

IDC MarketScape

IDC MarketScape: Worldwide Life Science R&D BPO Services 2018 Vendor Assessment

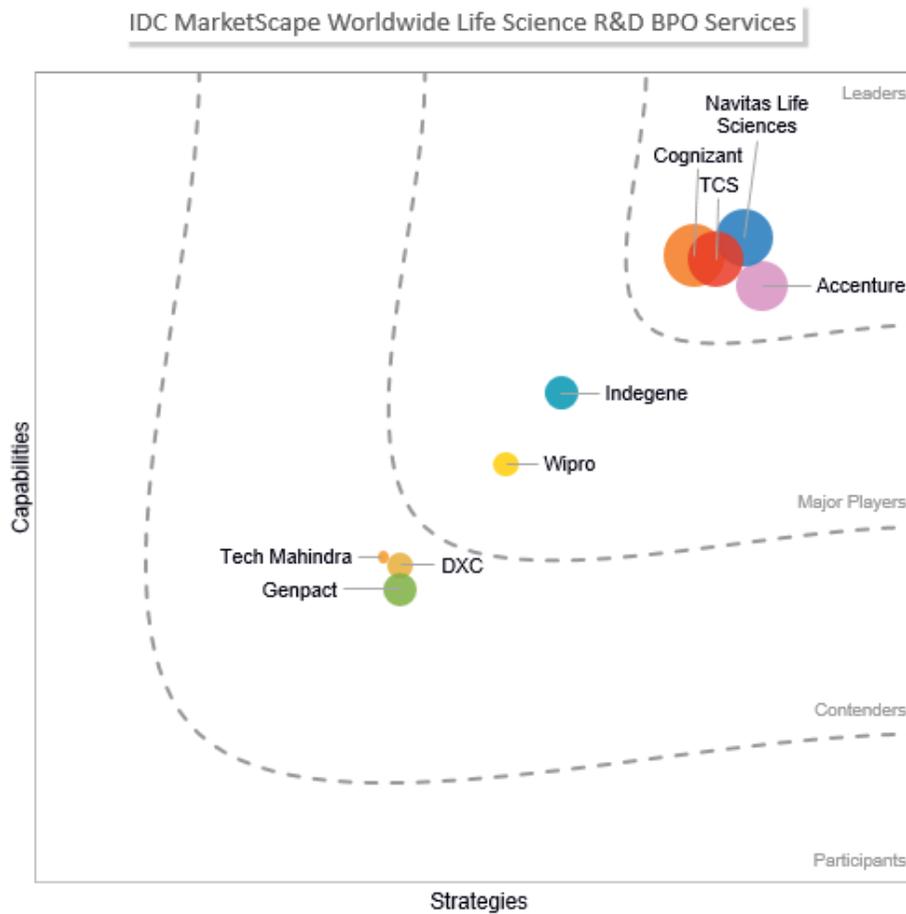
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THIS IDC MARKETSCAPE EXCERPT FEATURES: NAVITAS LIFE SCIENCES

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science R&D BPO Services Vendor Assessment



Source: IDC, 2018

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 BPO Services 2018 Vendor Assessment (Doc #US42144618). 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

Having now tracked the science R&D IT outsourcing (ITO) market in three prior studies over the past seven years, it remains clear that the life science R&D IT services market continues to grow and evolve as companies regularly review and optimize process operations. Drivers of change include both ongoing cost take out and process transformation in pursuit of long-term sustainability. While industry efforts to externalize noncore competencies are largely complete, the need to revisit existing legacy and organizational best practices is now more regularly in the spotlight as technological innovation and industry consolidation continue to transform the industry.

Prominent IT service providers in this space continue to experience double-digit annual growth as both life science companies extend services enterprisewide (and across organizations based on M&A) and service efforts extend beyond large life science companies to increasingly include emerging and midtier life science companies. With the industry continuing to evolve, successful vendors are finding new ways to grow, including through building new offerings in response to new needs (e.g., risk-based monitoring and more comprehensive clinical data management). While the preferred provider approach to services remains strongly the norm, risk mitigation strategies have ensured that multiple vendors will continue to be the norm within life science companies for the foreseeable future.

While many business process outsourcing (BPO) efforts have become commoditized, the continuing evolution of BPO services and the complexity of life science R&D have ensured that it remains possible to differentiate IT service providers by the relative strength of their offerings. While there are routinely multiple vendors with sufficient experience to effectively compete for available 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 company-specific requirements and needs. Successful selection of a single (or a limited number of preferred) IT service provider depends on careful consideration of key criteria. Building on contributions from nine major life science R&D BPO service providers, this study examines the life science R&D IT BPO vendor landscape today with a view toward expected growth over the next three to five years.

When evaluating vendors, the key criteria IDC believes that life science companies should consider include:

- Breadth of life science R&D business process outsourcing 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 R&D sector, and the vendor's pace of investment in related life science capabilities

- Life sciences' industry-specific expertise, 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 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 life science R&D BPO services space. Nine life science R&D IT BPO vendors were selected to participate in this study:

- Accenture
- Cognizant
- DXC Technology
- Genpact
- Indegene
- Navitas Life Sciences
- Tata Consultancy Services (TCS)
- Tech Mahindra
- Wipro

ADVICE FOR TECHNOLOGY BUYERS

Outsourcing in the life science industry continues to grow as the life science company-specific definition of core competency continues to contract and process needs continue to expand. Externalization is increasingly the norm, based on a transformational and foundational new organizational mantra focused on both cost optimization and organizational agility. This rapidly maturing change coincides with the efforts of life science companies to consolidate their vendor ecosystem into a limited number of preferred providers. In responding to this growing opportunity, many IT 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 BPO ecosystem, key attributes that life science companies are looking for in their IT service providers include:

- Deep, proven life science-specific BPO capabilities
- Understanding of the life science business at company-specific, strategic, and tactical levels
- Flexibility in resourcing on a global basis, including the availability of onshore/onsite/offsite resourcing in response to performance or cost considerations
- The ability to effectively scale up engagements in a timely fashion and minimize the ongoing impact of attrition on project efforts

- Practical understanding of when industry-agnostic knowledge is appropriate to life science BPO engagements
- 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
- 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 move beyond transactional activities into more strategic efforts
- 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 each vendor's strengths and challenges.

Navitas Life Sciences

Based on Navitas Life Sciences' assessment in this IDC MarketScape, IDC has positioned the company in the Leaders category in this IDC MarketScape for worldwide life science R&D BPO services.

Established in 2000, Navitas Life Sciences has been serving the life sciences industry for more than 31 years (including its WCI acquisition experience and more than 17 years as Navitas Life Sciences, a TAKE Solutions Enterprise). The company, headquartered out of Chennai, India, has 22 offices in 12 countries around the world. IDC estimates that Navitas Life Sciences derives 100% of its revenue from its life science efforts, and we further estimate that all of its life science efforts focus on R&D-related engagements. Navitas Life Sciences employs more than 1,200 people, with more than 900 people with specific life science experience.

With its foundational focus on the life sciences, Navitas Life Sciences has built a strong list of clients based on its deep domain knowledge, willingness to engage customers as partners, IP-based solutions, and thought leadership in clinical, regulatory, drug safety, and other areas. Navitas Life Sciences' diverse client base and the company's full spectrum of BPO services, IT services, and drug safety strategic consulting services continue to differentiate it from its competitors.

Navitas Life Sciences' legacy brands and own long-standing experience in the life science services space, aggressive commitment to growth building on a cloud-based BPaaS model, and continued dedicated focus on life sciences should help the company remain a savvy industry competitor for years to come.

Strengths

Navitas Life Sciences has extensive experience working with pharmaceutical and biotechnology companies of all sizes and across multiple geographies. Navitas Life Sciences is strongly differentiated from its more traditional market competitors by its broad portfolio of clients, ranging from small and midsize organizations to large global pharmaceutical companies. Deep, task-level client experience over a wide variety of specific BPO services also separates Navitas Life Sciences from its peers in this IDC MarketScape. Relative to other vendors discussed in this study and based on feedback from multiple customer references, Navitas Life Sciences received high marks for its technical skills and capabilities, deep bench and proactive approach to project work, and ability to contribute as a strategic partner when needed.

Challenges

With the ongoing transition of clinical development from sponsors to CROs, Navitas Life Sciences is seeing increasing direct competition from CROs for its BPO services. Continued investment in pharmacovigilance and RWE BPO capabilities as well as expansion of next-generation technology-based BPO offerings help Navitas Life Sciences maintain its market leadership into the future.

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 represents 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 study, BPO includes outsourcing of all services, including call centers, customer support, and any other ongoing, well-characterized repetitive processes that occur within the R&D ecosystem. The scope of this study examines broad BPO within the life science R&D segment and includes both industry-agnostic and industry-specific BPO. However, the most commonly cited areas within this segment specifically include enterprise content and document management, clinical data management, drug safety call centers, drug safety case processing and drug safety aggregate reporting, medical writing, biostatistics and statistical programming, clinical and regulatory document publishing, regulatory affairs dossier creation and management, and statistical/biostatistical modeling.

Market Overview

The loss of significant blockbuster drug revenue to patent expirations has driven the life science industry to eliminate excess capacity and increase organizational agility over the past several years. A major component of life science company organizational change has been the shift to externalize noncore competencies to external service providers. While much of this transformation is complete, companies are continuing to optimize and fine-tune their vendor relationships as they further expand the list of activities that can be effectively performed by partners as well as reorganize based on the need to integrate duplicate functions resulting from company reorganizations and M&A. This shift has also driven concurrent consolidation in the IT service provider ecosystem as companies increasingly look to a small number of preferred vendors to perform the bulk of their outsourced activities. From the vendor point of view, the increased outsourcing has also created new growth from providing these same services to emerging and midtier life science companies.

As part of the drive to change, life science companies have recognized that the current approach to new drug development will be unable to deliver sufficient new revenue to replace revenue lost to patent expirations. While a variety of new business models are being considered and evaluated, companies are concurrently looking to better exploit both technological innovation and best practices from outside of the industry. With a focus on technology, it is clear that this paradigm shift has been long in the making. From a technology perspective, IDC believes that the life science industry has largely embraced the tenants of the 3rd Platform and is actively moving forward toward digital transformation in those cases where clear value can be identified. While multifaceted and built on an evolving set of innovation accelerators, digital transformation anticipates a more operationally efficient, fully integrated ecosystem that embraces data and processes with a sharpened focus on business outcomes. Technological innovation remains a key external driver, with the industry's perpetual concerns over regulatory oversight, perceived risk, and willingness to change being increasingly accommodated as leaders seek more immediate improvements.

IT service providers have actively supported the life science industry for more than 31 years, delivering BPO, ITO, and strategic consulting services on a regular basis. The shift to externalize efforts as well as the move to transform supporting IT infrastructure has provided new opportunities for these vendors to expand their delivery footprint with companies. As a result, life science-focused IT service providers are continuing to grow and are increasingly taking on more responsibility for both IT- and industry-specific process delivery efforts on behalf of their industry sponsors. While decision-making and risk-associated activities remain as core competencies within life science companies, more commoditized, tactical, and operational activities have become the domain of a limited number of preferred IT service provider partners in the industry.

BPO remains an important R&D area within the life science industry, based on the ongoing operationalizing and de-risking of processes across the complete life science life cycle. While initially focused in the areas of call centers, case processing, and clinical data management, the breadth of BPO offerings continues to expand as previously defined core activities become better characterized and likely outcomes better defined. Key R&D areas where BPO has expanded include pharmacovigilance safety surveillance, HEOR support, regulatory intelligence, and standards-based data mapping. Areas anticipated for BPO growth will likely include more complex implementation of risk-based monitoring, AI-enhanced BPO (e.g., machine learning-based drug safety case processing), and real-world evidence-enhanced clinical data management and analysis.

Of the estimated \$23.5 billion worldwide IT outsourcing life science services market for 2018, life science R&D is expected to contribute \$6.7 billion. Within the life science R&D space, BPO is expected to contribute more than \$1.28 billion. IDC expects that when combined with IT outsourcing and strategic consulting services, the total IT services market will continue to grow at double-digit rates over the next five years, with an average annual growth rate of 10%. IT outsourcing services increasingly support the entire life science R&D value chain with offerings ranging from drug discovery to clinical drug development to drug safety to regulatory compliance and beyond.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science Drug Safety Services 2017 Vendor Assessment* (IDC #US42595616, June 2017)
- *IDC MarketScape: Worldwide Life Science R&D Strategic Consulting Services 2016 Vendor Assessment* (IDC #US41126416, March 2016)
- *IDC MarketScape: Worldwide Life Science R&D ITO Services 2016 Vendor Assessment* (IDC Health Insights #US40502516, February 2016)
- *IDC MarketScape: Worldwide Life Science R&D BPO Services 2016 Vendor Assessment* (IDC Health Insights #US40961616, January 2016)
- *IDC MarketScape: Worldwide Life Science R&D Risk-Based Monitoring Services 2015 Vendor Assessment* (IDC Health Insights #HI255628, April 2015)
- *IDC MarketScape: Worldwide Life Science R&D Strategic Consulting Services 2014 Vendor Assessment* (IDC Health Insights #HI246518, February 2014)
- *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)

Synopsis

This IDC Health Insights study is the first of a three-part life science R&D IDC MarketScape series focused on IT outsourcing. With a specific focus on life science R&D IT BPO, this study seeks to determine how the major IT vendors compare with each other, building on criteria that should be important to life science companies when considering the selection of an external service provider to

take over noncore business processes. IDC MarketScape assessment of IT outsourcing in life science R&D was previously performed in 2011, 2013, and 2015.

Alan Louie, research director of IDC Health Insights' Life Science R&D Strategy and Technology research, noted, "While still somewhat smaller than its traditional IT outsourcing counterpart, BPO in the life sciences remains an important contributor to industry success. The scope of life science R&D BPO continues to expand as more and more processes are operationalized and preferred IT partners are tasked with implementing and maintaining new processes and procedures. As a result, leading IT service providers are increasingly working as partners with their industry sponsors to deliver operational excellence while contributing to ongoing industry transformation that will ultimately automate well-defined, highly repetitive tasks. While IDC continues to expect that IT outsourcing overall will continue to grow by double digits over the next 5-10 years, we also believe that BPO spending has stabilized and should remain relatively constant over the near term."

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 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 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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