

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

HEALTHCARE DATA ANALYTICS - UNITED STATES

Growth, Innovation & Leadership
Frost Radar 2019



FROST & SULLIVAN

2019

BEST
PRACTICES
AWARD



F R O S T R A D A R

CONGRATULATIONS!

Frost & Sullivan is proud to present Optum with this year's Frost Radar Best Practices Award for Growth, Innovation & Leadership (GIL) in the US Healthcare Data Analytics market.

Frost & Sullivan's global team of analysts and consultants continuously research a wide range of markets across multiple sectors and geographies. As part of this ongoing research, we identify companies that consistently develop new growth strategies based on a visionary understanding of the future, and thus more effectively address new challenges and opportunities. This involves extensive primary and secondary research across the entire value chain of specific products. Against the backdrop of this research, Frost & Sullivan recognizes Optum for these valuable achievements.

This recognition is strictly reserved for companies that are market leaders and are at the forefront of innovation. These companies consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve ever-evolving customer needs. These companies are also best positioned to expand the market by strategically broadening their product portfolio. Achieving Growth, Innovation & Leadership (GIL) is never an easy task, but it is one made even more difficult considering today's intensely competitive environment, customer volatility, economic uncertainty, and rapid technology evolution. Within this context, Optum's receipt of this Award signifies an even greater accomplishment.

Moreover, this recognition is the result of many individuals (employees, customers, and investors) making daily choices to support the organization and meaningfully contribute to its future. Frost & Sullivan enthusiastically acknowledges and celebrates these achievements. Once again, congratulations on your accomplishments and we wish you great success in the future.

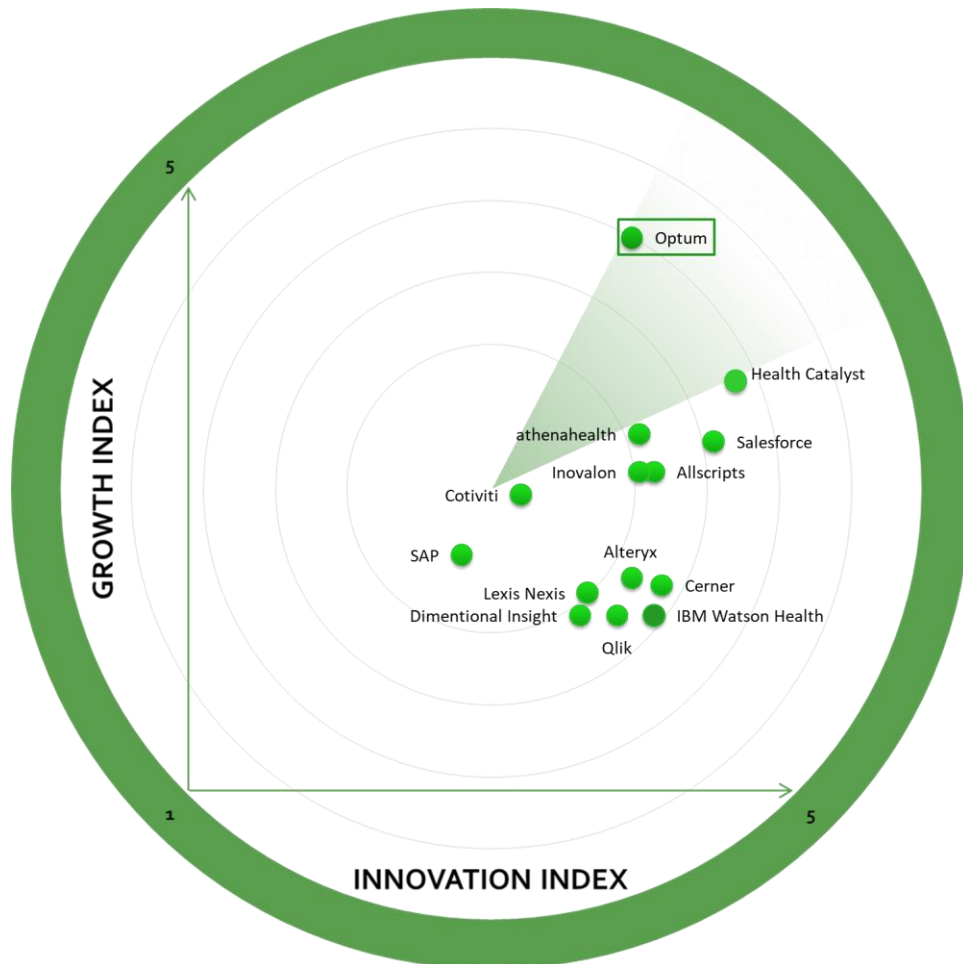
Sincerely yours,

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The Frost Radar

US Healthcare Data Analytics Market 2019



Source: Frost & Sullivan

In a field of +150 US-based and global industry participants, Frost & Sullivan has independently ranked the top 14 companies in the above Frost Radar analysis.

The key parameters independently analyzed by Frost & Sullivan include:

- Innovation Scalability
- R&D
- Product Portfolio
- Mega Trends Leverage
- Customer Alignment
- Growth Pipeline
- Vision and Strategy
- Sales and Marketing

Frost & Sullivan studies related to this independent analysis:

- **Frost Radar in the US Healthcare Data Analytics Market-2019**

Industry Overview

US-based providers lose, on an aggregate, \$260-\$270 billion annually due to poor financial risk management and lack of infrastructure support to support data-driven business decisions. For every dollar claimed, both private and public payers, on average, offer a reimbursement of 86 cents to providers, resulting in a negative margin of 14% per dollar per patient. Additionally, large integrated hospitals incur operating expenses of \$200-\$700 million annually to embrace value-based payment programs that require an interoperable IT ecosystem—one that is comprised of an integrated EMR, a payer-agnostic revenue cycle management platform, and a cross-functional supply chain management solution.

Healthcare data analytics solutions collect data from these underlying data sources and normalize evidence at a patient, provider, and payer level. It enables healthcare end users to identify gaps in care early and to intervene with evidence that quantifies how to save on costs, increase revenue, and improve outcomes.

As a result, the US healthcare data analytics market is growing rapidly as all types of healthcare organizations are relying on IT-enabled data management, business intelligence, and quality reporting capabilities to assist in transforming their clinical performance, operational agility, and financial competitiveness.

Early adopters have shown intent to move beyond the traditional use cases of analytics to pioneer advanced applications such as imaging analytics, genomics analytics, social vulnerability index classification, automated claims pre-adjudication, and real-time supply chain management reporting. Consequently, more than 150 companies are currently offering both modular and plug-in based analytics solutions in the US healthcare market place.

Of the 150 companies, 70 demonstrated adequate levels of technological sophistication to meet the current and future industry needs.

Forty out of 70 companies have been selected due to their industry-leading ability to offer advanced clinical, financial, or operational analytics capabilities for a wide range of customers, including payers, providers, life sciences, and government agencies. These 40 companies are broadly classified into three categories:

- All companies scoring very high on both growth and innovation are well-known industry leaders that have a history of being at the forefront of innovation and appear on the top-right section of the Radar.
- Companies scoring high on innovation but delivering lower growth appear on the bottom-right section of the Radar. This list of companies includes leaders as well as new entrants.
- The third group of companies includes those implementing some level of innovation, which results in slower growth as compared to that demonstrated by the other two groups.

Finally, 14 out of 40 companies have been profiled to demonstrate their visionary capabilities in the US healthcare analytics market.

Frost Radar Growth, Innovation & Leadership Award Optum

COMPANY DIAGNOSTIC

- Part of UnitedHealthGroup, Optum is a leading healthcare IT conglomerate with an estimated revenue of \$115 billion in 2019.
- OptumIQ, part of Optum, is primarily responsible for driving healthcare data analytics services for all its allied business units, including include Optum-Health, OptumRx, and OptumInsight.
- Optum's proprietary approach of curating clinical and financial data from front-end solutions (EMR, RCM, CDSS) and using it to generate both prescriptive and predictive intelligence yields positive results for a wide variety of customers, including employers, governments, providers, payers, and pharma.

FROST RADAR POSITIONING

- Optum is positioned in the high-growth, high-innovation area of the Radar.
- The company's high growth is shown in its strong double-digit revenue growth for the last few years.
- Optum's innovation strength stems from its internal R&D team which has 1000+ analytics experts from all over the world.
- Optum's innovation is also fuelled by many external developers and start-ups which offer vertical analytics services to its customers.

COMPANY STRENGTHS

- Industry-leading interoperability standards allow Optum to connect with and capture data from almost all payer and provider systems.
- The company demonstrates a diverse range of analytics use cases that address the evolving data management and utilization requirements of enterprises and managing complex patient populations.
- Optum's strong and robust network of internal R&D experts leverage its incumbent data lakes and predict clinical and financial outcomes faster and with more accuracy than most others in the industry.

COMPANY OPPORTUNITIES

- Optum should double down on radiology analytics services that have the potential to expedite decisions on “false positive” and “false negative” diagnoses.
- The company should explore opportunities to introduce consumer-centric analytics tools that automate payer and provider selection based on consumers’ social determinant of health.
- Optum should explore opportunities to introduce/outsource analytics services for recently acquired providers.

What is the Frost Radar?

A Practical, High Impact, Scalable C2A (Companies to Action) Tracking Solution

WHAT IS IT?

A robust analytical tool that benchmarks companies’ innovation focus and growth performance in a given market.

HOW IS IT BUILT?

Through in-depth analysis built on our 360-degree research methodology (primary and secondary research) and objective rating of companies in any given market.

WHY DO WE NEED IT?

To understand how companies benchmark against each other in their ability to innovate and grow against a backdrop of industry transformation and evolution.

WHAT WILL IT ACCOMPLISH?

Enable companies to gain an objective, independent perspective of their innovation and growth strategies, including their robustness, effectiveness, relative competitive strength, and implications on their long-term success.

HOW TO USE IT?

Frost Radar is a dynamic tracking tool that offers frequent rating and positioning of companies that are leading the industry on growth, innovation or both. Due to changes in operating environment and internal changes within these organizations, their positioning in Frost Radar will change over time. It is important to leverage Frost Radar to ensure that companies are aware of changes to their ecosystem and their relative positions to it.

WHAT DOES IT MEAN TO BE ON THE FROST RADAR?

Every company that finds itself on the Radar has been chosen because they have proven themselves to be worthy by demonstrating excellence in either growth, innovation, or both, and are able to translate that into proven solutions that benefit their clients. At times, companies with high market share may not place on the Radar. Companies are chosen because they are already doing great things, or because they are poised to do great things.

Frost Radar → C2A

All companies on the Frost Radar could be C2A. Best Practice recipients are the companies that Frost & Sullivan considers the **Companies to Act On Now**.

GROWTH EXCELLENCE AWARD

The Growth Excellence best practice award is bestowed on companies that are achieving high growth in an intensely competitive industry. This includes emerging companies making great strides in market penetration or seasoned incumbents holding on to their perch at the pinnacle of the industry.

INNOVATION EXCELLENCE AWARD

The Innovation Excellence best practice award is bestowed on companies that are industry leaders reinventing themselves through R&D investments and innovation. These may be companies that are entering a new market and contend for leadership through heavy investment in R&D and innovation.

GROWTH, INNOVATION & LEADERSHIP AWARD

The Growth Innovation Leadership (GIL) best practice award is bestowed on companies that are market leaders that are at the forefront of innovation. These companies consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve the evolving needs of the customer base. These companies are also best positioned to expand the market by strategically broadening their product portfolio.

Frost Radar

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS – THE GROWTH INDEX

Growth index is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market-, competitor-, and end-user focused sales and marketing strategies.

- **G1: Market Share (previous 3 years):** Market share relative to its competitors in a given market space for the previous three years.
- **G2: Revenue Growth (previous 3 years):** Revenue growth rate for the previous three years in the market/ industry/category that forms context for the given Frost Radar.
- **G3: Growth Pipeline:** This is an evaluation of the strength and leverage of the company's growth pipeline system, to continuously capture, analyze and prioritize its universe of growth opportunities.
- **G4: Vision and Strategy:** This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments the company is making in new products and markets consistent with the stated vision?
- **G5: Sales and Marketing:** This is a measure of the effectiveness of a company's sales and marketing efforts in helping the company drive demand and achieve its growth objectives.

HORIZONTAL AXIS – THE INNOVATION INDEX

Innovation index is a measure of a company's ability to innovate products/services/solutions that are developed with a clear understanding of disruptive Mega Trends, are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs. Key elements of this index include:

- **I1: Innovation Scalability:** This determines whether the organization's innovation(s) is/are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.
- **I2: Research and Development:** This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.
- **I3: Product Portfolio:** This is a measure of the product portfolio of the company, focusing on the relative contribution of new products to its annual revenues.
- **I4: Mega Trends Leverage:** This is an assessment of a company's proactive leverage of evolving long-term opportunities and new business models, as the foundation of its innovation pipeline.
- **I5: Customer Alignment:** This evaluates the applicability of a company's products/ services/ solutions to current and potential customers (7-year horizon), as well as how its innovation strategy is influenced by evolving customer needs.