



# Exploring Sourcing Considerations for Life Sciences Services from the Buyers' Perspective

May 2024: Complimentary Abstract / Table of Contents

Market Report  
Life Sciences Business Process, Life Sciences Information Technology



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# Background of the research

Life sciences enterprises are increasingly recognizing the strategic importance of selecting the most suitable service providers to enhance their competitive edge in a rapidly evolving market. The drive for differentiation is pushing these enterprises to seek partnerships that not only promise but also deliver tangible benefits. These benefits encompass a broad spectrum, from achieving better Return on Investment (RoI) and demonstrating resilience in challenging times to offering robust capabilities and contributing to a distinct market positioning. As enterprises become more discerning in their partnerships, they are looking for providers who not only have a deep commitment to their success, evidenced by a skin-in-the-game approach, but also possess the credentials and capabilities to back their promises. This report aims to shed light on the sourcing landscape in the life sciences industry.

By exploring the evolving priorities of life sciences enterprises, it provides valuable insights for service providers striving to align their offerings with the needs and expectations of buyers in this space, thereby facilitating a mutually beneficial partnership that stands the test of market dynamics and regulatory pressures.

In this report, we analyze the insights from buyers of life sciences services across various dimensions. We focus on:

- Provider selection criteria for enterprises
- Investment priorities for life sciences enterprises
- Key drivers behind outsourcing and major challenges faced
- Satisfaction level of life sciences enterprises with providers across various dimensions

## Scope of this report

**Geography:** Global

**Industry:** Life sciences

**Services:** Life sciences business process and information technology services

# Overview and abbreviated summary of key messages

This report examines 150+ unique interviews of key stakeholders from 80+ life sciences enterprises nominated as reference clients by 50+ life sciences service providers globally. The report also examines some of the key investment themes and challenges faced by these enterprises in their sourcing journey. It also highlights the most important criteria for them when selecting an outsourcing partner. Further, it provides an in-depth evaluation of the feedback across different satisfaction dimensions, based on various parameters such as domain expertise, cost containment, and strategic partnership.

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

**Provider selection criteria by buyer size and type**

- Pharma buyers prioritize domain expertise while MedTech buyers prefer strategic partners
- Cost optimization is at the forefront for large buyers whereas small and medium buyers prioritize domain expertise

**Key drivers for outsourcing**

- Access to specialized skills and expertise
- Focus on core competencies and strategic oversight
- Cost savings and operational efficiency
- Flexibility and scalability in resource management

**Overall buyer satisfaction level dropped from 8.7 in 2022 to 8.3 in 2023**

- Large buyers were slightly ahead in terms of satisfaction levels with respect to small and medium buyers
- MedTech buyers are more satisfied with their service providers as compared to pharma buyers

# This study offers a deep dive into the sourcing considerations of life sciences enterprises and their satisfaction levels with service providers; the snapshots below represent the research's depth

## Key drivers for outsourcing

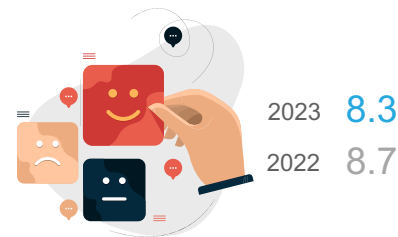
 <p><b>Access to specialized skills and expertise</b> Outsourcing provides access to specialized skills and expertise that is not available in-house. Service providers bring industry-specific knowledge, technological advances, and a skilled workforce to meet the complex demands of tasks such as pharmacovigilance, call center services, and regulatory compliance.</p>	 <p><b>Focus on core competencies and strategic oversight</b> Enterprises prefer to concentrate on core competencies and allocate internal resources to high-risk matters and business growth. They need a strategic partner that can drive innovation and help them stay at par with peers by constantly evolving their offerings as per market demand.</p>	 <p><b>Cost savings and operational efficiency</b> Enterprises leverage the cost advantages offered by specialized service providers via the offshore resources they provide. It also helps them in streamlining their processes, improving financial performance and enhancing overall efficiency.</p>	 <p><b>Flexibility and scalability in resource management</b> The need for flexible staffing and workload management prompts life sciences enterprises to outsource. This ensures that teams can be scaled up or down based on fluctuating demands, providing adaptability to evolving business needs and avoiding the challenges of fixed internal staffing.</p>
<p><b>Buyer excerpts</b></p> <p>"Main reason for going ahead with a firm is because of the knowledge and experience which they have about this industry." — US\$50 billion Europe-based Pharma</p>	<p>"Our goal is to partner with someone who can handle operational tasks seamlessly and engage in impactful co-creation as per the end goal of the customer." — US\$5 billion Germany-based Pharma</p>	<p>"Pricing was transparent and reasonable, and the level of support provided was exceptional as per our previous experience." — US\$30 billion US-based MedTech</p>	<p>"We look to engage with someone having global presence as they can help when staffing and workload demand increases/decreases." — US\$25 billion US-based MedTech</p>

## Provider selection criteria by buyer type and size

Pharmaceutical	Rank	MedTech	Large	Rank	Small and medium
Domain expertise	1	Strategic partnership	Cost optimization	1	Domain expertise
Skilled talent pool	2	Domain expertise	Technological capabilities	2	Skilled talent pool
Technological capabilities	3	Cost optimization	Domain expertise	3	Strategic partnership
Cost optimization	4	Skilled talent pool	Skilled talent pool	4	Technological capabilities
Strategic partnership	5	Technological capabilities	Strategic partnership	5	Cost optimization



## Overall buyer satisfaction level

Average rating on a scale of 1 to 10; 10 being the highest



Average satisfaction score has **decreased in 2023 compared to 2022**, showcasing that providers are unable to meet the growing expectations of buyers in some of the key areas such as proactiveness of coming up with new ideas, generating better insights from data, and developing solutions for the future.

## Key strengths and areas of improvements of service providers cited by buyers

Strengths					
 <p><b>Strategic partnership</b> Willingness to go above and beyond the workstreams and openness to pivot when changing directions.</p>	 <p><b>Domain Expertise</b> In-depth R&amp;D knowledge of drugs and comprehensive understanding of buyer ecosystem and functional areas.</p>	 <p><b>Client management</b> Willing to talk and discuss about things and accessibility of providers as they are reachable even beyond work hours.</p>	 <p><b>Implementation management</b> Ability to come up with ideas that can be implemented across their workflows and capability to navigate complex business problems.</p>	 <p><b>Cost optimization</b> Fair and reasonable quotations and getting true value for the investments being made.</p>	 <p><b>Strategic partnership</b> Capacity to deliver beyond the contract terms and the ability to maintain a positive working relationship.</p>
Areas of improvement					
 <p><b>Skilled talent pool</b> Inability to retain skilled individuals and lack of improvement based on the feedback provided.</p>	 <p><b>Technology capabilities</b> Low understanding of predictive analytics and lack of technical expertise and IT project management.</p>	 <p><b>Innovation</b> Inability to move with the pace of industry in terms of developing new-age solutions and deliver recommendations and future roadmap.</p>	 <p><b>Domain expertise</b> Lack of expertise in areas of therapy and low in-depth knowledge in terms of digital marketing.</p>	 <p><b>Technology capabilities</b> Lack of in-depth analysis of data and inability to generate insights.</p>	 <p><b>Skilled talent pool</b> High attrition rate and fluctuation in staffing along with lack of experienced folks.</p>

# Research calendar

## Life Sciences Business Process

	Published	Current release	Planned
Reports title	Release date		
Life Sciences Operations PEAK Matrix® Assessment 2023			September 2023
Adapting Commercial Models for Success in the Life Sciences Industry			October 2023
MedTech Operations PEAK Matrix® Assessment 2023			November 2023
Life Sciences Operations – Provider Compendium 2024			February 2024
MedTech Operations – Provider Compendium 2024			March 2024
<a href="#">Exploring Sourcing Considerations for Life Sciences Services from the Buyers' Perspective</a>			May 2024
Regulatory and Medical Affairs Operations PEAK Matrix® Assessment 2024			Q2 2024
Evolution of Clinical Trial Operations			Q3 2024
Generative AI in Life Sciences: Moving from Ideas to Operationalization			Q3 2024
Data and Analytics in Life Sciences Commercial PEAK Matrix® Assessment 2024			Q3 2024
Pharmacovigilance Operations PEAK Matrix® Assessment 2024			Q4 2024

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# Research calendar

## Life Sciences Information Technology

	Published	Current release	Planned
Reports title	Release date		
Life Sciences Next-generation Customer Engagement Platforms (CEP) – Provider Compendium 2023			December 2023
Life Sciences Digital Services Specialists PEAK Matrix® Assessment 2024			January 2024
Demystifying High-performance Computing (HPS): a Guidebook for Life Sciences			February 2024
Life Sciences Digital Services Specialists Provider Compendium 2024			March 2024
Revolutionizing Life Sciences Customer Engagement: Embracing Hybrid Commercial Models (HCMs)			April 2024
<a href="#">Exploring Sourcing Considerations for Life Sciences Services from the Buyers' Perspective</a>			May 2024
The Promise of Generative AI in Clinical Development			Q2 2024
Life Sciences Customer Experience Platform (CXP) Adoption Playbook			Q2 2024
Generative AI in Life Sciences			Q3 2024
Life Sciences Supply Chain Visibility Trailblazers			Q3 2024
Life Sciences Next-generation Customer Engagement Platforms (CEP) PEAK Matrix® Assessment 2024			Q3 2024

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