



IDC MarketScape

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

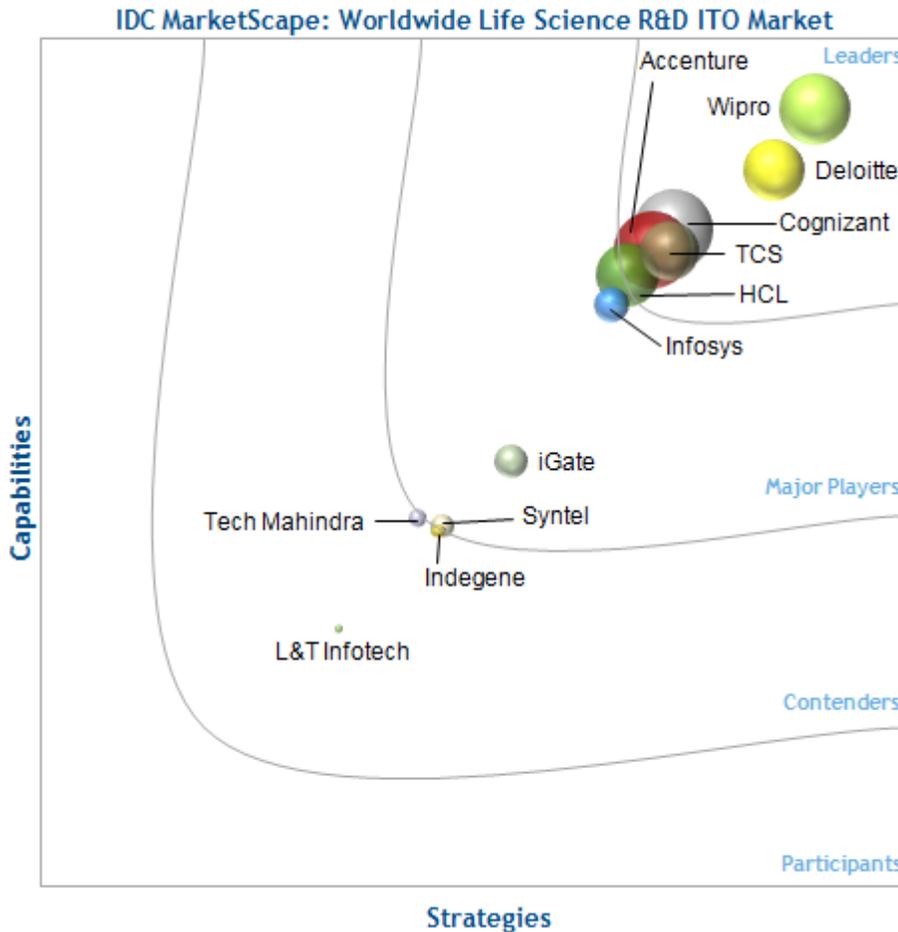
Alan S. Louie, Ph.D.

THIS IDC MARKETSCAPE EXCERPT FEATURES: COGNIZANT

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science R&D ITO 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 R&D ITO 2013 Vendor Assessment (Doc # HI245309). 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 (ITO) 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 12 major life science R&D IT outsourcing service providers (including the top 5 vendors), this study examines the life science R&D IT outsourcing vendor landscape today with a view toward expected growth over the next three to five years. This is the second of three documents (BPO, ITO, and strategic consulting) examining IT outsourcing in the life science R&D space. When evaluating vendors, the key criteria IDC believes that life science companies should consider include:

- Breadth of life science R&D ITO services offered; depth of related application, platform, and 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-specific capabilities
- Depth of business-related, industry-specific knowledge and the ability to apply this knowledge to improving client performance and success

- Foundational IT service capabilities, 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 12 life science R&D ITO vendors selected to participate in this study were:

- Accenture
- Cognizant Technology Solutions
- Deloitte
- HCL Technologies
- iGate
- Indegene
- Infosys
- L&T Infotech
- 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 organizational agility and cost optimization. This rapidly maturing change coincides with life science companies' efforts to consolidate their vendor ecosystem into a limited number of preferred providers. In responding to this growth 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 ITO ecosystem, key attributes that life science companies are looking for in their service providers include:

- Deep, proven, life science-specific ITO 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 and shadow resources to accommodate anticipated attrition
- The ability to effectively scale up engagements in a timely fashion (both onshore and offshore)
- Practical understanding of application, platform, and infrastructure best practices that can be quickly translated into engagements to efficiently and effectively develop, maintain, and advance both industry-agnostic and life science-specific data, application, and platform needs
- 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
- The ability to work effectively with multiple stakeholders (including competing service providers) to drive IT operational efficiency and effectiveness across organizational boundaries
- 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 expand services delivered across the broader business process, IT, and strategic consulting outsourcing landscape as part of preferred vendor relationships
- Compatible corporate cultures

VENDOR SUMMARY PROFILES

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 science 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 this space, Cognizant is also one of the top service providers based on ITO revenue and is particularly strong in delivering data and application development and management ITO services. The company's broad portfolio of life science-specific IT services and experience in delivering those services make Cognizant a strong competitor in providing a broad spectrum of IT capabilities to top- and midtier life science companies seeking to engage with 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 medium-sized 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, ITO services positioned for further development by Cognizant should include expansion of its predictive modeling, elearning, and social media-based ITO 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.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

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, ITO includes outsourcing of all IT and informatics-related services, including IT infrastructure support and management, data and data warehouse management, application development, maintenance and management, and other information management processes that occur within the R&D ecosystem. The scope of this report examines broad ITO within the life science R&D segment and includes both industry-agnostic and industry-specific ITO. The most commonly cited areas within this segment specifically include: clinical data standardization, integration and management, application development, maintenance and management (including legacy applications), analytics and other data mining development, predictive modeling, testing and validation services, laboratory systems integration, and knowledge management.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science R&D BPO Outsourcing 2013 Vendor Assessment* (IDC #244934, December 2013)
- *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 Health Insights report is the second of a three-part life science R&D MarketScape series focused on IT outsourcing. With a specific focus on life science R&D ITO, this report seeks to compare major IT service providers with each other, based on criteria that should be important to life science companies when considering the selection of an external service provider to take over noncore IT activities.

Alan Louie, research director of IDC Health Insights' Clinical Development, Technology, and Strategy research, noted, "As part of the ongoing shift of noncore IT activities to external partners, ITO in the life sciences is continuing to grow rapidly as companies seek organizational agility and cost optimization in the shadow of increasingly complex business strategies (especially M&A and collaborations outside of the traditional life science business). In combination with BPO and strategic consulting efforts, IT outsourcing is becoming a critical component of life science corporate strategies for success. The selection of optimal partners to execute these increasingly externalized business strategies will contribute significantly to a company's success in the future. Over the near term, IDC expects that IT outsourcing will continue to grow as significantly as operational excellence in this highly regulated industry, which is built on collaborative partnerships with vendors that understand their sponsor's business almost as well as their sponsors and have the capacity to deliver services that outshine their more than able peers."

About IDC

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Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.935.4445
Twitter: @IDC
idc-insights-community.com
www.idc.com

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