OPTUM®

White paper

Smart moves for digital acceleration

Optum Advisory Services

New and existing players are breaking boundaries in health care, with digitally enabled capabilities and solutions that deliver unique value propositions. Leaders preparing for life in the post-pandemic world are searching for ways to succeed with digital.

The brave new world of digital transformation

Accelerated digital disruption poses a real threat to established organizations. It can have a profound impact on owners, leaders and employees. Until recently, health care seemed immune to digital disruption, yet events have proven otherwise. And while the pandemic turbo-charged global digital investment, the industry has been feeling the impact of digital innovation for some time now.

In order to deal with disruption, it's essential to identify it early, so your organization isn't marginalized overnight. Digital disruption is hard to identify because of how it presents.

New market entrants that have successfully achieved digital transformation could change market definitions in a couple of ways. They could displace incumbents or expand the market itself, leaving only the smaller traditional markets to incumbents. Or they may bring new offerings that disintermediate or shrink existing markets to directly create a new market. Many times, a technology platform is seen to be at the center of the disruption and the question arises about the role it plays in that disruption.

The role of new, expanded or improved value propositions that really drive business model change is unquestionable.

Sometimes the arrival of these value proposition intersects with the failure of incremental improvements (driven by competitive strategies focused on core competencies and reduction of value chain cost and complexity). In these cases, the decline of the basic value proposition nurtures and fosters disruption.

We researched these emerging disruptors and analyzed them for the breadth of their offerings, and presence in the consumer and/or business marketplace.

Key questions leaders are asking themselves today

1. How is digital changing the market landscape?
2. What do I need to do to be prepared?

Competing with digital

Niche disruptors

Business model innovators in primary and virtual care represent an emerging group of companies that are seeing growing adoption. They could revolutionize care delivery and are using the partnership lever to expand their reach. Tech giant Apple is probably the most well-established tech company in this space and is trying to complete its offerings suite.

Digital enablers

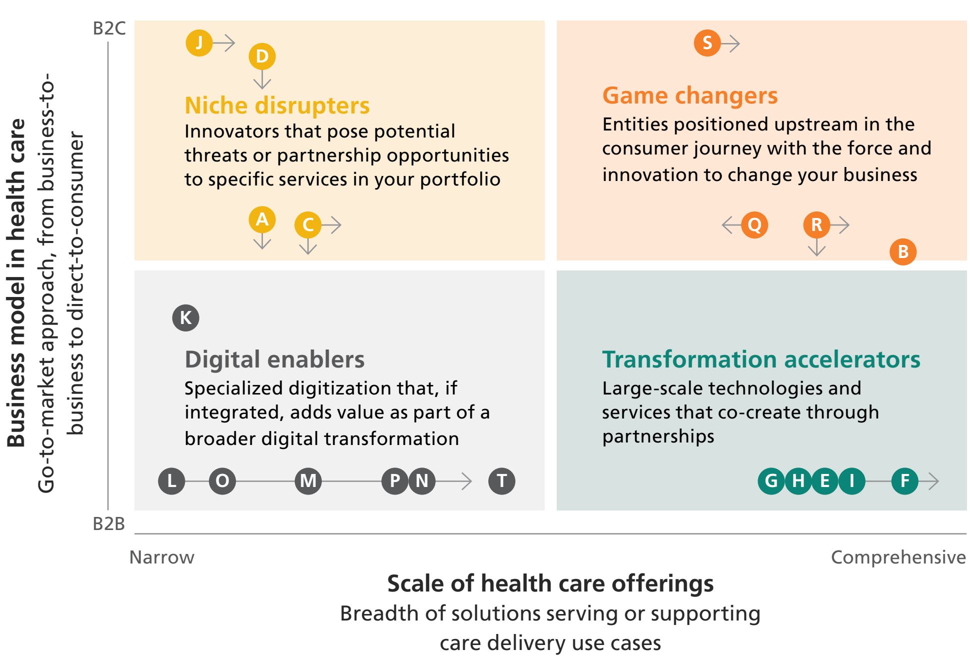
Investor-backed innovation in health care has created an army of niche startups that have developed specialized offerings across value-based care, imaging, and robotic surgery. These offerings address the need for early detection, embedded diagnostics and out-of-box analytics. In many cases, they extend the EMR's capabilities and fill gaps in existing care delivery workflows. These startups are trying to complete, mature and integrate their offerings. Truveta, a consortium of providers that will employ data analytics to improve outcomes, stands out in this group.

Game changers

Large, established organizations are leveraging their natural upstream position in the health care consumer value chain to innovate using digital. Retail giants are using their brick-and-mortar stores to offer "one-stop shop" care. Among these, Kaiser Virtual Plus is taking the lead with virtual-first offerings.

Transformation accelerators

In the big-technology group, even as EMR market leaders EPIC and Cerner retool their legacy platforms, pure-play technology giants are entering with compelling value propositions. These are cloud-based platforms with specialized offerings in data management, data science, medical terminology management and advanced analytics. Their focus too, is currently on co-creating with partners and on making their offerings more complete.



Digital/virtual health plans

Offering low-cost virtual insurance

- A Oscar
- B Kaiser Virtual Plus

National Medical Groups

Enabling on-demand care

- C Teladoc-Livongo
- D OneMedical

Big tech

Digital transformation co-creation

- E Google
- F Epic and Cerner
- G Microsoft
- H Amazon Web Services
- I Salesforce
- J Apple

Digital startups

Investor-backed innovation

- K Babylon Health
- L Suki AI
- M Innovaccer
- N Zebra Medical Vision
- O Xealth
- P Intuitive

Retail health

Enhanced access with virtual and in-person care delivery

- Q Walmart
- R Amazon Care
- S CVS

Provider digital collaboratives

Partnerships for innovation and competitive advantage

- T Truveta

Forces you cannot afford to ignore, actions you cannot avoid

All of this applies directly to your organization. Think back to some of the leading companies that were disrupted by new entrants. You'll realize there is no time for complacency. In addition, resource constraints have never been higher. Time is of essence.

As you plan your own digital journey, you constantly watch for moves your competition is making. Our research and analysis helps you understand who your competition really is. Use that framework to probe further:

- Is it realistic to consider the tech startups "niche disruptors" or the "game changers" as competition?
- Can they capture market share, either directly or by partnering with health systems in your geographic area?
- How should we measure the value they provide?
- What advantage does each type of company provide, start-up versus incumbent, in terms of its ability to capitalize on digital disruption?

As we work to steady our organization and provide strategic direction to retain our market leadership, key questions before us are:

- Will that leadership come through partnership opportunities with the digital disruptors?
- Do these partnerships dilute our consumer connection or strengthen it?
- Do they enable a greater level of innovation, or do they merely disrupt our established process?
- What are the economic costs and advantages of going alone?

What drives your digital investments?

Globally and in the U.S., estimates of digital investments have tripled after the pandemic began. Companies are expanding their digital investments to stay ahead of the curve and to invest in their own futures. Let's look at what we've learned from our interactions with health care leaders in different stages of their digital journeys.

To succeed in this demanding environment, health systems should develop objectives that are closely aligned with consumer and provider objectives.

Understanding and including consumer objectives should be at the forefront of your considerations. Enterprises need to observe and listen carefully to what their customers are saying in order to understand their needs. For example, we may believe that the elderly are unable to adopt digital tools such as apps. This is not true. Today, with wide smart phone adoption, baby boomers participate actively in the connected health ecosystem of apps, wearables and remote home devices.

Providers aspire to create patient access, convenience and deliver personalized whole-person care They welcome digital investments in early disease detection, voice-based data entry and embedded decision support — that is, if the cognitive burden that reduces their ability to engage with patients can be addressed alongside.

	Person-centered care		Care for populations
	Wellness and prevention	**Diagnosis and treatment**	**Population health**
Consumer objectives	Provide me with simple, seamless interactions across in-person, web, mobile, telephonic and virtual channels.	Guide and personalize my experience and see me as an individual with unique clinical and social needs when I need care.	Engage me based on my communication preferences when I need to be alerted to something related to my health.
Provider objectives	Reduce friction and activate consumers in their health.	Provide access, convenience, navigation, personalization and affordability.	Prevent disease progression through whole-person care to improve community health.
Business objectives	Grow and expand the health system footprint, promote agency and establish brand identify.	Scale, extend and increase precision of clinical models and improve patient and clinician experience.	Reduce total cost of care, improve STAR quality performance and digitize care management.
Digital objectives	Develop a digital-first, closed-loop system that attracts, retains and delights consumers through digital therapeutics that enable flexible, scalable engagement.	Build a regulatory-compliant, cognitive community health hub through advanced and interoperable patient and provider platforms to scale and automate point of care anytime and everywhere.	Deploy integrated workflow tools and predictive models driven by clinical, claims, consumer and social determinants data sets to address impactable clinical opportunities.

Digital maturity holds the key

Leaders need to become aware about their position on the digital maturity continuum if they are to plot a path to digital dominance. Equipped with this knowledge, they can then choose their approach to digital transformation and either pivot or choose incremental growth in digital.

From our work with care delivery organizations, we have observed three levels of maturity.

- **Nascent:** These are digital starting points in organizations that have multiple early-stage digital efforts and have not committed enterprise-level strategy and resources.
- **Emerging:** The key considerations for digital advancement are in place in organizations that have developed a unified strategy for digital transformation, established governance and secured executive buy in. They are much further along in their digital journey. Their employees are adopting digital platforms and delivering value through customer journey transformation.
- **Innovative:** Organization that have advanced digital-first capabilities, deep digital thinking and strategy, and have simplified their processes using design thinking. As they drive gains from enterprise-wide large platform implementations, they're able to empower employees to innovate and make major service model shifts.

Achieving digital maturity is an ongoing pursuit that needs to be thoughtfully planned.

Every successful enterprise-level digital program can expand organizational maturity when it aligns closely with business strategy. Incrementalism is a smart approach to establish a no-regrets roadmap that builds momentum, reduces investment risk, and ensures agility. Along the way, digital strategy development must address existing technologies and applications, clinical models, and operations and factor in major asset reuse.

	Nascent Digital starting points	**Emerging** Considerations for digital advancement	**Innovative** Capabilities for advanced digital-first organizations
Expand wellness and prevention	• Consumer engagement with one-directional data collection • Select, condition-focused digital therapeutics	• Multiple, disparate digital therapies for conditions and wellness with 360-degree consumer data analysis • CRM-enabled digital sales and service	• Omni-channel experience of broad digital therapeutics • Closed-loop consumer learning system driving AI-driven promotional next best actions
Improve diagnosis and treatment	• Virtual visits for primary care and select specialists • Fragmented analytical tools supporting clinician workflow	• Symptom triage and synchronous and asynchronous care • EHR-integrated point-of-care and remote tools for improved cognitive capability	• Personalized clinical experiences via genomics and real-time predictive clinical nudges • AI-assisted mobile and voice-enabled platforms for select services lines • EHR-integrated digital supply chains
Succeed at population health	• Quality and cost analytics • Fragmented population health tools	• Population health platform integrated with EHR and augmented data sets • Continuous measurement systems for quality performance	• Real-time interventions driven by AI-predictive models and ambient sensing • Agile, closed-loop systems that apply and disseminate best practices in real time
Enable the digital enterprise	• Cloud API economy • Enterprise integration • Augmented data sets	• Cloud-based platform and CRM • Automation • Data lake with semantic normalization	• Advanced analytics • Embedded artificial intelligence • Natural language processing

The future of digital enablement is a reimagined health system

Data democratization, interoperability and consumer agency will be the driving forces for change. The reimagined health system will be radically different from existing organizations in six ways:

1 Market in which you operate

It will operate in a market that sells price-transparent offerings on digital platforms with seamless insurance transactions and services accessible virtually by consumers nationally and globally.

2 Health system footprint

The health system provides care in physical and virtual planes through ambient, unobtrusive population monitoring, enabling real-time nudges for health, wellness and disease management.

3 Business models

Business models easily navigate and traverse both business-to-consumer and business-to-business opportunities through a digital marketplace that includes investors of innovation, consumers of concierge services, and purchasers of sponsored ad content.

4 Partnerships

Contracts with payers as a risk-bearing alliance of big-tech companies, retail providers, and investors to assume and share risk as a cohesive value chain.

5 Products and services

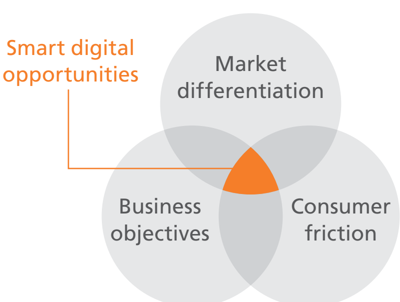
Offers tiered service offerings for personalized insurance plans, fixed-price digital-first bundles, and productized innovation.

6 Technology and operations

Manages a closed-loop digital environment to exchange real-time data with partners and manufactures, warehouses, and distributes functions of products, DME and supplies.

Proven strategy approaches and analytical methodologies will uncover your smart digital investments.

Look outward to identify the most impactful opportunities for digital development.



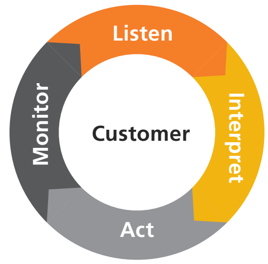
Leverage tools like consumer analytics, personas, and journey maps to support opportunities identification.

Evaluate digital capabilities within your organization to understand gaps.

Limited	**Data sources**	Expansive
Emerging	**Capabilities**	Advanced
Disconnected	**Ecosystem**	Integrated
Rigid	**Structure**	Agile
Regressive	**Culture**	Innovative

Targeting gaps and growth potential, develops the business case and roadmap for digital investment.

Develop a continuous feedback loop to enhance digital capabilities.



Gather and analyze feedback, enhance experience and measure performance.

Sustain competitive advantages through applied innovation.

Create a platform of innovation to monetize and form partnerships.

Your smartest path forward is strategic, not reactive

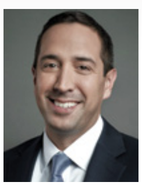
As leaders, you want to make the right decisions to secure your place in the competitive landscape regionally and globally. Achieving that level of digital dexterity provides an opportunity to delight customers and achieve provider objectives. In so doing, you'll achieve your organization's goals for market leadership, differentiation, clinical revenue and margin. You'll also open pathways to national dominance that are not even visible to those that haven't achieved the "innovative" level of digital maturity.

1. It's Time for Healthcare Delivery Organizations to Adopt a Digital-First Strategy — Gartner. Published August 11, 2020. ID G00466980.

2. Patterns of disruption. Anticipating disruptive strategies in a world of unicorns, black swans, and exponentials. John Hagel, Maggie Wooll, John Seely Brown, Andrew de Maar. Nov 12, 2015. deloitte.com/us/en/insights/focus/disruptive-strategy-patterns-case-studies/anticipating-disruptive-strategy-of-market-entrants.html

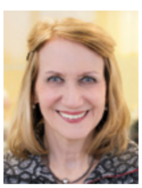
3. Digital Disruption July 16, 2018. Daniel A. Skog, Henrik Wimelius and Johan Sandberg. Business & Information System and Engineering, Springer Link. link.springer.com/article/10.1007/s12599-018-0550-4#citeas

Meet our experts

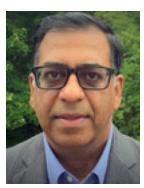


Keith Shah
Senior Vice President
Optum Advisory Services
keith.shah@optum.com

Tony Mirau
Vice President
Optum Advisory Services
anthony.mirau@optum.com



Michelle Molden
Senior Vice President
Optum Advisory Services
moldenm@optum.com



Ravi Mariwalla
Director
Optum Advisory Services
ravi.mariwalla@optum.com

Learn how Optum Advisory Services can partner with you on to identify for the right digital acceleration opportunities related to your specific market position and goals.

Learn more

Contact us:
1-800-765-6807
empower@optum.com
optum.com/advisoryservices

OPTUM® optum.com

11000 Optum Circle, Eden Prairie, MN 55344