



IDC MarketScape

IDC MarketScape Excerpt: Worldwide Life Science R&D BPO 2013 Vendor Assessment

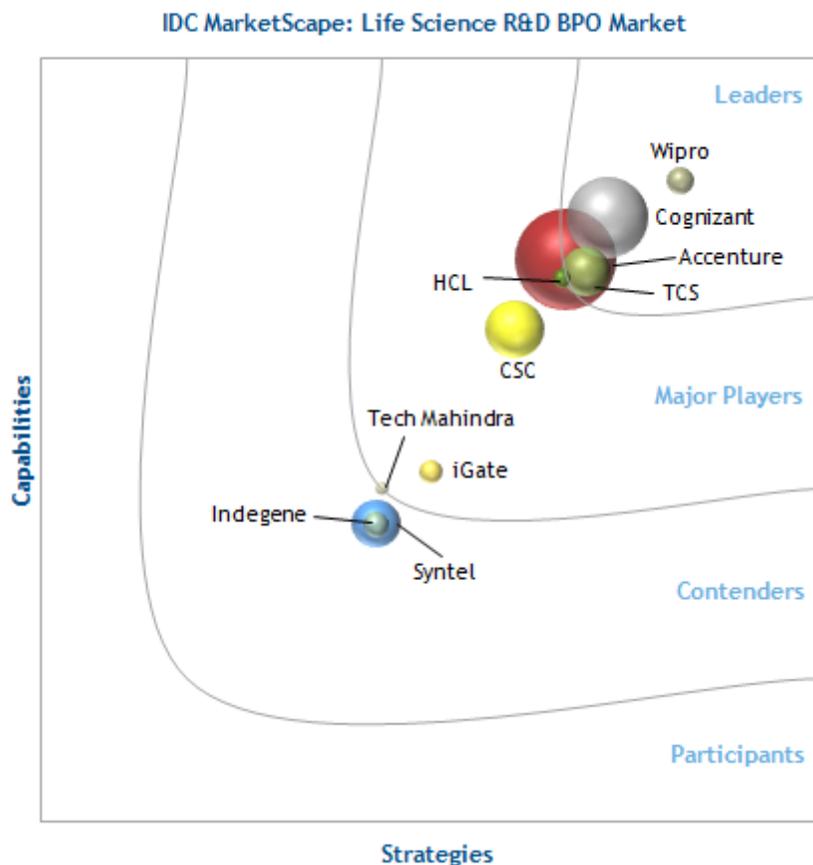
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THIS IDC MARKETSCAPE EXCERPT FEATURES: COGNIZANT

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Life Science R&D BPO Vendor Assessment



Source: IDC, 2013

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Life Science R&D BPO 2013 Vendor Assessment (Doc # 244934). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The life science R&D IT outsourcing market has grown rapidly as companies have sought to improve operational efficiencies and continue to more tightly define those activities that are considered core to the organization. As a result, leading IT service providers in this space have experienced double-digit annual growth over the past five years, with significant new opportunities arising as leading service providers have built industry-specific expertise and successfully delivered IT services to their growing list of clients. Successful vendors are growing in a variety of ways, including both expanding existing client relationships and winning new clients. While the industry has made significant efforts to consolidate its vendor pool to a limited number of preferred service providers, it is still common for multiple service providers to be present within life science companies.

Because of the complexity of life science R&D, it is clear that IT services providers can vary in the relative strengths of their offerings. While there are routinely multiple vendors with sufficient experience to effectively compete for RFIs, RFPs, and other service requests, it is important for companies to shrink the broad list of prospective vendors to a short list of three to five finalists based on a balanced scorecard that accurately captures specific company requirements and needs. Successful selection of a single (or limited number of preferred) service provider(s) depends on careful consideration of key criteria. Building on contributions from 10 major life science R&D business process outsourcing (BPO) service providers (including the top 5 vendors), this study examines the life science R&D IT BPO vendor landscape today with a view toward expected growth over the next three to five years.

When evaluating vendors, the key criteria IDC believes that life science companies should consider include:

- Breadth of life science R&D business process services offered, depth of related project experience, and number of customers the vendor has served
- Geographical footprint and global delivery capabilities, level of priority and focus by the vendor on the life science R&D sector, and the vendor's pace of investment in related life science capabilities
- Life sciences' industry-specific expertise, corporate financial stability, and ability to accommodate different types and sizes of life science clients
- Diligent vetting of customer references to examine vendor capabilities surrounding project management, IT technical skills, account management, and overall value delivery to clients

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

IDC frequently has unique visibility into vendor selection processes within life science companies through clients and contacts in the industry. For a vendor to be considered for inclusion in this study, the vendor's services must have been significantly evaluated for purchase within a recent deal with which IDC is familiar. Further research and due diligence were then conducted to narrow the list of vendors to only those that had won deals and that IDC viewed as legitimate contenders for future deals within the pharmaceutical R&D space. The 10 life science R&D IT BPO vendors selected to participate in this study were:

- Accenture
- Cognizant Technology Solutions
- CSC
- HCL Technologies
- Indegene
- iGate
- Syntel
- Tata Consultancy Services (TCS)
- Tech Mahindra
- Wipro

ESSENTIAL BUYER GUIDANCE

Outsourcing in the life science industry is expanding as the life science company-specific definition of core competency continues to contract. Externalization is increasingly the norm, based on a transformational and foundational new organizational mantra focused on both cost optimization and organizational agility. This rapidly maturing change coincides with life science company efforts to consolidate their vendor ecosystem into a limited number of preferred providers. In responding to this growing opportunity, leading service providers are actively and aggressively working to rapidly expand their offerings through either organic growth or acquisition of new service capabilities in anticipation of more work.

In IDC's view of the BPO ecosystem, key attributes that life science companies are looking for in their service providers include:

- Deep, proven life science-specific BPO capabilities
- Understanding of the life science business at both company and tactical levels
- Flexibility in resourcing on a global basis, including availability of onshore/onsite for some needs

- The ability to effectively scale up engagements in a timely fashion and minimize the ongoing impact of attrition on project efforts
- Practical understanding of when industry-agnostic knowledge is appropriate to life science BPO engagements
- Strong referenceable clients

At the next level, additional factors that life science companies may consider during their vendor selection include:

- The ability to regionally source external outsourcing resources in emerging regions as life science companies expand globally
- Emphasis on quality over cost at a foundational level
- The ability to deliver a unified service capability over multiple service or geographical areas
- Commitment to growing partner relationships with companies through investment and flexibility as processes change and evolve
- The potential to seamlessly move beyond transactional activities into more strategic efforts
- Compatible corporate cultures

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of one vendor's strengths and opportunities.

Cognizant

Established in 1994, Cognizant has been serving the life science industry for almost 20 years. The company, headquartered out of Teaneck, New Jersey, has over 50 delivery and operations centers globally and most recently announced expected annual revenue to exceed \$8.7 billion in 2013. IDC estimates that Cognizant derives roughly 26% of its revenue from combined healthcare and life sciences efforts, and we estimate that 35% of life science efforts focus on R&D-related engagements. Cognizant employs more than 166,400 people worldwide, including more than 13,000 dedicated to its life science practice.

After a close evaluation of Cognizant's offerings and capabilities, IDC has positioned the company in the Leaders category within this IDC MarketScape. Within the life science R&D BPO space, Cognizant is particularly strong in delivering clinical data management and drug safety BPO services. The company's broad portfolio of life science-specific IT services makes Cognizant a strong competitor in providing a broad spectrum of IT capabilities to top and midtier life science companies seeking to engage a few key preferred IT vendors.

Strengths

Cognizant has extensive experience working with life science companies across all three sections of the industry: pharmaceutical, biotech, and medical devices. Roughly 90% of Cognizant's life science customers are large corporations with revenue over \$1 billion, with the remaining 10% being primarily midsize companies. The majority of Cognizant's customer base is spread across North America and Europe, and it has a considerable number of delivery and operations centers located across both of these regions as well as in Asia and Latin America. Relative to other vendors discussed in this report and based on feedback from multiple customer references, Cognizant received high marks for its understanding of its client's business needs, ability to rapidly staff projects to minimize business disruption, and ability to deliver high-quality services to its clients.

Opportunities

While Cognizant has already begun to expand its offerings beyond big pharma, there is a continued opportunity for the company to grow its client base in the emerging and midtier space. In addition, with rapid industry growth in Asia/Pacific, Cognizant should be able to leverage its strong R&D services portfolio to grow its presence in this market. From a service offering perspective, BPO services positioned for further development by Cognizant should include expansion of its drug safety aggregate reporting capabilities and regulatory support services.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed

surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

For the purposes of this report, BPO includes outsourcing of all services, including call centers, customer support, and any other ongoing, well-characterized repetitive processes that occur within the R&D ecosystem. The scope of this report examines broad BPO within the life science R&D segment and includes both industry-agnostic and industry-specific BPO. However, the most commonly cited areas within this segment specifically include enterprise content and document management, clinical data management, drug safety call centers, drug safety case processing, and drug safety aggregate reporting, medical writing, biostatistics and programming, clinical and regulatory document publishing, regulatory affairs dossier creation and management, and statistical/biostatistical modeling.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science Drug Safety Services 2013 Vendor Assessment* (IDC Health Insights #HI239221, February 2013)
- *IDC MarketScape: Worldwide Life Science R&D IT Outsourcing 2011 Vendor Assessment* (IDC Health Insights #HI230026, August 2011)

Synopsis

This IDC study is the first of a three-part life science R&D IDC MarketScape series focused on IT outsourcing. With a specific focus on life science R&D IT BPO, this report seeks to determine how the major IT vendors compare with each other, building on criteria that should be important to life science companies when considering the selection of an external service provider to take over noncore business processes.

Alan Louie, research director of IDC Health Insights' clinical development, technology, and strategy research, noted, "While still relatively small compared with traditional IT outsourcing, BPO in the life sciences is growing rapidly as companies have determined that tasks like clinical data management and drug safety call centers are truly commoditized activities that can be competently outsourced to external service providers, yielding both operational agility (primary) and direct cost savings (secondary). As operational R&D tasks become increasingly well characterized, they become candidates for BPO. While patient-centric tasks are increasingly outsourced to external CRO partners, data- and information-centric activities will likely remain under the domain of IT service providers, based on their superior pricing capabilities and the ability to leverage their cross-industry IT expertise with industry-specific knowledge. This bodes well for the life science R&D BPO IT vendor ecosystem, which should continue to grow over the foreseeable future."

About IDC

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