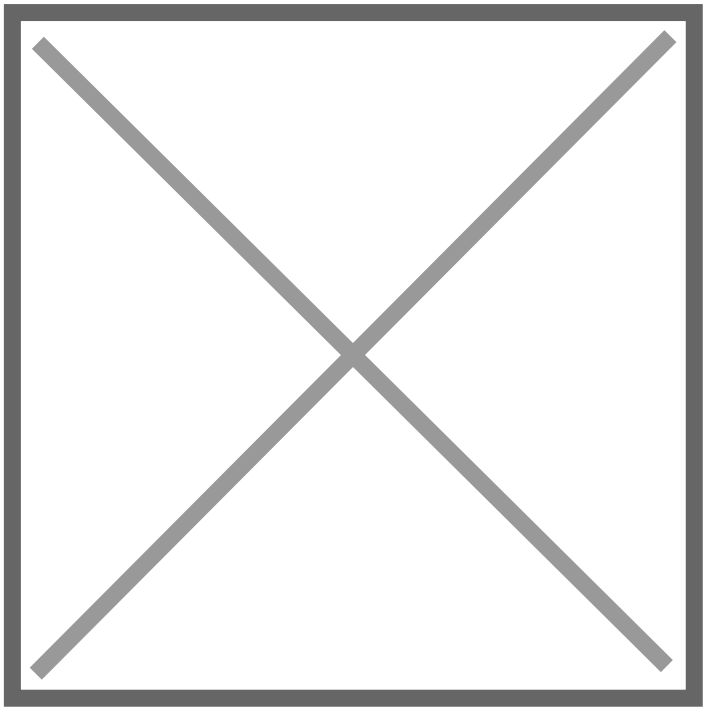
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Satyam steps up focus on life sciences

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Satyam's recent foray into the life sciences segment can prove to be a significant differentiator for it in the market.

Global business giant and information technology services company, Satyam, announced in the latter half of February, the setting up of its life sciences Center of Excellence (CoE). The facility in Hyderabad was inaugurated by Satyam's founder and chairman, B Ramalinga Raju on the sidelines of RxCellence, the Life Science's conclave. Satyam is not the first IT company, which has pushed its envelope into the life sciences segment. IT bigwigs like Wipro, HCL, and TCS have already created a strong foothold in the life sciences, a good enough testimony of the growing importance of this sector.

Satyam's life sciences CoE will house solutions cutting across the value chain, addressing a number of industry pain points. "Customers have moved away from the traditional services model. They are now looking at us, the service providers, to help identify tomorrow's business challenges and collaborate proactively in building solutions and frameworks which deliver faster and better Return on Investments (ROI)," said Ram Mynampati, president, commercial and healthcare business, Satyam Computer Services Ltd. The life sciences CoE will addresses industry needs in the areas of clinical drug accountability, drug counterfeiting, cell line management systems, high throughput analytics, clinical development, bioinformatics, supply chain, CRM, key opinion leader portals.

Strategy behind CoEs

Setting up CoEs has been a key business strategy model for Satyam. A de-risking strategy. In the past, the US market constituted around 85 percent of their business today it has come down to 60 percent. "We looked at various dimensions and identify various strategies for de risking. The fact that we are operating in nine different markets today is a testimony to the success," said Mynampati.

Satyam had set up a number of CoEs before in different market segments like retail, customer products, health insurance and financial services. The primary strategy was to align themselves with the particular market, demonstrate the convergence of the technological expertise with the business developments of the market into something more tangible. Moreover Satyam wanted to shift from a volume-based industry to a value based business, from a general IT services and solutions provider to an industry oriented business based solutions. "Customers want to know as to how much understanding we have of the businesses of their industry, what are the investments we have made and not just the monetary part but also the investments we have made in terms of effort and competencies and convert that understanding into tangible solutions and leverage it where ever they want," added Kishore Rachapudi, global head, life sciences, Satyam Computer Services Ltd.

"We needed to identify those few things which we could focus on, which would be a differentiator for us. For us the purpose of setting up a CoE was how do we integrate these different market segments so that we would be operating at an aggregated level to create a solution which cuts across all CoEs and to create a holistic service solution in the healthcare market," added Mynampati.

Venturing into life sciences can prove to be a major differentiator for Satyam. The company sees a world of opportunity in the major hiccups of the industry, which includes a number of drugs going off patent which in the past churned out huge amount of revenues for major pharma companies. Plus, there is a dire need for innovation in such a scenario. "The industry is now looking for partners like us who will help them not just to improve the pipeline but also bring in drugs faster into the market while doing this there should not be any risk as such to the patients," added Rachapudi

Foray into the life sciences Industry

Life sciences is a domain which is not really new for Satyam. In fact, there are four organizations dedicated primarily for the healthcare industry which also includes the emergency medical service (the 108 service in Andhra Pradesh) and Health Management Research Institute.

Satyam had gained expertise in consulting and providing IT solutions to the life sciences industry with a clientele base spanning across US, Europe and Asia Pacific. "We had been providing IT services to global pharma, biotech and medical devices companies and now have a dedicated focus to cater to our life sciences customers' needs," comments Rachapudi.

This was the base foundation for Satyam. The CoE is but a superstructure from where Satyam will intend to consolidate its position in life sciences like it has done in other healthcare verticals. Three-four years ago Satyam's customers were typically in the manufacturing space, but in the last two years Satyam has been pouring in a lot of investments in the research sector "We have embarked on the initiative of creating CoEs because life sciences has been the biggest and fastest growing market for us. It accounts for 6 percent of our revenues," added Rachapudi

Speaking at the life sciences conclave, Satyam's founder, Ramalinga Raju, emphasized on Satyam's keen interest in strategizing ways and means to change the healthcare industry and hence its gradual foray into the life sciences industry. "The life sciences industry and the IT sector have a lot of commonalities. The most important being that the life sciences industry, like the IT industry, in a way deals with information sciences. That is when the two segments can be integrated together," he added.

Priority focus

Satyam's Life sciences CoE will maximize ROI by focusing on the following two areas:

Business pain points are the areas where visible or invisible investment leakages happen. The solution concepts are positioned to arrest such leakages thus ensuring faster ROI.

Usually the IT solutions are costly and time consuming. This implies a lot of investments are unrealized till the implementations start fully functioning. Satyam's reusable CoE components and domain expertise reduce time to fetch benefits from such solution implementations, thus ensuring faster ROI.

Services provided

The objective of the life sciences CoE is to create an umbrella to include Proof of Concepts (PoC) for different areas in the pharma value chain. Under the CoE, the PoCs includes within its purview important components namely R&D, manufacturing, supply chain management and sales and marketing. "The CoE is being lead by four leaders, who have worked in life sciences industry with cumulative experience of over 50 years across R&D, manufacturing, supply chain management and sales and

marketing. The collaborative strengths that can be drawn for development of solutions is huge. The team is growing year-on-year as per the growing needs," added Rachapudi. Satyam today deals with around 26 customers in the life sciences space with a man force of around 1300 plus personnel.

Said Mynampati, "We are working with six of the top 10 pharma companies, besides some of the biotech majors. We are also looking at other customers from the value chain." As far as workforce is concerned, the CoE at present is focusing on three different kinds of competencies, one is technology competency which is the life blood of Satyam; the domain competency, where people from the industry are involved like physicians, the academia who are involved in research activities; and the third category will include experts who study the needs of the market and the process needed. "These three kinds of expertise come together and will create what we call as a competency driven CoE," added Mynampati.

Non-linear growth

Though tight-lipped about the investments made and the target revenues in the coming years for this initiative, Satyam officials indicate that they will be following a non-liner growth model (where the income generated is non-linearly proportional to the people employed) as they had enforced in other segment. "The market today is going from a linear to non-linear growth model. And our investments have been on the non linear path," informed Mynampati. This Satyam believes will be a more sustainable model and the opportunity will be much greater in the assets that are created rather than the head counts. In such a situation thus, to grow 10 percent it does not matter that you have to grow 10 percent in head count.

"The only way is to create retainable assets, continue to look at creating efficiencies in resources so that the revenue per employee goes up and maximize the return on investments. Non linear investments are a direct consequence of the investments we make in enhancing the quality of the business not quantity," added Mynampati.

Integration of IT with life sciences

Both the sectors have been conceived as being extreme sides of the pole; however the initiation of this life-sciences CoE refutes this point. "The Indian IT industry has the capabilities and experience to understand the pain areas of the life sciences customers and provides effective and efficient IT solutions to not only speed up the processes but also to streamline and integrate the processes. IT companies like Satyam have developed frameworks and best practices to allow better functioning of areas in the life sciences value chain like R&D, manufacturing, sales and marketing and corporate governance. Outsourcing the IT support and development to IT companies like Satyam will allow life sciences customers to focus on their core activities of drug discovery, research, manufacturing and selling and improve bottom lines through cost arbitrage and leveraging economies of scale," added Rachapudi. Satyam now venturing into the aerospace and defense areas is a good enough proof that IT solutions alone can bring about smarter solutions for innovation. The same can be applicable to the life sciences division.

Nayantara Som in Hyderabad