Everest Group®
RESEARCH

Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019

Healthcare & Life Sciences Business Process Services (HLS BPS) Market Report – April 2019: Complimentary Abstract / Table of Contents

Everest Group® PEAK MATRIX™

EGR-2019-20-CA-3141

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- Market Vista™
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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and methodology of the research

Background of the research

With multiple M&As and partnerships being announced, healthcare payers have had a busy last couple of years. Quest for consolidation across the value chain has led payers to merge with PBMs, acquire providers (physician practices, home health services, and ambulatory facilities), and invest in technology consortia. Additionally, entry of technology firms such as Amazon, Apple, and Microsoft, and rise of new-age digital health insurers (such as Oscar Health, Devoted Health, and Clover Health) further complicates the market scenario for traditional health insurers. All these factors, when coupled with ongoing perennial challenges related to transition to value-based care, regulations, rise of consumerism, provider consolidation, and increasing medical costs, continue to push payers to look for ways and means to not only survive in this space but also thrive.

With this slew of changes, the healthcare in the United States is at an inflection point, with everything from member engagement to administrative management to care management being transformed. For payers, the path ahead lies in transforming the way they, typically, work by imbibing technology.

Such a scenario presents BPO services providers with a host of opportunities; however, third-party vendors need to enhance investment in building capabilities in areas such as consulting/design thinking, technology, and domain-led services to ensure they plug gaps where payers lack in-house capabilities. Additionally, this will help them position themselves as a vendor with differentiated offerings and help payers through this journey of becoming a “payer of the future”. Service providers will play a significant role in helping the payers achieve that.

Scope and methodology

In this research, we analyze the global healthcare payer BPS provider landscape. We focus on:

- Relative positioning of 27 service providers on Everest Group’s PEAK Matrix™ for Healthcare Payer BPS
- Analysis of service provider’s market share
- Everest Group’s analysis of service providers’ strengths and areas of improvement

Overview and abbreviated summary of key messages

This report uses Everest Group's proprietary PEAK Matrix™ to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas.

Some of the findings in this report, among others, are:

Everest Group PEAK Matrix for healthcare business process services

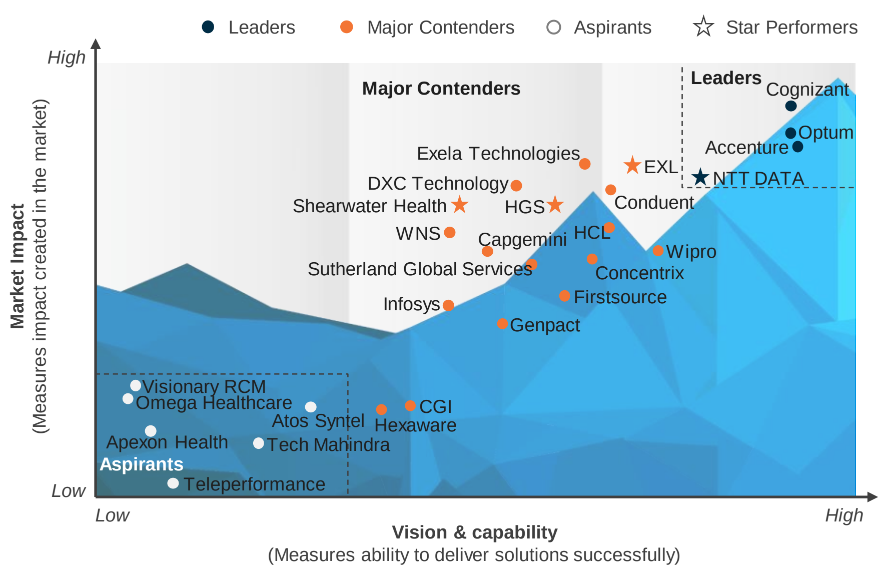
- Everest Group classified 27 healthcare payer BPS service providers on the Everest Group PEAK Matrix into three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market success and overall capability of service providers
- Leaders: There are four service providers in the Leaders category – Accenture, Cognizant, NTT DATA, and Optum
- Major Contenders: The Major Contenders category has seventeen service providers – Capgemini, CGI, Concentrix, Conduent, DXC Technology, Exela, EXL, Firstsource, Genpact, HCL, Hexaware, HGS, Infosys, Shearwater Health, Sutherland, Wipro, and WNS
- Aspirants: Apexon Health, Atos Syntel, Omega Healthcare, Tech Mahindra, Teleperformance, and Visionary RCM are Aspirants on the PEAK Matrix for healthcare payer BPS

Key insights on healthcare payer BPS market shares

- The top five service providers – Accenture, Cognizant, Conduent, DXC Technology, and Optum – account for nearly 70% of the revenues of the healthcare payer BPS market
- Accenture, Cognizant, EXL, HGS, NTT DATA, and Optum further consolidated their market presence with double-digit revenue growth
- Cognizant, Exela, EXL, and Optum accounted for more than 50% of all the clients in the healthcare payer BPS market
- While Optum has the largest market share among small- and mid-sized buyers, Exela leads in the large-sized buyer segment
- Accenture, Cognizant, and Optum have a dominant presence across most of the healthcare payer BPS processes

This study offers three distinct chapters providing a deep dive into key aspects of healthcare payer BPS market; below are three charts to illustrate the depth of the report

Assessment of Healthcare Payer BPS Service Providers



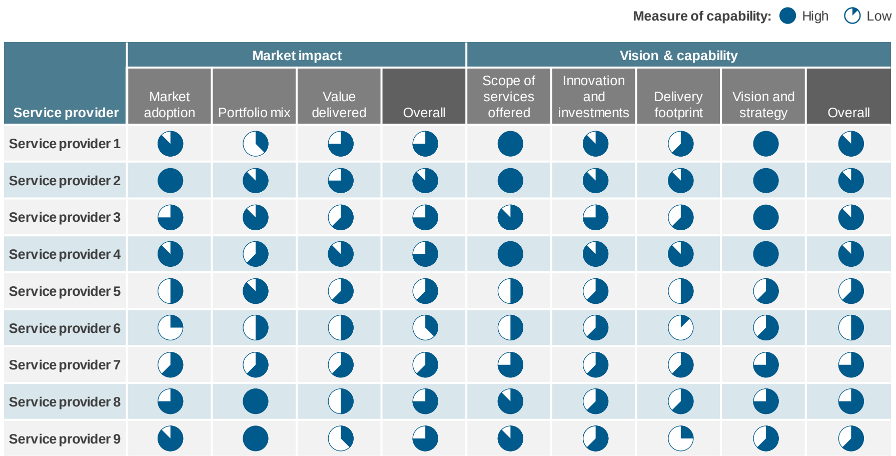
Note 1: Service providers scored using Everest Group's proprietary scoring methodology given on pages 16 and 17

Note 2: Assessment for Apexon Health, CGI, Omega Healthcare, Tech Mahindra, Teleperformance, and Visionary RCM excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers.

Source: Everest Group (2019)

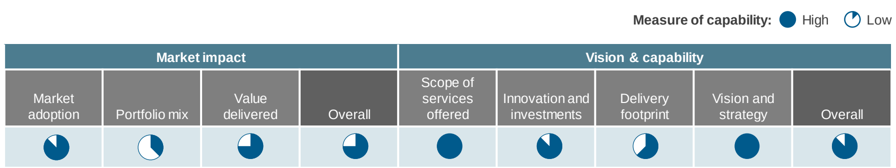
Capability assessment

Illustrative example



Everest Group's remarks on service providers

Illustrative example



Strengths

- ABC is one of the few service providers serving both commercial and government (state Medicaid) organizations, with end-to-end capabilities across the healthcare payer BPO value chain
- ABC has been investing in automation and analytics (both via in-house investment and through partnerships), through which it aims to help payers reduce costs, increase compliance, and enhance experience

Areas of improvement

- Although ABC's focus has been toward large-sized deals and it has achieved significant success with this strategy, given that mid-market is driving large part of BPS growth, Accenture needs to build offerings for this segment of the industry
- Having built a significant scale and presence in the care management segment, it should also aim to create technology-enabled offerings and solutions in this space that will help it differentiate from some of the other market leaders

Research calendar – Healthcare and Life Sciences BPS

Published | Planned | Current release

Flagship HLS BPS reports	Release date
Healthcare Report Card 2017: Enterprise Initiatives and Service Provider Performance	March 2018
Life Sciences Report Card 2017: Enterprise Initiatives and Service Provider Performance	March 2018
Healthcare Payer Annual Report: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market	March 2018
Healthcare Provider Market: Addressing Issues Beyond Value-based Care	March 2018
Healthcare Provider BPO Market – Deal Trends Report 2018	June 2018
Healthcare Payer BPO Market – Deal Trends Report 2018	June 2018
Healthcare Analytics Services PEAK Matrix™ with Service Provider Landscape – 2019	December 2018
Healthcare Automation Services PEAK Matrix™ Assessment with Service Provider Landscape - 2019	February 2019
Makings of a Successful Sourcing Relationship – Deal Trends in Healthcare Payer BPS Market	March 2019
Healthcare Report Card 2018 – Outlook for 2019, and Enterprise Initiatives and Service Provider Performance in 2018	March 2019
Life Sciences Report Card 2018 – Outlook for 2019, and Enterprise Initiatives and Service Provider Performance in 2018	March 2019
Healthcare Payer BPO PEAK Matrix™ with Service Provider Landscape – 2019	**April 2019**

Thematic HLS BPS reports	
Innovation in Pharmacovigilance (PV): How to Spend Smarter Not Higher?	June 2017
Rising Cost of Healthcare in the United States: Can Analytics Help?	August 2017
Pharma Sales & Marketing: Old Strategies Into New Methods | Focus on Transmutation Rather Than Transformation	June 2018
RCM - new haven for investor money	Q2 2019
Life beyond claims: A payer's perspective	Q2 2019

Note: For a list of all of our published HLS BPS reports, please refer to our website page

Additional Healthcare and Life Sciences BPS research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

1. **Healthcare Business Process Automation Solutions PEAK Matrix™ Assessment 2019** (EGR-2019-20-R-3057); 2019. Healthcare enterprises have traditionally relied on outsourcing and offshoring to improve their business across multitude of parameters such as reducing costs, improving productivity and efficiency, and gaining access to talent and enhanced business continuity. Now with most of these benefits being realized and slowly reaching the saturation stage, when coupled with some of the market changes, healthcare enterprises are looking at other ways to extract incremental benefits. This is where digital solutions play a critical role and within digital, automation (RPA and AI) is one such solution that has garnered maximum mindshare of enterprises during the last few years.

2. **Healthcare Analytics Services PEAK Matrix™ Assessment with Service Provider Landscape – 2019** (EGR-2018-20-R-2898); 2018. The labor arbitrage model is steadily reaching a point where enterprises have to look toward other avenues to continue to benefit from outsourcing. Digital technologies, such as analytics, are a potential solution for buyers to improve process efficiency while lowering cost (in the long term). The healthcare analytics services market is showing a double-digit growth rate, with demand coming not only from traditional administrative segments but also from new areas such as care management and member engagement. As a result, the supplier landscape is filled with a multitude of players offering these services under different models. The report will explore some of the leading players in this market.

3. **Healthcare Payer BPO Market – Deal Trends Report 2018** (EGR-2018-20-R-2686); 2018. After a year of stalled investments owing to market uncertainty, healthcare payers restarted investments in areas such as value-based care adoption, care management, utilization & disease management, population health, and consumer experience. On the technology front, automation, analytics, and BPaaS continue to be areas of interest for the healthcare community. In fact, inclusion of analytics in total contracts is reaching a whopping ~50%. Outsourcing – both traditional and technology-focused – is expected to continue growing at a healthy double-digit rate in near future

For more information on this and other research published by Everest Group, please contact us:

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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.

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