Everest Group
RESEARCH

IT Outsourcing in the Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015

Healthcare & Life Sciences Outsourcing
Market Report: December 2015 – Preview Deck

EGR-2015-12-PD-1643

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available
- **BFSI[1] Information Technology**
- **BFSI[1] Business Process**
- **Healthcare & Life Sciences**
- **Application & Digital**
- **Cloud & Infrastructure**
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- **Finance & Accounting**
- **Procurement**
- **Human Resources**
- **Recruitment Process**
- **Contact Center**
- **Transaction Intelligence**

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

Subscription information

- The full report is included in the following subscription(s)
  - Healthcare & Life Sciences IT
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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1 Banking, financial services, and insurance

Background and scope of the research

Background of the research

The healthcare landscape has been subject to significant turbulence on account of a gamut of factors including escalating costs, widespread regulatory amendments, changing business models, and evolution of the patient-centric paradigm (with mobile computing, social media platforms, and "anytime-anywhere" information access). This combination of disruptive and legacy factors has driven healthcare firms to adopt new technologies, while also revamping their existing systems, processes, and interfaces.

As the technology mandate for healthcare enterprises evolves, so do their relationships with IT service providers. This, in turn, is driving the need for relevant research and market intelligence on demand and supply trends in healthcare outsourcing across the three major market segments – payer, provider, and life sciences. Everest Group's healthcare outsourcing research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to ITO in the healthcare vertical.

In this report, we analyze the capabilities of 18 IT service providers specific to the global healthcare provider sector. These service providers are mapped on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, which is a composite index of a range of distinct metrics related to a provider's capability and market success. We focus on:

- The landscape of service providers for healthcare provider IT
- Assessment of the service providers on a number of capability-related dimensions
- Characteristics of Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix
- Implications for healthcare provider IT buyers and service providers

Scope of this report

- **Industry:** Healthcare providers (large health systems, stand-alone hospitals / clinics, pharmacists, physician practices, and diagnostic labs)
- **Services:** Large (TCV > US$25 million), multi-year (>3 years), and annuity-based application outsourcing
- **Geography:** Global
- **Sourcing model:** Third-party ITO transactions; excludes shared services or Global In-house Centers (GICs)

EGR-2015-12-PD-1643

This report examines the service provider landscape for large annuity contracts in the healthcare provider ITO market

NOT EXHAUSTIVE

Focus of report

Healthcare

Payer
- Private health plans
- Public health plans

Life sciences
- Pharmaceuticals
- Medical devices
- Biotechnology
- Others[1]

Provider
- Large health systems
- Stand-alone hospitals/clinics
- Pharmacists
- Physician practices
- Diagnostic labs

Services industry

IT Infrastructure Outsourcing (IO)
- Traditional IO
- Remote Infrastructure Management (RIM)
- Infrastructure Management Services (IMS)
- Cloud

IT Application Outsourcing (AO)
- Applications development
- Applications maintenance
- Independent testing
- Package implementation
- ERP services
- Business intelligence / data warehousing

Business Process Outsourcing (BPO)
- BFSI-specific BPO
- HRO
- FAO
- PO
- Contact center
- Knowledge services

Consulting
- IT strategy/operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs

This report analyzes IT in the healthcare provider vertical with a focus on large (TCV > US$25 million), annuity-based, and multi-year (over three years) relationships

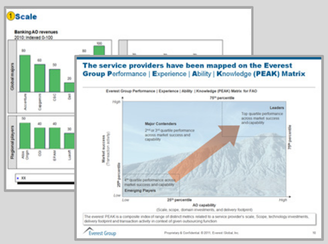
1 Includes healthcare data and information service, and medical products distribution

EGR-2015-12-PD-1643

This report is a part of Everest Group's series of reports focused on ITO in healthcare in 2015

Focus of report

Annual report



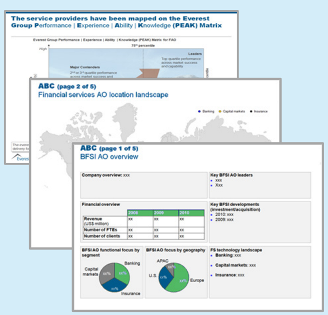
- Each report provides an overview of the ITO market for the specific healthcare subsegment
- Analysis includes the following content in the specific healthcare subsegment:
  - Trends in ITO in the overall healthcare industry
  - Market trends and activity for large ITO relationships
  - Emerging themes driving ITO
  - Future outlook for ITO

Payer

Life sciences

Provider

Service provider landscape and capability profiles



This set of reports is focused on key healthcare subsegments as well as some crucial processes / value chain elements for the subsegments. Each report provides:

- Mapping of service providers on **Everest Group's PEAK Matrix**
- Capability profiles of service providers capturing their ITO services experience. This includes:
  - Service provider overview: Details of ITO services capabilities, key investments, proprietary solutions, and technological expertise
  - Functional / Line of Business (LoB) focus
  - Transactions overview for ITO services
  - Delivery footprint

Payer
- Global IT
- Big data & analytics
- Digital services

Life sciences
- Global IT
- Life sciences in Europe
- Big data and analytics
- Digital services
- Clinical R&D IT services

Provider
- ***Global IT***

EGR-2015-12-PD-1643

Everest Group's healthcare outsourcing research is based on two key sources of proprietary information

1

- Everest Group's proprietary database of 1,000+ large, multi-year ITO contracts within healthcare (updated annually)
- The database tracks the following elements of each large ITO relationship:
  - Buyer details including industry, size, and signing region
  - Contract details including TCV, ACV, term, start date, service provider FTEs, and pricing structure
  - Activity broken down separately for healthcare payer, life sciences and provider, and by business subsegment (for example, pharmaceuticals and medical devices)
  - Scope coverage of functional activities and buyer geography
  - Global sourcing leverage including delivery locations and level of offshoring

2

- Everest Group's proprietary database of **operational capability of major healthcare ITO service providers** (updated annually)
- The database tracks the following capability elements for each service provider:
  - Overall revenue, total employees, and healthcare employees
  - Major healthcare ITO clients and recent wins
  - Recent healthcare-related developments
  - Healthcare ITO delivery locations
  - Healthcare ITO service suite
  - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis

accenture High performance. Delivered.
Atos
BT
CGI
Cognizant
CSC
Dell Services
epam
GAVS Galvanizing Success
HCL
Hewlett Packard Enterprise
IBM
L&T Infotech
SYNTEL Consider IT Done
Tech Mahindra
UNISYS
virtusa Accelerating Business Outcomes
WIPRO Applying Thought

Note: Assessment for Atos, BT Global Services, CSC, IBM, and Syntel, excludes service provider inputs on this particular study, and is based on Everest Group's estimates that leverage proprietary Transaction Intelligence (TI) database, ongoing coverage of Atos, BT Global Services, CSC, IBM, and Syntel, service provider public disclosures, and interaction with buyers

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information that is contract-specific, will be presented back to the industry only in an aggregated fashion

Table of contents

Overview and abbreviated summary of key messages

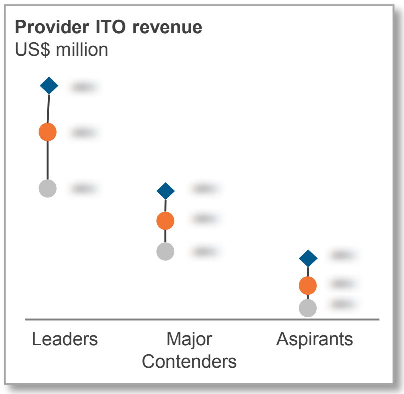
This report provides a comprehensive assessment of the service provider landscape for IT Outsourcing (ITO) services in the provider industry, and maps the leading service providers on Everest Group's PEAK Matrix. It also includes segment-wise analysis incorporating enterprises' feedback about service providers.

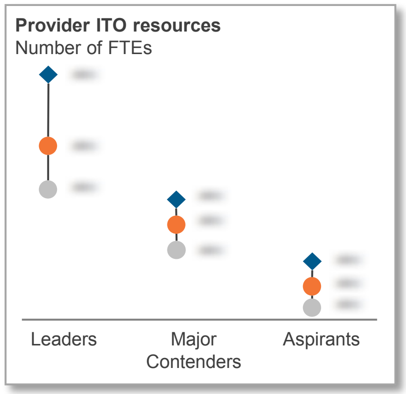
Some of the findings in this report, among others are:

Provider ITO service provider landscape	• Global majors continued to hold firm sway with significantly larger provider IT portfolios than their offshore major and mid-sized counterparts • Large hospital were primary customers across service provider categories on account of increased technology demand arising out of vertical/horizontal integration • The assessed service providers' ITO activity with healthcare providers is majorly concentrated in North America, particularly the United States, given the massive structural reforms underway and transition to a value-based reimbursement model
PEAK Matrix for provider ITO	• Analysis of the service provider landscape for healthcare provider ITO leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants • The average revenue and headcount of Leaders is over twice and thrice that of Major Contenders, respectively
Implications for key stakeholders	• Buyers need to create a robust IT-driven strategy to prepare for the payer-provider convergence • Consumerization of healthcare is underway as consumers assume increasing ownership of health outcomes aided by proliferation of mobile devices and impact of best practices from other industries • Healthcare providers will continue to battle structural and endemic profitability issues. Therefore, the crux of reforms and initiatives focus on cost takeout, with the imperatives to cut expenses while improving care delivery • Service providers need to adopt a "land-and-expand" strategy in new-age deals and operational constructs

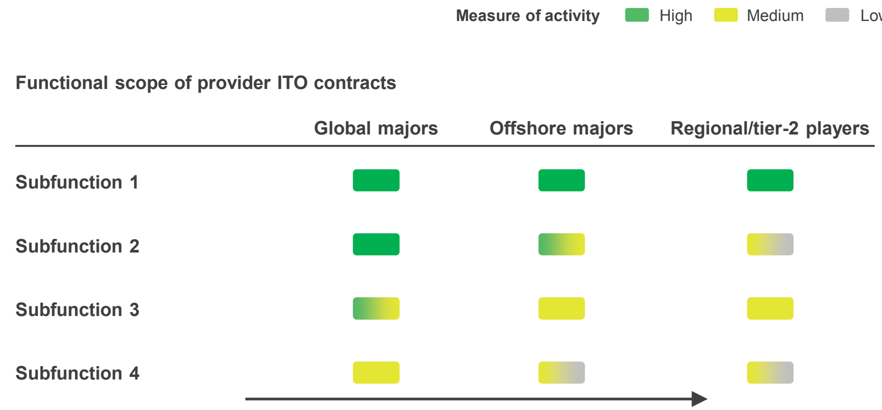
This study offers four distinct chapters providing a deep dive into the provider ITO service provider landscape; below are four charts to illustrate the depth of the report

Service providers' revenue and FTE analysis by PEAK Matrix categories





IT transaction activity in different provider ITO functions



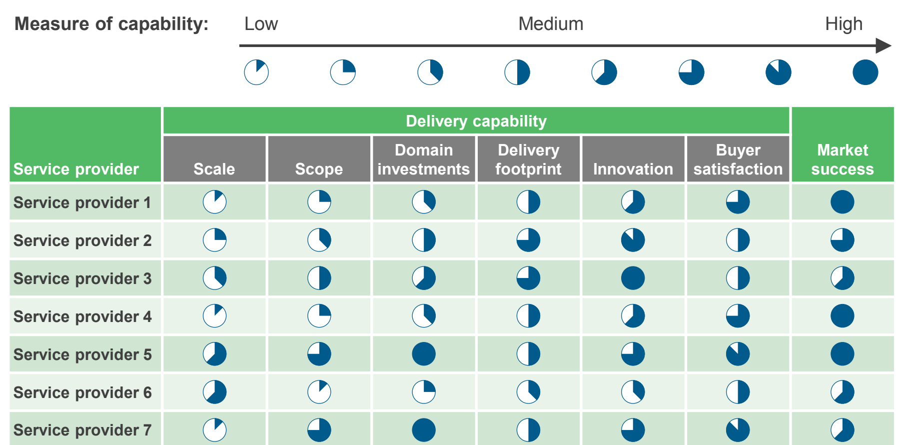
Provider ITO revenue and growth

2013-2014

Measure of activity High Medium Low

Growth (%)	Revenue < US$150 million	Revenue < US$150 million
>20%	Service provider 1 Service provider 2	Service provider 7 Service provider 8
10-20%	Service provider 3 Service provider 4	Service provider 9 Service provider 10
<10%	Service provider 5 Service provider 6	Service provider 11 Service provider 12

Capability assessment of service providers



Source: Everest Group (2015)

Healthcare & Life Sciences research calendar

Published | Current

Topic	Release date
IT Outsourcing in the Life Sciences Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	June 2015
IT Outsourcing in Life Sciences – European Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
IT Outsourcing (ITO) in the Life Sciences Industry – Annual Report 2015: Integrated Services Strategy in the Age of Digital	July 2015
IT Outsourcing in Life Sciences: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	July 2015
IT Outsourcing in Life Sciences: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	August 2015
IT Outsourcing in Life Sciences: Clinical and R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015	October 2015
IT Outsourcing in Healthcare Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in the Healthcare Payer Industry – Annual Report 2015	November 2015
IT Outsourcing in Healthcare Payer Industry: Big Data and Analytics – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in the Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015	December 2015
IT Outsourcing in Healthcare Payer Industry: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q4 2015
IT Outsourcing in the Life Sciences Industry – Service Provider Profile Compendium 2015	Q4 2015
IT Outsourcing in Healthcare Provider Industry – Annual Report 2015	Q4 2015
IT Outsourcing in Healthcare Provider Industry – Service Provider Profile Compendium 2015	Q4 2015
Payer care management and patient engagement – Service Provider Landscape with PEAK Matrix™ Assessment 2015	Q4 2015
State of the Healthcare IT Market: 2016	Q1 2016
State of the Life Sciences IT Market: 2016	Q1 2016

Additional healthcare research references

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

1. **State of the Healthcare ITO Market: 2015 - Decoding the Winds of Change** (EGR-2015-12-R-1429), 2015: This report delves into the evolving healthcare industry and provides insights into specific IT outsourcing trends, industry tailwinds, buyer imperatives, market opportunities, and implications for enterprises and service providers. It looks at how the healthcare ITO opportunity will pan out in 2015-2016 and provides projections on its growth and market size going into 2020

2. **IT Outsourcing (ITO) in the Healthcare Provider Industry – Annual Report 2014: Consumer-focus Driving Transformational Outsourcing** (EGR-2014-12-R-1339); 2014. This report provides an overview of the ITO market for the provider industry. Analysis includes market size & growth, forecasts (up to 2020), demand drivers, adoption and scope trends, and emerging areas of investment. The report focuses specifically on how providers' technology imperatives are being shaped by consumerization of healthcare, as customers take increasing ownership of health outcomes.

3. **IT Outsourcing in Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-12-R-1620), 2015: This report provides a comprehensive assessment of the service provider landscape for payer IT services. It maps 20 leading service providers on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a service provider's capability and market success.

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

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Everest Group

From **insight** to ***action***.

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 empowers 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 and research.everestgrp.com.

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