Health Industry Insights
An IDC Company

Top 10 Life Science Software Vendors

PERSPECTIVE #HI218060
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IN THIS PERSPECTIVE

This Health Industry Insights Perspective provides results from a study identifying the top 10 software vendors serving the life science market.

Background

The current economic crisis has only exacerbated an already worrisome situation in the life sciences. The industry has already been undergoing reformation to cut costs and improve long-term sustainability for nearly a decade. At the same time, drug development has not produced drugs fast enough to keep pace with revenue evaporating from patent expiration, a gap that will grow significantly over the next few years. By 2011, one-fifth of all revenue generated by brand pharma will have lost patent protection over the preceding five years. As a consequence, companies continue to actively pursue additional opportunities for cost reduction from across the enterprise.

From an IT perspective, companies are undergoing significant application portfolio rationalization and consolidation to reduce redundancy across divisions; consolidate decision making to capture additional economies of scale and improve cross-department integration; and reduce development, maintenance, and support costs for major systems. Simultaneously, software vendors serving this market continue to merge and acquire, which often leaves end users with unanswered questions around long-term product road maps, support, and company viability.

To help cut through some of the fog, Health Industry Insights recently conducted a study to identify the most successful software vendors serving the life science market. The top 10 companies, based on enterprise life science software revenue, have been identified and are discussed in this Perspective.

Methodology

Purpose of Study

Health Industry Insights conducted a study to identify the top 10 software vendors serving the life science industry, based on software license revenue.

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Categories of Analysis

The ranking list in this study was based solely on software license revenue derived from life science customers**.** Likewise, this study examined only enterprise solutions, which were defined as any software solutions that fall into one or more of the following categories:

- Business intelligence/analytics
- Clinical software
- Customer relationship management (CRM)
- Content management
- Revenue management/ERP
- HR
- Manufacturing
- Supply chain management
- PLM
- R&D — informatics
- R&D — discovery platforms

Revenue obtained from any services relating to software, or from software applications that do not fit into these categories, such as desktop applications, have been excluded based on constraints determined for this study.

Primary Research

Phase 1

Health Industry Insights performed an extensive internal modeling exercise, utilizing internal forecasts, spending data, and market sizing information, to identify the top 30 software vendors serving the life sciences and create an IDC estimate for each vendor's 2008 license revenue. This license revenue number did include all revenue obtained through any acquired companies prior to the end of 2008.

Phase 2

Health Industry Insights then contacted all 30 vendors, asking them to comment on the projections and provide guidance on any changes needed. Many vendors were not willing to provide commentary or guidance due to financial policy restrictions. In instances where a vendor did provide guidance, those numbers were then revalidated against internal data and publicly available information as best possible. If a vendor was not willing to provide guidance, IDC's internal estimate was used. The resulting top 10 vendors and their respective license revenue are published here.

Note: All numbers in this document may not be exact due to rounding.

Study Results

Top 10 Life Science Software Vendors

The top 10 life science software vendor list includes enterprise and specialty vendors. Oracle easily topped the chart, with nearly $60 million more than the second-place SAP. While our internal estimates show that Oracle and SAP were virtually tied five years ago, Oracle's fast-paced acquisition strategy, coupled with its increased commitment and focus on the life sciences via its new Health Sciences Global Business Unit, has paid big dividends, which have helped to drive its success in the life science industry. Oracle now holds a 7.43% market share of the $2.95 billion spent annually on life science software. SAP maintains a stronghold on second place, with 5.52% market share, but its preference for internal development rather than acquisition, coupled with turnover among its life science leadership, has led to slower revenue growth. Rounding out third place was SAS, with $123 million. Analytics and business intelligence have become key priorities for life science companies as they work to eliminate data silos and make data more actionable. This trend has been a healthy wind catapulting the SAS sail for several years now. The complete top 10 list is displayed in Table 1.

TABLE 1

License Revenue and Share of the Top 10 Software Vendors in the Life Sciences, 2008

Vendor	Revenue ($M)	Share (%)
Oracle	219.0	7.43
SAP	162.7	5.52
SAS	123.0	4.17
Symyx	94.2	3.20
Cegedim	55.0	1.87
Phase Forward	52.7	1.79
CambridgeSoft	40.0	1.36
Medidata	37.0	1.26
PTC	35.0	1.19
Tibco	32.0	1.09

Source: Health Industry Insights' *Top 10 Life Science Software Vendors Study*

The inclusion of specialty vendors in the enterprise life science software top 10 list reflects significant growth trends impacting the industry. The conversion from paper-based efforts to electronic systems to improve information collection, analysis, and accessibility is driving vendor growth across the pharmaceutical value chain, including rapid growth in electronic notebooks (Symyx and CambridgeSoft) and adoption of eclinical software solutions (Phase Forward and Medidata). Based on Health Industry Insights market estimates, eclinical use has recently surpassed 50% of all new and ongoing clinical trials, a trend that continues to expand. In addition, not unlike enterprise software vendors, specialty vendors are pursuing significant M&A efforts in pursuit of comprehensive suites of solutions. Life science investment in specialty software solutions is yielding near-term ROI, with such benefits as improved process efficiency and more rapid and informed decision making. Over the longer term, additional benefits, such as cost savings, improved access to and exploitation of data, and accelerated time to market for drugs, can be expected from implementation of these enterprise solutions.

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Related Research

- *U.S. Electronic Data Capture 2007–2012 Spending Forecast and Analysis* (Health Industry Insights #HI215874, December 2008)
- *Medidata Brings Intelligent Design to Clinical Trials* (Health Industry Insights #HI215334, November 2008)