



BigTechs in Healthcare: Reimagining the Ecosystem

Healthcare IT Services

Market Report – November 2019: Complimentary Abstract / Table of Contents

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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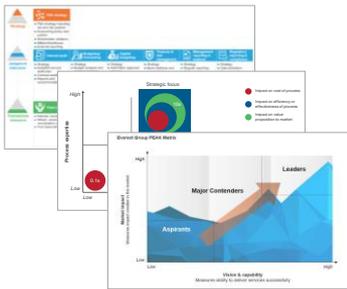
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Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

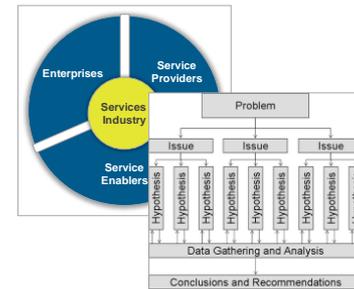
1 Robust definitions and frameworks
 F&A pyramid, multi-process FAO definition, Total Value Equation (TVE), PEAK Matrix™, market maturity



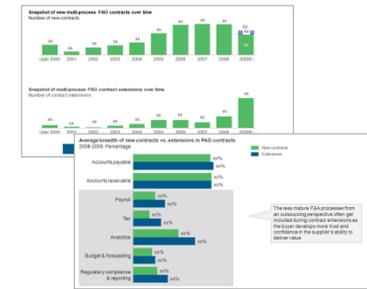
2 Primary sources of information
 Annual contractual and operational RFIs, service provider briefings and buyer interviews, web-based surveys



3 Diverse set of market touchpoints
 Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership



4 Fact-based research
 Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers



- Proprietary contractual database of healthcare IT Services (ITS) contracts (updated annually)
- Year-round tracking of all the major healthcare IT service providers
- Large repository of existing research in healthcare IT services
- Dedicated team for healthcare IT services research, spread over two continents
- Over 20 years of advising clients on healthcare IT services related decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Background and methodology

BigTechs such as Amazon, Apple, Facebook, and Google already have a track record of disrupting major industries such as retail and telecommunications. These technology giants are now invading the healthcare industry – with many already making/announcing significant investments for transforming the industry.

While factors such as increasing healthcare spend, demand for data analytics, and higher member/patient expectations are driving BigTechs' entry in healthcare, they are also facing multiple challenges due to the complex and highly regulated nature of the healthcare space. To unlock the impact, these organizations are creating in healthcare and their effect on the ecosystem, Everest Group has assessed the state of the market by analyzing healthcare investments of 11 large technology firms.



In this market report, we have analyzed technology investments made by 11 BigTechs in the US healthcare industry



Trends in the healthcare industry



Change/shift in the healthcare supplier ecosystem



BigTechs use cases across the payer and provider value chain

Scope of this report:



Geography
US



Industry
Healthcare (payers and providers)



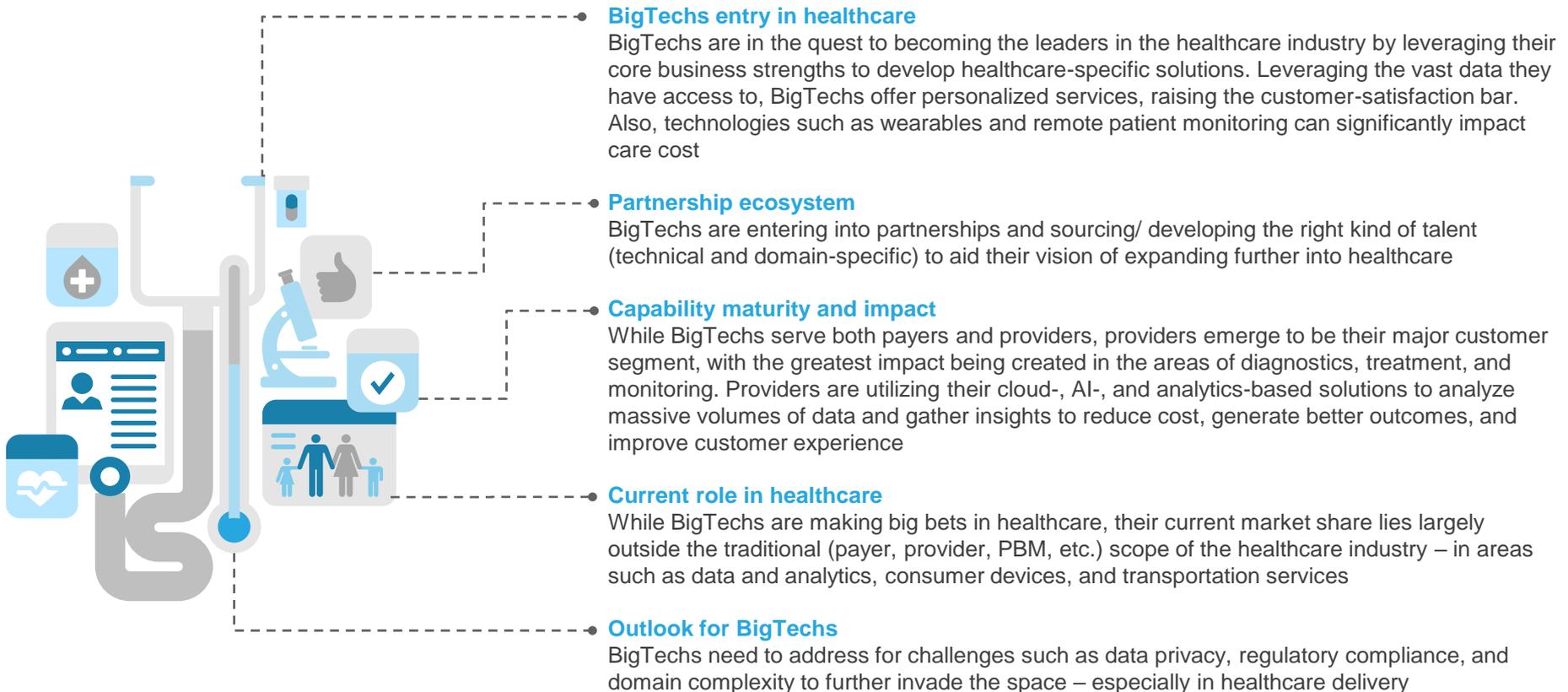
BigTechs evaluated
Amazon, Apple, Facebook, Google, IBM, Lyft, Microsoft, Oracle, Salesforce, SAP, and Uber

1 Includes healthcare data & information services and medical products distribution

Overview and abbreviated summary of key messages

BigTechs in healthcare

With digital transformation happening across industries, members/patients are demanding increased engagement, control, convenience, quality, and affordability through better tools and solutions. This, coupled with the fact that healthcare is one of the fastest growing industries, presents a business opportunity that is too lucrative to ignore – especially for global technology companies.



This study offers multiple distinct chapters providing a deep dive into key aspects of BigTechs' role in healthcare market; below are four charts to illustrate the depth of the report

BigTechs are connecting to gain headway in healthcare

Payers

- The payer sector has witnessed limited invasion by BigTechs
- However, BigTechs' focus on customer-centric solutions has begun to alter members' expectations
- Payers are increasingly collaborating with technology firms to digitize their operations by investing in solutions such as health insurance platforms and analytics



Members/patients

- BigTechs are evidently aiming at meeting the changing needs of patients/members by providing them better ways to communicate and access the information they need
- With their focus on technologies such as smartphones, tablets, and laptops, BigTechs have become the torchbearer for consumerism in healthcare



Service providers

- Competition in the healthcare markets benefits consumers because it helps contain costs, improve quality, and encourage innovation
- The collision of service providers and tech vendors exploits synergies between these two groups by bringing together modularized platform designs and next-generation technologies with deployment, execution, and post-implementation support services



Healthcare providers

- BigTechs are actively seeking involvement from researchers and hospitals to develop solutions
- Several innovations from BigTechs have already been implemented within major healthcare systems. For instance, Humana has integrated Apple's HealthKit with its health app, and Renown Health uses Uber Health platform to provide transportation to patients
- Hospitals need to upgrade their technology and internal systems to keep themselves in the game



BigTechs are creating the maximum impact

Data and analytics



- BigTechs in healthcare are succeeding because of their ability to collect and integrate data from a variety of sources
- These firms are collaborating with providers and payers to build solutions on top of their core platforms (such as AWS and Azure) to aggregate data and design tailored analytics/AI models for complex use cases in healthcare

Consumer devices



- A large subset of BigTechs is focusing on consumer healthcare products, with use cases ranging from managing fitness level to remote monitoring
 - For instance, Apple's HealthKit provides a central repository for health and fitness data on iPhone and Apple Watch and offers informed health and fitness solutions to users
- Some of these companies are adding healthcare-centric functionality to their core set of products to offer personalized patient/member experience. For instance, Salesforce has bet big on verticalizing its customer relationship management strengths to help deliver personalized patient experiences

Care cost and quality



- BigTechs' offerings in the healthcare industry (such as consumer devices and population health platforms powered by AI) are delivering high quality experiences to members and patients and also allowing healthcare enterprises to better manage their patients' health
- Additionally, joint ventures such as 'Amazon-JPMorgan Chase-Berkshire Hathaway' aim to bring down healthcare costs for employees

Care access



- Technology firms such as Uber and Lyft are enabling providers to improve healthcare access to patients by coordinating their rides to and from appointments. For instance, in March 2018, Uber introduced Uber Health, a dashboard enabling healthcare provider to coordinate rides on behalf of patients

Value chain analysis

Extent of offering maturity: ● High ● Medium ● Low ● Very low

	Patient engagement	Care/case management	Diagnostics, treatment, and monitoring	Financials & network management	IT infrastructure	Business processes
Sample use cases	BigTechs are supporting providers in improving patient engagement by offering customer-centric solutions, such as transportation facilities to help patients get to and from care, and customer-facing apps and portals	Providers are improving their operational efficiency by using solutions from BigTechs. For instance, these solutions help doctors access and organize data from patients' wearables to improve the ways hospitals communicate with their patients and better manage care	Providers are utilizing cloud-, AI-, and analytics-based solutions from BigTechs to analyze massive volumes of data and gather insights more effectively and efficiently, to improve diagnostics and treatment processes while also reducing costs	Providers are leveraging cloud- and AI-based platforms to streamline management and processing of invoices, resulting in improved operational efficiency	Providers are investing in IT infrastructure by moving data to the cloud and deploying internal communication platforms to bring operational efficiencies, save cost, and increase security	BigTechs provide products/platforms to improve business process operations in areas such as finance, human resource, and customer support. For instance, providers use cloud-based HR and marketing platforms to drive the hiring process better
Key players	IBM, Uber, and Lyft	IBM and SAP	Google, IBM, and Microsoft	Oracle and SAP	Google, Microsoft, Amazon, and Oracle	
Maturity rate ¹	19%	20%	34%	7%	14%	6%

Key challenges

Data and regulatory barriers	Complexity of the healthcare space	Regulatory approval
While BigTechs have superior technology, they need access to patient/member data to build solutions to help providers improve care delivery. Although, mass adoption of EHR and electronic Health Information Exchange (HIE) systems in the US and movement toward cloud have digitized some of this data, a lot of it still lies unstructured or captured/stored in several different formats and standards (medical imaging, genomic sequencing, payer records, pharmaceutical research, data from wearables and medical devices, etc.). On top of it, the use of this data is regulated by strict privacy laws in the healthcare industry	Given the highly regulated nature of the industry, it is imperative for BigTechs to build deep healthcare domain knowledge – across healthcare standards, applications, workflows, and regulations, to win the trust of healthcare enterprises as well as of patients/members. However, the reality of the current situation is that technology firms do not understand medicine and traditional healthcare system in depth	In addition to healthcare enterprises and IT service providers, industry regulators are also moving toward product/technology vendors to investigate the usage of patient/member data. With this, BigTechs are expected to face an increasing number of regulatory issues in the coming years (with data privacy being the center of attention). There are other regulations that restrict these technology companies' entry in core healthcare. For instance, in order to sell and distribute drugs, there are complex laws overseen by regulatory bodies including the FDA and the Drug Enforcement Administration (DEA). Similarly, technology companies looking to enter into the payer industry have to abide by state regulations

Research calendar – Healthcare IT Services (ITS)

■ Published ■ Planned ▭ Current release

Flagship Healthcare ITS reports

Release date

Healthcare Payer Annual Report 2018: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market	March 2018
Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019	December 2018
Healthcare Provider Digital IT Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	December 2018
Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020	October 2019
Healthcare Security – Service Provider Landscape with Services PEAK Matrix™ Assessment 2020	Q4 2019
Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape 2020	Q4 2019

Thematic Healthcare ITS reports

Guidebook for Blockchain Adoption in Healthcare and Life Sciences: A Compilation of Insights from 40+ Blockchain Projects	March 2019
Healthcare Report Card 2018 – A Guidebook of Key Trends and Service Provider Performance	March 2019
Dr. Robot Will See You Now: Unpacking the State of Artificial Intelligence in Healthcare	November 2018
BigTechs in Healthcare: Reimagining the Ecosystem	November 2019

Note: For a list of all of our published Healthcare ITS reports, please refer to our [website page](#)

Additional Healthcare ITS research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Healthcare Report Card 2018 – A Guidebook of Key Trends and Service Provider Performance** ([EGR-2019-20-R-3117](#)); March 2019. In this report, we talk about key themes that dominated the U.S. healthcare market in 2018. On one side, payers continued their quest for consolidation across the value chain by merging with PBMs and investing in technology consortia; on the other side, healthcare providers too tried to expand their influence through large mergers as well as by acquiring small physician practices. The ongoing issues pertaining to value-based care transition, and cybersecurity also continued to push the payers and providers to invest in new technologies (analytics, automation, IoT, cloud, etc.).
2. **Guidebook for Blockchain Adoption in Healthcare and Life Sciences: A Compilation of Insights from 40+ Blockchain Projects** ([EGR-2019-46-R-3103](#)); March 2019. The Healthcare and Life Sciences (HLS) industry is adopting blockchain technology as a lever to redefine processes and drive efficiency and transparency. It has witnessed adoption of multiple use cases such as cold chain logistics, device condition provenance flow, provider credentialing, and healthcare record interoperability. Some of these use cases have started to show early signs of blockchain business value realization. Enterprise investments in blockchain technology were at an all-time high in 2018 and we expect it to more than double in 2019.
3. **Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020** ([EGR-2019-32-R-3371](#)); October 2019. Claims processing is becoming ever more complex for payers given issues such as the need to transform healthcare plans' business models to accommodate new markets and new lines of business; and increasing inflow of members; and, increasing regulatory mandates. Payment integrity can reduce rising healthcare waste and fraud to ensure that the medical claims are paid correctly and free of wasteful and abusive practices. In this report, we analyze 11 payment integrity solutions vendors' capabilities and map them on the Everest Group PEAK Matrix™.

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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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