IDC MarketScape


Cynthia Burghard

THIS IDC MARKETSCAPE EXCERPT FEATURES ACCENTURE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape U.S. Healthcare Clinical and Financial Analytic BPO Services Vendor Assessment

Source: IDC, 2017

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

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IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: U.S. Healthcare Clinical and Financial Analytic BPO Services 2017 Vendor Assessment (Doc #US43176217). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This study evaluates a market segment that did not exist a decade ago. The development of analytic technology in combination with the market shift from fee for service (FFS) to value-based care (VBC) delivery models has created business process outsourcing (BPO) services used by healthcare organizations to improve their clinical and financial analytic (CFA) capabilities. Clinical and financial analytics are now critical to the future success of healthcare organizations of all types, particularly in the context of value-based care. Healthcare organizations should consider the services of the eight BPO vendors profiled in this document if they need to quickly improve organizational flexibility and gain access to top-shelf technology. This study presents IDC Health Insights' evaluation of these BPO offerings using a concise graphic and brief profiles of eight vendors of BPO analytic services for healthcare organizations.

Fee for Service and Value-Based Care Delivery

IT service firms offer healthcare payers and providers CFA BPO services to facilitate how best to plan, deliver, and monitor the payment and care they provide to patients. Healthcare organizations analyze and act upon clinical and financial data in both fee for service and value-based care contexts. The phrase "value-based care" sums up the theory and practice that is transforming the historically prevalent permutations of FFS business and care models. Further:

- Transaction-oriented FFS compensates healthcare providers for performing discrete services for patients. Across the healthcare industry, many healthcare organizations continue to operate FFS business and care models successfully. In these contexts, CFA capabilities increasingly enhance operational efficiency, productivity, and management of medical services, thus making related BPO services increasingly relevant and important in a U.S. healthcare industry with between $3 trillion and $4 trillion in annual expenditures.

- VBC payment models compensate healthcare providers for maintaining or improving the overall health and well-being of selected populations of patients. IDC Health Insights estimates that VBC reimbursement currently represents about 10-20% of hospital and physician payments. The goal of U.S. federal Centers for Medicare and Medicaid Services (CMS) is to tie 30% of all Medicare provider payments to value through alternative payment models by the end of 2016 and 50% by the end of 2018. Measurement and reporting requirements that underpin VBC healthcare delivery make CFA essential and therefore make BPO services more relevant and important.

Healthcare providers and payers are experiencing numerous challenges implementing and operating CFA systems in both FFS and VBC contexts. Requirements include new operational processes, new organizational and employee skills, and new IT systems. There is high demand for sophisticated information technology (IT) systems and skills that knit together all the organizational stakeholders and
systems. These sophisticated IT systems require the services of expert consultants, systems integrators, business process outsourcers, and IT outsourcers (ITO). The IT services companies evaluated in this study compete to serve healthcare payers and providers that serve healthcare consumers and patients under both FFS and VBC models.

**Winning Vendors**

The dimensions that determine the most successful CFA services include the following:

- **Vertical expertise:** Deep industry expertise lends a services firm efficiency in its operations and credibility with clients. Expertise in CFA technology and related processes in healthcare gives services firms the capacity to execute well and profitably. Within this context, it is important for BPO service vendors to build competencies and offerings in areas with the greatest potential for strategic expansion, namely, VBC.

- **An appetite for shared risk:** Under VBC, it is necessary for payers and providers to align incentives and share risk. The same principles are increasingly being applied to service providers that work with clients engaged in VBC reimbursement contracts. Demand for risk-sharing contracts between cash-strapped healthcare organizations and their IT service providers is large and still growing, and some service providers show greater aptitude and appetite for work in this context than others. For example, Accenture demonstrates a strong appetite and aptitude for sharing risk and has created and managed at-risk contracts worth billions of dollars. However, vertical and technology capabilities and commitment to partnership with clients are still more important than this appetite for shared risk.

- **CFA technology expertise:** There are three key areas that comprise “technical expertise:” knowledge of a variety of data sources, knowledge and access to both infrastructure and analytic technology, and understanding of the analytic requirements to both run and manage the business as well as the external reporting requirements. In detail:
  - Knowledge of healthcare data includes both structured and unstructured data from financial and clinical transaction systems, increasingly from population health and care management systems. External sources such as social media, data from remote devices, and social determinants data are playing a critical role in decision making.
  - Infrastructure expertise includes the use of cloud-based infrastructure, data management, and governance as well as systems integration, application development, and management.
  - Analytic expertise can be delivered through the use of industry standard business intelligence technology such as that offered by SAS, SAP, IBM and others. Increasingly, healthcare organizations are looking to niche analytic application vendors that have designed their application specifically for healthcare. These applications bring data models designed for healthcare and the definitions and metrics commonly used by either payers or providers. An understanding by service providers of how to extract and analyze data from these applications is critical. Time to value can be compromised if service providers are not familiar and well trained on the application to be used.

- **Service line breadth:** The breadth of work that a services firm cultivates across a client’s enterprise helps the relationship between a vendor and a client endure and mature. Those service providers that manage short-term and long-term contracts that encompass a variety of client enterprise functions, from strategic planning through IT and operational activities line breadth, gain greater opportunities to deepen client relationships, partner with their clients, and weather inevitable volatility in demand for their services. Such breadth also helps the service provider attain the status of a general contractor within a client enterprise, assisting its client in managing other services vendors and contracts (and thereby gaining advantages in
winning the most attractive work for itself in the future). It is important to note that a services vendor that offers high-quality strategic advice can more easily attain trusted advisor status with the client's senior management and entrée to the most important downstream business and contract opportunities.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC Health Insights has unique visibility into vendor selection processes within the healthcare industry through interactions with its clients and other industry experience. A comprehensive list of vendors that do business in healthcare clinical and financial analytics business process outsourcing would include dozens of entities, but this study has focused only on what are believed to be among the largest and most noteworthy IT services providers in healthcare. The vendors considered for inclusion in this study of CFA services were judged by IDC Health Insights to be especially notable in terms of total services revenue (combined consulting and outsourcing) and/or deemed sufficiently differentiated and innovative to merit in-depth evaluation and comparison.

The inclusion criteria were applied to the CFA services providers in terms of both their current capabilities and their strategies. Research and due diligence were conducted to narrow an initial list of vendors down to only those that IDC viewed as highly differentiated contenders within the healthcare payer and provider CFA services market. We evaluated the overall market drivers and the key differentiators among salient offerings that current buyers of these services have reported to us. This study included structured interviews with approximately 20 buyers of payer and/or provider CFA BPO services, in addition to other complementary interviews of various industry experts and vendors that were conducted.

Many services firms with significant presence in the CFA BPO market have chosen not to contribute to this research because their companies or their offerings are in the process of significant change or transformation. Optum and Advisory Board, for example, may have declined to contribute to this research for this reason. Both firms have considerable assets and resources squarely in this competitive space; Optum will soon complete the acquisition of Advisory Board.

This IDC MarketScape evaluates eight vendors in depth. The combined revenue of these vendors accounts for a significant portion of payer and provider CFA outsourcing spending and represents a varied sample of the CFA outsourcing services offerings. Brief portraits of each of the eight vendors that appear in this IDC MarketScape are presented in the Vendor Summary Profiles section.

ADVICE FOR TECHNOLOGY BUYERS

Key findings about the best practices that health insurance carriers and healthcare providers employ when hiring and managing BPO services vendors for CFA are presented in this section. It condenses findings from interviews with approximately 20 payer and provider organizations that have bought BPO and consulting services from one or more of the vendors featured in this IDC MarketScape. Advice for buyers include:

- Assess the healthcare organization's strategic goals and current IT and line-of-business assets.
- Clarify the strengths and weaknesses of the consulting or outsourcing firm during the selection process.
▪ Prepare to invest in the external service providers that are hired.
▪ Look for high-quality account management and commitment from senior consulting and/or outsourcing team leaders.
▪ Balance the roles and responsibilities of full-time employees (FTEs) with those of external resources to minimize risk, maximize economic returns, and retain control.
▪ Maintain the quality of resources within external vendor teams for the duration of a contract or vendor-client relationship.
▪ Establish appropriate baseline key performance indicators (KPIs) at the beginning of a consulting or outsourcing relationship and then monitor and reward performance appropriately.
▪ Where appropriate, intelligently and fairly share risk with service partners based on a spirit of partnership with a view to improving the maturity of the partnership over time.
▪ When integrating the skills, processes, and IT systems of vendors and healthcare organizations, consider transfer of knowledge and working habits at the level of individual people.

For more detail on several of these best practices, see IDC PeerScape: Practices for Purchasing Healthcare Clinical and Financial Analytics Consulting and BPO Services in the United States (IDC #US40515316, September 2017).

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of the vendor's strengths and challenges.

Accenture (NYSE: ACN)

Accenture is positioned in the Leader category in this IDC MarketScape.

Accenture was founded in 1989, although it was an offshoot of Andersen Consulting, which was itself an offshoot of the far older but now extinguished accounting giant Arthur Andersen. The Accenture healthcare IT services practice was therefore officially founded in 1989, but in practical terms, its culture and institutional knowledge is many decades older. Accenture has offices in over 200 cities in 55 countries and serves clients in over 120 countries worldwide. The firm employs over 425,000 people globally. During the fiscal year ending August 31, 2016, Accenture's net revenue rose by 10.5% in local currencies and 6% in U.S. dollars from the prior year.

Accenture's Health and Public Service operating group contains two industry groups: health and public service. This operating group's net revenue represents 18% of Accenture's FY16 net revenue. The operating group experienced growth of 10% over the prior year. The health industry group works with providers, government health departments, policy-making authorities/regulators, managed care organizations, insurers, and others. In fiscal year 2016, these clients generated approximately 39% of the Health and Public Service operating group's net revenue.

Consulting and outsourcing offerings are grouped under the following headings: Health Administration Services, Clinical Services, and Health Management Services. The public service segment of this industry group, which contributed the remaining 61% of the Health and Public Service operating group's FY16 net revenue, is not covered in this study. Accenture offers payers and providers IT outsourcing capabilities related to all service lines and functional areas.
Historically, Accenture has focused on serving healthcare payer and provider organizations with more than $2 billion in annual revenue, but the firm makes strategic efforts to work with smaller organizations that it believes will have a significant impact on the healthcare ecosystem. Such organizations include accountable care organizations (ACOs) and patient-centered medical homes (PCMHs) that are particularly innovative or relevant to larger communities or organizations.

**Strengths**

Accenture's healthcare technology and analytics capabilities are broad, deep, and well entrenched in the U.S. healthcare ecosystem. Accenture's analytics BPO services are likely in use by 5-10 of the largest 30 U.S. health insurance carriers, and as a result, they are likely to touch a large fraction of the total population of U.S. commercial health plan members. Accenture therefore has access to significant data assets and commands data processing capabilities that give it special insight into clinical outcomes and administrative economies.

Accenture demonstrates an exceptional capacity to quickly identify and integrate specialized areas of expertise or intellectual property (IP) as they become relevant to its client-facing offerings. While the company is agnostic with respect to the technologies it works with on behalf of clients, Accenture's foundational expertise rests on a broad base of strategic technology relationships (care management and CRM, EHR, interoperability, and automation). From these foundations, Accenture moves aggressively to augment capabilities as needed. Radiant Services LLC, now a subsidiary of Accenture, was acquired from Wellpoint (now Anthem) in 2014 and operates with significant BPO analytics assets in India and/or the Philippines.

Accenture also demonstrates an appetite and aptitude for accepting and sharing risk with clients. Accenture actively promotes the use of outcomes or performance-based contract terms and includes such terms in almost all healthcare contracts. This indicates that Accenture's healthcare practice possesses an especially robust capacity and commitment to align incentives with clients and build durable client relationships. This capacity to share risk is especially relevant to clients working in the domain of value-based care, founded as it is on alignment of incentives between payers and providers.

**Challenges**

The scale of Accenture's position in healthcare IT and in the CFA BPO services market segment makes the firm sensitive to macroeconomic trends and national political events. Accenture's healthcare BPO practice has likely had to navigate the financial uncertainty facing the healthcare industry. Domestic U.S. pressure to reduce the growth of outsourcing has also served to depress this market and Accenture's immediate prospects. IDC Health Insights believes Accenture has likely been recalibrating its healthcare practice's approach to the CFA BPO market segment in 2017 and 2018, and in the short term, Accenture may be hesitant in making investments in its offerings in this market segment.

**Consider Accenture When**

Consider Accenture when seeking a long-term partner that can serve as a general contractor or central manager of other IT services vendors within the enterprise or when seeking deep BPO analytics expertise on a standalone basis. These capabilities are supported by Accenture's preference to include risk-based terms in its contracts and to manage the company's work in alignment with other stakeholders according to well-defined financial and performance-based metrics.
APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor’s current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor’s future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

"Clinical and financial analytic services" definitions are derived from prior IDC reports and taxonomy documents. Details about these reports are discussed in the sections that follow.

Clinical and Financial Analytics Software

Clinical and financial analytics (CFA) software tools allow healthcare providers to examine clinical and financial data together and to use the resulting insights and conclusions to provide actionable advice for optimizing delivery of care to patients and reimbursement. Inputs can be about highly varied clinical and financial topics from dozens or hundreds of original sources, while output of analysis may be clinical or financial or a combination of both. The insights and decisions supported by these software tools are particularly important for measuring and managing the performance of healthcare organizations. They attempt to align the incentives of healthcare insurance companies and healthcare providers to provide better quality care more affordably. The terms used to describe this new business model paradigm include value-based care and accountable care. The paradigm has spawned a variety of business models, including Patient-Centered Medical Homes (PCMHs), bundled payments, and the federally recognized model called the Accountable Care Organization (ACO). The value-based care
paradigm is foundational to the U.S. federal government's Patient Protection and Affordable Care Act (PPACA) of 2010.

**Standalone Solutions**

Supporting the value-based care business models are software platforms and standalone solutions evaluated in *IDC MarketScape: U.S. Healthcare Provider Clinical and Financial Analytics Standalone Platform 2015 Vendor Assessment* (IDC #HI255139, April 2015). These platforms allow healthcare providers to approach analytics in multiple ways, with agile tools that may include clinical and financial analytics, text and data mining, population health analytics, cost and cost accounting analytics, performance and quality management analytics, and dashboards as well as data exploration tools that can be applied to as-yet-undiscovered questions. Major standalone software vendors analyzed in the IDC MarketScape include the following:

- The Advisory Board: Crimson
- Allscripts: EPSi
- ArborMetrix
- Explorys
- Health Catalyst
- IBM: Advanced Analytics
- McKesson: Performance Analytics
- Optum: Optum One
- Oracle: Enterprise Health Analytics
- Premier
- SAP
- Verisk

**Relevant Clinical and Financial Analytics Services**

Here we evaluate the BPO service offerings of the independent vendors that implement and support standalone clinical and financial analytics platforms and standalone analytic solutions that are specific to the healthcare industry. In contrast, service offerings by software-focused firms with in-house CFA solutions are excluded. Software-focused firms such as Epic and Cerner frequently do consulting and systems integration work to implement the analytics platforms that are available as embedded technology within their own health information systems (e.g., electronic health records [EHRs]), but the scale and emphasis of their services arms put them in a separate competitive category outside the scope of this study. Only IT services vendors that work with a diverse set of software vendors are considered in this study. IDC definitions are adopted for this study for the following services categories: consulting, business process outsourcing, and technology outsourcing. These important services categories are defined in the sections that follow.

**Consulting**

The project-oriented services that fall in IDC’s Worldwide Services Taxonomy are denoted together in this study as "consulting." Strategic and operational consulting work outlines business models, governance structures, delivery models, organizational capabilities, business processes, and technologies for clients. Such work is often followed by information technology consulting and systems integration work. Application development work is also considered part of the consulting category.
While contracts for such services may transition from one phase to another with the same IT services vendors over more than one year, such contracts are generally structured as individual projects with discrete milestones of less than one year. The results of research on the healthcare CFA consulting services is published in *IDC MarketScape: U.S. Healthcare Clinical and Financial Analytic Consulting Services 2017 Vendor Assessment* (IDC #US43066117, October 2017).

**Business Process Outsourcing**

According to IDC's Worldwide Services Taxonomy, business process outsourcing involves the transfer of management and execution of one or more complete business activities, business processes, or entire business functions by a customer to an external (third party) services provider or an outsourcer. In this IDC MarketScape, the relevant processes are tied to the long-term use of CFA solutions that support the clinical and financial operations of accountable care organizations. These processes include data scraping and cleansing, data formatting and analysis, and reporting. BPO resources can be used to maintain constant and close coordination among stakeholder groups such as payers, federal and state regulators, primary care and specialist physicians, and patients. BPO resources play an important role in making analytic insights and decisions actionable. Contracts may cover more than one year and may be evaluated and extended according to performance metrics.

**Technology Outsourcing**

The subcategories according to IDC's Worldwide Services Taxonomy include application management, hosted application management, IT outsourcing, network and endpoint outsourcing services, and hosting infrastructure services. Note that IT support and training functions are not included. They transfer responsibility for the ongoing management and execution of an activity, a process, or a functional area to an external service provider to expand efficiencies and improve performance. Provision of ongoing CFA management and operations are delivered to the specifications defined in service-level agreements (SLAs). They may include IT asset management, IT administration and operations, network management, and related archiving and recovery activities. Technology outsourcing contracts that support CFA may be structured for several years. Such outsourcing contracts have been known to cover up to 10 years of service and increasingly include performance-based metrics.

**Market Assessment**

**Offerings Are Works in Progress**

In parallel with payers and providers struggling to implement VBC models, many BPO firms are still developing their offerings and refining their market positioning with relationship to CFA. IDC surmises that some firms declined to contribute to IDC Health Insights about this market segment for this reason, even though it is very likely that they command considerable relevant client experience and technological know-how. IBM, for example, brings a broad array of services and software assets to this marketplace, particularly in light of recent acquisitions (especially that of Truven Health Analytics) under the banner of IBM Watson Health, but IBM declined to contribute. Perhaps Optum declined to contribute to this research for the same reason. Optum has considerable assets and resources positioned squarely in this competitive space but is still reformulating its offerings and market positioning, particularly in light of the future closing of its acquisition of The Advisory Board.

**Waiting for the Chaos to End**

One executive asked, "When will the chaos [in VBC] end?" IDC believes there is no consensus about how and when future prospects for the VBC consulting and outsourcing market segment growth will
brighten but that value-based care (and its requirements for investment in CFA software and services) will prove durable. Faced once again with frustratingly high costs for healthcare, the industry may be forced to confront another chaotic period as the federal government decides whether to adopt a single payer system or whether to encourage a federally led round of decentralization, disaggregation, and innovation. In the current period of uncertainty, services vendors in this market segment are advised by IDC Health Insights to invest in what they can control: client relationships, VBC, and CFA services expertise. Buyers of these services are also advised to invest carefully to realize tangible benefits within realistic time frames.

LEARN MORE

Related Research


Synopsis

This IDC study describes leading healthcare analytics-as-a-service business process outsourcing (BPO) offerings. As the healthcare industry shifts from fee for service toward value-based care delivery, the demand for clinical and financial analytics has created a new business segment: vendors that provide BPO services to payers and providers that analyze data to provide actionable insight and guidance for optimizing delivery of care and reimbursement.

"Clinical and financial analytics are critical to the future success of healthcare organizations of all types, particularly in the context of value-based care," said Cynthia Burghard, research director, IDC Health Insights. "For those healthcare organizations that need to improve organizational flexibility and gain access to top-shelf technology and analytic expertise, they should consider the offerings of these eight vendors of healthcare clinical and financial analytic BPO services."
About IDC

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Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

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