Life Sciences Clinical and R&D IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017: Making Innovation Great Again!

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

EGR-2017-12-PD-2284

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  – **Healthcare & Life Sciences IT Outsourcing**
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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 18 IT service providers specific to the life sciences clinical and R&D industry. 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 provider's capability and market success. We focus on:

- Market trends in clinical and R&D services
- The landscape of IT service providers for life sciences clinical and R&D services
- Assessment of the service providers on several capability- and market success-related dimensions
- Implications for life sciences IT clinical and R&D buyers and service providers

Scope of this report

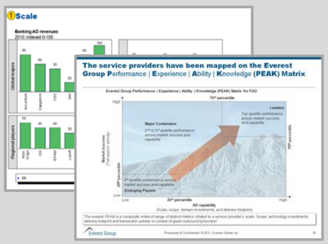
- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **Services:** Multi-year and annuity-based application services
- **Geography:** Global
- **Sourcing model:** Third-party ITS transactions; excludes shared services or Global In-house Centers (GICs)

1 Includes healthcare data & information services and medical products distribution

This report is a part of Everest Group's series of reports focused on IT services in healthcare and life sciences in 2017

Focus of report

Annual report

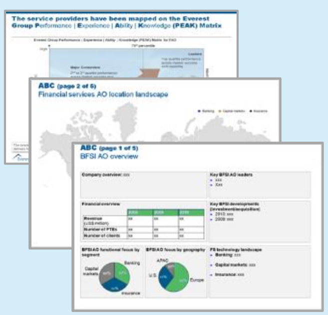


- Each report provides an overview of the ITS market for the specific healthcare subsegment
- Analysis includes the following content in the specific HLS subsegment:
  - Trends in ITS in the overall HLS industry
  - Market trends and activity for large IT services relationships
  - Emerging themes driving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

Healthcare
- Payer
- Provider

Life sciences

Service provider landscape and capability profiles



This set of reports is focused on key HLS sub segments 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

Healthcare
- Payer global IT
- Provider global IT
- Healthcare consulting

Life sciences
- IT application services
- *Clinical and R&D IT services*
- Clinical products and solutions

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
Cognizant
Deloitte.
DXC.technology
epam
HCL
HEXAWARE
IBM
Infosys
NNIT
NTT DATA
SYNTEL Consider IT Done
TATA CONSULTANCY SERVICES
Tech Mahindra
virtusa Accelerating Business Outcomes
wipro

Note: Assessment for Deloitte, DXC Technology, and NNIT 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 Deloitte, DXC Technology, and NNIT, 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 life sciences clinical and R&D IT services 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 healthcare provider IT services

- Analysis of the service provider landscape for life sciences IT clinical and R&D services through Everest Group's PEAK Matrix highlights the following categories:
  - **Leaders:** Accenture, Cognizant, Deloitte, IBM, and TCS
  - **Major Contenders:** Atos, Capgemini, DXC Technologies, EPAM, HCL Technologies, Infosys, NNIT, NTT DATA, and Wipro
  - **Aspirants:** Hexaware, Syntel, Tech Mahindra, and Virtusa
- Leaders typically differentiate, not only on the basis of their global scale, wide scope of delivery capabilities, but primarily on the strength of their domain expertise and industry leading perspectives in reimagining clinical and R&D for life sciences firms. However, they face stiff competition from smaller/nimbler peers, in both new and rebid deal situations alike, with rising anti-incumbency and low switching costs. The segment is also moving towards increased productization of services using proprietary/COTS solutions
- Major Contenders are a heterogeneous mix of global MNCs, domain specialists, and regional / mid-sized players. They tend to have varied focus across different elements of the clinical and R&D value chain
- Aspirants' life sciences clinical R&D services business is at a relatively fledgling stage. They take a largely tactical which is mostly opportunity-led

Implications for key stakeholders

- Implications for buyers
  - Reimagine clinical and R&D with focus on increasing productization, collaboration, and time-to-value
  - Adopt an innovation-first mindset (similar to startups and the mid-market) to fuel break through developments
- Implications for service providers
  - Move the needle on taking a platform-based approach in order to crunch cycle times and improve R&D productivity
  - Focus on the low-hanging fruits of automation (such as NLP in pharmacovigilance and machine learning in early-stage discovery) to help clients realize immediate benefits

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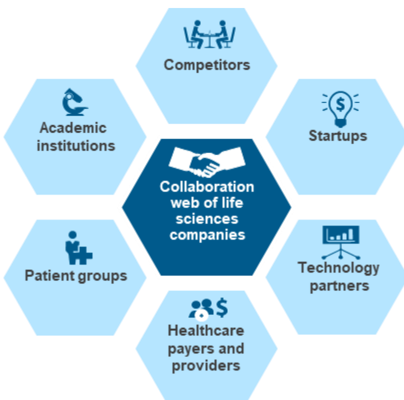
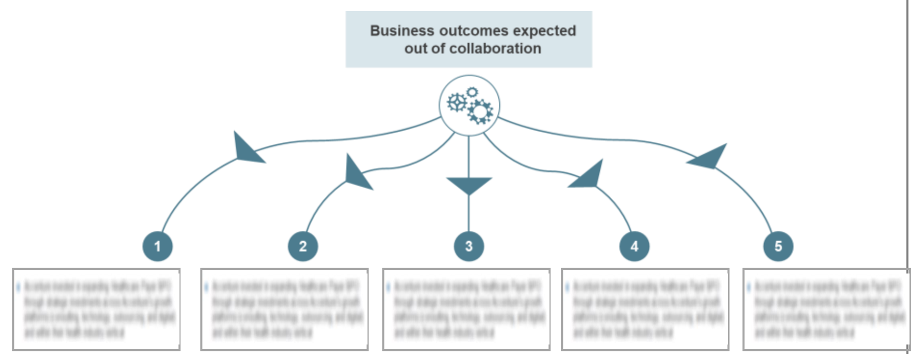
This study provides a deep dive into the life sciences clinical and R&D IT service providers landscape; below are few charts to illustrate the depth of the report

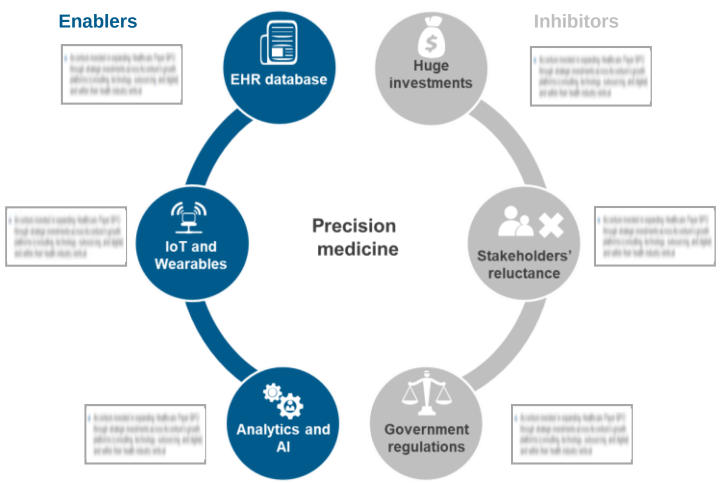
Collaboration web of life sciences companies



Business outcomes expected out of collaboration



Enablers and inhibitors of precision medicine



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)

Profile sample: Service Provider XXX | Life sciences clinical and R&D services profile (page 1 of 2)

Life sciences clinical and R&D service overview

Strengths

Areas of improvement

Scope and coverage:

LS IT clinical R&D services revenue

<US$10 million	US$10-100 million
US$100-300 million	>US$300 million

LS clinical R&D services focus by subvertical

■□□ Low ■■□ Medium ■■■ High

Early discovery and target validation	■■■	Clinical trials	■■□
Pre-clinical trials	■■□	Pharmacovigilance	■■□
		Regulatory affairs	■□□

LS IT clinical R&D 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)	■■■

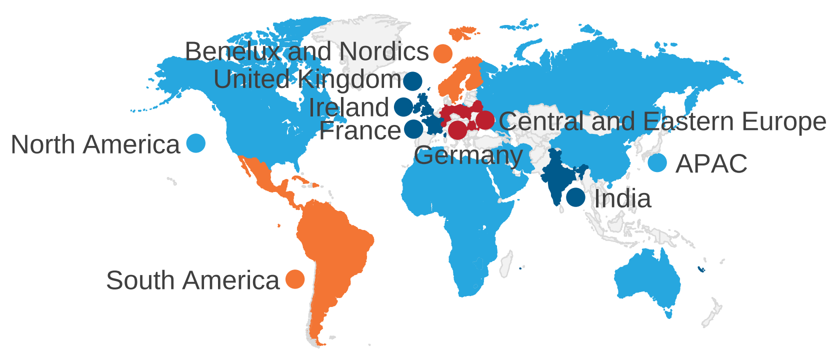
LS clinical R&D services focus by service scope

■□□ Low ■■□ Medium ■■■ High

Application services	■■□	SI/consulting services	■□□
Infrastructure services	■■■		

LS IT clinical R&D services delivery map

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



LS IT clinical R&D services focus by lines of business

■□□ Low ■■□ Medium ■■■ High

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

Profile sample: Service Provider XXX | Life sciences clinical and R&D 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

Source: Everest Group (2016)

HLS ITS research calendar

Published | Planned | Current release

Flagship HLS ITS reports	Release date
Healthcare Provider Annual Report: 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 TM Assessment 2016	November 2016
Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
Healthcare Payer Annual Report: 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 and R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	**July 2017**
Healthcare Provider Annual Report	Q3 2017
Life Sciences Clinical and R&D Products and Solutions – Service Provider Landscape with PEAK Matrix ™ Assessment 2017	Q3 2017

Thematic HLS ITS reports	
Medicare/Medicaid Version 2.0: Exploring the Next Growth Wave in the Market	November 2016
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
Using Blockchain to Address Interoperability Concerns in Healthcare	June 2017
Healthcare Analytics: Hot Product Vendors 2017	Q4 2017

Note: For a list of all HLS ITS reports published by us, please click here

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 or complementary content that may be of interest

1. **Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-12-R-2180); May 2017. The report covers IT application market trends in life sciences, landscape of service providers for life sciences IT application services, assessment of the service providers on a number of capability-related dimensions, and implications for life sciences IT application buyers and service providers

2. **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

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

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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