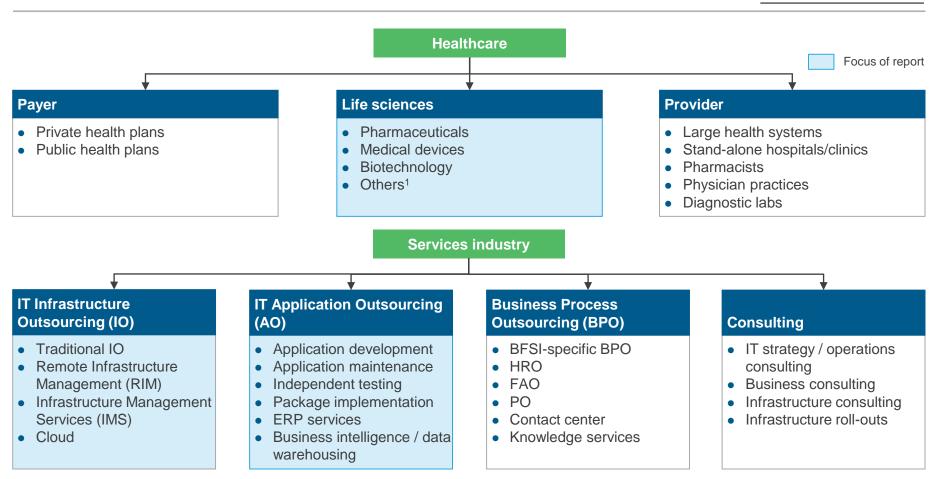- Profiles of these life sciences ITO service providers

Scope of this report
- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **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

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This report examines the service provider landscape for large annuity contracts in the life sciences ITO market

NOT EXHAUSTIVE

Healthcare

☐ Focus of report

Payer
- Private health plans
- Public health plans

Life sciences
- Pharmaceuticals
- Medical devices
- Biotechnology
- Others[1]

Provider
- Large health systems
- Stand-alone hospitals/clinics
- Pharmacists
- Physician practices
- Diagnostic labs

Services industry

IT Infrastructure Outsourcing (IO)
- Traditional IO
- Remote Infrastructure Management (RIM)
- Infrastructure Management Services (IMS)
- Cloud

IT Application Outsourcing (AO)
- Application development
- Application maintenance
- Independent testing
- Package implementation
- ERP services
- Business intelligence / data warehousing

Business Process Outsourcing (BPO)
- BFSI-specific BPO
- HRO
- FAO
- PO
- Contact center
- Knowledge services

Consulting
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs
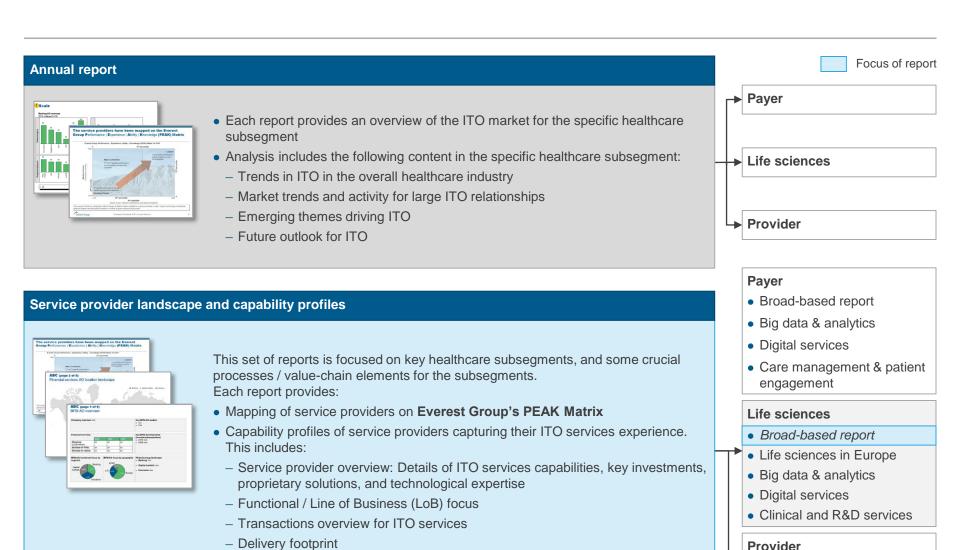
This report assesses ITO service providers in the life sciences vertical with a focus on large (TCV > US$25 million), annuity-based, and multi-year (>3 years) relationships.

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

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

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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

accenture · Capgemini · CGI

Cognizant · CSC · Dell Services

<epam> · FUJITSU · HCL

Hexaware Technologies · Hewlett Packard Enterprise · IBM

IGATE · Infosys · L&T Infotech

TATA CONSULTANCY SERVICES · Tech Mahindra

UNISYS · virtusa · WIPRO

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:

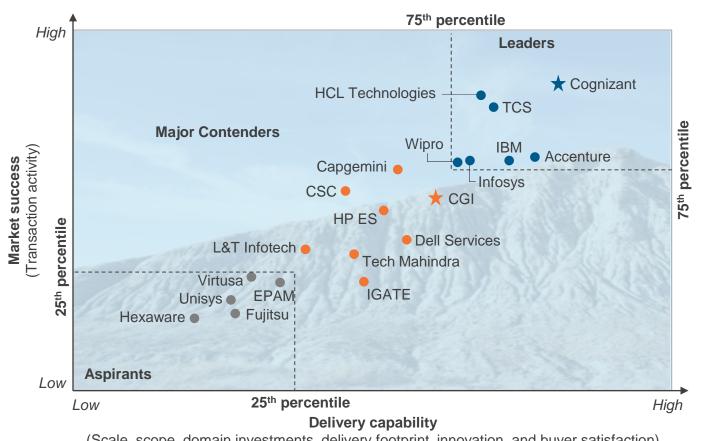| **PEAK Matrix for life sciences ITO**	- Analysis of the service provider landscape for life sciences ITO leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants - Leaders accounted for more than half of the new deal 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

Accenture, Cognizant, HCL Technologies, Infosys, IBM, TCS, and Wipro are the Leaders on Everest Group's PEAK Matrix for large life sciences ITO relationships

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for large life sciences ITO relationships[1]

- Leaders
- Major Contenders
- Aspirants
- ☆ Star Performers

Market success (Transaction activity) vs **Delivery capability** (Scale, scope, domain investments, delivery footprint, innovation, and buyer satisfaction)

Leaders: HCL Technologies, TCS, Cognizant, Wipro, IBM, Accenture, Infosys

Major Contenders: Capgemini, CSC, CGI, HP ES, Dell Services, L&T Infotech, Tech Mahindra, IGATE

Aspirants: Virtusa, Unisys, EPAM, Hexaware, Fujitsu

1   PEAK Matrix specific to large (>US$25 million TCV), multi-year (>three years) application outsourcing relationships within the life sciences sector; the evaluation this year (2015) is weighted more on Application Outsourcing(AO) as a majority of large deals have application outsourcing in scope

Source: Everest Group (2016)

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Summary dashboard | Delivery capability assessment of service providers for large life sciences ITO relationships
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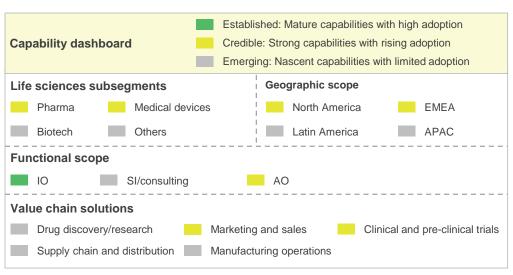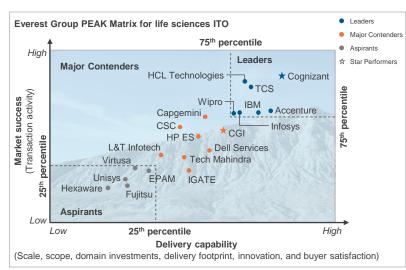Measure of capability: Low   Medium   High

Service provider	Delivery capability						Market success
	Scale	Scope	Domain investments	Delivery footprint	Innovation	Buyer satisfaction	
Accenture							
Capgemini							
CGI							
Cognizant							
CSC							
Dell Services							
EPAM							
Fujitsu							
HCL Technologies							
Hexaware							

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Measure of capability: Low   Medium   High

Service provider	Delivery capability						Market success
	Scale	**Scope**	**Domain investments**	**Delivery footprint**	**Innovation**	**Buyer satisfaction**	
HP ES	◕	●	◐	◐	◐	◐	◕
IBM	◔	◔	◔	◐	◐	◔	◔
IGATE	◑	◔	◐	◐	◔	◔	◔
Infosys	◔	◔	◔	◐	◔	◔	◕
L&T Infotech	◐	◔	◔	◐	◔	◐	◔
TCS	◔	◔	◔	●	◔	◔	◔
Tech Mahindra	◐	◔	◔	◐	◔	◐	◔
Unisys	◔	◔	◔	◔	◔	◔	◔
Virtusa	◔	◔	◔	◐	◔	◔	◔
Wipro	◑	◔	◔	◐	◔	◑	◑

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Life sciences ITO capability assessment and market success

Capability dashboard

- 🟩 Established: Mature capabilities with high adoption
- 🟨 Credible: Strong capabilities with rising adoption
- ⬜ Emerging: Nascent capabilities with limited adoption

Life sciences subsegments

🟨 Pharma	🟨 Medical devices		
⬜ Biotech	⬜ Others		

Geographic scope

🟨 North America	🟨 EMEA
⬜ Latin America	⬜ APAC

Functional scope

🟩 IO	⬜ SI/consulting	🟨 AO

Value chain solutions

⬜ Drug discovery/research	🟨 Marketing and sales	🟨 Clinical and pre-clinical trials
⬜ Supply chain and distribution	⬜ Manufacturing operations	

Everest Group PEAK Matrix for life sciences ITO

- ● Leaders
- ● Major Contenders
- ● Aspirants
- ☆ Star Performers

(Scale, scope, domain investments, delivery footprint, innovation, and buyer satisfaction)

● High ◔ Low

PEAK Matrix dimensions assessment

Dimension	Rating
Scale	◔
Scope	◑
Domain investments	◔
Delivery footprint	◕
Innovation	◔
Buyer satisfaction	◔
Market success	◔

Strengths

- Successful in signing large-sized life sciences ITO deals with pharmaceutical and medical devices/technology companies in United States and Europe
- Functional scope of contracts primarily spans infrastructure towers such as mobility, analytics, datacenter, end-user computing, helpdesk, and network services
- Proprietary solutions for the life sciences segment across compliance requirements, infrastructure, and information management

Areas of improvement

- Expand beyond infrastructure/EUC scope to include application services as well
- Increase regional presence in Europe and Asia-Pacific
- Adopt a value-chain view of life sciences to develop relevant solutions

Source: Everest Group (2016)

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ITO domain investments and transaction activity

Proprietary solutions (representative list)	
Line of business	**Solutions**
Life sciences	• Clinical services – Solution A: Pre-packaged electronic data capture solution that helps accelerate clinical trials and improves clinical data management – Risk-based clinical trials monitoring: Service offering based on Oracle CDMS AND CTMS platforms • Discovery – Tool B helps scientists register research entities uniquely, track inventory efficiently, and manage entity transactions • Sales and marketing – Solution C : A solution to provide complete 360 degree view of physicians to enable best utilization of sales resources • Social media – Framework D: Helps in identifying the right Key Opinion Leaders (KOL) from the industry for specific areas and provides insight into how industry leaders are perceiving products • Cloud – Cloud solutions helps enterprises build, manage, and govern a unified hybrid cloud environment • Compliance – Drug safety as a service: An integrated IT-BPO offering in the space of pharmacovigilance • Supply chain and distribution – Tool E: A solution in the serialization and ePedigree space to meet regulatory mandates, reduce drug counterfeiting, increase efficacy of recall management, and enhance patient safety. Enables each individual unit of a drug to be tracked and traced along its journey from the manufacturing plant to patients – Solution F: Integrated IT-BPO offering in the space of pack artwork management and pharmacovigilance

Source: Everest Group (2016)

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ITO domain investments and transaction activity

Key alliances (representative list)	
Alliance partner	**Purpose of alliance**
Partner A	To develop a dedicated innovation lab for the healthcare and life sciences vertical
Partner B	To establish presence in areas such as bioassays, biomarkers, and genomics-based products
Partner C	For providing Oracle clinical products integration services
(Several)	Alliances with German, American, and Indian companies in the areas of electronic submissions, bio statistics, CDISC standards, integrated clinical systems, discovery informatics, customer experience, artwork & pack management, serialization & ePedigree, and pharmacovigilance

Source: Everest Group (2016)

Key ITO delivery locations

NOT EXHAUSTIVE

Legend:
- ★ Confirmed location for life sciences ITO
- ● >5,000 ITO FTEs
- ● 1,000-5,000 ITO FTEs
- ● 500-1,000 ITO FTEs
- ● 100-500 ITO FTEs
- ● <100 ITO FTEs

Map labels:
- United Kingtom (★ ●)
- United States (★ ●)
- China (★ ●)
- India (★ ●)
- Brazil (★ ●)
- Australia (★ ●)

Source: Everest Group (2016)

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Healthcare & Life sciences research calendar

 Published   Current

Topic	Release date
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 (ITO) in the Life Sciences Industry – Annual Report 2015: Integrated Services Strategy in the Age of Digital	July 2015
IT Outsourcing in Life Sciences: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
IT Outsourcing in Life Sciences: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	August 2015
IT Outsourcing in Life Sciences: Clinical and R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015	October 2015
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in the Healthcare Payer Industry – Annual Report 2015	November 2015
IT Outsourcing in Healthcare Payer Industry: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in the Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in Healthcare Payer Industry: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in Healthcare Provider Industry – Annual Report 2015	January 2016
IT Outsourcing in the Life Sciences Industry – Service Provider Profile Compendium 2015	March 2016
IT Outsourcing in Healthcare Provider Industry – Service Provider Profile Compendium 2015	Q1 2016
IT Outsourcing in Healthcare Payer Industry – Service Provider Profile Compendium 2015	Q1 2016
State of the Healthcare and Life Sciences IT Market: 2016	Q1 2016

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Additional Healthcare & Life sciences research references

The following documents are recommended for additional insight into 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 2015: Integrated Services Strategy in the Age of Digital** (EGR-2015-12-R-1511); 2015. 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 digitization is panning out in the life sciences industry and the need for an integrated services strategy for true digital enablement.

3. **Life sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015: Scaling the Next Frontier** (EGR-2015-12-R-1512); 2015. This inaugural report provides a comprehensive assessment of the service provider landscape for digital IT services in the life sciences industry. It maps 15 leading service providers 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. The report also provides an overview of how digital is disrupting the life sciences industry value chain, drivers of adoption, deal trends, evolving definitions, and focus of investments.

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

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From **insight** to *action*.

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