



IDC MARKETSCAPE

IDC MarketScape: Worldwide Life Science Manufacturing and Supply Chain ITO 2015 Vendor Assessment

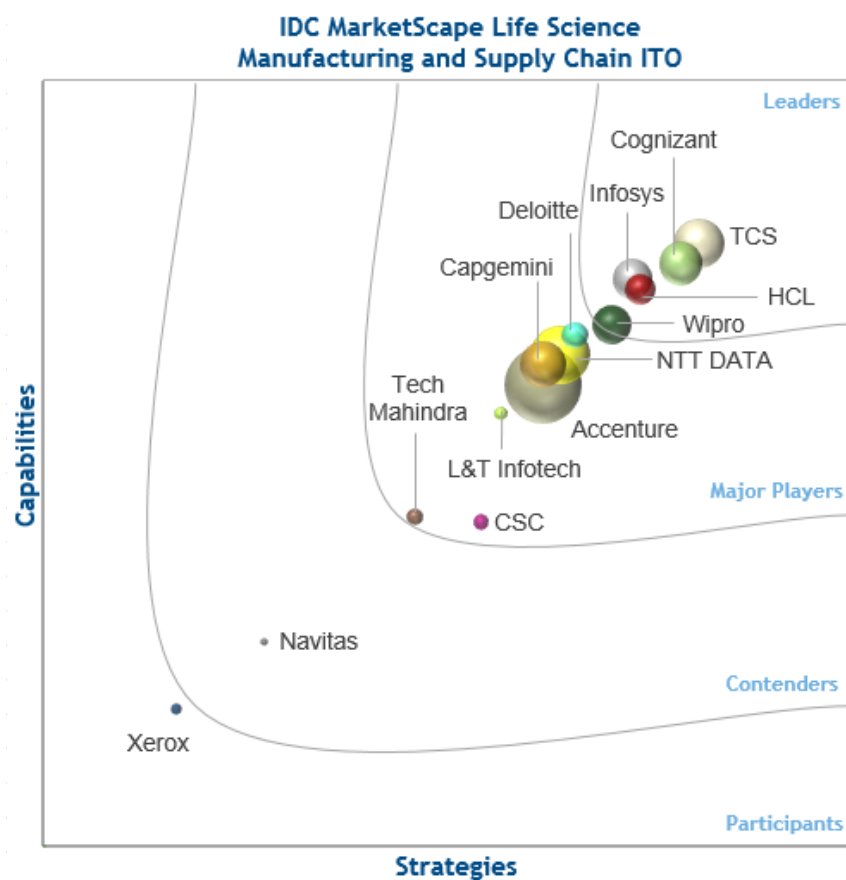
Eric Newmark

THIS IDC MARKETSCAPE EXCERPT FEATURES HCL TECHNOLOGIES, LTD. (INDIA)

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science Manufacturing and Supply Chain ITO Vendor Assessment



Source: IDC Health Insights, 2015

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 Manufacturing and Supply Chain ITO 2015 Vendor Assessment (Doc #HI259304). 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.

IDC OPINION

Manufacturers are under increasing market pressure to improve enterprise agility, develop drugs faster, and eliminate waste from all manufacturing and supply chain-related processes. Companies are also faced with increased regulatory pressure and increased competition, which are driving industry consolidation as companies look to capitalize on cross-company synergies and overlapping overhead structures. Manufacturing plants are continually seeking ways to reduce lead time, increase asset utilization, reduce maintenance costs, increase efficiency in capacity planning, reduce waste, and improve overall profitability. Supply chain goals are similar, with improving demand visibility, forecasting capability, inventory management, and distribution and supplier collaboration all regarded as top priorities. As such, there is strong demand for IT outsourcing partners that have strong life science-specific industry expertise and can help achieve these goals in a cheaper, more flexible fashion. While all three faces of IT-related outsourcing – ITO, BPO, and strategic consulting services – continue to grow, which vendors are best suited to deliver these services to life science companies can vary greatly, depending on a company's situation-specific needs and each vendor's respective strengths and weaknesses. To help life science companies better evaluate the vendors servicing this space, this report evaluates the top ITO vendors that serve the life science manufacturing and supply chain space. For the purposes of this report, ITO includes all services surrounding system implementation, system integration, data integration, application development, maintenance and support, infrastructure outsourcing, and other types of related external IT-centric services. When evaluating vendors, the key criteria companies should consider (all of which are discussed in this report) include:

- Breadth of life science manufacturing and supply chain 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 manufacturing and supply chain sector, and the vendor's pace of investment in related life science capabilities
- Life sciences' industry expertise, corporate financial stability, and willingness to contract with clients under a risk/profit-sharing contract model
- Diligent vetting of customer references to examine vendor capabilities surrounding project management, IT 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 purchase within a recent deal with which IDC is familiar. Further research and due diligence were then conducted to narrow the list of

vendors to only those that had won deals and that IDC viewed as legitimate contenders for future deals within the pharmaceutical manufacturing and supply chain space.

ESSENTIAL BUYER GUIDANCE

Outsourcing in the life sciences continues to expand as what is considered "core" to business slowly shrinks and more of everyday operations become fair game for externalization. However, conversely, while outsourcing continues to expand, the number of vendors that life science companies are contracting with is slowly decreasing. Companies are increasingly looking to consolidate vendors down from traditional levels of four or five firms to two or three vendors in a given area that have deeper industry expertise and greater potential for a closer-knit longer-term partnership status.

Life science companies are interested in vendors with several specific proven attributes, including:

- Deep, proven industry-specific expertise, with a strong book of references
- Willingness to provide dedicated resources on an ongoing basis across sequential projects to maintain acquired best practices
- Capability to provide onshore/onsite resources
- Proven understanding of industry regulations and compliance initiatives

In addition, when engaging with an ITO partner, items life science companies should keep in mind include:

- Clearly understand and document what problems you're trying to solve, both technical and business process oriented, to make certain your new outsourcing initiative is designed correctly to match your business goals.
- Make sure all functional requirements are signed off on by all stakeholders in your company that may be impacted by an ITO initiative. Involving all stakeholders early on in the evaluation process will also help encourage broader ownership and reduce any potential resistance.
- Observe whether vendors are vertically organized internally. This helps ensure their leadership is more in tune with industry-specific needs and increases the likelihood that future development will be closer aligned with your needs going forward.
- Consider each vendor's breadth of services offered (for future relationship expansion), depth of experience within the manufacturing and supply chain space in particular, pricing model flexibility (willingness to share risk), and whether the vendor's culture will be a good match for your company's societal order.

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.

HCL

Founded in 1991, HCL has been serving the life science industry for more than 10 years. The company, headquartered in Noida, India, has offices in 31 countries. IDC estimates that HCL derives over 10% of its revenue from the life sciences, roughly 30% of which comes from the manufacturing

and supply chain space. After a close evaluation of HCL's offerings and capabilities, IDC has positioned the company in the Leaders category within this IDC MarketScape.

Strengths

HCL has extensive experience working with life science companies across all three sections of the industry: pharmaceutical, biotech, and medical devices. Nearly all of HCL's life science customers are large corporations with revenue over \$1 billion, with a significant base of customers spread across North America, Europe, and Asia/Pacific. HCL also has a considerable number of delivery centers located across these three regions as well as in Latin America. Relative to other vendors discussed in this report, and based on feedback from multiple customer references, HCL was rated highly for both its project management capabilities and the overall level of value it delivers to its clients.

Challenges

HCL has a growing track record of engaging with its clients under flexible pricing contracts (i.e., profit or risk sharing), which should provide it increasing opportunities going forward as the life science industry continues to become more interested in these types of arrangements and migrate toward this model. At the functional category level, offerings most in need of further development by HCL include digital asset management and multichannel marketing optimization 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 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 report, ITO includes all services surrounding system implementation, system integration, data integration, application development/maintenance/support, infrastructure outsourcing, and other types of related external IT-centric services. The scope of this report examines ITO within the life science manufacturing and supply chain sector, using the following list of technology areas as the primary categories of technology assessed within this evaluation: supply chain visibility/monitoring software, analytics/business intelligence tools, customer/suppliers portals, ERP, shop floor systems, data management tools, warehouse management technology, PLM software, application integration, data integration, application/database consolidate and rationalization, contract management system, chargeback reconciliation software, rebate reconciliation software, PAT/QbD, LIMS, track and trace/serialization/epedigree, RFID, infrastructure outsourcing, enterprise mobility technology, and system validation.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science Sales and Marketing Strategic Consulting 2015 Vendor Assessment* (IDC Health Insights #HI258970, September 2015)
- *IDC MarketScape: Worldwide Life Science Sales and Marketing BPO 2015 Vendor Assessment* (IDC Health Insights #HI258820, September 2015)
- *IDC MarketScape: Worldwide Life Science Sales and Marketing ITO 2015 Vendor Assessment* (IDC Health Insights #HI258425, August 2015)

Synopsis

This IDC Health Insights report provides an assessment of where the life science manufacturing and supply chain ITO market is going, how the major vendors compare with each other, and what criteria are most important for life science companies to consider when selecting an IT outsourcing vendor.

Eric Newmark, program director of IDC Health Insights' Commercial Life Sciences research, noted, "Manufacturers are under increasing market pressure to improve enterprise agility, develop drugs faster, and eliminate waste from all manufacturing and supply chain-related processes. Companies are also faced with increased regulatory pressure and strengthening generic competition, which are driving industry consolidation as companies look to capitalize on cross-company synergies and overlapping overhead structures. Within the life sciences, there continues to be strong demand for external partners that have strong life science-specific industry expertise and can help achieve these goals in a cheaper, more flexible fashion. If you are looking for assistance in selecting a third-party service provider for manufacturing or supply chain ITO, the guidance provided in this IDC MarketScape is a great place to start."

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.

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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