Everest Group
RESEARCH

Electronic Health Records (EHR) IT Services in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Healthcare and Life sciences ITS
Market Report – November 2016 – Preview Deck

EGR-2016-12-PD-2000

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	PricePoint™
BFSI[1] Business Process	Finance & Accounting
Healthcare & Life Sciences ITS	Procurement
Healthcare & Life Sciences BPS	Human Resources
Application & Digital	Recruitment & Talent Acquisition
Cloud & Infrastructure	Contact Center
Global Sourcing	Service Optimization Technologies
Locations Insider™	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 ITS
- 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

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Background and scope of the research

Background of the research
The Healthcare and Life Sciences (HLS) 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, "anytime-anywhere" information access, and self-service channels). This combination of disruptive and legacy factors has driven HLS firms to adopt new technologies, while also revamping their existing systems, processes, and interfaces.

As the technology mandate for HLS 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 HLS IT services across the three major market segments – payer, provider, and life sciences. Everest Group's HLS IT research program addresses this market requirement by analyzing outsourcing trends and service provider capabilities specific to IT services in the healthcare and life sciences vertical.

In this report, we analyze the capabilities of 20 EHR IT service providers specific to the global healthcare 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:

- EHR IT services market trends
- The landscape of service providers for EHR IT services market
- Assessment of the service providers on a number of capability-related dimensions
- Implications for EHR IT buyers, product vendors, and service providers

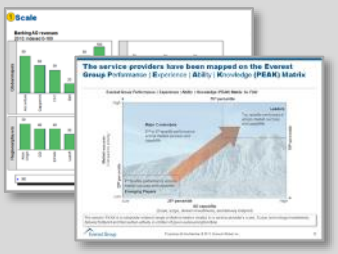
Scope of this report

- **Industry:** Healthcare provider EHR market
- **Services:** Multi-year (>3 years) and annuity-based IT services
- **Geography:** Global (though with a slight skew towards the U.S. market, given dominant market activity)
- **Sourcing model:** Third-party IT transactions; excludes shared services or Global In-house Centers (GICs)

This report is a part of Everest Group's series of reports focused on IT services in healthcare and life sciences in 2016

Focus of report

Annual report



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

Payer

Life sciences

Provider

Service provider landscape and capability profiles

This set of reports is focused on key HLS subsegments, and 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 IT services experience. This includes:
  - Service provider overview: Details of IT services capabilities, key investments, proprietary solutions, and technological expertise
  - Functional / Line of Business (LoB) focus
  - Transactions overview for IT services
  - Delivery footprint

Payer
- Global IT

Life sciences
- IT infrastructure services
- IT application services
- Digital services

Provider
- Global IT
- *EMR/EHR services*

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 IT services contracts within healthcare (updated annually)
- The database tracks the following elements of each large ITS 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 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 HLS-related developments
  - HLS IT delivery locations
  - HLS IT service suite
  - Domain capabilities, proprietary solutions, and intellectual property investments

Service providers covered in the analysis[1,2]

accenture High performance. Delivered. | Allscripts | athenahealth
Atos | Cerner | CGI
Cognizant | CompuCom | CSC
Deloitte. | eClinicalWorks
Epic | HCL | Hewlett Packard Enterprise | IBM
McKESSON | NTT DATA Services formerly Dell Services
OPTUM | SYNTEL Consider IT Done | Tech Mahindra

1 Assessment for Accenture, Allscripts, athenahealth, Atos, Cerner, CSC, Deloitte, eClinicalWorks, Epic Systems, IBM, McKesson, and Tech Mahindra excludes service provider inputs on this particular study and is based on Everest Group's estimates, which leverage Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and interaction with buyers

2 RFI submitted by Dell Services before completion of acquisition by NTT DATA

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

Overview and abbreviated summary of key messages

This report provides a comprehensive assessment of the service provider landscape for EHR IT services in the healthcare provider industry, and maps the leading service providers on Everest Group's PEAK Matrix. It also covers issues in the EHR industry such as non-interoperability and rigid product designs.

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

PEAK Matrix for healthcare provider EHR IT services

- Analysis of the service provider landscape for healthcare provider EHR IT services leveraging the Everest Group's PEAK Matrix reveals three distinct categories of service providers: Leaders, Major Contenders, and Aspirants
- Although healthcare providers make huge investments in EHR, they are not able to realize the benefits completely. Issues such as non-interoperable product platforms, non-integrated data modules, and diminishing bargaining power of buyers plague the market. Therefore, buyers are looking for strategic technology partners to overcome the crisis
- **Leaders** have established a successful EHR services in the provider market. They have a balanced portfolio of services in acute EHR and ambulatory EHR. Their clientele span across large scale hospital chains, stand-alone hospitals/clinics, physician practices, diagnostic labs, and pharmacies
- **Major Contenders** are making high-profile investments in developing solutions, specifically around interoperability, feature-rich analytics, patient engagement, and digital capabilities to help providers realize ROI on EHR implementations. For instance, Deloitte with Evergreen Solutions
- **Aspirants** have started to realize market potential of EHR IT service and are currently focusing on building domain capabilities (Syntel with its renewed focus on analytics and patient engagement) and meaningful differentiation (Atos – Anthelio acquisition)

Implications for key stakeholders

- **Service providers:** Introduce nimble analytics to reflect productivity improvement and patient engagement. They also need to offer cloud-based solutions to witness value generation for clients
- **Product vendors:** Enable interoperable interfaces to obtain federal reimbursements. They also need to introduce analytics capabilities to stay compliant with "Meaningful Use"
- **Buyers:** Look for SaaS and mobility-based systems to help in cost reduction and efficiency improvement. They also need to check data analytics in EHR to advance proactive patient engagement activities

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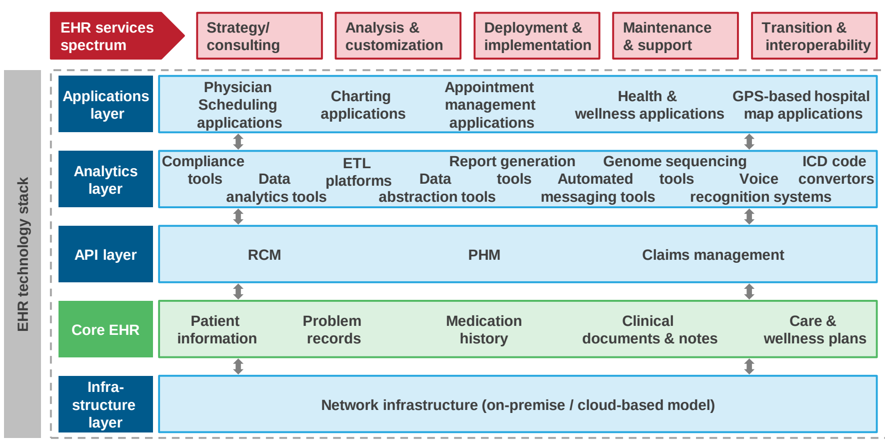
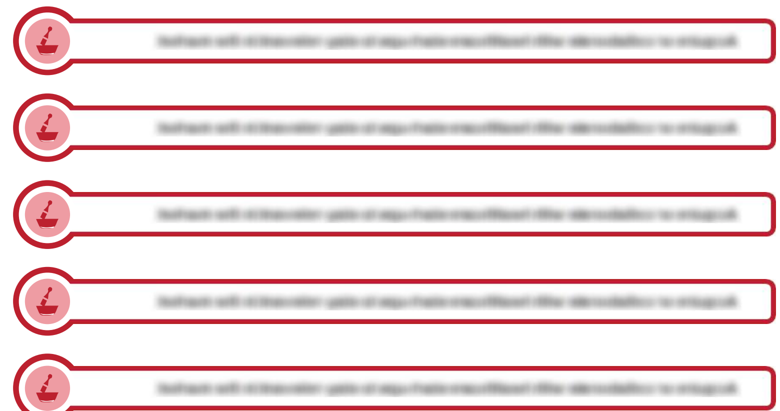
This study provides a deep dive into the healthcare provider EHR IT service provider landscape; below are few charts to illustrate the depth of the report

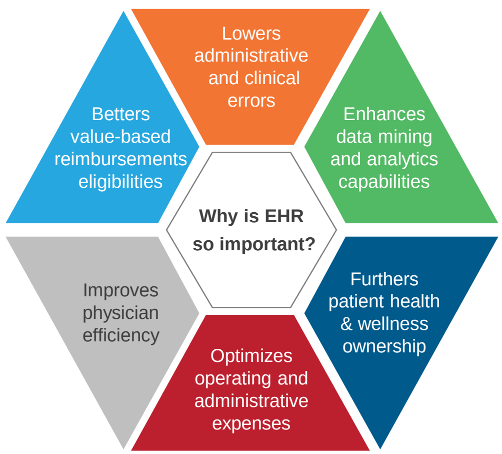
EHR IT services landscape



Key implications for product vendors



Key reasons by why the EHR market is gaining traction



Delivery capability and market success assessment of service providers

Best in Class · Very High · High · Medium High · Medium · Medium Low · Low · Not Matured

Service provider	Delivery capability: Scale	Delivery capability: Scope	Delivery capability: Domain expertise and innovation	Delivery capability: Delivery footprint	Delivery capability: Buyer satisfaction	Market success
Service provider 1	High	Very High	High	Best in Class	Medium Low	Very High
Service provider 2	Medium High	Very High	High	Very High	High	Very High
Service provider 3	High	Best in Class	High	High	Very High	Very High
Service provider 4	Medium High	Medium Low	Very High	Low	High	Very High
Service provider 5	High	Medium Low	Very High	Low	Best in Class	Medium High
Service provider 6	High	Medium Low	High	Medium	Medium High	Very High

Source: Everest Group (2016)

Profile sample: Service Provider XXX | Provider EHR IT services profile

Service provider	Comments
Logo 1	• **Overview:** [illegible] • **Estimated EHR services revenue:** [illegible] • **Proprietary provider solutions:** [illegible] • **Services:** [illegible] • **Partnerships:** [illegible] • **Recent acquisitions/divestitures:** [illegible] • **Clients:** [illegible]

Source: Everest Group (2016)

Healthcare & Life sciences IT services research calendar

Published | Current

Topic	Release date
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	November 2015
IT Outsourcing in Healthcare Payer Industry: Digital – Service Provider Landscape with PEAK Matrix™ Assessment 2015	November 2015
IT Outsourcing in Healthcare Provider Industry – Annual Report 2015	January 2016
State of the Healthcare and Life Sciences IT Market: 2016	March 2016
IT Outsourcing in the Life Sciences Industry – Service Provider Profile Compendium 2015	March 2016
Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare	April 2016
Pre-competitive Collaboration Platforms in the Biopharmaceutical Industry	May 2016
IT Outsourcing in Healthcare Payer Industry – Service Provider Profile Compendium 2015	June 2016
Life Sciences IT Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	July 2016
Hot Healthcare Start-ups: Dawn of a New World Order	August 2016
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Healthcare Payer IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	October 2016
Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
EHR IT Services in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016

Additional Healthcare & Life Sciences 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. **Healthcare Provider IT Services: The Big Bang MACRA-economic Theory of Provider IT Transformation** (EGR-2016-12-R-1978); 2016. This report provides an overview of the IT market for the healthcare provider industry. Analysis includes market size & growth, forecasts (up to 2020), demand drivers, adoption & scope trends, MACRA rules analysis, and implications for key stakeholders

2. **Hot Healthcare Start-ups: Dawn of a New World Order** (EGR-2016-12-R-1882); 2016. Cost, access, and quality problems have plagued the United States healthcare market in the recent years. Stakeholders are trying to tackle endemic industry issues through technology use. Consumer expectations are fundamentally changing from their healthcare experience. Stakeholders are trying to evolve the operating model of healthcare in the new normal. Start-ups have a fertile ground to reap benefits through innovative solutions that address these challenges through a fresh approach combining the elements of user experience (UX), design, and digital channels. Hence, even though the overall funding climate has begun to show signs of correction, healthcare is witnessing a sustained resurgence in investment activity. Services providers, enterprise buyers, and investment firms alike have varied reasons to better understand this exciting landscape and unlock opportunities in a fast evolving market. From a long list of over 200 start-ups, we selected start-ups in five primary areas of investments – care financing, care management, EHR, practice management, and telehealth. This report provides an overview of the challenges these start-ups are trying to address, how they are disrupting the status quo, and hyper-catalyzing the innovation mandate. It also covers the five hot start-ups in each of the five areas with spotlight on business overview, leadership details, funding trail, and disruption across technology & business, as well as market buzz

3. **Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare** (EGR-2016-4-R-1748); 2016. This report focuses on digital adoption by Healthcare and Life Sciences (HLS) enterprises across North America and Europe. It establishes a definitional framework for digital adoption and assesses the extent of digital technology adoption amongst HLS enterprises. The research identifies drivers for adoption, adoption maturity of digital technologies by HLS enterprises, optimism levels based on existing investments, and key priorities for the future. The report also identifies key implications for HLS enterprises and service providers

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 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.

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