



IDC MARKETSCAPE

IDC MarketScape Excerpt: Worldwide Life Science Sales and Marketing BPO 2013 Vendor Assessment

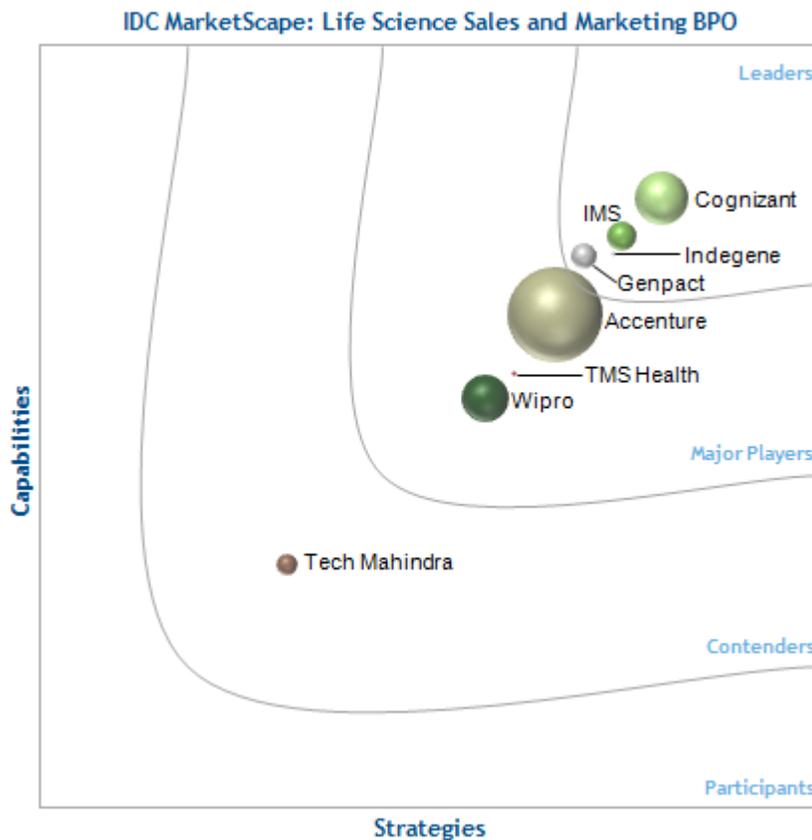
Eric Newmark

THIS IDC MARKETSCAPE EXCERPT FEATURES: COGNIZANT

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science Sales and Marketing BPO Vendor Assessment



Source: IDC Health Insights, 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 Sales and Marketing BPO 2013 Vendor Assessment by Eric Newmark (Doc # HI243884). 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

Sixty-eight percent of life science companies are expected to increase overall sales and marketing IT spending this year, with just 10% expected to experience a decrease. IT services in particular are expected to account for the largest portion of spending (45%) relative to software (21%) and hardware (34%). As such, there is strong demand for skilled IT outsourcing partners that can reduce costs, improve process efficiency, and provide strong life science-specific industry expertise.

With total IT spend in the sales and marketing space now exceeding \$3 billion, companies are being driven toward sales and marketing IT outsourcing by several business needs, including the need to automate and optimize reoccurring sales activities, consolidate disparate information sources, and optimize multichannel sales and marketing operations. Companies are also striving to improve sales force effectiveness and efficiency and broaden their adoption and utilization of mobile platforms. Regulation compliance pressure, and its associated costs, also continues to impact organizations. Aggregate spend compliance, for example, remains one of the most significant drivers of sales and marketing IT services spend and is expected to stimulate further spending on data integration services, business intelligence (BI), business process management (BPM), master data management (MDM), and analytics applications. In addition, gift ban laws, increased public transparency to sales and marketing operations, and diminishing physician availability are driving investments in sales force automation (SFA), customer relationship management (CRM), and CLM as companies strategize and invest to best position themselves for the next phase of pharma-to-physician relationships, which are likely to increasingly shift toward electronic mediums over the coming years.

While all three faces of IT-related outsourcing – IT outsourcing (ITO), business process outsourcing (BPO), and strategic consulting services – continue to grow, which vendors are best suited to deliver these services to life science companies can vary greatly, depending on a company's situation-specific needs and each vendor's respective strengths and weaknesses. To help life science companies better evaluate the vendors servicing this space, this report evaluates eight of the leading large BPO vendors that serve the life science sales and marketing space. For the purposes of this report, BPO includes outsourcing of all services like call center, customer support, and any other ongoing repetitive processes, such as report generation or ongoing monthly/weekly/quarterly data analysis.

When evaluating vendors, the key criteria companies should consider (all of which are discussed in this report) include:

- Breadth of life science sales and marketing 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 sales and marketing sector, and the vendor's pace of investment in related life science capabilities
- Life sciences' industry expertise, corporate financial stability, and willingness to contract with clients under a risk/profit-sharing contract model
- 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 sales and marketing space. While many smaller firms and niche BPO vendors serve the life sciences, this study focuses on the largest firms offering the broadest array of services. Ultimately, eight vendors were invited to participate in this study:

- Accenture
- Cognizant
- Genpact
- IMS Health
- Indegene
- Tech Mahindra
- TMS Health
- Wipro

ESSENTIAL BUYER GUIDANCE

Outsourcing in the life sciences continues to expand as what is considered "core" to business slowly shrinks and more of everyday operations become fair game for externalization. Many companies are now expanding BPO beyond traditional barriers and expanding into knowledge-based areas that have traditionally been less outsourced. Knowledge process outsourcing (KPO) such as analytics, business intelligence, and predictive modeling are all examples of new areas of increasing interest for life science companies. Likewise, several IT service firms have recently expanded their KPO offerings to better service these newer industry needs. Life science companies that have not explored these offerings should, at minimum, increase their familiarity. These services can help companies obtain increased insight in a quicker fashion from big data that has traditionally been underutilized.

However, conversely, while outsourcing continues to expand, the number of vendors that life science companies are contracting with is slowly decreasing. Companies are increasingly looking to consolidate vendors down from traditional levels of four or five firms to two or three vendors in a given area that have deeper industry expertise and greater potential for a closer-knit longer-term partnership status.

Life science companies are interested in vendors with several specific proven attributes, including:

- Deep, proven industry-specific expertise, with a strong book of references
- Willingness to provide dedicated resources on an ongoing basis across sequential projects to maintain acquired best practices
- Capability to provide onshore/onsite resources
- Proven understanding of industry regulations and compliance initiatives

Additionally, when engaging with an IT outsourcing partner, items life science companies should keep in mind include:

- Observe whether vendors are vertically organized internally. This helps ensure their leadership is more in tune with industry-specific needs and increases the likelihood that future development will be closer aligned with your needs.
- Consider each vendor's breadth of services offered (for future relationship expansion), depth of experience within the sales and marketing space in particular, pricing model flexibility (willingness to share risk), and whether the vendor's culture will be a good match for your company's societal order.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in one 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 13% of its revenue from the life sciences, and we estimate that 40-45% of this comes from the sales and marketing space. After a close evaluation of Cognizant's offerings and capabilities, IDC has positioned the company in the Leaders category within this IDC MarketScape.

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 the company has a considerable number of delivery and operations centers located across both of these regions as well 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 account management, technical skills, and overall value delivered to its clients.

Opportunities

With the life science industry becoming increasingly interested in risk-sharing and profit-sharing type contract models, further promoting its newer pricing model should serve as a nice opportunity for Cognizant to expand business both outside and within its existing customer base. At the functional category level, call center and campaign planning and execution both represent strong growth opportunities for further development by Cognizant.

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 like call center, customer support, and any other ongoing repetitive processes, such as report generation or ongoing monthly/weekly/quarterly data analysis. The scope of this report examines BPO within the life science sales and marketing sector and is not limited to a specific subset of tasks for business process outsourcing. However, the most commonly cited areas include call center, customer support, data analysis, report generation, marketing operations, sales operations, predictive modeling, training services, content creation, opportunity assessment, competitive intelligence, KOL services, knowledge management services, social media analytics as a service, research services, and forecasting as a service.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science CRM Software 2013 Vendor Assessment* (IDC Health Insights #HI242172, July 2013)

Synopsis

This IDC Health Insights report provides an assessment of where the life science sales and marketing business process outsourcing (BPO) market is going, how the major vendors compare with each other, and what criteria are most important for life science companies to consider when selecting a BPO provider.

With total IT spend in the sales and marketing space now exceeding \$3 billion, companies are being driven toward sales and marketing BPO from several angles, including the need to reduce costs, increase process automation, access resources with higher specialized skill sets, and improve process efficiency and standardization.

Eric Newmark, program director of IDC Health Insights' Commercial Life Science research, noted, "Many companies are now expanding BPO beyond traditional barriers and expanding into knowledge-based areas that have traditionally been less outsourced. Knowledge process outsourcing (KPO) such as analytics, business intelligence, and predictive modeling are all examples of new areas of increasing interest for life science companies. Likewise, several IT service firms have recently expanded their KPO offerings to better service these newer industry needs. Life science companies that have not explored these offerings should, at minimum, increase their familiarity. These services can help companies obtain increased insight in a quicker fashion from big data that has traditionally been underutilized. If you are looking for assistance in selecting a third-party service provider for sales and marketing BPO, the guidance provided in this IDC MarketScape is a great place to start."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1000 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For more than 48 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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