Everest Group PEAK Matrix™ for Healthcare Payer Digital Service Providers 2019

Focus on Optum

December 2018

Introduction and scope

Everest Group recently released its report titled "Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019." This report analyzes the changing dynamics of the healthcare payer digital services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 20 service providers on the Everest Group PEAK Matrix™ for healthcare payer digital services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of healthcare payer digital service providers based on their absolute market success and delivery capability. Everest Group also identified 3 service providers as the "2018 Healthcare Payer Digital Services Market Star Performers" based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **Optum emerged as a Leader.** This document focuses on **Optum's** healthcare payer digital services experience and capabilities and includes:
- Optum's position on the healthcare payer digital services PEAK Matrix
- Detailed healthcare payer digital services profile of Optum

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers' relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.
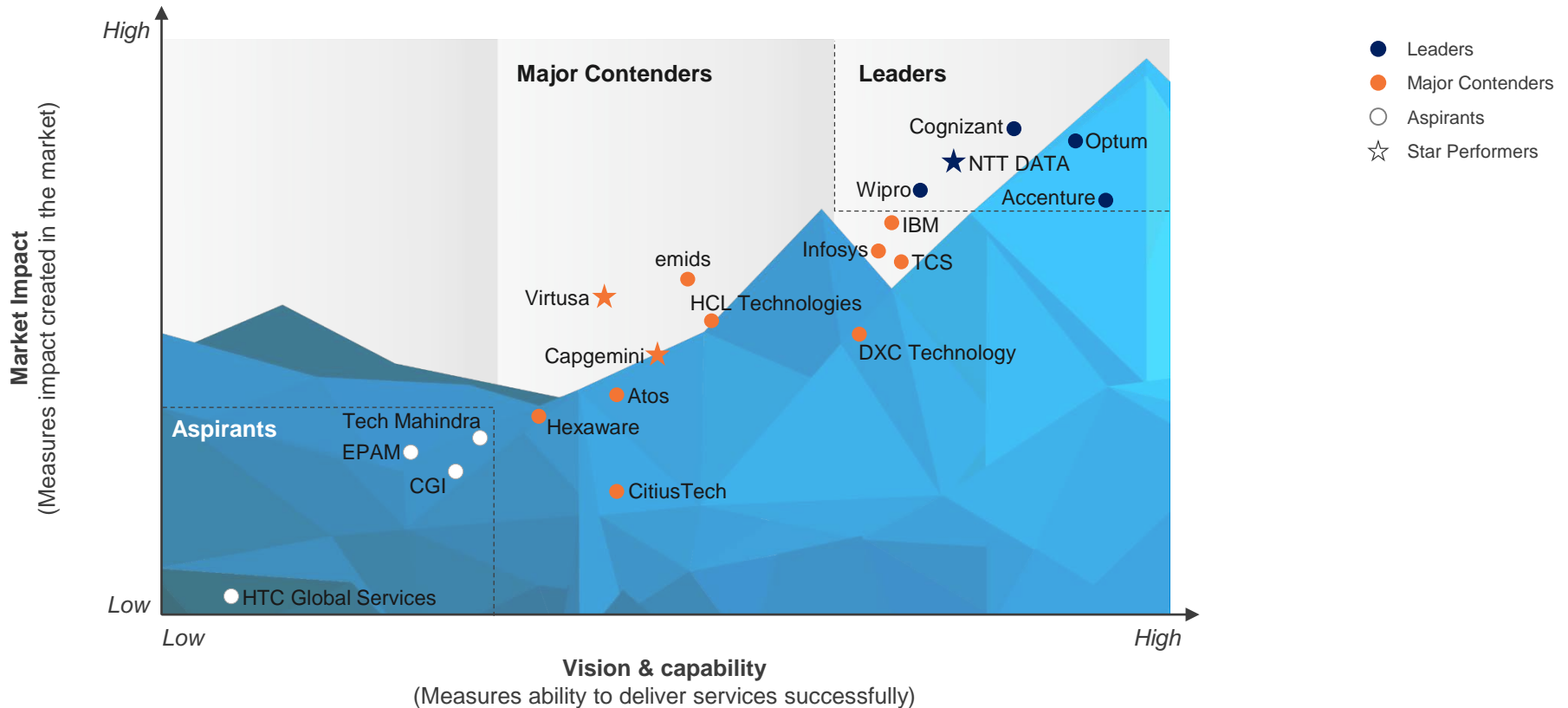
Source: Everest Group (2018) unless cited otherwise

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R E S E A R C H

Everest Group PEAK Matrix™
Healthcare Payer Digital Services PEAK Matrix™ Assessment 2019 | Optum positioned as Leader

Everest Group®
PEAK
MATRIX™

Everest Group Healthcare Payer Digital Services PEAK Matrix™ Assessment 2019[1,2,3]

Legend:
- ● Leaders
- ● Major Contenders
- ○ Aspirants
- ☆ Star Performers

Companies shown: Cognizant, NTT DATA, Optum, Wipro, Accenture, IBM, Infosys, TCS, emids, HCL Technologies, Virtusa, Capgemini, DXC Technology, Atos, Hexaware, Tech Mahindra, EPAM, CGI, CitiusTech, HTC Global Services

Axes:
- Market Impact (Measures impact created in the market) — vertical axis, Low to High
- Vision & capability (Measures ability to deliver services successfully) — horizontal axis, Low to High

Quadrants: Aspirants, Major Contenders, Leaders

1   PEAK Matrix specific to digital services for healthcare payers
2   Following the acquisition of Syntel by Atos, in this study, we have considered data for both entities, i.e., Atos and Syntel, and called the combined entity as Atos
3   Assessment for Accenture, CGI, CitiusTech, EPAM, IBM, HTC Global Services, and Tech Mahindra excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with insurance buyers

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# Optum | Payer digital services profile (page 1 of 2)
Overview

Strengths

- Valuable UnitedHealth Group pedigree and strong product base provide it with a distinct edge over its competitors
- Significant focus on driving end-to-end positioning using expertise, products, and services
- Encouraging traction in as-a-service models with leading payer clients

Areas of improvement

- More coordinated organizational setup when it comes to communication between different teams serving the same client, and integration of product portfolio
- Improve price competitiveness

Healthcare payer digital services revenue

<US$50 million	US$50-US$100 million	US$100-US$150 million	>US$150 million
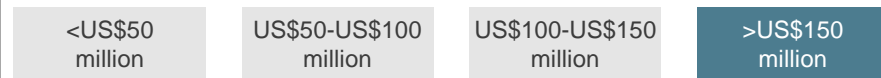
Scope of digital services for payers
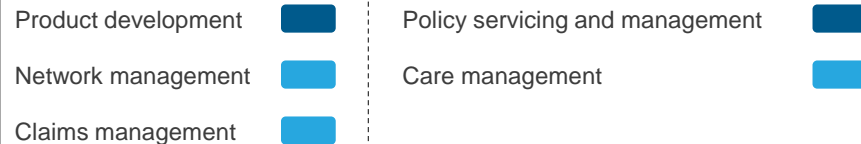Cloud, mobility, big data and analytics, AI/ML/cognitive, blockchain, IoT, and automation

Payer IT services focus by subvertical
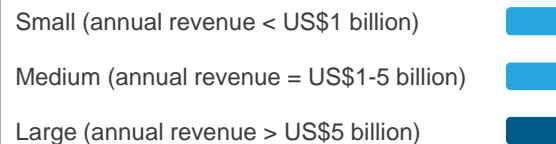
Legend: High (>30%) — Medium (20-30%) — Low (<20%)

Public health plans	High	Private health plans	High

Adoption by LOBs

Legend: High (>25%) — Medium (15-25%) — Low (<15%)

Product development	High	Policy servicing and management	High
Network management	Medium	Care management	Medium
Claims management	Medium		

Adoption by buyer groups

Legend: High (>30%) — Medium (20-30%) — Low (<20%)

Small (annual revenue < US$1 billion)	Medium
Medium (annual revenue = US$1-5 billion)	Medium
Large (annual revenue > US$5 billion)	High

Healthcare payer IT services delivery map

Legend: >1,000 FTEs — 500-1,000 FTEs — 100-500 FTEs — <100 FTEs

- United States: >1,000 FTEs
- UK: <100 FTEs
- Egypt: 500-1,000 FTEs
- India: >1,000 FTEs
- Philippines: 500-1,000 FTEs
- Brazil: 500-1,000 FTEs
- South Africa: 500-1,000 FTEs

Offerings and recent developments

Vision for payer digital services: To accelerate solutions leveraging big data and analytics technologies, to apply greater intelligence and precision in areas such as member engagement and wellness, and to improve price transparency.

Proprietary solutions (representative list)	
Solution name	**Details**
Rally Health	A digital consumer experience platform to integrate services that overcome the challenges customers face in a disconnected healthcare ecosystem. In addition, solutions such as Rally Engage, Rally Advantage, Rally Connect, and Independent Health Record provide a platform to navigate the health system based on customer's health, financial, and personal needs
StepWise Suite	A software platform that simplifies design, deployment, and distribution of health insurance products across stakeholders and businesses
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 to give a comprehensive view of each patient, provider, and facility
Actuarial Consulting Services (ACS)	Actuarial services spanning all LOBs help clients drive forward-thinking risk management, improve competitive position, and maximize pharmacy performance
IT as a Service (ITaaS)	Heathcare ITaaS manages the technology infrastructure for various business process functions and also the platforms for healthcare technology services
Medical Management	Optum offers services such as condition management, cancer solutions, women's health, and population health that provide <patient-centered care solutions for the management and prediction of common and special medical conditions
Claim Management	• Advanced Communication Engine: An electronic data interchange technology platform that helps fix errors and omissions to improve and streamline the provider and payer feedback cycle • Payer System Implementation and Optimization Services: End-to-end solutions for core administration systems including technology development to enable client's business goals, business process design, and project management

| Recent activities (representative list)	
Development	**Details**
Acquisition	Acquired Advisory Board to strengthen its existing capabilities in industry research, technology, and consulting services
Investment	Committed US$600 million to fund digital healthcare firms. Among the first investments are cloud-based platforms such as Apervita, a cloud-based analytics platform; SHYFT Analytics, a cloud-based pharmaceutical research platform; and Mindstrong Health, which uses ML to help patients assess their mental health disorders through their smartphones
Partnership	Partnered with FICO, Intel Corporation, Health Fidelity, MedeAnalytics, Crossix Solutions Inc, Mi7, Blockchain Healthcare Alliance, Cisco Systems, Medisafe, and Fibroblast, among others, to strengthen its mobility, cognitive, analytical, and digital capabilities

Appendix

Everest Group PEAK Matrix

# Services PEAK Matrix™ evaluation dimensions
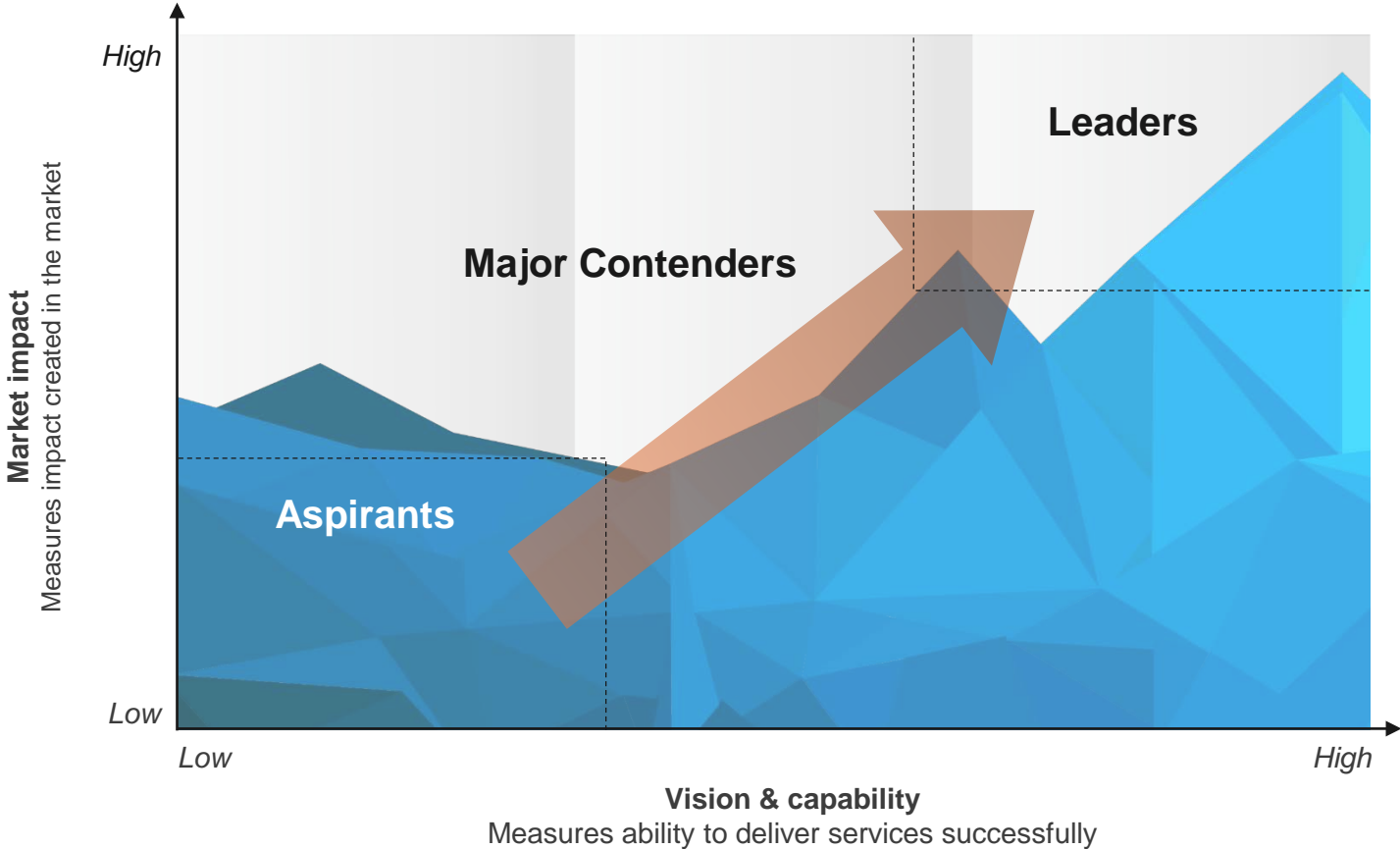
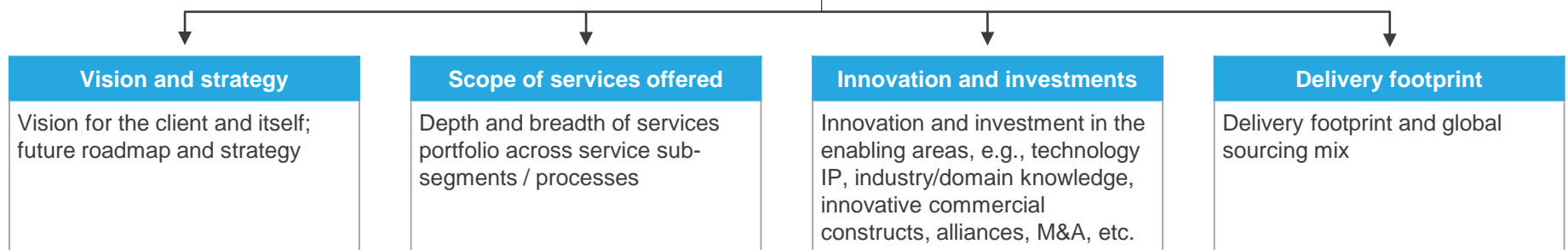Measures impact created in the market – captured through three subdimensions

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

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

Value delivered
Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants
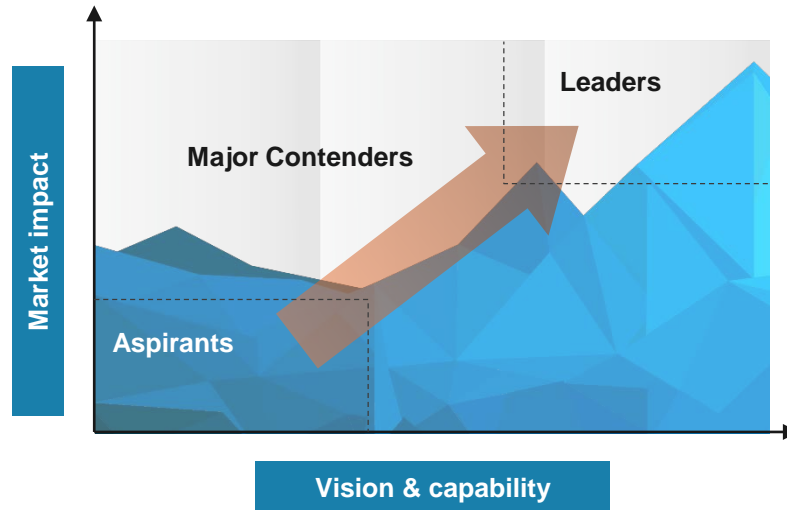
Vision & capability
Measures ability to deliver services successfully. This is captured through four subdimensions

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 sub-segments / processes

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

Delivery footprint
Delivery footprint and global sourcing mix

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EGR-2018-20-E-2896

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Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

Methodology

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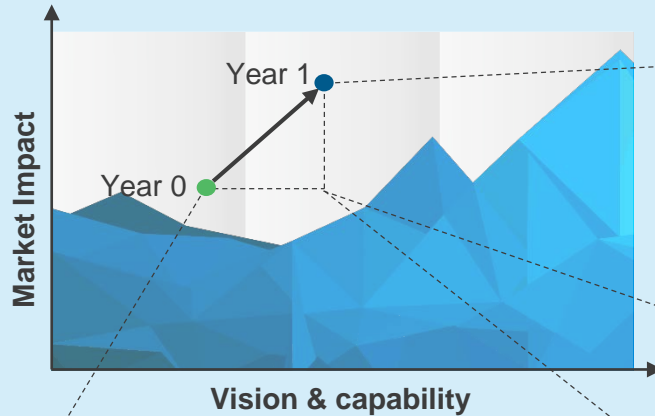
In order to assess advances on market impact, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of 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

Star Performers are identified by performance improvement on the X and Y axes for each segment

The Star Performers title relates to YOY performance for a given service provider 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

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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
+91 806-781-9999

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

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