# Life Sciences IT Industry: An Assessment of the Market Opportunity and APEX Matrix™ Assessment

Healthcare & Life Sciences IT

Annual Report – July 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 | ▶ PricePoint™ |
| ▶ BFSI[1] Business Process | ▶ Finance & Accounting |
| ▶ Healthcare & Life Sciences | ▶ Procurement |
| ▶ Application & Digital | ▶ Human Resources |
| ▶ Cloud & Infrastructure | ▶ Recruitment & Talent Acquisition |
| ▶ Global Sourcing | ▶ Contact Center |
| ▶ Locations Insider™ | ▶ Transaction Intelligence |
| ▶ Service Optimization Technologies | |

**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

- The full report is included in the following subscription(s)
  - **Healthcare & Life Sciences Outsourcing**

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

- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

**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

## Everest Group
RESEARCH

# Background and scope of the research

**Background of the research**
The life sciences landscape has been subject to significant dynamism on account of a gamut of factors including patent cliff, growing consolidation, global integration challenges, and adoption of digital technologies with a focus on consumers (with mobile computing, social media platforms, and "anytime-anywhere" information access). This combination of disruptive and legacy factors has driven life sciences 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 life sciences outsourcing across the three major market segments – pharmaceuticals, biotech, and medical devices. Everest Group's healthcare & life sciences research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to IT in the HLS vertical.

**In this annual report, we analyze current trends and the future outlook for large, multi-year IT relationships for the life sciences market. We focus on the following:**
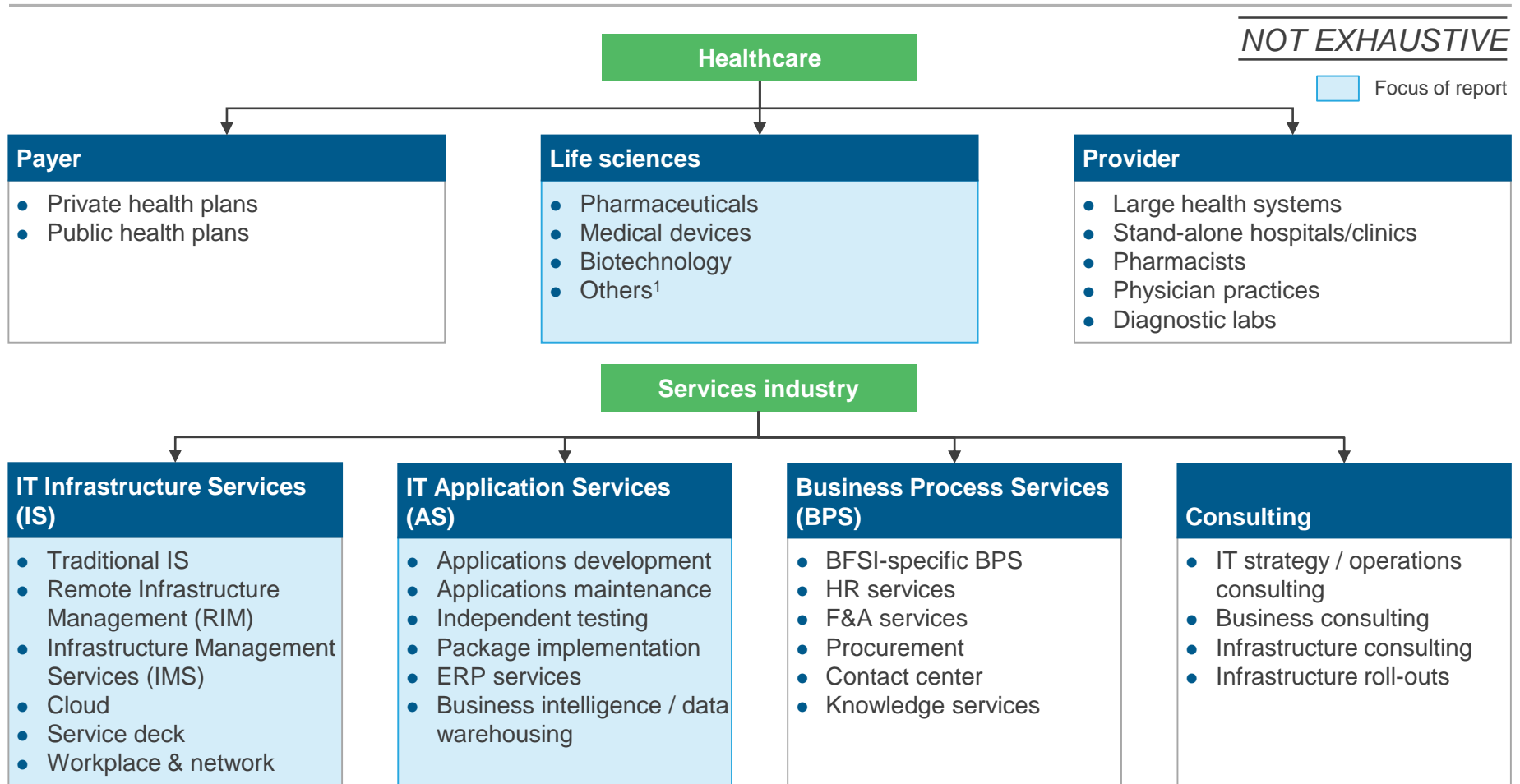- Trends in the life sciences industry
- Key opportunities in the life sciences IT market
- Understanding the digital maturity of pharmaceutical enterprises as they traverse the adoption journey to achieve business objectives

**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 ITS 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 IT services market

*NOT EXHAUSTIVE*

☐ Focus of report

**Healthcare**

**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 Services (IS)**
- Traditional IS
- Remote Infrastructure Management (RIM)
- Infrastructure Management Services (IMS)
- Cloud
- Service deck
- Workplace & network

**IT Application Services (AS)**
- Applications development
- Applications maintenance
- Independent testing
- Package implementation
- ERP services
- Business intelligence / data warehousing

**Business Process Services (BPS)**
- BFSI-specific BPS
- HR services
- F&A services
- Procurement
- Contact center
- Knowledge services

**Consulting**
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs

1    Includes healthcare data & information services and medical products distribution

Everest Group
RESEARCH

# This report is a part of Everest Group's series of reports focused on IT services in healthcare and life sciences in 2016

## Annual report
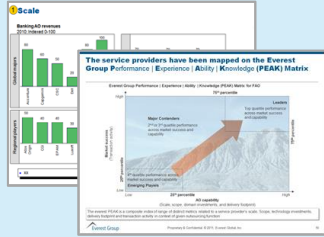


- Each report provides an overview of the ITS market for the specific healthcare subsegment

- Analysis includes the following content in the specific HLS subsegment:
  - Trends in ITS in the overall HLS industry
  - Market trends and activity for large IT services relationships
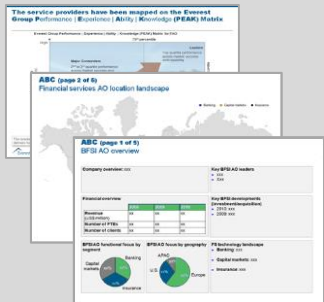  - Emerging themes driving ITS
  - Future outlook for ITS

**Payer**

**Life sciences**

**Provider**

## Service provider landscape and capability profiles



This set of reports is focused on key HLS 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 IT services experience. This includes:
  - Service provider overview: Details of IT services capabilities, key investments, proprietary solutions, and technological expertise
  - Functional / Line of Business (LoB) focus
  - Transactions overview for IT services
  - Delivery footprint

**Payer**
- Global IT

**Life sciences**
- Infrastructure services
- Application services
- Digital services

**Provider**
- Global IT
- EMR implementation services

**Everest Group**
RESEARCH

# Table of contents

Everest Group
RESEARCH

# Overview and abbreviated summary of key messages

This report provides an overview of the IT 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 features two special sections – first, which focuses on the market opportunity (for service providers) and second, which focuses on buyer's maturity of digital adoption (for enterprises)

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

| | |
|---|---|
| **Life sciences IT market overview: Outlook for 2020** | ● Growth in the life sciences market will be driven by strong spend on digital and infrastructure services<br>● Pharmaceutical and biotechnology will be the segment driving the lion's share of the market size growth by 2020<br>● The demand profile will evolve into more and more business oriented tenets viz. R&D and supply chain |
| **Special feature: Life sciences IT market opportunity** | ● Pharmatechnology and biotechnology are the most favorable segments, given the opportunity size<br>● R&D and supply chain lines of business will drive a higher share of sourcing decisions<br>● Application development and testing will witness fastest growth in services<br>● Co-location and global delivery will continue to be key for success in the life sciences IT industry |
| **Special feature: Enterprise maturity assessment on digital investments** | ● Life sciences industry has a long way to cover on digital investments in efficiency<br>● More than two-third of the current digital investments are focused on growth<br>● Contrary to popular belief, Europe-based pharma industry leads United States in global digital investments<br>● Analytics and cloud are the drivers behind most LS digital deals<br>● Social media investments lag behind due to concerns around regulations |

**Everest Group**
RESEARCH

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

## Market opportunity | Value chain

High opportunity segment

| Value-chain components | Current wallet share | Market size (2015) | CAGR (2016-2020) |
|---|---|---|---|
| Drug discovery / research | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Clinical and pre-clinical trials | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Manufacturing operations | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Sales and marketing | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Supply chain and distribution | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |

## Market opportunity | Service lines

High opportunity segment

| Spending by service lines | Current wallet share (2015) | Market size (2015) | Projected wallet share (2020) |
|---|---|---|---|
| Application development | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Application maintenance | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Testing | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Systems integration | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| PLM | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |
| Infrastructure services | ▓▓▓▓▓ | ▓▓▓▓▓ | ▓▓▓▓▓ |

## Market opportunity | Geography



## Enterprise adoption | Evaluating digital maturity
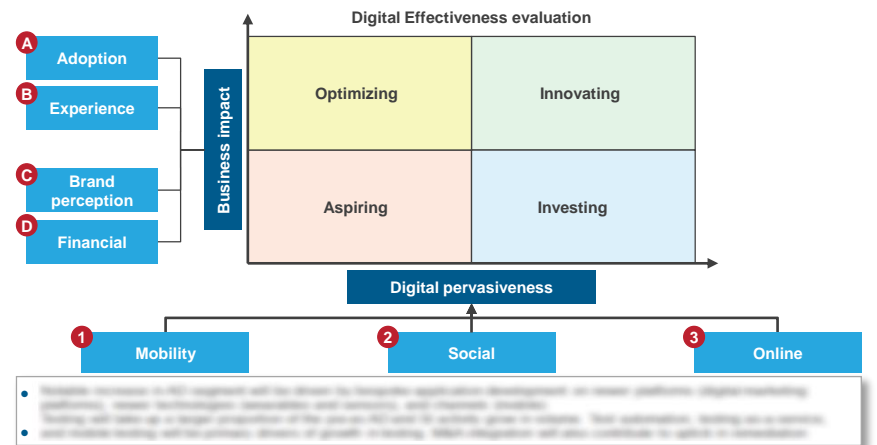


Source: Everest Group (2016)

# Healthcare & Life sciences research calendar

| | Published | Current |

| Topic | Release date |
|---|---|
| State of the Healthcare and Life Sciences (HLS) Market: 2016 | March 2016 |
| IT Outsourcing in Life sciences Industry – Service Provider Profile Compendium 2015 | March 2016 |
| Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare | April 2016 |
| IT Services in the Payer Industry – Service Provider Profile Compendium 2015 | June 2016 |
| Pre-competitive Collaboration Platforms in the Biopharmaceutical Industry | May 2016 |
| Healthcare & Life Sciences IT - Annual Report | July 2016 |
| Life Sciences Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016 | Q3 2016 |
| Healthcare start-ups evaluation: State of innovation in healthcare | Q3 2016 |
| Life Sciences Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016 | Q3 2016 |
| Life Sciences Digital Services - Service Provider Landscape with PEAK Matrix™ Assessment 2016 | Q3 2016 |
| Global Payer IT Services – Service Provider Landscape with PEAK Matrix Assessment™ 2016 | Q3 2016 |
| Payer IT Services – Annual Report 2016 (IoT Implementation services) | Q3 2016 |
| Global Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016 | Q3 2016 |
| Healthcare Provider EMR Implementation Services – Service Provider Landscape with PEAK Matrix Assessment 2016 | Q3 2016 |
| Healthcare Provider IT Services – Annual Report 2016 (EMR maturity and IoT) | Q4 2016 |

Everest Group
RESEARCH

# 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 (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 analyses the changing shape of digital adoption in the life sciences industry. Given the global nature of IT services in the global life sciences industry, it is becoming increasingly imperative for organizations to start looking at an integrated digital strategy rather than just focusing on consumer-focused digital initiatives

2. **IT Outsourcing in European Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-12-R-1500); 2015. This report evaluates the capabilities of 15 leading IT service providers specific to the European 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

3. **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 IT 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

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

| | |
|---|---|
| **Jimit Arora,** Vice President: | jimit.arora@everestgrp.com |
| **Abhishek Singh,** Practice Director: | abhishek.singh@everestgrp.com |
| **Nitish Mittal,** Senior Analyst: | nitish.mittal@everestgrp.com |

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

**Everest Group**
RESEARCH

# Everest Group

From **insight** to *action*.

## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

**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

## Stay connected

**Websites**

www.everestgrp.com
research.everestgrp.com

**Twitter**

@EverestGroup

**Blog**

SHERPAS
IN BLUE SHIRTS

www.sherpasinblueshirts.com