



**Topic: IT Outsourcing (ITO) in the Life Sciences Industry
– Annual Report 2013: *IT is the Trump Card for Life
Sciences***

Healthcare Outsourcing
Annual Report – October 2013 – Preview Deck

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

The healthcare industry has witnessed a rapid increase in IT and business process outsourcing adoption in recent years. Regulatory reform, consumerization of healthcare, market consolidation, and emergence of new technologies has accelerated outsourcing in the healthcare market. A number and variety of service providers have developed capabilities to cater to this growing market.

With healthcare companies stepping up adoption of outsourced delivery, there is an uptick in demand for research and market intelligence on demand and supply trends in healthcare outsourcing across the three major market segments – payer, provider, and life sciences. The need is more pronounced for the vertical-specific IT Outsourcing (ITO) function, where business challenges are driving greater adoption. Everest Group's healthcare outsourcing research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to ITO in the healthcare vertical.

In this annual report, we analyze current trends and the future outlook for large, multi-year ITO relationships for the life sciences market. We focus on the following in life sciences ITO:

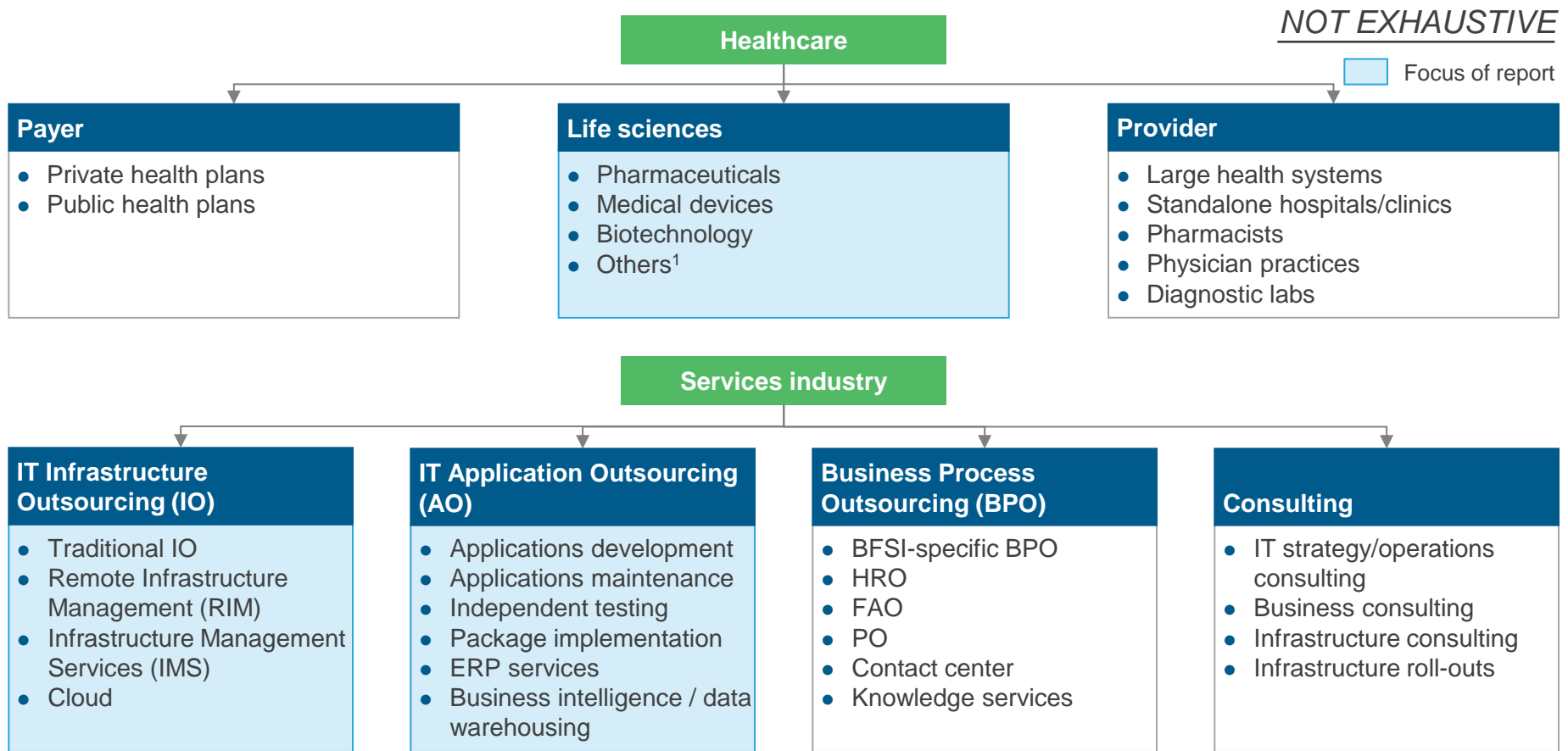
- Trends in the healthcare industry
- Market trends and activity for large relationships
- Service provider landscape
- Emerging themes driving
- Outlook for 2013-2014

Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences¹)
- **Services:** Large (TCV > US\$25 million), multi-year (>3 years), and annuity-based application outsourcing
- **Geography:** Global
- **Sourcing model:** Third-party ITO transactions; excludes shared services or Global In-house Centers (GICs)

¹ Includes healthcare data & information service, and medical products distribution

This report provides an insight into current trends and the future outlook for large, multi-year ITO relationships in the global life sciences sector

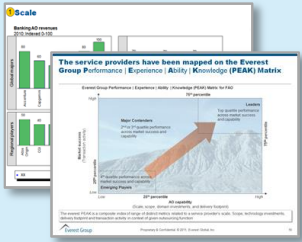


This report analyzes ITO in the life sciences vertical with a focus on large (TCV > US\$25 million), annuity-based, and multi-year (>3 years) relationships

¹ Includes healthcare data & information service, and medical products distribution

This report is a part of Everest Group's series of six reports focused on ITO in healthcare in 2012

Annual report



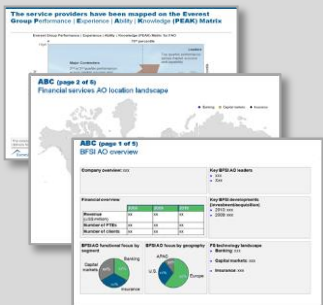
- Each report provides an overview of the ITO market for the specific healthcare subsegment
- Analysis includes the following:
 - Trends in ITO in the healthcare industry
 - Market trends and activity for large ITO relationships in the specific healthcare subsegment
 - Emerging themes driving ITO in the specific healthcare subsegment
 - Future outlook for ITO in the specific healthcare subsegment

Payer

Life sciences

Provider

Service provider landscape and capability profiles



Each report provides:

- Mapping of service providers on **Everest Group's PEAK Matrix** for the specific subsegment
- Capability profiles of service providers capturing their ITO services experience in specific subsegments. This includes:
 - Service provider overview: Details of ITO services capabilities, key investments, proprietary solutions, and technological expertise
 - Functional / Line of Business (LoB) focus
 - Transactions overview for ITO services
 - Delivery footprint

Payer

Life sciences

Provider

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Overview and abbreviated summary of key messages

The report provides an overview of the ITO market for the life sciences industry. Analysis includes key trends in market size & growth, demand drivers, adoption & scope trends, emerging themes, key areas of investment, and implications for key stakeholders.

Some of the findings in this report, among others, are:

Healthcare ITO market overview

- Growing ITO activity from public sector and government in the healthcare sector is an established trend
- Growth was witnessed from deals originating from Europe and in new contract signings globally

Life sciences ITO market overview

- Technology adoption has become key to the dual mandate (of outcome and cost) driving the segments of the life sciences industry, especially the pharmaceutical industry
- While United States continues to be the largest signing geography for life sciences ITO deals, Europe has seen strong transaction activity

Key themes driving ITO in the life sciences industry

- There are five key themes driving life sciences industry's IT investments
 - Analytics
 - Personalized medicine
 - Strategic sourcing
 - Compliance
 - Value-chain digitization

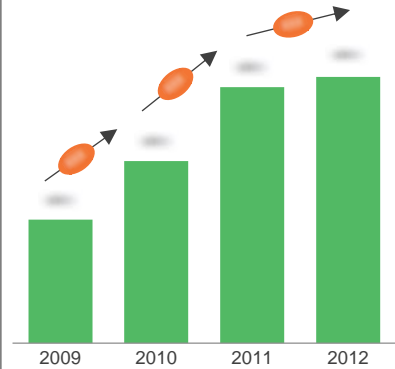
Outlook for 2013-2014

- Small to medium-sized pharmaceutical firms across U.S. and Europe are expected to drive the ITO adoption in the life sciences industry
- A major share of deals, both new and renewals, are expected to be on the theme of analytics, SAP implementations, and customer-centric next-generation IT implementations

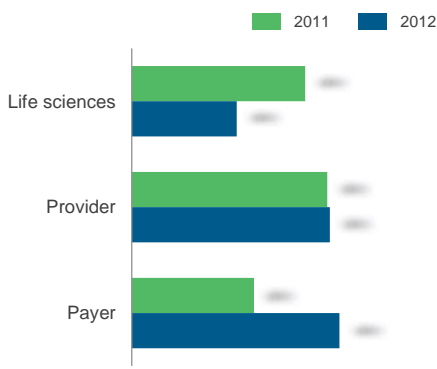
This study offers four distinct chapters providing a deep dive into key aspects of the life sciences ITO market; below are four charts to illustrate the depth of the report

Life sciences ITO transaction activity

Healthcare ITO transaction volume
Number of transactions

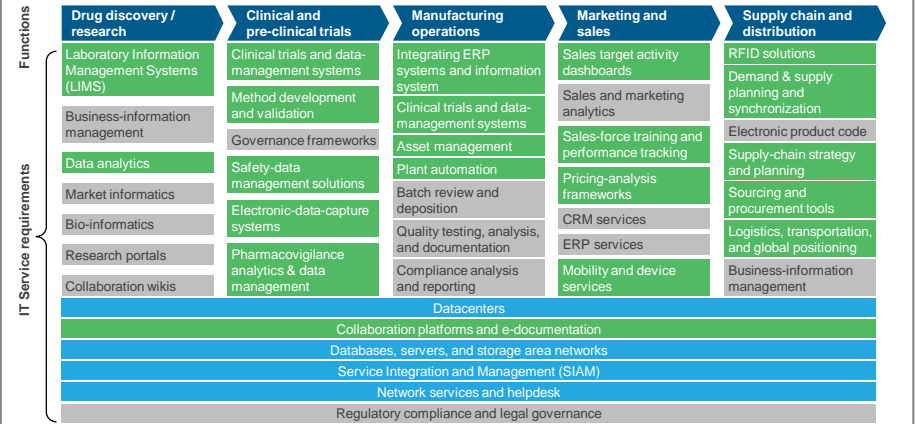


Healthcare ITO transaction volume
Number of transactions



Value chain adoption of IT services

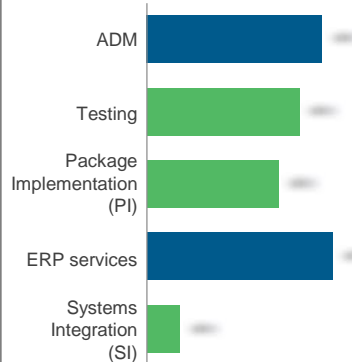
Application and infrastructure outsourcing adoption in the life sciences value chain



Functional adoption of IT services

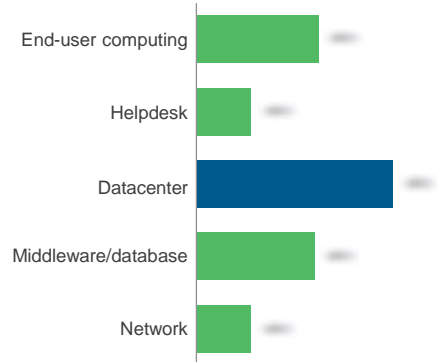
Subfunctions in large life sciences AO transactions

2012; Frequency of inclusion



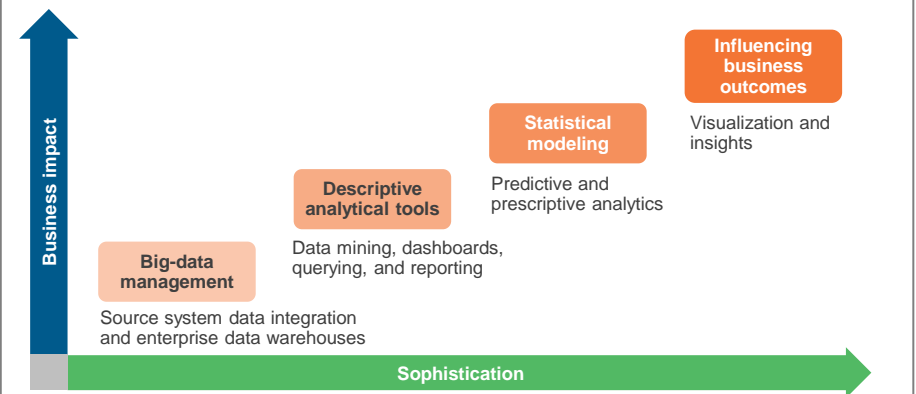
Subfunctions in large life sciences IO transactions

2012; Frequency of inclusion



Growing importance of analytics in life sciences

Analytics tools
Business impact vs. sophistication paradigm



Source: Everest Group (2013)

Healthcare outsourcing research calendar

■ Published ■ Current

Topic	Release date
IT Application Outsourcing (AO) in the Healthcare Provider Industry – Service Provider Landscape	January-2013
Outsourcing Implications of Healthcare Payer-Provider Convergence	March-2013
Webinar Deck: The Changing Face of IT Outsourcing in the Healthcare Payer Market: Don't Miss the Sailing Ship	June-2013
IT Outsourcing in the Healthcare Payer Industry – Annual Report 2013: Taking the Debate Beyond the Reforms Mandate	July-2012
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	August-2013
IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2013: All or Nothing: IT as the Trump Card for Life Sciences	September-2013
Value-chain Digitization in the Pharmaceutical Industry.....	Q4-2013
IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	Q4-2013
Consumerization in Healthcare	Q4-2013
IT Outsourcing in Healthcare Provider Industry – Annual Report 2013	Q4-2013
IT Outsourcing in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment and Profile Compendium 2013	Q4-2013
SMAC in Healthcare – Drivers and Implications	Q4-2013

Additional healthcare research references

The following documents are recommended for additional insight on the topic covered in this Report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **IT Outsourcing in Healthcare Payer Industry – Annual Report 2013: Taking the Debate Beyond the Reforms Mandate** ([EGR-2013-12-R-0894](#)); 2013. The focus in the healthcare payer ITO market is slowly but steadily moving away from the reforms mandate to the next-generation of payer IT outsourcing. This report provides an in-depth analysis of outsourcing in the healthcare payer industry, with focus on IT outsourcing transactions in the industry, buyer adoption of outsourcing and service provider landscape. The report also focuses on the emerging trends in payer IT outsourcing
2. **IT Application Outsourcing (AO) in the Life Sciences Industry – Annual Report 2012** ([EGR-2012-12-R-0756](#)); 2012. This report provides an overview of the AO market for the life sciences industry. Analysis includes key trends in market size & growth, demand drivers, adoption & scope trends, emerging themes, key areas of investment, and outlook for the coming year. The report also provides an introduction to the service provider landscape for the life sciences industry
3. **Outsourcing and Offshoring Trends in Pharmaceuticals** ([EGR-2011-2-R-0600](#)); 2011. This research provides an in-depth analysis of outsourcing and offshoring in the pharma industry, with focus on outsourcing transactions in the industry, buyer adoption of outsourcing and service provider landscape. The report also comments on the key future trends to watch, for buyers and service providers and other industry stakeholders

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At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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