Life Sciences (LS) Operations – Services PEAK Matrix™ Assessment 2020

Healthcare & Life Sciences (HLS) Business Process Services (BPS) Market Report – December 2019: Complimentary Abstract / Table of Contents

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

Background of the research

As we enter a new decade, the global life sciences industry is undergoing momentous changes and facing major headwinds including continued M&As, decline in blockbuster drugs and shift towards specialty drugs (including orphan drugs and personalized medicines such as cell therapies), threat from biosimilars and generics, data explosion, maintaining price competitiveness and ensuring affordability, focus on R&D virtualization/digitization, complex supply chain, and complying to stringent regulatory norms. Further, operational and technological challenges too are contributing to the above factors and hampering speed-to-market for new innovative drugs.

To address these challenges and keep up with the rising cost pressures, pharma companies are relying on traditional and technological capabilities of outsourcing service providers to streamline and optimize the life sciences value chain. As a result, there is a notable shift from the legacy monolithic outsourcing service model to a more strategic and relationship-based model, where core judgment-intensive processes are being outsourced.

Such a complex market landscape is generating new opportunities for the operations service providers to drive innovation, address key bottlenecks, digitize value chain, and ultimately become a strategic and transformational partner. Service providers are responding by upgrading their services with technology-enabled solutions (including ML/AI, automation, and IoT), developing analytics-driven enterprise-wide platform to break silos and increase cross-functional collaborations, deepening domain expertise, upskilling resources, developing innovation labs and CoE, and providing flexible pricing models.

This report provides information on the leading service providers in the life sciences operations – services market along with their areas of expertise.

Scope and methodology

In this research, we analyze the global LS operations – services provider landscape. We focus on:

- Relative positioning of 24 service providers on Everest Group's PEAK Matrix™ for LS operations – services
- Analysis of service provider's market share
- Everest Group's analysis of service providers' strengths and areas of improvement

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 LS operations

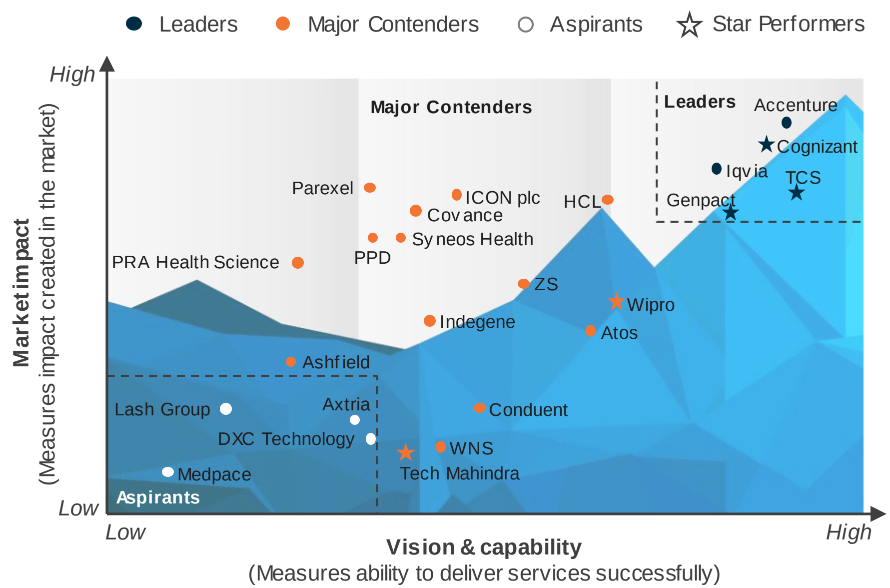
- Everest Group classified 24 LS operations service providers on the Everest Group PEAK Matrix™ into three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix™ is a framework to assess the absolute market success and overall capability of service providers
- **Leaders:** There are five service providers in the Leaders category – Accenture, Cognizant, Genpact, Iqvia, and TCS
- **Major Contenders:** The category has 15 service providers – Ashfield, Atos, Conduent, Covance, HCL, ICON plc, Indegene, Parexel, PPD, PRA Health Sciences, Syneos Health, Tech Mahindra, Wipro, WNS, and ZS
- **Aspirants:** Axtria, DXC Technology, Lash Group, and Medpace are Aspirants on the PEAK Matrix™ for LS operations – services market

Key insights on LS operations –market shares

- The top 10 service providers – Accenture, Cognizant, Covance, ICON plc, Iqvia, Parexel, PPD, PRA Health Sciences, Syneos Health, and TCS – account for nearly 65% of the revenues of the LS operations – services market
- Accenture, Atos, Axtria, Cognizant, HCL, TCS, Wipro, and WNS further consolidated their market presence with double-digit revenue growth
- Accenture, Covance, ICON plc, Iqvia, Parexel, PPD, PRA Health Sciences, Syneos Health, and ZS accounted for more than 60% of all the clients in the LS operations – services market
- Atos, Cognizant, HCL, Indegene, Tech Mahindra, and Wipro accounted for most of the new client logos added
- Sales and marketing, followed by clinical trials and pharmacovigilance, continues to be the largest and most competitive space

This study offers three distinct chapters providing a deep dive into key aspects of LS operations – services market; below are three charts to illustrate the depth of the report

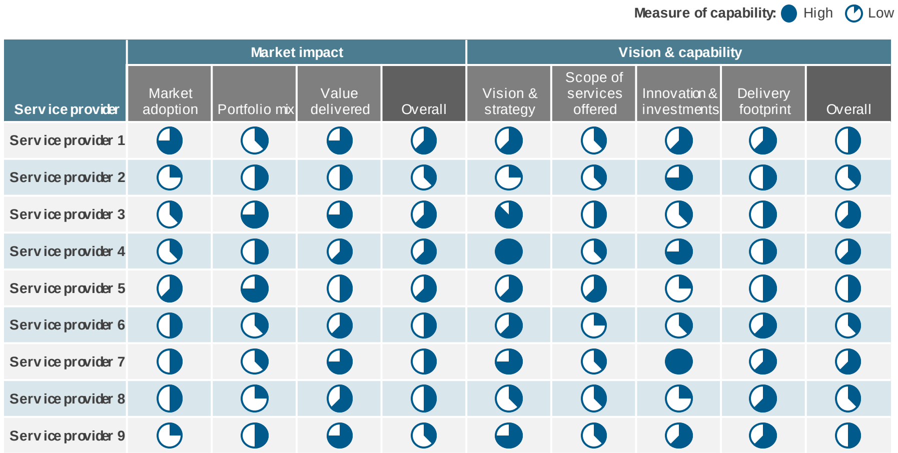
Assessment of LS Operations Service Providers 2020



Note: Assessment for **Ashfield**, **Covance**, **ICON plc**, **Iqvia**, **Lash Group**, **Medpace**, **Parexel**, **Pharmaceutical Product Development (PPD)**, **PRA Health Sciences**, **Syneos Health**, and **ZS** excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2019)

Capability assessment *Illustrative example*



Everest Group's remarks on service providers *Illustrative example*

Strengths

- Service provider 1's, has achieved substantial scale in terms of revenue, FTEs, and number of clients, largely driven by multi-year and multi-segment deals
- It has a strong service portfolio in the pharmacovigilance segment and offers cost-efficient automation-driven end-to-end pharmacovigilance services, including judgment-intensive case processing

Areas of improvement

- Heavy reliance on key contracts exposes it to revenue concentration risks. Going forward, it should focus on increasing wallet share from other customers to mitigate the risk
- Increasing penetration of its analytics capabilities in the sales and marketing segment can help the service provider enhance and increase the depth of its offerings in the segment

Research calendar – Healthcare and Life Sciences BPS

Published | Planned | Current release

Flagship HLS BPS reports	Release date
Healthcare Report Card 2018 – Outlook for 2019, and Enterprise Initiatives and Service Provider Performance in 2018	March 2019
Life Sciences Report Card 2018 – Outlook for 2019, and Enterprise Initiatives and Service Provider Performance in 2018	March 2019
Healthcare Payer BPO PEAK Matrix™ with Service Provider Landscape – 2019	April 2019
Healthcare Payer BPS Service Provider Compendium	June 2019
Revenue Cycle Management (RCM) Business Process Services PEAK Matrix™ Assessment 2019	June 2019
Revenue Cycle Management (RCM) Business Process Services (BPS) Service Provider Profile Compendium 2019	September 2019
Clinical and Care Management (CCM) BPS Services PEAK Matrix™ Assessment 2019	September 2019
Life Sciences Operations – Services PEAK Matrix™ Assessment 2020	**December 2019**
Clinical and Care Management (CCM) Service Provider Compendium	Q4 2019
Makings of a Successful Sourcing Relationship – Deal Trends in RCM	Q1 2020

Thematic HLS BPS reports	
Innovation in Pharmacovigilance (PV): How to Spend Smarter Not Higher?	June 2017
Rising Cost of Healthcare in the United States: Can Analytics Help?	August 2017
Pharma Sales & Marketing: Old Strategies Into New Methods | Focus on Transmutation Rather Than Transformation	June 2018
The Digitalization Rhapsody: Enabling Clean Claims Through Digital Means	March 2019
The Quintessential Case for the Amazonization of the Health Plan Enrollment Process	May 2019
The Revenue Cycle Management (RCM) BPS Market: Unstoppable Juggernaut or Overhyped Fad?	September 2019
RCM 2.0 – What's Next for the BPO Industry	Q1 2020

Note: For a list of all of our published HLS BPS reports, please refer to our website page

Additional Healthcare and Life Sciences BPS research references

The following documents are recommended for additional insights 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 Report Card – Outlook for 2019 and Enterprise Initiatives and Service Provider Performance in 2018** (EGR-2019-46-R-3152); 2019. In 2018, the Life Sciences (LS) industry continued to struggle with achieving growth and accelerating time-to-market amid the challenges of rising costs, pricing regulations, and policy changes. Digital transformation had been identified by many enterprises as a strategic imperative to combat these challenges. However, many of the life sciences firms that tried to implement digital strategies internally failed, and the industry as a whole still yearns for digital maturity. Enterprises are now looking for thought leaders and execution champions that can help them on their digitization journey. This report examines the global 2018 Life Sciences BPS and ITS service provider landscape and covers the outlook for 2019.

2. **Pharma Sales & Marketing: Old Strategies Into New Methods | Focus on Transmutation Rather Than Transformation** (EGR-2018-20-R-2680); 2018. Biopharma market is undergoing unprecedented changes, with a multitude of factors impacting how the business is done. Sales & marketing too has been impacted by these phenomena. Pharma consumers – patients, physicians, payers, and others – are changing, which in turn, is changing how pharma firms need to interact with them. We, at Everest Group, observed two key changes that the pharma firms should keep in mind while preparing any sales & marketing strategy. The first one is steady proliferation of digital in how consumers interact and the second is change in preference of consumers with respect to the traditional marketing approach employed by the pharma firms. In this research study, we throw light on some of the key themes in pharma sales & marketing and what the key considerations are that pharma firms should keep in mind while formulating any strategy.

3. **Life Sciences BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-12-R-2223); 2017. Globally, life sciences corporations are facing the 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. This report provides information on some of the leading service providers in the life sciences BPO market along with their areas of expertise.

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