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Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

Vicki Phelan, KPMG's Pharma and Life Sciences Leader for SSOA (Shared Services and Outsourcing Advisory)

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LJ: *Most of our readers will know KPMG, what is your role in the firm?*

VP: I am currently leading the Pharmaceutical and Life Sciences practice within KPMG Advisory's Shared Services and Outsourcing Advisory group. As your readers may know, KPMG acquired EquaTerra earlier this year, and I was a Managing Director at EquaTerra for almost seven years.

KPMG is a U.S. leader in pharmaceutical and life sciences outsourcing and shared services advisory. We have completed over 130 pharmaceutical engagements, including IT, HR, F&A, Procurement, Marketing and R&D (clinical data management, pharmacovigilance & regulatory outsourcing) for both domestic and global companies.

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FROM THE EDITOR

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Inside Outsourcing's goal is to provide you with articles of interest and with a forum for the exchange of information in this rapidly evolving industry.

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LJ: Your industry focus is Pharmaceutical and Life Sciences organizations, are their business goals on outsourcing different from other industries?

VP: Similar to other industries, Pharmaceutical and Life Science companies are looking to take costs out of the business. This is being driven in particular by healthcare reform and regulatory pressures that are shrinking profit margins and increasing competition in the industry.

However, there are other goals that are more particular to the industry. A by-product of the industry consolidation that has occurred from M&A over the last few years has led companies to rationalize their operations. They want to make sure that the synergies that were identified ahead of the deals are achieved, and often that involves restructuring outsourcing and shared services arrangements.

We're also seeing companies looking to improve their ability to collaborate. There are some organizations in the industry that are truly pushing the envelope when it comes to outsourcing, and now the tier-two and tier-three companies are looking to follow their lead.

LJ: Which services has been a priority of their outsourcing initiatives over the last couple of years?

VP: Pharma and Life Science organizations are now expanding their outsourcing arrangements beyond their SG&A functions, evolving into areas such as R&D, pharmacovigilance, regulatory affairs, real estate and clinical data management. Because the industry was one of the early adopters of outsourcing, most companies are on their second, third or even fourth generation of outsourcing arrangements, and many are moving to more mature, transformational models. Everything is under consideration when it comes to outsourcing, and even in existing areas of outsourcing, companies are looking for deeper penetration

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EquaTerra (now KPMG) conducted a study last year on what areas of the business pharma companies most often outsource, and found that outsourcing and shared services are key strategies for R&D and all SG&A functions. For example, in the new economic reality of drug development, the same leveraged outsource model that has been used frequently and successfully to support clinical trials is now being seriously tested for regulatory affairs support

LJ: What are their expectations past cost reductions for their outsourcing strategies?

VP: In addition to cost, pharma and life science organizations turn to outsourcing to access talent and best practices, and expand their think tank. There is a real desire to collaborate within the industry, and outsourcing and shared services allow these organizations to do that.

They also want to leverage outsourcing to make the technological leap that they can’t do on their own – in fact, we’ve seen some companies use outsourcing to make dramatic transformations.

LJ: How have the providers of outsourcing services changed their approach to align with Pharmaceutical and Life Sciences organizations?

VP: Outsourcing providers are racing to position themselves to compete for the pent-up demand in the pharma industry. They are building up services in areas such as R&D, MD and PNG. It’s truly an evolving landscape.

The providers are also looking to align themselves globally with pharma companies by moving into the regions where these organizations are entering. For instance, many pharma companies are looking to expand into the BRIC countries, and providers are making sure they have the capabilities and resources in those countries. In some cases, the provider can act as a bridge for the company to enter a new market.

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LJ: One final question which is my favorite, what has enabled you to be successful?

VP: There are a couple of things that have helped me become successful. First, understanding my customers and their pain points – I listen to what my clients are telling me, and don't offer them generic solutions. Clients recognize and appreciate this. I recently had a client that believed we could deliver work in an area that was new for us. They were willing to give us a chance because we have consistently delivered good work and good solutions, which starts by listening.

I have also always been fortunate to be surrounded by very capable and smart people, which has allowed me to become more successful. Throughout my years at EquaTerra and now at KPMG, I've been a part of a strong team that brings together the synergies and talents needed to deliver great work. It's been great to use my group as a sounding board, and get others' perspective on where the industry is heading.



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