

Everest Group PEAK Matrix™ for Healthcare Payer Digital Service Providers 2020

Focus on Optum
January 2020



Introduction and scope

Everest Group recently released its report titled “[Healthcare Payer Digital Services PEAK Matrix™ Assessment with Service Provider Landscape 2020](#)” 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 23 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 two service providers as the “2019 Healthcare Payer Digital 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 experience and capabilities and includes:

- Optum’s position on the Healthcare Payer Digital PEAK Matrix
- Optum’s year-on-year movement on the Healthcare Payer Digital PEAK Matrix
- Detailed Healthcare Payer Digital 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 (2019)

Background and scope of the research

Enterprises have made digital adoption the bedrock of their growth strategy in recent years, to optimize processes, reduce costs, and deliver better customer experience, all in the pursuit of higher revenue growth. The healthcare payer industry is no exception. Digital technologies can make internal workflows more efficient, bring care outside hospitals, offer network management transparency & efficiency, and help reduce frauds.

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 payer digital services. Everest Group's healthcare ITS research program addresses this market need by analyzing outsourcing trends and service provider capabilities in healthcare payer digital services.



In this report, we analyze the capabilities of 23 IT service providers specific to the healthcare payer 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:

- Digital services market trends for healthcare payers
- The landscape of service providers for healthcare payer digital services
- Assessment of the service providers on several capability- and market success-related dimensions

Scope of this report:



Geography
Global



Industry
Healthcare payer



Services
Digital services

Healthcare payer digital services PEAK Matrix™ characteristics

Leaders:

Accenture, Cognizant, Infosys, NTT Data, TCS, Optum and Wipro

Leaders have established themselves as front runners to support large healthcare payer customers that prefer service providers to help them achieve transformation through digital initiatives

- These players have balanced 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, M&A, partnerships, etc.)
- Leaders have showcased high levels of proactiveness in taking their innovations and next-generation service offerings to clients
- They 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:

Atos, Capgemini, Citius Tech, Conduent, DXC Technology, emids, HCL Technologies, Hexaware, IBM, Mphasis, UST Global, and Virtusa

The Major Contenders segment comprises a varied mix of global MNCs, large- & mid-sized firms, and healthcare specialists

- While some have built meaningful capabilities to deliver a wide range of digital services across the healthcare LoBs and value chain, others focus on differentiating by specializing in specific areas within the healthcare domain
- The service portfolios of Major Contenders are not as balanced as compared to Leaders, and also tend to be less comprehensive in value chain coverage
- However, these players are offering the Leaders stiff competition by making high-profile investments and meaningful partnerships around digital offerings.
- For such players, an opportunity lies in engaging small and medium-sized buyers, especially since this market segment has not been addressed meaningfully by Leaders

Aspirants:

CGI, EPAM, HTC Global Services, Tech Mahindra

Aspirants are majorly focused on mid-sized clients with low focus on large and very large clients

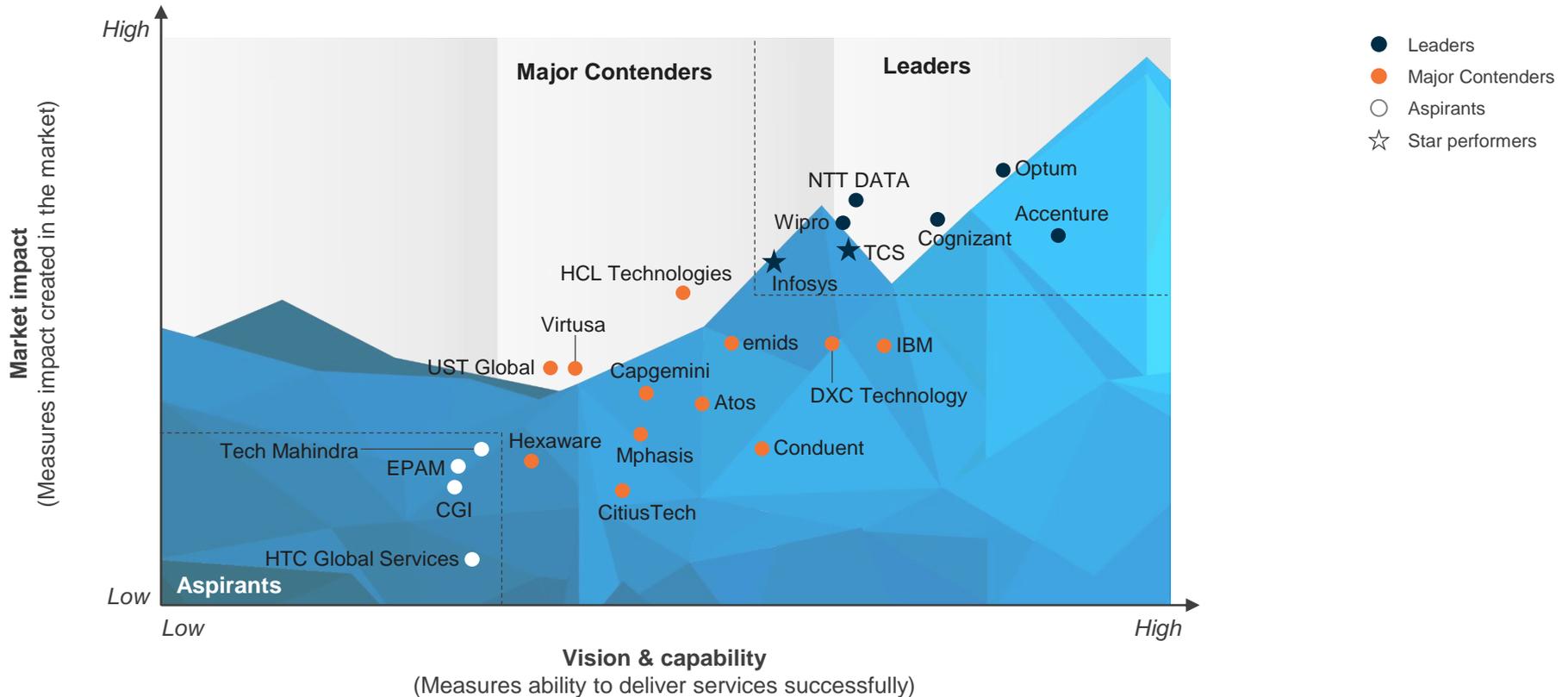
- Aspirants lack meaningful digital capabilities for healthcare payers, exhibiting largely an opportunistic focus. Some of these players are developing the practice around strategic use cases to create traction
- Some of the players are trying to grow their healthcare businesses through industry-specific offerings

Source: Everest Group (2019)

Everest Group PEAK Matrix™

Healthcare Payer Digital Services PEAK Matrix™ Assessment 2020 | Optum positioned as Leader

Everest Group Healthcare Payer Digital Services PEAK Matrix™ Assessment 2020



Note 1: PEAK Matrix specific to healthcare payer digital services

Note 2: Assessments for Accenture, CGI, Citius Tech, Conduent, EPAM, 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

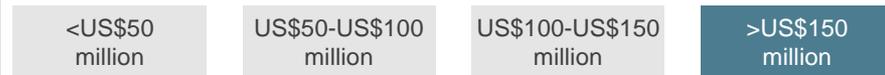
Strengths

- Valuable UnitedHealth Group (UHG) pedigree and strong product base provides distinct edge in the healthcare domain
- Exhibiting strong thought leadership with regards to impact of emerging digital tech on healthcare

Areas of improvement

Improve communication across teams within the organization, aligned to the same client and project

Healthcare payer digital services revenue



Scope of digital services for payer digital

Cloud, big data and analytics, social media, cybersecurity, blockchain, RPA and IoT

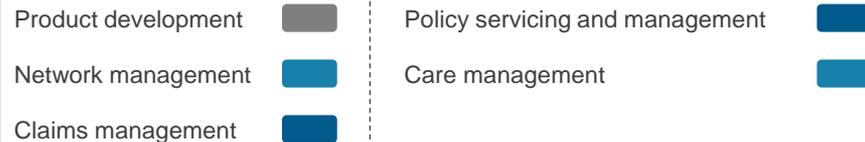
Payer digital services focus by subvertical

High (>50%) Medium (20-50%) Low (<20%)



Adoption by LOBs

High (>25%) Medium (15-25%) Low (<15%)



Adoption by buyer groups

High (>30%) Medium (20-30%) Low (<20%)



Healthcare payer digital services delivery map

>1,000 FTEs 500-1,000 FTEs 100-500 FTEs <100 FTEs



Optum | Payer digital services profile (page 2 of 3)

Overview

| Proprietary solutions (representative list) | |
|---|---|
| Solution | Details |
| Rally | Rally consists of digital solutions that attract and sustain the member's life-long engagement in healthcare, while serving the health plans' goals for growth in the marketplace through member acquisition and member retention. Consumers gain access to the full value of the health plan, with a unified, personally relevant digital experience that connects the consumer to each plan's assets. |
| StepWise suite | It is a software platform that simplifies design, deployment, and distribution of health insurance products across stakeholders and businesses |
| Optum Performance Analytics | It is 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 |
| Individual Health Record (IHR) | It is a patented, dynamic, easy-to-use longitudinal accounting of each individual's historical health and current health status. It offers people and clinicians secure access to personalized health information through desktop or mobile applications |
| Payment Innovation | The solution manages provider networks and drive growth while controlling administrative expenses. It help payers with network administration, contract and fee schedule activity tracking and management, fee-for-service pricing administration, and automated high-volume claims pricing, validation, and routing |
| Risk & Quality Gap Management Portal | An easy-to-use tool that enables the providers in a payer's network to see a comprehensive view of their patients across multiple health plans engaged with Optum. It is flexible, so providers can choose how to integrate it within your existing workflows |
| Impact Intelligence® | It leverages Optum Symmetry®, a foundational analytics suite for assessing cost, risk, and quality, to show complete retrospective views of members and provider networks, including utilization, referral patterns, cost, and physician performance |
| Condition Management | The program helps better manage conditions such as heart failure, chronic obstructive pulmonary disease, asthma, coronary artery disease, and diabetes by leveraging the robust data and analytics that builds a holistic view of each individual |
| Medical Benefit Management | An integrated suite of services to help health plans manage organizational risk and reduce unnecessary treatments and hospitalizations in order to lower costs, increase overall member satisfaction, and improve outcomes for members facing the complex medical conditions |
| Optum Care Coordination Platform | It empowers health plans to manage member care proactively and intelligently across the health care ecosystem, prioritizing interventions, and allocating resources for at-risk individuals, improving clinical and financial outcomes, enhancing the member experience, and efficiently scaling population health initiatives throughout their organizations |
| PreCheck MyScript™ | The solution simplifies prescribing experience for members and physicians by providing real-time, member specific medication pricing and coverage information plus formulary specific alternatives at the point of prescribing, embedded within the prescribers' existing EMR workflow |
| MyScript Finder™ | The solution addresses the need for an improved consumer price and benefit transparency tool for 55 million members |
| Payment Integrity | Consulting, technology and services to transform end-to-end claims processing performance |
| Optum Medicaid Management Services | Comprehensive management of Medicaid Fee for Service populations delivered through a modular, services-based, multi-tenant platform. The modules provide all Medicaid business functions including EDI, Encounter Processing, Claims Administration etc. |

Optum | Payer digital services profile (page 3 of 3)

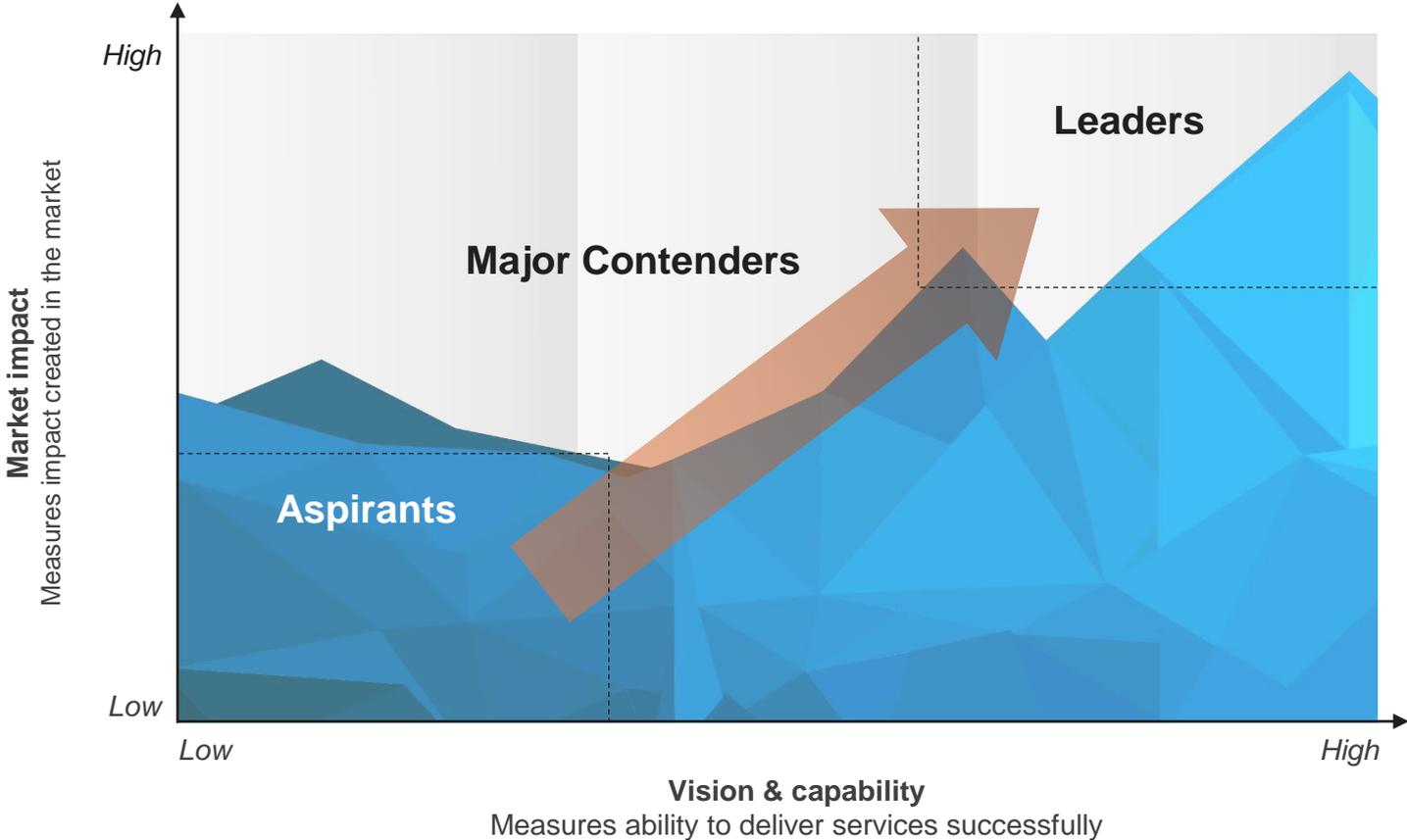
Overview

| Recent activities (representative list) | | |
|---|-------------|--|
| Development | Type | Details |
| Equian | Acquisition | In 2019, acquired Equian to expand the services and solutions Optum offers to the market, strengthening existing Optum relationships with health plans, government agencies, and providers, while also enhancing Equian relationships in areas adjacent to health care such as property & casualty and workers' compensation |
| Advisory Board | Acquisition | In 2017, acquired Advisory Board to strengthen its existing capabilities in industry research, technology, and consulting services |
| Atlanta University Center Consortium | Partnership | In 2019, partnered on a new initiative to prepare students to meet the growing demand for data analytics experts |
| Talkspace | Partnership | In 2019, partnered with Talkspace to provide telemental health application available to its two million customers |
| Amazon Web Services (AWS) | Partnership | In 2018, partnered to launch an opensource project titled "Disposable Cloud Environments" – an open source solution to deliver enterprise developer sandbox accounts |
| Microstrategies | Partnership | In 2018, partnered to mature the security and compliance offerings of their marketplace offerings |
| Brown, Parker and Dumanis (BPD) | Partnership | In 2018, partnered to launch consumer-focused digital marketing campaigns for hospital systems |
| Genomics England Limited | Partnership | In 2018, partnered to leverage software created by Genomics England for broad use in precision medicine. It aims at creating the capability to sequence both healthy subject and current patient DNA for genomic analytics as a tool to diagnose and predict disease, as well as refine treatment |
| Synaptic Health Alliance | Partnership | In 2016, partnered to apply blockchain technology to improve data quality and reduce administrative costs associated with changes to health care provider demographic data |
| Multiple partnerships | Partnership | Partnered with FICO, Intel Corporation, Health Fidelity, MedeAnalytics, Crossix Solutions Inc, Mi7, Blockchain Healthcare Alliance, HealthEdge, Microsoft, Medisafe, and Fibroblast, among others, to strengthen its mobility, cognitive, analytical, and digital capabilities |
| Optum Ventures | Investment | In 2017, launched Optum Ventures, the sister company to UHC and Optum. Optum has committed US\$600 million to fund digital healthcare firms. Optum Ventures invested in cloud-based platforms such as Apervita, a cloud-based analytics platform; SHYFT Analytics, a cloud-based pharmaceutical research platform; and Mindstrong Health, that uses ML to help patients assess their mental health disorders through their smartphones |
| Advanced Technology Collaborative | Innovation | In 2016, established a dedicated team focused on incubating emerging and advanced technology through research and delivery of business solutions and reusable services |

Appendix

Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix



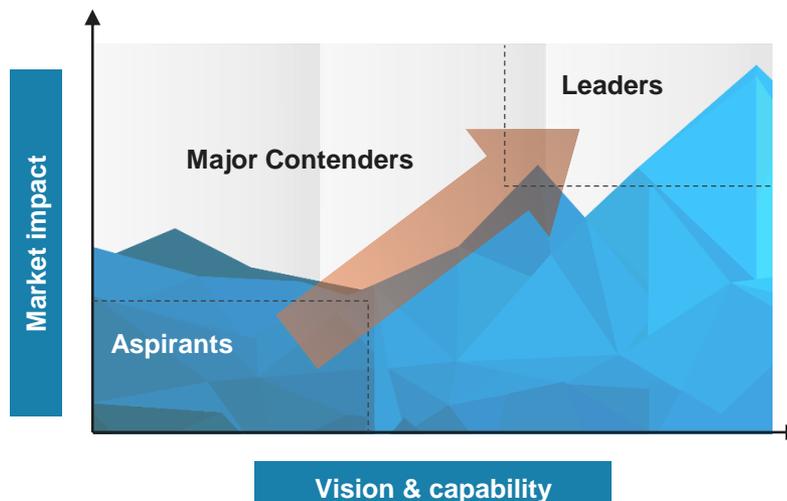
Services PEAK Matrix™ evaluation dimensions

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



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

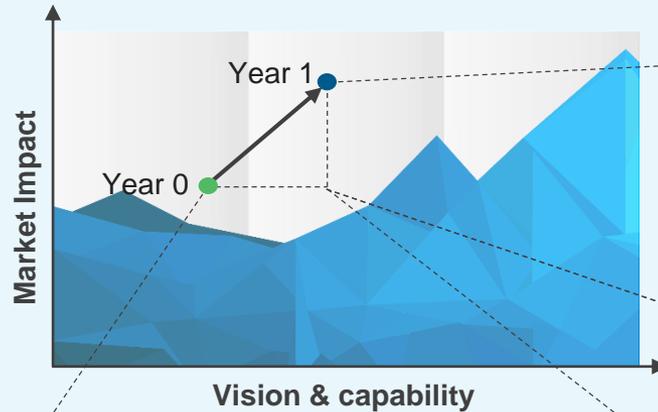
Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

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

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.

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



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.

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