NEAT EVALUATION FOR NTT DATA:

Healthcare Operational Analytics Services

Market Segments: Payer Ops Analytics, Provider Ops Analytics

Introduction

This is a custom report for NTT DATA presenting the findings of the NelsonHall NEAT vendor evaluation for *Healthcare Operational Analytics Services* in the *Payer Ops Analytics* and *Provider Ops Analytics* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of NTT DATA for healthcare operational analytics services, and the latest market analysis summary for healthcare operational analytics services.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering healthcare operational analytics services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors with specific capability in payer analytics and provider analytics.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are Cognizant, Dimensional Insight, EXL, Infosys, NTT DATA, PwC Consulting, Sutherland, and TCS.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Healthcare Operational Analytics Services (Payer Ops Analytics)
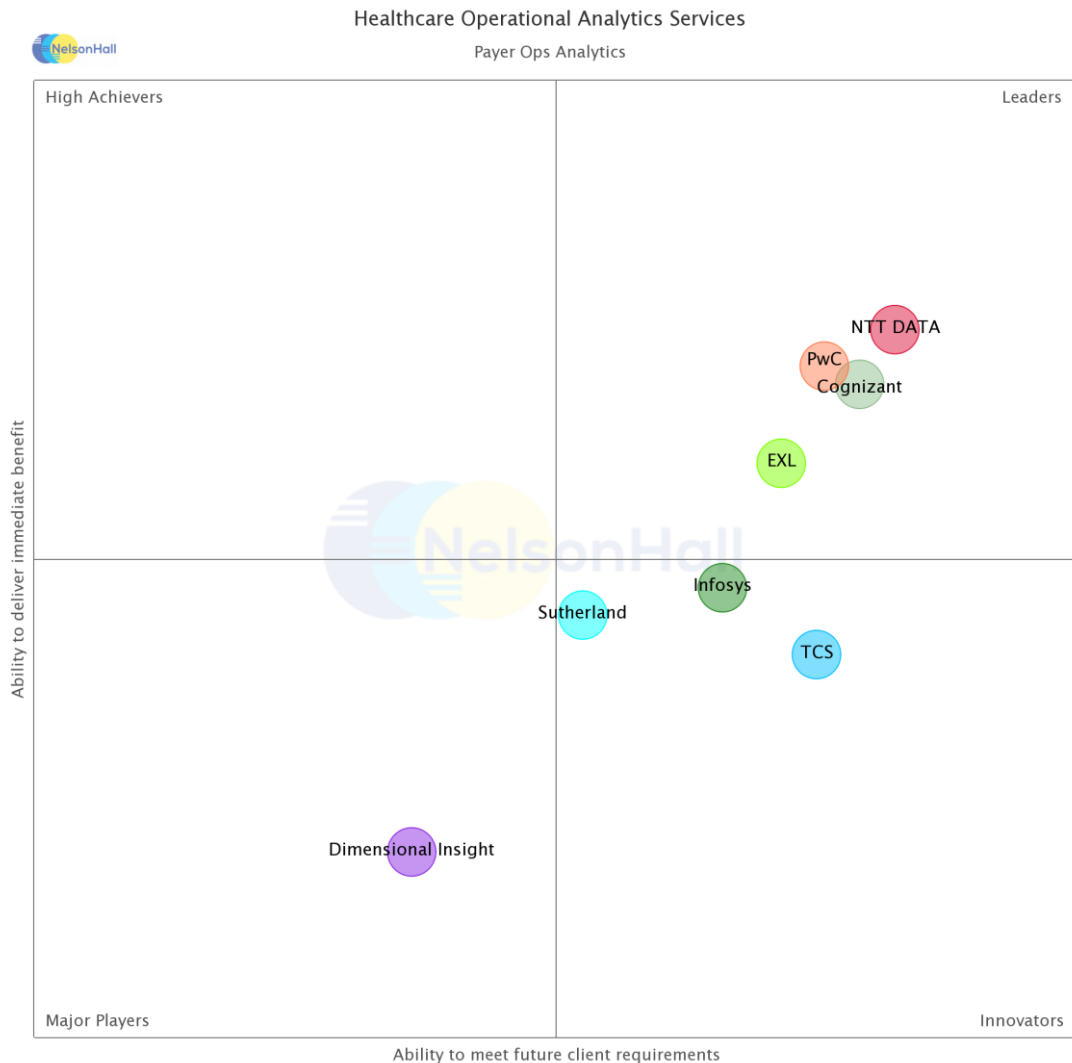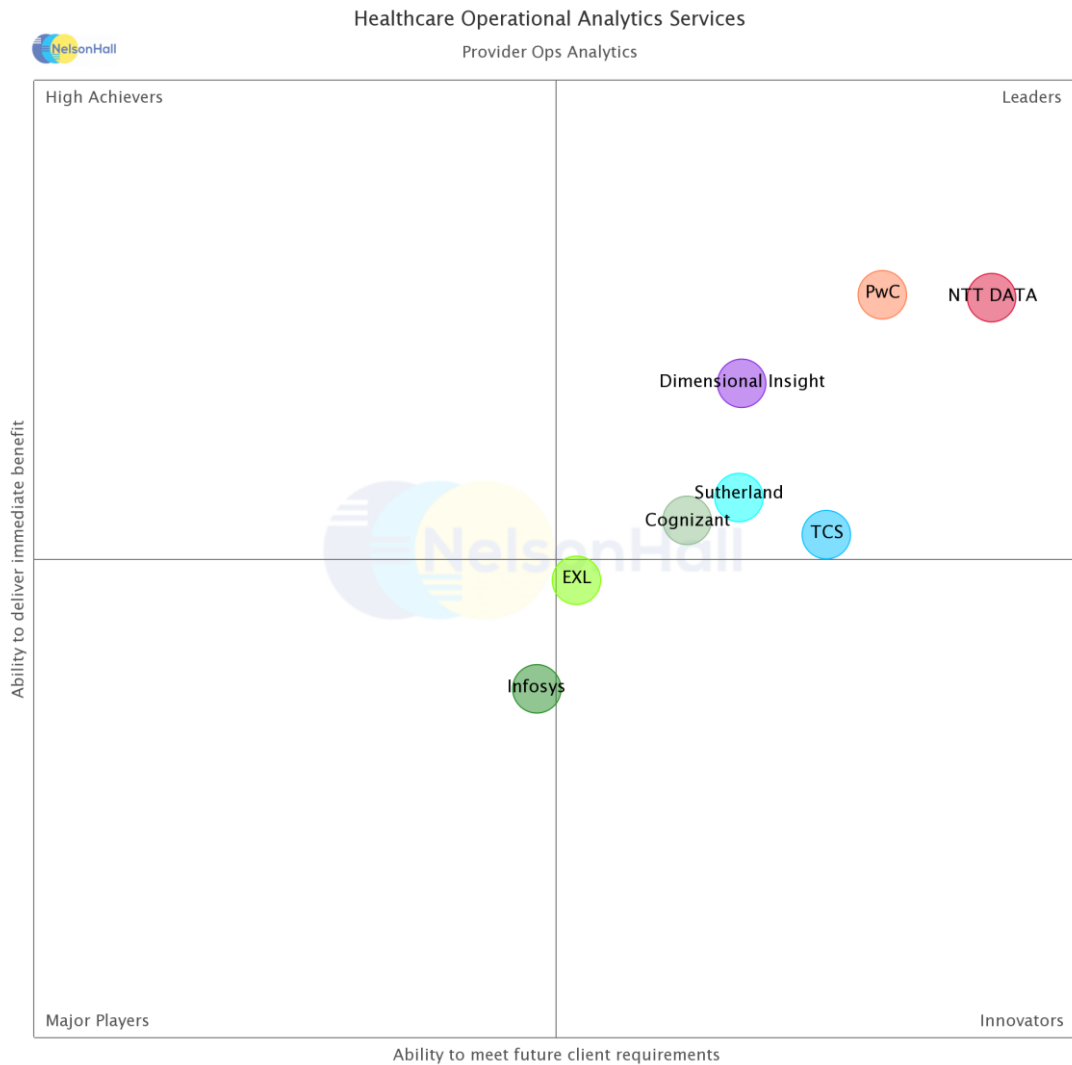

NelsonHall has identified NTT DATA as a Leader in the *Payer Ops Analytics* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in payer ops analytics.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the *Healthcare Operational Analytics* NEAT tool (*Payer Ops Analytics*) here.

NEAT Evaluation: Healthcare Operational Analytics Services (Provider Ops Analytics)

Healthcare Operational Analytics Services
Provider Ops Analytics

NelsonHall has identified NTT DATA as a Leader in the *Provider Ops Analytics* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in provider ops analytics.

Buy-side organizations can access the *Healthcare Operational Analytics* NEAT tool (*Provider Ops Analytics*) here.

Vendor Analysis Summary for NTT DATA

Overview

NTT DATA offers healthcare operations analytics services across a wide range of payer and provider process areas.

Key payer functions supported include customer/member and market analysis, plan/product design and pricing, member services/enrollment, provider network analysis, member care management (including telehealth), clinical quality and compliance, claims analysis (FWA excluded), business intelligence and reporting, medical cost management, advanced analytics including risk stratification via ML, predictive modeling for UM/CM/DM, and quality reporting/compliance - HEDIS, Stars, CAHPS, etc.

Key provider functions supported include customer/patient market analysis (excluding population health), price transparency, patient care (including telehealth) case management, revenue cycle management, patient referral optimization, health system design, investment, and management (excluding M&A), quality reporting and compliance, and business intelligence and reporting.

Key platforms used by NTT DATA include:

- Business Insights Engine (BIE):

  - NTT DATA Business Insights Engine assimilates data on customer/patient behavior, demographics, transactions, care management from EHRs, CRM, and other sources in structured and unstructured formats for processing by AI/ML for a holistic view of the member

  - Executive dashboards are complemented by operational reporting, data extracts, and visual data exploration that yields a graphical view of each member and his/her claim transactions

  - The BIE is fueled by CentraForce Health's Comprehensive Determinants of HealthTM and MarkLogic's multi-model NoSQL database platform. These technologies allow NTT DATA to create a system in which their health plan clients can see propensity indicators of social and behavioral determinant risks (e.g. attitudinal risk, education risk, transportation risk, etc.) that allow them to be proactive with their member populations

- Digital Health Consumer Platform

- HePA (healthcare provider analytics):

  - Ingestion accelerators (HL7, DICOM, FHIR based standards)

  - Healthcare data lakes & models

  - Analytics accelerators for provider use cases

  - AI framework for provider use cases

  - Data services for digital apps (patient access, engagement, payments, population health).

Financials

NelsonHall estimates that NTT DATA's revenue from U.S. healthcare clients in CY 2019 for operational analytics services was $18m.

Strengths

- NTT DATA's healthcare operational analytics services capabilities leverage both payer and provider expertise and are well-positioned to implement value-based care initiatives on behalf of clients

- NTT DATA's portfolio of health plan and provider clients is diverse and has been served by many of NTT DATA's service line capabilities over decades

- The company's success in partnering with clients on the basis of comprehensive BPaaS contracts, especially for payers, establishes exceptional durability to NTT DATA revenues in the sector

- At the corporate level, NTT DATA has prioritized the U.S. healthcare practice for investment and growth

- NTT DATA's expertise includes a wide variety of commercial sector claims processing platforms, including the widely used TriZetto Facets and QNXT platforms and the less frequently used Oracle OHI, DST AMISYS, HealthEdge HealthRules, and Health Trio platforms. This claims expertise will prove valuable where NTT DATA seeks to carve out BPaaS contracts in the claims function.

Challenges

- NTT DATA is still challenged to create a distinctive brand and identity for its healthcare services, as these capabilities have changed hands from Perot Systems to Dell and now to NTT DATA during the last dozen years

- NTT DATA's digital offerings have been introduced relatively late into a crowded field, and client references are lacking. The Customer Friction Factor (CFF) IP in use in other areas of NTT DATA's business does not seem to have gained traction in the health plan sector

- Demand among health plans for BPaaS offerings has not matured as quickly as desired. This may simply reflect a long sales cycle, or it may reflect a deep-seated reluctance by health plans to commit to long-term strategic vendors with potential limitations on future innovation.

Strategic Direction

NTT DATA's strategy for operational analytics services is to weave them into larger healthcare offerings:

- NTT DATA's broad expertise with provider data and data infrastructure underpins its current expertise with population health, telehealth, and associated operational analytics services. NTT DATA is actively targeting "payviders" - provider-sponsored health plans. NTT DATA often gains entry to the payvider market segment through its existing relationships with provider organizations that establish small health plans

- Payer sector BPaaS: for the last several years, NTT DATA has actively sought to implement Business Process as a Service (BPaaS) relationships with clients. Twenty-five percent of its current business for health plans is organized under BPaaS contracts, with mid-tier payers having proven especially receptive. For BCBS clients with up to 2 million lives, NTT DATA's focus has been on helping clients with end-to-end management of lines of business, such as Medicare Advantage

- Payer and provider staff augmentation that is augmented by technology expertise and systems. In this area, NTT DATA has gained traction in the following payer and provider front and middle office functions:

  - Payer provider management, especially provider credentialing

  - Payer claims management, leveraging expertise across more than 20 payer claims platforms

  - Payer- and provider-facing consumer/member/patient platform

Outlook

In the future, expect NTT DATA to:

- Continue to invest in healthcare operational analytics services that are interwoven into its diverse set of payer and provider offerings

- Target "payviders" - provider-sponsored health plans. NTT DATA gains entry to the payvider market segment through its existing relationships with a substantial number of provider organizations

- Continue to invest in BPaaS offerings and work ambitiously towards strategic partnerships with clients, particularly the largest commercial health plans

- Pursue gainsharing contracts with clients and move away from straightforward staff augmentation contracts. NTT DATA is flexible and encourages clients to align contracts on the basis of aligned incentives in value-based care scenarios

- Expect NTT DATA to leverage its provider sector expertise among mid-tier and small community hospitals as they work with health plans to implement alternative payment models

- Expect NTT DATA's healthcare practice to continue to stand distinct from its Japanese parent's IT and telecommunications business, despite current integration efforts underway among the three systems integration businesses: NTT Security, Dimension Data, and NTT Communications.

Healthcare Operational Analytics Services
Market Summary

Overview

In the current market for healthcare operational analytics services:

- U.S. spending on Healthcare is expected to increase at 5.5% per year through 2028. (according to the CMS report published in April, 2020). CMS estimated that national healthcare spending reached $3.81 trillion in 2019 and would increase to $4.01 trillion in 2020. CMS projected that by 2028, healthcare spending would reach $6.19 trillion, and would account for 19.7% of GDP, up from 17.7% in 2018

- Hospital system consolidation trends will continue, although the COVID-19 pandemic likely introduces choppiness. Hospital integration tends to centralize control with better capitalized systems and increase institutional focus on financial returns:

  - U.S. private equity has poured $200bn into the sector since 2010

  - The total number of U.S. hospitals has remained relatively stable from 2000 to the present, with the declining number of rural hospitals somewhat offset by an increase in the number of urban hospitals

- Transition from fee-for-service to value-based care over the decade since passage of the ACA has been halting but significant. Accountable care contracts require complex reporting, dependent on analytics:

  - Between 2010 and Q3 2019, the number of accountable care contracts has risen from near zero to over 1,000

  - Between 2010 and Q3 2019, the number of covered lives has risen from near zero to nearly 45m

- Care is moving into the home, leveraging telehealth, especially in difficult to serve rural areas

- A federal shift in focus towards "price transparency" promotes the use of a range of analytic tools. The out-of-pocket consumer component of healthcare spending has grown from $300bn in 2010 to $350bn in 2016, and with it the need for increased consumer understanding of healthcare costs and contributions.

The shape of the future market for healthcare operational analytics services includes:

- Increased focus on wellness, prevention, early detection & managing chronic diseases:

  - Between 2014 and 2020, The National Health Council expected the number of Americans with chronic disease to rise from 133m to 157m, with 81m suffering from multiple conditions

  - Incidence of chronic diseases strain the nation's payer ecosystem. Chronic disease drives:

    o 79% of HC spending for the privately insured

    o 71% of HC spending for Medicaid recipients

    o 84% of HC spending for the uninsured

- Large employers – seeing margins eroded by the costs of healthcare coverage. There have been important catalysts for investments in public and commercial spheres in employee health:
  - An expanded view of health encompasses the employers' requirement for employee wellness
  - Widening embrace of the importance of the social determinants of health supports healthcare interventions beyond clinical intervention
- New entrants with IT, consumer and analytics expertise grasp at opportunities to drive cost out of healthcare:
  - Amazon and Pill Pack investment
  - Comcast and Best Buy invest in remote patient monitoring
- Innovations in technology meet demands that operational analytics be applied more broadly in healthcare:
  - Increasing computing power (based on Moore's law) increases data volume and processing capabilities
  - Digital health VC funding was led by the analytics category in 2018 and 2019 (Mercom Group)

Buy-Side Dynamics

The most significant analytics operations opportunities in the healthcare payer sector in the short-term are in support of member services and enrolment, followed by provider network analysis. In the medium-term, member care management, including telehealth, will yield significant new opportunities.

In the healthcare provider sector, the primary short-term opportunities are around patient care and revenue cycle management.

Market Size & Growth

The market for healthcare operational analytics services in the U.S. is forecast to grow at ~12% from $800m in 2019 to $1,250m in 2023.

NEAT Methodology for Healthcare Operational Analytics Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements

- **High Achievers**: vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit

- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Payer - Customer/member analysis & marketing
	Payer - Plan/product design & pricing
	Payer - Member services and enrolment
	Payer - Provider network
	Payer - Business intelligence/reporting
	Payer - Clinical quality and compliance
	Payer - Care management
	Payer - Claims processing (not FWA)
	Provider - Customer/patient analysis & marketing
	Provider - RCM
	Provider - Health system
	Provider - Patient case management (incl telehealth)
	Provider - Clinical quality and compliance
	Provider - Business intelligence/reporting
Delivery	Payer - Sector knowledge
	Provider - Sector knowledge
	Caliber of personnel
	Flexibility
	Commercial terms and conditions
	Ability to apply technology and/or automation
	Process improvement within outsourcing scope
	Applying appropriate analytics to operational challenges and use cases
	Automating customer/member insight generation and reporting
	Reducing time requirements for data processing and data consumption
	Leveraging the relevant datasets
	Scaling services
	Leveraging IP and platform capability
	Incorporating predictive and other prescriptive analytics
	Leveraging onshore capabilities
Client Presence	Payer - number of clients
	Payer - size and quality of clients
	Provider - number of clients
	Provider - size and quality of clients
	Corporate stability

Continued…

Benefits Achieved	Payer - Improving customer/member insight
	Payer - Improving and/or accelerating product/service development
	Payer - Improving customer/member acquisition/retention
	Payer - Improving administrative staff efficiency and productivity
	Payer - Improving the quality of administrative/operational process outcomes
	Payer - Reducing processing/turnaround time
	Payer - Improving clinical quality measure reporting and compliance
	Payer - Managing initiatives related to at-risk populations
	Provider - Improving customer/patient insight
	Provider - Improving revenue/reimbursement
	Provider - Improving administrative staff efficiency and productivity
	Provider - Improving the quality of administrative/operational process outcomes
	Provider - Reducing processing/turnaround time
	Provider - Improving clinical quality measure reporting and compliance
	Provider - Managing initiatives related to at-risk populations

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Future Analytics Offerings	Payer - Customer/member analysis & marketing analytics
	Payer - Plan/product design & pricing analytics
	Payer - Member services and enrollment analytics
	Payer - Provider network analytics
	Payer - Business intelligence/reporting
	Payer - Clinical quality and compliance analytics
	Payer - Care management analytics
	Payer - Claims analytics (not FWA)
	Provider - Customer/patient analysis & marketing analytics
	Provider - RCM
	Provider - Health system analytics
	Provider - Patient case management (incl telehealth)
	Provider - Clinical quality and compliance
	Provider - Business intelligence/reporting
Future Delivery	Enabling new reimbursement models
	Provider - Enabling pricing transparency
	Ability to reimagine application of analytics
	Ability to add value beyond contractual commitment
Market Momentum	Outlook for revenue expansion
	Market positioning
	Value for money
	Strength of partnership

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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