



Everest Group PEAK Matrix™ for Healthcare Payer BPO Service Providers

Focus on Conduent
March 2017



Everest Group recently released its report titled “[Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016](#)”. This report analyzes the changing dynamics of the healthcare payer BPO landscape and assesses service providers across several key dimensions.

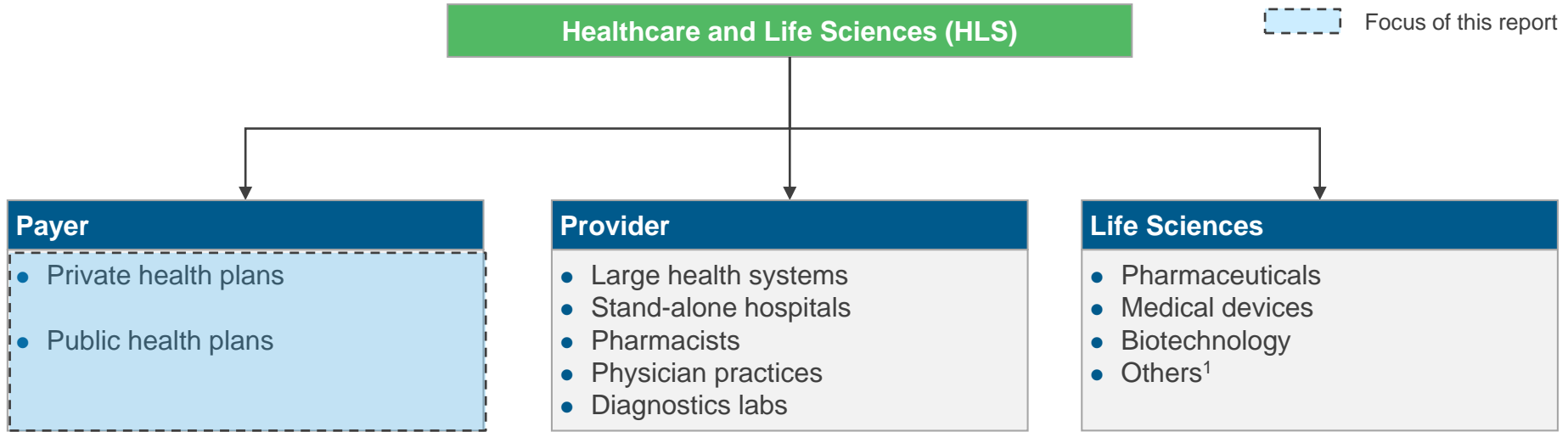
As a part of this report, Everest Group updated its classification of 20 service providers on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Healthcare Payer BPO into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of Healthcare Payer BPO service providers based on their absolute market success and delivery capability.

Based on the analysis, **Conduent emerged as a Leader**. This document focuses on Conduent’s healthcare payer BPO experience and capabilities. It includes:

- Conduent’s position on the Everest Group healthcare payer BPO PEAK Matrix
- Detailed Healthcare Payer BPO profile of Conduent

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



Notes

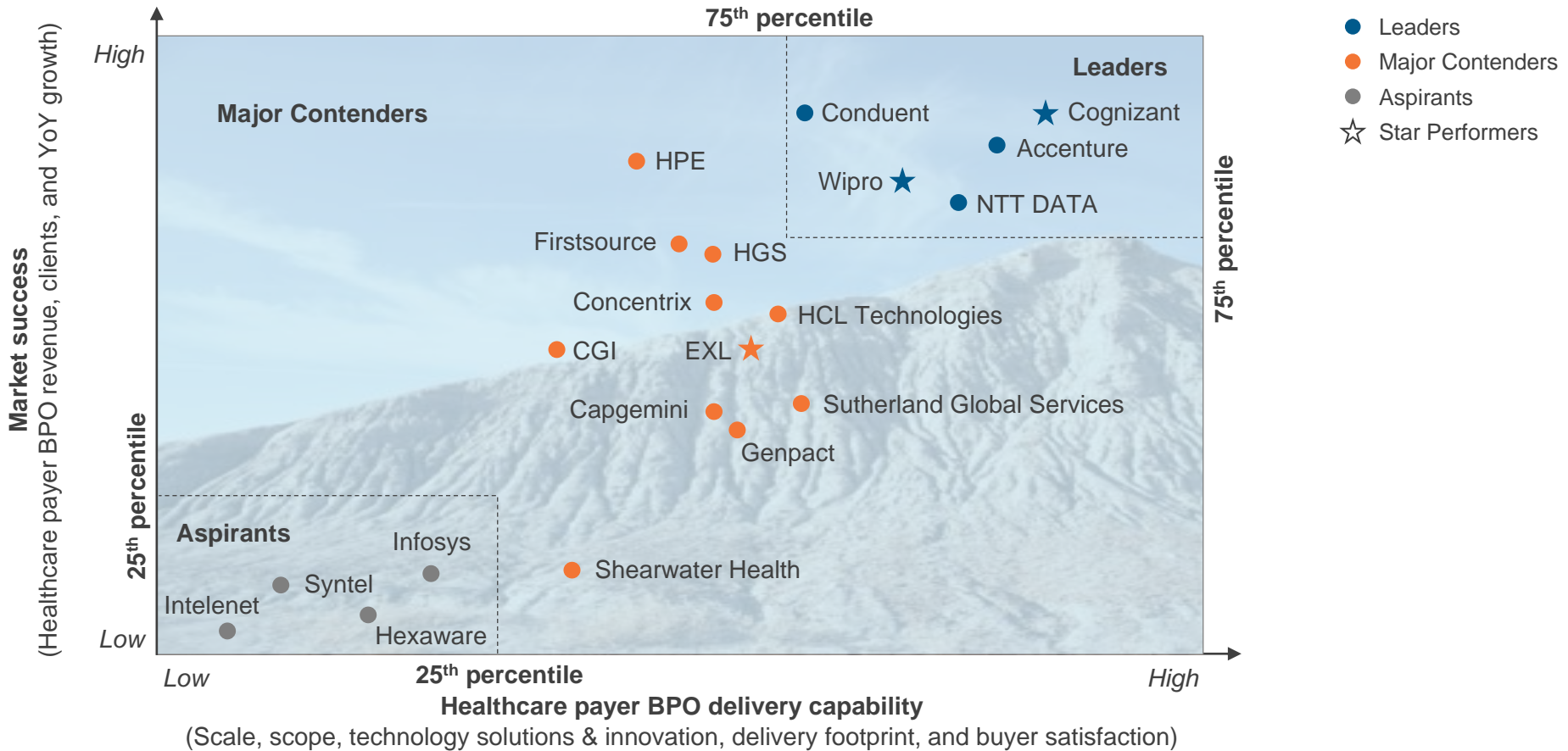
- There are multiple operating-model alternatives ranging from internal shared services / Global In-house Centers (GICs) to third-party outsourcing. This package focuses primarily on third-party models
- This package covers vertical-specific BPO within the Healthcare Payer space. It does not include 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

Everest Group PEAK Matrix – healthcare payer BPO market standings

Performance | Experience | Ability | Knowledge

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix¹ for healthcare payer BPO



¹ Service providers scored using Everest Group's proprietary scoring methodology given on pages 14 and 15

Note: Assessment for **Intelenet** 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)

Conduent (formerly Xerox Business Services)

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Healthcare payer BPO – Everest Group assessment¹

Measure of capability / market success: ● Best-in-class ◐ Not mature

Leaders Major Contenders Aspirants

Delivery capability						Market success
Scale	Scope	Technology and innovation	Delivery footprint	Buyer satisfaction	Overall	
◐	◐	◐	◐	◐	◐	●

Strengths

- With a strong performance across scale, market success, scope, and technology, Conduent continues to be a Leader on the PEAK Matrix
- It has significant client base spanning both commercial and government business lines. As the second largest player in the state Medicaid market, it may get opportunities to acquire new clients as modularity unfolds. However, its existing accounts are also at risk for the same reason
- As one of the few providers with presence on both payer and provider side, Conduent can leverage its data and knowledge assets to deliver higher value. This also helps it position itself well for ACO and MCO entities that look for such cross-capabilities
- Over the last couple of years, Conduent has made significant investments in improving its front-office capabilities; and can utilize this, along with strong onshore presence, to provide extensive care management services to top health plans

Areas of improvement

- The Xerox legacy and high presence in government business has left Conduent with heavy onshore presence. Moving work offshore can help it deliver low-cost services to its commercial clients and still remain competitive in the market
- Its strong government practice has resulted in good investments in platform solutions. With modularity lowering the value that can be derived out of these initial capex, Conduent should consider restructuring these solutions to make them more usable for non-state clients as well
- The majority of services offered still revolve around initial claims processing. Deepening its expertise and offerings within claims, as well as offering more judgement-intensive functions such as FWA and claims review & adjudication, can help refuel its growth engine, which has been lagging behind in the market in recent years

¹ Based on contractual and operational information as of June 2016

Source: Everest Group (2017)

Conduent (formerly Xerox Business Services)

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Healthcare payer BPO – overview

Company profile: Conduent (formerly Xerox Business Services) is the world's largest provider of diversified business process services with leading capabilities in transaction processing, automation, analytics, and constituent experience. Conduent works with both government and commercial customers in assisting them to deliver quality services to the people they serve. This includes multi-industry offerings such as customer care, transaction processing, finance & accounting, and human resources, as well as industry-focused offerings in areas such as financial services, health, transportation, retail, and telecommunications.

Key leaders

- **Ashok Vemuri**, Chief Executive Officer
- **Brian Walsh**, Chief Financial Officer
- **Jeff Hechemy**, General Manager – Healthcare Payer

Headquarters: Florham Park, New Jersey, United States

Website: www.conduent.com

Suite of services

- Claims management
- Policy servicing & management
- Payment integrity services
- Member & provider services
- Care integration
- Medicaid managed care solutions
- Care management
- Digital solutions

	2014	2015	2016
Revenue (US\$ million) ¹	Not disclosed (N/D)		
Number of FTEs	~12,000	~13,000	~14,000
Number of clients	77	80	85

Recent acquisitions and partnerships

- **2015:** Acquired RSA Medical, a health consumer engagement platform and services company, to strengthen consumer engagement and experience offerings
- **2015:** Acquired Healthy Communities Institute, a healthcare platform, to strengthen its healthcare business and expand offerings
- **2015:** Acquired inVentiv Patient Access Solutions (iPAS), an inVentiv health company, to expand its pharmacy solutions portfolio

Recent developments

- Developed a software-enabled service to help people improve their medication adherence by quickly identifying the major barriers they face, and delivering highly personalized support via the communication channel that the member finds most convenient and persuasive

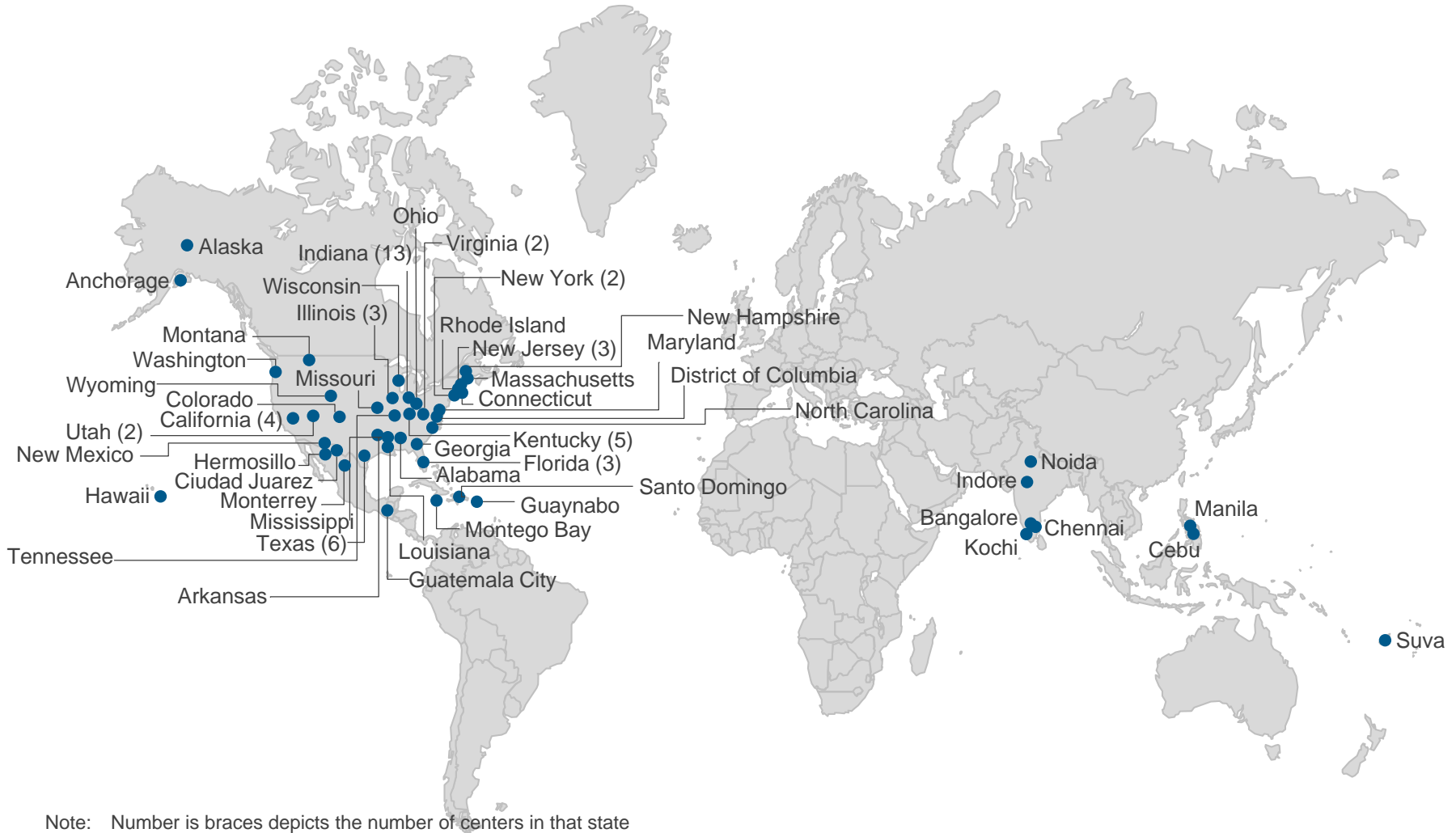
¹ Represents revenue for 12 months ending June 30

Source: Everest Group (2017)

Conduent (formerly Xerox Business Services)

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Healthcare payer BPO – key delivery locations



Note: Number in braces depicts the number of centers in that state

Source: Everest Group (2017)

Conduent (formerly Xerox Business Services)

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Healthcare payer BPO – capabilities and key clients

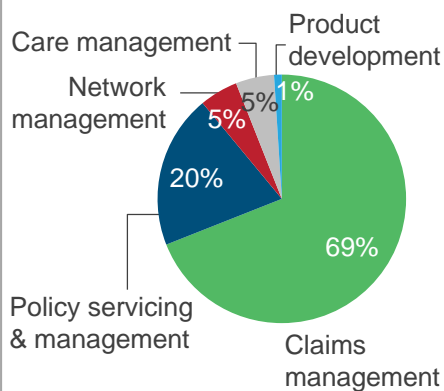
Key healthcare payer BPO engagements

Client name	Processes served	Region	Client since
New Mexico Medicaid	N/A	North America	2013
Montana Medicaid	N/A	North America	2012
California Medicaid	N/A	North America	2010
Virginia Medicaid	N/A	North America	2009
Colorado Medicaid	N/A	North America	2007

Healthcare payer BPO FTE mix by segment

Number of FTEs

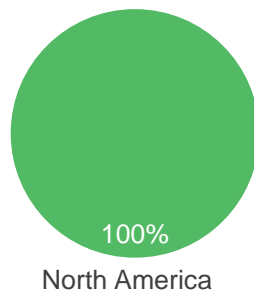
100% = ~14,000



Healthcare payer BPO revenue mix by geography

Revenue in US\$ million

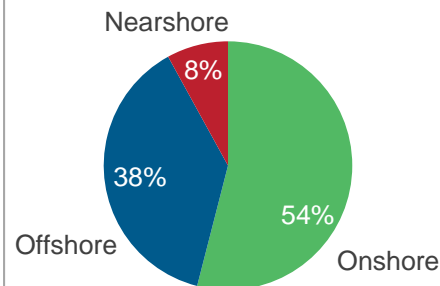
100% = N/D



Healthcare payer BPO FTE split by delivery location

Number of FTEs

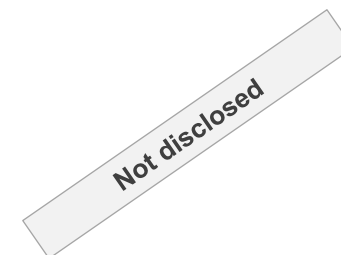
100% = ~14,000



Healthcare payer BPO number of clients by buyer size¹

Number of active clients

100% = 85



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 2016

N/A refers to not available

Source: Everest Group (2017)

Conduent (formerly Xerox Business Services)

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Healthcare payer BPO – technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
HealthClarity	Care management and policy servicing & management	2016	A data analytics solution to help Medicaid managed care organizations obtain insights into the program's performance. It assesses the effectiveness of managed care and other fee-for-service providers	>1
Program Integrity Validator (audit and compliance)	Claims management and policy servicing & management	2016	A claims management solution that includes automated provider verification and validation with ongoing monitoring; predictive modeling tools that identify fraudulent or abusive activities; member eligibility data verification and risk identification for medical and social factors; fraud abuse and detection systems that analyze claim data throughout the program; and service verification systems with GPS technology support	N/A
Medication adherence	Care management and claims management	2014	A software-enabled service to help clients enhance their medication adherence	N/A
FWA detection system (audit and compliance)	Claims management	2013	A tool that utilizes advanced predictive analytics methodologies to identify abusive behavior by providers and/or recipients	20+
Transactional content manager (TCM)	Claims management and policy servicing & management	2012	A web-based Enterprise Content Management (ECM) solution specializing in document management and transaction content management. It handles content upload, reporting, security, archiving, and retention, and integrates with other data-driven systems such as ERP or CRM systems	20+

Note: N/A refers to not available

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Healthcare payer BPO – technology solutions/tools

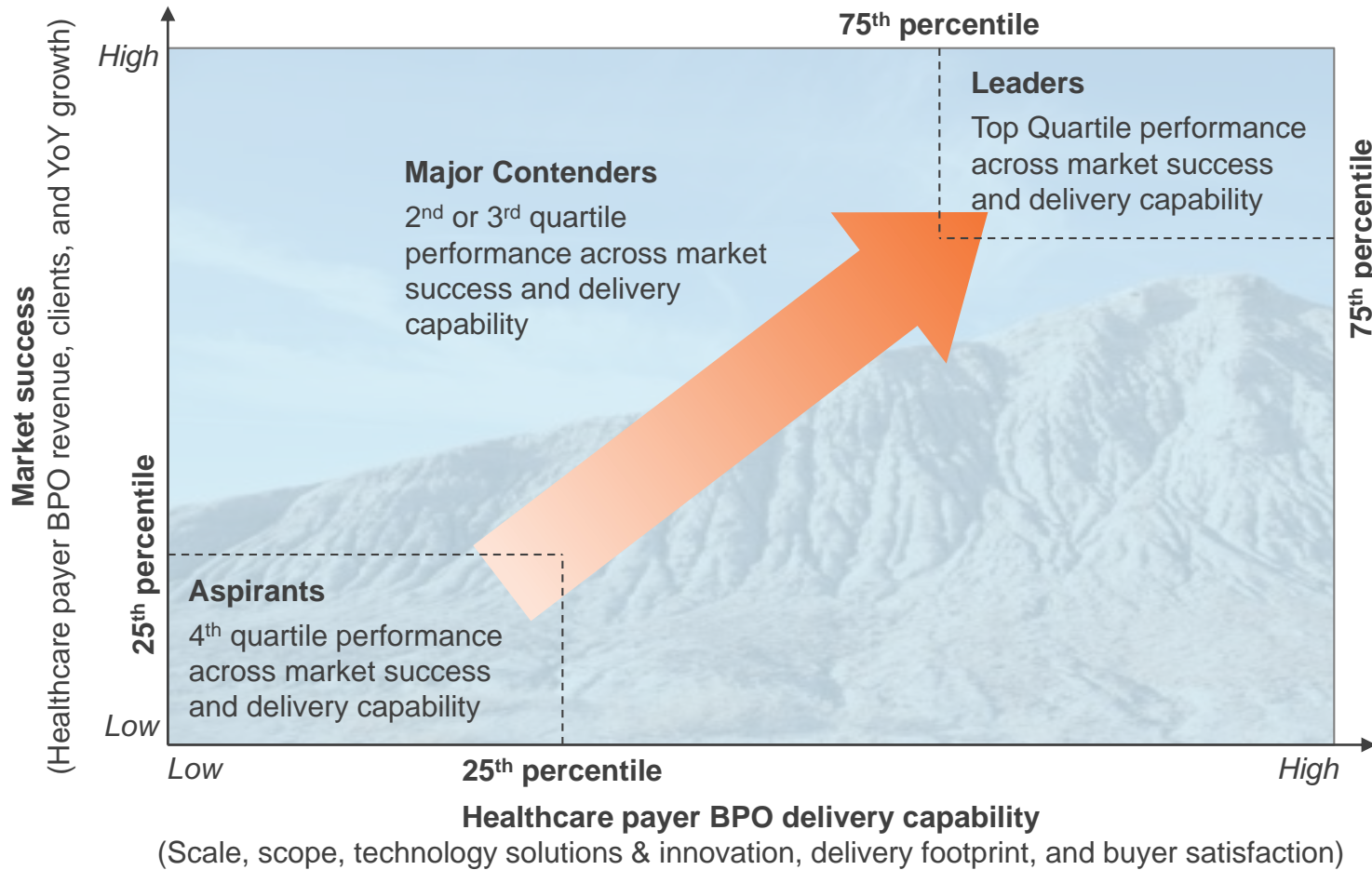
Solution name	Processes served	Year launched	Description	No. of BPO clients
Automated Intelligence	Claims management	2008	A tool that uses ICD-9-CM / ICD-10-CM diagnosis codes (including E and V codes), external cause codes, episodes of care, and established dollar thresholds in claim data to determine whether/when to open a case for research/investigation	20+
CaseLink (recovery services)	Claims management	2000	A web-based online inquiry tool that provides designated user access and interface capability to established cases in case reference. Information includes activity, lien amount, correspondence, diagnosis, and current status	20+
ReportLink (recovery services)	Claims management	2000	A proprietary tool that provides secure designated user web-based access to reports for ad hoc reporting capability	20+
ResponseLink (recovery services)	Claims management	2000	A web-based application used to complete the Third Party Liability (TPL) questionnaire. It is integrated with case reference system to ensure that data is reliable, up-to-date, and consolidated	20+

Source: Everest Group (2017)

Appendix

Everest Group classifies the healthcare payer BPO service provider landscape into Leaders, Major Contenders, and Aspirants on the Everest Group PEAK Matrix

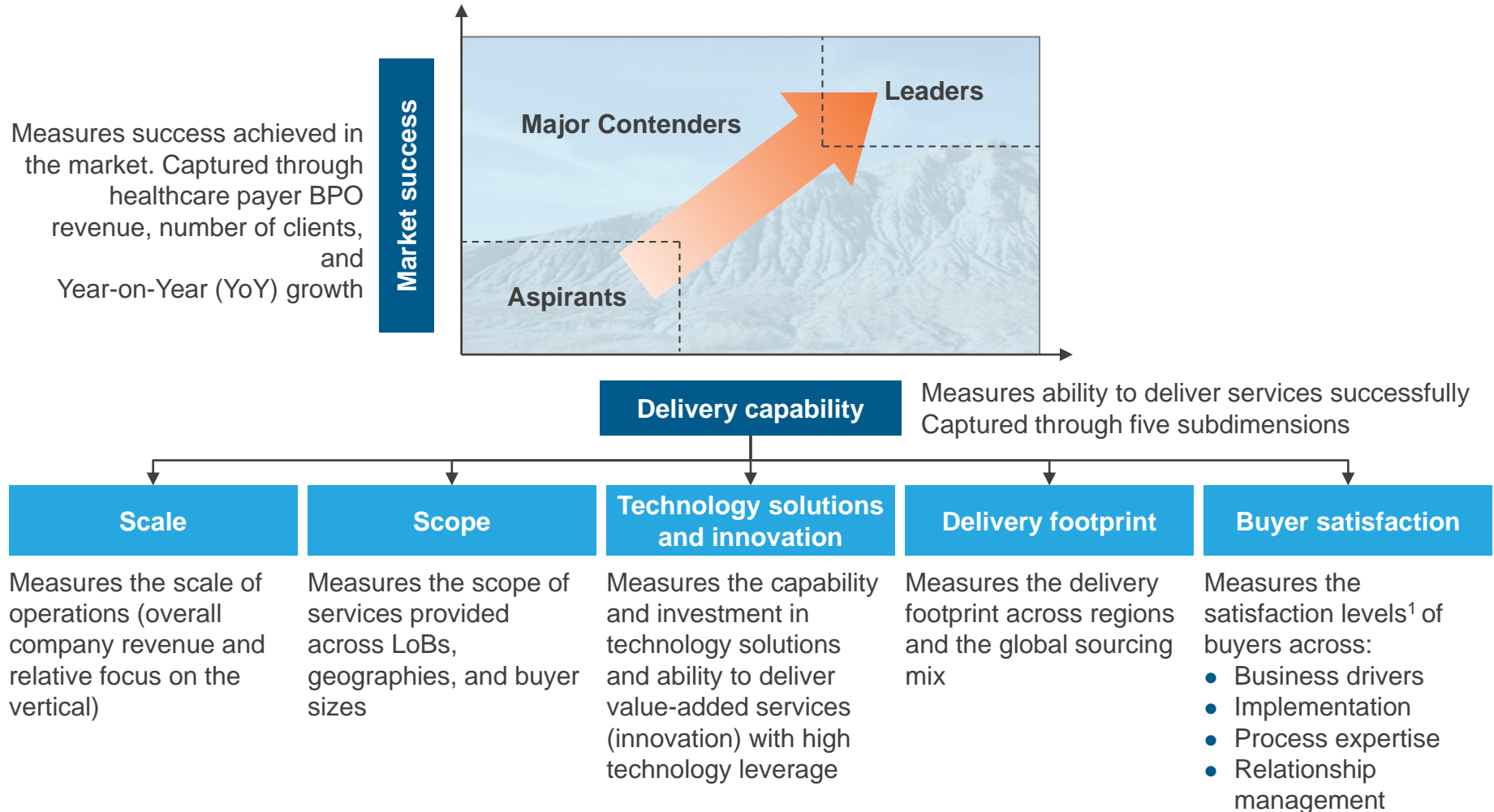
Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix¹ for healthcare payer BPO



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Source: Everest Group (2017)

Service providers are positioned on PEAK Matrix based on evaluation across two key dimensions

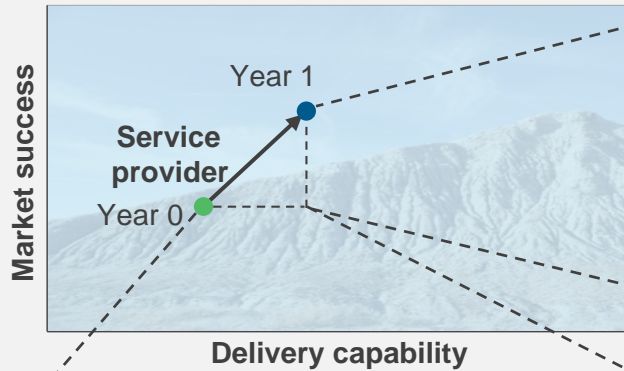


¹ Measured through responses from referenced buyers for each service provider
 Source: Everest Group (2017)

Additionally, Everest Group confers the “Star Performers” title on the providers that demonstrate the strongest forward movement over time on the PEAK Matrix

Methodology

Everest Group selects Market Star Performers based on the relative YoY movement of each service provider on the PEAK Matrix



Market success dimension

In order to assess advancements on market success, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- Yearly ACV growth
- Number of new contract signings
- Value of new contract signings

Delivery capability dimension

In order to assess advancements on capability, we evaluate the performance of each service provider on the PEAK Matrix across a number of parameters including:

- Annual growth in scale
- Increase in scope of services
- Expansion of delivery footprint
- Technology/domain-specific investments

The top quartile performers on each of the specified parameters are identified and the “Star Performer” title is awarded to the service providers with:

- The maximum number of top quartile performances across all of the above parameters, and
- At least one area of top quartile performance advancement in either of the dimensions

**Healthcare payer
 BPO Star Performers**

The “Star Performers” title relates to YoY performance for a given service provider and does not reflect the overall market leadership position. Those identified as “Star Performers” may include “Leaders”, “Major Contenders”, or “Aspirants”

Does the PEAK Matrix assessment incorporate any subjective criteria?

- The Everest Group’s PEAK Matrix assessment adopts an objective and fact-based approach (leveraging service provider RFIs and the 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. 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 in itself a favorable recognition

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

- The PEAK Matrix position is only one aspect of the 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 to the buyers in selecting particular providers for their specific requirements. It also helps providers showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to the 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 status ?

- Providers can use their PEAK Matrix positioning in multiple ways including:
 - Issue a press release declaring their positioning/rating
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from the Everest Group’s analysts could be disseminated to the media
 - Leverage the PEAK Matrix 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**



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 empowers 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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