Life Sciences BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017

Healthcare & Life Sciences Business Process Outsourcing (HLS BPO) Market Report – June 2017 – Preview Deck

EGR-2017-12-PD-2223

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- Benchmarking | Pricing, delivery model, skill portfolio
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Background and methodology of the research

Background of the research

Globally, life sciences corporations are facing dual danger of rising competition from generics as well as declining margins. Additionally, strengthening of regulations in every aspect of the life sciences value chain – drug discovery, trials, manufacturing, supply chain, sales, and marketing – is putting further pressure on life sciences companies to bring their houses in order. Technology proliferation, shift towards digital channels, standardization & harmonization, and mobility are some other key factors that have a profound impact on the business of life sciences companies.

Bringing their houses in order would be difficult for life sciences corporations if they tried to do it single handedly, owing to lack of expertise in various areas (technology, mobility, etc.). However, outsourcing service providers and technology vendors can provide support to life sciences companies, not only for non-core operations such as sales & marketing and supply chain distribution, but also on the core clinical side of the operations (pharmacovigilance, drug research, etc.). This report provides information on some of the leading service providers in the life sciences BPO market along with their areas of expertise.

In this research, we analyze the life sciences BPO service provider landscape. We focus on:

- Relative positioning of 13 service providers on Everest Group's PEAK Matrix for life sciences BPO
- Analysis of service providers' market share
- Everest Group's analysis of service providers' strengths and areas of improvement

The scope and methodology of this report include:

- Over 150 life sciences BPO contracts signed as of December 2016
- Coverage across 13 life sciences BPO service providers: Accenture, Cognizant, Conduent, DXC Technology, Genpact, HCL, IBM, Indegene, Syntel, TCS, Tech Mahindra, Wipro, and WNS

Overview and abbreviated summary of key messages

This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas.

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

Everest Group PEAK Matrix for life sciences BPO

- Everest Group classified 13 life sciences BPO service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants
- Accenture, Cognizant, and TCS emerged as Leaders owing to the depth of services that they provide, along with their technological expertise, and a well-balanced delivery network
- Major Contenders include Conduent, Genpact, HCL, IBM, Indegene, Syntel, Tech Mahindra, and Wipro. Some of the service providers in the category are experiencing strong growth and are developing a comprehensive set of offerings
- DXC Technology and WNS are Aspirants, owing to their smaller operations as well as delivery capabilities

Key insights on life sciences BPO market shares

- Cognizant, followed by TCS and Accenture, accounted for the highest share by revenue
- However, Indegene, Syntel, and Wipro, in addition to TCS, achieved the highest revenue growth rate during 2016
- In the same period, Cognizant, Syntel, and TCS were able to gain maximum new logos
- Pharmacovigilance represented the largest share of the life sciences BPO market followed by drug discovery, research, and clinical trials. TCS, Cognizant, and Accenture are the leading players in PV outsourcing market

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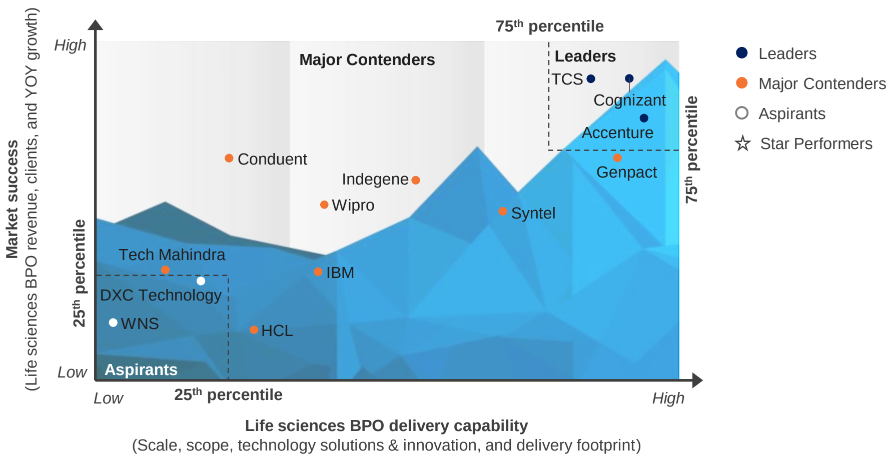
This study offers three distinct chapters providing a deep dive into key aspects of the life sciences BPO service provider landscape; below are four charts to illustrate the depth of the report

Everest Group PEAK Matrix™ for life sciences BPO



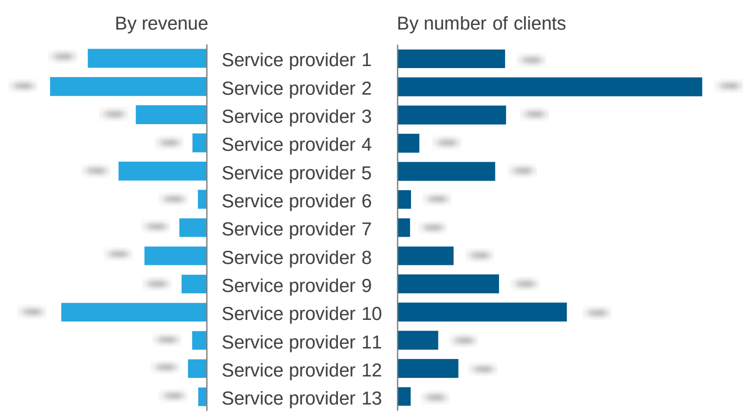
Capability assessment

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

Service provider	Delivery capability					Market success
	Scale	Scope	Technology solutions & innovation	Delivery footprint	Overall	
Service provider 1	Medium high	Medium low	Medium high	Low	Medium low	High
Service provider 2	High	High	High	High	High	High
Service provider 3	Medium low	Medium high	Medium low	Medium low	Medium	Not mature
Service provider 4	Medium high	Medium	High	Low	Medium	Medium low
Service provider 5	Medium high	Medium low	Medium high	High	Medium high	Medium high
Service provider 6	Medium high	Very high	Medium	High	Medium high	Medium high
Service provider 7	Medium	Low	Medium low	Medium low	Medium low	Medium low
Service provider 8	Medium	Medium	Medium	Medium	Medium	Medium high

Market success

Global life sciences BPO provider market share



Everest Group's remarks on service providers

Provider	Strengths	Areas of improvement
Service provider 1	• With strong capabilities across scale and technology, XXX emerged as a Major Contender on the PEAK Matrix • Its well-balanced client portfolio comprising all types of companies – medical devices, pharmaceutical, and biotech – reduce dependence on any one client type, thereby improving the risk profile • Through the acquisition of [illegible] , XXX is trying to gain traction in other life sciences BPO segments, such as patient access services and multi-channel healthcare and pharmaceutical communications	• XXX's life sciences offerings are primarily focused on marketing. Given its high focus on the segment, it can supplement its capabilities in omni-channel marketing communications to provide services closely linked to increasing sales of pharma & life sciences firms • Additionally, it should also focus on developing strategic sales & marketing partnerships with large pharma & life sciences firms. Success in establishing broad and deep long-term strategic relationships with these companies can translate into large revenue accounts that grow faster than the market with higher margins • XXX should also try to optimize its revenue from geographies other than North America, which accounts for majority of its revenue currently • Onshore-heavy delivery network limits its ability to benefit from leveraging labor arbitrage from offshore FTEs
Service provider 2	• Limited scope, scale, and delivery capabilities resulted in YYY being an Aspirant on the PEAK Matrix • YYY's suite of regulatory automation software and content management tools give it the necessary armor to compete in a highly competitive market segment • Additionally, focus on digital transformation is also likely to help the company in expanding its presence in the market and adding new logos	• Investments in other value chain segments such as drug discovery & clinical research and PV can help YYY to build a stronger relationship with existing clients and add new logos • Additionally, YYY is one of the few players with such a huge legacy and combined power of [illegible] ([illegible]) which can be capitalized upon • It needs to add onshore delivery capabilities to align its shoring mix with the market needs and drive sustained growth

Source: Everest Group (2017)

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Healthcare & Life Sciences BPS research calendar

Published | Current

Topic	Release date
Viewpoint – Wipro Bets Big on Healthcare through the HealthPlan Services Acquisition	February 2016
Healthcare Payer BPO – Annual Report: From cost reduction to value-driven outsourcing – Moving on up	August 2016
Viewpoint – Medicare/Medicaid Version 2.0: Exploring the Next Growth Wave in the Market	November 2016
RCM Outsourcing Annual Report 2016: Growth on the Back of Declining Provider Margins	December 2016
Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Healthcare Payer BPO – Annual Report: Value-Based Sourcing Helping Payers Stay Afloat in an Era of Uncertainty	March 2017
Healthcare Payer BPO – Service Provider Compendium 2017	April 2017
Life Sciences BPO – Viewpoint on Trump and Effect on Offshoring of Jobs	April 2017
Life Sciences BPO – Viewpoint on Pharmacovigilance BPO	June 2017
Life Sciences BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017	June 2017
Life Sciences BPO – Annual Report 2017	Q3 2017
Life Sciences BPO – Service Provider Compendium 2017	Q4 2017

Additional BPS research references

The following documents are recommended for additional insight into the topics covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment** (EGR-2017-12-R-2082); 2017. Amid political uncertainties, the market for third-party BPO in healthcare payer space continues to grow, albeit at a slower pace vis-à-vis previous years. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas

2. **Healthcare Payer BPO – Service Provider Profile Compendium** (EGR-2017-12-R-2128); 2017. The objective of this compendium is to provide key stakeholders a snapshot of the offerings and capabilities of 20 major healthcare payer BPO service providers. Specifically, the report allows for comparison of the service providers on their areas of strength and development. It helps current and potential buyers of healthcare payer BPO services to assess the service providers on the capabilities that they desire

3. **Innovation in Pharmacovigilance – How to Spend Smarter Not Higher** (EGR-2017-12-V-2195); 2017. Despite spending billions of dollars, lack of drug-related Adverse Event (AE) reporting and subsequent drug safety breaches continue to impact millions of lives and cause financial losses. Pouring more money at their Pharmacovigilance (PV) arms is no longer an efficient solution, so what can the pharmaceutical companies do to get out of this quagmire?

4. **Revenue Cycle Management (RCM) Outsourcing Annual Report 2016: Growth on the Back of Declining Provider Margins** (EGR-2016-12-R-2029); 2016. Market for the traditionally outsourced RCM functions such as post-service is now maturing. However, opportunities in pre-service and service functions are gaining traction. A key driver for growth in the market is the incident of rising administrative cost, which is significantly affecting profitability of hospitals. Also, automation is becoming the flavor of the industry, with buyers asking for solutions that are integrated across different functions and involve automation

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

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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.

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