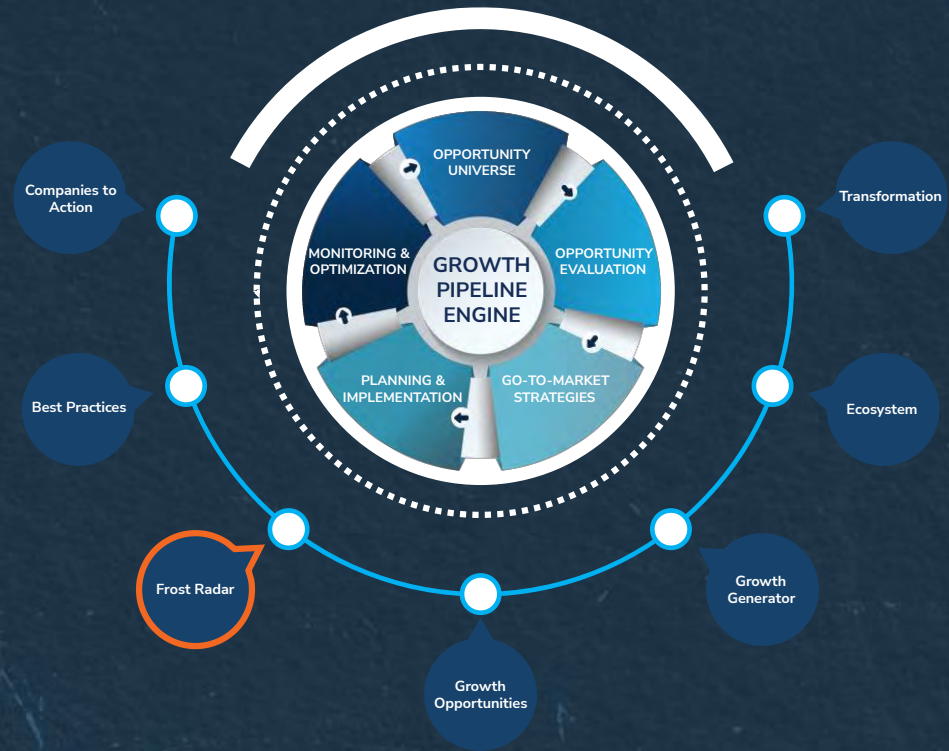


# Frost Radar™: US Population Health Management, 2024

A Benchmarking System to Spark Companies to Action - Innovation That Fuels New Deal Flow and Growth Pipelines



# Strategic Imperative and Growth Environment



# Strategic Imperative

- The explosion of healthcare data from electronic health records (EHRs), wearables, genomics, and other sources presents a rich opportunity for analytics. Payers and providers recognize the value of leveraging this data to identify patterns, improve diagnostics, and make more informed decisions.
- Population health management (PHM) software vendors are now focused on enhancing their analytical capabilities. By integrating artificial intelligence and machine learning (AI/ML), deep learning, and natural language processing (NLP) into their platforms, they can offer more sophisticated risk stratification, predictive modeling, and clinical decision support tools in order to identify at-risk patients, predict healthcare needs, and personalize care plans more effectively.
- Payers, providers, and policymakers in the United States seek ways to curb costs. Providers struggle with operational, financial, and clinical challenges and workforce scarcity; payers struggle with rising healthcare costs and shrinking margins. PHM software that enables cost containment strategies, such as waste reduction, care coordination, and preventative care initiatives, becomes essential in this context.
- PHM software vendors must demonstrate a return on investment (ROI)—how their solutions can identify unnecessary expenditures, streamline care processes, and optimize resource utilization. Providing tools for cost benchmarking and performance improvement is crucial.
- Healthcare reimbursement is moving away from traditional fee-for-service (FFS) models to value-based arrangements, such as pay-for-performance and bundled payments. This shift incentivizes healthcare providers to improve patient outcomes and reduce unnecessary costs. PHM tools can support these initiatives.
- Vendors must develop robust risk assessment and analytics capabilities that include predicting patient health risks, identifying care gaps, and analyzing cost drivers. They can position themselves as strategic partners by helping healthcare providers transition from volume- to value-based care.

# Growth Environment

- Frost & Sullivan expects US PHM software revenue, which stood at \$11.4 billion in 2023, to increase at a compound annual growth rate (CAGR) of 10% from 2023 to 2029 to reach \$20.0 billion.
- Operational, clinical, and financial challenges that result in inefficient resource utilization and suboptimal healthcare outcomes waste money and time and ultimately affect payers and providers' ability to focus on preventive care and population health improvement.
  - Unnecessary treatments, readmissions, avoidable complications, and administrative errors account for 20% to 25% of healthcare spending annually in the United States<sup>1</sup>.
  - Patients often receive care from multiple providers and healthcare organizations. A lack of coordination can result in duplicate tests, medication errors, and inconsistent treatment plans, adversely affecting patient outcomes and increasing costs.
  - Social determinants of health (SDOH)—social, economic, and environmental factors that include income, education, and racial disparities—influence health outcomes among different population segments.
  - Chronic conditions and the aging population are burdens on healthcare systems around the world.
  - Patients' active engagement in their healthcare can be challenging at times. Lack of health literacy, limited access to information, and language barriers could affect informed decisions and treatment adherence and result in preventable medical errors and adverse events, ultimately leading to poor population health.
- The transition from volume care to value-based care drives the need for PHM software that supports risk stratification, care gap identification, and quality improvement initiatives. These solutions enable providers to thrive in value-based reimbursement structures.

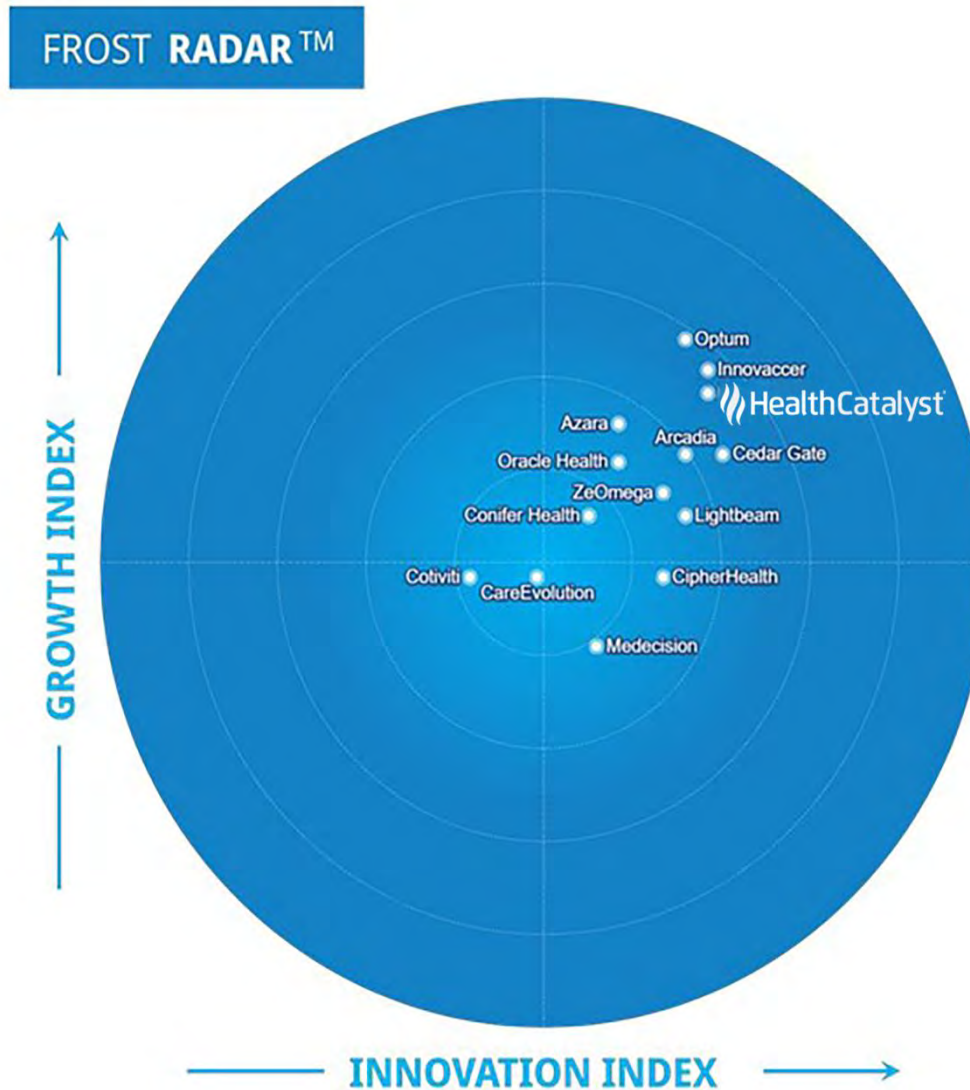
## Growth Environment (continued)

- Wearable devices and the internet of things (IoT) enable telehealth services, remote patient monitoring, and real-time data collection. PHM software integrates with these devices to track patients' vital signs, medication adherence, and health behaviors, facilitating proactive care and early intervention. Advanced, AI-driven analytics can scrutinize vast amounts of data for risk stratification, predictive analytics, and treatment plan optimization.

# Frost Radar™: US Population Health Management, 2024



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# Frost Radar™ Competitive Environment

- From a field of more than 50 industry participants, Frost & Sullivan independently plotted the top 14 PHM vendors in this Frost Radar™ analysis. Optum, Innovaccer, Health Catalyst, and Cedar Gate are the leaders for 2024.
- Health Catalyst revolutionized how third-party PHM IT initiatives are optimized. It offers custom configuration, a pre-built rules engine, and superior data management capabilities to ensure that every PHM initiative is successful.



# Frost Radar™: Companies to Action



# Health Catalyst

## INNOVATION

- Health Catalyst is a prominent player in the US PHM market and is strongly positioned with its Population Health Suite, which helps clients with financial and quality benchmarking tools; administrative, strategic, and staffing support; and technology for efficiency improvement with a strong offering in financial analytics.
- Health Catalyst strives to address pressing industry challenges, consistently strengthening its portfolio. For instance, with the CareVive acquisition in June 2024, the company added oncology specialty expertise to its care management portfolio, while the Lumeon acquisition added strength to its patient communication capabilities.
- The company has a proactive approach to innovation with a dedicated focus on PHM R&D. It ensures that products are aligned with evolving customer needs by frequently considering client feedback in enhancements.
- Health Catalyst keeps track of the potential impact of megatrends, such as workforce shortages, value-based care, and related CMS updates on customer needs to ensure that its offerings are aligned.
- In 2023, the company achieved NCQA Population Health Management Prevalidation Status for its Health Catalyst Pop Analyzer and Health Catalyst Care Flow solutions, which demonstrates its competencies and compliance with industry standards.

# Health Catalyst (continued)

## GROWTH

- Health Catalyst aims to expand its customer base beyond its traditionally dominant health systems, ACOs, and IDNs. The company is adding payers, ambulatory practices, and national associations needing data analytics and has a heavily targeted focus on ambulatory practices addressing gaps in their PHM capabilities.
- The Ignite platform is priced to draw in smaller, resource-constrained businesses that otherwise may not be able to afford a PHM solution.
- Health Catalyst has relied on inorganic routes to support its growth. The Lumeon acquisition helped the company expand its focus from data-driven to consumer-driven with the addition of patient communication capabilities and better workflow integration enabling streamlined EMR integration. This has placed a company on the front line of the healthcare continuum with a focus on consumer-centric care.
- The company emphasizes client service to support its growth pipeline with upsell and new prospects. It ensures the involvement of PHM experts with sales executives throughout the customer service cycle for better engagement, understanding of customer pain points, and support with the most suitable PHM roadmap.

# Health Catalyst (continued)

## FROST PERSPECTIVE

- Health Catalyst has cemented its position in the PHM market with its comprehensive and flexible product offerings that can be customized as per client needs. It accommodates clients that cannot afford comprehensive offerings.
- The company should continue to focus on its proactive and customer-centric approach toward the PHM market through strategic alignment of solutions with customer pain points, consistent innovation driven by industry trends, and emphasis on PHM solutions backed by proven and measurable metrics.

# Best Practices & Growth Opportunities



# Best Practices

1

A value proposition addressing client pain points, and proactive integration of client feedback in R&D and innovation.

2

Proven product performance and ROI, directly supporting client goals and success metrics, such as improvements in workflow efficiency, quality, and financial outcomes.

3

Technological capabilities, such as AI, ML, and large language models, aligning with industry trends through an appropriate combination of organic and inorganic strategies.

# Growth Opportunities

1

Solutions equipped with AI and ML that can support providers in task automation, insight generation, medical data interpretation, and clinical decision-making.

2

Next-generation PHM solutions that align providers and payers' value-based care agreements.

3

Population health tools that focus on preventive care, improvements in healthcare access, and highly engaged patient care.

# Frost Radar™ Analytics





# Frost Radar™: Benchmarking Future Growth Potential

## 2 Major Indices, 10 Analytical Ingredients, 1 Platform

### Growth Index

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

**GI1**

#### MARKET SHARE (PREVIOUS 3 YEARS)

This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.

**GI2**

#### REVENUE GROWTH (PREVIOUS 3 YEARS)

This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

**GI3**

#### GROWTH PIPELINE

This is an evaluation of the strength and leverage of a company's growth pipeline system to continuously capture, analyze, and prioritize its universe of growth opportunities.

**GI4**

#### VISION AND STRATEGY

This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

**GI5**

#### SALES AND MARKETING

This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

# Frost Radar™: Benchmarking Future Growth Potential

## 2 Major Indices, 10 Analytical Ingredients, 1 Platform (continued)

### Innovation Index

Innovation Index (II) is a measure of a company's ability to develop products/ services/ solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets and are aligned to customers' changing needs.



II1

#### INNOVATION SCALABILITY

This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

II2

#### RESEARCH AND DEVELOPMENT

This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

II3

#### PRODUCT PORTFOLIO

This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

II4

#### MEGA TRENDS LEVERAGE

This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).

II5

#### CUSTOMER ALIGNMENT

This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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