



Flipping the Odds: A Business-Led Approach Drives Healthcare Digital Success

Adopting a business-led culture and methodology underpinned with strategic planning and human-centric design — versus an IT-led implementation — is key to realizing value from digital investments in healthcare.

Executive Summary

Healthcare organizations are poised to spend \$39 billion by 2025 on digital transformation efforts.¹ Before these entities spend those billions, however, they should consider that only 30% of digital transformations today across all industries are successful.² Put another way, 70% of such projects either do not meet their targets or create limited value with no sustainable change in the business.

In our experience, digital transformation efforts often fall short when they are approached as yet another software/

technology development program rather than a wide-reaching initiative that includes myriad but integrated solutions designed to address competitive imperatives, create market-leading differentiated capabilities and deliver improved health outcomes. Simply put, when companies put technology first, the program too often focuses on refitting old processes, addressing yesterday's problems without a clear competitive strategy or set of tactics. The failure to imagine a new future-state for the

business and new experiences for stakeholders essentially leads to solutions that support yesterday's business models and processes, delivering experiences suited to the past rather than the future. Stakeholder disappointment in the new solution typically results in sub-par user adoption rates and lackluster returns on investment (ROI).

While the need for IT and business to deeply collaborate on endeavors has long been recognized, the business side's contribution must extend well beyond requirements sessions and user acceptance testing. For large-scale digital programs, the business must be ultimately accountable and responsible, owning every initiative and being actively engaged throughout the lifecycle. The effort healthcare organizations spend on strategy and design for each program needs to far outweigh the effort spent on implementation (see Figure 3 on page 6). Getting this relationship right for digital transformation is especially pertinent for healthcare because it has a direct impact on the health and wellness of members/patients.

A business-led approach can enable healthcare organizations to improve stakeholder experiences, drive adoption, and enhance quality and health outcomes. It does so with an emphasis on strategy

and design, essential inputs to every major digital program (see Figure 2, page 5).³ The strategic component includes identifying differentiated capabilities, planning for competitive imperatives, identifying market priorities and developing a clear, consensus-driven roadmap for the future. The design phase encompasses business-solution design and human-centered experience design supported by a rigorous methodology that results in a clear vision of the future; deeply understood stakeholder journeys and the moments that matter; and experiences users will embrace. These strategy and design efforts then inform business-led technology selection and IT-led implementation so that new platforms support emerging and future-state member/patient needs and deliver differentiated capabilities and new ways of delivering healthcare.

This white paper reveals the value of a business-led digital transformation. We contrast key aspects of this approach with prevailing technology-driven efforts. Finally, we lay out the steps to proceed — such as changing corporate mindsets and culture, redesigning program funding models and codifying business-led processes — to ensure digital transformation initiatives deliver the business outcomes and new experiences healthcare stakeholders now demand.



The downside of a technology-led approach

During the 2021 Cognizant Healthcare Conference, senior-level attendees stated that many of their digital initiatives had not been successful. Citing a variety of reasons, more than 50% of those polled said a lack of early business involvement was a

key reason for an unsuccessful healthcare digital transformation program (see Figure 1). Some of the other cited reasons include using the waterfall method (instead of Agile), inadequate planning and design, and a failure to plan for customer journeys.

Why are digital transformation programs unsuccessful today?

Healthcare executives cite a variety of reasons why digital efforts disappoint; many of these can be traced back to a lack of early business involvement in creating a clear future-state strategy and design.

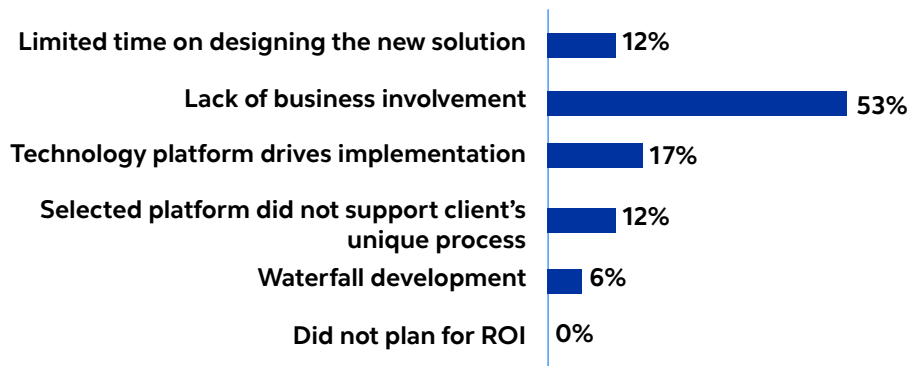


Figure 1
Source: 57 respondents polled at the 2021 Cognizant Healthcare Conference

IT traditionally leads the software development lifecycle; thus, many healthcare organizations have simply carried over that approach to their major digital programs and modernization initiatives. This technology-led approach creates several pitfalls that can lead to failure. These include:

- I Insufficient focus on strategy and experience design:** Many healthcare digital transformation programs today start the same way as software

development projects: IT elicits requirements from business leaders or selects a platform based on procurement or vendor relationships. Little effort is spent answering key strategy and design questions, such as what should the future look like? What market-leading and differentiated capabilities do we need for that future? What are the market and competitive imperatives? What kind of experience do we want to deliver to stakeholders? How do we prioritize? Do we have a common understanding of

More than 50% of those polled said a lack of early business involvement was a key reason for an unsuccessful healthcare digital transformation program.

the future state as an enterprise? What outcomes — revenue growth, administrative cost reduction, medical cost reduction — do we want to achieve? How do we measure ROI? The answers to these questions should shape the program.

I Lack of business involvement: When healthcare organizations apply software development approaches to major initiatives, IT is likely to treat the business as a client and facilitate conventional requirements sessions. Rather, the business should not be viewed as a “client” of IT but as the owners of the program. Business needs to set the direction in terms of future-state capabilities, including long-term features and functions required. The business should set the priorities, such as for minimum viable products (MVPs), define the roadmap for these needed capabilities, determine the experience to deliver and present a clear view of required business outcomes for the program.

I Poorly fitted technology platform: Without adequate upfront strategy and design efforts and a lack of business involvement, IT teams tend to select platforms and solutions through a traditional RFP process based on IT drafting requirements, via procurement or based on existing vendor relationships. These approaches

lead to new solutions that are more likely to support yesterday’s business models and processes and deliver an experience to catch up with the past rather than pave a way to the future. This can result in stakeholders’ disenchantment with the new solution, low user adoption rates and an unattainable ROI.

We often see the consequences of an IT-led approach. One of our clients sought to improve its provider experience across recruiting, onboarding, credentialing, contracting, managing claims and prior authorization processes. The client followed a technology-led approach and selected a platform before it designed the future state. Typical of a technology-led approach, this client quickly moved to implementation without identifying capabilities, designing the future-state business process or experiences, or defining a roadmap. As a result, the first release led to a complicated provider onboarding process, incoherent workflows and poor user experience. Their business was dissatisfied as it did not serve their need to improve the provider experience. Rather, it set the company behind. Without defined business needs and a clear roadmap, the company stopped the program, facing lost time, morale and money.



Let the business lead

By contrast, a business-led approach clearly states that the business is the program owner, not IT. For strategic planning, the business is responsible for identifying required differentiated capabilities, setting competitive imperatives, recognizing market priorities, developing a clear consensus-driven roadmap for the future and defining expected outcomes. Each major transformation program must follow this process and should also incorporate business solution design and

human-centered experience design to deliver the future-state experience. These steps create additive value by aligning the objectives and interests of stakeholders inside and outside the organization. A business-led approach also incorporates planning for user adoption of new solutions from the outset. This methodology is applicable to all digital transformation and modernization efforts, from systems of engagement to systems of intelligence to systems of record.

Business-led digital transformation approach

With this approach, business users participate in design and planning long before any technology decisions are made, and remain integral through the process.

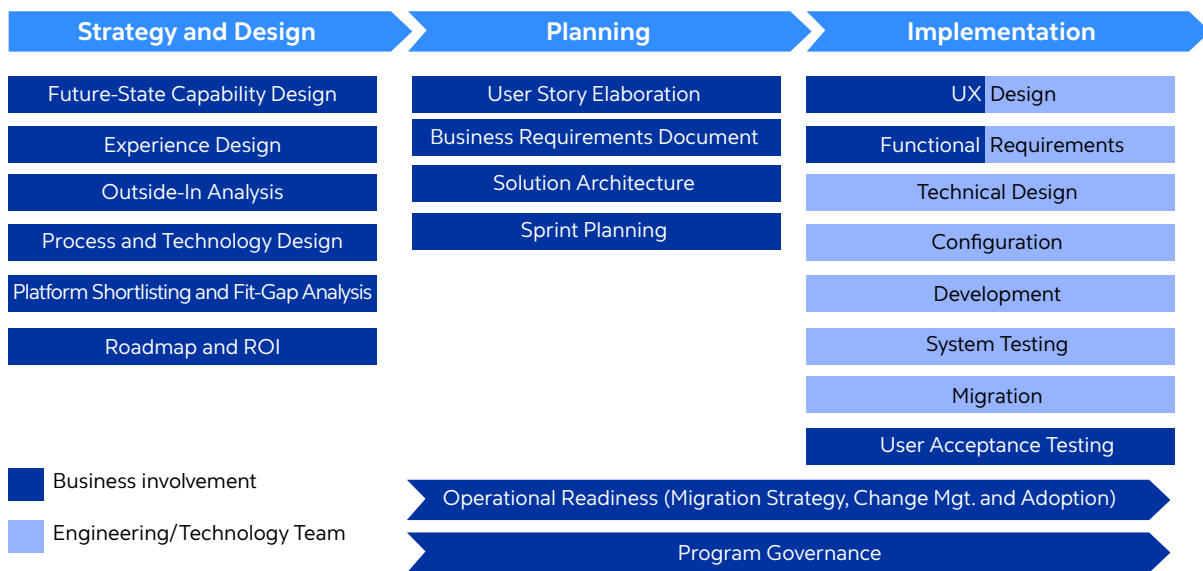


Figure 2

Key characteristics that define a business-led approach include:

- I Earlier, deeper and sustained business participation:** Business stakeholders from across the company explore the desired future state and the experiences that the program will deliver. Business teams own the strategy and design efforts for each program from the outset and remain involved through implementation. Leading industry players are hiring people with both business and technology skills to lead large programs, such as marketing technology executives brought in to drive martech initiatives.
- I Well-formulated strategy and design:** With business in the driver’s seat, a well-formulated strategy and design is a logical outcome. In the strategy and design phase, the business teams define what the future looks like in terms of differentiated capabilities based on market and competitive forces. Business leaders set priorities based on market needs, design a future-state experience and process, develop ROI metrics and

define a consensus-driven roadmap — well before a platform or technology solution is identified and with limited IT involvement.

- I Best-capability-fit technology platform selection:** With a comprehensive, well-designed strategy in place, business and IT teams are now collectively equipped to select the ideal platform or solution. Selection efforts also must be led by the business and be based on the defined strategy and design process, not on considerations such as vendor relationships or affinities.
- I Small starts that scale with agility:** The organization takes an iterative approach to implementation, releasing MVPs, which are tested, refined and scaled based on the outcomes of earlier iterations.
- I Clear plans to build adoption:** Digital projects often falter due to assumed stakeholder adoption.⁴ A business-led approach includes change management and an adoption-building plan for the myriad stakeholders.

Comparison of digital transformation approaches

A business-led approach fundamentally shifts where effort and cost are incurred. It shifts funding from implementation to strategy and design phases. A focus on upfront strategy and design can speed deployment and reduce rework.

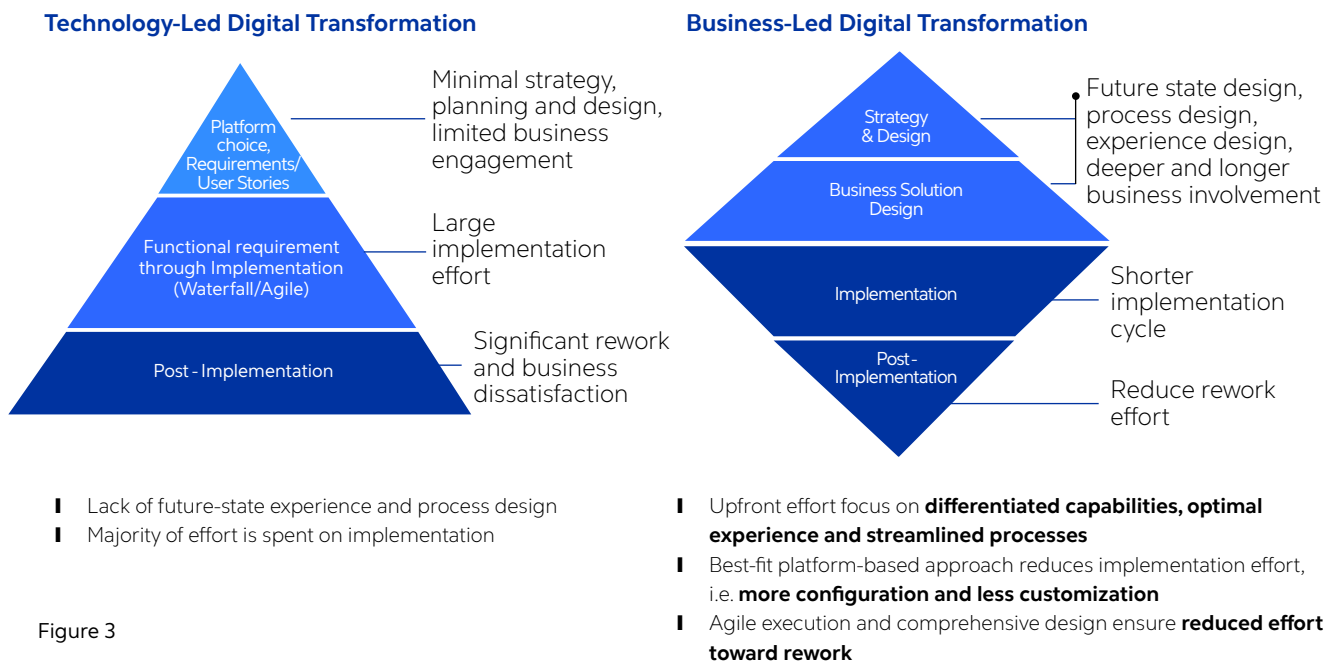


Figure 3

A business-led approach doesn't alter how the technology lifecycle works but enhances it by achieving the following benefits:

- I No-regrets investment:** The effort spent on upfront strategy and design is a regret-free investment because it informs the ultimate technology decisions.
- I Future-proofed platforms:** Whether technology is bought, built or modernized, a business-led process helps ensure the selected system and/or tools help the organization achieve its future-state targets.
- I Faster time-to-value:** The approach identifies potential value and ROI during the strategy and design phases so the healthcare organization can set and focus on priorities. Iterative implementations begin capturing that value sooner.

Maintaining a disciplined approach

A primary reason why a technology-driven approach prevails at many organizations is that IT, as a discipline, has a well codified implementation methodology, and gathering business requirements for a new tool or system is a key step. We propose organizations similarly build a process library that codifies the business-led transformation methodology with the following activities:

- 1. Future-state design:** Initially, every major program should include a future state design. What are the market-leading differentiated capabilities needed and how should those be prioritized based on market needs? What competitive imperatives must be met? What are the “moments that matter” for stakeholders and how might those change over time? Each group of business stakeholders — from sales, marketing, product development, medical management and claims to enrollment and finance — likely has a different perspective. These views can be identified and documented via workshops and focus groups. Such activities will help build consensus for the necessary future-state capabilities and establish a business case, all of which should be documented.
- 2. Human-centric experience design:** Identify different end-user archetypes, refine these into personas and develop detailed experience journeys. This exercise provides influential insights about different end-user needs. The information gleaned is critical to creating persona-centric strategies and optimal user experiences, which in turn will be key to process design.
- 3. Outside-in analysis:** Validate and enrich identified target capabilities that will differentiate the organization. Interview industry experts and thought leaders to better understand trends and best practices. Obtain secondary research from industry reports, market research and white papers to inform and confirm analyses of emerging marketing trends, capabilities and technologies. Collect cross-industry insight to understand best-in-class capabilities from adjacent industries and how these could enrich the experience's design. Conduct a competitive assessment to identify the essential table stakes, as well as differentiated and market-leading capabilities.
- 4. Process design:** Analyze functional interdependencies (people, process, data and technology) across the value chain and gauge any that might rely on future capabilities in other business functions (see Figure 4, next page). Develop future-state business process models. Define specific process flows, highlighting the people, actions and systems involved and the exact sequence of steps to be followed for every use case.

Identify cross-functional interdependencies across the value chain

Understanding process dependencies across the value chain is key to successful process and human-centric experience design. A new marketing campaign automation process touches many areas of the payer organization beyond marketing, including enrollment, medical management and customer service. A business-led approach is best positioned to capture these dependencies before design and technology choices are made.

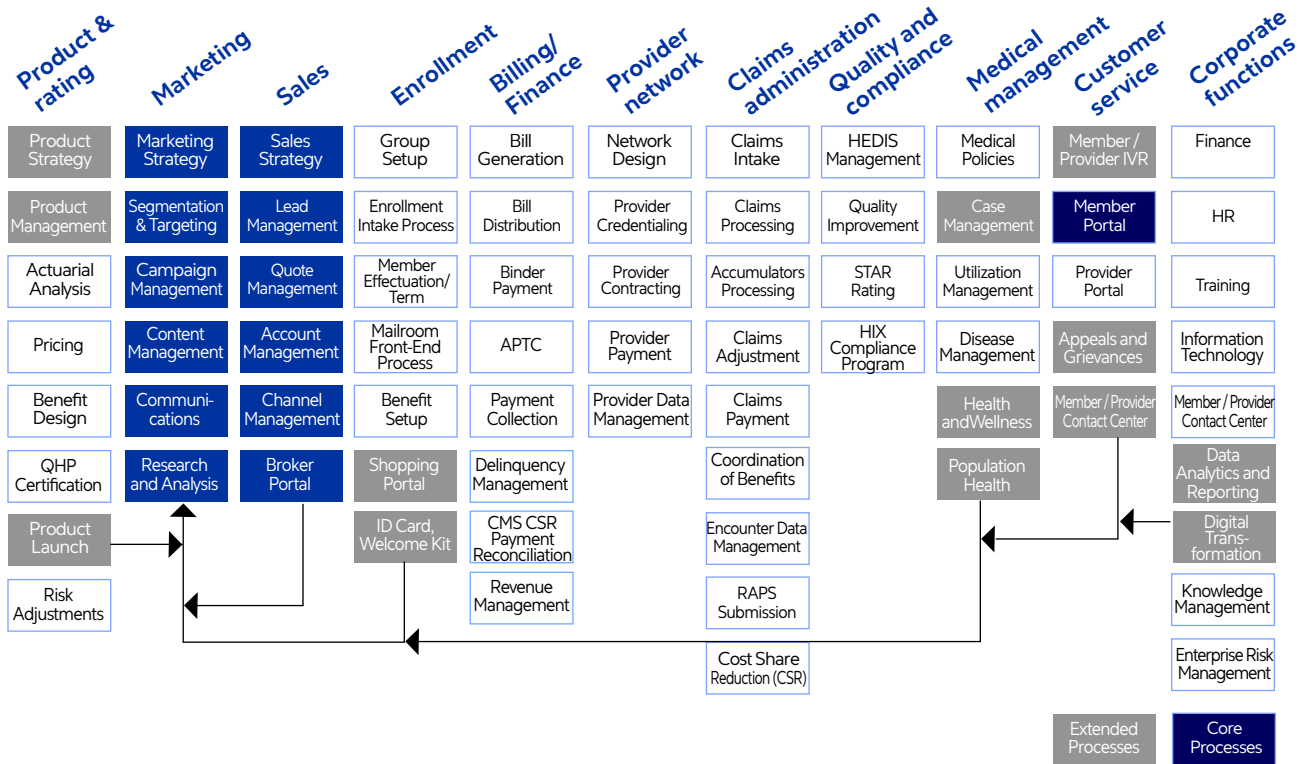


Figure 4

5. Technology design: Develop a business architecture that identifies solution scope and specifies how it will interact with existing platforms in the enterprise. Create a system interaction model to identify potential integrations. Based on the future-state business solution and capabilities, perform a fit-gap analysis to select the most appropriate technology platform.

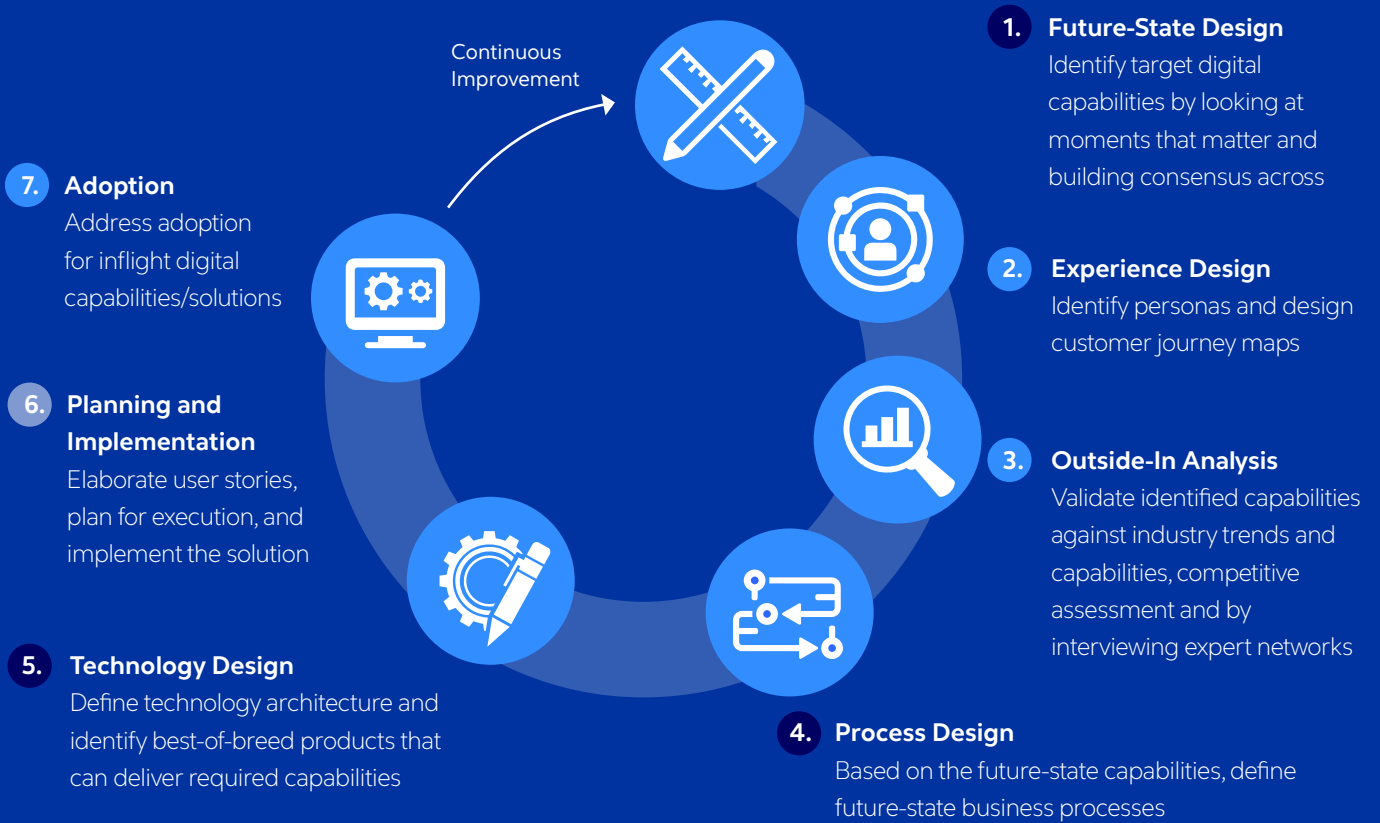
6. Planning and implementation: Organizations can follow traditional waterfall or other software development lifecycle models currently used, but we recommend iterative, Agile sprints using an MVP approach. Upstream planning work in step 1 helps ensure the MVPs are aligned with stakeholder expectations.

7. Adoption planning and development: Program value is realized only if stakeholders embrace the new experience. A change management strategy and integral communication plan are vital to ensure strong adoption rates. While adoption campaigns may coincide with the implementation, being business-led calls for planning these campaigns during the strategy and design phase.

There are also ways to improve adoption of existing digital initiatives that have not met targets. Redesign the experience from insight gained by analyzing usage data and exploring the root causes for low adoption. Adoption also may be impaired by a lack of awareness of new tools and their benefits. In those instances, organizations can roll out new campaigns and incentives.

Business-led digital lifecycle

Many healthcare organizations are missing key steps in the business-led methodology. Each step is critical; the work invested in steps 1 through 5 yield returns many times over by being applicable to future initiatives and in guiding decisions throughout the remaining phases.



Does a typical plan do this in their digital transformation? ● Rare ● Always ● Moderate

Figure 5

Quick Take

A Business-Led Way to Elevate the Broker Experience

A payer organization that offers individual and Medicare supplemental plans had a variety of fragmented and outdated engagement channels for its stakeholders. The client wanted to completely redesign how it engaged with key stakeholders (members, providers, brokers and shoppers). Applying a business-led approach to redesign the future-state experience for these stakeholders, we began with the client's broker/agent channel, which is critical to the client's expansion across multiple states and growth across all business lines.

We followed the business-led methodology. Working with the client's business and IT executives, we conducted strategy and design sessions, identified future-state broker capabilities (future-state design), developed broker archetypes and broker/agent personas, drafted sales and service journey maps (experience design), conducted outside-in analysis to inform the client's broker engagement capabilities, redesigned their business process (process design), developed business and technology architecture (technology design), and evaluated multiple best-of-breed platforms to identify the best-fit platform to deliver the future-state design. With the best-fit platform selected, we are now implementing the solution through an Agile-based iterative delivery. We are driving agent/broker adoption of the new solution through robust change management and communication strategies.

The overall approach resulted in a unified broker experience and is expected to increase broker productivity by 32% and engagement by 28%, with a 22% boost in annual account value and 30% rise in retention.



Transitioning to a business-led approach

Many health organizations have invested heavily in digital transformation and/or modernization initiatives to comply with regulations such as interoperability or price transparency. A business-led methodology can be applied to initiatives, even if initiated with a technology-driven approach. Here are a few questions to determine whether a project is business-led or technology-driven:

- How involved have business stakeholders been in defining the future business state and experience?
- Are the “moments that matter” to stakeholders clearly identified?
- Are IT and business ROI metrics aligned?
- Did the transformation team design the RFP around a future-state experience?
- What plans have been made for change management and adoption campaigns?

If the answers are “no” or variants thereof, the initiative is likely technology driven and could be more expensive and less successful than expected. Here are the steps organizations can take to move business into the lead on digital programs and initiatives:

- 1. Change the organizational mindset and culture.** Most digital initiatives have a direct impact on consumers and markets. In our [2021 Voice of the Member](#) survey, lack of digital capabilities emerged as the third most common reason for members to switch health insurance companies.⁵ Because of their impact, digital initiatives require greater and deeper business involvement. This may call for a mindset shift for many organizations. Healthcare business executives must be actively involved in these initiatives, such as by hiring functional leaders whose full-time job is to drive digital programs.
- 2. Redesign program funding models.** Today, program funding is bottom-heavy (see Figure



3, page 6) and fundamentally geared toward large implementation efforts — while limited funds are allocated to strategy and design efforts. One organization we worked with was trying to build an industry-leading AI model, but lacked an adequate budget to estimate ROI. Yet heavy spending for implementation is an accepted practice — even though a failed outcome looms due to insufficient strategy and design. Implementation-focused organizations must reallocate more budget to strategy and design efforts. This funding shift from implementation to strategy and experience design is supported by advances in platform solutions that minimize customization needs. Organizations also must redefine how they identify OpEx and CapEx spend because many strategy and design efforts (e.g., journey maps, process models, business architecture, etc.) are critical to building the capability for the future and may be capitalized.

3. Codify the business-led process. While IT development lifecycles are well codified with process libraries, documentation of up-front strategy and design efforts is rare. Identify specific activities that need to be performed prior to starting the IT development lifecycle. What's

needed is a codified process with a set of clear steps to develop the future state and define the steps for human-centered design, process design, competitive/market assessment, ROI, road mapping and technology selection.

Technology alone has never been the answer to improving the healthcare experience for members, patients, providers, case managers, and others. A business-led culture shift and methodology reflects this view. By investing in upstream strategy and experience design that then informs technology choices and implementation, healthcare organizations can ensure their digital investments are aligned with the overall corporate strategy and business goals.

Let the future-state vision and roadmap become the lodestars for additional digital investments and experience design. Healthcare organizations that continually center on stakeholder needs will remain in touch with trends and deliver best-in-class experiences, differentiating themselves by meeting the unique needs of their valued constituents. Such organizations will go far to change the odds their efforts will succeed and deliver improved health outcomes and experiences.



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Jagan Ramachandran is an Assistant Vice President and Partner in Cognizant's Healthcare Advisory Practice. With over 20 years of experience at the intersection of healthcare business and technology, he leads Cognizant's stakeholder experience management service line. Jagan has executed a wide range of management consulting projects in the payers space in the areas of digital strategy, member experience, broker experience, provider experience, establishing new lines of business, platform selection, M&A and automation advisory. Jagan is a speaker on emerging trends in healthcare in several industry forums. Prior to this role, Jagan was a Managing Partner with Gartner Consulting. He can be reached at Jagan.Ramachandran@cognizant.com | [linkedin.com/in/jagannathanr/](https://www.linkedin.com/in/jagannathanr/).

Endnotes

- ¹ Digital Transformation Market by Technology (Cloud Computing, Big Data and Analytics, Mobility/Social Media, Cybersecurity, Artificial Intelligence), Deployment Type, Vertical (BFSI, Retail, Education), and Region - Global Forecast to 2025 Published – July 2020, <https://www.marketsandmarkets.com/Market-Reports/digital-transformation-market-43010479.html>.
- ² BCG industry analysis based on 895 transformations, <https://www.bcg.com/publications/2020/increasing-odds-of-success-in-digital-transformation>.
- ³ Throughout this paper, we use “strategy” in the context of launching digital projects and initiatives. It refers to a set of activities that organizations need to execute at the beginning of every transformation project (see Figure 2). Note that these efforts are distinct from yet complement an overall “digital strategy.”
- ⁴ Pfister, Marc and Broj, Alexander, “Realizing Digital’s Full Potential in the Value Chain,” 2021, <https://www.cognizant.com/whitepapers/realising-digitals-full-potential-in-the-value-chain-codex6539.pdf>.
- ⁵ “Time for Health Plans to Deliver Engaging Digital,” <https://www.cognizant.com/perspectives/time-for-health-plans-to-deliver-engaging-digital>.
- ⁶ Ibid.

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