IDC MarketScape

IDC MarketScape: Worldwide Life Science R&D Strategic Consulting Services 2021 Vendor Assessment

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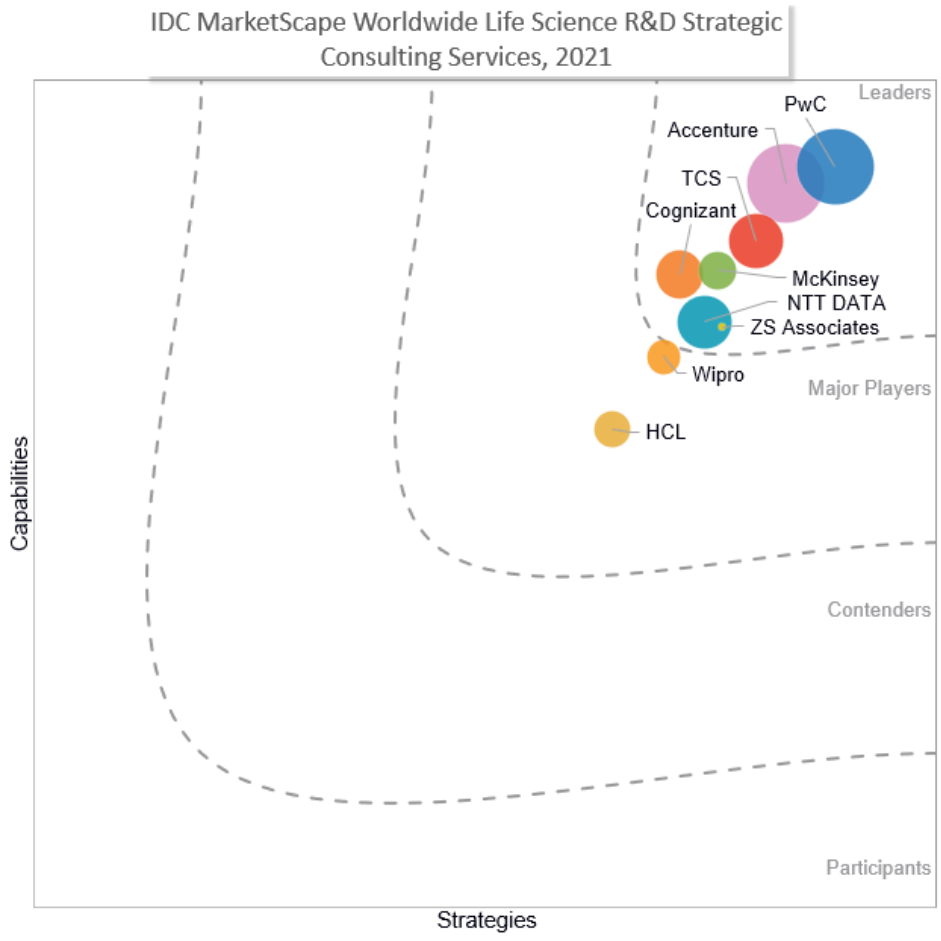
THIS IDC MARKETSCAPE EXCERPT FEATURES ZS ASSOCIATES

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Life Science R&D Strategic Consulting Services Vendor Assessment



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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 R&D Consulting Services 2021 Vendor Assessment (Doc # US48159321). 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

The COVID-19 pandemic has brought to bear the importance of strategic consulting (SC) to the life science industry. The industry has gone through a lot of turmoil over the past one-and-a-half years, and the questions that needed to be answered have changed. Externalization strategies are now not being driven solely by vendors that have the ability to deliver increased agility and cost savings, but by vendors that can also provide strategic counsel on business continuity, on digital resiliency, and on the adoption of innovative business models and technologies to deal with this crisis.

As pharmaceutical companies continue on a path of vendor consolidation, choosing service providers that could deliver a full suite of business process outsourcing (BPO) and IT outsourcing (ITO) solutions, complemented by strategic consulting efforts, is becoming a preferred model. The sudden spurt in start-ups, the development of digital ecosystems, and the growing adoption of co-innovation models have led life science companies to seek guidance on the right path ahead and on determining which innovative technology to adopt, which start-up to partner with, and how best to integrate the same within existing workflows. As the boundaries between life sciences and healthcare continue to blur, there has been a heightened focus on the use of real-world evidence. While the industry recognizes that this is where the rest of the world is headed, a lot of questions remain unanswered regarding the right data sources to leverage, the right choice of strategic partnerships, the right strategies to deal with interoperability challenges, and the right ways to utilize the data, to name a few. ITOs that can go a step beyond technology implementation and data integration, to actually providing expert guidance on these matters, will take the lead. Expertise in areas such as the implementation of decentralized clinical trials, prescription digital therapeutics, *in silico* drug discovery, and the lab of the future are some of the areas gaining increasing importance.

From a strategic consulting perspective, transformation initiatives are taking many forms such as:

- Traditional high-level management consulting
- Organizational change management (OCM)
- Application rationalization
- Operations optimization
- Infrastructure optimization
- Partner selection and vendor oversight
- Data integration and monetization
- Turnaround strategy
- Business model innovation

Strategic consulting as a service has been experiencing double-digit growth over the past couple of years and is now experiencing even greater demand, fueled by the business disruption caused by the

pandemic. As this competency continues to evolve over half a century, the life science industry is increasingly separating the wheat from the chaff to identify those partners that will truly make a difference to its organizations' growth trajectory. Partnering with the right vendor can help organizations reset their thinking, drive cultural change, and accelerate their innovation agendas. It is keeping in mind the latter that major IT service providers have built industry-specific expertise and started focusing on honing their strategic consulting capabilities.

While strategic consulting service providers vary widely in the relative strengths of their offerings, there are multiple vendors with sufficient experience to compete for RFIs, RFPs, and other service requests. Therefore, it is important for companies to shrink the broad list of prospective vendors to a short list of three to five finalists based on a balanced scorecard that accurately captures specific company requirements and needs. Successful selection of a single service provider or a limited number of preferred service providers depends on careful consideration of key criteria. Building on contributions from nine major life science R&D strategic consulting service providers (including both premier vendors and emerging new vendors in this space), this study examines the life science R&D strategic consulting vendor landscape today with a view toward expected growth over the next three to five years. This is the second of three documents (BPO, ITO, and strategic consulting) examining services outsourcing in the life science R&D space (refer to Table 3).

When evaluating vendors, the key criteria IDC believes that life science companies should consider include:

- The breadth of life science R&D strategic consulting services offered; the depth of related platform, project, and/or transformational initiative experience; and the number of prior related engagements the vendor has successfully completed
- Geographical footprint and global delivery capabilities (typically associated with strategy implementation), level of priority and focus by the vendor on the life science R&D sector, and the vendor's pace of investment in related life science industry and/or technology-specific areas
- The depth of business-related, industry-specific knowledge and the ability to apply this knowledge to improve specific client performance and success
- Foundational service capabilities (where applicable), corporate financial stability, and the ability to accommodate different types and sizes of life science clients
- Diligent vetting of customer references to examine vendor capabilities surrounding project management, change management, technical skills, account management, and overall value delivery to clients

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC 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 by IDC for the potential to engage clients within the target IDC MarketScape space. Further research and due diligence were then conducted to narrow the list of vendors to only those that IDC views as legitimate contenders for future deals within the pharmaceutical R&D space. The nine life science R&D strategic consulting vendors selected to participate in this study were:

- Accenture

- Cognizant Technology Solutions
- HCL Technologies
- McKinsey
- NTT DATA
- PricewaterhouseCoopers (PwC)
- Tata Consultancy Services (TCS)
- Wipro
- ZS Associates

ADVICE FOR TECHNOLOGY BUYERS

Strategic consulting services in the life science industry are gaining increasing importance. The focus is on partners that can drive both enterprise agility and digital resiliency. Partners that can help define a long-term strategic road map, moving beyond long-term sustainability to exponential growth powered by digital acceleration, are sought after. As the world transitions from being inward focused to a world of digital ecosystems that are adopting collaborative co-innovation strategies, strategic consulting partners are helping shape these partnering models. With the increased focus on disaggregated care and decentralized clinical trials, a partner that can provide strategic guidance on the right choice of technology platforms, the right technology deployment strategies, and the right patient-centric study implementation models are much in demand. The ability of the consulting partner to transition from operating at the high-level, "bigger picture" stage to getting into the weeds and actually providing handholding through the execution of that strategy becomes a differentiator. As strategic consulting partners take increasing ownership, one is seeing the growth of risk-sharing and outcome-based pricing models. Customers value partners that can provide insights on the competitive landscape — and expert inputs on regulatory strategy — especially in newer areas of technology adoption, such as the use of software as a medical device (SaMD). Smaller biotechnology companies, in particular, do not necessarily have the scale and the bandwidth internally to address these concerns, and this is where the right strategic consulting partner makes a big difference. That is also the reason why one sees a lot of the strategic consulting companies increasing their "emerging to midsize" customer base.

Life science companies are looking for guidance on portfolio strategy, insights on the right value proposition, the right positioning statements for their assets, and inputs on the right pricing constructs. As a result of the extreme obsession with consumers and patients existing today, life science companies are trying to find the right path to drive long-term engagement throughout the patient's journey. It is an interesting time where IT service providers are actively and aggressively working to grow their strategic consulting capabilities, typically in areas adjacent to vendor service strengths, while strategic consulting companies are building their technology, data, and analytics capabilities, largely inorganically, through acquisitions.

In IDC's view of the strategic consulting ecosystem, key attributes that life science companies are looking for in their service providers include:

- Traditional management consulting expertise
- Deep life science industry and/or technology-specific knowledge
- The ability to provide deep insight into the industry landscape, competitive intelligence, and best practices

- Guidance on selecting the right application, platform, framework, and infrastructure
- Understanding of regulatory strategy in newer areas such as prescription digital therapeutics
- Operational experience in the area of interest, as appropriate
- Understanding of the life science business at both the company level and the tactical level
- Access to industry-adjacent best practice knowledge, where appropriate
- The ability to deliver both strategic guidance and direct implementation support for the project of interest
- Experience in organizational change management, driving workforce elasticity and leadership transformation
- Experience in implementing an integrated digital strategy, complemented by driving digital fluency across the organization
- Strong referenceable clients

At the next level, IDC recommends that life science companies consider the following during their vendor selection process:

- The ability to work effectively with multiple stakeholders (including competing service providers) to drive transformation initiatives regardless of organizational boundaries
- Experience and knowledge from adjacent industries
- Internal agreement on the relative importance of quality versus cost in the selection of a service provider
- The ability to deliver a unified service capability over multiple service or geographical areas
- The potential to seamlessly expand services delivered across BPO, ITO, and strategic consulting as part of preferred vendor relationships
- Compatible corporate cultures
- Historical corporate relationships that could impact vendor selection

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.

ZS Associates

After a close evaluation of ZS Associates' offerings and capabilities, IDC has positioned the company in the Leaders category in the 2021 IDC MarketScape for worldwide life science R&D strategic consulting services.

Founded in 1983, ZS has been serving the life science industry for the past 38 years. The company, headquartered out of Illinois, the United States, has a strength of over 9,000 employees, with 7,300 dedicated to life sciences and over 70% being functionally (domain) focused, demonstrating ZS' strong domain orientation. ZS' ability to work at the intersection of technology, data science, and business serves as its differentiator. It has over 400 certified data scientists, big data and cloud technologists, and clinical and real-world data practitioners, and over 100 MDs and life science Ph.Ds., and with R&D experience in more than 120 disease areas. Over 500 of its leaders have an average of 12 years' experience in life science industry. ZS does not have a sales team and focuses on true partnership

development. ZS has invested over $75 million in R&D and is serving over 310 clients, with two-third representing pharma and biotech and one-third medical devices, with 50 clients specifically associated with R&D engagements.

ZS has a presence in 70 countries, with 28 delivery centers globally. Approximately 90% of its customers have revenue of over $1 billion. ZS Associates derives over 96% of its revenue from its life science business, with roughly 8% of this revenue coming from R&D-focused engagements and has shown a healthy CAGR of 16% over the past 20 years.

Strategic Initiatives

Clinical development excellence, medical affairs, RWE, biomedical research, and global health economics outcomes and research are key focus areas for ZS. ZS has built an advisory board of pharma leaders to help guide its strategy. It is integrating life sciences, information science, and management science to guide its strategic capability. It has launched a data science and AI/ML center in India to strengthen these capabilities and is investing in building its expertise in digital and connected health.

M&As

ZS has made three small acquisitions to enhance its products and offerings. In March 2017, ZS acquired Meetings Analytics, a boutique consulting company. In December 2017, ZS acquired certain assets related to BASES Pharmaceutical Forecasting for use in its business. In February 2018, ZS acquired Braincase LLC, a consulting company focused on consumer behavior and marketing strategies. ZS recently acquired Medullan, a leader in digital health and digital medicine strategies to enhance digital health solutions for better patient outcomes.

Pricing Models

ZS primarily leverages a fixed-fee model. Less than 5% of its contracts currently involve risk sharing.

Strengths

ZS focuses on building strategic advisory relationships, working with clients from ideation through prototyping and the development of reusable accelerators, focusing on a flexible engineering approach and deep UX consideration, frequently coinvesting in accelerator development. ZS' key focus areas include R&D, analytics services, and digital and technology, complemented by its strategic consulting capability, and they account for one-fourth of ZS' life science spend. ZS' differentiators include its strategic consulting and data science expertise in niche areas such as predictive modeling, therapeutic/disease area strategy, translational research strategy, clinical study and budget management, integrated study design and feasibility, medical affairs, real-world evidence, IT system blueprinting, analytics/business intelligence application development, and data mining. While SC presents more than half of ZS' business, ZS is focused on innovation, with over 60% of its SC business including an innovation component and 40% including an IP component. ZS' strength lies in the proprietary AI and advanced analytics-based accelerators that it has developed for diverse applications ranging from protocol digitization and biomarker intelligence for clinical trial feasibility optimization (CTFO), cloud-based trial intelligence and design optimizer solutions (Design Intelligence and Study Design Optimizer and Clinical Trial Enrollment Modeling and Prediction [c-TEMP]), NLP-based insights for medical affairs, algorithms for rare disease patient identification (RareBERT), auto-ML modules for patient event prediction (ZS Plug-n-Predict), applications in clinical trials, clinical decision support, and HEOR and modules for site/investigator identification for clinical trials. ZS has accelerators such as Clinical Design Center (CDC) (its most mature product that more than 15 large

and medium-sized pharmaceutical companies are currently using); Latitude (its registry platform); ZS_CDR-SCE (its next-gen clinical data repository and a statistical computing environment leveraging a data science approach), which is being used for transformation of data sets to a submission data tabulation model (SDTM) and analysis data model (ADaM) compliant format; and REVO Evidence (its RWE solution). The Clinical Design Center encompasses Design Intelligence, Study Design Optimizer, Feasibility Optimization, Enrollment Modeling, and Control Tower modules. ZS' Patient Analytics Cloud offering has patient journey mapping, plug and predict, opinion leader intelligence (OLI), concept builder, cohort builder, and data explorer. All of its solutions are built on a common components framework (CCF), enabling flexibility and reusability of multiple components. ZS has also implemented a data science AI-enabled platform to automate clinical data review. ZS follows a dual heart and mind strategy with CDC serving as the brain and Trial Launch Catalyst serving as the heart, enabling sponsors to assess the feedback of sites and patients on trial design and to derive a patient-centricity index and drive equitable access. ZS also runs a feasibility consortium, currently including 12 sponsors and is guiding sponsors to increase diversity of trial participants. ZS also runs other consortia with more than15 sponsors in medical affairs and R&D technology, as well as a biometrics consortium with more than15 sponsors.

ZS provides a 24-hour regional and client-specific staffing model, with more than 80% of its teams colocated with its clients (prior to the COVID-19 pandemic). ZS has developed more than 10 enterprise data lakes, including three research data lakes supporting discovery through translational research, including an award winning RWD lake. ZS has the capability to generate insights from rich multidimensional data, augmenting its own data sets, through its partnerships with data providers such as Symphony, Optum, Practice Fusion, HealthVerity, and Citeline-Informa. ZS is providing guidance on data integration strategy and data governance as well as technology strategy and solution architecture and systems integration support for COTS solutions for biometrics as well as decentralized trials. It has its own technology accelerator, ZS VITA, to provide virtual reality services for clinical trials. Other insights provided include digital endpoints selection, decentralized protocol design, and digital needs mapping of sites. ZS reengineered the feasibility decision-making process for more than 320 studies for a well-known U.S. pharma in the light of COVID-19. While ZS Associates is known for its strength the commercial segment, it has gained significant credibility in the R&D space over the recent years.

From a customer's perspective, ZS has been acknowledged and lauded by big pharma for providing strategic direction for the feasibility assessment for new therapeutic areas. To quote a global U.S. pharma, for which ZS is running a variety of projects related to trial design optimization, "We chose them for their flexibility, relevant expertise, relationship, previous thinking, and best depth in this space, ready accelerators. Their technical skills and strategic leadership are excellent. In terms of innovative capability, we did a head-to-head analysis for NLP in 2017 and 2019; all vendors improved, but ZS was first both times and way ahead the second time. One of the biggest value drivers for us has been getting their strategic guidance. If you stay in their wheelhouse, it's been awesome."

Challenges

While ZS' core strength has been in the commercial space, only 10% of its life science staff are focused on R&D, and it should scale that success in R&D and leverage synergies between its commercial and R&D practices. Though ZS is perceived as an analytical powerhouse, ZS has an opportunity to strengthen its change management capabilities and its ability to rapidly scale up as well. ZS is seen as strong in systems integration but should build its capabilities in software development. From a service offering perspective, SC services positioned for further development include its drug

safety and pharmacovigilance, medical affairs, regulatory compliance and regulatory information management services, and high-level management consulting/advisory 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 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 study, strategic consulting is defined broadly and includes:

- High-level management consulting and advisory services (including portfolio and other R&D strategy development, new business model assessments and strategies, and globalization strategy development and implementation)
- Operation and process optimization development and implementation services (including IT framework development, outsourcing strategies, and organizational change management support)
- Technology adoption and implementation strategy development (including mobile, cloud, big data, and social communication strategy development)

Market Overview

The life science industry has undergone accelerated transformation in the recent past, resulting from the acute disruption caused by the pandemic. This has led the industry to rethink business models, revisit digital strategy, and reevaluate ROI on IT spend. That does not mean, however, that innovation has slowed down; in fact, it continues in an even more accelerated mode. Efforts at the forefront include:

- Increased focus on digital therapeutics
- The evolution of digital ecosystems and co-innovation efforts
- Identification and leveraging of relevant cross-industry best practices and technological innovation in pursuit of operational efficiency optimization and process excellence
- An obsessive focus on patient engagement, patient optionality, and industry-specific solutions (e.g., mobile apps, wearables, telehealth, and decentralized clinical trial models)
- Increased focus on *in silico* models and digital twins
- The growing importance of GPU models in accelerating drug discovery
- The shift in focus to cell and gene therapies and precision-medicine strategies
- The shift in importance of real-world data from commercial to R&D, and the transition to a data-centric world

Yet this industry did not undergo a digital revolution. What one primarily saw was digital evolution, complemented by an attitudinal revolution. As the life science industry saw the proof of concept that technology and collaboration could work hand in hand to bring a vaccine to the market in less than a year and that decentralized clinical trials could actually be successfully implemented at scale, there was a change in mindset. There was a need to innovate at warp speed and yet control spend, ensure sustainability, and drive resiliency. There was a need to think ahead and carefully craft a strategy for the future, not only to rapidly reset from the business impact that the pandemic had caused but to grow exponentially.

This escalated the demand for experienced strategic consulting companies to help the life science industry navigate this challenging path and forge ahead. Strategic consulting companies are needed more than ever to provide insights on new business models, technology innovation strategies, and best practices from outside of the industry. The pandemic has triggered a huge uptick in the adoption of IDC's 3rd Platform (comprising IDC's four pillars of technology innovation: IT clouds, big data and analytics, mobile platforms and solutions, and social and unified communications) by the life science industry, and strategic consulting companies are steering digital convergence to enable asset-driven innovation and are embedding new leadership mindsets to drive growth.

Key R&D areas where strategic consulting is expanding include real-world data, predictive analytics, data productization and monetization strategies, technology adoption and implementation (including mobile, cloud, big data, and social communication strategies), globalization, and partner strategy strategies to drive business continuity and digital resiliency, which have become a business-critical priority.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Life Science R&D BPO Services 2021 Vendor Assessment* (IDC #US48126821, forthcoming)
- *IDC MarketScape: Worldwide Life Science R&D ITO Services 2021 Vendor Assessment* (IDC #US47455021, forthcoming)
- *The Future of Intelligence for Life Sciences: Transcending Boundaries* (IDC #US47730821, June 2021)
- *GPU-Powered Transformer Models Poised to Accelerate Drug Discovery and Disrupt Drug Development* (IDC #US47660321, May 2021)
- *IDC TechScape: Worldwide Life Science R&D Machine Learning and Cognitive Computing Landscape, 2021* (IDC #US47482121, March 2021)

Synopsis

This IDC Health Insights study is the second of a three-part life science R&D IDC MarketScape series. With a specific focus on strategic consulting in the life science R&D space, this document seeks to compare major service providers with each other based on criteria that should be important to life science companies when considering the selection of a strategic consulting partner to help provide guidance for strategic, operational, and tactical transformation issues within the R&D space. IDC MarketScape assessment of strategic consulting outsourcing in life science R&D was previously performed in 2011, 2014, 2016, and 2018.

Dr. Nimita Limaye, research VP, Life Science R&D Strategy and Technology, IDC, noted, "These deeply challenging times have resulted in an elevated need for expert guidance on aspects related to digital resiliency, near-term and long-term IT investment road maps, cloud strategy, inputs on research platforms, and enterprise digital strategy. In a world full of distrust and despair, life science organizations are facing newer challenges, such as driving diversity and equity in clinical trials and building trust in trial participants, and are seeking insights on how to navigate this slippery path. As organizations explore newer areas such as cell and gene therapy and computational genomics, and experiment with newer operating models such as decentralized clinical trials, prescription digital therapeutics, digital ecosystems, and federated learning models, they do not need to just build technological capabilities but to drive cultural change within the organization. SC partners that possess the combination of technology implementation, AI/ML-powered data and analytics expertise, and life science domain expertise, complemented by organizational change management skills, will truly lead the way."

About IDC

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