

I-many Deal Will Benefit Revenue Management Software Market

Dale Hagemeyer

I-many's change in ownership and the release of its latest contract analytics product will benefit both users of its contract management solutions and the larger pharmaceutical industry market for these solutions.

NEWS ANALYSIS

Event

On 25 June 2009, the private equity firm LLR Partners announced that it has completed the acquisition of I-many, which focuses on contract management software and services, for \$0.61 per share or a total of \$55 million in cash and debt payments. The deal was first announced on 29 April 2009. I-many also announced the availability of its Contract Analytics 6.6 product concurrent to the shipment of the ContractSphere 6.6 release on 26 June 2009.

Analysis

The acquisition by LLR Partners will keep I-many viable as a company, strengthening the revenue management software market, which is critical to the pharmaceutical industry and other sectors that require pricing management and contracting functions. Gartner views I-many and Model N as the two pillars of the revenue management space in pharmaceuticals, with SAP as No 3. The exit of I-many would have stunted the market by reducing much-needed competition.

I-many experienced several ups and downs in its management and strategy, but in recent years, it had improved its focus and spent heavily on product development. The economic downturn slowed its sales and endangered its viability. Its well-capitalized new owner will ensure its continuation. Gartner does not believe that LLR Partners plans to "milk" I-many or dismantle it and sell off the pieces. On the contrary, LLR Partners has indicated it will invest in I-many to retain its customers and to improve its offerings. If LLR Partners is able to stabilize I-many, we believe the firm will benefit from I-many's product development efforts.

I-many's Contract Analytics 6.6 is a result of some of those efforts. The new version offers more simulation, best-price checking, integration across the entire suite and key price indicator reporting. In particular, Gartner believes customers will value the profitability bubble-charting function, which includes simulation sliders and shows how bubbles evolve over time. A unified analytical platform improves the offering and pulls the suite together, giving customers a compelling reason to move away from spreadsheets and legacy processes. Unlike revenue management solutions, those processes and spreadsheets cannot help users spot opportunities or route a proposed contract to the appropriate parties for a spot check — thereby reducing regulatory risk, optimizing business performance, and ensuring compliance in areas like government pricing of drugs.

RECOMMENDATIONS

Current and prospective I-many customers:

- Evaluate Contract Analytics 6.6 in light of I-many's improved viability and operations.
- Monitor product road maps offered in the wake of recapitalization by LLR Partners.
- If you delayed adopting additional modules or upgrading because of questions about I-many's future, proceed with your plans for performance enhancement.

All pharmaceutical companies:

- Assess all of your revenue management activities to identify "weak link" reliance on spreadsheets and manual processes.

- Pay closer attention to revenue management with customers, particularly with government customers, to avoid revenue leakage, margin erosion and pricing problems common to this market.

RECOMMENDED READING

- "Cool Vendors in Life Sciences, 2008" — Life sciences sales and marketing practices have benefited greatly from cross-pollination with other data-rich industries such as consumer goods. **By Dale Hagemeyer**
- "Cost Cutting for Life Sciences Manufacturers in a Soft Economy" — Quantitative measures, such as "beta," can give direction to IT executives on whether to react to a slowing economy with cost reduction or by investing to improve future operating results. **By Dale Hagemeyer**

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