Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017

Healthcare & Life Sciences ITS
Market Report – May 2017 – Preview Deck

EGR-2017-12-PD-2180

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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

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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 22 IT application 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 application services market trends in life sciences
- The landscape of service providers for life sciences IT application services
- Assessment of the service providers on a number of capability- and market success-related dimensions
- Implications for life sciences IT application 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 application 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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Everest Group RESEARCH

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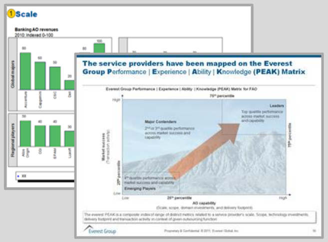
Topic	Page no.

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



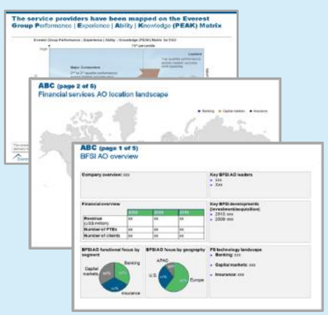
- Each report provides an overview of the ITS market for the specific healthcare subsegment
- Analysis includes the following content in the specific HLS subsegment:
  - Trends in ITS in the overall HLS industry
  - Market trends and activity for large IT services relationships
  - Emerging themes driving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

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, Atos, Capgemini, CGI, Cognizant, DXC.technology, epam, FUJITSU, HCL, Hexaware, HighPoint Solutions, IBM, indegene, Infosys, LTI, NTT Data, SYNTEL, TATA CONSULTANCY SERVICES, Tech Mahindra, UNISYS, virtusa, wipro

Note: Assessment for DXC Technology, Fujitsu, HighPoint Solutions, IBM, Indegene, 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 DXC Technology, Fujitsu, HighPoint Solutions, IBM, Indegene, 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

Overview and abbreviated summary of key messages

This report provides a comprehensive assessment of the service provider landscape for IT application 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 IT application services

- Analysis of the service provider landscape for life sciences IT application services leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants
- Leaders have established a successful business to support large life sciences customers that prefer service providers who can orchestrate application lifecycle management agenda on a global scale. These players have a highly balanced portfolio, and continue to keep pace with the market dynamics through continued investments in technology and services capability development (internal IP/tools, partnerships, etc.).
- Major Contenders are a heterogeneous mix of global MNCs, proprietary solution specialists, and regional/mid-sized players. While some have built meaningful capabilities to deliver the whole range of application services, others focus on differentiating by specializing in specific areas within life sciences domain (such as Infosys' mClinical platform and service areas such as application testing
- The life sciences application services business of Aspirants is at a relatively fledgling stage and is not a primary area of focus / revenue generation for these players

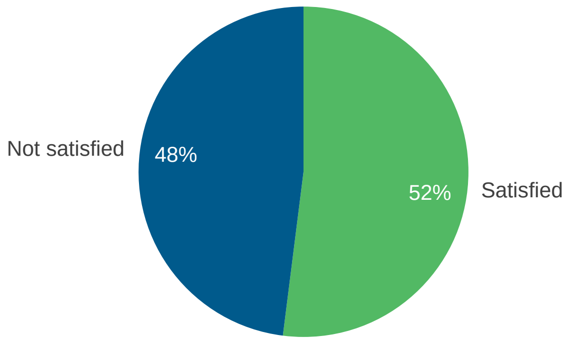
Implications for key stakeholders

- 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 need to adopt a best-of-breed approach to engage service providers with expertise in specific areas
- Service providers should develop specialized skills and build talent pedigree in niche areas such as biostatistics and clinical informatics
- Providers should establish a differentiated automation value proposition versus a me-too approach by focusing on unique strengths

This study provides a deep dive into the life sciences IT application services provider landscape; below are illustrations and charts highlighting the depth of the report

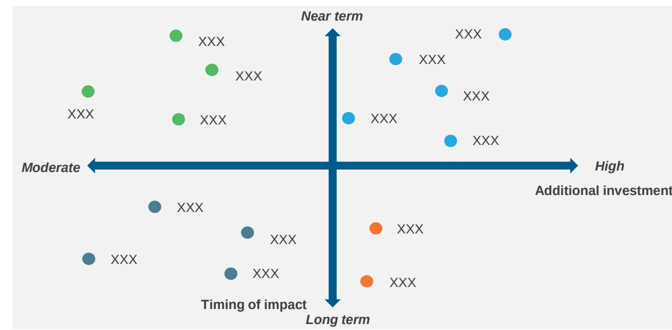
Enterprises’ overall satisfaction with service providers[1]

2016; Percentage of total discussion



Enterprises’ technology priorities2

(Timing of impact vs. additional investments)



Asset rationalization and consolidation

	XXX	XXX
Johnson&Johnson	• XXX	• XXX • XXX
NOVARTIS	• XXX	• XXX
Pfizer	• XXX	• XXX
Roche	• XXX	• XXX

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 (2017)

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

Life Sciences (LS) IT application services overview

Strengths

- Strong presence in life sciences sales & marketing domain with acquisition of XYZ's Life Sciences division
- Has made a slew of acquisitions recently to boost capabilities in life sciences domain

Areas of improvement

- Create synergies from recent M&A
- Needs to establish distinct value articulation in a hyper-competitive mid-sized vendor marketplace
- Plug specific gaps from life sciences value chain perspective

Scope and coverage: Digital services include analytics, multichannel marketing, commercial analytics, digital asset management, big data, enterprise technology, etc.

LS IT application services revenue

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

LS IT application services focus by subvertical

■□□ Low ■■□ Medium ■■■ High

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

LS IT application services focus segments

■□□ Low ■■□ Medium ■■■ High

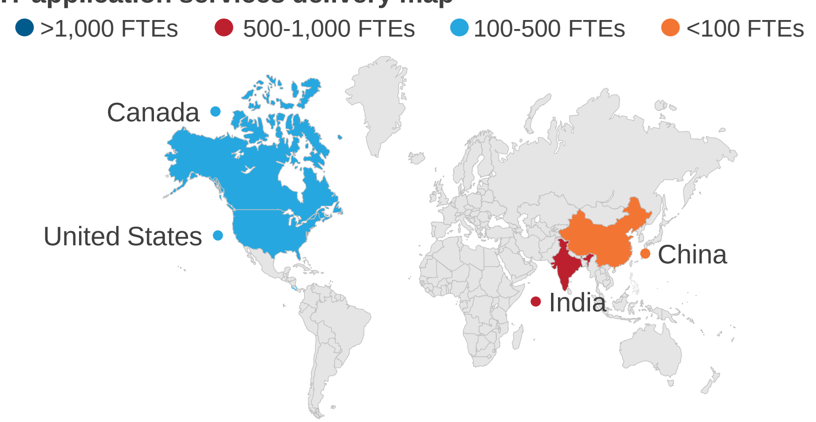
Small (annual revenue < US$1 billion)	■□□
Medium (annual revenue = US$1-5 billion)	■■□
Large (annual revenue > US$5 billion)	■■■

LS IT application services focus by service scope

■□□ Low ■■□ Medium ■■■ High

ADM	■■□	Package implementations	■■■
Testing	■□□	Consulting services / SI	■■□

LS IT application services delivery map



LS IT application services focus by value chain

■□□ Low ■■□ Medium ■■■ High

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

Source: Everest Group (2017)

Profile sample: Service Provider XXX | Life sciences IT application 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 (2017)

HLS ITS research calendar

Published | Current

Topic	Release date
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
Healthcare Payer IT Services: Outsource (Offshore) or Perish	September 2016
Healthcare Payer IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	October 2016
Medicare/Medicaid Version 2.0: Exploring the Next Growth Wave in the Market	November 2016
The Big Bang MACRA-Economic Theory of Provider IT Transformation	November 2016
EHR IT Services in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix ™ Assessment 2016	November 2016
Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
Transition from Obamacare to Trumpcare	December 2016
Addressing Payer Costs through a Comprehensive Model	December 2016
Customer (Dis)satisfaction: Why are Enterprises Unhappy with their Service Providers	January 2017
Exploring GICs in the Life Sciences Industry	February 2017
Hot Life Sciences Startups: Friends, Foes, and Frenemies in the Innovation Ecosystem	March 2017
Internet of Things (IoT) in Medical Devices	March 2017
Automation Playbook for Healthcare Payers: The Ultimate Guide to the Next Big Treasure Hunt	April 2017
Acing Uncertainties in the Payer Market: The Trump Cards	April 2017
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	May 2017
Life Sciences Clinical R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q2 2017

Additional HLS IT services 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. **Internet of Things (IoT) in Medical Devices** (EGR-2017-12-V-2112); March 2017. Connected devices gather large amounts of medically-relevant data that has the potential to link vital patient statistics and manage multiple lifestyle diseases. This connectivity of medical devices makes them ripe for disruption by a suite of technologies popularly known as the Internet-of-Things (IoT). However, this disruption can reap financial benefits only when enterprises can make sense of the data generated, overcoming challenges such as regulatory hurdles, data security, and interoperability. Everest Group unravels the IoT space in medical devices by looking at critical aspects such as the business case, challenges, enablers, use-cases, and growth aspects.

2. **Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016** (EGR-2016-12-R -1919); September 2016. The report covers digital IT market trends in life sciences, landscape of service providers for life sciences digital IT services, assessment of the service providers on a number of capability-related dimensions, and implications for life sciences digital IT buyers and service providers.

3. **Hot Life Sciences Startups: Friends, Foes, and Frenemies in the Innovation Ecosystem** (EGR-2017-12-R-2124); March 2017. Regulatory pressures, growth slow-down, cultural baggage, and growing consumerism have increased the need for innovation in the life sciences industry. Life sciences firms are responding by investing in next-generation digital technology such as analytics, cloud-computing, automation, and Artificial Intelligence (AI). Industry stakeholders are also trying to transform their business model in line with these changing dynamics. Additionally, startups focused on this industry have a fertile ground to reap benefits through innovative solutions that address these needs.
   From a long list of over 150 startups, we selected startups in three primary areas of investments – drug discovery / product development, clinical and pre-clinical trials, and sales and marketing. This report provides an overview of the challenges these startups are trying to address, how they are disrupting the status quo, and hyper-catalyzing the innovation mandate. It also covers the leading startups in each of the three areas with spotlight on business overview, leadership details, funding trail, and disruption across technology & business, as well as market buzz

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About Everest Group

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