Everest Group PEAK Matrix® for Healthcare Provider Digital Services 2020

Focus on Optum

July 2020

EGR-2020-45-E-3844

Background of the research

Healthcare providers have historically been mired down by the legacy IT estate and regulations that have had the unfortunate consequence of incentivizing them to maintain the status quo. However, that is not an option anymore, particularly as healthcare providers scramble to meet the unprecedented needs of a world disrupted by the COVID-19 pandemic. Healthcare providers are now being forced to jump on the digital bandwagon to meet the demands faced by the healthcare ecosystem to battle this outbreak.

To support enterprises on their digital journeys, service providers are ramping up capabilities through healthcare-specific partnerships and acquisitions. This, in turn, is driving the need for research and market intelligence on demand and supply trends in healthcare provider digital services. Everest Group's healthcare ITS research program addresses this market need by analyzing demand themes and service provider capabilities in healthcare provider digital services.

In this report, we analyze the capabilities of 22 IT service providers specific to the healthcare provider sector globally. These service providers are mapped on the Everest Group PEAK Matrix®, which is a composite index of a range of distinct metrics related to a provider's capability and market impact. We focus on:

Provider digital services market size and growth	**Digital services themes for healthcare providers**	**Assessment of the service providers on several capability- and market success-related dimensions**	**Everest Group's independent remarks on service providers**

Scope of this report

- **Geography:** Global
- **Services:** Digital services
- **Industry:** Healthcare provider

Healthcare Provider Digital Services PEAK Matrix® characteristics

Leaders:

Accenture, Cognizant, Deloitte, NTT DATA, Optum, and TCS

- Leaders have established themselves as front runners to support healthcare provider clients that look to service providers to help them achieve transformation through digital initiatives
- Leaders have a balanced mix of solutions in their portfolios, are able to come up with innovative digital use cases for healthcare firms, and continue to keep pace with the market dynamics through continued investments in technology and services capability development (internal IP/tools, CoEs, innovation centers, M&A, partnerships, etc.)
- They have showcased high levels of proactiveness in taking their innovations and next-generation service offerings to clients. They have delivered value and exhibited success in large provider engagements
- They have displayed a holistic vision for the broader healthcare domain and tend to be the providers of choice for large healthcare firms looking for partners with a similar global footprint
- That said, the current Leaders face a stiff challenge from progressive Major Contenders in terms of both digital services capabilities and commercials. Hence, they need to focus on building effective solutions that leverage next-generation technology trends and also address the cost-takeout mandate

Major Contenders:

Wipro, DXC Technology, HCL Technologies, IBM, Atos, emids, CitiusTech, Infinite, Virtusa, Infostretch, Tech Mahindra, and GAVS

- Major Contenders have witnessed decent traction in select areas within the provider digital services domain. However, they require to expand their vision to address the broader market
- While some have built meaningful capabilities to deliver a wide range of digital services for the healthcare provider lines of business and value chain, their service portfolios are not as balanced and comprehensive as those of Leaders, which is also reflected in demonstrable market success. Having said that, a few of these players are establishing strong foothold in the market either through their healthcare domain expertise (such as CitiusTech and emids) or client intimacy (such as Infinite and Infostretch)
- Most Major Contenders are making continued investments in developing internal IP and tools, as well as expanding their service and technology partnership networks in order to plug their capability gaps, and are, thereby, positioning themselves as strong challengers to the Leaders in this space

Aspirants:

Capgemini, EPAM, Hexaware, and HTC Global Services

- The provider services business of Aspirants is in the initial stages of growth and is not a primary focus area or source of revenue generation
- Most of these players offer vertical-agnostic offerings applicable to healthcare providers, instead of solutions built specifically for healthcare provider clients
- These companies require making investments to build broader capabilities to cater to buyers (through service and technology partnerships as well as internal IP/tools)

Everest Group®
RESEARCH

Everest Group Healthcare Provider Digital Services PEAK® Matrix Assessment 2020
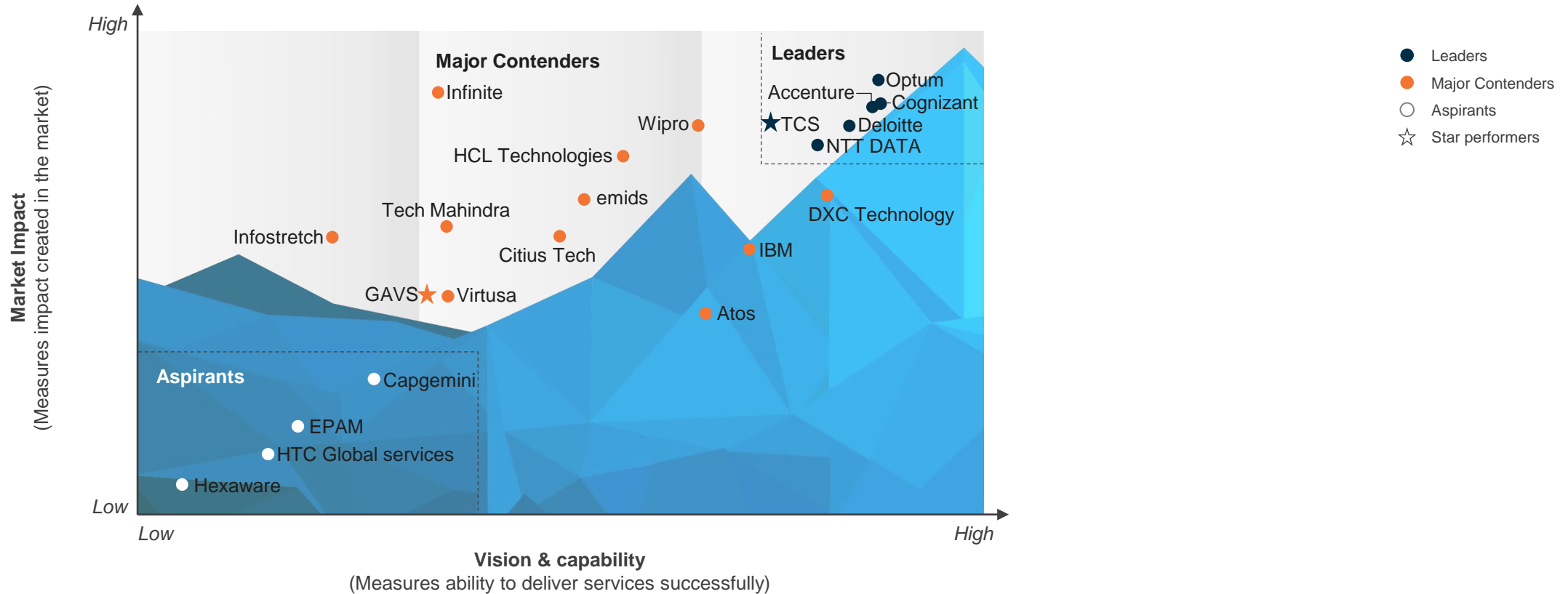
1 PEAK Matrix specific to healthcare provider digital services
2 Assessments for Atos, Capgemini, Deloitte, EPAM, Hexaware, HTC Global Services and IBM excludes service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with buyers
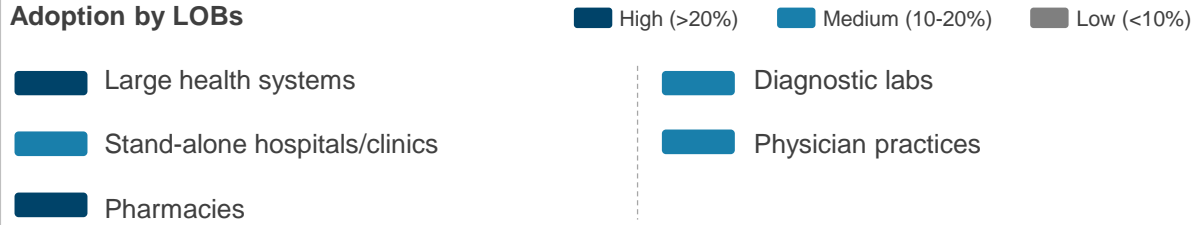
Overview

Vision
Optum aims to enhance investments in modern technology such as blockchain, ambient computing, and AI to develop ways to offer advanced, integrated, and interoperable solutions for achieving better outcomes and experiences at greater value. It also aims at fundamentally transforming how healthcare is accessed, delivered, and paid for in the US.

Healthcare provider digital services revenue

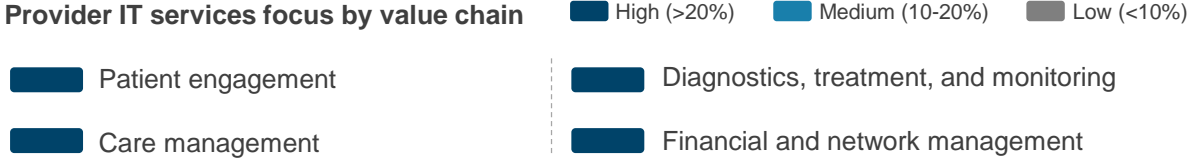| <US$50 million	US$50-US$100 million	US$100-US$150 million	>US$150 million

Adoption by LOBs   ■ High (>20%)   ■ Medium (10-20%)   ■ Low (<10%)

■ Large health systems   ■ Diagnostic labs

■ Stand-alone hospitals/clinics   ■ Physician practices

■ Pharmacies

Revenue by buyer size   ■ High (>40%)   ■ Medium (20-40%)   ■ Low (<20%)

■ Small (annual revenue < US$1 billion)

■ Medium (annual revenue = US$1-US$5 billion)

■ Large (annual revenue > US$5 billion)

Key leaders
Paul Emerson, Chief Executive Officer, Optum Provider Market
Mitch Morris MD, President, Optum Advisory Services
John Kontor MD, Senior Vice President, Optum Provider Technology Services
Tushar Mehrotra, Senior Vice President, Optum Analytics

Provider IT services focus by value chain   ■ High (>20%)   ■ Medium (10-20%)   ■ Low (<10%)

■ Patient engagement   ■ Diagnostics, treatment, and monitoring

■ Care management   ■ Financial and network management

Revenue by geography   ■ High (>20%)   ■ Medium (10-20%)   ■ Low (<10%)

■ North America   ■ UK   ■ Middle East & Africa

■ Europe (excluding UK)   ■ Asia Pacific   ■ South America

Everest Group® RESEARCH

Proprietary solutions (representative list)

Solutions name	Details
Digital transformation advisory	Advisory services for providers to design, implement, scale, and manage large-scale digital transformation rapidly including telehealth, remote patient monitoring, and other key technologies
Chronic care management for medicare	A technology-enabled service that builds on the Optum Care Coordination Platform infrastructure to offer reimbursable care coordination by infusing remote care coordination, EMR integration, patient engagement tools, and analytics into practices that can generate new revenue with no upfront costs. Services include identification and stratification, outreach and enrollment, monthly care coordination, and patient billing
Optum performance analytics	An analytics platform, powered by OptumIQ, that weaves together clinical and claims data assets with a set of social, demographic, behavioral, patient-reported, and quality outcomes data
Managed analytics services	A solution supporting analytics program with strategy, implementation, and operations across advanced and foundational use cases including predictive analytics, AI, population health, value-based care / risk, BI/reporting, data aggregation, enrichment, and visualization
PreCheck MyScript®	A solution that simplifies the prescribing experience for members and physicians by providing real-time, member-specific prior authorization, medication pricing, and coverage information plus formulary-specific alternatives at the point of prescribing, embedded within the prescriber's existing EMR workflow
Revenue cycle managed services	Solutions, powered by AI and payer-provider collaboration that improve provider financial performance and reduce administrative costs – include coding, CDI, AR, and E2E revenue cycle
Rally Health	A digital consumer experience platform that offers an integrated platform of services to help people select health benefit plans for their families, assess health, pursue wellness, and when care is needed, engage effectively with the healthcare system

Recent activities (representative list)

Development	Details
Acquisitions and partnerships	• In 2020, acquired naviHealth, a post-acute care company with a clinical model and data-driven insights to help meet growing demand for highly personalized, value-based care coordination • In 2019, acquired Vivify Health, a start-up that offers a mobile, cloud-based platform for remote patient care management; and PatientsLikeMe, a healthcare start-up that provides online services to connect patients with others who have similar conditions • In 2019, partnered with two entities; John Muir Health to manage key non-clinical functions including information technology, RCM, analytics, purchasing, and claims processing; and Talkspace to provide telemental health application available to its two million customers
Investments	• Sole investor for Health[at]Scale, with focus on developing ML solutions for precision medicine that produce outcomes with improved results and less aftercare • Continued investment in Optum Ventures, launched in 2017, with a plan to invest US$600 million in early stage start-ups innovating to help advance the healthcare system

COVID-19 initiatives (representative list)

Development	Details
Multiple services	Launched and enhanced multiple services such as symptom checker, telehealth consulting, resource modeling, employee assistance program, and free Optum emotional support helpline

Measure of capability: ● High ◗ Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
◔	◔	◕	◗	◕	◕	◕	◕	◕

Strengths

- Valuable UnitedHealth Group pedigree and in-depth understanding of the healthcare continuum provide Optum with a distinct edge over its competitors

- Significant focus on driving end-to-end positioning using domain expertise, products stack, and IT and business process service portfolio

- Investments in developing thought leadership in the healthcare provider technology space, backed by solutions catering to very specific use cases, especially around clinical diagnostics, claims management, and clinician experience

- Significant focus on co-innovation as well as enhancing digital capabilities through CoEs and strategic acquisitions

Areas of improvement

- Clients cite lack of coordination between different teams within the organization as a key area of improvement

- Considered as a premium-priced player – needs to consider its price competitiveness, especially when compared with India-heritage players

- Expand focus on small and mid-tier healthcare providers to support them in their digital initiatives and help them comply with technology mandates
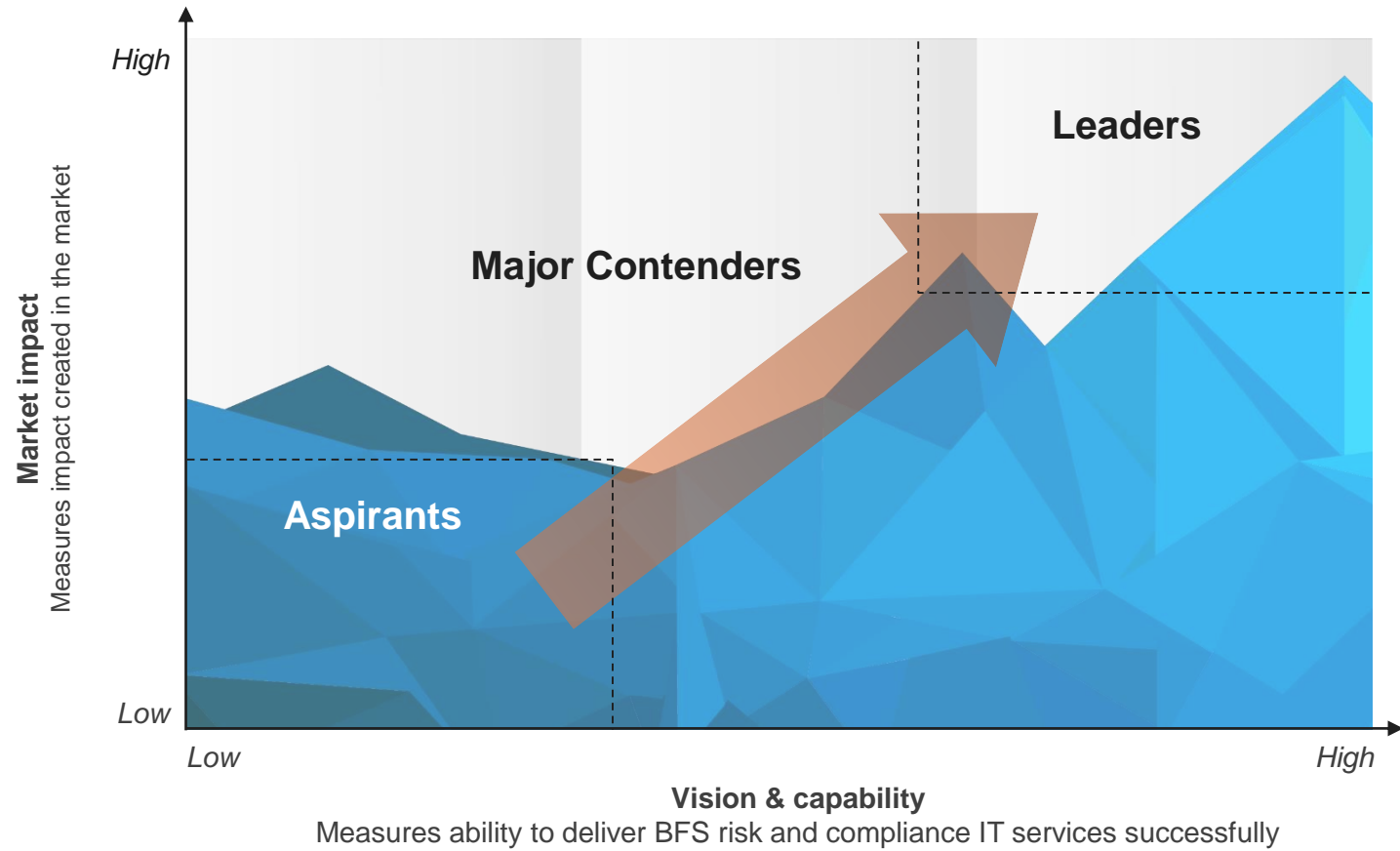
Everest Group®
RESEARCH

Appendix

Everest Group PEAK Matrix

Vision & capability
Measures ability to deliver BFS risk and compliance IT services successfully

Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption
No. of clients, revenue base,YOY growth, and deal value/volume

Portfolio mix
Diversity of client/revenue base across geographies and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact demonstrated through case studies

Market impact (vertical axis)

Leaders

Major Contenders

Aspirants

**Vision & capability** (horizontal axis)
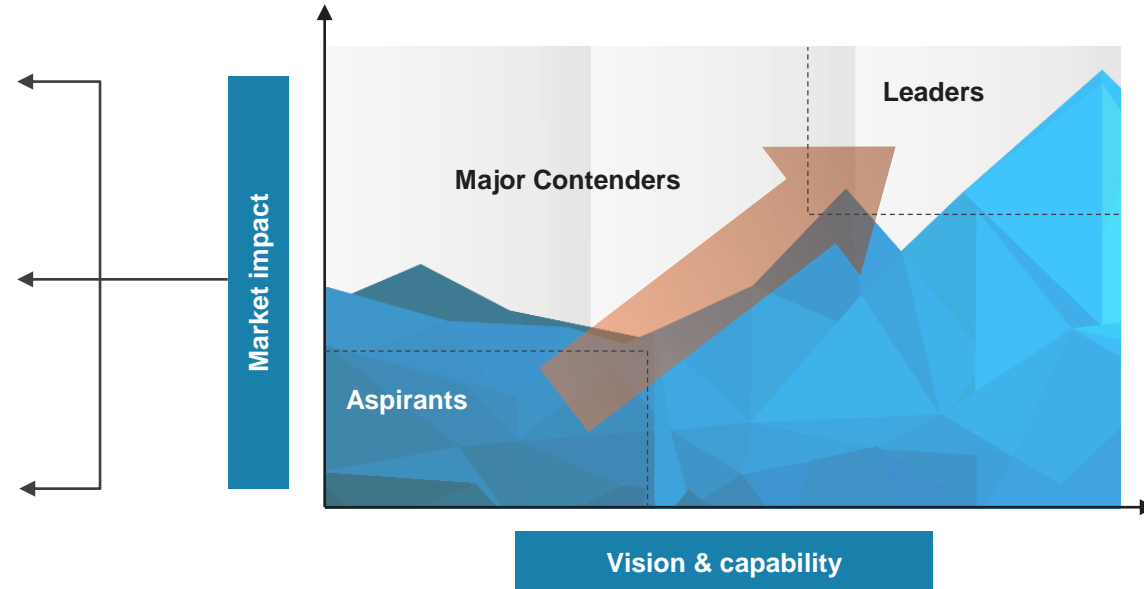
Measures ability to deliver services successfully.
This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, and M&A

Delivery footprint
Delivery footprint and global sourcing mix

Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix
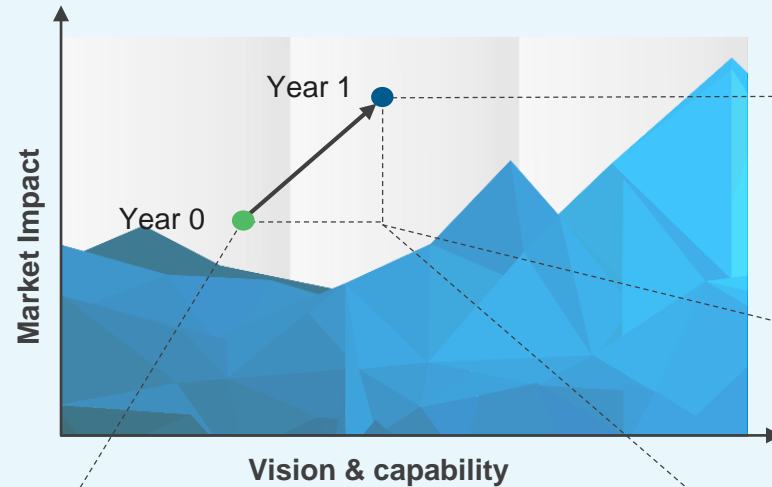
In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across several parameters including:
- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology-/domain-specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:
- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

The Star Performers title relates to YOY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?

No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender," or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or "Star Performer" status ?
- Providers/vendors can use their PEAK Matrix positioning or "Star Performer" rating in multiple ways including:
  – Issue a press release declaring their positioning. See citation policies
  – Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  – Quotes from Everest Group analysts could be disseminated to the media
  – Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

Everest Group®
RESEARCH

About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-416-388-6765

Stay connected

Website

www.everestgrp.com

Social Media

@EverestGroup

@Everest Group

Blog

www.everestgrp.com/blog/