# Intelligent Payer: Cloud acceleration in a post-COVID world

## Audio transcript

**Host:** Hello and welcome to today's webinar, "Intelligent Payer: Cloud Acceleration in a Post-COVID world." Before we get started, I'd like to review a few housekeeping details. Today's webinar is being recorded and an online archive of today's event will be available a few days after the session. If you have trouble seeing the slides at any time during the presentation, please press F5 to refresh your screen if you are on a PC or command R if you're using a Mac. You may ask questions at any time during the presentation by typing your question in the "Q&A" box located on the right side of your screen and pressing enter. And finally, I'd like to remind you of the HIPAA antitrust statement located in the handout section at the bottom of your screen. We will, as always, comply with that statement. Among other things, the anti-trust statement prohibits us from discussing competitively sensitive information.

We're very fortunate to have with us today Dr. Oleg Kucheryavenko and Mr. Bradyn Hickey. Dr. Kucheryavenko is the global lead for health technology strategy and advisory at Accenture Cloud First and a physician executive who helps clients transform the healthcare enterprise and create new revenue streams through innovation, improved productivity, and agility, enabled by the cloud.

Bradyn is a manager in Accenture's health technology strategy and advisory practice with eight years of experience working at the intersection of business technology and healthcare for larger payer clients. At this time, I would like to turn the floor over to our speakers. Welcome.

**Bradyn:** Thank you. Hello and good afternoon, everyone. Thank you for joining us today to talk about accelerating your cloud journey at scale. Today, we want to give you some grounding on the state of cloud in

healthcare, and then jump into some priorities driving change across every healthcare organization. We'll also discuss some approaches to entering the public cloud landscape to enable those changes.

I'll then hand it to my colleague Oleg, who will walk us through the value of cloud to each stakeholder across the C-suite, venturing outside of the traditional IT value story of the CIO. And we'll also jump into the importance of identifying and implementing the right cloud strategy for your organization, as well as provide some guidance on how payers can move from vision to realize and value in their public cloud journey.

We'll be taking questions throughout and conduct a couple of polls. So please submit some questions through the chat and we'll try to answer them as best we can.

Before I do go any further, I just wanted to take a step back and look at the state of cloud in healthcare today. Cloud is not new in health. Two years ago, organizations were experimenting in the public cloud. They may have used it for some backup storage or spun up a test environment for an application or some smaller pilot use case. Now, however, the conversation and focus are shifting toward bigger things. Organizations want to migrate legacy technology into the cloud, transform data and applications and take advantage of those capabilities that aren't available in their existing infrastructure. And yet as I sit here and talk about it, only half of healthcare organizations have a mature cloud

practice, with governance and tools in place. But even with immature cloud governance, the impact of cloud can easily be seen as a wildly disruptive force in the health industry. We've really seen that on display throughout 2020, and into 2021, as we continue to see the proliferation of health tech startups, all backed with cloud enabled solutions. On top of that, we have Microsoft, Amazon, and Google, the three major cloud service providers who have been investing a lot of their attention, focus and dollars in the healthcare space, partnering with payers and driving innovation. We can't talk about disruptors in healthcare without adding in the backdrop of COVID-19. There's nothing quite like the impact of COVID-19. The pandemic has exposed the vulnerabilities across healthcare organizations and greatly accelerated the rate of change.

All these things have been putting pressure on the industry. We want to talk about the priorities these forces are shaping across the health industry today, but before we do that, let's jump into our first of two polls.

A quick housekeeping item: to answer the poll, you will need to exit full screen mode and you will be able to answer with more than one option.

Given the acceleration in the rate of change from the COVID-19 pandemic, what are the top drivers for your business's journey to cloud? The options are evolve care models, consumer engagement, contain costs, fuel growth, improve analytics capabilities, address strategic staffing priorities, or other.

We have asked clients this question over the past year, and it was interesting to see how the responses have run from evolve care models to improving analytics capabilities. So, we'll see what comes back from the group here today.

Okay, what we see coming through are: evolve care models, consumer engagement, cost containment as the top three, followed by fueling growth and improving analytics capability. So, we'll look to touch on those and hopefully you will gain some more clarity on how to implement and scale them.

As previously mentioned, COVID-19 has really tested organizations across the enterprise, bringing key business initiatives into focus over the past year. The pandemic stretched the limits of payer operations. It's reframed how patients and clinicians interact and out of necessity spurred the rapid adoption of telehealth and remote work.

While every healthcare organization was affected in a unique way, there are fundamental priorities that have been pushed to the forefront that all healthcare organizations should address to succeed.

Let's start with virtual care. The pandemic has brought virtual care front and center for every healthcare organization, both large and small. Remote care offerings and partnerships with remote care players really became a necessity, seemingly overnight. And we have seen some interesting use cases play out on the national stage.

One, for example, is the Oura Ring, which was used by the NBA when they returned to playoffs in the NBA bubble in 2020. And the Oura Ring was used to identify potential COVID symptoms before they became noticed by the individual themselves. This was a great example of remote monitoring enabled by the power of cloud.

Next up is consumer engagement, which was high on the list. Thanks to increased digital adoption across all industries, consumers now expect their healthcare to work at the speed and convenience of their online shopping and other digital experiences. In other words, finding a doctor should now be as easy as placing an order through Uber Eats.

We continue to see new business models emerge, either through partnerships with industry disruptors that will continue to fuel growth, or via the continuous shift to value-based care. The latter requires payers to contain costs while driving improved outcomes for their members. There's also the investments in data and technology. I think this one really underpins the first three that we touched on. Whether it be personalized experiences or digital products, these things are going to bolster the need for a secure and data-driven enterprise.

To give an example, one of our health clients has recently started a migration of their analytics capabilities to Google's cloud data warehouse, which is named Big Query. They're doing it to power their business vision with a strong analytics foundation that their current

on-premise infrastructure is incapable of delivering. In a recent exercise where they were ingesting image files and translating those into text, they found their runtime was weeks instead of what they assumed would be hours. And they couldn't easily scale up their compute resources to improve their time-to-value like they could have if they were operating in a cloud environment.

It became clear to them that choosing a cloud provider for the analytics platform could enable more timely insights and allow them to leverage capabilities like AI and machine learning that require vast amounts of data from various sources, and scaled, computer power to execute effectively. And those things just weren't feasible in an on-premise environment.

And lastly, we see that payers are looking to address staffing shortages and attract top talent. They want to do this using new and cutting-edge technologies and cloud-based solutions.

When you look at all five of these business initiatives, cloud is the one common denominator tying them all together: the "how" for achieving. Every one of them is powered through cloud-enabled technologies. Over the next three to five years, we will continue to see healthcare organizations embrace hybrid-cloud solutions or fully public-cloud solutions to enable these key priorities.

Let's look at how organizations can approach a transition into the public cloud. Depending on where your

organization is on their cloud journey, you may be asking, "How do I go about scaling" or simply, "What is the right approach to move from a traditional on-premise data center into a cloud environment?" I'd like to share what we've seen from our clients in this space.

Organizations that start on their cloud journey often initially land on a hybrid-cloud strategy. This is where your applications and data workloads are balanced across both a public cloud and a private cloud or your on-premise infrastructure.

This approach gives them a "best of worlds" approach. You get low latency for some workloads that live on premise while simultaneously expanding into the public cloud. It gives you the opportunity to innovate at scale and take advantage of those analytics capabilities – AI machine learning as we had mentioned – all available in the public cloud. In the hybrid cloud approach, you combine the public cloud benefits and innovation and speed with the private cloud, and the benefits include compliance and performance.

The benefits of public cloud don't just stop at innovation and speed. Those aren't the sole reasons to go to the public cloud. All three major cloud services providers are intently focused on the health industry. As an example, we can use Amazon Web Services. They had a nearly one-third market share in public cloud in the fourth quarter of 2020. They have, and continue to make, health-related acquisitions. They support over 100 eligible services and

spent over $37 billion in R&D just in the past year. So, by investing in the public cloud, you're also investing in a partner who is dedicating a ton of their resources to the healthcare industry.

So now I'll hand it over to Oleg to take us through the value of cloud, not just to the CIO, but across the C-suite.

**Oleg:** Thank you, Brayden. Healthcare executives most frequently cite the ability to launch applications faster, better security and greater agility as the top benefits of cloud. This top spot used to be filled by executives' drive for cost savings. The fact that cost topped this same list in last year's survey but has fallen in priority reveals just how quickly healthcare executives' views of cloud have shifted from a transactional view to a very strategic lens.

When I talk to clients, I emphasize the way we think about cloud is very different today from the way we used to think about cloud three to five years ago. Depending on your role within the organization, different tranches of value provided by cloud would matter to you to a different extent. In healthcare in particular, every C-suite leader has a personal stake in cloud and modern technologies. They are each looking for a specific kind of new value and a different value case resonates with each one.

The first tranche of value is related to modernizing IT and considering a data center exit in favor of automation, optimized labor, and operating costs within the IT department. And Chief Information Officers and SVPs of IT often speak about improved business resiliency and responsiveness of business-critical systems as a driver for their technology modernization. Chief Financial Officers look to cloud to limit large capital investments and reduce these investments into hardware that quickly become obsolete, and they recognize opportunities to use shared services platforms and to reduce shadow IT, which is very common in many payer organizations and integrated healthcare systems that I work with.

The second tranche of value yields sizable savings and in fact is favored by many of our clients as the one to focus special attention on. It is business efficiencies enabled by cloud technologies. Our payer clients pursue the automation of patient engagement through digital platforms, moving to cloud-based call and contact centers. They take advantage of greater customer insights to optimize sales and pricing. In a recent conversation with an operations and clinical executive, I learned they look to cloud to contribute to the integration of business strategy with their operations, creating new incentive programs and patient interaction pathways that consider the social determinants of health. And these are business problems related to patient health and the financial health of the business. Who could think just a few years ago that cloud technologies would provide a very nimble and efficient platform to try to solve for this?

Finally, the third tranche of value is related to new growth through new business models and new products.

CEOs that we work with look for cloud to help turn investments into operations and innovation into new revenue streams. This could mean partnering across the ecosystem to orchestrate the development of research, new products, new services, and thinking strategically about expanding into new markets.

Many Chief Digital Officers were appointed in the past couple of years, reflecting the importance of the digital pivot as they look for cloud to accelerate time-to-market for new digital capabilities. This could mean brokering and testing new ways of operating and innovating or launching an organization on a digital trajectory to improve experience and create new data-driven products.

All this momentum, this buzz from executives and cloud service providers signals just how strong the value of a story is for the journey to cloud and for the healthcare industry in general. Cloud is the means to an end for healthcare organizations to improve operations, clinical research, and care delivery, because it grounds the business in agility, collaboration, and insight-based action.

These are transformational improvements for the entire healthcare ecosystem. With the right cloud strategy and right investments, payer, provider, and research organizations, along with new market entrants in the healthcare payer space, can evolve their roles. That includes the value propositions and the business models and partnerships they use to improve

the coordination of healthcare process care delivery, and as a result, achieve better patient health outcomes.

I like to tell the story of the client that is very interested in working together with providers, pharmaceutical companies and medical device companies to ensure the care pathway is streamlined and effective and the cost of care delivery is optimized for oncology patients. They operated as a conglomerate of a dozen different divisions that all worked in silos. Business executives were debating how to bring together all parts of the business to ensure a patient's journey was very simple and effective.

The conversation was very natural and went something like this: "Look, the value chain is made of distinct components, all of which have to be brought onto a single platform. Each step of the way is characterized by a unique set of new technologies that would power your future platform. So, you would have to have a platform with five key elements: connectivity to connect stakeholders along the value chain; a data cleansing plane so you can process data coming in in different formats of different quality and data storage; services that manage your Internet of Things devices or wearables deployed in the field; and secure communication back with the data cleaning layer in the cloud platform. And finally, only in the cloud, you have access to cognitive services that are rapidly deployable and infinitely scalable. They will live on top of this cloud platform. So now you will be able

to make sense of the incoming data and generate meaningful insights in real time."

This conversation was eye opening for the executive team and the solution is simple and accessible to any payer, any provider, or any other healthcare business. Cloud allows you to assemble these platforms from a myriad of services that can be connected together, and they scale vertically and horizontally as needed. You pay only for the services you consume and not for the hardware that is under-utilized in a data center. But however powerful this story may be, many organizations face some challenges and don't always know how to get started. Brayden, let's run the next poll.

**Brayden:** Sure thing. What is your organization's greatest barrier to getting started on your accelerated cloud journey? Organizing around cloud, driving change quickly despite legacy systems and tech debt, how do we articulate the value to stakeholders outside of the CIO?

**Oleg:** While our audience is responding to this poll, I want to note that strategists, managers, and academics that have studied change for over three decades and agree that transforming organizations is very difficult. In fact, the Harvard Business Review published recently that managing change is tough. But part of the problem is there is little agreement on what factors most influence transformation initiatives. In my view, cloud transformations are no exception.

Let's look at the results: 43% responded that organizing around cloud is the greatest barrier. This corresponds to what we see in our communications and conversations in our work with the clients. Let's talk a bit about this. There's a big difference between aspiring use of the cloud and enacting a cloud strategy. What do healthcare payers need to do to achieve success and drive cloud at scale within their organizations?

When I talk to my clients, I suggest that executives start by asking three key questions. One is how do we organize around cloud? A new cloud operating model is required. It's necessary to drive collaboration across the various IT and business domains that have historically been very siloed. Without the right level of senior cross-functional engagement, organizations cannot realize the full potential of cloud technologies and will struggle to drive change.

Given the regulatory legal and contractual commitments that healthcare organizations face related to protecting patient health information and personal identifiable information, the key to success involves aligning these teams on building a common understanding of the need to protect and secure data in the cloud in line with the regulations.

It is also important to understand that we must operate in a very agile environment. Once we go to cloud, it's important to enable your developers to "consume" the cloud without interfacing with IT and to innovate using the latest cloud-native capabilities.

Similarly, production applications still need the robust processes and stability that a well-managed service includes.

We also need to think about skills. Skills must be addressed because they must change and evolve over time, as will the speed of your development in the cloud. The second question that I urge executives to ask is how do we drive change quickly? So, while modernizing the traditional IT in a data center may be costly and highly complex, healthcare organizations do not have to be overwhelmed when tackling this challenge. A more reasonable approach is to focus on modernizing key capabilities that drive the experiences that are priorities for the reinvention of your business. There is no need to do it all at once. Healthcare organizations can decouple priority capabilities from the legacy systems. Take, for example, claims benefits in healthcare providers. We see this with electronic health record systems to enable easier access to that data to drive insights and new digital experiences. Companies should never fund large multi-year modernization programs without significant interim milestones. In fact, a new trend is to investigate the options for cloud immediately before making any further capital investments in technology.

The third question and final point I wanted to make before we move to a Q&A session is, how do we need to think about value to stakeholders today? According to Accenture research, only about 18% of healthcare IT leaders have engaged non-IT business executives on cloud topics and cloud transformations or involve them in cloud strategy discussions. This must change as healthcare organizations aggressively pursue their cloud strategies. It is critical to engage leaders beyond traditional technology and IT executives to sponsor this business transformation. After all, the buyer is no longer the CIO or an infrastructure leader. And the business case is not just about cost: it is about the business value and the business growth for the healthcare payer business.

Now let's move to the Q&A session.

**Host:** Thank you. We are going to address some questions that have come in during the presentation. As a reminder, you can ask your question by typing it into the Q&A box on the right-hand side of your screen and clicking enter, and I'll turn it back over to our speakers to address any questions. Thank you.

**Brayden:** Thank you. And just scanning through some of the questions, it looks like one that may have come in while we were talking through the business priorities. I'll read it aloud and I'll try to give it an answer, and then all of you please feel free to fill in any blanks. This question reads, "Our IT organization is very traditional, and some people are not ready to explore cloud seriously. However, we, as business executives, are very much in need of being able to do advanced data analytics and are thinking of creating digital products. How do your clients bridge this gap?"

I'll try to answer this in two parts. First as a leadership team, it's best to commit to a vision, to become an AI-driven organization. And it seems that the business executives in your organization are almost there, but you want to commit to use of the public cloud as your preferred platform for analytics and data sharing and collaboration, right? While there could be reluctance in the organization, moving sooner allows for an earlier realization of the benefits of analytical tools. Something we consistently hear from leaders in cloud technology is to be bold and go all in. So, the sooner you can break through that reluctance, the better.

Second, to support the vision to become an AI-driven organization, you'd want to design a business case and strategy. You want to be able to communicate across your leadership team, and into IT. If they're more traditional, the future of improved operations, revenue generation, growth and better health outcomes all lie within an effective cloud-based strategy and cloud-based analytics.

Our experiences do tend to show that an effective cloud strategy doesn't always mean jumping right into a full public cloud. It does support the temporary coexistence of on-premise and public cloud—that hybrid environment. It's not as if a move to cloud means moving everything at once. I hope that helps clarify your question.

**Oleg:** Thank you, Brayden. And I see, we have another question. "We've heard that by going to cloud there is an opportunity to save money, but I also heard from colleagues that they ended up paying more after they moved their data center environment to the cloud. How would you explain that?"

That is a very good question. I get asked this question every day. When you move to cloud, you will have to run differently, and the key concept you will need to learn quickly, once you get into the public cloud, is cloud optimization. With cloud services that you can consume very easily comes the constraint that you have to optimize it.

We'll look at optimization across three key areas. The first area that I talk to clients about is around optimizing the size, the weight, and the scheduling. Do I have the right size? Do I have the right type of platform service for my application? Am I actually turning my application on and off when it's not needed?

The second area is how you buy from cloud service providers. If I have predictable capacity, I can make reserve instance purchases for one or for three years and achieve some savings. If I need very flexible on-demand capacity, I buy it as I consume it.

The third area is about innovation. Optimizing the cloud means constantly scanning the capabilities and services offered by the cloud service providers and constantly scanning the services and products that are available in the

cloud marketplace. In each cloud service provider's console, you need to decide what is best for your environment, for your particular application, and for the business problems you need to solve.

Some clients ask other questions. For example, am I using the right server live database? Should I be using MySQL server, or should I be moving to a database as a service? Am I using the right functions as a service instead of platform services? These questions need to be asked in the context of constant innovation in the cloud. Monitoring this and optimizing the consumption over time is the key to unlocking the value of cloud.

An important pillar in the cloud transformation is around the cloud consumption service and management. Buying the cloud now becomes an ongoing activity. Whereas in the past, our payer and provider and other life sciences clients used to buy private clouds every three to five years. They now have to buy it every single day. That's why the conversation around optimization is so critically important.

I see another question around the story that I shared earlier: "In your story about a platform and a patient journey, you spoke about the technology aspect of it. What about operations?" That is a very good question.

There are three pieces to this. One is how you operate with your partners. Two is what is the governance over your relationship with partners in the industry and in the ecosystem, because now they're going to be consuming services and interacting with your cloud platform. And the third is how your cloud operating model is going to change internally within your organization.

For the first two pieces, you must remember you will need to be able to connect and collaborate with partners effectively. You will need technology and services that support that. It will require an API layer into facilitated communication, not only with third-party partners, but also, counterintuitively, back into your traditional legacy environment in your data center.

But as we think about a cloud transformation, there are implications not only for technology, but also for the ways of working. You can imagine that you will have to build many products on top of this cloud platform for customers to consume. You will have to establish product groups that are aligned to each of these products and associated product teams to support them. They will need to operate in an agile fashion so they can deliver these key capabilities in fast sprints as you test them. But at the same time, you will also need a group of people that can manage the financials around this and ensure that consumption is contained within this product and related services, and this in turn will feed into other aspects of your business.

Particularly in healthcare payers, we see that the aspects of your business that are affected by this are pricing and go-to-market channel management and how you can communicate with your patient base and members.

Around governance, you need mechanisms in place where you can effectively allocate resources among these product groups and a governance mechanism to manage the data in this cloud platform effectively. That's where we talk about federated governance with our clients. Federated governance is critical to this platform because you will be interacting with many groups that are both consuming those services and building products on top of that platform as well as different services that are being delivered as part of the platform. And the only way you can manage this large platform without getting in the way of an agile way of working is by taking the federated approach to your governance.

**Host:** Thank you so very much for your great presentations and for sharing your thoughts and your expertise. We thank you to our audience for participating in today's webinar. This concludes today's presentation. We thank you again and enjoy the rest of your day.