IDC MarketScape

IDC MarketScape: Worldwide Life Science Drug Safety Services 2017 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES: ACCENTURE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science Drug Safety Services Vendor Assessment

Source: IDC, 2017

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

June 2017, IDC #US42595616
The life science drug safety (DS) services market is growing rapidly as companies increasingly rely on validated, industry-specific service providers to deliver capabilities considered noncore to the business. Further market growth is growing from emerging and midtier life science companies that are benefiting from the expanding availability of eClinical services and the ability to directly advance their efforts in the absence of large pharma partnerships. For some, strength in traditional industry business process outsourcing (BPO) has created a foundation for success in delivering DSS that includes call centers, adverse event case processing, medical writing, and drug safety reporting. For others, life science-specific IT application support is driving success in the DS services space as companies transition from legacy drug safety systems to industry leading platforms and further integrate drug safety platforms with their eClinical counterparts. Moreover, for a select few, deep drug safety process and market expertise is being leveraged to design, create, implement, and improve drug safety processes and workflows to address and respond to increasingly complex, company-specific, global regulatory compliance requirements and issues. With multiple paths to success, it is difficult to highlight clear winners and losers in this market and companies need to systematically compare specific vendor capabilities relative to their specific needs. Leadership in this study is based on the breadth of drug safety services, delivery, and experience targeted toward an increasingly global and diversified life sciences market with a view toward both today’s evolving needs and looking forward over the next three to five years. Traditional DS segment strength (e.g., the ability to deliver large volume case processing services to top pharmaceutical companies) is only one of many key contributors in this IDC MarketScape study and does not guarantee that a vendor will be positioned as a Leader. As one considers and evaluates the selection of potential life science DS service providers for specific organizational needs, some key criteria to consider include:

From a sponsor viewpoint:

- Specific DS service requirements and capabilities (e.g., large volume tactical execution, drug safety IT process management, or innovation capabilities and expertise)
- Determination as to the role of DS services as part of a broader overall corporate outsourcing strategy (e.g., preferred partnerships or the preference toward niche specialty vendors)
- Global experience based on the expectations of expanded markets
- Organizational tolerance for risk and willingness to consider novel approaches that could achieve significant near-term savings

From a vendor selection viewpoint:

- Breadth of life science DS services offered; the depth of related platform, project, application, and/or strategic initiative experience; and the number of prior-related engagements the vendor has successfully completed in the specific areas of interest
Geographical footprint and global delivery capabilities, level of priority and focus by the vendor on the life sciences sector, and the vendor's current and planned investment in DS capabilities and innovation (typically IP)

- 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 IDC views as legitimate contenders for future deals within the pharmaceutical R&D space. The eight life science DS services vendors selected to participate in this study were:

- Accenture
- Cognizant Technology Solutions
- Foresight Group International
- HighPoint Solutions
- Navitas Life Sciences
- PricewaterhouseCoopers (PwC)
- Tata Consultancy Services (TCS)
- Tech Mahindra

Note that the Foresight Group declined to respond to the study RFI. As an active vendor in the space with competitive pressures on many of the other service providers, it was decided that the company should still be included in this study. As a result, the assessment of Foresight was based completely on IDC primary research data, public data available to IDC, and the best estimates of IDC analysts.

**ADVICE FOR TECHNOLOGY BUYER**

The growth of BPO, ITO, and strategic consulting services in the life sciences industry exploded with the major losses in blockbuster drug patent protections from 2007 to 2012. The growth of DS services in the industry is no exception. The need to comply with increasingly complex, global drug safety-related regulatory requirements has driven further growth in DS services uptake by the industry and has enabled additional growth through the delivery of services to the broader life science industry ecosystem, namely emerging and midtier companies and CROs. As the industry continues to evolve beyond traditional blockbuster business models, companies have embraced an externalized services model focused on operational excellence on a global scale, deep industry knowledge (both technically and scientifically), and company-specific operational familiarity with people and processes. With this in
mind, leading DS service providers are continuing to invest in growing and expanding their capabilities and offerings while concurrently beginning to envision what's next.

While Leader status in this document may not align with the specific needs of a particular organization, we believe that a careful review of vendor strengths and challenges will be particularly insightful as an initial review of vendor consideration in current or future DS efforts and initiatives.

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

- Deep life science industry, company, DS application, technology, and process-specific knowledge
- Practical understanding of application, platform, framework, and infrastructure best practices
- Prior application and process experience in the area of interest
- 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
- Experience and knowledge from adjacent industries
- 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 DS (and likely more general clinical development) 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 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 each vendor's strengths and challenges.

Accenture

Established in 1989, Accenture has been serving the life science industry for the past 28 years and is headquartered out of Dublin, Ireland. Within the drug safety space, Accenture has been providing technology and consulting services for more than 25 years. The company has offices and operations in more than 200 cities in 55 countries around the world. Although Accenture does not report revenue by
industry, IDC estimates that Accenture derives roughly 5% of its revenue from the life science, and we further estimate that 30% of this revenue comes from R&D-focused engagements. Accenture employs approximately 384,000 people worldwide, including 15,000 and 1,000 people dedicated to its life science and drug safety practices, respectively, for the fiscal year ending August 31, 2016.

After a close evaluation of Accenture’s offerings and capabilities, IDC has positioned the company in the Leader category within this IDC MarketScape. The company has a historically strong presence in life science R&D, including a wide portfolio of BPO, ITO, and strategic consulting service offerings; an increasingly diverse customer base, and significant success in engaging life science companies. Specifically in the DS services space, the company has a broad portfolio of service offerings but is historically strongest in its BPO offerings, followed by its drug safety ITO offerings.

**Strengths**

Accenture has extensive experience working with life science companies across all three sections of the industry: pharmaceutical, biotech, and medical devices. Building on an aggressive growth and acquisition strategy, Accenture has diversified significantly beyond its traditional big pharma focus and has grown its presence among emerging and midtier life science companies in recent years. Accenture’s drug safety customer base is strongest in North America and Europe, with a growing presence in Asia/Pacific. Accenture has six delivery centers located across these three regions. Relative to other vendors discussed in this document and based on feedback from customer references, Accenture received high marks as an industry thought leader as well as a knowledgeable, unbiased, high-quality service provider and strategic partner, adjusting resources as needed, asking the right questions, and capably filling project knowledge gaps.

**Challenges**

Accenture has a strong history of delivering services to the life science industry. With deep relationships in place and growing capabilities, Accenture is well positioned to continue to expand its influence. With outsourced services increasingly available to life science companies of all sizes and types, Accenture should continue to expand and customize its offerings beyond its traditional market focus to make the company more attractive to companies of all sizes, which should allow the company to continue to grow its influence in the industry. From a service offering perspective, drug safety services positioned for further development by Accenture should include its analytics and signal detection offerings, predictive modeling, medical device drug safety offerings, and intelligent automation drug safety platform 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**

Drug safety services in the life sciences encompass a wide variety of activities ranging from traditional BPO to industry-specific informatics and analytics supporting clinical trials. From an organizational standpoint, services can be either tactical or strategic and selection of outsourcing vendors has historically been divided into categories based on this differentiation, although this is becoming less and less true as vendor capabilities mature. As a general definition, drug safety services activities focus specifically on general drug safety BPO, drug safety IT infrastructure and process support, and strategic projects intended to provide insights into emerging drug safety and supporting regulatory compliance requirements and issues. For the most part, key strategic drug safety processes and decision making remain almost exclusively in the hands of trial sponsors because of their continued importance to the organization.

In trying to capture and compare vendor offerings and capabilities across this diverse ecosystem, it becomes possible to assess companies through several lenses, with the resulting ratings changing, depending on the key attributes considered. For the purposes of this study, key criteria defining excellence focused on a number of factors, including:

- Service focus experience (i.e., BPO, IT services, or strategic consulting drug safety services)
- Breadth of drug safety service offerings
- Strength and diversity of resources and infrastructure supporting services delivery
- Project experience in the life science DSS outsourcing market
- Strength of project leaders and their teams
- Quality of work and customer satisfaction
- Current and planned DS investments
- Proportion of DS efforts where intellectual property is involved or generated

Where possible, specific strengths of individual drug safety services vendors were identified and highlighted within the Vendor Summary Profiles section of this document. It is clear that, if the IDC
MarketScape were to focus specifically on particular activities where individual companies demonstrated especially strong or weak capabilities, company positioning on the IDC MarketScape grid would shift significantly.

**Market Overview**

As life science companies continue to explore outsourcing as a way to reduce costs and improve operational efficiencies within and across their organizations, they are taking a close and detailed look at each and every individual process that could benefit from externalization. Direct cost savings, increased agility, and improved timelines and outcomes are among the near- and long-term benefits driving the shift. Several aspects of drug safety have become the focus of DSS outsourcing, following in the footsteps of traditional BPO, IT services, and strategic consulting exploited elsewhere in the company.

At the more commoditized end of the value chain, BPO of drug safety clinical trial data collection, case processing, medical writing, and both routine and ad hoc drug safety reporting are growing (albeit at different rates, depending on the varied risk tolerance of sponsor organizations). In following IT outsourcing trends in the industry overall, drug safety specific IT support is being routinely outsourced to vendors with significant platform experience, including efforts to migrate from legacy in-house DS platforms to leading commercial DS solutions (i.e., Argus or ArisG) and platform upgrades as companies seek to better leverage vendor capabilities to maintain and deliver results and compliance in an increasingly complex global life science ecosystem. The transient needs of strategic consulting, combined with the desire to achieve the most direct path to regulatory compliance outcomes, have led the industry to seek drug safety services vendors with deep industry drug safety expertise (often from either the industry or regulatory organizations) to deliver strategic solutions to their pressing drug safety problems and issues.

While there is the perception that the entire drug safety area is being outsourced to external service providers, it is clear from sponsor reference interviews that important tasks remain almost exclusively in the hands of internal drug safety staff. This view is under constant scrutiny and responsibility begins to shift as tasks, expectations, and outcomes become better defined and more predictable. At the present time, comfort levels vary from company to company with some companies outsourcing only transactional drug safety activities and others managing mostly direct oversight of outputs (e.g., required reports and adverse event triage) and other clearly high-level, strategic drug safety processes.

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Related Research

Synopsis

This IDC study provides an ongoing assessment of the growing trend supporting the outsourcing of life science drug safety services in the life sciences industry. This is the second IDC MarketScape on the topic, and it describes how the major vendors compare with each other and identifies the key factors that are helping both industry leaders and major market players to succeed and grow. While the relative rating of vendors will likely be highly dependent on specific company needs, the document provides insights on the kinds of criteria that should be important to life science companies when considering the selection of a DS services partner.

In creating an IDC MarketScape based on diversity of service offerings, global industry coverage, commitment to growth, and flexibility in deployment, several services companies have risen to the top. These leading companies are diverse and achieved excellence in different ways. Concurrently, the breadth of vendors achieving Leader status as measured using the IDC MarketScape tool demonstrates clearly that there are multiple ways to succeed. Overall, it is apparent that the drug safety services vendor landscape is diverse, and multiple vendors are finding success, even within the same life science companies.

Alan Louie, research director of IDC Health Insights' Life Science R&D Strategy and Technology research, noted, "The drug safety services space within the life sciences industry has matured and is increasingly a mainstream contributor to helping to advance the industry forward. Unsustainable growth in DS BPO and evolving DS regulatory compliance requirements are forcing leading service providers in the space to continue to innovate, and IDC expects that leading service providers in the space will be those vendors that continue to seek better and more efficient ways to deliver DS services looking forward."
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