



IDC MarketScape

IDC MarketScape Excerpt: Worldwide Life Science R&D Strategic Consulting Services 2014 Vendor Assessment

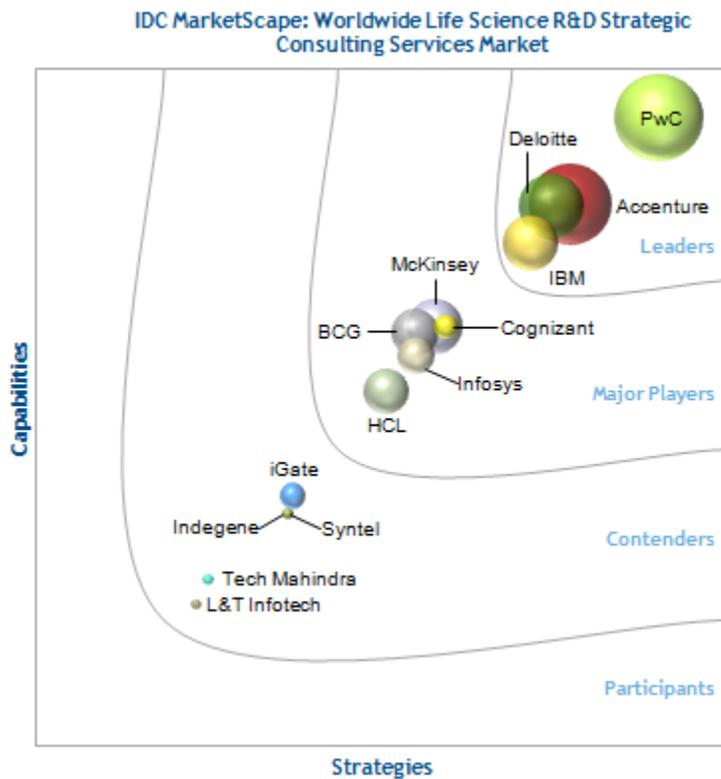
Alan S. Louie, Ph.D.

THIS IDC MARKETSCAPE EXCERPT FEATURES: COGNIZANT

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science R&D Strategic Consulting Services Vendor Assessment



Note: The data used to create this IDC MarketScape graph resulted in vendor markers of the same size and in the same position for Indegene and Syntel.

Source: IDC Health Insights, 2014

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 Strategic Consulting Services 2014 Vendor Assessment (Doc # HI246518). 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 demand for strategic consulting services in the life science industry continues to grow as companies continue to transform themselves in pursuit of long-term sustainability. From a strategic consulting perspective, transformation initiatives can take many forms, including:

- Organizational transformation (including significant externalization and collaboration initiatives)
- Application rationalization (both in consolidating legacy applications and in standardizing best practices across organizations) (including applications and platforms acquired through organizational M&A)
- Operational optimization (including facilities consolidation and resource redistribution)
- Infrastructure optimization (including BPO, IT outsourcing [ITO], and physical asset optimization)

Each of these efforts typically requires strategy development and implementation support from specialist service organizations with relevant experience. Selection of the right vendor can help organizations efficiently and effectively transform their organizations, while selection of the wrong vendor often results in wasted resources, lost time, and potential damage to future success. Like other service areas (i.e., BPO and ITO), strategic consulting services have experienced double-digit annual growth over the past five years, with significant expansion beyond traditional service providers as major IT service providers have built industry-specific expertise and begun to expand beyond their IT services strengths to begin to provide more comprehensive service offerings. Overall, successful strategic consulting service providers are growing in a variety of ways, including through expansion of existing client relationships, expanded offerings (especially through direct support of strategic guidance implementation), and winning new clients (especially in the expanding midtier market and with nontraditional entities [e.g., pre-competitive industry consortia]). As expected, leading life science companies routinely engage with a number of different strategic consulting service providers to most effectively address the diverse strategic consulting needs present within the organization.

Because of the complexity of the life science R&D market, it is clear that strategic consulting service providers vary widely in the relative strengths of their offerings. While there are routinely multiple vendors with sufficient experience to 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 3-5 finalists based on a balanced scorecard that accurately captures specific company requirements and needs. Successful selection of a single (or a limited number of preferred) service provider(s) depends on careful consideration of key criteria. Building on contributions from 14 major life science R&D strategic consulting service providers (including both leading vendors and the emerging new vendors in this space), this study examines the life science R&D strategic consulting vendor landscape today with a

view toward expected growth over the next 3-5 years. This is the third of three documents (BPO, ITO, and strategic consulting) examining services 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 strategic consulting services offered; the depth of related platform, project, and/or transformational initiative experience; and the number of prior-related engagements the vendor has successfully completed
- Geographical footprint and global delivery capabilities (typically associated with strategy implementation), 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 scientific and/or technology-specific areas
- Depth of business-related, industry-specific knowledge and the ability to apply this knowledge to improving specific client performance and success
- Foundational service capabilities (where applicable), corporate financial stability, and the ability to accommodate different types and sizes of life science clients
- Diligent vetting of customer references to examine vendor capabilities surrounding project management, technical skills, account management, and overall value delivery to clients

IDC MARKETSCAPE 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 the potential to engage clients within the target IDC MarketScape space. Further research and due diligence were then conducted to narrow the list of vendors to only those that that IDC views as legitimate contenders for future deals within the pharmaceutical R&D space. The 14 life science R&D strategic consulting vendors selected to participate in this study were:

- Accenture
- Boston Consulting Group (BCG)
- Cognizant Technology Solutions
- Deloitte
- HCL Technologies
- IBM
- iGate
- Indegene
- Infosys
- L&T Infotech
- McKinsey
- PricewaterhouseCoopers (PwC)
- Syntel
- Tech Mahindra

Note that BCG, IBM, and McKinsey declined to respond to the study RFI. As leading vendors in the space (by anticipated segment revenue), it was decided that the companies should still be included in this study. As a result, the assessments for these companies were based completely on IDC primary research data, public data available to IDC, and the best estimates of IDC analysts.

ESSENTIAL BUYER GUIDANCE

Strategic consulting services in the life science industry are increasing and expanding in importance as the life science companies transform themselves in pursuit of long-term sustainability. With BPO, IT outsourcing, and external partnerships and collaborations increasingly the norm, strategic consulting services are evolving to incorporate new business best practices and expanding organizational footprints while concurrently optimizing both cost and organizational agility. While some general pressures exist for life science companies to consolidate their vendor ecosystem into a limited number of preferred providers, the high-profile nature of strategic consulting has limited consolidation efforts in this area somewhat. Where appropriate, leading IT service providers are actively and aggressively working to expand their offerings to include strategic consulting capabilities, typically in areas adjacent to vendor service strengths.

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

- Deep life science industry and/or technology-specific knowledge (where appropriate) in the area of interest
- Practical understanding of application, platform, framework, and infrastructure best practices where needed
- Operational experience in the area of interest, as appropriate
- Understanding of the life science business at both company and tactical levels
- Access to industry-adjacent best practice knowledge, where appropriate
- The ability to deliver both strategic guidance and direct implementation support for the project of interest
- Strong referenceable clients

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

- The ability to work effectively with multiple stakeholders (including competing service providers) to drive transformation initiatives regardless of organizational boundaries
- Internal agreement on the relative importance of quality versus cost in the selection of the service provider
- The ability to deliver a unified service capability over multiple service or geographical areas
- The potential to seamlessly expand services delivered across BPO, ITO, and strategic consulting as part of preferred vendor relationships
- Compatible corporate cultures
- Historic corporate relationships that could impact vendor selection

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 section, 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 for 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 Major Players category within this IDC MarketScape. As a Leader in both the BPO and ITO services markets, Cognizant is actively seeking to grow its strategic consulting offerings and demonstrate to its preferred relationship clients that it is able to provide comprehensive services across the IT services spectrum.

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 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, the ability to rapidly staff projects to minimize business disruption, and the ability to deliver high-quality services to its clients.

Challenges

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 expanding services portfolio to grow its presence in this market. From a service offering perspective, strategic consulting services positioned for further development by Cognizant should include expansion of its predictive modeling and performance management capabilities.

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, strategic consulting is defined broadly and includes:

- High-level management consulting and advisory services (including portfolio and other R&D strategy development, new business model assessments and strategies, and globalization strategy development and implementation)
- Operation and process optimization development and implementation services (including IT framework development, outsourcing strategies, and organizational change management support)
- Technology adoption and implementation strategy development (including mobile, cloud, big data, and social communication strategy development)

Related Research

- *IDC MarketScape: Worldwide Life Science R&D ITO 2013 Vendor Assessment* (IDC Health Insights #HI245309, January 2014)
- *IDC MarketScape: Worldwide Life Science R&D BPO 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 third of a three-part life science R&D IDC MarketScape series focused on IT outsourcing. With a specific focus on strategic consulting in the life science R&D space, this report seeks to compare major service providers with each other, based on criteria that should be important to life science companies when considering the selection of a strategic consulting partner to help provide guidance for strategic, operational, and tactical transformation issues within the R&D space.

Alan Louie, research director of IDC Health Insights' Clinical Development, Strategy and Technology research, noted, "As part of the ongoing industry transformation, strategic consulting in the life sciences is continuing to grow rapidly as companies seek to smooth transitions and optimize operational and business performance with a hope of regaining long-term sustainability. In combination with BPO and ITO efforts, the effective use of external resources is becoming a critical component of life science corporate strategies for success. The selection of optimal partners to develop and help execute these increasingly externalized complex business strategies will contribute significantly to a company's success in the future. IDC expects that over the near term, the use of external services will continue to grow as organizations seek to navigate through increasingly complex global, regulatory, and operational ecosystems. Leading vendors, as preferred partners that understand their sponsor's business almost as well as their sponsors and have the capacity to deliver superior services, will be key to helping their clients succeed, both now and in the future."

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.

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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