



## MARKET NOTE

# Insights from Optum Forum 2017: "How Well Gets Done"

Cynthia Burghard  
Sven Lohse  
Mutaz Shegawi

Lynne Dunbrack  
Jeff Rivkin

## EXECUTIVE SNAPSHOT

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### FIGURE 1

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#### Executive Snapshot: Optum Forum 2017

Optum Forum 2017 was held on July 31 to August 2, 2017, at the Gaylord National Harbor Convention Center just outside of Washington, D.C., with more than 1,000 customers and partners in attendance. Optum executives shared their insights about the company's vision, priorities, and growth strategies. They also shared their views on collaboration in healthcare, the role of data and analytics, as well as population health, care delivery, revenue cycle management, wellness, and pharmacy services.

#### Key Takeaways

- Key announcements included OptumIQ, which represents key data and analytics capabilities that are applied to virtually all Optum's products and services. An example of a new product with OptumIQ built in is Optum Performance Analytics, which integrates key capabilities from Optum One, Optum Impact Pro, Optum Impact Intelligence, and Symmetry offerings.
- With these announcements, Optum is clearly signaling its move to a "data as a service" business model.
- Optum's conference presentations underscored the company's aggressive and coherent effort to integrate and present its many acquired and organically developed assets.
- After two decades of remarkable growth, Optum has fully embraced its stature and scale in the healthcare industry – both as a supplier of healthcare IT technology products and services and a rapidly growing healthcare delivery organization that provides services across the full spectrum of health and life sciences.
- Across Optum's five core capabilities, the company is focused on synchronizing care, bridging gaps in care, optimizing performance, and creating a digital experience for patients, customers, and partners. These objectives underscore Optum's tagline – "How well gets done."

Source: IDC, 2017

## IN THIS MARKET NOTE

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### Event Overview

Optum Forum 2017 was held from July 31 to August 2, 2017, at the Gaylord National Harbor Convention Center just outside of Washington, D.C., with more than 1,000 customers and partners in attendance. Covering the broad spectrum of the healthcare ecosystem, nearly 200 breakout sessions were organized into four tracks: data and analytics, pharmacy care services, population health management, and healthcare operations.

### Optum's Overarching Priorities and Pillars for Growth

Senior executive presentations underscored Optum's tag line "How well gets done" across Optum's healthcare delivery, healthcare operations, pharmacy care services, population health management, and data and analytics organizations.

Dirk McMahon, Optum's new president and chief operating officer, emphasized that strong relationships with customers and partners are essential to Optum's success in addressing the challenges the healthcare industry faces. In his remarks to industry analysts he stated, "We are not going to fix healthcare alone, relationships are going to be critical."

Companywide, Optum is focused on synchronizing care, bridging gaps in care, optimizing performance, and creating a digital experience for patients, customers, and partners. To that end, Optum's stated priorities are follows:

- **Integrate and align businesses.** Optum has grown substantially through more than 50 acquisitions of healthcare organizations and technology companies since forming under the Optum master brand in 2011. Over the past several years, Optum has made a substantial effort to unify branding and messaging across the companies and integrate product lines and service offerings.
- **Simplify processes.** Optum is focusing on not only simplifying workflow through its systems but making healthcare processes simpler over all.
- **Deliver a platform solution.** Increasingly, healthcare organizations are looking for platform solutions or at least hybrid solutions that combine best-of-breed solutions with platform-enabled services that make it easier to deploy and maintain solutions.
- **Strengthen executive team.** Over the past several years, Optum has added new executives to its senior management ranks from the UnitedHealth Group, UnitedHealthcare, and enterprise companies such as Microsoft. In addition, Optum executives have taken on new executive leadership roles within Optum to broaden their experience.
- **Create a strong employee culture.** Again, emphasizing relationships and trust, executives commented that with more than 125,000 employees, many of whom came to Optum through mergers and acquisitions, a strong employee culture is essential for collaboration toward a common mission.

Optum is among the largest healthcare companies in the world with revenue in 2016 reaching \$83.6 billion. The company markets its extensive product lines and services to providers, health plans, employers, life sciences companies, and government agencies. Continued growth for Optum will come through five pillars:

- **Government services.** Through Optum Government Solutions, Optum provides products and services for 17 U.S. federal agencies and more than 36 state Medicaid and Health and Human Services agencies.
- **International markets.** Optum is expanding its footprint outside of the United States, building out programs similar to those in the United States, Australia, Brazil, the United Kingdom, and elsewhere around the globe.
- **Pharmacy care services.** Focused on treating the whole patient, Optum is bringing together medical, pharmacy, and behavioral health experts to impact total cost and improve care. This is particularly evident in how OptumRx is tackling the opioid crisis. By way of example, OptumRx's opioid risk management program has demonstrated a 54% success rate in changing opioid consumption behavior, resulting in a reduction in adverse opioid events, hospitalizations, and overdose-related deaths with a large employer client. (Since launching the program with more than 400 clients on July 1, these point-of-service interventions have delivered an 82% decrease in prescriptions above the CDC guideline recommended dose, among other success metrics.)
- **Healthcare services.** OptumCare will continue to grow through aggressive acquisition of healthcare provider organizations ranging from primary care and specialty care to post-acute care. Currently, OptumCare employs 21,000 physicians and more than 7,000 advanced practitioners to treat 10 million patients. Leveraging Optum solutions, OptumCare had \$10 billion in risk-based contracts.
- **Technology services.** Optum is doubling down on its Big Data and analytics solutions. Artificial intelligence (AI) and natural language processing (NLP) dominated many of the sessions and two new analytics solutions were formally announced at Optum Forum 2017.

## Key Announcements

### OptumIQ

OptumIQ is the culmination of Optum's five-year investment in data and analytics and is "infused" into nearly all Optum's products and services. At the core of Optum IQ are three essential capabilities:

- **Curated data.** OptumIQ provides a comprehensive view of quality, cost, access, and satisfaction at the individual and population level by standardizing, linking, and integrating disparate data from across the healthcare system.
- **Comprehensive analytics.** Proprietary and industry-leading metrics and measures look for patterns in consumer behavior, quality, and outcomes; cost, risk, and utilization; and operational performance to transform data into insights.
- **Healthcare intelligence.** In addition to proprietary rules-based models, OptumIQ applies AI, including NLP, machine learning, and deep learning, to explore what will happen in the future and transform insights into actionable outcomes.

These core capabilities are wrapped by Optum's deep and broad understanding of healthcare as a provider of healthcare delivery services, health plan operations, and applied research, in addition to being a technology company. Optum employs 17,500 data and analytics experts who work with

multidisciplinary teams of clinicians, actuaries, and researchers, as well as customers and partners, to advance and incorporate OptumIQ into all products and services solutions.

### **Optum Performance Analytics**

Optum Performance Analytics combines key capabilities and methodologies from Optum One, Impact Pro, Impact Intelligence, and Symmetry products to address the analytics and collaboration needs of the converging payer and provider markets. The combination of integrated claims, clinical and socioeconomic data with the proven analytic models, and methods deployed by payers and providers in a single platform is unprecedented in the market. Optum's installed base for the legacy products include 80+ provider organizations and 80+ payers (20 of the top 25 health plans). In its initial release, Optum Performance Analytics includes care coordination and engagement, quality and clinical integration, provider network management, and risk and contract optimization. Beginning in 4Q17, Optum Performance Analytics will replace Optum One in the provider market.

### **IDC'S POINT OF VIEW**

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IDC Health Insights believes that Optum's technology and service assets represent possibly the broadest and deepest capabilities in the industry. Optum's historic challenge had been to coherently integrate and present the acquired and organically developed assets to the healthcare market in ways that leveraged potential synergies. The company's capabilities have been acquired with the purchase of more than 50 technology companies in the past two decades. New growth will come through the acquisition of healthcare delivery organizations. Optum is making progress in overcoming its integration challenge. The following two major factors point in this direction:

- The launch of OptumIQ, a more mature and coherent approach, unifies Optum's hundreds of products and services, including client and consumer outreach, as Optum expands its healthcare delivery services across the globe.
- Optum Performance Analytics is an example of a new product that leverages OptumIQ, the company's ongoing investment in applied data and analytics for healthcare.

Optum can now substantially offer – and coherently explain to the market – the benefits of its unified data-infused platform of forward-thinking applications (via hosted, in-house, or BPO/BPaaS models). The company can also support this model with Big 4 consulting and systems integration capabilities, applications off the shelf (with minor or major customization), and outsourcing. Thus Optum offers small, medium-sized, and large customers looking for flexibility a portfolio of offerings under a single brand.

### **LEARN MORE**

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#### **Related Research**

- *IDC TechScape: U.S. Healthcare Provider Patient Engagement Technologies, 2017* (IDC #US42842517, July 2017)
- *IDC Perspective: 2017 HealthTech Rankings – Global Benchmarks for the Vendors of Healthcare IT* (IDC #US42143517, May 2017)
- *IDC TechScape: 20 Strategic U.S. Payer Technologies, 2017* (IDC #US42298015, February 2017)

## Synopsis

This IDC Market Note discusses about the key conversations and Optum's idea of growing partnerships to tackle the biggest challenges in healthcare at the Optum Forum 2017. At the Optum Forum 2017, Optum's senior executives shared their vision for how Optum – its products, services, and expertise – will help healthcare organizations (itself included) address the immense challenges faced by an industry transforming itself to survive disruption and regulatory uncertainty.

"With the launch of OptumIQ, Optum is clearly accelerating the move toward data as a service," states Lynne Dunbrack, research vice president, IDC Health Insights. "This business model unifies Optum's portfolio of analytic, data, software, and service offerings in a more easily consumable and understandable way."

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## Global Headquarters

5 Speen Street  
Framingham, MA 01701  
USA  
508.872.8200  
Twitter: @IDC  
idc-community.com  
www.idc.com

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