

# Healthcare Digital Services

A research report comparing provider strengths,  
challenges and competitive differentiators

Customized report courtesy of:

**Deloitte.**

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Report Author: Ron Exler

### Digital services improve health outcomes and business results

The COVID-19 pandemic has caused 1.6 million deaths in the U.S. as of this writing. While death rates are falling, the physical and mental consequences for individual health outcomes will continue for decades. Long COVID-19 symptoms might last a lifetime, while much remains unknown about longer-term health effects. As was the rest of the society, the U.S. healthcare system was unprepared for the rapid change in demand for care, hospital beds, equipment and personal protective equipment (PPE). The industry is making changes to respond to the disease and to accommodate the increasing demand for healthcare services. Digital transformation and IT services are helping stakeholders in all parts of the healthcare ecosystem deal with the present and be future ready.

Among the service providers we communicated with, we repeatedly heard they are meeting clients where they are, rather than pushing specific agendas. Where they are, from a technology perspective, is reflected in recent ISG research that shows relatively low levels of adoption for many technologies (Figure 1).

Where the healthcare organizations are headed is reflected in the industry trends that emerge from this research:

- Increasing focus on health equity
- Industry convergence and interconnection
- Better stakeholder experiences
- IT modernization to reach desired outcomes
- Evolving economics of healthcare

U.S. healthcare industry is slowly evolving to face complex challenges.



### Increasing focus on health equity

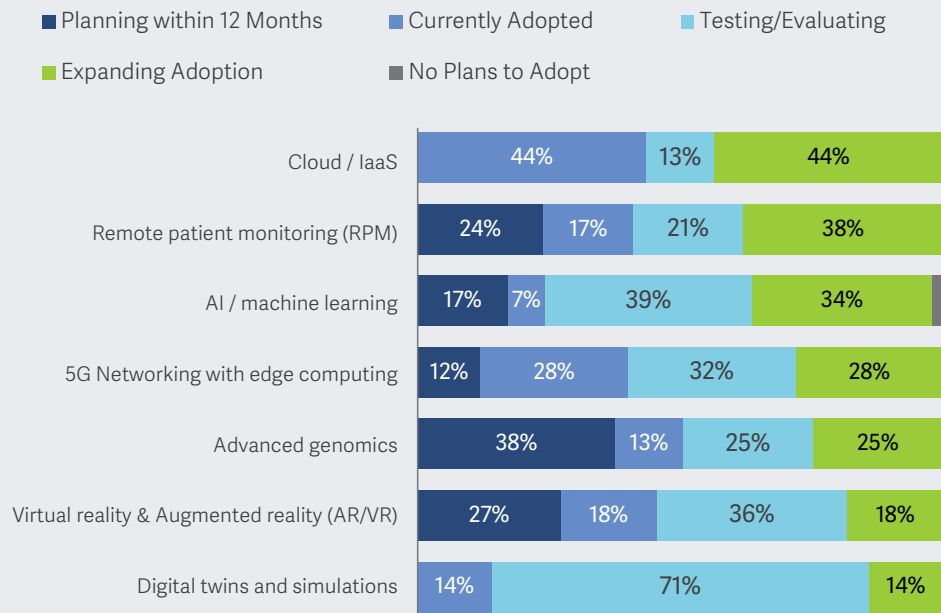
People and institutions in the U.S. are driving the healthcare industry to focus on equity and recognition of the social determinants of health (SDOH). Traditional company roles are no longer relevant. Payers are moving beyond benefits administration to sharing the responsibility of overall health with their members. Favorable health outcomes start with behavior change. Providers see how health is affected by everything that people do. They are also challenged to proactively identify people who are the most vulnerable. Thus, they seek ways to engage and interact at homes, workplaces and in the broader community, leading to an increased focus on using electronic medical records (EMRs) and SDOH through descriptive and predictive analytics, machine learning and NLP. Public health promotion programs

and self-care awareness are critical to improving individual and population health outcomes.

At the same time, there is a desire to treat individuals as unique. Awareness of behavioral and mental health is higher now, leading to a recognition of the need for proactive care. An increased focus on treating people as individuals drives uses of advanced data models and algorithms for early diagnosis and prevention. Integrated health uses a whole-patient approach while incorporating knowledge from SDOH.

Payers use a growing number of value-based care (VBC) agreements because Medicaid and Medicare programs provide incentives and rewards for positive health outcomes. Reluctant providers are slowly accepting both upside and downside risks. The transition from fee-for-service to VBC increases the focus on wellness, prevention, early detection and

**Figure 1: Technology Adoption Status**



Source: ISG Research 2022 Healthcare and Life Sciences Survey



the management of chronic and acute diseases. VBC remains a small but growing portion of the healthcare business.

### Industry convergence and interconnection

Payers and providers are crossing into each other's traditional businesses. The value proposition of health plans is eroding while providers consolidate to face threats from new entrants. Large healthcare players, such as Anthem, CVS and UnitedHealth Group, invest more in acquisitions and models such as "payviders." Some payers are diversifying by acquiring their hospitals, while providers are adopting insurance models. Consumers of healthcare services seek unified consumer experiences. Payers want to connect to patient EMRs, usually for use cases such as prior authorization and complex case management. Providers use APIs to exchange data with online

portals and mobile apps that help them have a complete view of their patient health data.

The need to better connect with the healthcare ecosystem is leading to a focus on improving data management and governance; integrating payer and provider systems is one of the most dynamic aspects of the healthcare market today. Integration and cooperation between payers and providers are essential to improve disease prevention and to have a better focus on therapies that deliver better health outcomes.

To enable this convergence, along with compliance with government mandates, a seamless flow of clinical and non-clinical information must occur across the healthcare ecosystem. When health information systems are better integrated, payers can develop an enhanced understanding of their utilization rates and better demand for services.

### Better stakeholder experiences

Healthcare in the U.S. continues to receive low customer satisfaction ratings, according to research from the American Customer Satisfaction Index. Healthcare consumers and employees seek:

- Improved access to doctors and hospitals
- Better call center services
- More insurance plans with price transparency
- Easier claims submission
- Timelier claims processing

People want to be active participants in their healthcare and coordination. They expect a multi-touch, digitally enabled healthcare experience that demands the payer segment to aggressively move toward a technologically advanced

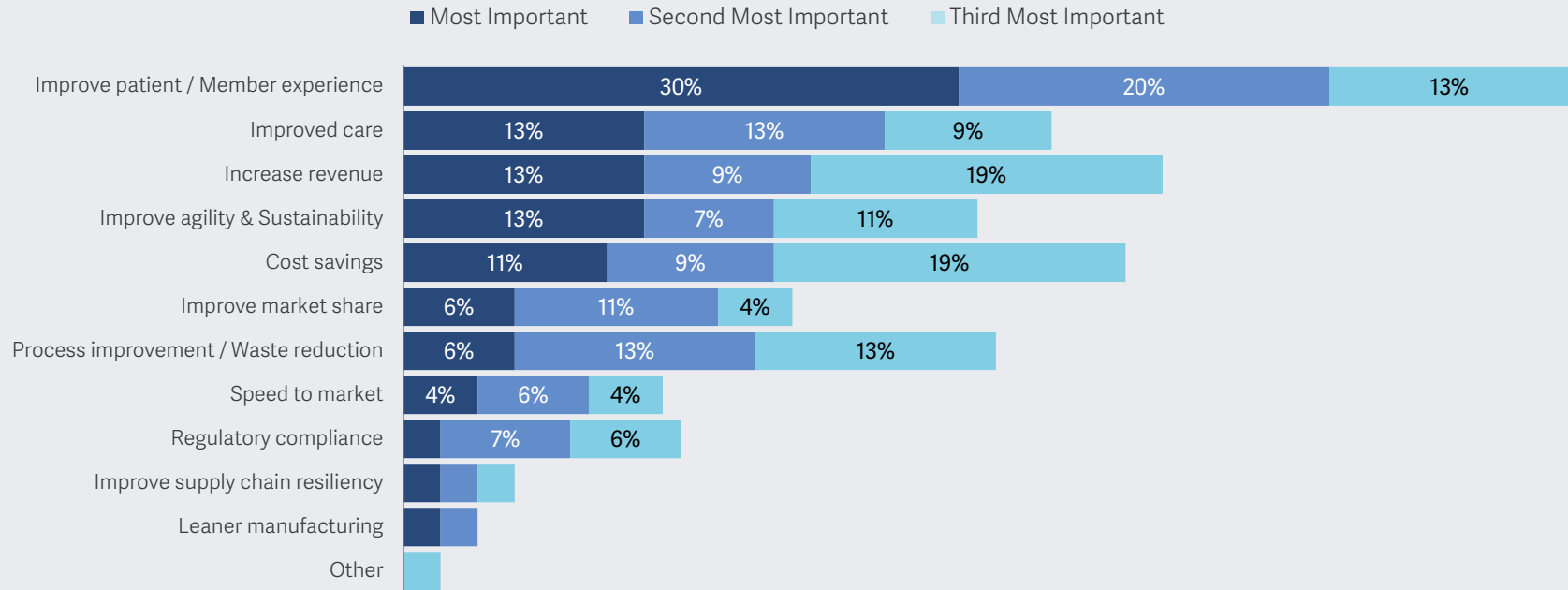
service model. For example, people contacting member services expect their representatives to have access to all their information and historical data from past inquiries. They also expect online access or access via a mobile app.

To meet consumer expectations, there is an increase in the number of digital engagement initiatives enabling virtual care and personalization of care (Figure 2). A shifting population mix, along with unprecedented consumer acceptance and desire for digital engagement during the pandemic, boosted the demand for modern experiences in the healthcare sector. Changing care delivery is also driven by the entry of big technology and retail companies into the market. Legacy providers are changing their business models to compete better.

Another driver of experience change is the trend of care moving from hospital walls into ambulatory and home settings. Virtual



**Figure 2: Top 3 Transformation Motivations**



Source: ISG Research 2022 Healthcare and Life Sciences Survey



care gained significant traction during the pandemic, and the momentum continues with telemedicine, remote patient monitoring, digital therapeutics and home care services. Payers and providers are revamping their online portals to become self-service digital front doors, implementing chatbots and mobile apps for improved engagement. Physicians and patients continue to embrace virtual solutions and resulting benefits in terms of access, cost and health outcomes.

### **IT modernization to reach desired outcomes**

Digital transformation requirements are driving IT modernization spending in healthcare. Improving healthcare enterprises' legacy architecture or decreasing technical debt through modernization is helping enterprises address interoperability challenges, poor data quality and lower operational costs (Figure 3).

Meanwhile, part of modernizing involves using the cloud for data sharing and protection. In healthcare, there is a preference for hybrid or private clouds over the public cloud, especially because of the anticipated cost savings and ease of use associated with the hybrid or private cloud. As a result, there is increased demand for multicloud adoption and monitoring tools for management. There are differences within the industry in the adoption of and proficiency with cloud technology for managing healthcare data. Due to legacy investments, several firms in the healthcare sector have stayed digitally inactive. These old infrastructure systems may not have the scalability and flexibility needed to handle the data explosion occurring across client ecosystems, even though they appear to be tied to earlier investments.

AI and analytics speed up digital transformation, which results in better patient care and experiences. Automation

improvements using AI, machine learning and RPA affect core process optimization as well as automatic approvals and related initiatives for prior authorization and claims processing. The adoption of advanced analytics is also spurring innovations in:

- Population health
- Revenue cycle management (RCM)
- Payment integrity
- Member and patient engagement
- Application of human genomic data

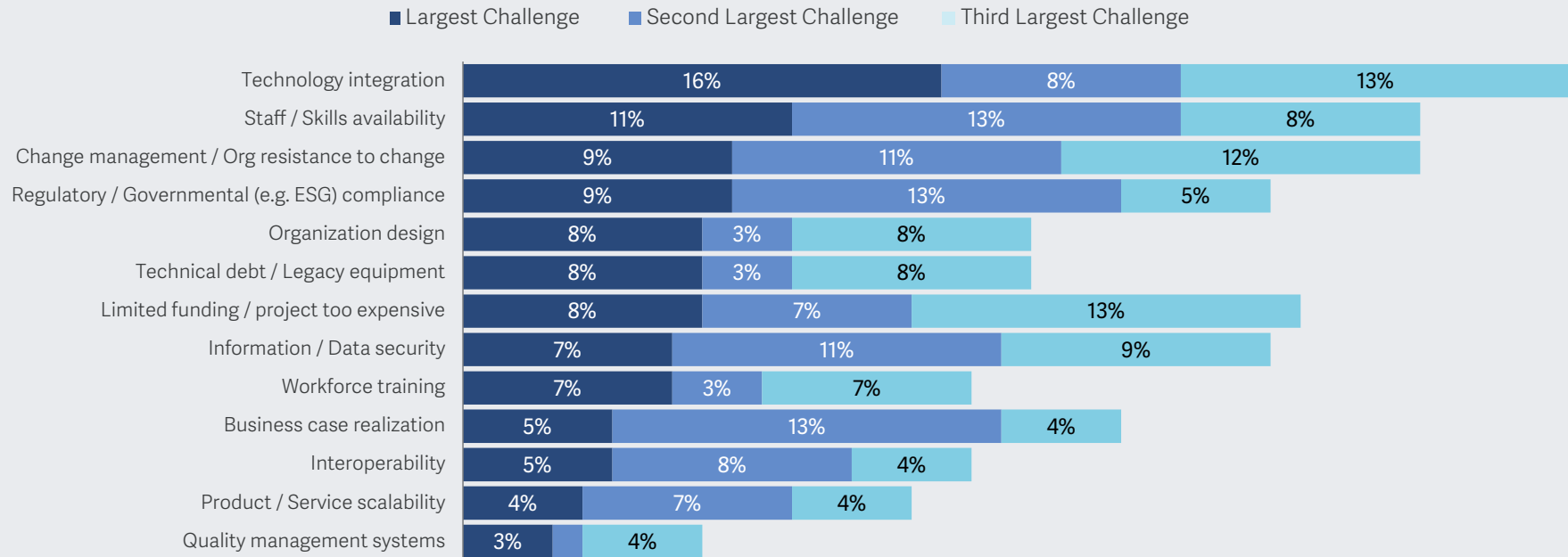
Furthermore, AI and analytics enable new mobile capabilities in healthcare, including consumer engagement via mobile devices such as wearables. However, these need proper data management foundations as well as clinical and operational business intelligence competencies to enable data-driven decision-making.

Another trend in the healthcare sector in the U.S. is the integration of AI and machine learning into legacy-rule-based workflows to ease administrative functions. Workflow automation helps ensure staff well-being, task quality and cost management efficiency and lessens challenges such as staffing shortages and an aging workforce. Precision medicine uses digitally enabled prescriptions supplemented with analytics and virtual platforms to improve diagnostics and prognostics.

Cybersecurity remains a top focus because of the nature and value of medical records and other personal data, including digital health data, interoperable data and customer engagement data. The WannaCry ransomware reportedly hit 40 percent of healthcare organizations. Furthermore, Internet of medical things (IoMT) wearable and implantable devices constantly feed sensitive patient data. The U.S. FDA recently directed stricter cybersecurity guidelines for device makers.



**Figure 3: Top 3 Transformation Challenges**



Source: ISG Research 2022 Healthcare and Life Sciences Survey





A HIMMS survey shows that 59 percent of healthcare organizations increased their cybersecurity budgets this year, compared to last year.

### Evolving economics of healthcare

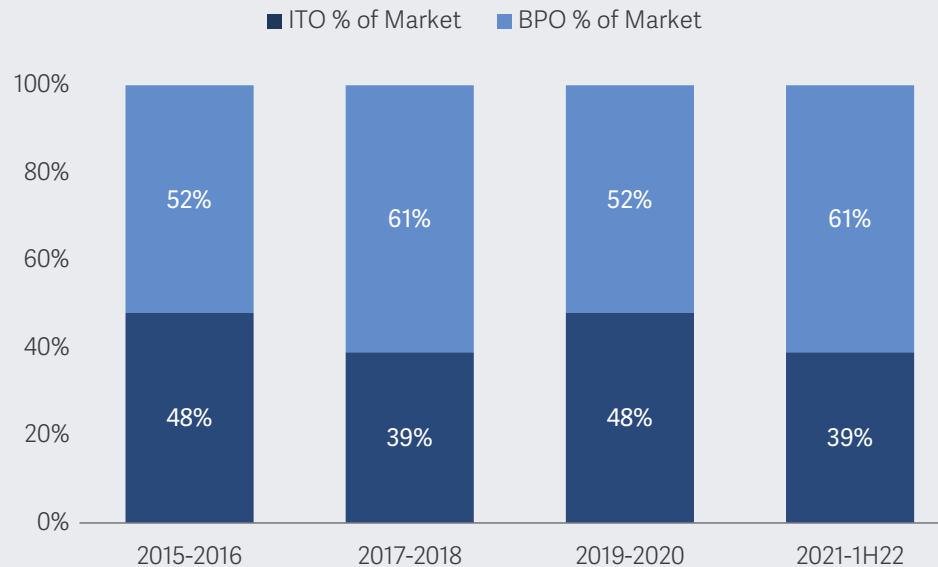
Demographic shifts and lifestyle changes, inflation and the pandemic continue to add cost pressure to healthcare ecosystems. Rising costs are leading to the need for cost optimization and workforce transformation. There is a growing focus on operational efficiencies, which encourages the adoption of cloud, process automation and application modernization initiatives, including mobility and remote workforce management.

The current adverse economic environment means modest to flat growth for commercial plans. Payers look to increase the member lifetime value, and government plans are expected to grow,

including both Medicare Advantage, due to an aging U.S. population, and Medicaid, with factors such as a rise in unemployment. Moreover, healthcare organizations are giving higher priority to environmental, social and governance (ESG) goals and measures. To deal with these economic changes, the healthcare delivery model is seeking operational improvements enabled by digital transformation.

Meanwhile, government mandates and regulations are driving digital projects. In the U.S., the Office of the National Coordinator for Health Information Technology (ONC) and the Centers for Medicare & Medicaid Services (CMS) have created structured data standards and other mandates that electronic health records (EHRs) must adhere to. CMS and ONC guidelines require that patients have access to their healthcare data and provider directories via APIs. The No Surprises Act is meant to prevent

**Figure 4: Healthcare Market Split: ITO vs. BPO**



Source: ISG, 2022; Awards with > \$5M Annual Contract Value



## Executive Summary

surprise medical bills. There are also new regulations on interoperability address security; payer-to-payer data exchange; and admission, discharge and transfer event notifications.

Foreseeing the potential for a recession, healthcare leaders are aggressively pursuing effective cost optimization strategies, which reflects:

- A continual drive for better patient experiences and engagements
- Judicious cost increases
- Restructuring cost for effective allocation
- Applying agile methodologies
- Some strategic cost takeout measures
- Leveraging industry cloud platforms

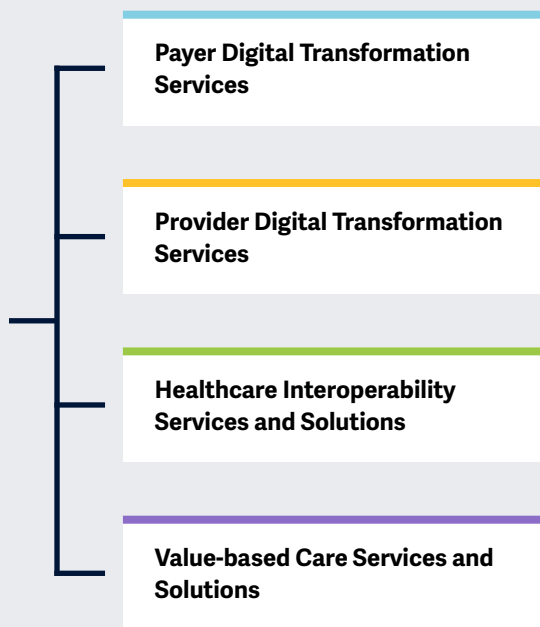
This study evaluates the service providers working with U.S. healthcare payers and providers. Over time, as ISG Index data illustrates below, there has been a shift to a higher percentage of business process outsourcing (BPO) deals than IT outsourcing (ITO).

**Healthcare expertise and tools are essential to digital services.**



# This study focuses on significant Digital Services in Healthcare.

Simplified Illustration Source: ISG 2022



## Definition

The healthcare industry continues to be under pressure from customers, governments and other stakeholders to increase investments. The pandemic continues to affect industry practices. The public seeks better healthcare outcomes at lower costs, price transparency, appropriate data sharing and access to their own records. The U.S. healthcare industry must comply with new regulations and engage in mergers and acquisitions while adapting to the needs of an aging population. Furthermore, consumers expect advanced and convenient digital service delivery across the care continuum. Many companies and government agencies struggle to stay apace with the growing demand for their services, and in the private sector, they struggle to deal with the mounting competitive pressures.





# Sweet Spot

# Deloitte

## Overview

Deloitte is headquartered in London, U.K., and operates in 170 countries. It has more than 410,000 employees across over 100 global offices. In FY22, the company generated \$59.3 billion in revenue. It offers provider digital services supporting clients in strategic and operational business imperatives via digital platforms and a network of diverse talent across regions.

### Key Provider Capabilities

- Deloitte assists healthcare provider clients in attracting, engaging and caring for their stakeholders and managing their enterprise functions, by defining and guiding transformation with its industry and operations expertise, new digital strategies, experiences, platforms and technologies. The company establishes processes for faster rollout of digital interventions and aligns provider road maps with industry standards.
- Deloitte's team of top strategists, researchers, analysts, and product and IT delivery specialists work directly with journey owners to guide clients from conception to operation using Greenhouse Labs. Deloitte

uses targeted investments to build collaborative journeys with its clients for their greater success.

- In the digital process, Deloitte uses its lab approach to drive the development of digital experiences for patients, provider clients and employees. Deloitte is equally focused on building such experiences and operating them for clients for the long term. This model aligns well with clients needing transformational partners that can run their operations while bringing in a degree of transformation and innovation.
- In applications management, Deloitte stands out for its electronic medical record (EMR)-electronic health record (EHR) services, especially

for Epic. This along with Deloitte's expertise in operating modern cloud, hybrid infrastructure and enterprise applications can kick-start the organizational modernization and cost optimization that are often needed by provider clients.

- Deloitte also concentrates on AI, cutting-edge mobile health apps and virtual care teams that offer individualized, consumer-driven and preventive care delivery innovation and interoperability.

### Benefits Delivered

- **For healthcare provider clients, Deloitte focuses on operating IT to provide clients with digital transformation and cost savings. It unlocks value for clients with its reliable managed services. Its depth of clinical experience covers all major EHR systems, including Epic. It follows competitive pricing models, including gain-share and differentiated delivery.**



# Deloitte

## Sweet Spot

- Deloitte specializes in margin improvement. It estimates that over five years, IT departments expect to save between 30 and 40 percent of their IT operations costs overall. Through its Operate service practice, Deloitte runs cost-effective IT operations using labor pools, accelerators, reusable assets and tools, and RPA. Additionally, the company resorts to strategic resourcing (right resources, right location, right time), ongoing productivity and efficiency improvements and strategic investments to achieve cost savings.
- Deloitte assists healthcare provider clients in attracting, engaging and caring for their stakeholders by defining and guiding their transformation with new digital strategies, experiences, platforms and technologies.
- Deloitte offers provider clients a comprehensive set of EMR/EHR run-and-change services, especially for Epic.
- The ConvergeHEALTH product portfolio optimizes health services and helps move from volume to value-based care. It gives the healthcare consumer control and shifts focus to home and virtual care for improved access and well-being at a lower cost. ConvergeHEALTH helps drive advanced patient care through increased efficiency.
- Through the efficient implementation of virtual solutions, which also maximize the related benefits of fairness and sustainability, Deloitte's virtual care services assist provider clients in transforming care delivery and well-being management. These services cover the entire spectrum of Deloitte's capabilities (strategy, technology, operations, finance, regulatory and others).
- Deloitte encourages sustainability for healthcare. The company offers respected thought leadership and services to help provider clients achieve their sustainability goals. It adopts key strategies such as low-carbon local urban planning, recycling and waste management and virtual and digital care delivery in the healthcare space.

## Future roadmap

Deloitte serves healthcare provider clients across their five major challenges in care delivery and enablement:

- **Strategy and growth:** Leverage thought leadership and industry expertise to enable provider growth
- **Digital transformation:** Modernize operations through cloud migration, cybersecurity, AI and interoperability solutions
- **Affordability, resilience and risk:** Reduce costs while improving patient care with improved decision making, efficiency and compliance
- **Human experience:** Design and launch patient-centric digital tools and smart processes
- **Future of work:** Address talent issues with a reimagined workplace using modern technologies and diversity, equity and inclusion (DEI) initiatives





# Appendix

The ISG Provider Lens™ 2022 – Healthcare Digital Services analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of November 2022, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

The study was divided into the following steps:

1. Definition of Healthcare Digital Services market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
  - \* Strategy & vision
  - \* Tech Innovation
  - \* Brand awareness and presence in the market
  - \* Sales and partner landscape
  - \* Breadth and depth of portfolio of services offered
  - \* CX and Recommendation





## Author & Editor Biographies

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Ron Exler is a principal analyst with the ISG Provider Lens (IPL) service, a part of ISG Research, leading IPL studies including Internet of Things (IoT) and Healthcare Digital Services. Ron has led product management at enterprise software companies, run enterprise research advisory services, and advised, built and deployed innovative technology inside large enterprises.

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She also provides enterprise perspectives and contributes to global summary reports. For ISG clients, Sneha offers expertise in technology, business and market research. She previously worked with a research firm specializing in IoT, cloud,

AI and analytics, delivering market intelligence and authoring reports. In various consulting projects, Sneha conducted market research, analyzed data, and collaborated with internal stakeholders to provide deep market insights to the clients.





*IPL Product Owner*

**Jan Erik Aase**  
**Partner and Global Head – ISG Provider Lens™**

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



### \*ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens research, please visit this [webpage](#).

### \*ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research delivers guidance that helps businesses accelerate growth and create more value.

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Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit [www.isg-one.com](http://www.isg-one.com).





**DECEMBER, 2022**

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**REPORT: HEALTHCARE DIGITAL SERVICES**