

# INVESTOR'S BUSINESS DAILY

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## INTERNET & TECHNOLOGY

### Q&A

## Life Sciences Work Breathes Life Into Outsourcer Cognizant's Sales

### Most Workers In India

Company manages drug testing data for some of the big pharmaceuticals

BY J. BONASIA

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Offshore outsourcing firms are recognized for writing software, running call centers and providing tech support. They're not so well-known for helping with drug development.

But that hasn't stopped Cognizant Technology Solutions<sup>CTSH</sup>, one of India's Big Five outsourcers.

It's focused on the life sciences field for the past decade. In fact, Cognizant's health care and life sciences business made up 20% of its total revenue in 2004.

Cognizant works with nine of the world's 20 largest pharmaceutical firms. Many projects involve data management for new drug testing, says Nagarajan Srivatsan, head of the firm's life sciences unit in North America.

As pharmaceutical companies face more headaches in rolling out new drugs, they need more help, he says.

"The last 12 months have seen a lot of pain points for the pharma industry, with numerous drug recalls and growing pressure to get new drugs out," he said. "We're seeing an uptick in those pain points."

Cognizant is headquartered in Teaneck, N.J., but 70% of the firm's 15,000 employees work offshore in India. Lower labor costs there hold down prices for outsourced projects and services.

Cognizant's health care and life sciences business posted a 48% sales increase in 2004.

Overall revenue grew 52% year over year in the first quarter to \$181.7 million. Earnings rose 57% to \$32 million or 22 cents per share, beating Wall Street estimates by a penny.

Srivatsan recently spoke with Investor's Business Daily about outsourcing for pharmaceutical clients.

**IBD:** *What is Cognizant doing in the life sciences field?*

**Srivatsan:** We look at how to do different processes much more efficiently. We're trying to reduce the cost of IT (information technology) for pharma clients. We're also looking at business processes that include clinical data management.

**IBD:** *How does life science outsourcing differ from outsourcing for standard business tasks?*

**Srivatsan:** One thing is that life science users generally prefer an on-site-centric model. So we provide quite a lot of attention to senior folks on-site. But we leverage our global software delivery model from elsewhere.

Another difference is that this industry still seeks high-end solutions, compared to other industries. In pharma, the concern is still about risk and quality. For other industries, it is now all about cost.

**IBD:** *What are some ways that Cognizant helps pharmaceutical clients?*

**Srivatsan:** We offer what are called safety solutions. These help pharma clients develop the infrastructure to find out about drug safety.

We help them collect data

### Nagaraja Srivatsan



■ Cognizant Technology Solutions

■ Head of life sciences, North America

■ 38 years old

■ B.S., electrical engineering, Birla Institute of Technology and Science, Pilani, India; M.S., electrical engineering, Northwestern University

about safety from internal sources and the FDA. This is an industry framework to look at safety data that's drawn from many different sources. It helps in making decisions about which products or drugs to bring to market.

Another area involves clinical infrastructure. We can help with electronic data capture for clinical drug trials. Our global delivery model then helps them improve their trial efficiencies.

In addition, we can help with the FDA mandate for computer system validation. Companies must validate how they develop software for the drug development process. With each drug, you need to know what information to trace back to the source, to ensure that every portion of the drug was tested.

**IBD:** *How does Cognizant help with regulatory compliance?*

**Srivatsan:** We like to say that we help clients go from molecule to market. Life science research into drug discovery looks at lots of chemical entities. And biotech firms look at genetic codes. We help them manage all

that information in order to get a higher throughput with it.

When they do animal tests or the four different phases of clinical development, we can also help with solutions across the board. The clinical development infrastructure has various dimensions for drug trials, clinical data management or clinical patient registry. There are about 40 to 50 business processes that we can make more efficient and cost-effective.

We can also manage competitive intelligence data. For instance, in sales, do they target the right markets and brand themselves properly? Do they get the right type of messaging across?

**IBD:** *How do you manage risk?*

**Srivatsan:** We have a solution for signal detection. This takes on all the medical data about adverse reactions from patients. A lot of company reports are filed to the FDA. We take all those data sets to provide signal detection for potential health issues. For instance, it could spot a trend for people over 50 who have a certain adverse reaction to a specific medicine.

**IBD:** *Are you active in any other areas?*

**Srivatsan:** For sales and marketing, we help the life science customer with the notion of creating an enterprise customer master record. Pharma firms need to understand their relationships to all the involved stakeholders. These can be doctors who prescribe a drug, trial investigators, key opinion leaders, or national hospital directors who influence Medicare entities.