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Life Sciences IT Services (ITS) State of the Market 2023

June 2023: Complimentary Abstract / Table of Contents

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Introduction

The pandemic accelerated the rapid adoption of IT services across the Life Sciences (LS) value chain to facilitate virtual ecosystems for business continuity. With increased adoption, enterprises are realizing further benefits such as patient-centricity, unifying data sources, and quick turnaround with real-time inputs. Therefore, there has been a conscious shift in enterprise mindset to focus on delivering products and services in a more customer-centric and agile manner. With digital transformation picking up for LS enterprises, there has been a surge in emerging technologies such as cloud migration, virtual engagement models for clinical trials and sales and marketing, AI/ML for drug discovery, digital twins for manufacturing, real-time IoT visibility for supply chain, and cybersecurity for connected medical devices. Provider rationalization and IT rationalization have also seen traction as LS enterprises focus on cost optimization and experience pricing pressures.

While the LS industry has generally been a laggard in terms of IT adoption, enterprises have initiated their digital transformation journeys by setting up a digital thread to enable and nurture emerging use cases. These enterprises are looking for thought leaders and innovation partners that can help them on their transformation journeys. Consequently, service providers are ramping up capabilities by building industry-specific tools and accelerators and engaging in LS-specific partnerships and co-innovation initiatives.

The report talks about:

- Key enterprise themes that dominated the LS market in 2022
- The current and projected market for LS IT services
- LS IT services deals up for renewal
- Market outlook for 2023 and beyond

Scope of this report

Geography
Global

Industry
LS (biopharmaceuticals, medical devices, and Contract Research Organizations or CROs)

Services
LS IT services

Overview and abbreviated summary of key messages

The report talks about an in-depth analysis of the key enterprise themes that dominated the LS market in 2022 along with market outlook for 2023 and beyond. The report also examines the current and projected market for LS IT services.

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

Trends in the LS IT services space

- DCT adoption is seeing an uptick as a greater number of trials have some component of decentralization; eCOA/ePRO and eConsent have been widely used in recent times
- Increased focus on HPC to accelerate drug discovery
- Smart manufacturing is growing in adoption of emerging solutions as big pharma companies have already set up a digital thread using mature solutions
- LS enterprises are focusing on CXP as they look at customer experience as a competitive edge

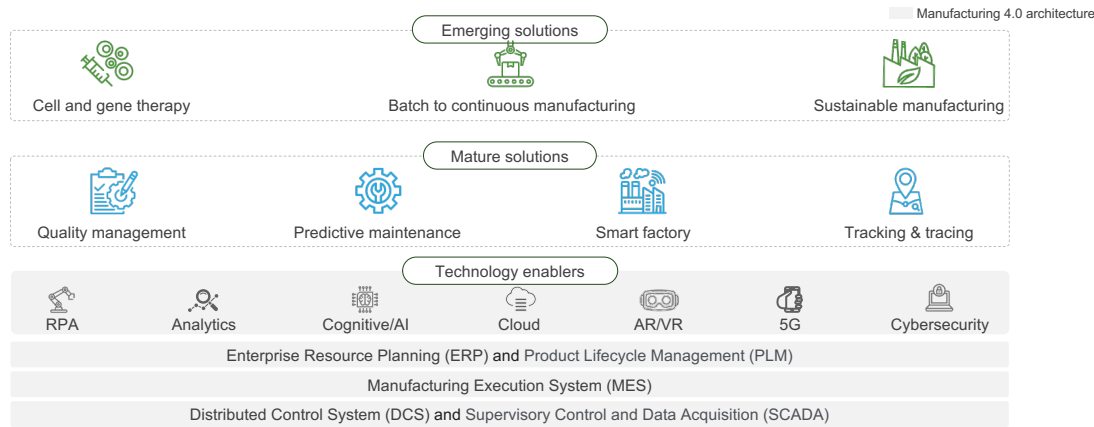**Life Sciences IT services market overview**

- The IT services demand indicators depict a healthy outlook for 2023
- Focus on experience and operational efficiency is driving the IT services demand in LS
- While manufacturing and commercial operations have traditionally remained the higher spenders, R&D functions are the highest growing when it comes to IT services
- Although North America accounts for a major share, emerging markets are experiencing high growth as enterprises engage in transformation initiatives to ensure business continuity and operational resilience

Deals up for renewal

- Cloud modernization and optimization holds the majority share of active contracts in the LS digital space, followed by emerging technology
- Enterprises moving from incident detection and reporting to prevention and cyber event mitigation while focusing on digital transformation for better market preparedness and greater operational efficiency

This study offers five distinct chapters providing a deep dive into key aspects of the Life Sciences IT services market; below are four charts to illustrate the depth of the report

Adoption trends for emerging solutions within Smart Manufacturing in LS

Manufacturing 4.0 architecture

Emerging solutions
- Cell and gene therapy
- Batch to continuous manufacturing
- Sustainable manufacturing

Mature solutions
- Quality management
- Predictive maintenance
- Smart factory
- Tracking & tracing

Technology enablers
- RPA
- Analytics
- Cognitive/AI
- Cloud
- AR/VR
- 5G
- Cybersecurity

Enterprise Resource Planning (ERP) and Product Lifecycle Management (PLM)

Manufacturing Execution System (MES)

Distributed Control System (DCS) and Supervisory Control and Data Acquisition (SCADA)

Drivers for adoption of supply chain visibility solutions

Pandemic induced drivers | Traditional Drivers

Supply demand fluctuation
Consumer demand for new and existing drugs and traditional and innovative treatments continued to expedite rapidly, but enterprises struggled to revamp operations due to the global lockdown

API reshoring
Pandemic-led lockdown halted the export of APIs, leading LS enterprises to rely on collaboration with CMOs and M&A to meet the pent-up demand of drugs and medical devices
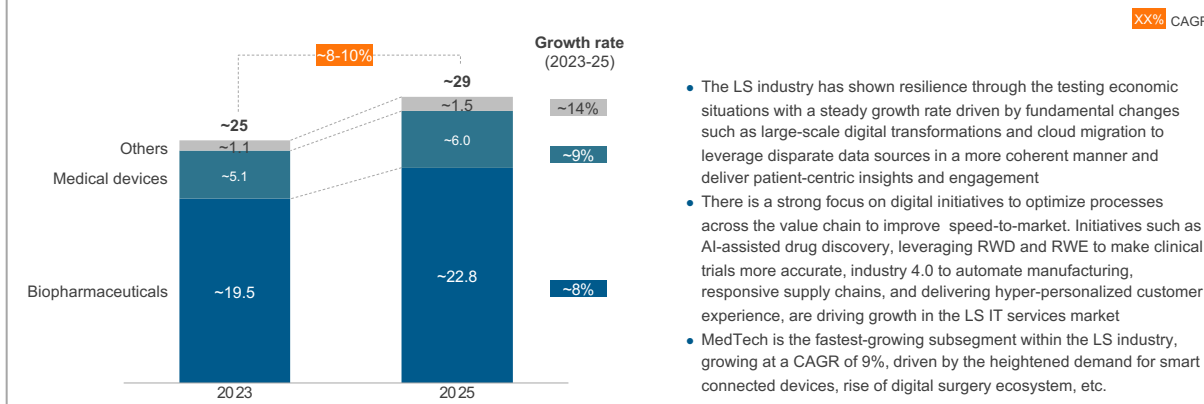
Regulatory oversight
Industry-wide regulations implemented to strengthen the safety and effectiveness of medical devices/drugs commercialized across the globe

Counterfeiting and products diversion
Increased number of counterfeit products in the market despite securing the product with protection technologies such as overt, covert, and e-labeling

Product recall
Exponential increment in the number of product recalls due to manufacturing defects, lack of sterility, poor packaging, etc.

Global LS IT outsourced services market by subsegment

XX% CAGR

~8-10%

Growth rate (2023-25)

	2023	2025	Growth rate
Total	~25	~29	
Others	~1.1	~1.5	~14%
Medical devices	~5.1	~6.0	~9%
Biopharmaceuticals	~19.5	~22.8	~8%

- The LS industry has shown resilience through the testing economic situations with a steady growth rate driven by fundamental changes such as large-scale digital transformations and cloud migration to leverage disparate data sources in a more coherent manner and deliver patient-centric insights and engagement
- There is a strong focus on digital initiatives to optimize processes across the value chain to improve speed-to-market. Initiatives such as AI-assisted drug discovery, leveraging RWD and RWE to make clinical trials more accurate, industry 4.0 to automate manufacturing, responsive supply chains, and delivering hyper-personalized customer experience, are driving growth in the LS IT services market
- MedTech is the fastest-growing subsegment within the LS industry, growing at a CAGR of 9%, driven by the heightened demand for smart connected devices, rise of digital surgery ecosystem, etc.

Drivers and inhibitors for the LS IT services industry

Drivers
- Cloud adoption
- Verticalization
- Uptick in platform players

Inhibitors
- Cybersecurity
- Pricing pressure
- Regulatory changes

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Research calendar
Life Sciences Information Technology

Reports title	Release date
Decentralized Clinical Trial Platforms PEAK Matrix® Assessment 2023	November 2022
Life Sciences Digital Services – Provider Compendium 2023	November 2022
Remote Patient Monitoring (RPM) in Decentralized Clinical Trials (DCT)	November 2022
Life Sciences Customer Experience Platforms (CXP) PEAK Matrix® Assessment 2023	November 2022
Decentralized Clinical Trial Platforms Provider Compendium 2023	December 2022
Life Sciences Decentralized Clinical Trial Platforms State of the Market 2023	March 2023
Life Sciences Customer Experience Platforms (CXP) – Provider Compendium 2023	March 2023
Life Sciences Decentralized Clinical Trial Products State of the Market 2023	March 2023
Artificial Intelligence (AI) in the Pharmaceutical Industry	May 2023
Life Sciences IT Services (ITS) State of the Market 2023	**June 2023**
Increasing Site Preparedness for Implementing Decentralized Clinical Trials	Q2 2023
Assessing Enterprise Readiness to Conduct Decentralized Clinical Trials	Q3 2023
Preparing the Landscape for the Next-gen Decentralized Clinical Trials (DCT)	Q4 2023

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