

Introduction

Each business has its own approach to outsourcing, from functional to full service, and often that approach is dependent on the requirements of a specific project. While needs change and outsourcing practices evolve, there are several fundamental traits that have shown their relevance when selecting a partner. Preliminary research through in-depth interviews with industry professionals helped Nice Insight generate a list of attributes that drive outsourcing decisions and uncover how and why these attributes impact partner selection. Each quarter, Nice Insight surveys the pharmaceutical and biotechnology industry and asks that respondents rank these traits in order of importance..

Credit: By Kate Hammeke, research manager, Nice Insight
<http://www.lifescienceleader.com/doc/key-drivers-for-outsourcing-partner-selection-0001>

Quality And Reliability

Quality and reliability held the number one and two positions respectively throughout the year, showing the importance of delivering to the standards established by the sponsor of the project as well as meeting the agreed project milestones and timelines. Contract businesses fared well within these measures, establishing a benchmark rating for CMOs and CROs at 70% for quality and 69% for reliability. When selecting a full-service partner, look for businesses that score at or above the industry average/benchmark on these attributes..

Affordability

Affordability, or how competitively and accurately a contract organization prices a project compared to other bids within the market, ranked fourth in Q1. However, affordability was ranked as the third most influential driver during the Q2, Q3, and Q4 surveys. As such, affordability ranked third overall for 2011. Again, CMO and CRO benchmark scores were similar, in that the average affordability rating for CMOs was 68% and 69% for CROs.

Regulatory Track Record

The contract organization's regulatory track record ranked third in the Q1 survey, but dropped behind affordability and productivity to fifth in Q2 and Q3. Perhaps related to several high-profile contract manufacturers receiving 483s in the latter part of the year, regulatory compliance moved up in rank to fourth place in Q4. The aggregate ranking across all four quarters for regulatory positioned this driver in fourth place for 2011. Across each of the outsourcing drivers, CROs and CMOs scored the highest in regulatory, each averaging at 73% to set the benchmark..

Productivity

Productivity links closely to innovation, as CMOs or CROs that score well in this category have demonstrated the ability to allow the sponsor to focus on core competencies while trusting that the agreed technical objectives for the project are being fulfilled. Interestingly, productivity was ranked fifth in both the Q1 and Q4 surveys and fourth in the Q2 and Q3 surveys. The benchmark for productivity was 71% for both CMOs and CROs. Productivity received the second highest benchmark score out of the six outsourcing drivers..

Accessibility

The final driver in facilitating collaborations speaks to the communication challenges iterated by pharmaceutical and biotechnology sponsors. Accessibility, or knowing that personnel will be available when needed, ranked in sixth place across all four quarters. While accessibility may have ranked last among these six attributes, it is still an absolute essential for a strong (and long-lasting) outsourcing relationship. Especially considering that a "lack of support" and "waiting to inform [the sponsor] of a potential problem" are frequently cited as reasons to discontinue a contract relationship. Fortunately, the CROs and CMOs rated in the Q4 survey have established a strong score for the accessibility benchmark, both at 70%..

Conclusion

Whether it is time to review the CROs and CMOs on the preferred vendor list, or there are plans to enter into a relationship with a new contractor in the coming year, benchmarks can help provide context on how the industry performs — and offer assurance that the contractor selected has been meeting or exceeding the industry standard. When considering a full-service partner, it is essential to evaluate how the business scores on each of the outsourcing drivers as a whole. Knowing how satisfied industry peers have been with their outsourcing partners can help serve as a guide..

