Everest Group® RESEARCH

Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019

Healthcare & Life Sciences IT Services (HLS ITS) Market Report – December 2018: Complimentary Abstract / Table of Contents

Everest Group® PEAK MATRIX™

EGR-2018-20-CA-2886

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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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Service provider profiles (continued)

Background and methodology of the research

Background of the research

The healthcare landscape has been subject to significant turbulence on account of a gamut of factors. Some of these are escalating costs, declining margins, widespread regulatory amendments, shift from volume- to value-based care model, and rising consumerism. This has driven healthcare firms to undertake digital transformation initiatives as well as revamp their existing systems, processes, and interfaces to improve revenue, reduce costs, and optimize existing processes. To take advantage, vendors need to step up and act as strategic partners to these enterprises in their digital transformation journeys.

In this report, we analyze the digital services capabilities of 20 IT service providers specific to the healthcare payer sector. 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 vision & capability and market impact. We focus on:

- Healthcare payer digital services market trends
- The landscape of service providers for healthcare payer digital services
- Assessment of the service providers on several vision & capability- and market impact-related dimensions

Scope of this report

- **Industry:** Healthcare payers
- **Services:** Digital services
- **Geography:** Global
- **Sourcing model:** Third-party ITS transactions; excludes shared services or Global In-house Centers (GICs)
- **Methodology:** The report is based on four key sources of information: proprietary database of IT services contracts of major IT service providers with workplace services in scope of work (updated annually), proprietary database of IT service providers (updated annually), service provider briefings, and buyer reference interviews

Overview and abbreviated summary of key messages (page 1 of 2)

This report examines the 2018 service provider landscape for healthcare payer digital services. The analysis focuses on the changing market dynamics and emerging trends in the healthcare payer digital market, service providers' position and growth in this space, assessment of their delivery capabilities, and their profiles.

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

Healthcare payer digital services market

- The overall healthcare payer digital services market is a US$4 billion+ opportunity, with North America comprising nearly four-fifths of the market
- We expect the global payer digital services market to grow at ~20% over 2017-2020
- Factors such as escalating costs, declining margins, widespread regulatory amendments, shift from a volume- to value-based care model, and rising consumerism explain the urgency shown by healthcare payers in adopting digital

Healthcare payers' approach to digital

- Core features healthcare members expect from their health system include efficiency, lower cost, and better experience. Increased cost efficiency, enhanced member experience/engagement, and improved time to market launch are the key drivers for adopting digital for payers
- Lack of proven ROI, high cost of deployment, and lack of scalability and technology maturity are the key digital transformation challenges for payers

Overview and abbreviated summary of key messages (page 2 of 2)

Emerging service provider trends

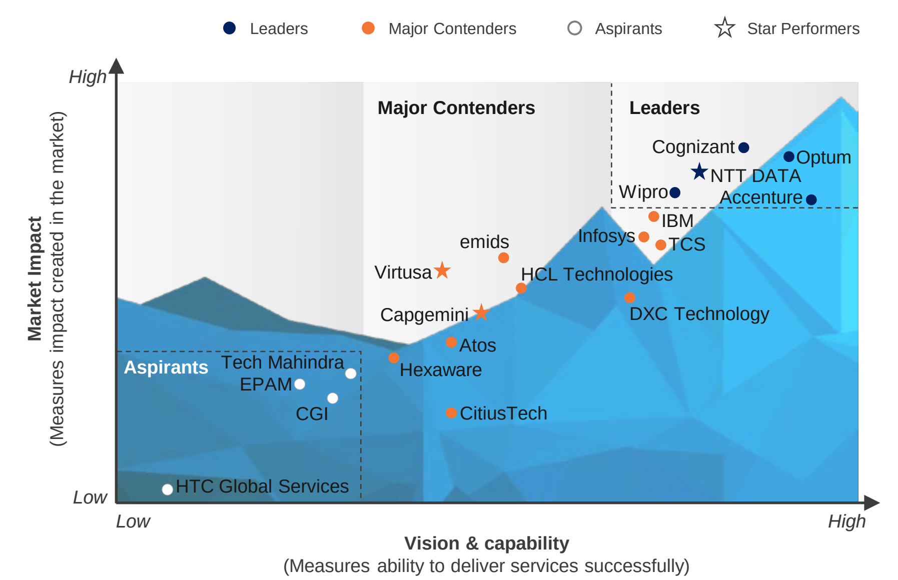
- Payers are focusing on approaching key value chain areas – product discovery (enrollment and risk profiling), medical intervention, and coordinated care (claims management and member follow-ups) – with digital initiatives to create differentiated impact
- Payers are investing in data interoperability, change management, process reengineering, and platform modernization to overcome challenges such as siloed operations, disconnected information systems, and legacy IT

Service provider delivery capability

- Analysis of the service provider landscape for healthcare payer digital services through PEAK Matrix highlights four categories: Leaders, Major Contenders, Aspirants, and Star Performers
- Accenture, Cognizant, NTT DATA, Optum, and Wipro, and are the current Leaders in the healthcare payers digital services market. However, several service providers are emerging as Major Contenders

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

Assessment of Healthcare Payer Digital Services - Service Providers[1,2,3]



1 PEAK Matrix specific to digital services for healthcare payers
2 Following the acquisition of Syntel by Atos, in this study, we have considered data for both entities, i.e., Atos and Syntel, and called the combined entity as Atos
3 Assessment for Accenture, CGI, CitiusTech, EPAM, IBM, HTC Global Services, and Tech Mahindra excludes service provider inputs and is based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with insurance buyers

Capability assessment

Illustrative example

Measure of capability: High Low

	Market impact				Vision & capability				
Service provider	Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
Service provider 1									
Service provider 2									
Service provider 3									
Service provider 4									
Service provider 5									
Service provider 6									
Service provider 7									
Service provider 8									
Service provider 9									

Everest Group's remarks on service providers

Illustrative example

Measure of capability: High Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall

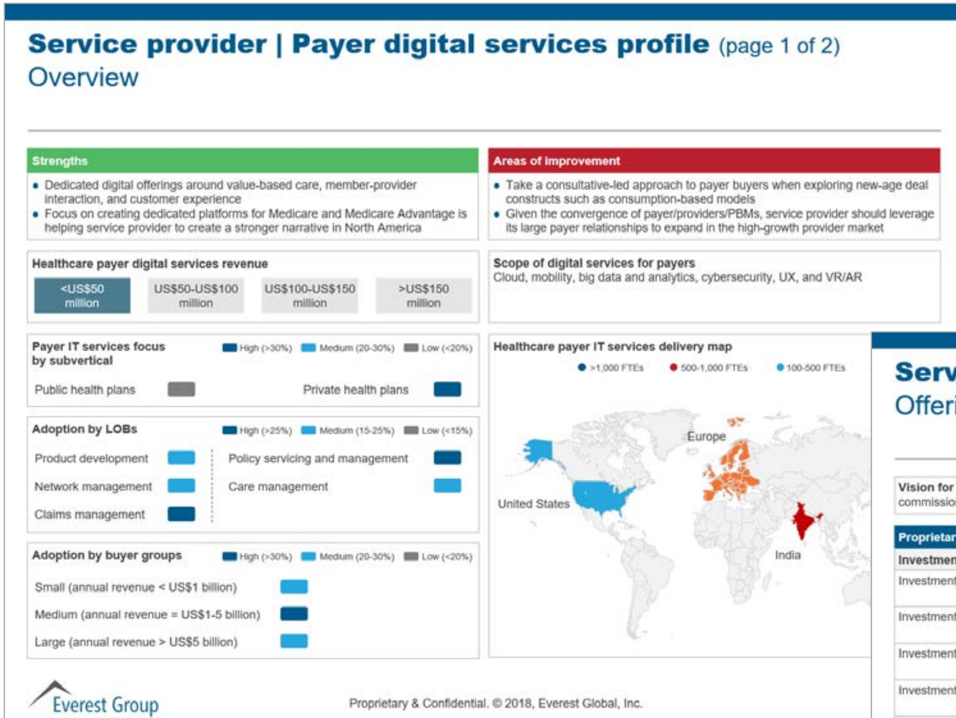
Strengths

- Service provider 1, has dedicated focus on digital spanning data analytics, agile, and cloud computing
- It has invested in upskilling its digital talent to enhance innovation and provide a balanced mix to clients

Areas of improvement

- Service provider 1 should create downstream technology implementation opportunities through a consultative-led selling approach
- It should try to expand presence in healthcare payer markets outside North America

The PEAK Matrix report has service provider profiles for all 21 players featured in the evaluation



Service provider | Payer digital services profile (page 1 of 2)
Overview

Strengths	Areas of improvement
• Dedicated digital offerings around value-based care, member-provider interaction, and customer experience • Focus on creating dedicated platforms for Medicare and Medicare Advantage is helping service provider to create a stronger narrative in North America	• Take a consultative-led approach to payer buyers when exploring new-age deal constructs such as consumption-based models • Given the convergence of payer/providers/PBMs, service provider should leverage its large payer relationships to expand in the high-growth provider market

Healthcare payer digital services revenue
<US$50 million | US$50-US$100 million | US$100-US$150 million | >US$150 million

Scope of digital services for payers
Cloud, mobility, big data and analytics, cybersecurity, UX, and VR/AR

Payer IT services focus by subvertical — High (>30%) / Medium (20-30%) / Low (<20%)
Public health plans
Private health plans

Adoption by LOBs — High (>25%) / Medium (15-25%) / Low (<15%)
Product development
Network management
Claims management
Policy servicing and management
Care management

Adoption by buyer groups — High (>30%) / Medium (20-30%) / Low (<20%)
Small (annual revenue < US$1 billion)
Medium (annual revenue = US$1-5 billion)
Large (annual revenue > US$5 billion)

Healthcare payer IT services delivery map

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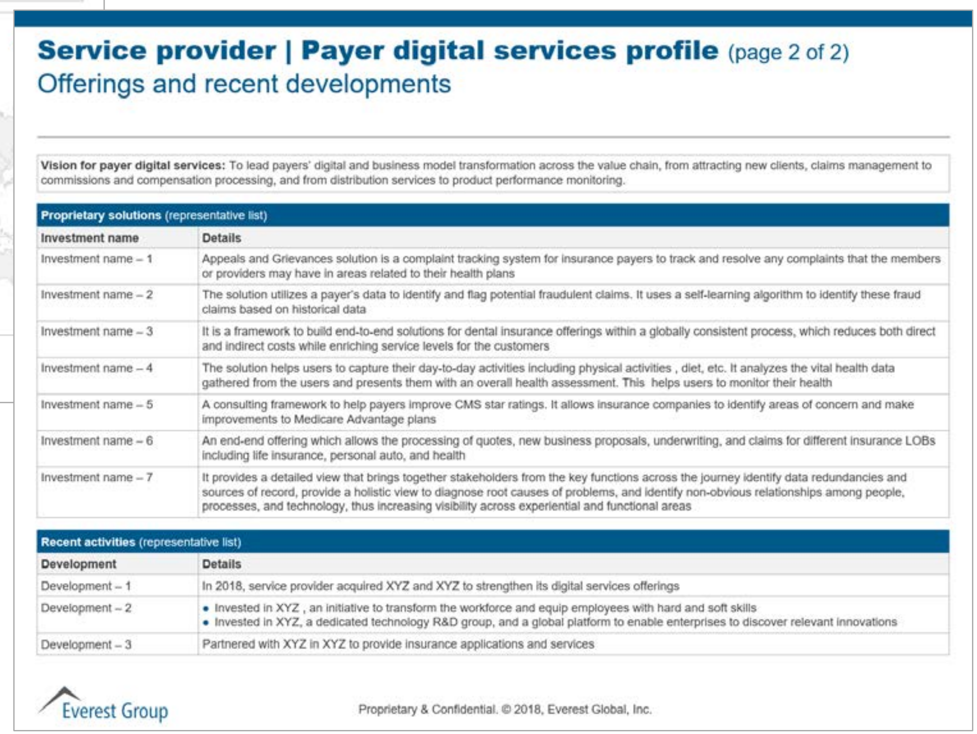

Service provider | Payer digital services profile (page 2 of 2)
Offerings and recent developments

Vision for payer digital services: To lead payers' digital and business model transformation across the value chain, from attracting new clients, claims management to commissions and compensation processing, and from distribution services to product performance monitoring.

Proprietary solutions (representative list)

Investment name	Details
Investment name – 1	Appeals and Grievances solution is a complaint tracking system for insurance payers to track and resolve any complaints that the members or providers may have in areas related to their health plans
Investment name – 2	The solution utilizes a payer's data to identify and flag potential fraudulent claims. It uses a self-learning algorithm to identify these fraud claims based on historical data
Investment name – 3	It is a framework to build end-to-end solutions for dental insurance offerings within a globally consistent process, which reduces both direct and indirect costs while enriching service levels for the customers
Investment name – 4	The solution helps users to capture their day-to-day activities including physical activities , diet, etc. It analyzes the vital health data gathered from the users and presents them with an overall health assessment. This helps users to monitor their health
Investment name – 5	A consulting framework to help payers improve CMS star ratings. It allows insurance companies to identify areas of concern and make improvements to Medicare Advantage plans
Investment name – 6	An end-end offering which allows the processing of quotes, new business proposals, underwriting, and claims for different insurance LOBs including life insurance, personal auto, and health
Investment name – 7	It provides a detailed view that brings together stakeholders from the key functions across the journey identify data redundancies and sources of record, provide a holistic view to diagnose root causes of problems, and identify non-obvious relationships among people, processes, and technology, thus increasing visibility across experiential and functional areas

Recent activities (representative list)

Development	Details
Development – 1	In 2018, service provider acquired XYZ and XYZ to strengthen its digital services offerings
Development – 2	• Invested in XYZ , an initiative to transform the workforce and equip employees with hard and soft skills • Invested in XYZ, a dedicated technology R&D group, and a global platform to enable enterprises to discover relevant innovations
Development – 3	Partnered with XYZ in XYZ to provide insurance applications and services

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Research calendar – Healthcare & Life Sciences IT services

Published | Planned | Current release

Flagship HLS ITS reports	Release date
Healthcare Provider IT Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017	November 2017
Life Sciences Annual Report 2018: Pharma's "DevOps" Factor for Digital Transformation	March 2018
Healthcare Payer Annual Report 2018: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market	March 2018
Life Sciences Digital in North America – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	June 2018
Life Sciences Digital in Europe – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	August 2018
Dr. Robot Will See You Now: Unpacking the State of Artificial Intelligence in Healthcare – 2019	October 2018
Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019	**December 2018**
Healthcare Provider Digital IT Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	December 2018

Thematic HLS ITS reports	
Healthcare IT Security Services – Market Trends	September 2017
The Rise of the Medicare Advantage	October 2017
Life Sciences Report Card 2017 – Enterprise Initiatives and Service Provider Performance	March 2018
Healthcare Report Card 2017 – Enterprise Initiatives and Service Provider Performance	March 2018
Regulatory Stress: Life Sciences Market Under the GDPR Regime	March 2018

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

Additional HLS IT services research references

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

1. **Healthcare Payer Annual Report 2018: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market** (EGR-2018-20-R-2584); March 2018. The healthcare payer market is changing because of certain secular themes, such as increasing consumerism and the rise of digital. At the same time, the broader healthcare & life sciences market is undergoing tectonic shifts with varied implications for the payers' future. In this report, we have defined key payer characteristics that will experience significant change in the future, with focus on members, providers, internal systems, and government

2. **Healthcare Report Card 2017 – Enterprise Initiatives and Service Provider Performance** (EGR-2018-20-R-2557); March 2018. In this report, we talk about key themes that dominated the healthcare market in 2017. The report lists the top 15 healthcare service providers based on five healthcare PEAK Matrix™ BP and IT services evaluations done in 2017 and gives a brief description of the 2018 market outlook

3. **Dr. Robot Will See You Now: Unpacking the State of Artificial Intelligence in Healthcare – 2019** (EGR-2018-20-R-2831); October 2018. While AI is a relatively new area in the healthcare space and its adoption is in the nascent stage, digitalization of healthcare is accelerating enterprises' interest in AI. With CEOs and CIOs acknowledging the transformative power of AI, enterprises are rapidly building appropriate AI strategies. In this market report, we analyze the AI investments for 27 leading U.S.-based healthcare enterprises by mapping them on Everest Group's AI effectiveness assessment model, which is a composite index of a range of distinct metrics related to each enterprise's capability maturity and the outcomes

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