

F R O S T   &   S U L L I V A N

CHANGE  
HEALTHCARE

2018 Global Enterprise Imaging Informatics  
Growth Excellence Leadership Award

F R O S T   &   S U L L I V A N

2018 BEST  
PRACTICES  
AWARD

GLOBAL ENTERPRISE IMAGING INFORMATICS  
GROWTH EXCELLENCE LEADERSHIP AWARD

2018  
BEST PRACTICES  
AWARDS

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## Background and Company Performance

### *Industry Challenges*

Medical imaging operations, traditionally centered on a few core imaging-intensive departments such as radiology and cardiology, are evolving towards comprehensive enterprise imaging strategies. Robust, modular and scalable information technology (IT) solutions are essential to support multi-facility, multi-departmental approaches to image management. For achieving that purpose, a healthcare information infrastructure is often developed gradually by leveraging and extending the existing radiology IT investments and expertise. However, a truly comprehensive solution relies on the enterprise imaging informatics vendor's readiness and ability to deliver flexible and customizable solutions based on a modern and progressive technology stack.

In other words, enterprise imaging requires a vendor capable of combining leading technology and expert service, while positioned to the customer as a partner sharing a joint mission for improving specific outcomes. Hence, vendors need to succeed in addressing both the mature and high-standards market for departmental imaging IT solutions, while also excelling in the constantly evolving enterprise imaging IT market, posing significant challenges. As such, very few vendors can adequately cater to both levels of demand, and even fewer can consistently deliver high-quality solutions in this complex market.

### *Growth Performance and Customer Impact of Change Healthcare*

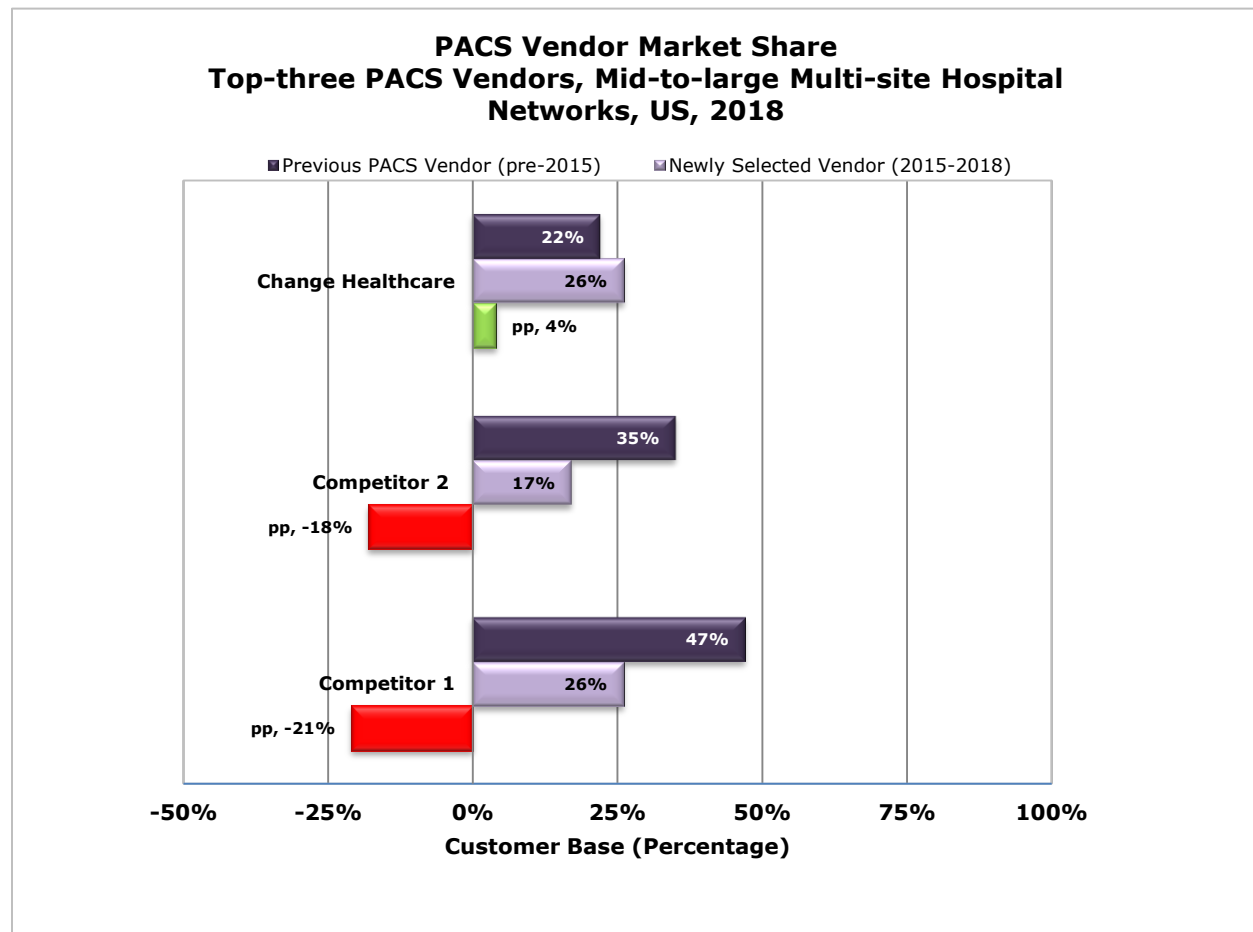
Headquartered in Nashville, Tennessee, Change Healthcare is a leading global healthcare IT vendor. Armed with an industry-leading array of payer and provider health IT products, including best-in-class enterprise imaging solutions, the company has experienced tremendous growth momentum over the last several years amidst a changing healthcare environment. Its focus on IT and professional services enables the company to take a customer-centric, consultative problem-solving approach designed to help organizations improve their financial, clinical and operational outcomes.

### **Capturing Above-market Growth**

A 2018 Frost & Sullivan survey of 78 medical imaging IT decision-makers in mid-to-large multi-site United States (US) hospital networks reveals market adoption trends that bode extremely well for Change Healthcare. In the core radiology PACS segment, a highly competitive, replacement-only market, the company stands out amongst competitors as the only leading vendor that gained market share since 2014. This achievement is highly significant for enterprise imaging, given that the radiology IT foundation serves as a platform for enterprise imaging expansion.

As shown in Figure 1, Change Healthcare's radiology PACS market share increased considerably in the highly coveted, large-scale provider segment over the last three years. This market performance is very significant at a time when imaging enterprises are consolidating their imaging IT solutions as well as vendors. Not only did the company succeed in maintaining its 22% customer share where it was one of the incumbent vendors prior to 2015, but it further grew this share to 26% as of 2018. Frost & Sullivan surmises that Change Healthcare is the preferred vendor for large-scale PACS replacements post-consolidation. As revealed in Figure 1, the two leading vendors prior to 2015 experienced steady declines over the past three years, losing up to half of their market share.

Figure 1. US market share of leading radiology PACS vendors, pre-2015 and 2015 through 2018

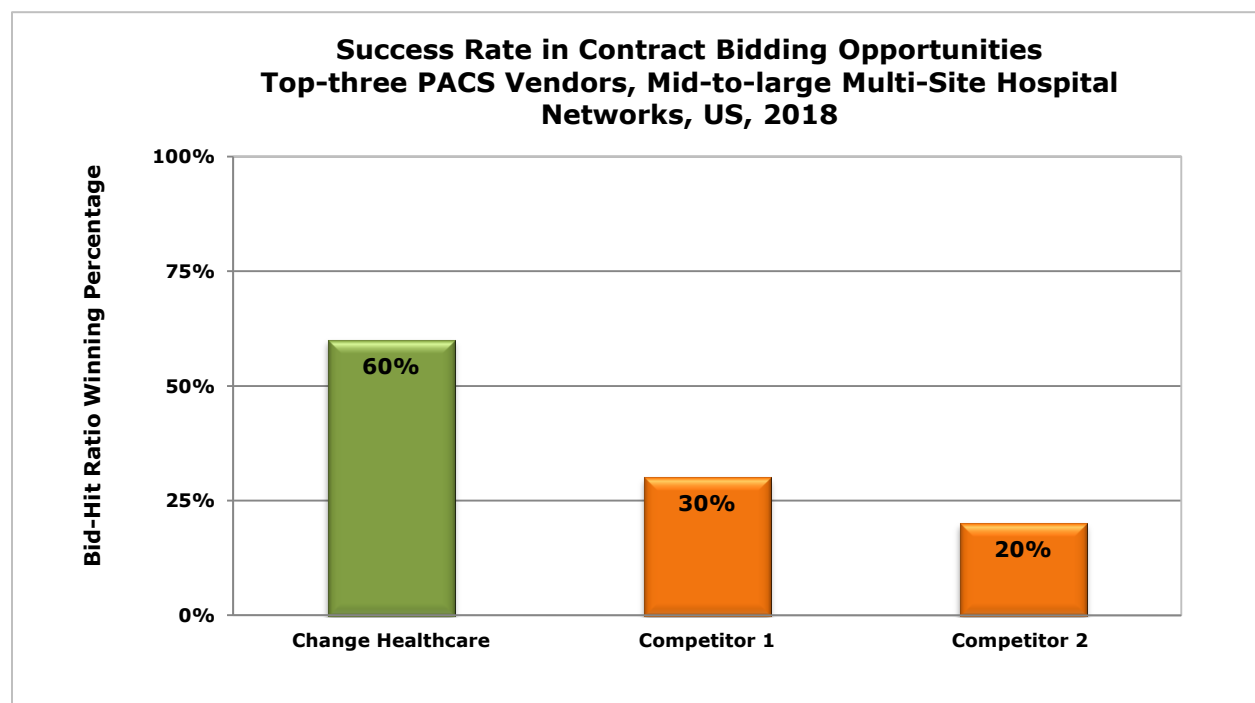


## Customer-centric, Consultative Approach

In other related Frost & Sullivan survey findings, hospital networks bidding for a replacement PACS system are most likely to select Change Healthcare when the vendor is taking part in the tendering. Indeed, 60% of prospective customers who call for bids from various IT vendors ultimately award the contract to Change Healthcare.

In comparison, the conversion rates of the other two top PACS vendors are merely 30% and 20%, which indicates Change Healthcare is enjoying better than twice the success rate of its closest competitors. These figures are a testament to the company's customer-first strategy. Through every competitive bidding process that it decides to enter, Change Healthcare designs optimal customer solutions, at the right price.

Figure 2. Percentage of won PACS contracts in 78 large-scale US hospital networks

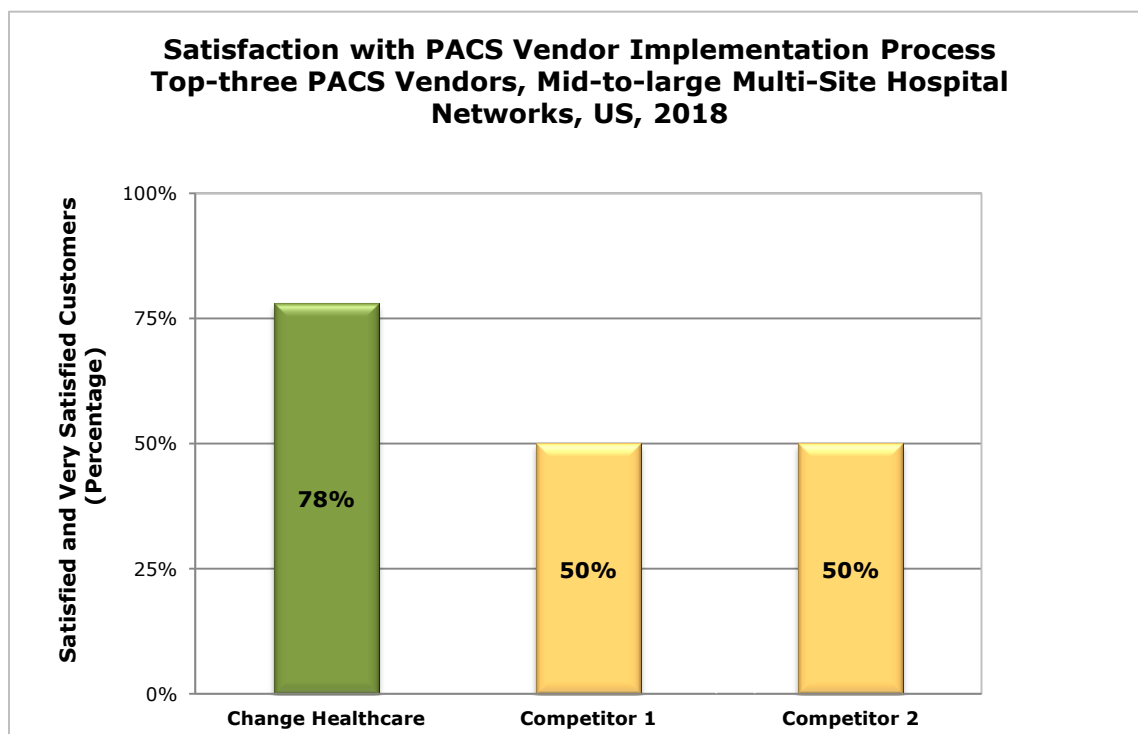


## Enhanced Customer Service Strategy

Solution implementation is an extremely sensitive and pivotal stage in PACS replacement and enterprise imaging strategy deployment, particularly in larger-scale organizations. Minimizing disruption and keeping the project on-track and on-budget are critical elements to the internal perception of the vendor and the future success of the contract. Indeed, ensuring a streamlined and seamless system replacement and rollout experience for customers serves to maximize the buy-in of various stakeholders to the new system after the go-live event.

This is not a trivial problem to solve. At a time when several high-profile vendors are having difficulty implementing their enterprise imaging contracts, Frost & Sullivan's 2018 survey indicates that Change Healthcare's customers have significantly higher overall satisfaction ratings with their imaging implementation process compared to its two main competitors (78% versus 50% satisfied or very satisfied, respectively). These ratings exemplify Change Healthcare's "roll-up-your-sleeves" attitude for providing superior professional service delivery and quality and demonstrating a deep commitment to every customer's success.

Figure 3. Customer satisfaction with the top-three PACS vendor implementation



The same survey shows that Change Healthcare maintains highly-satisfied customers through the system's lifecycle. Approximately 94% of its customers rate their overall experience with the company as highly positive or positive (Figure 4); considerably higher than the respective 81% and 75% ratings of its top two competitors.

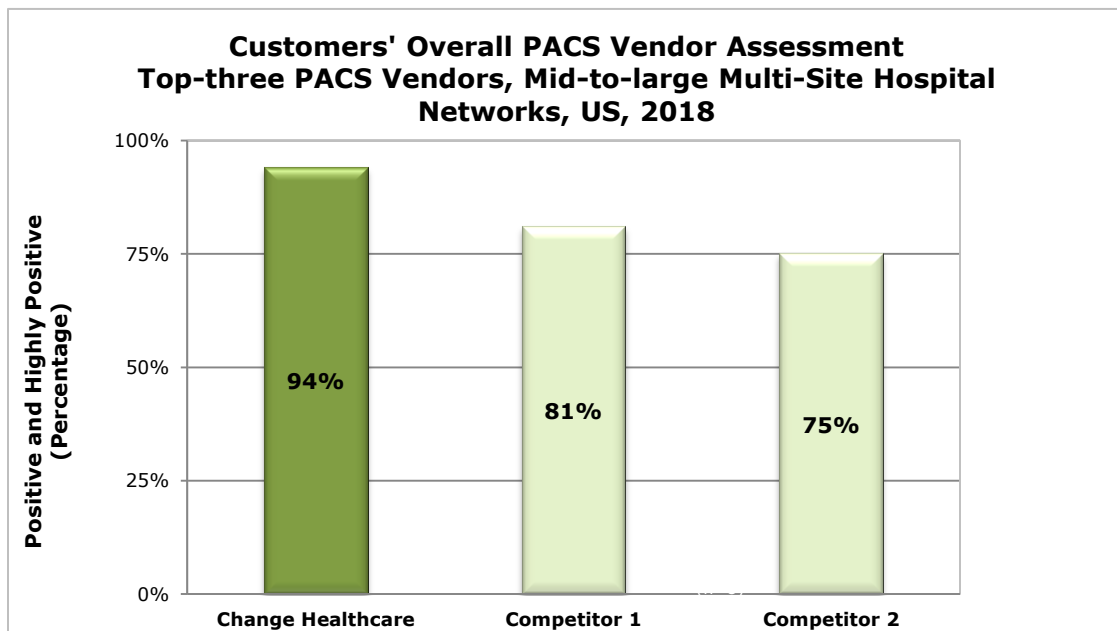


Figure 4. Overall assessment of top-three PACS vendors

These findings go a long way in illustrating the net effect of combining state-of-the-art enterprise imaging technology, superior consulting skills, and leading after-sale service under the Change Healthcare brand. In fact, as healthcare providers keep consolidating; the key to continued vendor success is the ability to evolve and improve alongside customers.

## *Conclusion*

A solid radiology informatics foundation is the cornerstone of a successful enterprise imaging strategy. Change Healthcare is leading the way in the radiology PACS replacement market, delivering the next generation of image, information management, and workflow solutions needed to support the growth of increasingly complex and diversified imaging enterprises. The ongoing consolidation of these enterprises into ever-larger multi-facility networks demands a committed, solutions-oriented imaging information technology partner such as Change Healthcare.

With its strong overall performance, Change Healthcare earns Frost & Sullivan's 2018 Global Growth Excellence Leadership Award in the enterprise imaging informatics market.



## Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful growth strategy. Companies that excel in driving growth strive to be best-in-class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique, sustainable market niche.



## Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

## Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Growth Performance and Customer Impact—according to the criteria identified below.

### *Growth Performance*

#### **Criterion 1: Growth Strategy**

Requirement: Executive team has a shared vision for the organization's future growth and has created and implemented a strategy that is consistent with that vision.

#### **Criterion 2: Above-market Growth**

Requirement: Company's growth rate exceeds the industry's year-over-year growth rate.

#### **Criterion 3: Share of Wallet**

Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company.

#### **Criterion 4: Growth Diversification**

Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) or inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization.

#### **Criterion 5: Growth Sustainability**

Requirement: Company has consistently sought out opportunities for new growth, enabling the organization to build on its base and sustain growth over the long-term.

### *Customer Impact*

#### **Criterion 1: Price/Performance Value**

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

#### **Criterion 2: Customer Purchase Experience**

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

#### **Criterion 3: Customer Ownership Experience**

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

#### **Criterion 4: Customer Service Experience**

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

#### **Criterion 5: Brand Equity**

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>Conduct in-depth industry research</li> <li>Identify emerging sectors</li> <li>Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>Interview thought leaders and industry practitioners</li> <li>Assess candidates' fit with best-practice criteria</li> <li>Rank all candidates</li> </ul>	Matrix positioning of all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>Confirm best-practice criteria</li> <li>Examine eligibility of all candidates</li> <li>Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>Brainstorm ranking options</li> <li>Invite multiple perspectives on candidates' performance</li> <li>Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>Share findings</li> <li>Strengthen cases for candidate eligibility</li> <li>Prioritize candidates</li> </ul>	Refined list of prioritized Award candidates
6 <b>Conduct global industry review</b>	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> <li>Hold global team meeting to review all candidates</li> <li>Pressure-test fit with criteria</li> <li>Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible Award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official Award consideration materials	<ul style="list-style-type: none"> <li>Perform final performance benchmarking activities</li> <li>Write nominations</li> <li>Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> <li>Review analysis with panel</li> <li>Build consensus</li> <li>Select recipient</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> <li>Present Award to the CEO</li> <li>Inspire the organization for continued success</li> <li>Celebrate the recipient's performance</li> </ul>	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 <b>Take strategic action</b>	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> <li>Coordinate media outreach</li> <li>Design a marketing plan</li> <li>Assess Award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's Award status among investors, media personnel, and employees

## The Intersection between 360-Degree Research and Best Practices Awards

### *Research Methodology*

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.