IDC MarketScape: Worldwide Life Science Manufacturing and Supply Chain ITO 2013 Vendor Assessment

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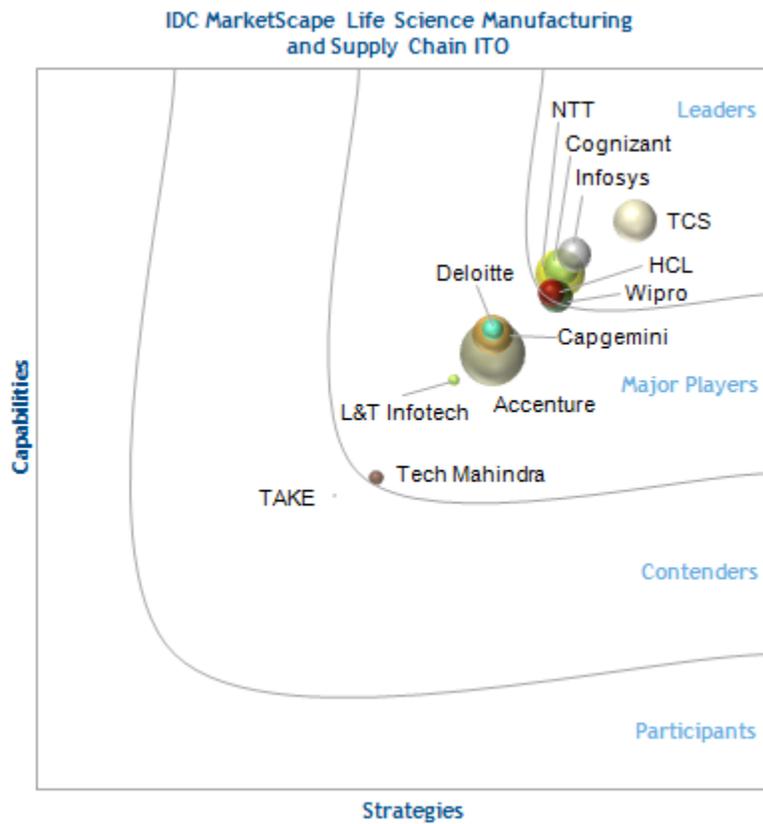**THIS IDC MARKETSCAPE EXCERPT FEATURES: WIPRO**

IDC MARKETSCAPE FIGURE

FIGURE 1

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

Source: IDC Health Insights, 2013

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 Vendor Assessment by Eric Newmark (Doc # HI244265). 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

Manufacturing and supply chain IT spending growth in 2013 is expected to grow at levels close to historical averages, between 5% and 7%. Relative to last year and sliced by IT segment, the majority of companies expect budgets to remain roughly the same, but IT services are most likely to experience an increase in spend, followed by hardware and then software.

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 is driving industry consolidation as companies look to capitalize on cross-company synergies and overlapping overhead structures. In today's manufacturing plant, for example, one area receiving increased attention is Process Analytical Technology (PAT), or quality by design (QbD), which has begun to receive acceptance among a number of pharmaceutical companies, and rightly so, given the efficiency gains they produce as well as the clear alignment with the belief of the U.S. Food and Drug Administration (FDA) that quality cannot be tested into products but should be built in by design. Manufacturing plants are also 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 skilled IT outsourcing (ITO) partners that have strong life science-specific industry expertise and can help achieve these goals through better, cheaper, and more flexible use of manufacturing and supply chain-focused technology.

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 12 leading IT outsourcing 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. Ultimately, 12 vendors were invited to participate in this study:

- Accenture

- Capgemini

- Cognizant

- Deloitte

- HCL

- Infosys

- L&T Infotech

- NTT DATA

- TAKE Solutions

- Tata Consultancy Services (TCS)

- Tech Mahindra

- Wipro

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

Additionally, when engaging with an IT outsourcing 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 IT outsourcing 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 sales and marketing 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 a vendor's strengths and opportunities.

Wipro

Founded in 1945, Wipro has been serving the life science industry for the past 10 years. The company, headquartered out of Bangalore, India, has offices in 57 countries and most recently attained annual revenue approaching $7 billion. Wipro derives roughly 10% of its revenue from its health and life science business unit (half of which IDC estimates comes from life sciences), 45% of which comes from the manufacturing and supply chain space. After a close evaluation of Wipro's offerings and capabilities, IDC has positioned the company in the Leaders category within this IDC MarketScape.

Strengths

Wipro has extensive experience working with medical device companies, complemented by midlevel experience with pharmaceutical and biotech companies as well. The vast majority of Wipro's life science customers are large corporations with revenue over $1 billion, with a smaller portion spread across midsize and small firms. While more than half of its client base is North American based, it does have a significant client base across all regions of the world, including Europe, Asia, and Latin America, with multiple delivery centers in each region as well. Relative to other vendors discussed in this report, and based on feedback from multiple customer references, Wipro scored the highest among all vendors for account management capabilities and received high marks for technical skills and overall level of value delivered to its clients.

Opportunities

Wipro is willing to engage with its clients under flexible pricing contracts (i.e., profit or risk sharing) and has previously executed some deals under this type of model. Further exploring and promoting these types of engagements should provide Wipro increasing opportunities going forward as the life science industry continues to become more interested in these types of arrangements and migrate toward this model. One area noted by its customers for potential improvement is improved clarity around Wipro's marketing message to the industry in terms of the company's strategic focus and longer-term offering road map. At the functional category level, demand forecasting and track and trace technologies are two areas well positioned for further development by Wipro.

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.

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

- *Perspective: IDC Health Insights' Top Preferred Life Science Technology Vendors for 2013* (IDC Health Insights #HI239146, February 2013)

- *Life Science Leading Indicators 1Q13* (IDC Health Insights #HI239160, January 2013)

Synopsis

This IDC Health Insights report provides an assessment of where the life science manufacturing and supply chain IT outsourcing 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.

Manufacturing and supply chain IT spending growth in 2013 is expected to grow at levels close to historical averages, between 5% and 7%. Relative to last year and sliced by IT segment, the majority of companies expect budgets to remain roughly the same, but IT services are likely to experience an increase in spend relative to hardware and software. Part of this includes strong demand for external partners that can reduce costs, improve process efficiency, increase automation, and provide strong life science–specific industry expertise.

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 is 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 through better, cheaper, and more flexible use of manufacturing and supply chain-focused technology. If you are looking for assistance in selecting a third-party service provider for manufacturing or supply chain ITO, whether it's for tactical or strategic purposes, the guidance provided in this IDC MarketScape is a great place to start."

About IDC

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