Everest Group
RESEARCH

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

Healthcare and Life sciences IT
Market Report: September 2016 – Preview Deck

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EGR-2016-12-PD-1919

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 ITS**
- **Healthcare & Life Sciences BPS**
- **Application & Digital**
- **Cloud & Infrastructure**
- **Global Sourcing**
- **Locations Insider™**
- **PricePoint™**
- **Finance & Accounting**
- **Procurement**
- **Human Resources**
- **Recruitment & Talent Acquisition**
- **Contact Center**
- **Service Optimization Technologies**
- **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 ITS**
- 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

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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 23 digital 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:

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

Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **Services:** Digital IT 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

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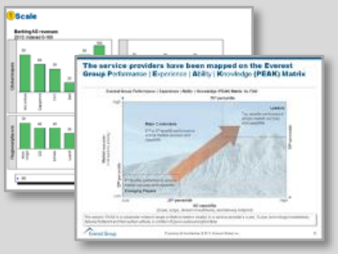
This report is a part of Everest Group's series of reports focused on IT services in healthcare and life sciences in 2016

Focus of report

Annual report



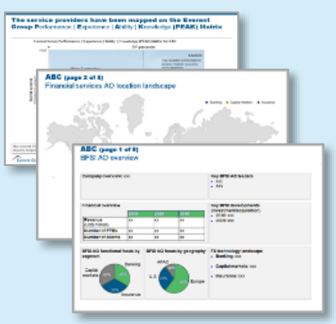
- Each report provides an overview of the ITS market for the specific healthcare subsegment
- Analysis includes the following content in the specific HLS subsegment:
  - Trends in ITS in the overall HLS industry
  - Market trends and activity for large IT services relationships
  - Emerging themes driving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

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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 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

Note: Assessment for CSC, Fujitsu, Hexaware, IBM, Infosys, NTT DATA, Syntel, 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 CSC, Fujitsu, Hexaware, IBM, Infosys, NTT DATA, Syntel, 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 digital IT 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 digital IT services

- Analysis of the service provider landscape for life sciences digital IT services leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants
- Leaders principally differentiate on the basis of being able to articulate and orchestrate the business impact of digital technologies through the lens of disruption. As business leaders grapple with a fundamental shift in consumer expectations and radical technology paradigms, service providers who take a business outcome-oriented point of view are able to meaningfully differentiate amidst the "digital-washing" cacophony
- Major Contenders are a heterogeneous mix of global MNCs, proprietary solution specialists, and regional/mid-sized players. While some have built meaningful capabilities to differentiate on the digital front, others focus on specializing in specific areas within life sciences domain (such as Clinical Trial Supply Management (CTSM) and/or cognitive computing capabilities). Success
- The life sciences digital business of Aspirants 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 technology portfolio (such as QA/testing, app support/maintenance, and IT operation) that can be easily automated for unlocking value
- Buyers to assess providers extensively on IP, partnerships, and talent that will help drive innovation in engagements
- Service providers should develop specialized skills and IP in the automation space across the applications-infrastructure services spectrum
- Providers should focus on taking a business-side articulation of digital value proposition instead of an inside-out approach

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Profiles of life sciences digital IT service providers (continued)

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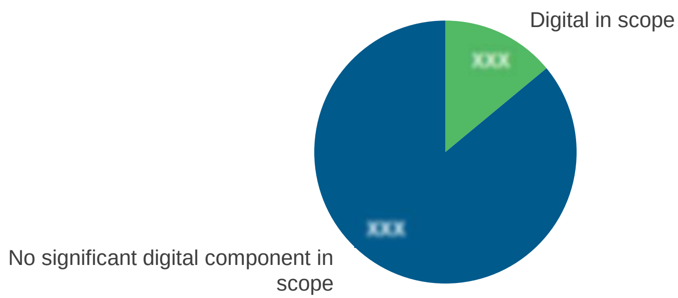
This study provides a deep dive into the life sciences digital IT service provider landscape; below are few charts to illustrate the depth of the report

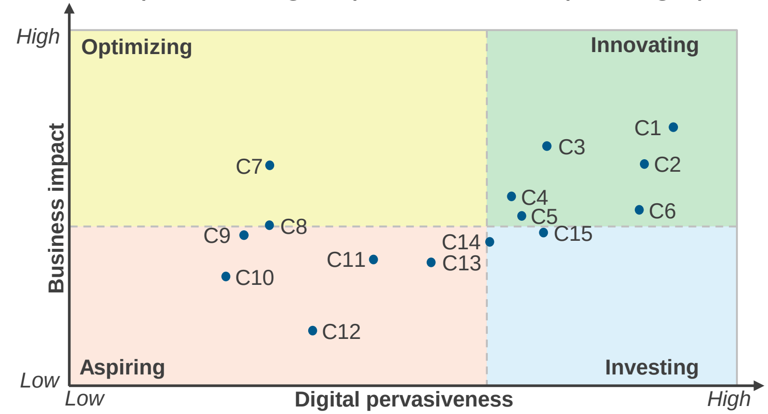
Life sciences ITS deals – functional scope

2015; Number



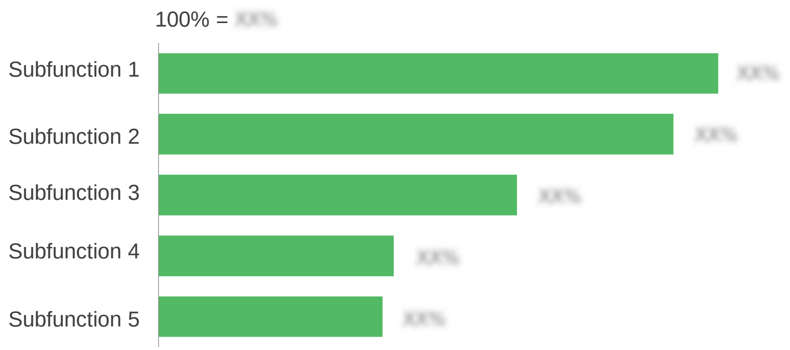
Enterprise digital effectiveness assessment

(Business impact vs. digital pervasiveness paradigm)



Distribution of life sciences contracts by value chain element

2015; Number of transactions signed



Delivery capability and market success assessment of service providers

Measure of capability / market success: Best-in-class, Very high, High, Medium high, Medium, Medium low, Low, Not mature

Service provider	Delivery capability					Market success
	Scale	Scope	Domain expertise and innovation	Delivery footprint	Buyer satisfaction	
Service Provider 1	Medium high	Very high	High	Very high	High	Very high
Service Provider 2	High	Best-in-class	High	High	Very high	Very high
Service Provider 3	Medium high	Medium low	Very high	Low	High	Very high
Service Provider 4	High	Medium low	Very high	Low	Best-in-class	Medium high
Service Provider 5	High	Medium low	High	Medium	Medium high	Very high
Service Provider 6	Medium high	High	High	Low	Medium high	Medium

Source: Everest Group (2016)

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Profile sample: Service Provider XXX | Life sciences Digital IT services profile (page 1 of 2)

Life Sciences (LS) digital services overview

Strengths

- [illegible]

Areas of improvement

- [illegible]

Scope and coverage:

[illegible]

LS digital services revenue

<US$50 million	US$100-150 million
US$50-100 million	>US$150 million

LS digital services focus segments (■□□ Low ■■□ Medium ■■■ High)

Small (annual revenue < US$1 billion)	□□□
Medium (annual revenue = US$1-10 billion)	■■□
Large (annual revenue > US$10 billion)	■■■

LS digital services focus by subvertical (■□□ Low ■■□ Medium ■■■ High)

Pharmaceuticals	■■■	Medical devices	■■■
Biotechnology	■□□		

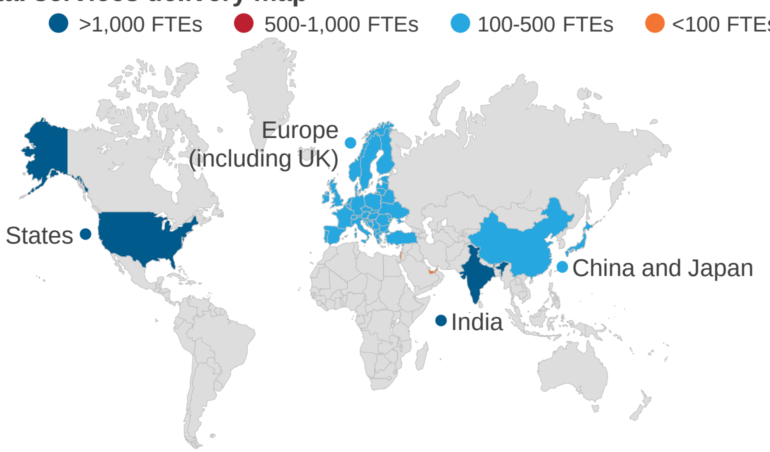
LS digital services focus by service scope (■□□ Low ■■□ Medium ■■■ High)

Big data & analytics	■■■	Mobility	■■■
Cloud	■■□	Internet of Things	■■□
Social	■■□	Cognitive intelligence	■■□

LS digital services focus by value chain (■□□ Low ■■□ Medium ■■■ High)

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

LS digital services delivery map



Source: Everest Group (2016)

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Profile sample: Service Provider XXX | Life sciences Digital IT services 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	Description
(several)	Partnerships	Has alliances with vendors such as X, Y, and Z

Source: Everest Group (2016)

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Healthcare & Life sciences IT services 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
Hot healthcare start-ups: Dawn of a New World Order	August 2016
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 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

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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. **Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-4-R-1884); 2016. This report provides a market trend assessment in life sciences IT application services along with the detailed profiles and evaluation of 22 IT service providers featured on Everest Group's proprietary PEAK Matrix. which is a composite index of a range of distinct metrics related to a service provider's capability and market success

2. **Life Sciences IT Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-12-R-1830); 2016. This report provides a comprehensive assessment of the service provider landscape for IT infrastructure services in the global life sciences industry. It maps 21 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

3. **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

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

Jimit Arora, Partner: jimit.arora@everestgrp.com
Abhishek Singh, Practice Director: abhishek.singh@everestgrp.com
Nitish Mittal, Senior Analyst: nitish.mittal@everestgrp.com
Chathurya Pandurangan, Analyst: chathurya.pandurangan@everestgrp.com
Jaskaran Singh, Analyst: jaskaran.singh@everestgrp.com

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

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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.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-804-276-4533

Delhi
india@everestgrp.com
+91-124-496-1000

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

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

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

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