



Higher performance and a healthier margin

Making the case for smartsourcing over outsourcing

Outsourcing is nothing new – which is why it’s prime for reinvention. At Optum, we’ve developed an approach called strategic smartsourcing. Instead of simply moving some functions to a vendor where they operate as usual, strategic smartsourcing is designed to increase departmental performance and grow your overall business while still providing the cost savings of traditional outsourcing. Optum SVP Nick Howell is here to give you the details.

Optum: What is the difference between traditional outsourcing and strategic smartsourcing?

Nick Howell: Traditional outsourcing focuses on cost-cutting and tends to replicate the status quo; strategic smartsourcing focuses on impact and innovation. In smartsourcing, both partners have incentive to work together: the vendor – us – because it allows us to prove our value, and the provider because their business becomes increasingly efficient and profitable as we continue to collaborate. In other words, providers not only cut administrative and vendor costs, but are also shown more innovative ways to operate.

O: What are some of the factors driving health systems to consider strategic smartsourcing?

NH: The ongoing challenges of COVID-19, constantly-growing IT expenses, mergers and acquisitions not delivering, not wanting to be part of a merger and acquisition in the first place – it’s a long list. What it comes down to is that many health systems are looking for ways to remain independent while tapping the capabilities and innovation of a partner to create virtual scale, preserve capital, and reach their performance goals ahead of schedule.

O: What’s it like for an organization to work with a strategic smartsourcer like Optum?

NH: Cooperative and mutually beneficial. The longer we work together, the more we can do and the greater the overall benefit. We’re not just there to mimic an in-house function; we make it more efficient and effective, and that saves our clients time while growing their profit margin.

Outsourcing tends to be associated with reductions in staff. Is that true for smartsourcing?

NH: NH: We focus on top-line growth and meaningful improvement in the cost of care, so traditional outsourcing tactics account for less than a quarter of costs saved. In fact, smartsourcing can actually support talent by providing career growth opportunities in support, technology and analytics at partner organizations.



Nick Howell


Senior Vice President, Optum Transformational Partnerships, provides his unique perspective on health system partnerships that can help accelerate growth and performance as an alternative to traditional outsourcing.

O: What should health systems look for in a smartsourcing partner?

NH: An approach that goes beyond just outsourcing. Organizations should look for partners that bring capital investment, guaranteed and outcome-based fee models, and a commitment to ongoing innovation. That's the kind of partnership that drives better performance, lower costs, and healthier margins.

To learn more about Optum, contact us today:

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