White Paper

Selecting Technology Partners to Execute Digital Strategy

The Damo Consulting ICEA™ Framework

Content

The evolving technology provider landscape

The technology provider landscape has evolved to address every aspect of the patient and physician journeys. Traditional technology providers have transformed themselves with new offerings and capabilities. Newer firms, especially digital health startups, have identified several opportunities to enhance the patient-provider experience and improve health outcomes.

Health systems looking to accelerate their digital transformation need to develop strategic partnerships with technology providers. However, fundamental questions about vendor strategy remain hard to answer. How many vendors should be part of the journey?

How should we leverage EHR platforms? How do we engage with big tech? Should we replace parts of our existing technology stack? How do we manage the risks of digital health startups while leveraging innovation?

No single vendor can meet every need of a health system's digital transformation journey. Digital transformation leaders must make careful choices in selecting vendors for implementing digitalization opportunities in their roadmap. Doing so requires a clear understanding of the vendor categories and the attributes of each category of a vendor.

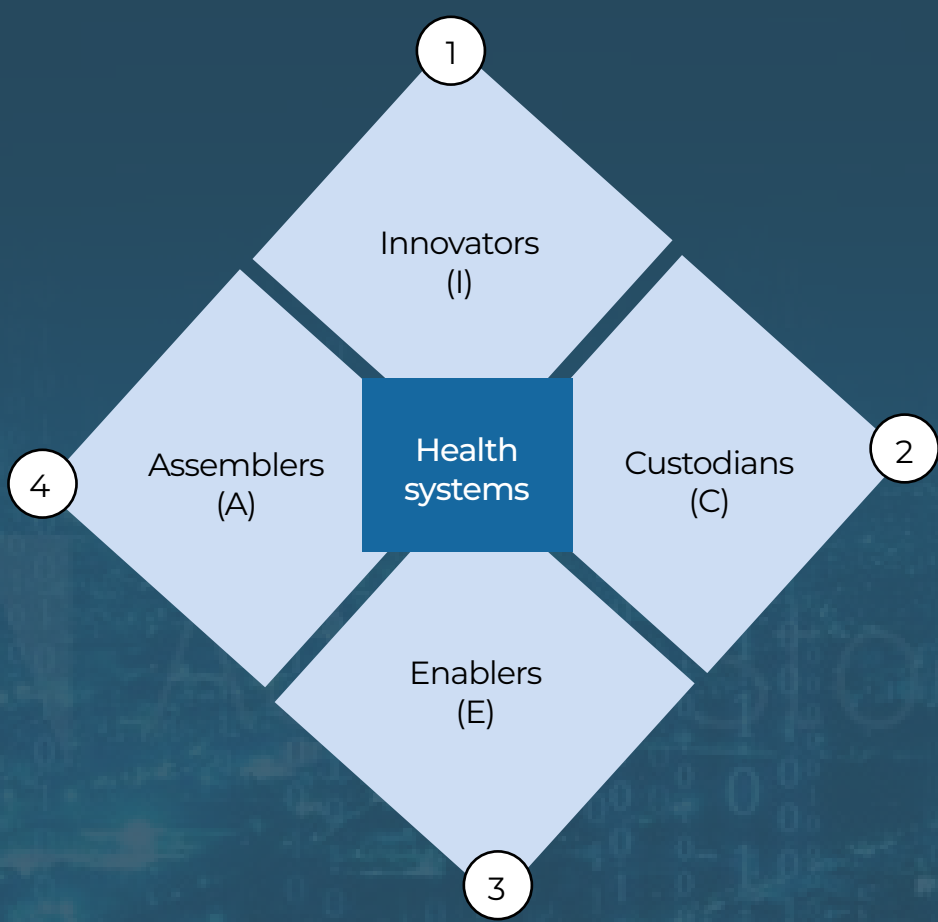# Vendor categories: Damo Consulting's ICEA™ framework

Figure 1: The ICEA™ framework: Innovators, Custodians, Enablers, Assemblers

At Damo Consulting, we have used our ICEA™ framework to guide health systems and technology firms on competitive assessment and partner selection strategies for several years. Figure 1 highlights the four different categories of technology vendors in the Damo ICEA™ framework. The categories are Innovators (I), Custodians (C), Enablers (E), and Assemblers (A). Figure 2 below provides a high-level description of each category and its primary attributes.

Understanding the market structure and attributes of different types of technology vendors is important for health systems looking to accelerate their digital transformation roadmaps. Executives in charge of executing enterprise digital roadmaps must quickly identify their solution options, conduct a structured, objective, and transparent selection process, and initiate implementation with a minimal delay while managing risk. The ICEA™ framework helps understand the technology vendor landscape and vendor attributes while selecting solution partners.

ICEA category	Innovators	Custodians	Enablers	Assemblers
	"We have a whole new way of doing it"	*"We have the data and the workflow"*	*"Rent it, build on it"*	*"We can build it cheaper/faster/better"*
Type of entity	Stand-alone solution or platform	Transactional systems of record	Platform vendors	SI & Consulting firms
Examples	Teladoc, digital health start-ups	Epic, Cerner, Oracle	Microsoft, Google, Salesforce, AWS	Accenture, Deloitte, India-based global IT firms
Key attributes	• Cloud-first, mobile-first approach • Small and agile teams, often VC-backed	• Long-term strategic relationships with clients • Deep knowledge of enterprise workflows	• Enterprise-class, robust and scalable • Broad implementation partner ecosystem	• Scale, expert knowledge, healthcare focus • Offshore-based development for low cost
Pricing model	SaaS subscription-based	User-based licensing	User-based, consumption-based	T & M/fixed price/fixed capacity

Figure 2: ICEA™ technology vendor attributes

Many technology vendors are trying to operate in more than one category in today's highly competitive landscape. For instance, EHR vendors have evolved from being core transactional systems to digital health solution providers by building out "digital front door" capabilities. EHR vendors such as Epic can count on their long-term strategic relationships with their clients and the obvious advantages of internally integrated digital health solution features that minimize risks and costs.

Enterprise-class platform vendors, such as Salesforce, have evolved beyond CRM and have built "health cloud" platforms that are rich in functionalities and integrate seamlessly with EHR systems. Other big tech firms such as Microsoft and Google are leading with their core strengths – workforce collaboration software and cloud – to compete against incumbents. Yet others, notably Amazon, are launching healthcare services with a digital-first virtual care approach.

Digital health innovators, especially startups, can often find themselves squeezed between EHR vendors and enterprise platform vendors unless they have a best-in-class differentiated offering for their chosen market. (They must also have deep pockets to ride out long sales cycles and enterprise adoption curve.) Many Innovators are thriving with point solutions. Examples include find-a-doctor solutions, payment solutions, and conversational AI-based chatbots. Often, innovators create and dominate entirely new categories, as has been the case with telehealth platform vendors such as Teladoc. Even in such cases, the early mover advantage may be difficult to hold on to. In the recent past, Zoom and Microsoft have aggressively moved into the space created by pioneers such as Teladoc and American Well.

There is room in the healthcare digital transformation market for all categories of vendors, including global SI and consulting firms. The global SI's and consulting firms play an important role in the "heavy-lift" involved in customization and integration of enterprise-class platforms. Global SI's also have deep technology talent pools and have increasingly started investing in product design and UI/UX capabilities to deliver seamless experiences to consumers.

The ICEA™ framework identifies the important attributes of each category of vendors. Vendors may sit in more than one category. However, core attributes for most vendors will align with a primary category in the ICEA™ framework. For instance, while EHR vendors have been evolving to build digital front door capabilities that compete with stand-alone solutions, their core attributes are aligned primarily with the Custodian category. The same is the case with Enabler category vendors, such as Salesforce, innovating with their Health Cloud platform offerings. A few global SI vendors are beginning to invest in developing and acquiring platform capabilities that put them in the same category as firms in the Enabler category. Many firms in the Innovator category also have attributes similar to platform vendors in the Enabler category. Examples include remote patient monitoring platforms and data management platforms that are not point solutions but can be configured to solve multiple use cases.

> From a health system's perspective, it is critical to understand the core attributes of the vendor and evaluate their solution offerings accordingly. A vendor that has traditionally been a successful SI may not be successful as a platform vendor offering a licensed solution as a SaaS offering, especially if there are incumbent vendors in the space with a history of offering SaaS solutions. Similarly, vendors with a strong heritage as core transaction platforms may lack the ability to design and deliver superior user experiences that come naturally to digital health solution vendors with a history of building consumer-focused solutions.

The digital health solution selection process

When health systems look for solution partners to execute their digital priorities, the decision process typically looks like in Figure 3.

The visual here highlights the key decision points and the options available to digital leaders seeking to understand the available technology implementation choices. Each category of technology provider in the ICEA™ framework is represented in the visual. Note that internal developer teams in health systems are also "vendors." They are usually tasked with system administration, technology architecture, integration and data management responsibilities. They are often tasked with developing custom solutions for the enterprise when a ready-to-deploy solution is not available in the market.
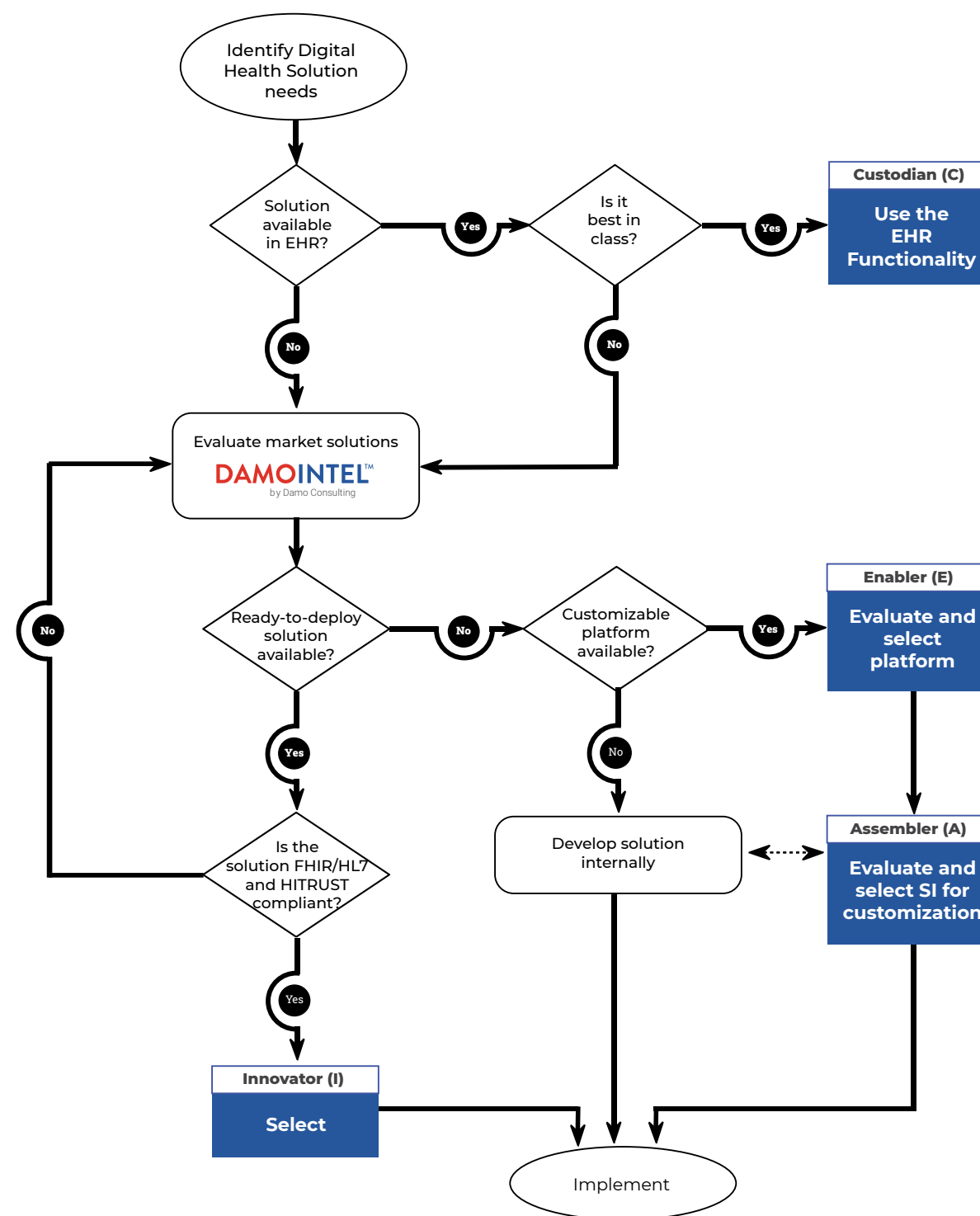

Figure 3: Digital transformation partner selection in health systems: typical decision flow

> By mapping individual vendors to the different categories and attributes associated with the categories in the ICEA™ framework, IT and digital leaders in health systems will rapidly narrow down their range of technology partner options and avoid selecting the wrong partners for their solution needs.

How health systems can use the Damo ICEA™ framework

A major academic medical center we worked with had developed vendor relationships that often overlapped in functionalities. Different departments within the enterprise were using preferred vendors with the same capabilities (e.g., BI tools). The client engaged Damo Consulting to assess their vendor portfolio and develop recommendations for rationalizing the portfolio. By applying the ICEA™ framework, we categorized vendors based on their attributes and made recommendations to consolidate similar types of work into a single preferred vendor. The client reduced the administrative overheads of vendor management and renegotiated rates with the retained vendors by offering expanded volumes.

At another client, we helped identify implementation partners (ICEA™ Assembler category) for a multi-year CRM implementation program to transform the leading health system's marketing and patient engagement functions. The client had selected Salesforce as the enterprise CRM platform of choice and needed implementation partners to customize the CRM platform for their solution needs. After identifying the potential vendors to implement the large and complex initiative, we conducted an RFI and RFP process on behalf of the client to select the SI partner for executing the project. Additionally, we recommended a tiered vendor model to evaluate SI partners for different CRM projects, including providing ongoing support by leveraging an offshore resource pool. Figure 4 provides a governance model for selecting SI partners based on the type of project and the nature of work involved in the project life cycle.
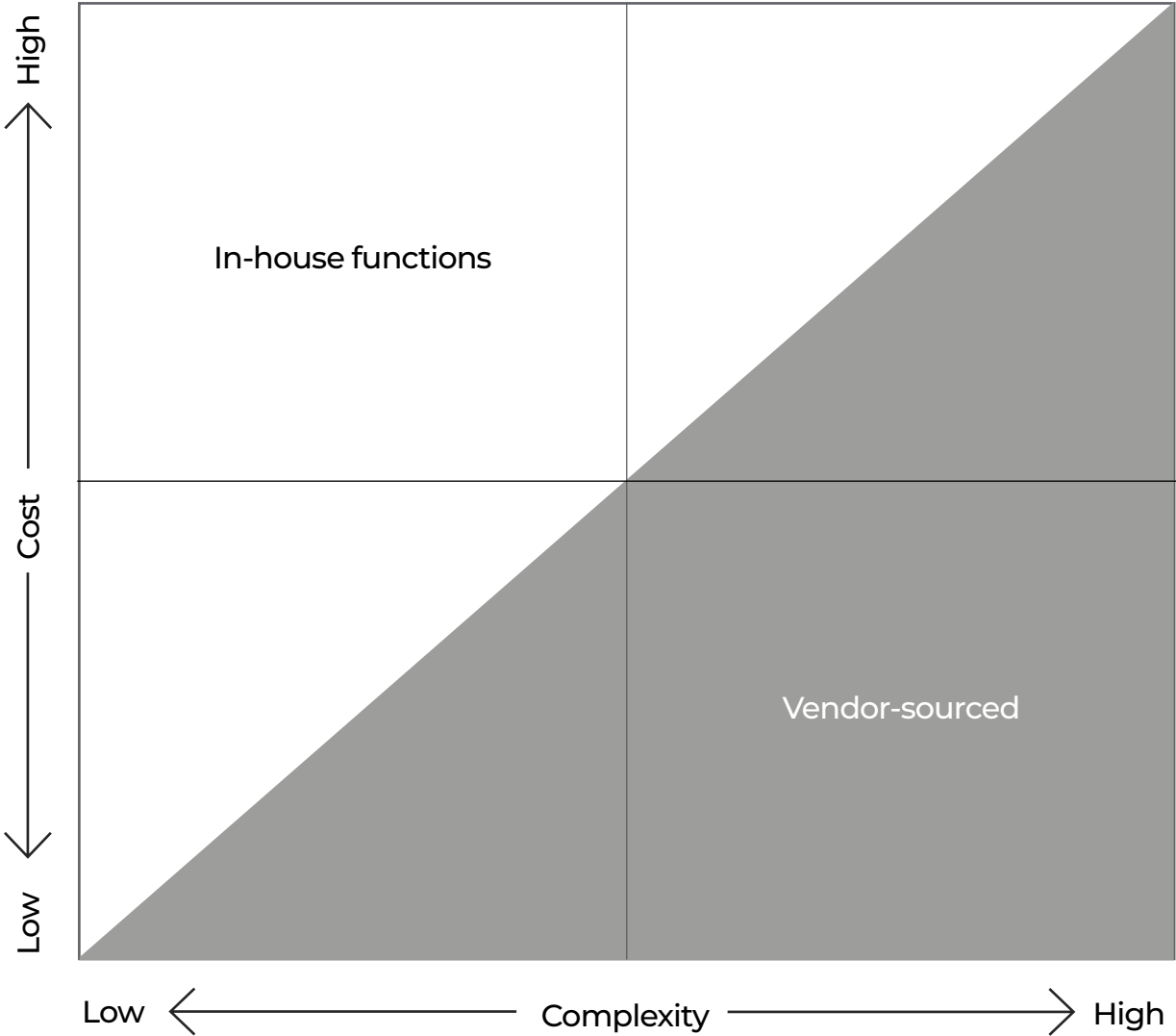

Figure 4: SI vendor governance matrix

The SI governance matrix in Figure 4 categorizes various projects and the nature of work in various stages of a project life cycle based on complexity and costs. In addition, the matrix identifies what functions need to be managed by a health system's in-house teams and what could be sourced from an external vendor. The role of an internal org, often a center of excellence (COE) for a particular technology area (e.g., CRM, Cloud, analytics/BI, integrations/API), would typically include aspects such as demand management, standards, and policies, and contract management.

The nature of the implementation project may call for different vendors at different stages. Aligning vendors to their core capabilities is also important. For instance, complex customizations involving deep domain knowledge are the purview of a handful of global SI's with deep talent pools. However, such firms can also be expensive. Routine application support and maintenance, testing, and release of minor enhancements may be accomplished with lower-cost niche firms. The role of offshore-based resources at different stages of the program lifecycle also has a bearing on overall total costs of ownership.
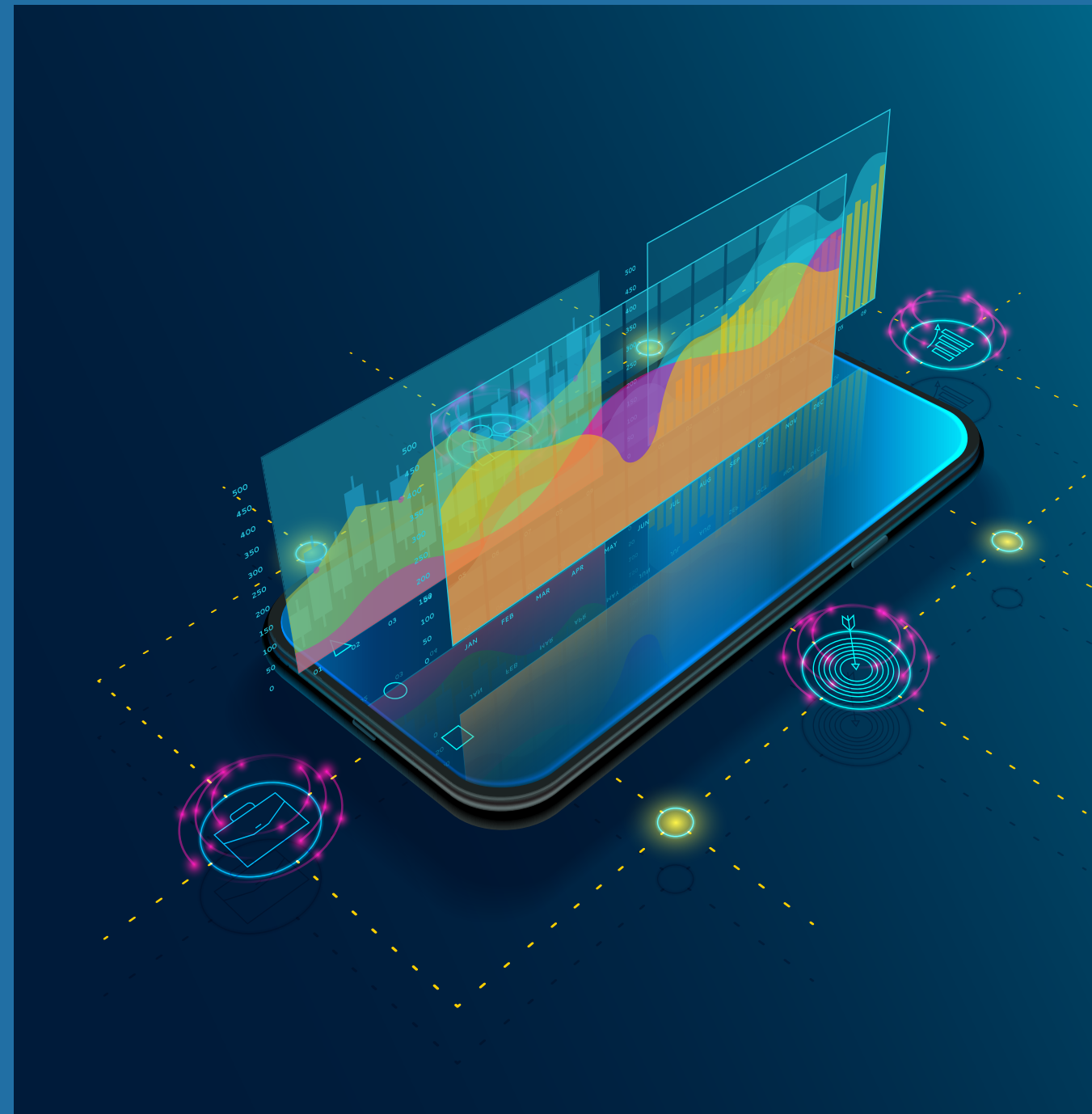
DAMOINTEL™
by Damo Consulting

Digital leaders in health systems can leverage our one-of-a-kind DamoIntel™ digital health intelligence platform in their vendor identification and selection process. The platform provides a comprehensive and carefully curated repository of digital health initiatives across 50 leading health systems, along with details and profiles of over 300 vendors who have delivered the solutions to these systems. (For more on the platform features and how you could leverage it to develop a digital roadmap and accelerate partner identification and selection, click here.)

How technology firms can use the Damo ICEA™ framework

For technology vendors, positioning their offerings appropriately with correct messaging and to the right stakeholder can make the difference between winning and losing. Healthcare executives have become weary of inflated claims by technology vendors on their product capabilities and have low risk appetite for the aspirational features of tech solutions. A very common refrain from healthcare executives is that technology entrepreneurs often fail to demonstrate an adequate appreciation of healthcare workflows and compliance requirements. Another is that technology startups make the mistake of creating innovative products with 'cool' features that do not integrate seamlessly with existing workflows.

Technology solution providers must recognize that health systems have made considerable investments in their EHR systems and are committed to utilizing these core platforms for the long term. It is unlikely that any innovative tool will have a market unless it can integrate with the EHR using an industry standard such as FHIR or HL7 2.x. The absence of "hygiene" factors such as HITRUST certifications can effectively eliminate a solution provider from consideration.

As the market evolves, many of our clients in the technology solutions and services sector are looking to redefine their market strategies. Often, firms in one category in the ICEA™ model look to move to an adjacent category, either through an acquisition or through in-house IP development. As an example, several SI's have developed in-house IP in the AI space, especially automation tools that often compete with stand-alone RPA (robotic process automation) tool vendors. Conversely, when EHR vendors and enterprise technology platform companies develop point solutions for digital health and telehealth, they will compete with incumbent stand-alone vendors in the space.

When technology firms transform and evolve to compete in areas that they are traditionally not known for, they must adopt the attributes required to compete effectively. SI firms that are used to operating in a T & M or a fixed fee model will have to develop SaaS-based licensing models that might confuse their clients. The internal organization structures will have to evolve to meet client expectations while putting in place compensation models that can be very different for SaaS solutions compared to work-for-hire solutions. The different models and offerings can create internal channel conflict within firms. The teams offering traditional services to clients may find themselves competing with IP-led value propositions offered to the same clients by another part of the organization.

In one of our client engagements, we helped a large global SI think through these issues as they developed a digital front door (DFD) platform offering for their clients that was a significant departure from their core SI work. By leveraging the insights from our proprietary DamoIntel™ database of digital health initiatives, we were able to identify the high-impact use cases for a comprehensive product roadmap. We also helped them develop a pricing and engagement model for their proposed SaaS offering that they could implement along with a go-to-market strategy and playbook.

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Technology companies can use the DamoIntel™ digital health intelligence platform to understand the needs of the healthcare systems and find out where they fit into the overall landscape of digital transformation of health systems. It provides for an intuitive listing of over 130 functional use cases in digital transformation. The vendors included are profiled across 30 technology and application areas. (For more on the platform features and how you could leverage it to develop a digital roadmap and accelerate partner identification and selection, click here.

A playbook for digital health leaders

Healthcare executives must recognize that successful technology partnerships are a critical component of digital transformation. We recommend using our ICEA™ framework to categorize the technology vendors and evaluate each vendor within the categories. Develop a structured evaluation model for digital health start-ups.

- Start with the end in mind: Carefully assess the product maturity and additional efforts involved in customization and integrations as part of the total cost of ownership.

- Leverage SI firms to outsource parts of IT operations to low-cost offshore locations.

- Leverage your existing strategic partners: leverage the platforms for ready-to-deploy solutions.

- Evaluate stand-alone solution providers carefully for product maturity and integrate seamlessly with your existing technology infrastructure.

Additional resources

DigiM™: The Digital Maturity Assessment framework for health systems

The DigiM™ maturity model is a benchmarking guide for health systems looking at evolving their digital transformation strategies and digital roadmaps. For more info on how your enterprise can leverage the DigiM™ assessment tool, download our white paper.

Download the White Paper

For more information, write to us at info@damoconsulting.net

We invite you to visit www.damoconsulting.net

For additional content on digital strategy, case studies of our work, and ongoing research. Subscribe to our newsletter and our highly rated podcast, The Big Unlock.

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CONSULTING

Damo Consulting provides digital transformation advisory services to enable healthcare organizations navigate the technology-enabled transition to telehealth and virtual care. We bring deep industry knowledge, market insights and technology skills to help develop and implement enterprise digital roadmaps. We work with healthcare IT and digital health firms to develop and execute market growth strategies.