Everest Group®

Leaders vs. Laggards: How Payers and Providers Can Use Outsourcing to Differentiate

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Optum

Introductions

![Everest Group logo]

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Quantifying and delivering on value, with patient experience at the center, is becoming a major determinant of healthcare's future

HEALTHCARE CORE FUNCTIONS

Care management → **Care financing** → **Care operations**

Old approach			New approach		
One size fits all	Transaction-/volume-based	Siloed and fragmented	Customized and tailored to individuals	Linked to demonstrating value	Interoperable and ecosystem-led

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Which is the most important factor that determines your relationship with outsourcing vendors?

- Cost reduction
- Access to better technology or operating model
- Better insights or analytics
- Gaining specific expertise lacked in-house
- Impacting top line growth
- Improving agility / flexibility
- Process improvement and standardization / harmonization
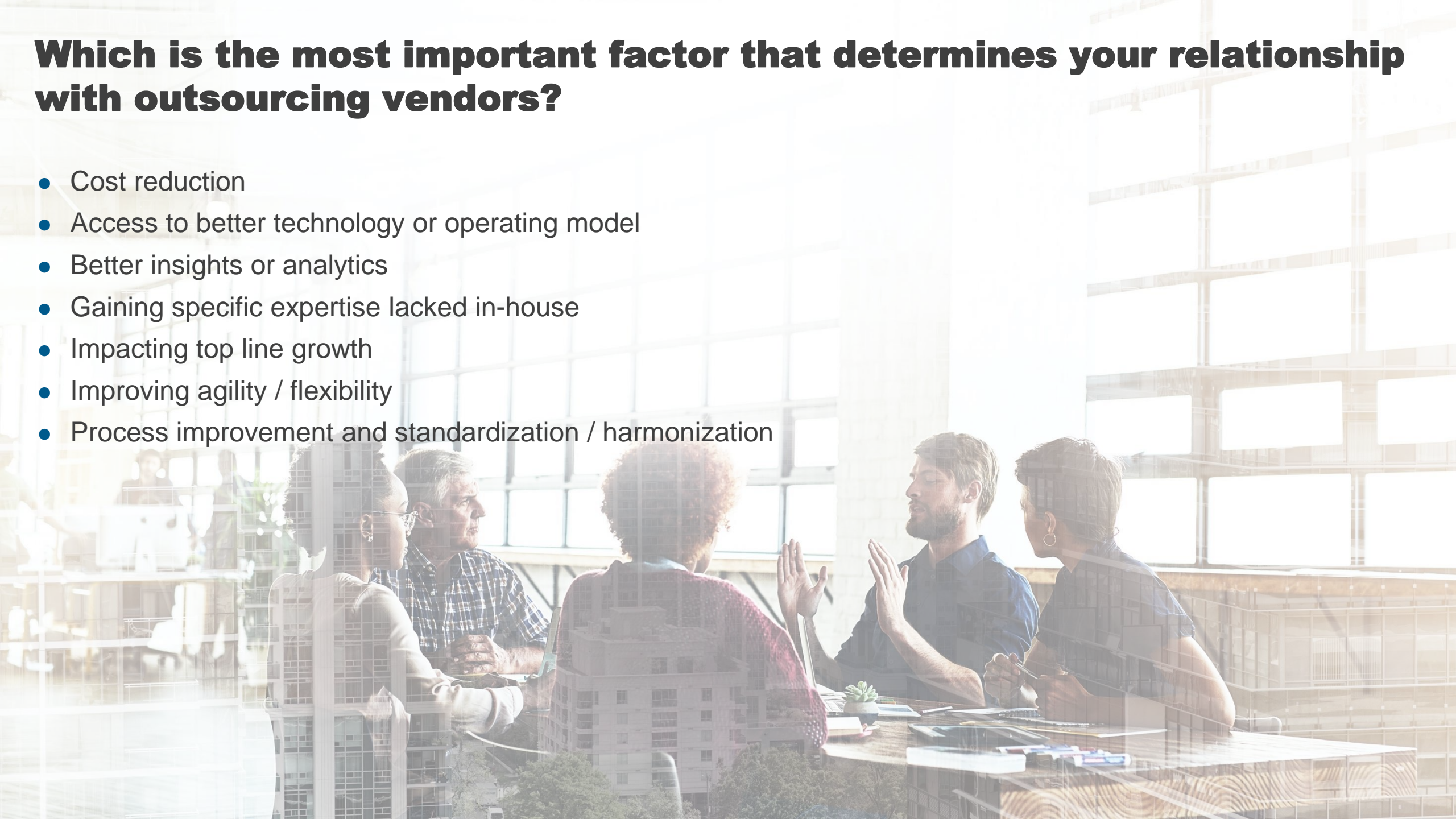
However, getting digital transformation right in healthcare is easier said than done

78% Of all healthcare executives feel their digital initiatives are not yielding desired results

Top 5 challenges for healthcare executives

30%	**37%**	**44%**	**51%**	**52%**
Vendors and partners	Policy and regulations	Change management	Access to talent	Business case

A digital front door strategy succeeds only if enterprises get the digital plumbing (back and mid-office) transformation right

Back office
(e.g., RCM, F&A, HR)

Core mid-office
(e.g., Operations & Production)

Front office
(e.g., Patient engagement)

Digital for Efficiency (DfE)

Digital Front Door (DFD)

47% **of digital spend**

- Claims, RCM
- Data engineering
- Productivity and automation

Digital enablement

29% **of digital spend**

- Security
- Risk management
- Compliance

24% **of digital spend**

- Patient engagement
- Omnichannel experience
- Care coordination

Enterprise sourcing priorities: contingencies created by COVID pushed enterprises to look at a variety of swim lanes to drive transformation and build business resilience

RESCUE

SG&A expenses | financial risks | operations

REVITALIZE

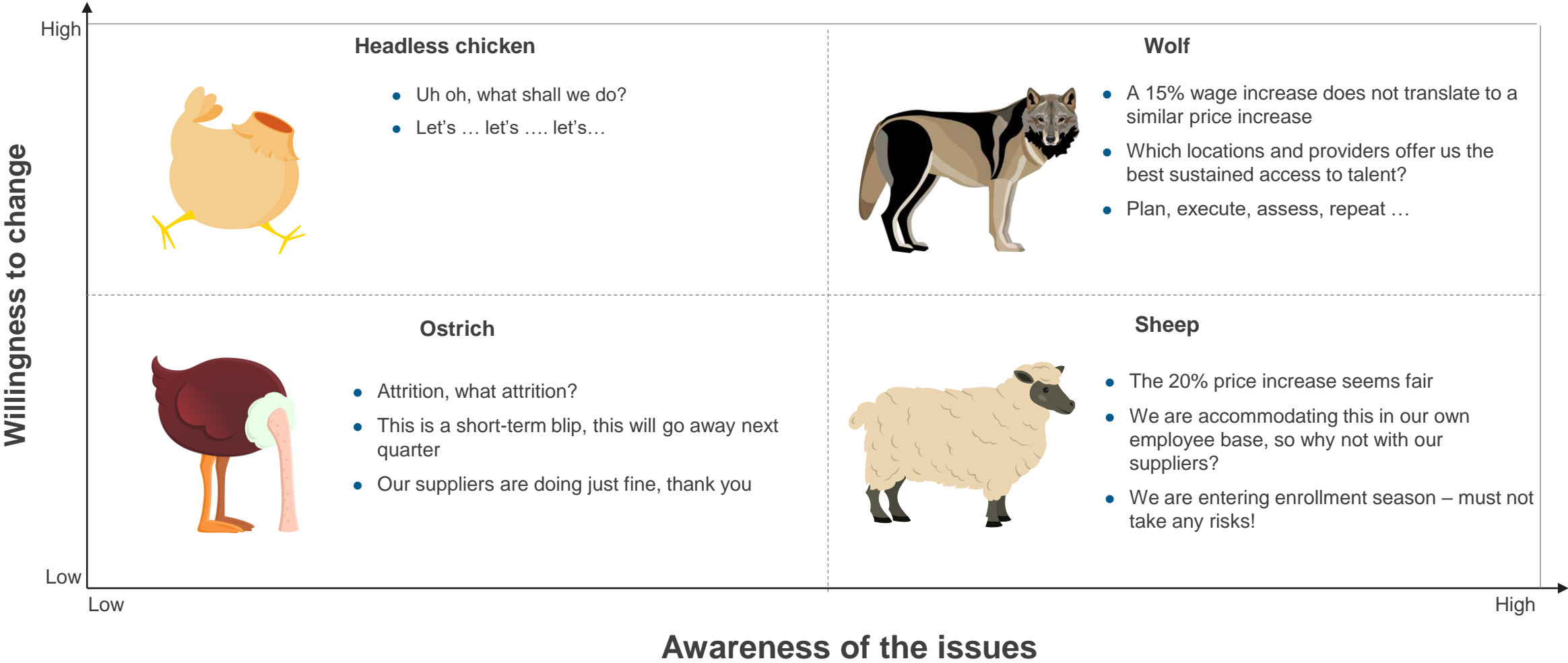Patient experience| care delivery | workforce

RESILIENCE

Infrastructure | business agility | platforms

This is translating into an evolved set of long-term considerations for healthcare executives as they deal with their sourcing portfolios
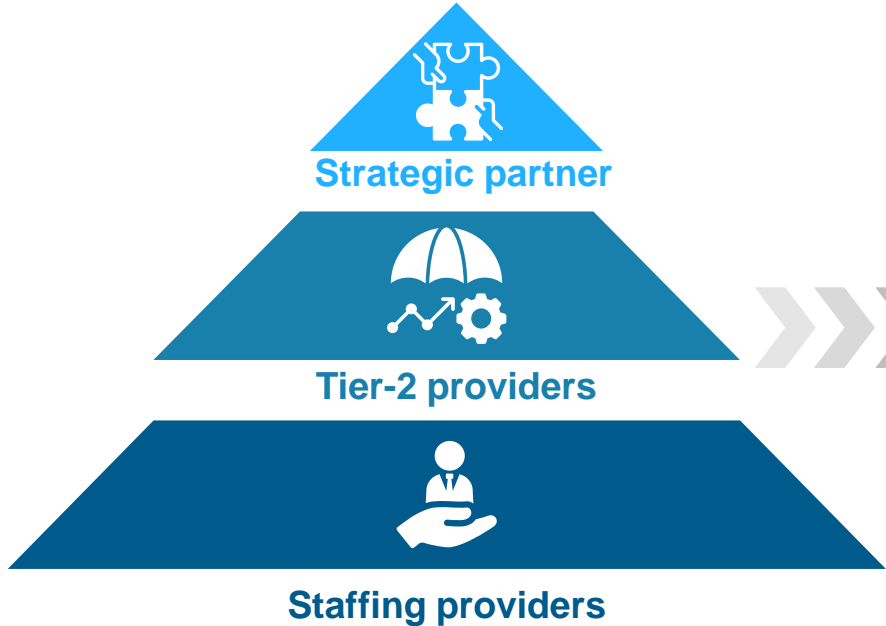
	Risk ownership	Run	Results
Economics How can I free up capital to fund innovation?	Differentiator	Hygiene	Differentiator
Operating model Can my product launch sprints keep up with my business?	Differentiator	Hygiene	Differentiator
Innovation What if I need another technology refresh in 5 years?	Differentiator	Hygiene	Differentiator

We see four types of enterprise responses to the talent crisis

Willingness to change (vertical axis, Low to High)

Awareness of the issues (horizontal axis, Low to High)

Headless chicken
- Uh oh, what shall we do?
- Let's … let's …. let's…

Wolf
- A 15% wage increase does not translate to a similar price increase
- Which locations and providers offer us the best sustained access to talent?
- Plan, execute, assess, repeat …

Ostrich
- Attrition, what attrition?
- This is a short-term blip, this will go away next quarter
- Our suppliers are doing just fine, thank you

Sheep
- The 20% price increase seems fair
- We are accommodating this in our own employee base, so why not with our suppliers?
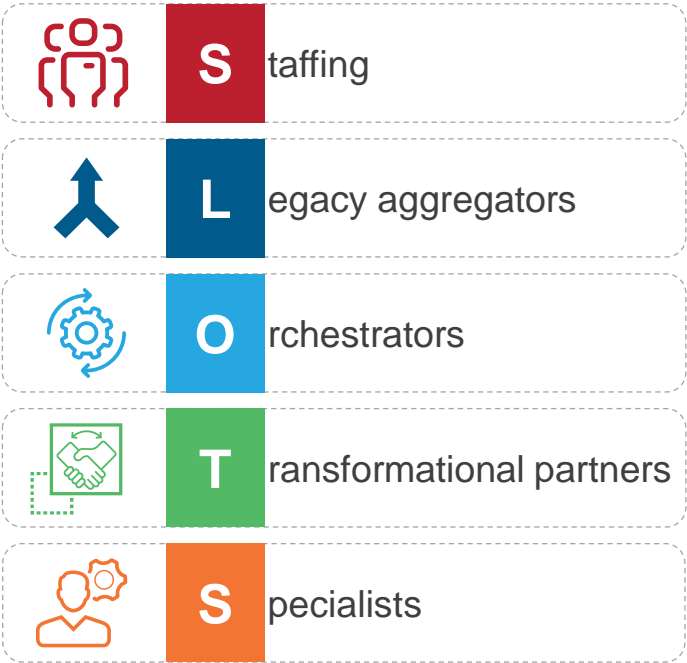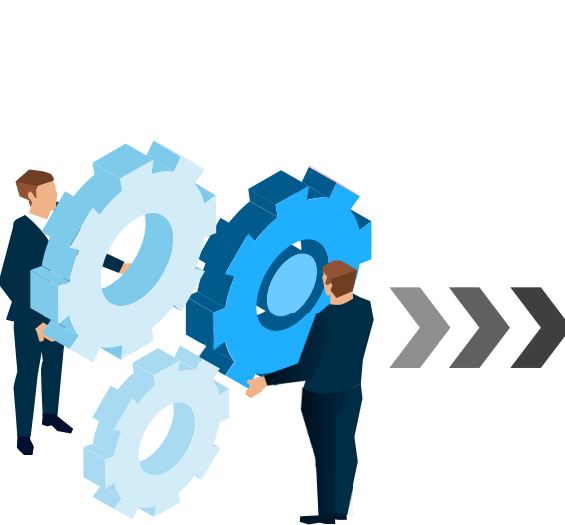- We are entering enrollment season – must not take any risks!

Irrespective of the category you fall into, service providers will be a major source of talent; they offer efficiencies and operational model changes that enable transformation

Conventional methodology to differentiate providers

Evolving methodology to differentiate providers

Strategic partner

Tier-2 providers

Staffing providers

S taffing

L egacy aggregators

O rchestrators

T ransformational partners

S pecialists

- Cost optimization is the key objective function
- Designed to make sourcing more efficient
- Geared to service efficiency; lacks in resilience and agility
- Relationship becomes focused on sweating the relationship
- Leans toward a single throat to choke

- Business value and growth are the primary objective functions
- Designed to make sourcing more efficient and effective for business
- Geared toward services efficiency, resilience, and agility
- Relationship becomes focused on evolving mutual outcomes
- Leans toward creating role-based owners of outcome

Mission 2021 for ENTERPRISES | update your vendor intelligence on key priorities

Get a head start on your journey with **Everest Group's PEAK Matrix® analysis**

Select any one of the following priorities

You will get

PEAK Matrix® segments

- Healthcare digital services
- Healthcare process automation solutions
- Healthcare analytics
- Payer operations
- RCM operations

- Clinical and care management
- Healthcare cyber security
- Payment integrity
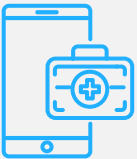- Provider digital
- Healthcare specialist services

Insights on key vendors

- Service delivery capabilities
- Tools and IP
- Commercial models
- Client satisfaction record

HOW To request your complimentary PEAK Matrix® insights (enterprises only), indicate your interest or contact Abhishek or Manu email addresses on an upcoming slide)

In the last two years Everest Group has looked at the healthcare service provider capabilities from a variety of lenses

Healthcare digital services

Healthcare process automation solutions

Healthcare analytics

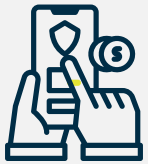Payer operations

RCM operations

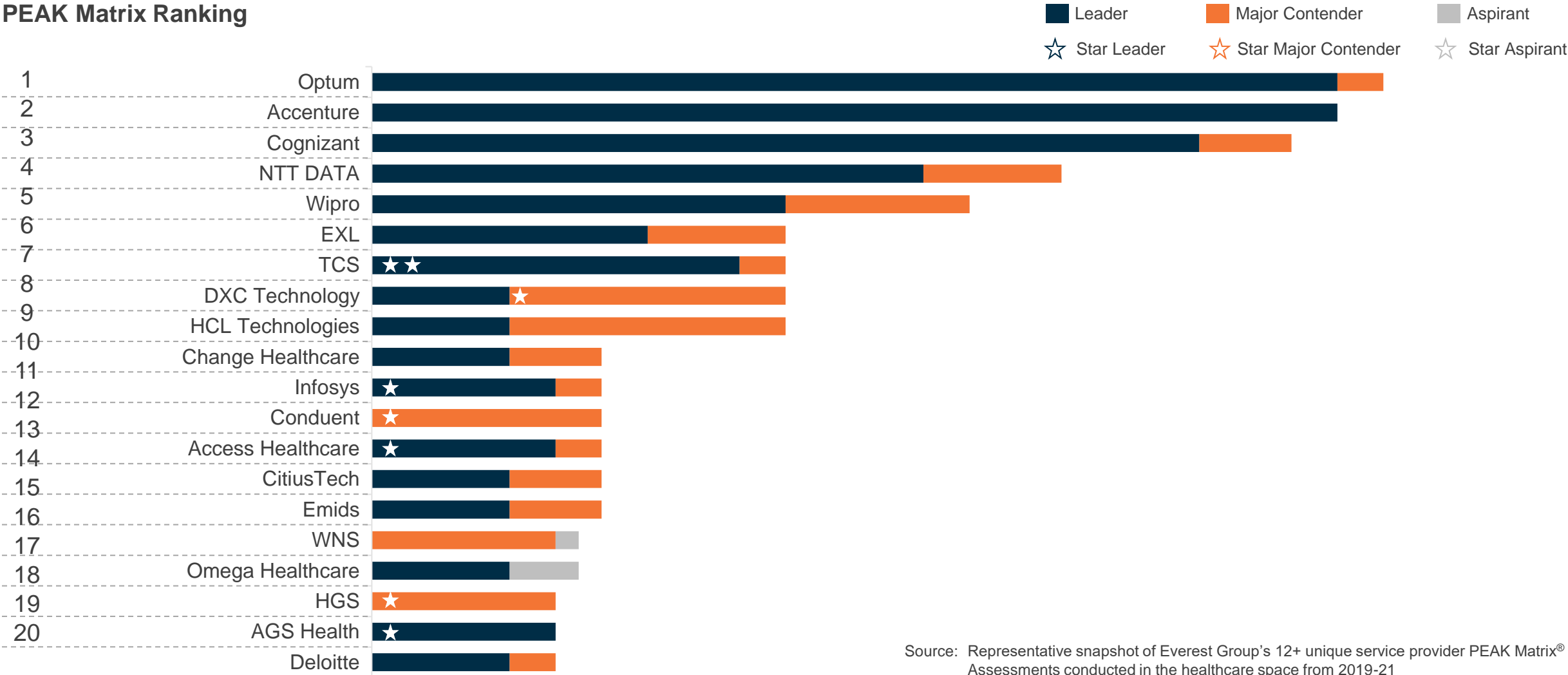Clinical and care management

Healthcare cyber security

Payment integrity

Provider digital

Healthcare specialist services

# PEAK Matrix® Service Providers of the Year: Healthcare Top 20

PEAK Matrix Ranking

Legend:
- ■ Leader
- ■ Major Contender
- ■ Aspirant
- ☆ Star Leader
- ☆ Star Major Contender
- ☆ Star Aspirant

Rank	Provider
1	Optum
2	Accenture
3	Cognizant
4	NTT DATA
5	Wipro
6	EXL
7	TCS ★★
8	DXC Technology ★
9	HCL Technologies
10	Change Healthcare
11	Infosys ★
12	Conduent ★
13	Access Healthcare ★
14	CitiusTech
15	Emids
16	WNS
17	Omega Healthcare
18	HGS ★
19	AGS Health ★
20	Deloitte

Source: Representative snapshot of Everest Group's 12+ unique service provider PEAK Matrix® Assessments conducted in the healthcare space from 2019-21

PEAK Matrix®: healthcare assessments snapshot
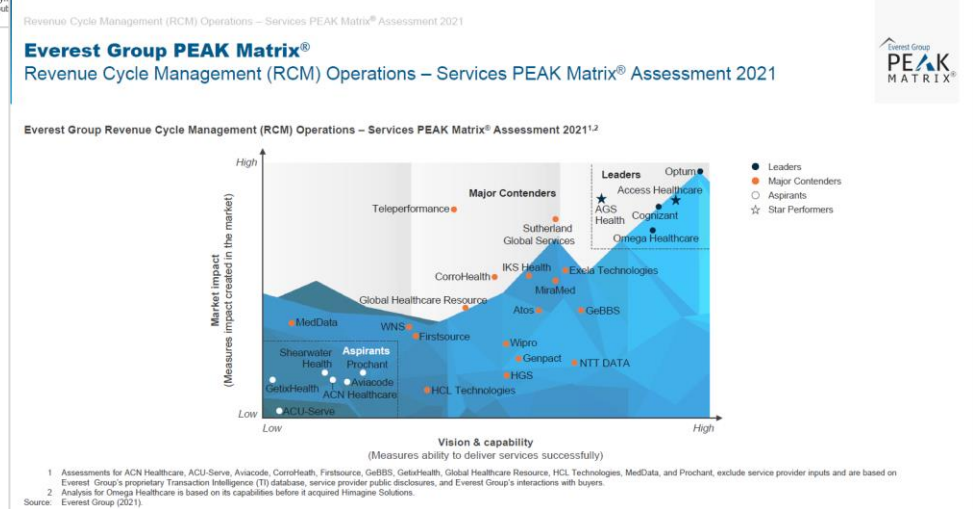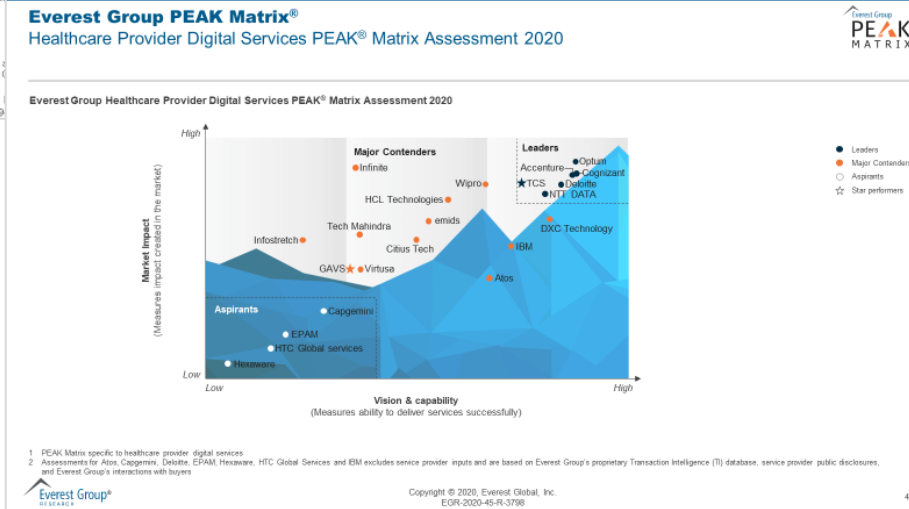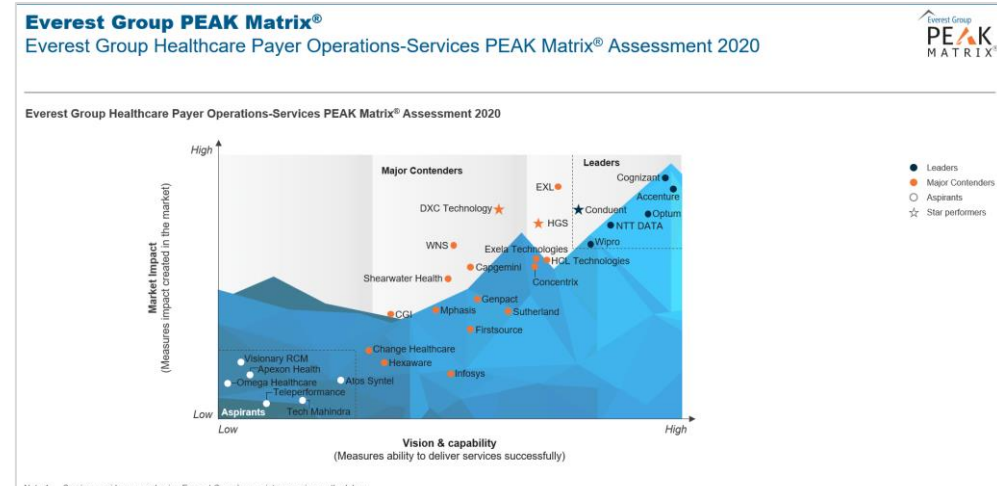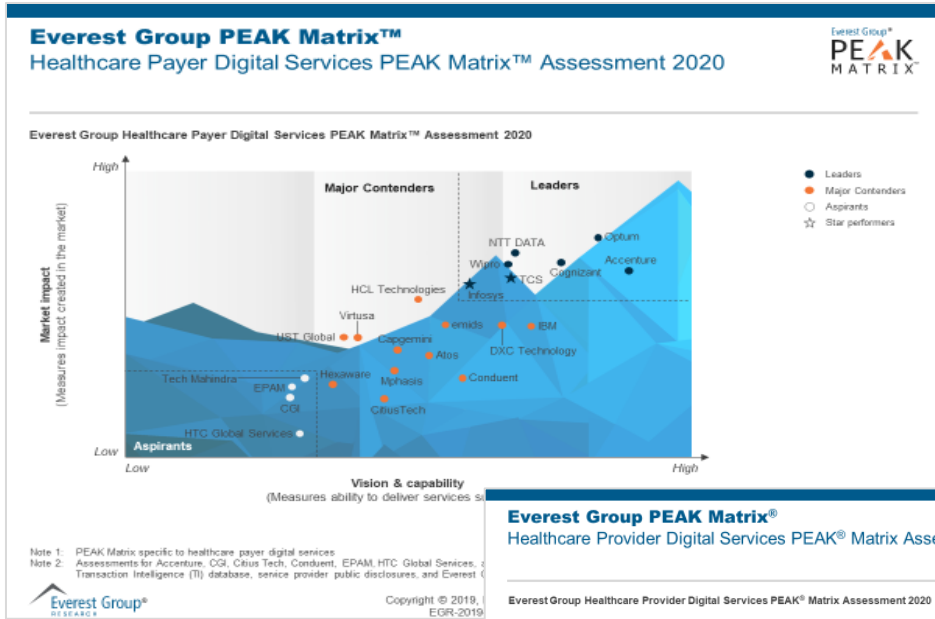
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Related content

- Healthcare Payer Enterprise Insights – H1 2021

- Healthcare IT Services Specialists PEAK Matrix® Assessment 2021

- Platform-based Modernization of Healthcare Payers

- Salesforce Healthcare Services PEAK Matrix® Assessment 2021

- Healthcare Payer Digital Services PEAK Matrix™ Assessment with Service Provider Landscape 2020

- Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020

- Healthcare IT Security Services PEAK Matrix™ Assessment with Service Provider Landscape 2020

- Healthcare Provider Digital Services PEAK Matrix® Assessment 2020

- Healthcare Payer Operations – Services PEAK Matrix® Assessment 2020

- Open Enrollment 2021 Primer: What to Expect and How to Navigate in the Wake of COVID-19

- Business Process Services (BPS) 4.0: Heralding the Start of a New Era

- Modularity in Medicaid Management Information Systems (MMIS): Has the Silver Bullet Hit Its Target?

- Business Process as a Service (BPaaS) in Healthcare: the Way Forward to Maximize Value and Improve Outcomes

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