Everest Group’s PEAK Matrix for Life Sciences ITO Service Providers

Focus on Wipro
July 2014
Introduction and scope

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, Wipro emerged as a Major Contender and Star Performer. This document focuses on Wipro’s life sciences ITO experience and capabilities and includes:
- Wipro’s position on the life sciences ITO PEAK Matrix
- Detailed life sciences ITO profile of Wipro

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 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 services and medical products distribution
Wipro is positioned as a Major Contender 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

1 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, Wipro 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.

In order to assess advancements on **market success**, we evaluate the performance of each of the service providers on the PEAK Matrix across a number of parameters including:
- Active ACV of large active ITO deals
- Relevant deals

In order to assess advancements on **capability**, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:
- Annual growth in scale
- Increase in scope of services
- Expansion of delivery footprint
- Technology / domain-specific investments

The top quartile performers on each of the identified parameters are identified and the “Star Performer” rating is awarded to the service providers with:
- The maximum number of top quartile performances across all of the above / left-listed parameters and
- At least one area of top quartile performance in both market success and capability advancement

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”.

Distinguishing feature of 2013 market success
- Clients across North America, Europe, and APAC, with traction in medical devices
- ~90% the life sciences ITO revenue generated from large-sized (>US$25 million) and project-based engagements

Distinguishing feature of 2013 capability advancements
- Added over 1,000 life sciences ITO FTEs in 2013, totalling nearly 4,000
- Nearly 20 proprietary solutions across drug discovery, clinical trials, sales & marketing, and compliance
- Efforts in deepening domain expertise in analytics through investment and strategic alliances

Enhanced its Major Contender positioning (relative to last year)
Company description: Wipro Ltd. is a global IT services company providing a range of IT application and infrastructure services, product engineering, technology integration, consulting solutions, and business process services. The healthcare & life sciences business unit offers an integrated portfolio of offerings for a connected healthcare ecosystem. The array of industry-focused solutions span patient access, HCP engagement, drug adherence, clinical trials platform, analytics-based transformation, BPO, and marketing support for mature brands.

Headquarters: Bangalore, India
Website: www.wipro.com

Geographical mix 2014; US$ million

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>Scale of healthcare subverticals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>5,921</td>
<td>Payer</td>
</tr>
<tr>
<td>Europe</td>
<td>6,218</td>
<td>Life sciences</td>
</tr>
<tr>
<td>APAC and other</td>
<td>6,618</td>
<td>Provider</td>
</tr>
<tr>
<td>emerging markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India &amp; Middle East</td>
<td>5,329</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>5,567</td>
<td></td>
</tr>
<tr>
<td>APAC and other</td>
<td>509</td>
<td></td>
</tr>
<tr>
<td>emerging markets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Service mix 2014; US$ million

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPO</td>
<td>592</td>
<td>651</td>
<td>509</td>
</tr>
<tr>
<td>Product</td>
<td>5,329</td>
<td>5,567</td>
<td>6,109</td>
</tr>
<tr>
<td>engineering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADM</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Analytics &amp;</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>information mgmt.</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Global</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>services</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Business</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>application</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>services</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

scale of healthcare subverticals

<table>
<thead>
<tr>
<th>Subvertical</th>
<th>Payer</th>
<th>Life sciences</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>20.9%</td>
<td>20.7%</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

Key financial parameters

<table>
<thead>
<tr>
<th>Subvertical</th>
<th>Revenue² from healthcare</th>
<th>Revenue¹ from other verticals</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>5,921</td>
<td>6,218</td>
<td>6,618</td>
</tr>
</tbody>
</table>

Services offered for the healthcare vertical: IT services across the healthcare payer, provider, and life sciences segments. Services for the life sciences segment include implementation of packages and solutions for manufacturing and supply chain, quality and regulatory affairs (QARA), drug safety, process lifecycle management, data and records management, sales and marketing, and clinical collaboration.

Major healthcare clients: AstraZeneca, Novartis, Pfizer, Johnson & Johnson, Eli Lilly, Baxter, Takeda, and Covidien.

1 FY ends on March 31
2 Life sciences revenue comprises IO and AO services (excludes revenue from BPO, Wipro Infotech, and products)

Source: Everest Group (2014)
Wipro | Life sciences ITO profile (page 2 of 7)
Life sciences ITO capability assessment and market success

Headline assessment
Wipro has demonstrated a continued focus on building its life sciences practice by expanding functional scope and developing domain expertise, especially across next-generation IT avenues.

Transaction success
- Over 50 active life sciences ITO clients across North America, Europe, and APAC, exhibiting strong traction with leading medical device firms
- Life sciences ITO deals have strong deal characteristics, such as average TCV of nearly US$50 million, and average deal duration of seven years

Success dashboard

<table>
<thead>
<tr>
<th>Life sciences subsegments</th>
<th>Geographic scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma</td>
<td>North America</td>
</tr>
<tr>
<td>Medical devices</td>
<td>EMEA</td>
</tr>
<tr>
<td>Biotech</td>
<td>Latin America</td>
</tr>
<tr>
<td>Others</td>
<td>APAC</td>
</tr>
</tbody>
</table>

Scale
- Led a sustained focus on the healthcare space, comprising ~10% of revenue from the “Healthcare, Life Sciences & Services” vertical, with a dedicated practice for medical devices firms
- Nearly 4,000 FTEs engaged in serving life sciences clients
- Over 50 active life sciences ITO clients

Domain investments
- Nearly 20 proprietary solutions across drug discovery, clinical trials, sales and marketing, and compliance
- Efforts in deepening domain expertise in analytics through strategic investments. For instance, acquiring a minority stake in Opera Solutions in 2013

Scope
- Traction in ADM, ERP, testing, and end-user computing services
- Geographical scope of contracts spans United States, Europe, and APAC, with increasing instances of global deals
- Nearly 90% the life sciences ITO revenue generated from large-sized (>US$25 million) deals and project-based engagements

Delivery footprint
- Life sciences ITO services primarily delivered from India, with other centers in Brazil, Mexico, and Australia
- Delivery resources are also located onsite, primarily in United States, Canada, and various European locations
- Strong offshore leverage of ~80%

Transaction success
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- Life sciences ITO deals have strong deal characteristics, such as average TCV of nearly US$50 million, and average deal duration of seven years

Success dashboard

1. Transaction success for large-sized deals; assessment relative across service providers
Source: Everest Group (2014)
## Proprietary solutions (representative list)

<table>
<thead>
<tr>
<th>Line of business</th>
<th>Solutions</th>
</tr>
</thead>
</table>
| Life sciences    | ● Drug discovery  
|                  | - R&D analytics supports a broad range of analytics needs across the R&D value chain, leveraging Wipro’s investment in Opera Solutions  
|                  | - NextGen provides next-generation sequencing (NGS) that allows researchers to map genetic data to identify gene variance after the first level of sequencing  
|                  | ● Clinical services  
|                  | - Investigator Relationship Management provides predictive analytics on an investigator’s performance and supports day-to-day activities of a study site and an investigator  
|                  | - Wipro Rapid Trials is an integrated SaaS-based clinical development platform for end-to-end clinical studies  
|                  | - s-Trials is a service framework to enable smooth running of clinical trials by providing a set of configurable protocol compliant services  
|                  | - Adverse Event Analytics enables early identification and prediction of adverse events  
|                  | - Clinical Collaboration Portal (eTMF) is a tool for maintaining a well-controlled and regulatory compliant Trial Master File (TMF) document  
|                  | - Business Process Management for clinical trial registration, which helps streamline trial registration document process to enhance timely completion of regulatory documents and initiate clinical trial on time  
|                  | - Vendor Metrics is a configurable dashboard that allows companies to track key performance metrics of supporting R&D vendors, set service levels, and negotiate contracts  
|                  | ● Sales and marketing  
|                  | - Outreach platform leveraging the Wipro Cloud Content solution captures and stores patient data collected in camps post patient consent, to identify and diagnose progressive and chronic patients. The platform helps track and deliver tertiary care to patients and follow-up for post-treatment adherence  
|                  | - Patient Centricity is a collaborative care platform using IT to engage all stakeholders, by driving awareness, to bring in behavioral change resulting in better patient engagement  

Source: Everest Group (2014)
## Proprietary solutions (representative list)

<table>
<thead>
<tr>
<th>Line of business</th>
<th>Solutions</th>
</tr>
</thead>
</table>
| Life sciences    | ● Analytics  
|                  |   - Launch Stage Analytics is a pricing simulation and optimization platform which helps assessment of financially optimum country launch sequence of new products, and for determining the repercussions of product-specific pricing events across countries  
|                  |   - Field Service Transformation is an integrated analytics solution that leverages data from connected medical devices to transform field service and deliver superior service business performance  
|                  | ● Compliance  
|                  |   - Risk-based Monitoring encompasses an analytics-driven solution to reduce the need for onsite monitoring, which enables pharmaceutical companies to take a proactive approach to investigator sites that can be remotely monitored and are at risk of low performance  
|                  |   - Post Market Surveillance is an end-to-end complaints management solution including complaints intake, complaints processing and analysis, MDR creation, CAPA, and product investigation |

Source: Everest Group (2014)
ITO domain investments

**Acquisitions** (representative list)

<table>
<thead>
<tr>
<th>Target</th>
<th>Date</th>
<th>Capabilities added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opera Solutions</td>
<td>May 2013</td>
<td>Wipro acquired a minority stake in Opera Solutions for US$30 million. Opera Solutions delivers “as a service” software solutions that allow enterprises and government to leverage big data. Healthcare focus includes Reporting as a Service (RaaS), hosted solutions, and lead generation, among others</td>
</tr>
</tbody>
</table>

**Key alliances** (representative list)

<table>
<thead>
<tr>
<th>Alliance partner</th>
<th>Purpose of alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axeda</td>
<td>Alliance for providing services to help organizations connect with any asset, leverage machine data to enhance business processes, and develop new innovative enterprise applications</td>
</tr>
<tr>
<td>ICON Technical</td>
<td>Alliance for Wipro’s Clinical Collaborative Portal and Wipro Rapid Trials (trial optimizer and clinical trial management system)</td>
</tr>
<tr>
<td>PharmaSol</td>
<td>Alliance for Wipro Rapid Trials (clinical data management system)</td>
</tr>
<tr>
<td>Oracle</td>
<td>Alliance for clinical development platform for Wipro Rapid Trials</td>
</tr>
<tr>
<td>Several</td>
<td>General enterprise-level alliances with vendors, such as EMC, HP, IBM, Microsoft, Oracle, Sun, and SAP, for solutions across healthcare and other industry verticals</td>
</tr>
</tbody>
</table>

Source: Everest Group (2014)
## Recent transaction activity

<table>
<thead>
<tr>
<th>Buyer’s name</th>
<th>Announcement date</th>
<th>TCV estimate (US$ million)</th>
<th>Duration (years)</th>
<th>AO/IO/both</th>
<th>Contract details and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takeda Pharmaceuticals</td>
<td>March 2014</td>
<td>400+</td>
<td>9</td>
<td>Both</td>
<td>The scope covers global services covering 14 different languages, desktop services, virtual desk, messaging, mobility, print services, security, risk and compliance, end-to-end datacenter services, spread across five bundles – global service desk, end-user computing, network and security, SAP basis, and datacenter services</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>December 2011</td>
<td>50-100</td>
<td>5</td>
<td>Both</td>
<td>To enhance AstraZeneca's end-user computing infrastructure. Also includes software packaging, desktop management, and identity &amp; access management</td>
</tr>
</tbody>
</table>

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

Source: Everest Group (2014)
Wipro | Life sciences ITO profile (page 7 of 7)

Key ITO delivery locations

Confirmed location for life sciences ITO

- 500-1,000 ITO FTEs
- >5,000 ITO FTEs
- 100-500 ITO FTEs
- 1,000-5,000 ITO FTEs
- <100 ITO FTEs

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**

- **Leaders**
  - Top quartile performance across market success and capability

- **Major Contenders**
  - 2\(^{nd}\) or 3\(^{rd}\) quartile performance across market success and capability

- **Emerging Players**
  - 4\(^{th}\) quartile performance across market success and capability

**Market success** (Transaction activity)

**Delivery capability**
(Scale, scope, domain investments, and delivery footprint)

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**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:

- **Active ACV of relevant deals**
- **Relevant deals**

**Market success**

- **Leaders**
- **Major Contenders**
- **Emerging Players**

**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
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.

- In order to assess advancements on **market success**, we evaluate the performance of each of the service providers on the PEAK Matrix across a number of parameters including:
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  - Relevant deals

- In order to assess advancements on **capability**, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:
  - Annual growth in scale
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  - Expansion of delivery footprint
  - Technology / domain-specific investments

The top quartile performers on each of the identified parameters are identified and the “Star Performer” rating is awarded to the service providers with:

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- At least one area of top quartile performance in both market success and capability advancement

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 marketplace, 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
Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-647-557-3475

London
unitedkingdom@everestgrp.com
+44-207-129-1318

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+91-124-284-1000

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