Healthcare Payer Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015

Healthcare & Life Sciences IT

Market Report: December 2015 – Preview Deck

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  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available
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- **BFSI[1] Business Process**
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- **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**
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- **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, and at the same time revamp 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 and Life Sciences (HLS) IT research program addresses this market's requirement by analyzing outsourcing trends and service provider capabilities specific to HLS IT.

In this report, we analyze the capabilities of 14 ITO service providers specific to digital IT services in the global payer domain. 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 payer digital IT services
- 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 payers and service providers

Scope of this report:

- **Industry:** Healthcare payers (public and private health plans)
- **Services:** Digital IT services
- **Geography:** Global (though with a slight skew towards the U.S. payer market, given dominant market activity)
- **Sourcing model:** Third-party IT transactions; excludes shared services or Global In-house Centers (GICs)

This report examines the service provider landscape for large annuity contracts in the payer IT market

NOT EXHAUSTIVE

Focus of the report

Healthcare & life sciences

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

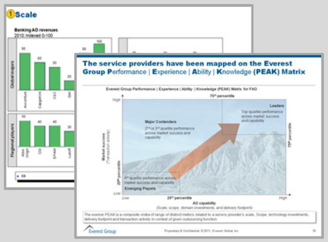
Consulting
- IT strategy / operations consulting
- Business consulting
- Infrastructure consulting
- Infrastructure roll-outs

1 Includes healthcare data & information services and medical products distribution

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

Focus of report

Annual report



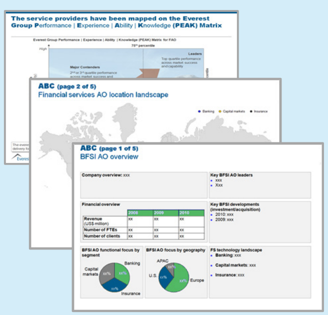
- Each report provides an overview of the ITO market for the specific healthcare subsegment
- Analysis includes the following content in the specific healthcare subsegment:
  - Trends in ITO in the overall healthcare industry
  - Market trends and activity for large ITO relationships
  - Emerging themes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

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

1

- Everest Group's proprietary database of 1,000+ large, multi-year IT contracts within healthcare and life sciences (updated annually)
- The database tracks the following elements of each large IT 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, provider, and by business subsegment (for example, pharmaceuticals and medical devices)
  - Scope coverage of functional activities and buyer geography
  - Sourcing leverage including delivery locations and level of offshoring

2

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

Service providers covered in the analysis

Note: Assessment for Capgemini (sans IGATE), CSC, and IBM, 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 Capgemini (sans IGATE), CSC, and IBM, 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

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Overview and abbreviated summary of key messages

This report provides a comprehensive assessment of the service provider landscape for payer digital IT services, 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:

PEAK Matrix for payer digital IT

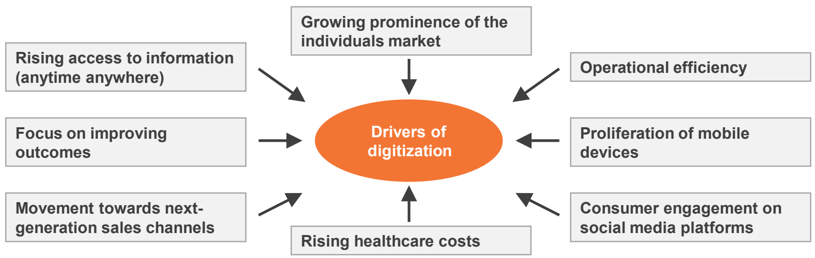
- Inaugural analysis of the service provider landscape for payer digital IT services leveraging Everest Group's PEAK Matrix highlights the following categories of service providers: Leaders, Major Contenders, and Aspirants
- As payers grapple with costs, regulatory mandates, payer-provider convergence, and rising consumerization, they look towards IT to help navigate the choppy waters
- Healthcare payer organizations, among the slower IT adopters, are now focusing on supplementing "manage the business" aspects with transformational investments to reorient business models
- Payers are coming to terms with a fundamental shift of their core business model from B2B to B2C owing to disruptive consumerization of healthcare
- Big data & analytics is playing a significant role in enabling this construct while helping navigate endemic challenges due to the three Cs – cost, convergence, and now consolidation

Implications for key stakeholders

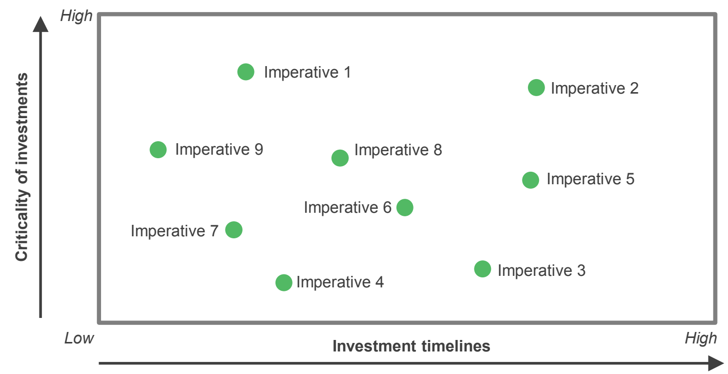
- Buyers need to evaluate build vs. buy in an attempt to ramp up underlying infrastructure capabilities to power insights-driven decision making
- Enterprise buyers need to drive analytics initiatives with specific business outcomes in mind
- reorient business models to focus on core competence vs. spreading too thin
- Vendors should adopt a "land-and-expand" strategy in new-age deals and operational constructs
- Vendors should harvest demand from payer-provider convergence through a balanced portfolio
- Service providers should adapt to newer deal constructs (As-A-Service, integrated services, and gainsharing) to exhibit more skin in the game

This study provides a deep dive into the payer digital IT service provider landscape; below are few charts to illustrate the depth of the report

Drivers of digitization in payers

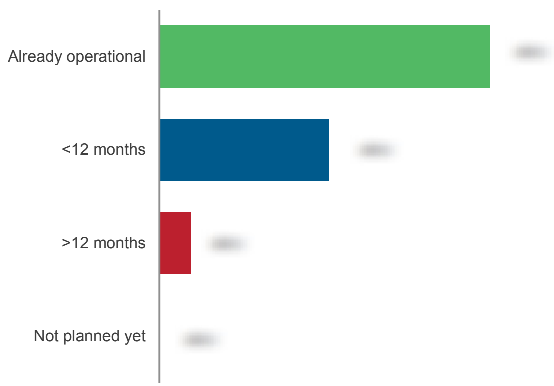


Payers' technology imperatives (Criticality vs. investment timelines)

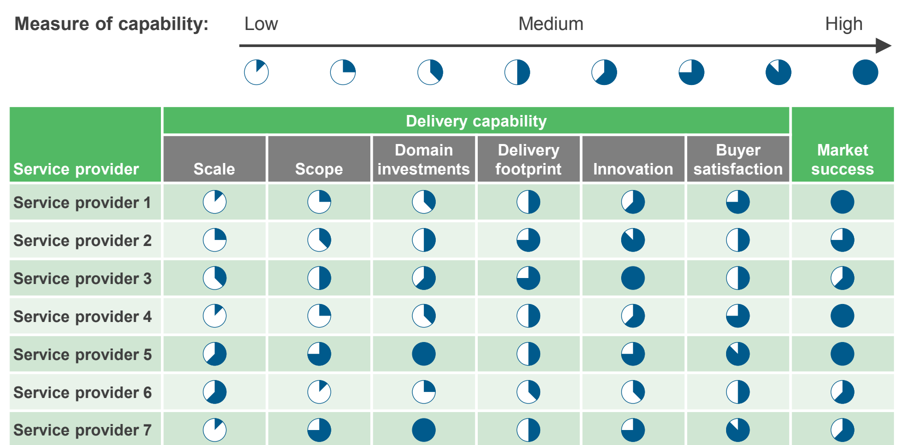


Payers' digital initiatives implementation status

2015; Percentage of responses



Capability assessment of service providers



Source: Everest Group (2015)

Everest Group RESEARCH

EGR-2015-12-PD-1647

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 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	December 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 into 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. **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.

2. **IT Outsourcing in the Healthcare Payer Industry – Annual Report 2015: Go-to-Market Strategy for Healthcare IT** (EGR-2015-12-R-1618), 2015. This report provides an overview of the IT market for the payer industry. Analysis includes market size & growth, forecasts (up to 2020), demand drivers, adoption & scope trends, key areas of investment, and implications for key stakeholders. The report features a special section on enabling a go-to-market strategy for healthcare IT. Key factors driving systemic transformation and changes include connectivity, care analytics, interoperability, clinician engagement, and payment systems.

3. **Healthcare Payer Big Data and Analytics IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-12-R-1641), 2015. This inaugural report provides a comprehensive assessment of the service provider landscape for big data and analytics IT services in the payer industry. It maps 18 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. The report also provides an overview of the extent of big data / analytics adoption across the payer value chain, enterprise buyers' investment priorities & timelines (from a 2015 survey of senior payer stakeholders), leading drivers of adoption, deal trends, evolving definitions, focus of investments, and service provider characteristics.

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

About Everest Group

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