Everest Group
RESEARCH

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

Focus on HCL Technologies
January 2015

Everest Group
PEAK™
MATRIX

EGR-2015-12-E-1362

Introduction and scope

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

As a part of this report, Everest Group analyzed 15 leading service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, specific for European life sciences ITO, categorizing them 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, **HCL Technologies emerged as a Leader**. This document focuses on HCL's life sciences ITO experience and capabilities in the European market, and includes:

- HCL Technologies' position on the European life sciences ITO PEAK Matrix
- Detailed life sciences ITO profile of HCL Technologies

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

Everest Group PEAK™ MATRIX

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 15 ITO service providers specific to the European 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 European 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 European life sciences ITO buyers and service providers

Scope of this report

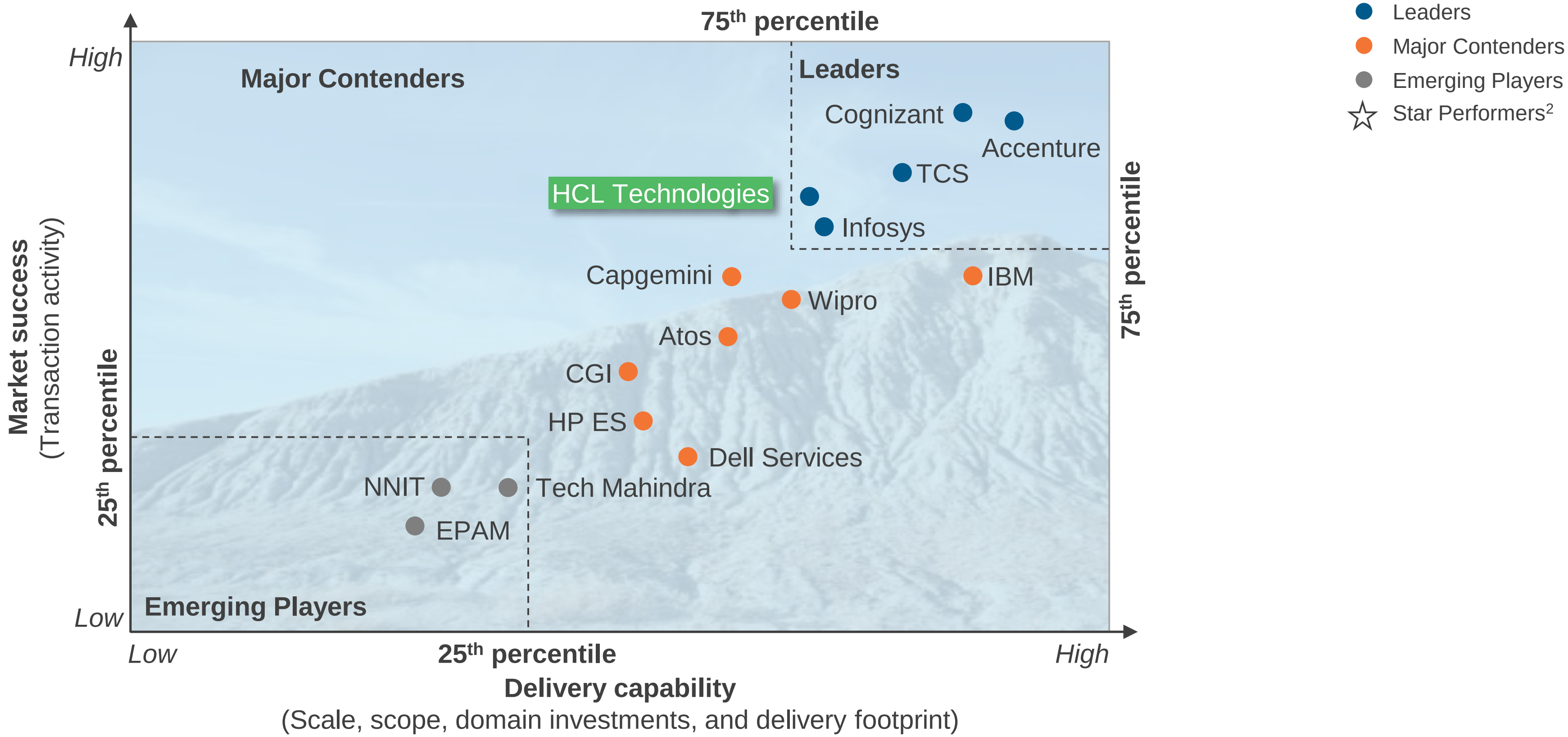
- **Industry:** Life sciences (pharmaceuticals, medical devices, biotechnology, and other life sciences[1])
- **Services:** Large (TCV > US$25 million), multi-year (>3 years), and annuity-based application outsourcing
- **Geography:** Europe (including United Kingdom)
- **Sourcing model:** Third-party ITO transactions; excludes shared services or Global In-house Centers (GICs)

1 Includes healthcare data & information services and medical products distribution

HCL Technologies is positioned as a Leader on Everest Group's PEAK Matrix for large European life sciences ITO relationships

Everest Group PEAK™ MATRIX

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for large European life sciences ITO relationships[1]



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

2 Since this is the inaugural Everest Group PEAK Matrix assessment for European life sciences ITO, no Star Performers have been identified

Note: Assessment for Accenture, Atos, Capgemini, EPAM, HP, IBM, and NNIT, excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with life sciences companies globally

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 1 of 7)

Corporate and healthcare overview

>US$500 million | US$100-500 million | <US$100 million

Company description: Established in 1991, HCL Technologies is a global provider of integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering and R&D services, and BPO. HCL leverages its global network of offices in 31 countries to provide services in key industry verticals including BFSI, manufacturing, consumer services, public services, and healthcare

Headquarters: Noida, India

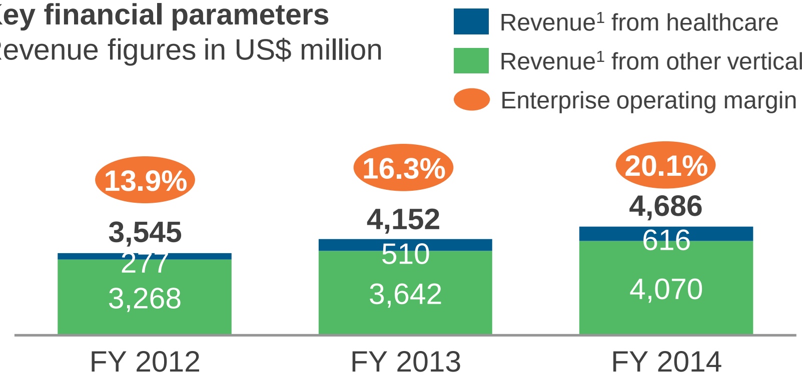
Website: www.hcltech.com

Scale of healthcare subverticals

Payer | Life sciences | Provider

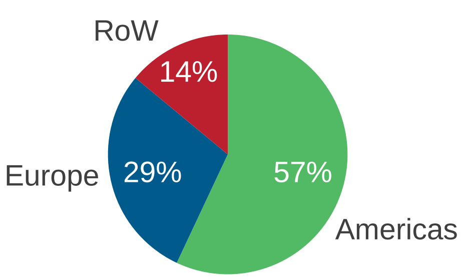
Key financial parameters

Revenue figures in US$ million



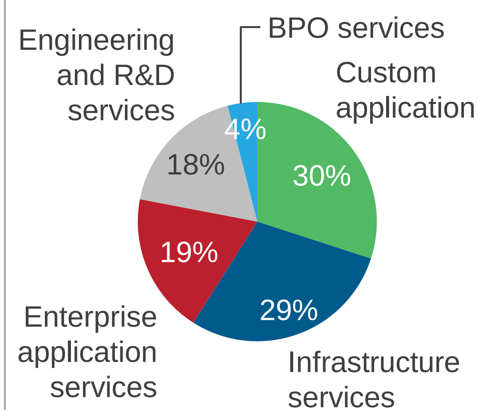
Geographical mix

FY 2014; US$ million



Service mix

FY 2014; US$ million



Services offered for the healthcare vertical: IT services across payer, provider, and life sciences segments. Services for the life sciences segment span end-to-end clinical & commercial transformation, drug safety / pharmacovigilance, regulatory & compliance, predictive analytics, information asset management, LIMS, serialization & e-Pedigree, supply chain & manufacturing, mobility, BI, SaaS, and cloud services

Major healthcare clients: AstraZeneca, Eli Lilly, Merck, GSK, Novartis, Abbott Laboratories, Purdue Pharma, Pfizer, Novartis, Shire, Allscripts, UHG, Quest Diagnostics, HCSC, and BCBS

1 FY ends on June 30

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 2 of 7)

Life sciences ITO capability assessment and market success

Headline assessment

HCL has managed to replicate its global life sciences capabilities in Europe with significant big-ticket wins. The strategy is driven by revenue stream from IO services in existing to complement its prominent presence in the AO space

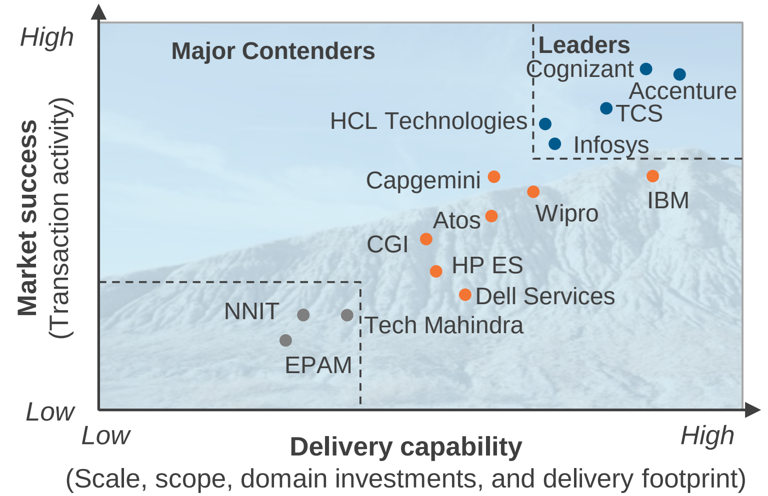
Transaction success

- Multiple large life sciences ITO deals with strong deal characteristics, such as average TCV in the range of US$150-200 million and average deal duration of around five years
- Success in winning clients across all life sciences segments
- Key clients: Novartis, AstraZeneca, Eli Lilly, GlaxoSmithKline, and Merck

Success dashboard[1] — High / Medium / Low

Life sciences subsegments		Geographic scope	
Pharma (High)	Medical devices (High)	North America (High)	EMEA (High)
Biotech (Medium)	Others (Medium)	Latin America (Low)	APAC (Medium)

Everest Group PEAK Matrix for European life sciences ITO



Scale

- Healthcare and life sciences comprises over 10% of its revenue with over 6,000 FTEs engaged in serving clients
- Life sciences accounts for the major chunk of healthcare revenue, totalling over US$500 million, with over 20% growth in CY 2013 over CY 2012
- Over 40 active life sciences ITO clients

Scope

- Geographical scope of contracts spans United States and Europe
- Active across ADM, testing, package implementation, ERP, network, and datacenter, mobility, and compliance services
- Primary share of life sciences ITO revenue is derived from large-sized deals (>US$25 million TCV)

Domain investments

- Over 30 proprietary solutions and 15 investments in alliances & partnerships in life sciences during 2013
- Caters to areas varying from sales & marketing, clinical services, adverse event reporting, mobility, pharmacovigilance, analytics, and supply chain
- Alliances with Oracle, Salesforce, SAS, TIBCO, Pegasystems, and SAP

Delivery footprint

- Strong offshore leverage (over three-fourths) with life sciences ITO services primarily delivered from India
- Delivery resources also located on client locations across the United States and Europe
- Increasing presence in emerging locations across LATAM and APAC

1 Transaction success for large-sized deals; assessment relative across service providers
Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 3 of 7)

ITO domain investments

Proprietary solutions (representative list)	
Line of business	**Solutions**
Life sciences	• Research & discovery – UCP (Unified Clinical Platform), Drug Safety Utility Model, end-to-end clinical transformation, and trial optimization • Sales and marketing – A solution to target geographies according to sales potential and align sales force – Sales & marketing / commercial transformation comprises solutions across a global digital enablement platform, next-generation sales force enablement, key opinion leader and payment management, sales and marketing data hub, and next-generation analytics • Mobility – mTrace is a mobile reporting solution built on MicroStrategy for iPads • IT operations – Auto LSH Configuration Wizard: Accelerator for integrating SAS and Oracle LSH – Workflow (BPM) enabled LSH statistical programming life cycle is an accelerator for LSH Validation – Event Triggering Workflow (BPM): LSH event/signal monitoring and alert tool – Lean ASM is a pharma framework which provides predictable services across business processes of value chain, and minimizes spend on “Run The Business” (RTB) programs by improving operational efficiency – Enhanced SAS IDE Integration to enable automated save/load SAS code to LSH • Cloud – GIT Cloud is a private cloud solution offering IaaS – MyCloud is a flexible, high-performance, pay-as-you-go, and on-demand infrastructure-based offering • Compliance – Pharmacovigilance, information management, regulatory affairs and compliance officer, Universal Content Manager, LIMS, Information ontology for R&D, and e-pedigree – HORIZON is a solution for risk-based monitoring – POEM is a task distribution control for virtually monitoring risk-based monitoring

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 4 of 7)

ITO domain investments

Key alliances (representative list)	
Alliance partner	**Purpose of alliance**
Oracle	Partnership for Oracle Health Sciences product suite implementation and support
Salesforce.com	Platinum consulting partner and cloud alliance partner
SAS	Partnership for data analytics in the payer, provider, and pharma space
TIBCO	Partnership for business process management-related offerings
Pegasystems	Gold partner of Pegasystems with strategic relationship. A dedicated PEGA CoE to develop solutions and frameworks to accelerate Pega BPM programs
Amazon Web Services	Achieved life sciences competency as Consulting Partners
SAP	Global SAP implementation partner
Veeva	Global implementation partner
Experts systems	Semantic technology and Optimal Strategix (RWE)
Sentrx	Partnership in the drug safety and regulatory space
(Several)	Other alliances with Labtronics, Trviium Health, Foresight, Pharmasol, ACT, Optimal Strategix, and Edetek

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 5 of 7)

Life sciences ITO transaction activity

NOT EXHAUSTIVE

Recent transaction activity[1]

Buyer's name	**Announcement date**	**TCV estimate** (US$ million)	**Duration** (years)	**AO/IO/both**	**Contract details and services**
Novartis	May 2014	N/A	N/A	Both	Remote infrastructure management services to the Switzerland-based pharma company across its entire datacenter landscape, covering more than 70 countries across six continents. Also includes aspects of application and mobile development work
Top 3 global pharma firm	January 2014	N/A	N/A	AO	Project Managers as-a-service (PMaaS) deal being delivered in Prague as part of a near shore IT hub
Top 3 global pharma firm	January 2014	N/A	N/A	Both	Oracle Automatic Storage Management (ASM) deal with HCL to provide clinical DW as managed service for clinical development
AstraZeneca	December 2011	N/A	5	IO	Provisioning and managing of global hosting and collaboration environment including entire datacenter portfolio across 60 locations. HCL to manage global collaboration environment including email and messaging for users worldwide, while delivering transformational projects including server virtualization, storage, and backup transformation and implementation of the hybrid cloud
Eli Lilly	July 2011	N/A	N/A	AO	Co-innovation lab for cloud computing, automation, business analytics, and enterprise mobility

1 Publicly-announced life sciences ITO transactions during 2010 to 2014

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 6 of 7)

Life sciences ITO transaction activity

NOT EXHAUSTIVE

Recent transaction activity[1] (Continued)

Buyer's name	Announcement date	TCV estimate (US$ million)	Duration (years)	AO/IO/both	Contract details and services
Purdue Pharma	November 2010	N/A	N/A	IO	The scope of this engagement covers management of two datacenters and remote client locations in the United States. HCL is also responsible for transforming Purdue's IT environment by implementing processes as per ITIL V3 and MTaaS platform
Novotech	November 2010	N/A	N/A	AO	Implementation of Oracle's Siebel Clinical Trial Management System (CTMS)
Merck	May 2010	500	5	Both	Multiple services, including software-led IT solutions, remote infrastructure management, engineering, and business & knowledge process services

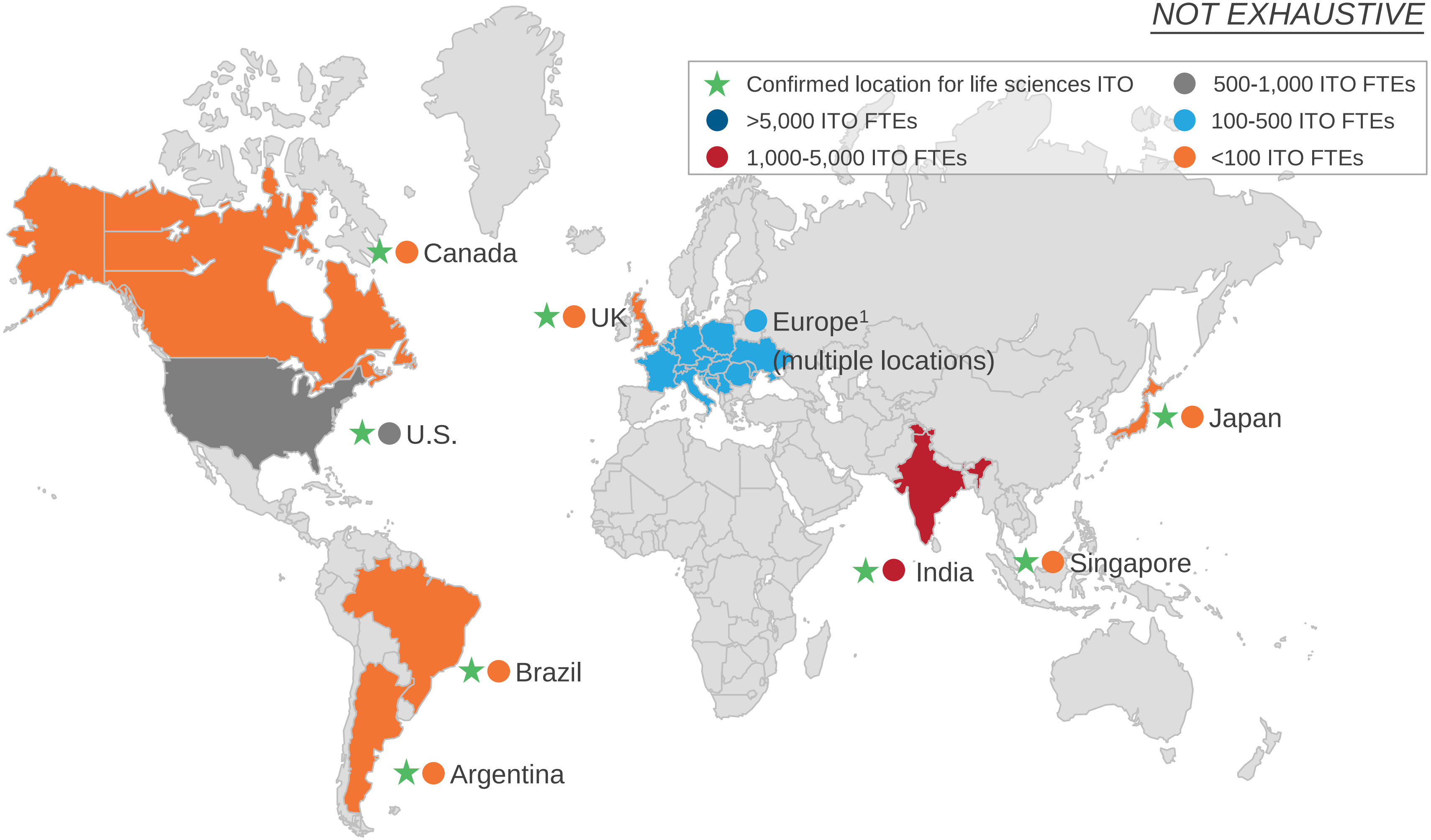
1 Publicly-announced life sciences ITO transactions during 2010 to 2014

Source: Everest Group (2015)

HCL Technologies | Life sciences ITO profile (page 7 of 7)
Key ITO delivery locations

Everest Group PEAK™ MATRIX

NOT EXHAUSTIVE



1 Countries covered include Belgium, Denmark, France, Italy, Netherlands, Poland, Portugal, Switzerland, and United Kingdom

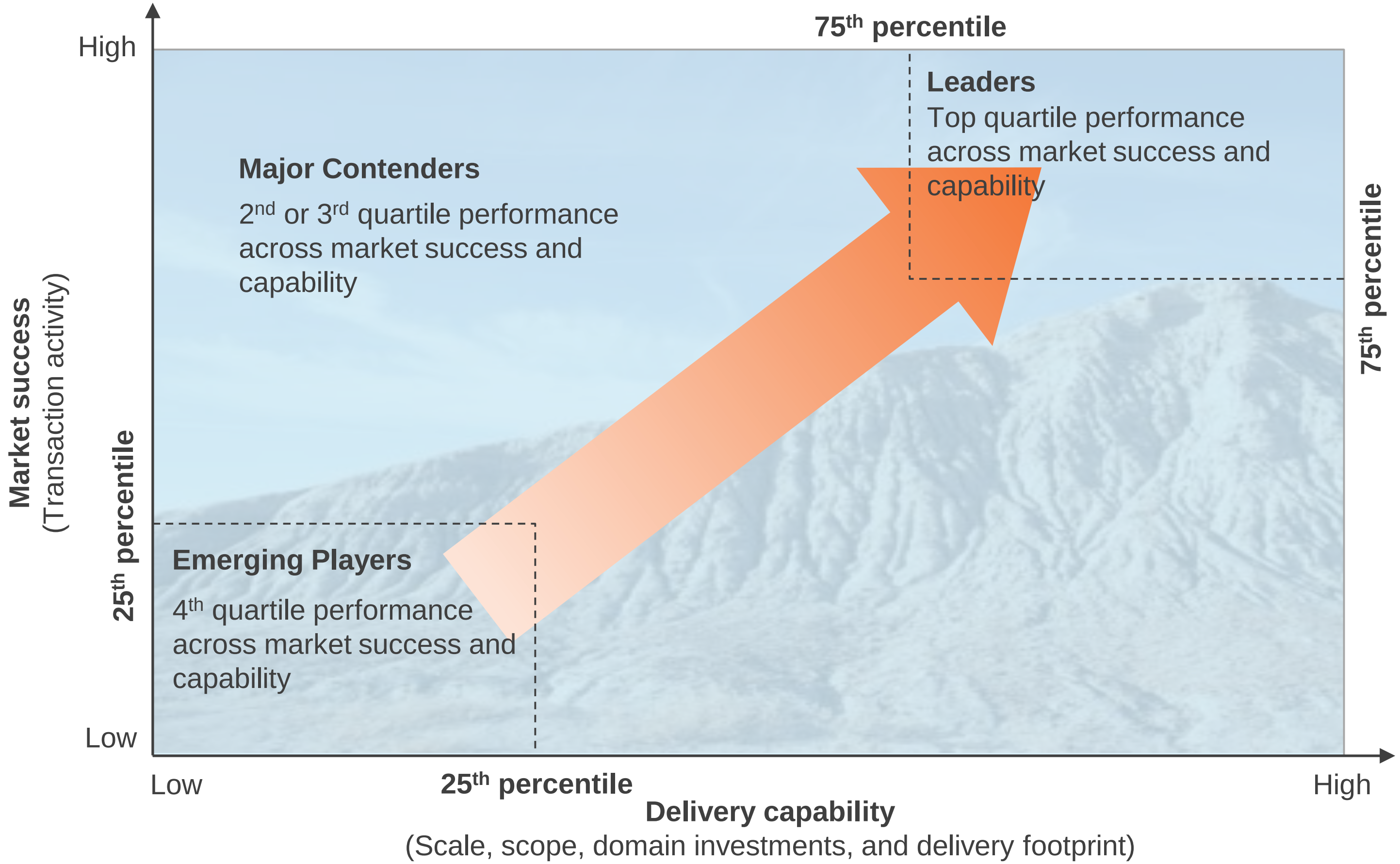
Source: Everest Group (2015)

Appendix

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

Everest Group PEAK™ MATRIX

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

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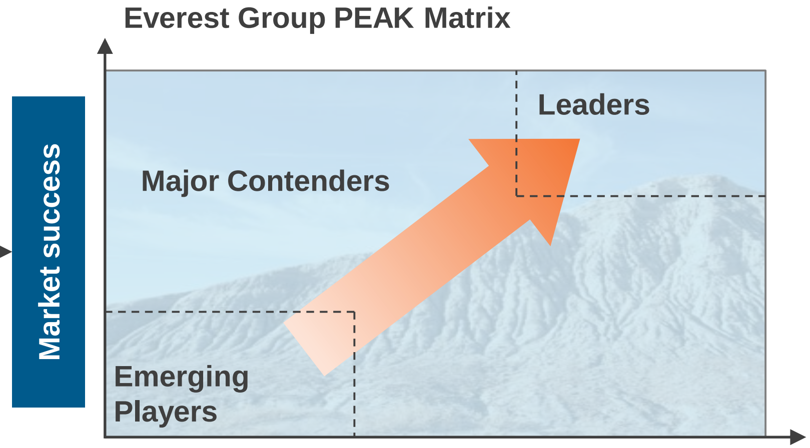
Service providers are positioned on the PEAK Matrix based on evaluation across two key dimensions



Market success
- Active ACV of relevant deals
- Relevant deals

Delivery capability

- **Scale**
  - Revenue
  - FTEs
- **Scope**
  - Lines of business served
  - ITO subfunctions
  - Geographies served
- **Domain investments**
  - Proprietary solutions
  - Investments in M&As and certifications
- **Delivery footprint**
  - Delivery mix
  - Delivery regions covered

FAQs (page 1 of 2)

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

FAQs (page 2 of 2)

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**

Everest Group

From **insight** to ***action***.

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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