

Where will  
.net take  
your business?

ENTER THE CONTEST AND YOU COULD  
**BE THE NEXT VERISIGN .NET  
SUCCESS STORY.**

ENTER

# Entrepreneur®

[Click to Print This Page](#)

## Opportunities off the beaten track in the knowledge outsourcing field: a knowledge process outsourcing sector doing well even in

By Ashish Dutt | August-Sept, 2009

[Today's Manager](#)

[ILLUSTRATION OMITTED]

IN 2007, several agencies had predicted that knowledge process outsourcing (KPO) would be in the range of US\$10 billion to US\$17 billion by 2009/2010. They certainly did not see the sub-prime crisis coming. But that is the reality today.

The hardest hit is the financial sector. Most of the KPOs in that sector that were bullish of growing 70 to 80 per cent a year are down to about 5 per cent. But this is not for the long term. The KPO is here to stay and will bounce back sooner than others.

A KPO sector doing well even in these challenging times is in the healthcare and pharmaceutical knowledge space. Some argue that the scale is too small to consider growth but not being overloaded has helped such companies to do well.

Datamonitor distinguishes KPOs from their close cousins in business process outsourcing, BPO, companies in terms of outsourcing some of the core processes of a business that require a high level of domain expertise where as BPO companies get the most of the transactional and non-core businesses.

The KPOs in the pharmaceutical knowledge space run the processes which are extremely important and core to the business of their clients which in most cases are pharmaceutical companies such as GlaxoSmithKline, Pfizer, Novartis, Bayer Schering Pharma, Abbott Laboratories, and Eli Lilly.

One type of knowledge process companies in this segment like Evalueserve target the data analytics part of the business. This involves numbers crunching like market research, business research, sales analytics, and investor relations. But there is another type of KPO company that is more qualitative than the likes of Evalueserve.

[ILLUSTRATION OMITTED]

The core business opportunities that are tapped by other qualitative knowledge processing companies in the pharmaceutical knowledge space are in three areas of content generation, content management, and content outreach.

These pharmaceutical companies outsource the clinical studies from phase 1 to 4 along with the customised studies that allow them to pitch their products better compared to the competitors on the lines of efficacy, safety, and other parameters. This forms the data generation part of the core competency since it throws up much data used in subsequent steps to market the drugs. Under the data management competency, it will then be collated, sorted, analysed, and reported in different formats that are reviewed and rewritten in forms easily communicated to the prescribing doctors.

These KPO companies go a step further with their customers by helping them to market their products by consulting them on medico-marketing plans while promoting them in various journals, public relations activities, direct marketing, online initiatives, and patient activities.

KPO companies have been able to create a special relationship with the pharmaceutical companies. They have provided immense value by not just cutting costs for their customers but also create and increase the overall value for the business. Refer to Figure 1 from Datamonitor that shows how these knowledge companies have been making good on the opportunities in a recession.

Datamonitor in one report mentions that knowledge companies are focused on making use of the information and intellectual arbitrage. This is possible since these companies are focused on niche areas and can develop strong domain expertise that may not be feasible and viable for the clients to do for odd projects, product launches or processes. This also saves them costs that the clients have to bear for hiring talent for short terms.

These types of relationships are not very old since it is the wave of new businesses that has evolved in the recent past that has created large value propositions of augmenting the client's knowledge in specialised areas. Most of these new businesses are evolving from India. The talent, language skills, combined with low costs, have made these companies flourish in international markets. Recently, countries like China, the Philippines, Hungary, Czech Republic, Mexico, and Brazil are showing great potential to become the knowledge processing destinations.

These countries are important because to provide the services from under one roof is a huge task. The investment to develop the infrastructure and talent will make the project an unviable one if initiated in a developed country.

The talent a company in the pharmaceutical knowledge space requires medical doctors, those with doctorate degrees in the life sciences, and those with master's degree in pharmacology, along with information technology and sales and marketing experts from the pharmaceutical domain. In this area, even smaller countries like Singapore with its excellent medical schools, science colleges, and management talent can play a vital role.

Knowledge companies in this space have the flexibility to pick up projects that are not long term, and thus does not ask for major commitments from their clients till a certain comfort level of delivery is achieved.

It all started with IT but some thinkers have taken it to their own industries bringing about what Andy Grove of Intel in his book *Only the Paranoids Survive* calls the inflection point. It is changing the way the pharmaceutical sector functions today

The challenges that a knowledge company in this space faces are that of quality and security. For quality, it requires very specific domain knowledge to deliver on the promises of adding value. For security, it is a core process and the client is entrusting its confidential data with a third party that may take it offshore. Some companies in the knowledge space like BioQuest Solutions have earned that trust slowly. It has built a comfort level with its clients starting small but continuously delivering on the promises and value. Some of these companies have gone ahead with certifications like ISO or Six Sigma approaches to build that trust factor.

This knowledge space is still in its infancy is expected to explode in the short to medium term. There have been some clear leaders like BioQuest Solutions operating and servicing the top 25 pharmaceutical companies in United States, Singapore, India, Malaysia, and China, but the opportunities are tremendous for geometric growth in years to come. Companies like these are medium-sized companies with 100 to 150 professionals raring to break into the big league.

[ILLUSTRATION OMITTED]

Some factors that have made a company like BioQuest a choice of pharmaceuticals are flexibility, responsiveness, and domain expertise that are virtues of a lean organisation responding to customised needs of a client. These attributes make a knowledge process company successful and can get it to outperform much bigger BPOs who plan to enter this segment.

Ashish Dutt is director and COO of BioQuest Solutions India and Singapore Pte Ltd.

COPYRIGHT 2009 Singapore Institute of Management Reproduced with permission of the copyright holder. Further reproduction or distribution is prohibited without permission.

Copyright 2009 Gale, Cengage Learning. All rights reserved. Gale Group is a Thomson Corporation Company.

**NOTE:** All illustrations and photos have been removed from this article.