Everest Group Services PEAK Matrix™ for Healthcare Payer BPO Service Providers

Focus on Cognizant

December 2017

Everest Group
PEAK
MATRIX ™

Introduction and scope

Everest Group recently released its report titled "Healthcare Payer BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018". This report analyzes the changing dynamics of the healthcare payer BPO landscape and assesses service providers across several key dimensions.
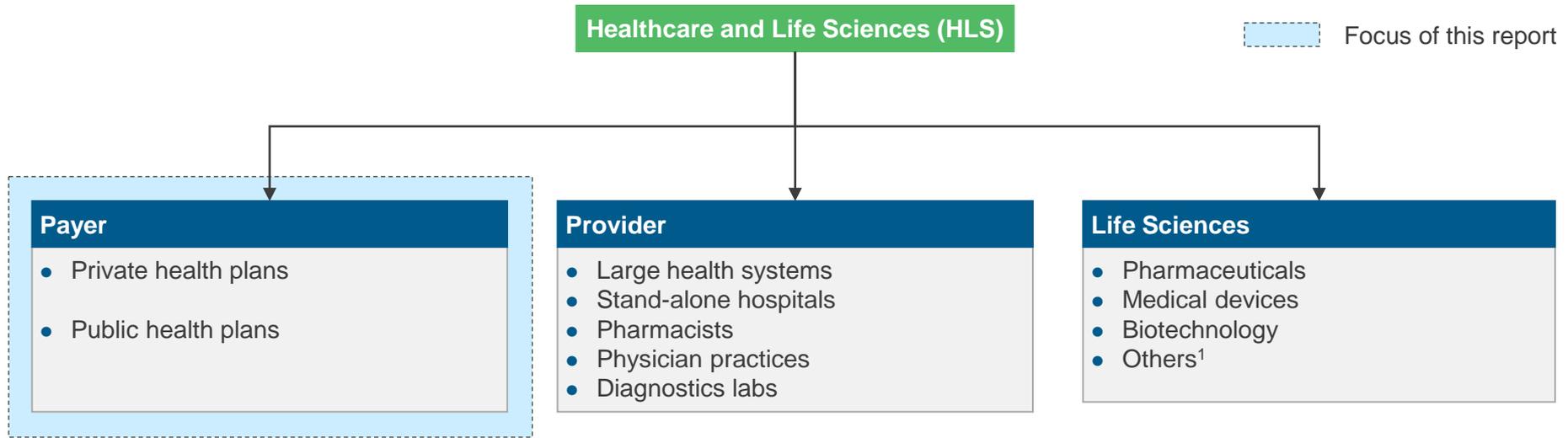
As a part of this report, Everest Group updated its classification of 25 service providers on the Everest Group Services PEAK Matrix for healthcare payer BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of healthcare payer BPO service providers based on their absolute market success and delivery capability.

Based on the analysis, **Cognizant cemented its position as a Leader and Star Performer**. This document focuses on Cognizant's healthcare payer BPO experience and capabilities. It includes:
- Cognizant's position on the Everest Group healthcare payer BPO PEAK Matrix
- Detailed healthcare payer BPO profile of Cognizant

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers' relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Everest Group's definition of HLS includes the following three segments

Healthcare and Life Sciences (HLS)

Focus of this report

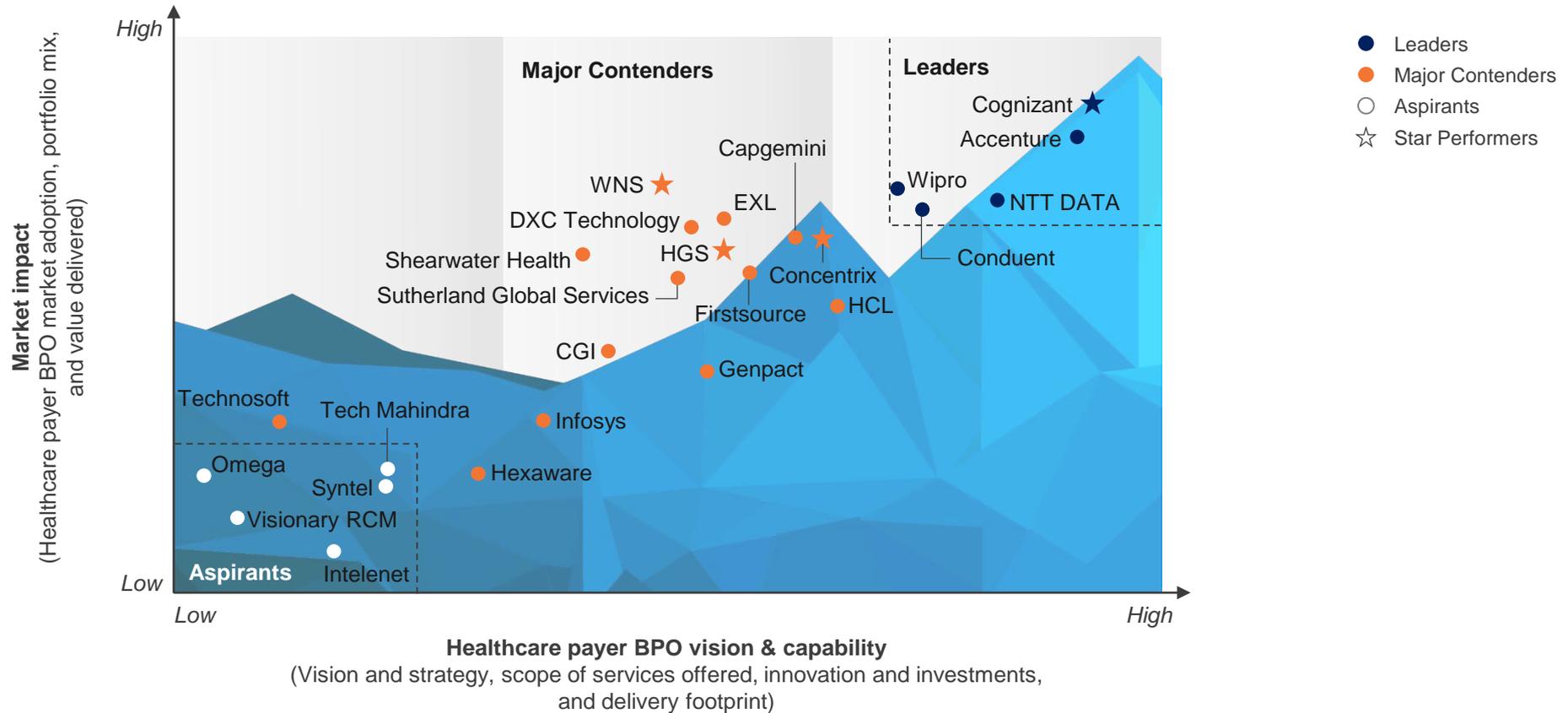| Payer	Provider	Life Sciences
● Private health plans ● Public health plans	● Large health systems ● Stand-alone hospitals ● Pharmacists ● Physician practices ● Diagnostics labs	● Pharmaceuticals ● Medical devices ● Biotechnology ● Others[1]

Notes

● There are multiple operating-model alternatives ranging from internal shared services / Global In-house Centers (GICs) to third-party outsourcing. This package focuses primarily on third-party models

● This package covers vertical-specific BPO within the Healthcare Payer space. It does not include coverage of horizontal business processes such as F&A, HR, procurement, and contact centers

1   includes companies such as healthcare data & information services and medical products distribution

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Everest Group PEAK Matrix™
Healthcare Payer BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018

Everest Group Healthcare Payer BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018

Market impact
(Healthcare payer BPO market adoption, portfolio mix, and value delivered)

High

Low

Major Contenders

Leaders

Cognizant ★

Accenture

Capgemini

WNS ★

EXL

DXC Technology

Wipro

NTT DATA

Shearwater Health

HGS ★

Conduent

Sutherland Global Services

Concentrix

Firstsource

HCL

CGI

Genpact

Technosoft

Tech Mahindra

Infosys

Omega

Hexaware

Syntel

Visionary RCM

Aspirants

Intelenet

Low   High

Healthcare payer BPO vision & capability
(Vision and strategy, scope of services offered, innovation and investments,
and delivery footprint)

Legend:
- ● Leaders
- ● Major Contenders
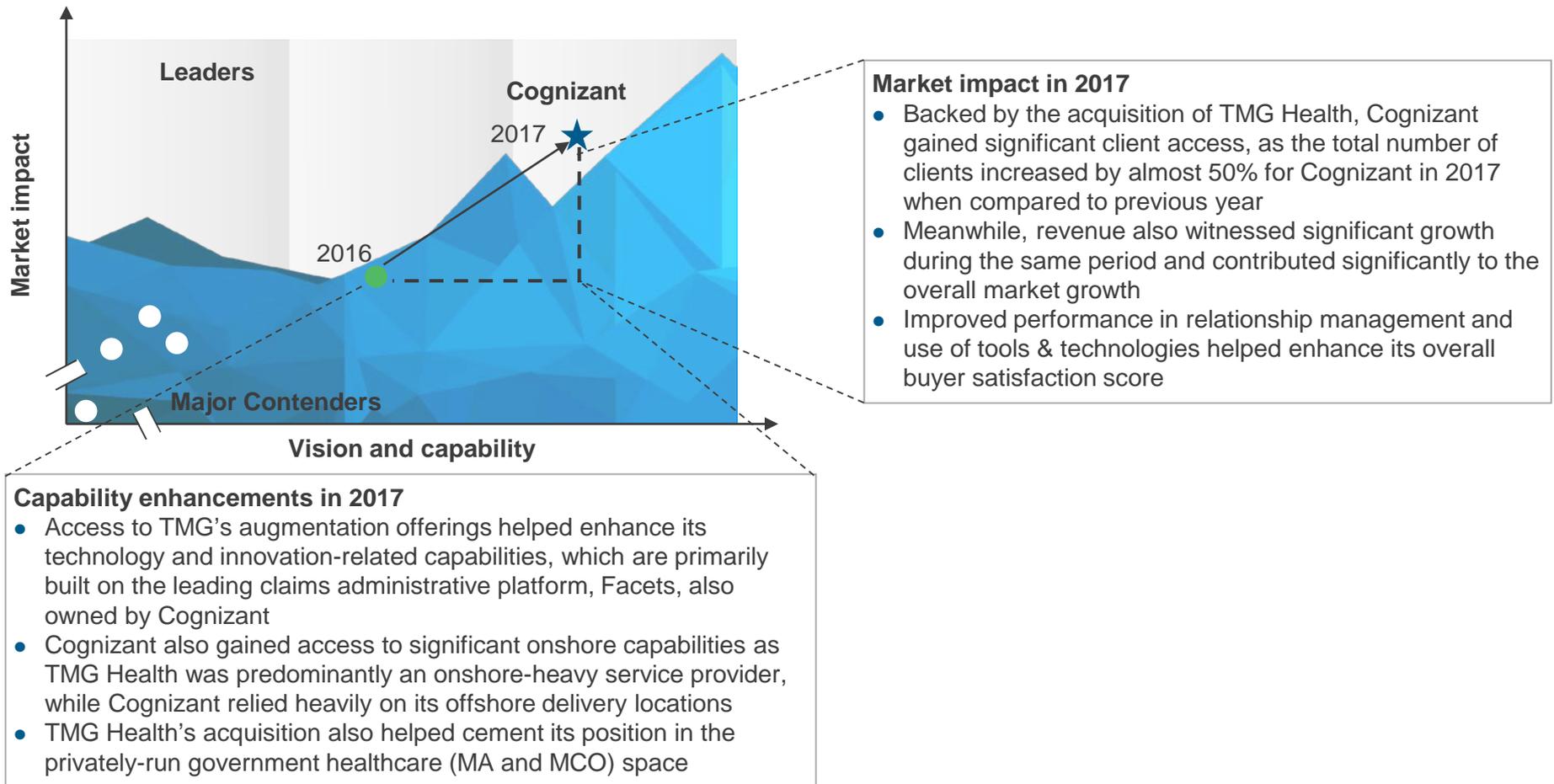- ○ Aspirants
- ☆ Star Performers

1   Service providers scored using Everest Group's proprietary scoring methodology given on pages 15 and 16

Note: Assessment for Technosoft and Visionary RCM 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, ongoing coverage, service provider public disclosures, and interaction with buyers

Source: Everest Group (2017)

Strong performance in last year helped Cognizant cement its position as a leader and star performer in the payer BPO space

Change in Cognizant's positioning on the Everest Group Services PEAK Matrix for healthcare payer BPO

Market impact in 2017
- Backed by the acquisition of TMG Health, Cognizant gained significant client access, as the total number of clients increased by almost 50% for Cognizant in 2017 when compared to previous year
- Meanwhile, revenue also witnessed significant growth during the same period and contributed significantly to the overall market growth
- Improved performance in relationship management and use of tools & technologies helped enhance its overall buyer satisfaction score

Capability enhancements in 2017
- Access to TMG's augmentation offerings helped enhance its technology and innovation-related capabilities, which are primarily built on the leading claims administrative platform, Facets, also owned by Cognizant
- Cognizant also gained access to significant onshore capabilities as TMG Health was predominantly an onshore-heavy service provider, while Cognizant relied heavily on its offshore delivery locations
- TMG Health's acquisition also helped cement its position in the privately-run government healthcare (MA and MCO) space

Source: Everest Group (2017)

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Healthcare payer BPO – Everest Group assessment

Measure of capability: ● Best-in-class ◖ Very high ◗ High ◐ Medium high ◑ Medium ◔ Medium low ◔ Low ◷ Not mature

Market impact				Vision & capability				
Market adoption	**Portfolio mix**	**Value delivered[1]**	**Overall**	**Scope of services offered**	**Innovation and investments**	**Delivery footprint**	**Vision and strategy**	**Overall**
●	◖	◖	◖	●	◖	◗	●	◖

Strengths	**Areas of improvement**
• Possessing the leading claims and core administration platform (from Trizetto acquisition) provides them with the opportunity to offer true end-to-end BPaaS to its buyers	• Care management is one area where it should develop referenceable use cases, which will require significant augmentation. This would help it win more care-driven deals
• Its recent acquisition of TMG Health augments its presence in the privately-run government business of MA and MCO	• Analytics is a weak link in its digital armor and, going forward, it should invest in building analytics capabilities that can be used along with its other solutions and tools as a pitch to win more business
• It has constantly been investing to build a suite of solutions for payers, which is evident from the fact that they own one of the largest library of tools and solutions in the marketplace	• It is the only large-sized IT+BPO player (with significant presence in the healthcare space) to not enter the state Medicaid space. In doing so, it is missing out on large market potential
• For RPA implementation, the service provider employs a hybrid approach (in-house and third-party vendors) and has rich healthcare-specific use cases	• Achieving the balance between reaping RPA benefits and not disrupting the system can be a bit tricky; however, it gains from being aggressive, which was highlighted by a few buyers as well
• Buyers appreciated its client-centric approach, wherein it aligns its vision and goals with that of buyer's and is even willing to partner with other service providers to achieve these goals	

1   Value delivered score and overall PEAK matrix positioning adversely impacted for those service providers who did not provide adequate information

Healthcare payer BPO – overview

Company profile: Cognizant provides information technology, consulting, and business process outsourcing services. The company operates its business through four major segments – financial services, healthcare, manufacturing, retail and logistics, and others. The healthcare segment provides healthcare technologies and business services to support multiple client segments such as commercial, individual, HIX, Medicare, Medicaid, dental, vision, behavioral, and ACOs. In addition to providing BPS and BPaaS services it also serves Born Digital Health Plans.

Key leaders

- **Francisco D'Souza**, Chief Executive Officer
- **Karen McLoughlin**, Chief Financial Officer
- **Rajeev Mehta**, President
- **Brent Barber**, Vice President, Healthcare BPS & Market Lead
- **Prabhakar Bisen,** Vice President, Healthcare BPS & Delivery Lead

Headquarters: Teaneck, New Jersey, United States

Website: www.cognizant.com

Suite of services

- Claims management
- Care management
- Product development
- Network management
- Member engagement
- Risk & compliance

	2015	2016	2017[2]
Revenue[1] (US$ million)	Not disclosed		
Number of FTEs			
Number of clients	45	70	100

Recent acquisitions and partnerships

- **2017:** Acquired HCSC's subsidiary, TMG Health, to offer enhanced business process platforms and services for government and public health programs
- **2016:** Acquired Idea Couture, a digital innovation, strategy, and design firm to develop solutions in the patient-centered design thinking space
- **2016:** Acquired Mirabeau BV, a digital marketing and customer experience agency, to expand its digital business capabilities in the Netherlands, and across Europe
- **2016**: Strategic partnership with Red Associates, a consulting firm specializing in the use of human sciences, to help business leaders better understand customer behavior

Recent developments

- **2017:** Launched Cloud capabilities, Internet of Things, TruProvider, design thinking, and BigDecisions
- **2016**: Launched BPaaS model (for end-to-end payer services, supported by Trizetto technology, driving growth and interest in market), Healthcare Process Automation (HPA), HealthActivate, DBO, and SightPrism
- **2015:** Launched Decision Optimizer, Facets, QNXT, and QicLink
- Opened dedicated CoE for Intelligent Process Automaton (IPA) to explore new market trends, and assist global teams with training and best practices

1 Represents revenue for 12 months ending June 30
2 Includes TMG Health's contribution
Source: Everest Group (2017)
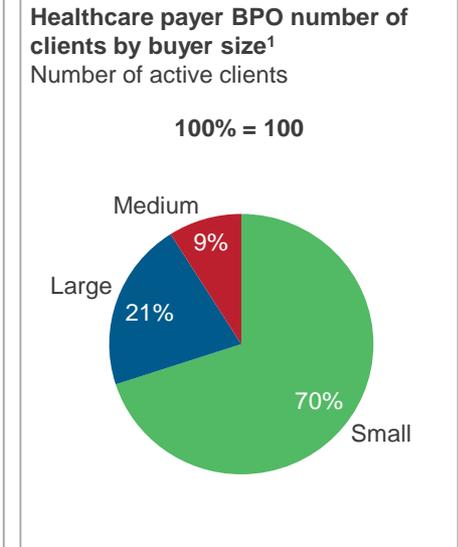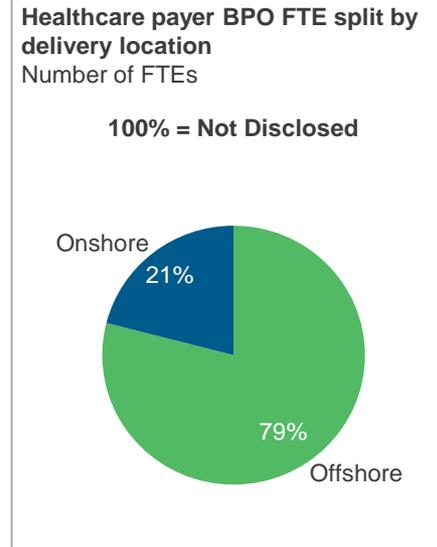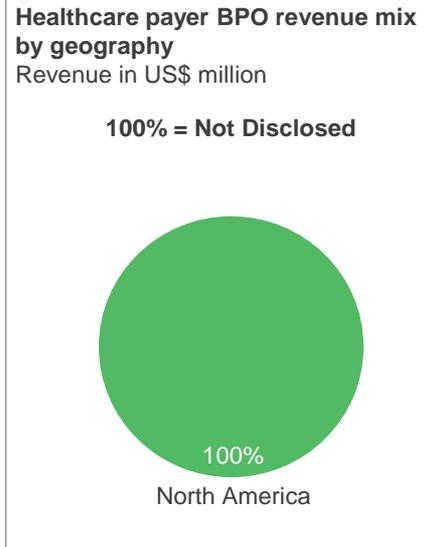
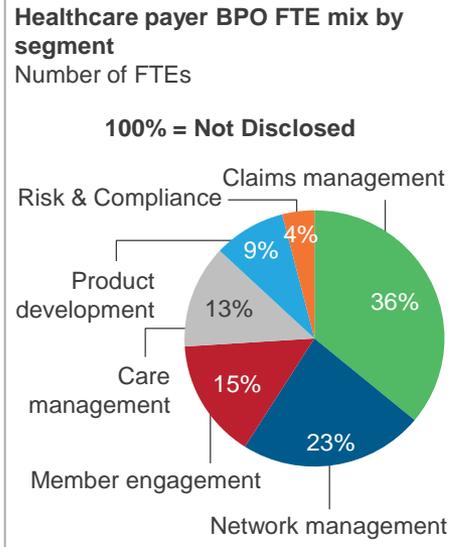## Healthcare payer BPO – key delivery locations

Source: Everest Group (2017)

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Healthcare payer BPO – capabilities and key clients

Key healthcare payer BPO engagements

Client name	Processes served	Region	Client since
Leading U.S. health plans focused on delivering Medicare and Medicaid programs	Claims management, network management, product development, and member engagement	North America	2017
Largest customer-owned health insurance company	Claims management	North America	2017
Large multi-state blue plan	Claims management, network management, and product development	North America	2016
Leading not-for-profit health plan in the U.S.	Claims management, network management, product development, and member engagement	North America	2015
Leading health services company	Claims management and product development	North America	2010

Healthcare payer BPO FTE mix by segment
Number of FTEs

100% = Not Disclosed

- Claims management 36%
- Network management 23%
- Care management 15%
- Product development 13%
- Risk & Compliance 9%
- Member engagement 4%

Healthcare payer BPO revenue mix by geography
Revenue in US$ million

100% = Not Disclosed

- North America 100%

Healthcare payer BPO FTE split by delivery location
Number of FTEs

100% = Not Disclosed

- Onshore 21%
- Offshore 79%

Healthcare payer BPO number of clients by buyer size[1]
Number of active clients

100% = 100

- Medium 9%
- Large 21%
- Small 70%

1 Buyer size is defined as large (>US$10 billion in revenue), medium (US$5-10 billion in revenue), and small (<US$5 billion in revenue)
Note: Based on contractual and operational information as on June 2017
Source: Everest Group (2017)

Healthcare payer BPO – technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
TruProvider	Network management	2017	A one-stop solution for data management across the lifecycle of a provider – credentialing, recredentialing, contracting, and reimbursement	Not disclosed
Big Decisions	All	2017	The solution enables boundary less business possibilities using an analytics-driven approach, to help achieve digital transformation through business experimentation	Not disclosed
Internet of Things - IoT - HOUR	Product development and care management	2017	The HOUR tool provides the capability to remotely orchestrate and run standardized, configurable tests on patients via their iPhone	Not disclosed
TranZform: Engage TranZform Network TranZform Care TranZform Insights TranZform	Member engagement, network management, and care management	2016	The solution provides a 360-degree digital awareness to help healthcare organizations increase customer engagement, improve price transparency, and increase collaboration & network intelligence	Not disclosed
Hyperscale Application Platform (HAP)	All	2016	It enables 360-degree views of the customer by cross-pollinating data and analytics between solutions. Integrates and shares data & analytics into big data environment	Not disclosed
Artificial Intelligence and Chatbots for personalized healthcare	Member engagement and care management	2016	A chatbot-based interface where user can request for specific report or metrics in natural human language	Not disclosed
QicLink	All	2015	An enterprise-wide solution for today's health benefits administrators. It supports the management of self-insured, PPO, HMO, Medicare supplement, and multi-option point-of-service plans, and helps increase efficiency through greater automation	80+
Claims Audit tool	Claims management	2015	Enables process improvement by automating and streamlining several manual and time consuming claims auditing and tracking processes	Not disclosed

Source: Everest Group (2017)

Healthcare payer BPO – technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
Enrolment Accelerator	Member engagement	2015	The tool provides granular level check by triggering alerts for agents on a daily basis in projects, which helps in enhanced and efficient enrollment process management. It also helps reducs processing time and gaps in a project and improve the organization's capability for providing timely services, resulting in higher customer satisfaction.	Not disclosed
FACETS™ Enterprise Core Administration Platform	All	2014	It is an enterprise-wide administrative platform that helps payers respond quickly to new opportunities, maximize efficiencies through greater automation, and enable seamless transactions among providers, members, and the health plan in order to respond to healthcare business, regulatory, and technology challenges.	80+
QNXT™ Enterprise Core Administration System	All	2014	It is an end-to-end solution with measurable results that enables payers to transform their business to take advantage of market changes and successfully navigate healthcare reform.	70+
Trizetto Medicare Solution	Medicare plan specific functions	2014	A medicare solution for payers that helps Medicare Advantage and Part D Administrators reduce administrative costs, maximize revenue opportunities, and support CMS compliance through automation.	Not disclosed
DBO Framework	All	2014	The framework can be applied across payer business processes, such as claims organization, provider organizations, membership & enrollment, and contact center operations, to define metrics that have the highest impact on reducing costs while increasing operational efficiencies.	Not disclosed
IPA (Intelligent Process Automation)	All	2014	It is a proprietary IPA platform that incorporates and allows both artificial intelligence and machine learning to be embedded into business processes.	Not disclosed

Source: Everest Group (2017)

Healthcare payer BPO – technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
HCC Coding Medical Risk Adjustments (HCC RAM)	Care management, claims management, network management, and product development	2014	A software solution that helps Medicare payers optimize revenue through improved data collection that generates accurate risk scores, and therefore, accurate payment	Not disclosed
SmartSERV	Care management and product development	2014	SmartSERV is a Quality Improvement-as-a-Service (QaaS) platform that packages software and services to enable healthcare organizations drive quality improvement projects and implement value-based models by providing on-demand access to various pieces of the quality improvement puzzle	Not disclosed
StarSERV - Medicare Star Rating Solution	Care management and product development	2014	A digital, end-to-end platform that aggregates all Medicare star rating measures into a single actionable view and drives collaboration between different stakeholders	Not disclosed
BenefitServ Proprietary Integrated Tool	Claims management	2014	It is a macro-based data migration tool that helps improve error tracking rates during the coding process, and helps in the modularization of the benefits coding process	Not disclosed
Onvida	Member engagement and care management	2013	Multi-channel program and intelligent desktop - Onvida integrates people, processes, and cloud platform suite – delivered as-a-service for healthcare – to engage contacts across all channels, and achieve measurable ROI faster and at a lower cost	Not disclosed
Mobility Solution	Product development	2013	End-to-end mobility services from consulting to delivery across healthcare payer clients. It offers a portfolio of tools and services to develop enterprise mobility strategies across a range of mobile platforms and devices	Not disclosed
FactSERV	Care management and product development	2013	It is a care benchmark database and market intelligence tool built over external data sources	Not disclosed
HealthENGAGE	Care management and product development	2013	A comprehensive churn and retention analytics solution for members	Not disclosed

Source: Everest Group (2017)

Healthcare payer BPO – technology solutions/tools

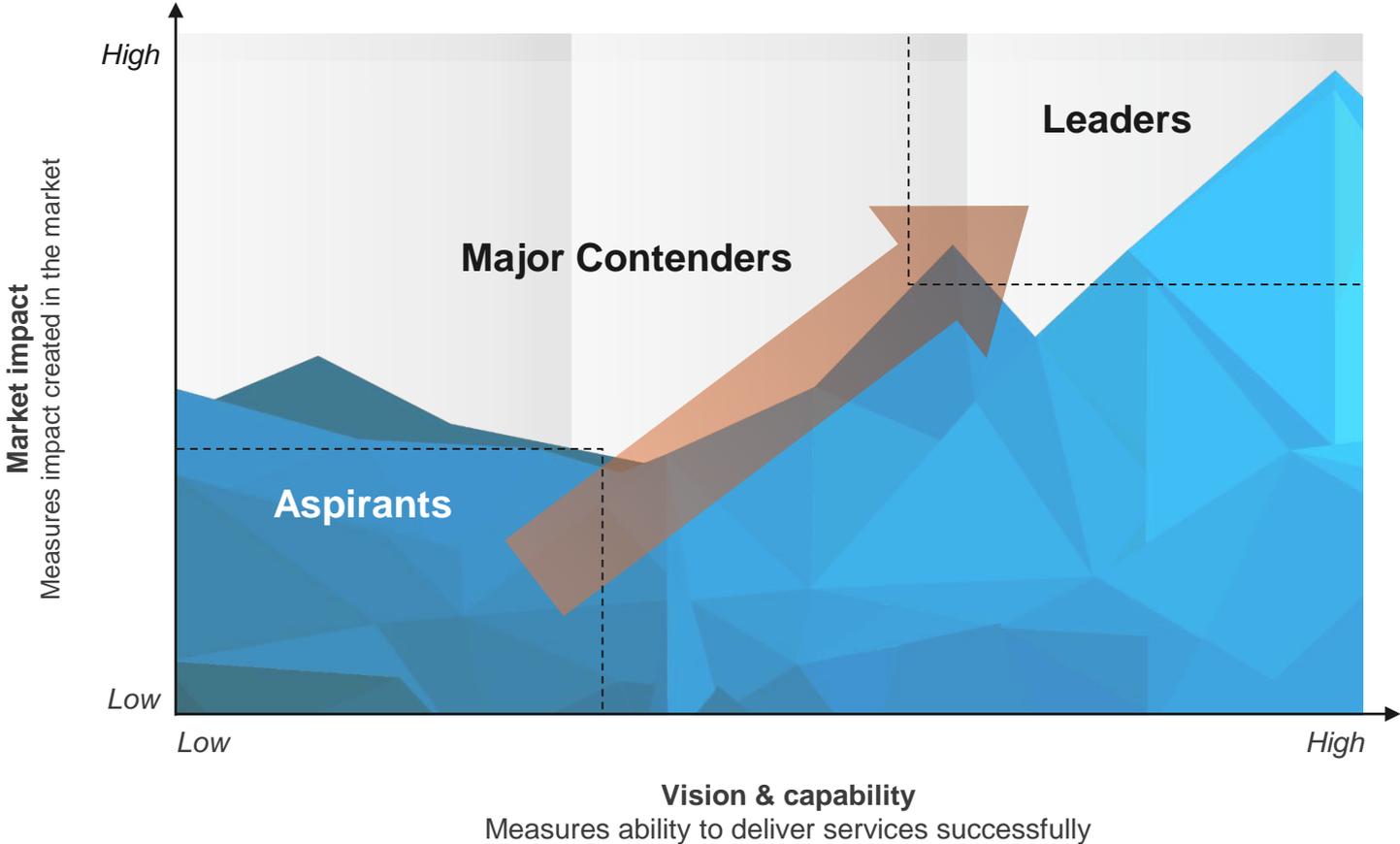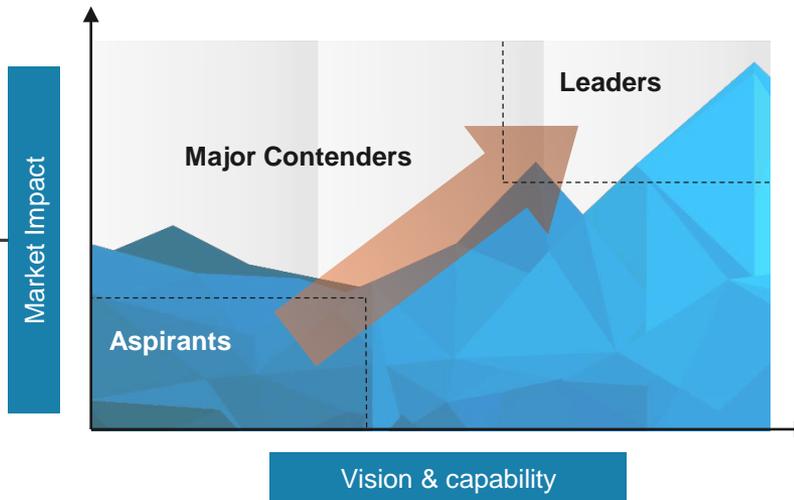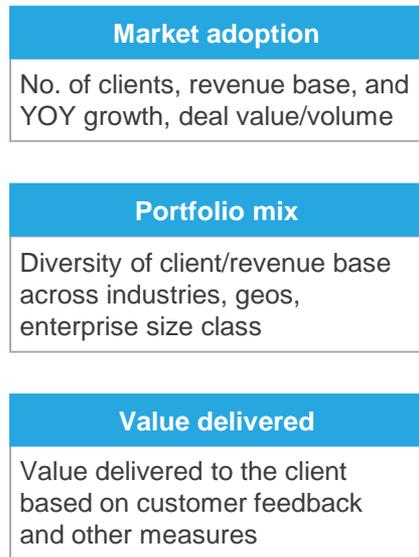| Solution name	Processes served	Year launched	Description	No. of BPO clients
WellSERV	Care management	2013	Population health management tool in conjunction with mobile apps to foster collaboration and disease management	Not disclosed
ClaimsCop	Claims management	2013	Enables process improvement through automation and streamlining of claims auditing and tracking processes	Not disclosed
ClaimSphere HEDIS	Care management and product development	2011	The solution offers a unique integrated system that generates actionable information that can be leveraged to close care gaps, comply with federal regulations, and enhance care management	Not disclosed

Source: Everest Group (2017)

Appendix

Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability
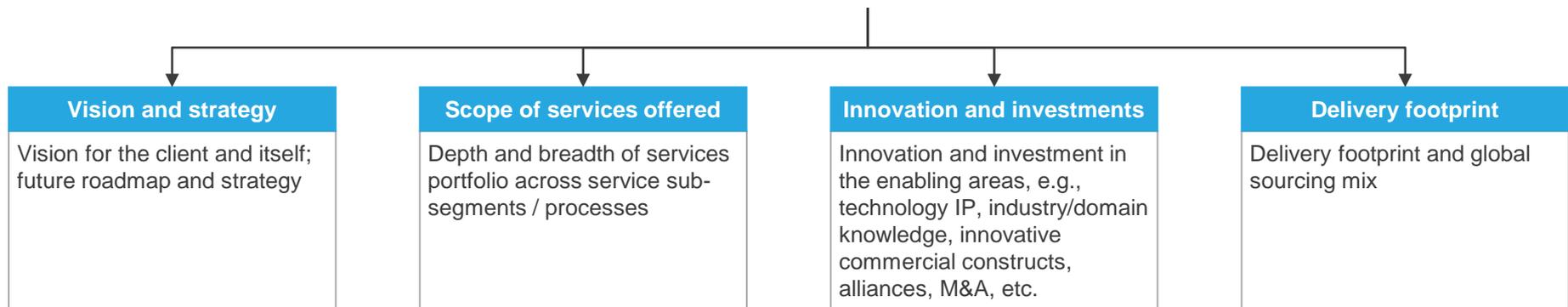
Everest Group PEAK Matrix

Market impact
Measures impact created in the market

High
Low

Leaders

Major Contenders

Aspirants

Low High

Vision & capability
Measures ability to deliver services successfully

Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across industries, geos, enterprise size class

Value delivered
Value delivered to the client based on customer feedback and other measures

Market Impact

Major Contenders

Leaders

Aspirants

Vision & capability

Measures ability to deliver services successfully.
This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service sub-segments / processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

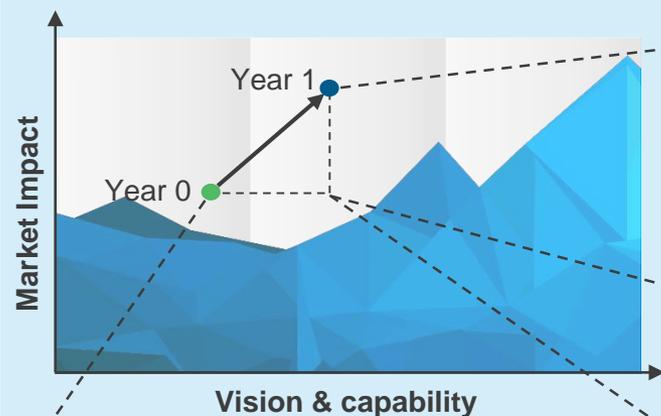## Delivery footprint
Delivery footprint and global sourcing mix

Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

ILLUSTRATIVE EXAMPLE FOR SERVICES PEAK MATRIX

Methodology
Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix

In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:
- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:
- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

Star Performers are identified by top quartile performance improvement on the X and Y axes for each segment

The Star Performers title relates to YOY performance for a given service provider and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

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Does the PEAK Matrix assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information).
In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?

No. PEAK Matrix highlights and positions only the best-in-class service providers in a particular functional/vertical services area. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?

PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender" or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric level assessment and associated commentary is helpful for buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

Does PEAK Matrix assessment incorporate "customer satisfaction" as an evaluation criteria/metric?

Everest Group does not have "customer satisfaction" as a separate metric in its PEAK evaluation framework. This is primarily because it is challenging to obtain interviews with a meaningful number of reference buyers for each service provider. Also, "customer satisfaction" is a highly subjective and opinion driven metric and there is no foolproof methodology to normalize this input. That said, we validate our PEAK results through buyer interaction and capture some consistent "spikes" or "lags" in performance through metrics such as "renewal rate", etc.

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider to leverage their PEAK Matrix positioning, or "Star Performer" status ?
- Providers can use their PEAK positioning or "star performer" rating in multiple ways including:
  – Issue a press release declaring their positioning/rating
  – Customized PEAK profile for circulation (with clients, prospects, etc.)
  – Quotes from Everest Group analysts could be disseminated to the media
  – Leverage PEAK branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

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 empower 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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