Everest Group RESEARCH

Life Sciences IT Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Healthcare and Life sciences IT Outsourcing
Market Report – July 2016 – Preview Deck

EGR-2016-12-PD-1830

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**
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- **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

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

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1 Banking, financial services, and insurance

Background and scope of the research

Background of the research

The Healthcare and Life Sciences (HLS) 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, "anytime-anywhere" information access, and self-service channels). This combination of disruptive and legacy factors has driven HLS firms to adopt new technologies, while also revamping their existing systems, processes, and interfaces.

As the technology mandate for HLS 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 HLS IT services across the three major market segments – payer, provider, and life sciences. Everest Group's HLS IT research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to IT services in the healthcare and life sciences vertical.

In this report, we analyze the capabilities of 21 IT 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:

- IT infrastructure market trends in life sciences
- The landscape of service providers for life sciences IT infrastructure services
- Assessment of the service providers on a number of capability-related dimensions
- Implications for life sciences IT infrastructure buyers and service providers

Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **Services:** Multi-year and annuity-based infrastructure services
- **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

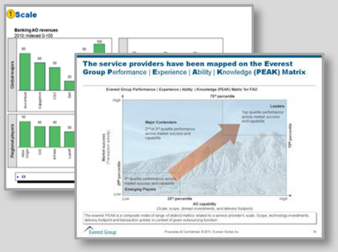
Consulting
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs

1 Includes healthcare data & information services and medical products distribution

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

Focus of report

Annual report



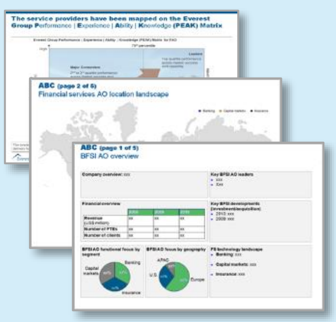
- Each report provides an overview of the ITS market for the specific healthcare subsegment
- Analysis includes the following content in the specific HLS subsegment:
  – Trends in ITS in the overall HLS industry
  – Market trends and activity for large IT services relationships
  – Emerging themes driving 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
- *IT infrastructure services*
- IT application services
- Digital services

Provider
- Global IT
- EMR/EHR implementation

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 IT services contracts within healthcare (updated annually)
- The database tracks the following elements of each large ITS 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 and life sciences IT service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Overall revenue, total employees, and healthcare employees
  - Major healthcare IT clients and recent wins
  - Recent HLS-related developments
  - HLS IT delivery locations
  - HLS IT service suite
  - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

accenture High performance. Delivered.
Atos
Capgemini CONSULTING.TECHNOLOGY.OUTSOURCING
CGI
Cognizant
CompuCom
CSC
Dell Services
Fujitsu
HCL
Hewlett Packard Enterprise
Hexaware Technologies
IBM
Infosys
NTT Data
L&T Infotech
Tata Consultancy Services
Tech Mahindra
Unisys
virtusa Accelerating Business Outcomes
Wipro Applying Thought

Note: Assessment for Accenture, CompuCom, Fujitsu, Hexaware, IBM, Infosys, NTT DATA, and Unisys excludes service provider inputs on this particular study and is based on Everest Group's estimates which leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of Accenture, CompuCom, Fujitsu, Hexaware, IBM, Infosys, NTT DATA, and Unisys , service provider public disclosures, and interaction with buyers

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 infrastructure 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

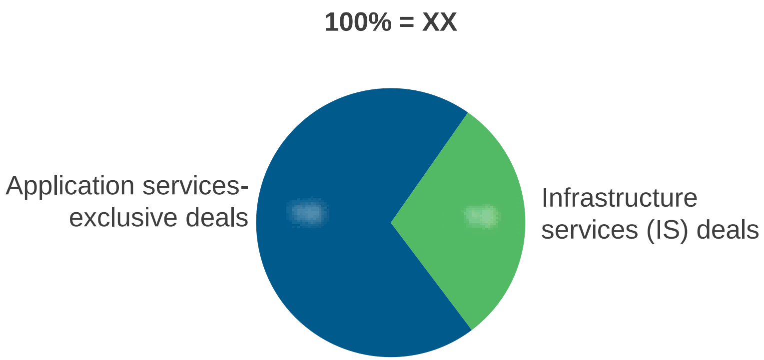
- Analysis of the service provider landscape for life sciences ITO leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants
- Leaders typically differentiate on the basis of their global scale, balanced infrastructure offering set, and domain expertise in life sciences. They are an ideal fit for life sciences firms looking for like-sized vendors who can manage and transform infrastructure stack across their globally distributed and fragmented operations
- Major Contenders are a heterogeneous mix of global MNCs, infrastructure specialists, and regional/mid-sized players. They tend to have a varied focus across different infrastructure or life sciences elements. They are ramping up focus on automation, AI, and digital to bridge the gap
- Aspirants' life sciences IT infrastructure services business is at a relatively fledgling stage and is not a primary area of focus / revenue generation for these players

Implications for key stakeholders

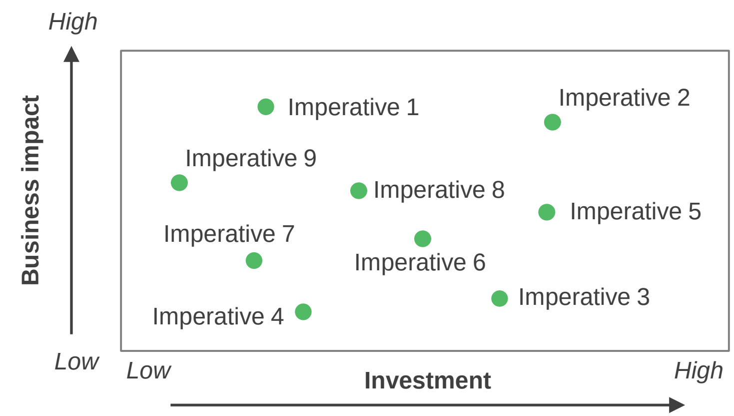
- Enterprises need to identify key opportunity areas in the infrastructure (such as services desk & IT operations) that can be easily automated for unlocking value
- Buyers should also look for strong credentials in infrastructure play across verticals, given industry-agnostic nature of most infrastructure capabilities
- Service providers should develop specialized skills and IP in the automation space across the applications-infrastructure services spectrum, with a balanced focus on build, run, and change aspects of IT infrastructure
- Vendors also need to adopt a "land-and-expand" strategy in new-age deals and operational constructs

This study provides a deep dive into the life sciences IT infrastructure service provider landscape; below are few charts to illustrate the depth of the report

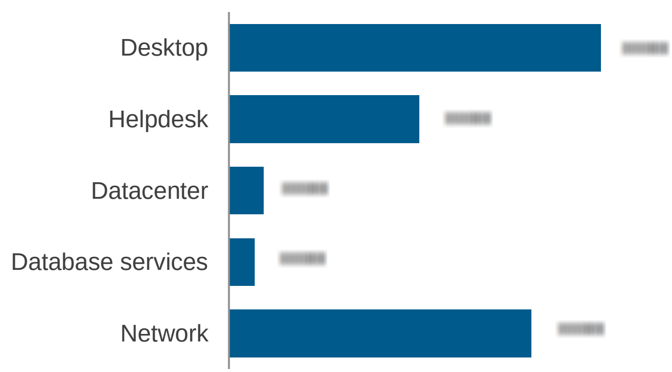
Life sciences ITS deals – functional scope
2015; Number



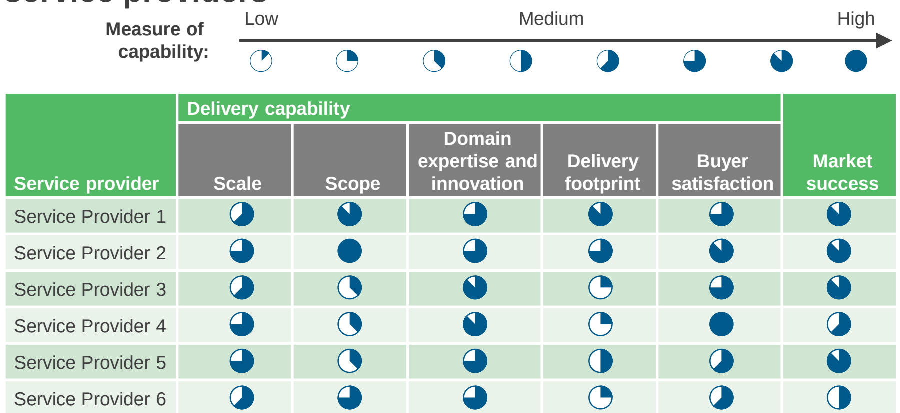
Life sciences IT infrastructure imperatives
(Business impact vs. investment paradigm)



Subfunctions in large life sciences IS transactions
2015; Frequency of inclusion



Delivery capability and market success assessment of service providers



Source: Everest Group (2016)

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Profile sample: Service Provider X | Life sciences IT infrastructure profile (page 1 of 2)

Life sciences (LS) IT infrastructure overview

Strengths

[illegible]

Areas of improvement

[illegible]

Scope and coverage:

[illegible]

LS IT infrastructure services revenue

<US$50 million | US$50-100 million | **US$100-500 million** | >US$500 million

LS IT infrastructure services (IS) focus by sub-vertical

■□□ Low ■■□ Medium ■■■ High

Sub-vertical	Focus	Sub-vertical	Focus
Pharmaceuticals	■■■	Medical devices	■■■
Biotechnology	■■□		

LS IT infrastructure services focus segments

■□□ Low ■■□ Medium ■■■ High

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

LS IT infrastructure services focus by service scope

■□□ Low ■■□ Medium ■■■ High

Service scope	Focus	Service scope	Focus
Datacenter and cloud	■■■	Workplace (EUC)	■■■
Network and security	■■□	Application operations	■□□

LS IT infrastructure services delivery map

● >1,000 FTEs ● 100-500 FTEs ● 500-1,000 FTEs ● <100 FTEs

LS IT infrastructure services focus by value chain

■□□ Low ■■□ Medium ■■■ High

Value chain	Focus	Value chain	Focus
Clinical and R&D	■■■	Sales & marketing	■■■
Manufacturing operations	■■□	Supply chain & distribution	■■□

Source: Everest Group (2016)

Profile sample: Service Provider X | Life sciences IT infrastructure profile (page 2 of 2)

Offerings and recent developments

Proprietary solutions (representative list)	
Solution	**Details**
Solution A	Description and value proposition
Solution B	Description and value proposition

Key events (representative list)		
Event name	**Type of event**	**Details**
Event A	Reorganization	Description
Event B	GTM partnership	Description
Event C	M&A	
(several)	Partnerships	Has alliances with vendors such as X, Y, and Z

Source: Everest Group (2016)

Healthcare & Life sciences research calendar

Published | Current

Topic	Release date
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
State of the Healthcare and Life Sciences IT Market: 2016	March 2016
IT Outsourcing in the 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
Pre-competitive Collaboration Platforms in the Biopharmaceutical Industry	May 2016
IT Outsourcing in Healthcare Payer Industry – Service Provider Profile Compendium 2015	June 2016
Life Sciences IT Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	July 2016
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016
Healthcare start-ups evaluation: State of innovation in healthcare	Q3 2016
Life Sciences Digital IT 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
Global Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016
Healthcare Provider EMR/EHR Implementation Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016

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. **Pre-competitive Collaboration Platforms in the Biopharmaceutical Industry** (EGR-2016-12-V-1766); 2016. Pre-competitive collaboration is a novel research model in biopharmaceuticals, with the intention of accelerating collaboration and productivity, ultimately leading to more new medicines and therapies for patients. The research model exists in multiple forms including public-private partnerships. It aims to aggregate research prowess in the biopharmaceutical industry, establish an open culture of shared innovation & expertise and ultimately incentivize collaboration. In light of recent heightened activity in this space, this viewpoint explores the theme along R&D crisis in biopharma, clinical and R&D trends, existing collaborative platforms/alliances, successful implementation and use-case, challenges to adoption, and best practices

2. **Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare** (EGR-2016-4-R-1748); 2016. This report focuses on digital adoption by Healthcare and Life Sciences (HLS) enterprises across North America and Europe. It establishes a definitional framework for digital adoption and assesses the extent of digital technology adoption amongst HLS enterprises. The research identifies drivers for adoption, adoption maturity of digital technologies by HLS enterprises, optimism levels based on existing investments, and key priorities for the future. The report also identifies key implications for HLS enterprises and service providers.

3. **State of the Healthcare and Life Sciences (HLS) Market** (EGR-2016-12-V-1719); 2016. In the midst of an evolving healthcare and life sciences (HLS) landscape (both from the demand and supply side) as well as a services landscape in transition, this report looks at identifying the opportunities, quantifying the market size, comprehending the competitive dynamics, and analyzing the key themes for 2016

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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.

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