



# Everest Group's PEAK Matrix for Life Sciences ITO Service Providers

Focus on Infosys  
July 2014



Everest Group recently released its report titled [“IT Outsourcing in Life Sciences Industry – Service Provider Landscape with PEAK Matrix Assessment 2014”](#). This report analyzes the changing dynamics of the life sciences ITO landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group analyzed 18 leading service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix specific for life sciences ITO into Leaders, Major Contenders, and Emerging Players. The PEAK Matrix is a composite framework that provides an objective, data-driven, and comparative assessment of life sciences ITO service providers based on their absolute market success and delivery capability.

Based on the analysis, Infosys emerged as a Leader and Star Performer. This document focuses on Infosys’ life sciences ITO experience and capabilities and includes:

- Infosys’ position on the life sciences ITO PEAK Matrix
- Detailed life sciences ITO profile of Infosys

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

# Life sciences ITO service provider landscape: Background and scope of the research

## Background of the research

The healthcare industry is witnessing an unprecedented churn and transformation, leading to a surge in IT and business process outsourcing adoption. Driven by regulatory reforms, tenets of consumerization, market consolidation, and emergence of next-generation digital avenues, outsourcing has accelerated in the space. Service providers across the spectrum have beefed up their capabilities to cater to this growing market.

With healthcare companies stepping up adoption of outsourced delivery, there is an uptick in demand for relevant 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 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 report, we analyze the capabilities of 18 ITO service providers specific to the global life sciences sector. These service providers are mapped on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, which is a composite index of a range of distinct metrics related to a provider's capability and market success. We focus on:**

- The landscape of service providers for life sciences ITO
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Emerging Players on the Everest Group PEAK Matrix
- Implications for life sciences ITO buyers and service providers

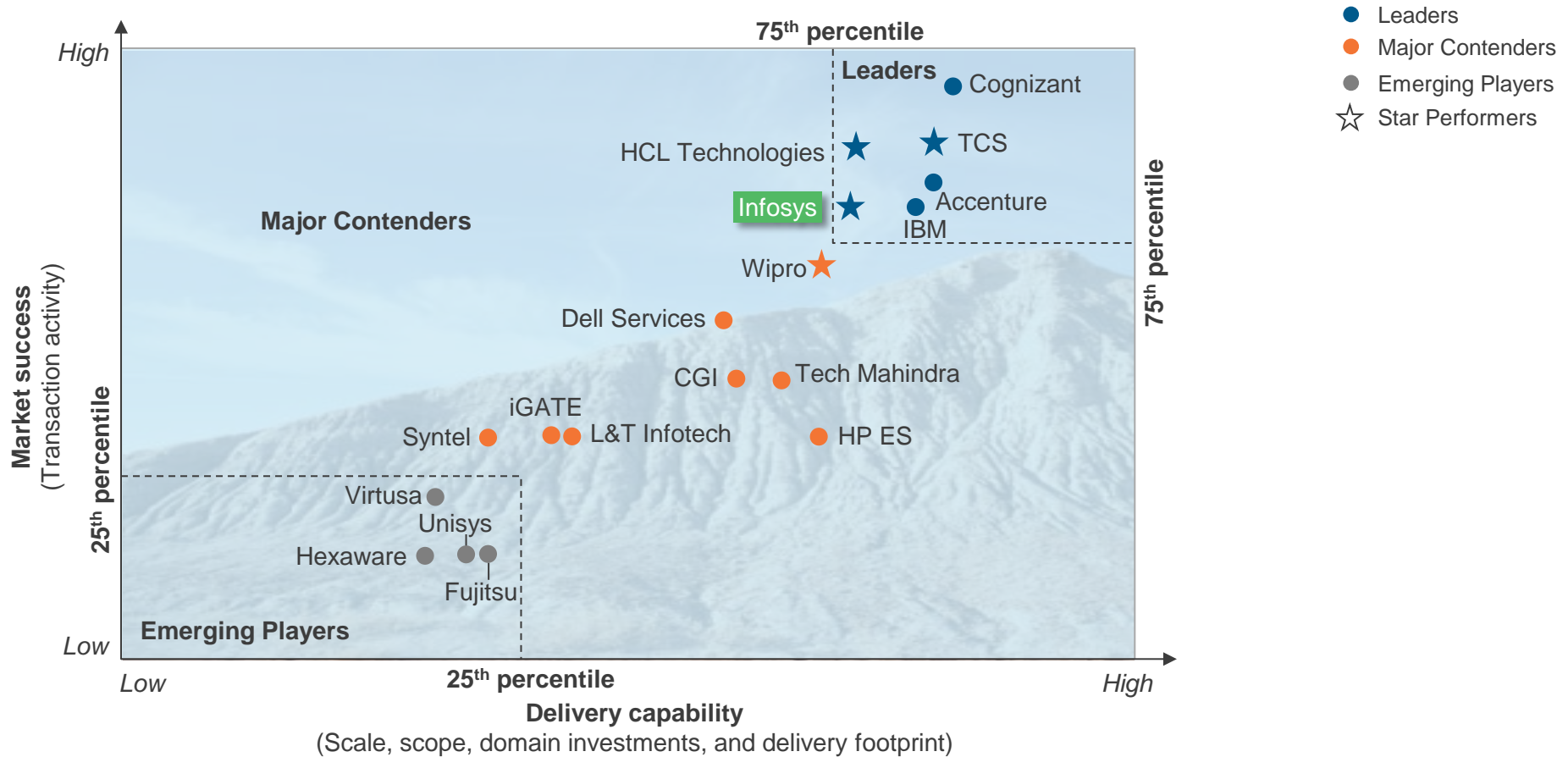
## Scope of this report

- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences<sup>1</sup>)
- **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)

<sup>1</sup> Includes healthcare data & information services and medical products distribution

# Infosys is positioned as a Leader and Star Performer on Everest Group's life sciences ITO PEAK Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for large life sciences ITO relationships<sup>1</sup>



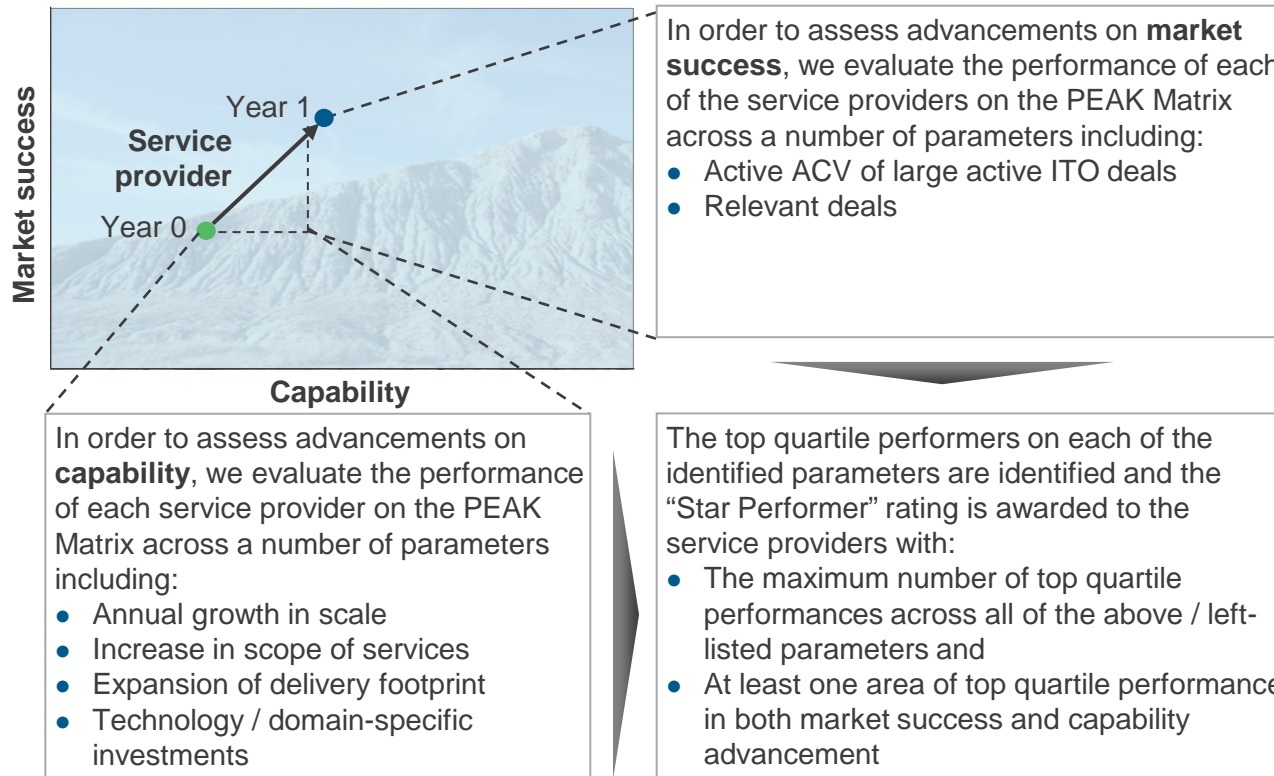
<sup>1</sup> PEAK Matrix specific to large (>US\$25 million TCV), multi-year (>three years) application outsourcing relationships within the life sciences sector; the evaluation this year (2014) is weighted more on Application Outsourcing(AO) as a majority of large deals have application outsourcing in scope

Source: Everest Group (2014)

# Additionally, Infosys is also identified as a 2014 Star Performer based on its strong forward movement on the PEAK Matrix

## Methodology

Everest Group selects Market Star Performers based on the relative YoY movement of each service provider, on the PEAK Matrix



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### Distinguishing feature of 2013 market success

- ~50% growth in life sciences ITO revenue on a sizable base
- Significant expansion in European life sciences clients
- Over 80% of the life sciences ITO revenue generated from large-sized (>US\$25 million) deals

### Distinguishing feature of 2013 capability advancements

- Over 20 global delivery locations for life sciences ITO services across Asia, Europe, and North America
- Sustained investments to ramp up expertise in next-generation technology areas including mobility, social, cloud, analytics, through proprietary solutions, alliances, and partnerships

*The “Star Performers” designation relates to YoY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders”, “Major Contenders”, or “Emerging Players”*

**Transitioned into the Leaders quadrant (relative to last year)**

# Infosys | Life sciences ITO profile (page 1 of 7)

## Corporate and healthcare overview

**Company description:** Infosys delivers IT-enabled business solutions for clients globally. Infosys' offerings span business and technology consulting, application services, systems integration, product engineering, custom software development, maintenance, reengineering, independent testing and validation services, IT infrastructure services, and business process outsourcing. Infosys has a global footprint with 68 offices and 70 development centers

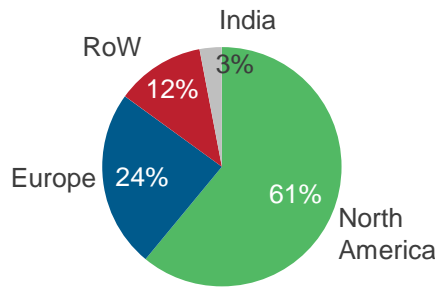
**Headquarters:** Bangalore, India

**Website:** [www.infosys.com](http://www.infosys.com)

### Geographical mix

2014; US\$ million

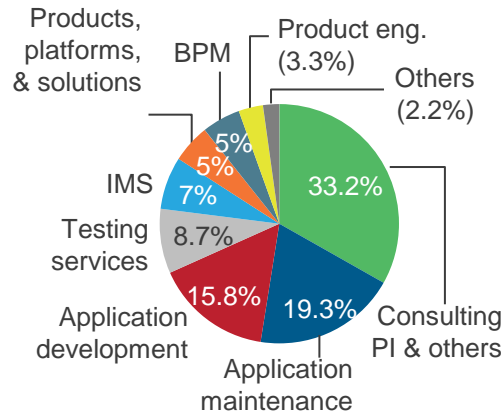
100% = 8,249<sup>1</sup>



### Service mix

2014; US\$ million

100% = 8,249<sup>1</sup>



■ >US\$500 million    ■ US\$100-500 million    ■ <US\$100 million

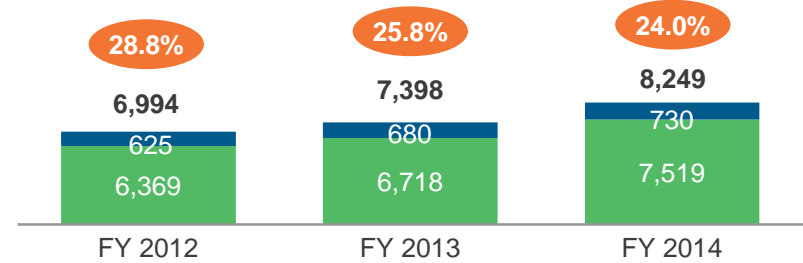
### Scale of healthcare subverticals

■ Payer    ■ Life sciences    ■ Provider

### Key financial parameters

Revenue figures in US\$ million

■ Revenue<sup>1</sup> from healthcare  
 ■ Revenue<sup>1</sup> from other verticals  
 ○ Enterprise operating margin



### Services offered for the healthcare vertical: IT services across the payer, provider, and life sciences segments. Services for the life sciences segment span drug discovery, R&D, manufacturing, sales & marketing, compliance, commercial services, and supply chain, with specific solutions, such as digital marketing services, scientific innovation solution for drug discovery, safety data management solution for drug safety, clinical trial supply management, serialization, sales rep evaluation solution, mobility, BigDataEdge, and mBrochure

**Major healthcare clients:** AstraZeneca, GlaxoSmithKline, Aetna, BCBS, Avivia Health from Kaiser Permanente, CareFirst, and TriZetto

<sup>1</sup> Financial year ends on March 31. Healthcare revenue includes revenue from health insurance clients classified under Infosys' insurance vertical

Note: Infosys started reporting the "Healthcare & Life Sciences" segment revenue separately from FY 2012

Source: Everest Group (2014)

# Infosys | Life sciences ITO profile (page 2 of 7)

## Life sciences ITO capability assessment and market success

### Headline assessment

Infosys continued its rapid ascent in the life sciences space entering the Leaders quadrant for the first time, as its investments in European portfolio and propriety solutions bore fruit

### Transaction success

- Exhibits strong deal characteristics comprising large-sized multi-year life sciences ITO contracts, with average TCV in the range of US\$75-100 million, and average deal duration of four years
- Over four-fifths of life sciences revenue attributable to large (>US\$25M TCV) annuity contracts

### Success dashboard<sup>1</sup>

High Medium Low

### Life sciences subsegments

- Pharma
- Medical devices
- Biotech
- Others

### Geographic scope

- North America
- EMEA
- Latin America
- APAC

### Scale

- Infosys started reporting healthcare as a separate segment from FY2012; this is one of the fastest growing verticals for the company
- Healthcare comprises around 10% of the total revenue; over 5,000 FTEs engaged in serving nearly 70 life sciences clients, comprising over US\$400 million in revenue (about 50% YoY increase in 2013)

### Domain investments

- Proprietary solutions for drug discovery, clinical trial management, compliance, big data, mobility, pharmacovigilance, and sales & marketing
- Sustained focus on investments to ramp up expertise in next-generation technology areas including mobility, social, cloud, and analytics
- Enterprise alliances with Microsoft, Oracle, SAP, HP, IBM, TriZetto, etc.

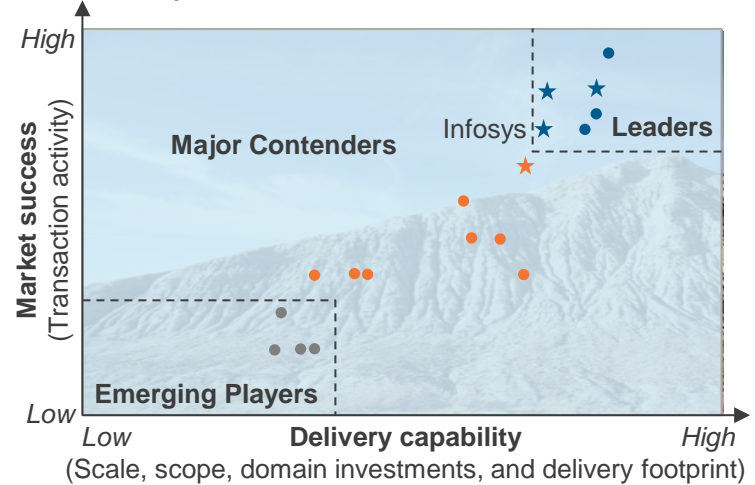
### Scope

- Geographical scope of contracts spans the Americas, Europe, and Asia Pacific; notable expansion in European pharmaceutical portfolio
- Healthy AO-IO mix, with the former comprising 60% of LS revenue
- Demonstrated success in ADM, testing, ERP services, database, end-user computing, analytics, mobility, and regulatory support tenets

### Delivery footprint

- Life sciences ITO services primarily delivered from multiple cities across India, with emerging presence in China, Eastern Europe, and South America
- Around a fifth of life sciences FTEs are based across client locations in North America, Western Europe (including UK), and Australia

### Everest Group PEAK Matrix for life sciences ITO



<sup>1</sup> Transaction success for large-sized deals; assessment relative across service providers

Source: Everest Group (2014)

### Proprietary solutions (representative list)

Line of business	Solutions
Life sciences	<ul style="list-style-type: none"> <li>● Clinical trials                             <ul style="list-style-type: none"> <li>– Clinical Trials Supply Management (CTSM) is a SAP-certified solution, which focuses on optimizing and integrating supply chain processes</li> </ul> </li> <li>● Discovery                             <ul style="list-style-type: none"> <li>– Biological Entity Management System helps scientists register research entities uniquely, track inventory efficiently, and manage entity transactions</li> <li>– Scientific Innovation Solution provides a ready knowledge base, reducing cycle time and research redundancy during drug discovery to ensure faster time-to-market. It is a drug discovery information management solution, supporting systems for early stage ideation, designing of projects, and undertaking experiments to test hypotheses</li> <li>– Ligand Identification and Matching Tool is a key component of the Scientific Innovation solution framework, and is used by chemists for screening chemical libraries to obtain a matching lead for new drug discovery</li> <li>– Drug Repurposing Solution aims to save development time and minimize the risk of failure during drug development and repositioning/repurposing of currently available drugs to new therapeutic indications</li> </ul> </li> <li>● Sales and marketing                             <ul style="list-style-type: none"> <li>– Guided Sales helps sales executives enhance customers' shopping experience by helping select a product that matches their specific requirements</li> <li>– BrandEdge is a digital marketing solution for large-scale life sciences organizations incorporating analytics</li> <li>– Sales Representative Performance Evaluation Dashboard provides interactive reports regarding evaluation of sales representatives on multiple parameters such as time and territory management, paperwork and reporting, selling skills, sales performance, and individual participation</li> </ul> </li> </ul>

Source: Everest Group (2014)



### Proprietary solutions (representative list)

Line of business	Solutions
Life sciences	<ul style="list-style-type: none"> <li>● IT operations                             <ul style="list-style-type: none"> <li>– Transition Advantage enables streamlined reporting on the overall health of programs to provide clients with increased transparency during the transition phase</li> <li>– Virtual Operations Center tool provides virtualized physical collaboration by simulating same room presence and interactions across geographies</li> <li>– CxO Dashboard helps stakeholders get real-time and meaningful insights into IT operations by providing clients with visibility into their operational metrics. Also features a configurable dashboard, that can be accessed using any mobile device</li> <li>– ERP: Expertise in full SAP and Oracle health sciences product suites, application development, and maintenance</li> </ul> </li> <li>● Big data and analytics                             <ul style="list-style-type: none"> <li>– BigDataEdge helps clients integrate, aggregate, manage, analyze, disseminate, and act upon large volumes of multi-structured data, enabling clients build ready-to-use applications</li> </ul> </li> <li>● Cloud                             <ul style="list-style-type: none"> <li>– Cloud Ecosystem Hub helps enterprises build, manage, and govern a unified hybrid cloud environment</li> </ul> </li> <li>● Compliance                             <ul style="list-style-type: none"> <li>– Compliant Management Solution is a web-based application integrated with SAP for meeting regulatory requirements, such as collaboration among stakeholders involved in case transparency and audit trails, to ensure consistent information reporting and tracking</li> <li>– Regulatory Submission Platform is an end-to-end platform that enables regulatory submission</li> <li>– Compliance Transformation Solution provides a single platform for managing regulatory compliance for life sciences companies by automating compliance processes and managing accountability</li> <li>– Safety Data Management solution is a comprehensive suite of pharmacovigilance solutions targeting drug safety issues</li> </ul> </li> </ul>

Source: Everest Group (2014)

### Proprietary solutions (representative list)

Line of business	Solutions
Life sciences	<ul style="list-style-type: none"> <li>• Mobility                             <ul style="list-style-type: none"> <li>– mBrochure is an efficient way to deliver the latest brochures and promotions to customers</li> </ul> </li> <li>• Customer experience                             <ul style="list-style-type: none"> <li>– AssistEdge is an integrated customer service experience solution across channels including web, chat, phone, and social media, to transform contact centers</li> </ul> </li> <li>• Social media                             <ul style="list-style-type: none"> <li>– SocialEdge Enterprise Suite focuses on employee engagement, next-generation intranet, sales collaboration, and providing a platform for employees</li> </ul> </li> <li>• Supply chain                             <ul style="list-style-type: none"> <li>– Supply chain strategy, planning, execution, collaboration, and vendor relationship management</li> </ul> </li> <li>• Consulting                             <ul style="list-style-type: none"> <li>– Domain consulting – Quality management and lab excellence, regulatory/compliance consulting, and LIMS strategy consulting</li> <li>– Process consulting: Business consulting (business architecture, BPR, business case, and roadmap), program/change management, and technology consulting (IT strategy and enterprise architecture)</li> </ul> </li> </ul>

### Key alliances (representative list)

Alliance partner	Purpose of alliance
Pistoia Alliance	Founding member of the Pistoia Alliance that streamlines drug discovery through common data standards and reusable components. Includes more than 45 life sciences companies, informatics providers, service providers, academic groups, and publishers
(Several)	Enterprise-level alliances with Microsoft, Oracle, SAP, HP, IBM, Informatica, Veeva, Adobe, SFDC, ServiceNow, NetApp, Siemens, TIBCO, TriZetto, OpenConnect, and Pegasystems, among others

Source: Everest Group (2014)

# Infosys | Life sciences ITO profile (page 6 of 7)

## Life sciences ITO transaction activity

NOT EXHAUSTIVE

### Recent transaction activity<sup>1</sup>

Buyer's name	Announcement date	TCV estimate (US\$ million)	Duration (years)	AO/IO/both	Contract details and services
GlaxoSmithKline	March 2012	N/A	N/A	N/A	Deal encompasses optimization of digital channels across global consumer healthcare and pharmaceuticals business lines. The contract aims to improve the effectiveness of how GSK delivers digital engagement with consumers and healthcare professionals

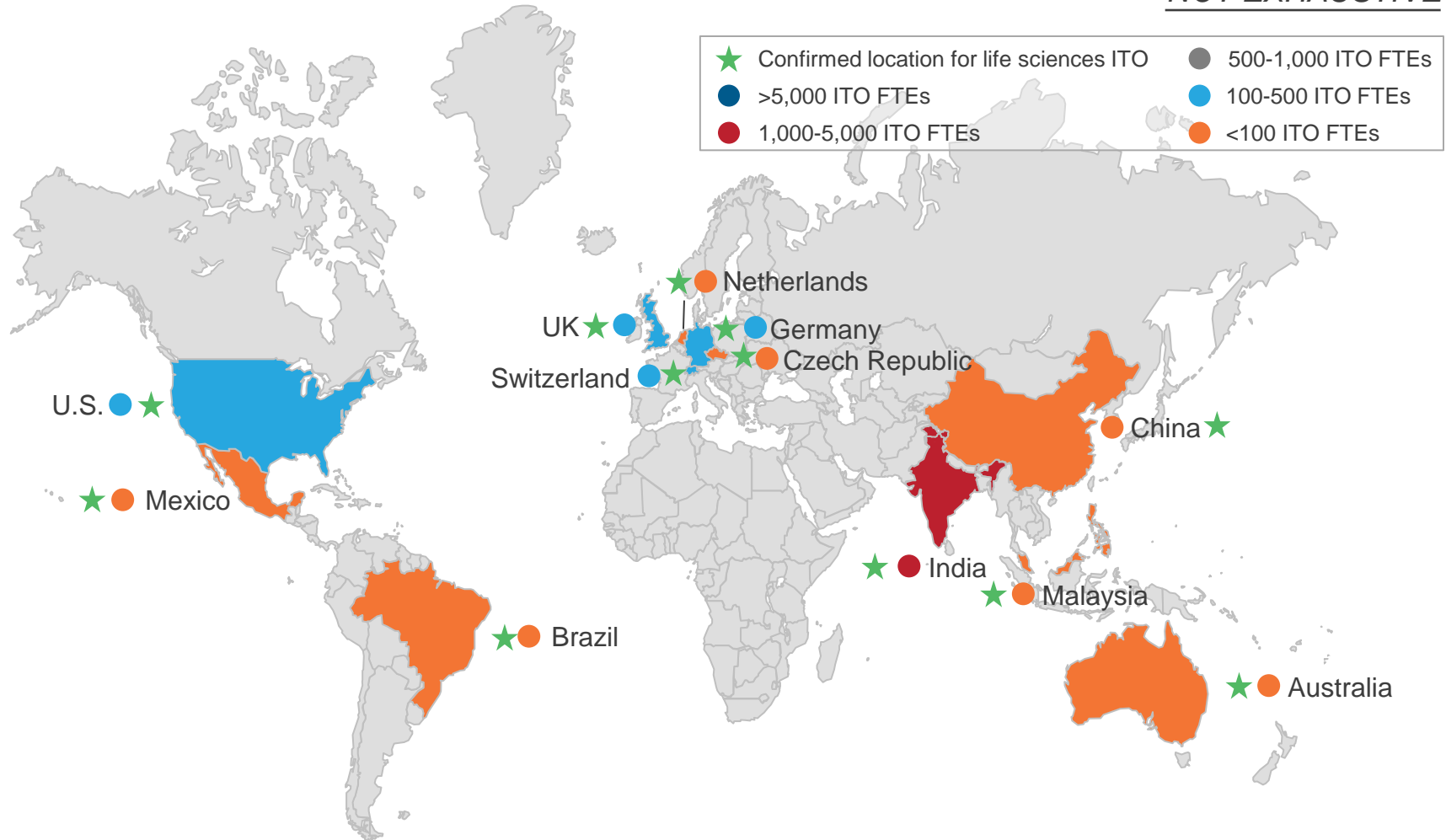
<sup>1</sup> Publicly-announced life sciences ITO transactions during 2010 to 2014

Source: Everest Group (2014)

# Infosys | Life sciences ITO profile (page 7 of 7)

## Key ITO delivery locations

*NOT EXHAUSTIVE*

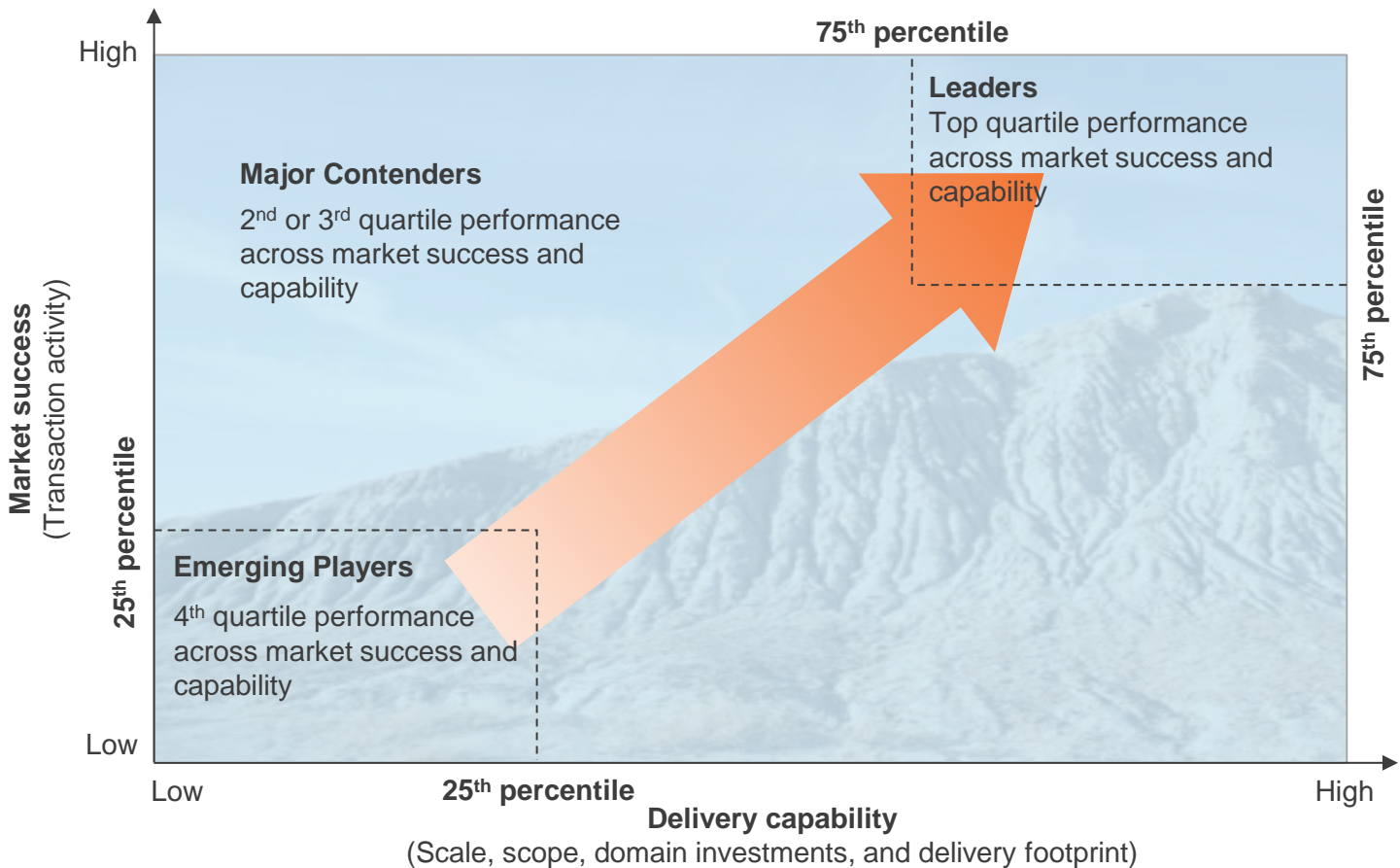


Source: Everest Group (2014)

# Appendix

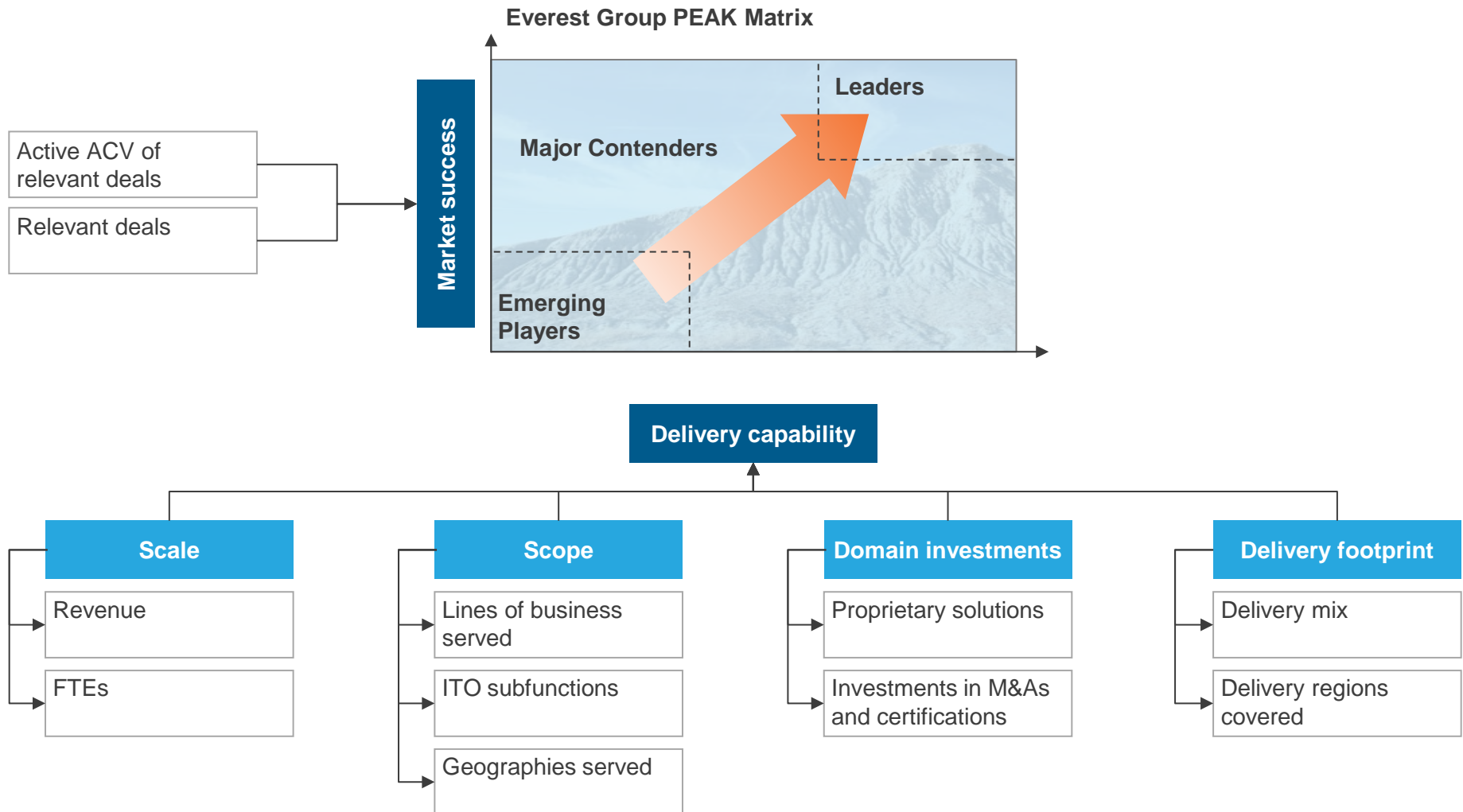
# Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix classifies service providers into Leaders, Major Contenders, and Emerging Players

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for IT Outsourcing



Everest Group's PEAK Matrix is a composite index of a range of distinct metrics related to a service provider's scale, scope, technology/domain investments, delivery footprint, and resultant market success in the context of a given outsourcing function

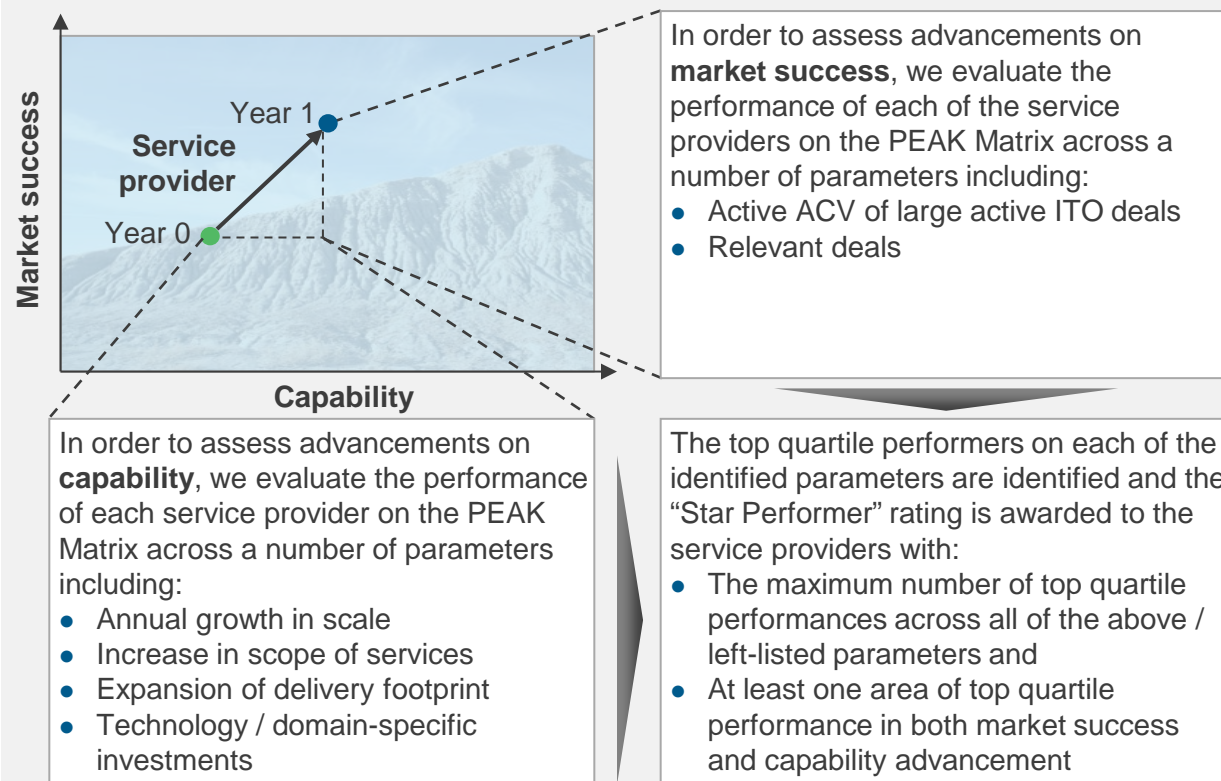
# Service providers are positioned on the PEAK Matrix based on evaluation across two key dimensions



# Everest Group designates the “Star Performers” title to providers that demonstrate the strongest forward movement over time on the PEAK Matrix

## Methodology

Everest Group selects Market Star Performers based on the relative YoY movement of each service provider, on the PEAK Matrix



2014 life sciences ITO Star Performers

**HCL**

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*The “Star Performers” designation relates to YoY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders”, “Major Contenders”, or “Emerging Players”*



## **Does the PEAK Matrix assessment incorporate any subjective criteria?**

- Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider briefings

## **Is being a “Major Contender” or “Emerging Player” on the PEAK Matrix, an unfavorable outcome?**

- No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical services area. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

## **What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?**

- PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender” or “Emerging Player” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric level assessment and associated commentary is helpful for buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

## **What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?**

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

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## What is the process for a service provider to leverage their PEAK Matrix positioning status ?

- Providers can use their PEAK positioning rating in multiple ways including:
  - Issue a press release declaring their positioning/rating
  - Customized PEAK profile for circulation (with clients, prospects, etc.)
  - Quotes from Everest Group analysts could be disseminated to the media
  - Leverage PEAK branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- **The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group**



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