FROST & SULLIVAN

INOVALON RECEIVES THE 2023 PRODUCT LEADERSHIP AWARD

Identified as best in class in the North American healthcare analytics and RWE information technology solutions industry

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each Award category before determining the final Award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Inovalon excels in many of the criteria in the healthcare analytics and real-world evidence information technology solutions space.

Healthcare Analytics and Real-World Evidence Information Technology Solutions Market

Patient-centered care focused on outcomes and value is rapidly changing healthcare in the United States (US). Drug prices have increased, and pharmaceutical (pharma) research and development (R&D) efficiency has decreased despite this transition. The healthcare industry and information technology (IT) solution providers progressively turn to real-world evidence (RWE) to address these issues. Combining large public-private data repositories and cutting-edge technologies like artificial intelligence (AI) and cloud computing expands evidence-based medicine.

Frost & Sullivan's ongoing analysis reveals that the healthcare analytics and RWE IT solutions industry must solve several complex problems to improve healthcare delivery and patient outcomes. Data source integration and interoperability are significant challenges. Healthcare systems generate massive amounts of data, including electronic health records (EHRs), medical images, and patient-generated data (PGD). However, these data sources are often siloed across departments, facilities, and countries, making it quite difficult to understand a patient's health journey. Healthcare providers and policymakers need robust IT solutions to seamlessly aggregate, standardize, and analyze the diverse data to gain meaningful insights and support evidence-based decision-making.

Moreover, data security and privacy are top priorities. Data breaches and unauthorized access increase as healthcare organizations use digital platforms for data storage and analysis. The healthcare analytics and RWE IT solutions industry must design and implement robust cybersecurity measures to protect patient data.

Furthermore, balancing data accessibility for research and clinical purposes with strict privacy standards is complicated. For instance, companies must comply with privacy laws like the Health Insurance Portability and Accountability Act (HIPAA). Successfully addressing these challenges is obviously pivotal in harnessing the full potential of healthcare analytics and RWE to drive improvements in patient care and outcomes.

Frost & Sullivan estimates the US real-world evidence IT solutions market will reach more than $1.5 billion in 2025, with a compound annual growth rate (CAGR) of about 15.5% from 2019 to 2025.[1] Similarly, the US healthcare data analytics market will grow at approximately 22.3% CAGR from 2022 to 2028, reaching $57 billion in 2028.[2]

Frost & Sullivan believes that Inovalon uniquely leverages its expertise to properly meet market and customer needs. The company is well-positioned to capitalize on new growth opportunities, cementing its position in the North American healthcare analytics and RWE IT solutions space.

Creating Solution-oriented Products by Addressing Unmet Market Needs

Founded in 1998 and headquartered in Maryland, the US, Inovalon is a cloud-based software-as-a-service (SaaS) provider empowering data-driven healthcare. It specializes in deploying outcomes, quality, and operational software solutions, utilizing large volumes of primary sourced data . In November 2021, Nordic Capital and Insight Partners acquired Inovalon.

The Insights business unit focuses on life sciences, health plans, providers, digital health entities, foundations, and nonprofits to maximize data asset value, using real-world data (RWD) for healthcare applications with products, services, and licensed data.

Value Propositions

Inovalon offers unique value propositions based on its distinct capabilities and extensive data resources. The company has the largest longitudinally linked primary source dataset in the US, ensuring data provenance, traceability, and regulatory integrity. This proximity to data allows Inovalon to efficiently manage and maximize its utility, giving customers seeking data-driven insights quick time-to-value. Since 2009, its Centers for Medicare & Medicaid Services (CMS) qualification provides the company access to Medicare fee-for-service claims data, enhancing its ecosystem control.

Additionally, Inovalon's dedicated team and diverse product offerings add further value. The company licenses data for end-user research, product development, and data problem-solving. Multiple product initiatives exist between these extremes, including data streaming for real-time access to identifiable data at the point of care.

Frost & Sullivan notes that Inovalon's differentiation lies in its unique access to extensive and longitudinally linked healthcare datasets, positioning it as a fundamental framework for innovative solutions. This comprehensive primary source data, particularly its closed claims data, serves as a foundational scaffold that enables the development of advanced solutions, especially in areas like

[1] *Shifting Spotlight from Product- to Value-based Outcomes Intensifies Growth in the US Real-world Evidence IT Solutions Market,* (Frost & Sullivan, February 2021).
[2] *US Healthcare Data Analytics, 2023,* (Frost & Sullivan, June 2023).

commercial analytics, clinical trial analytics, epidemiology, and health economics and outcomes research.

The company's distinct advantage is its collaboration across payer, provider, specialty pharmacy, and life sciences domains, allowing it to effectively utilize data and analytics to address emerging trends in targeted medicine, gene therapy, and oncology.

The Inovalon ONE® Platform

The Inovalon ONE Platform is a robust, versatile healthcare solution comprising over 100 cloud-based SaaS offerings. These data-driven solutions enhance clinical outcomes and economic aspects within the healthcare ecosystem. Serving various healthcare stakeholders, the platform integrates national-scale connectivity, real-time access to primary source data, and advanced analytics. This synergy delivers actionable insights that inform and expedite patient care and business strategies.

Inovalon enables deeply informed, meaningful action for customers:

- **Inovalon Data Cloud** harnesses diverse, longitudinally linkable healthcare data to enhance health outcomes and economic insights. It drives significant impacts for patients and partners through valuable insights delivered with increased confidence and efficiency by utilizing comprehensive primary source data.
- **Inovalon Payer Cloud** offers advanced analytics and dynamic business intelligence to enhance member care, operational efficiency, and healthcare outcomes for health plans. The Converged SaaS suite empowers health plans with member-centric insights, enabling measurement, management, and improvement of healthcare outcomes, economics, and care quality.
- **Inovalon Provider Cloud** provides a user-friendly, single-sign-on portal for streamlining revenue cycle management, care quality management, and workforce management. Serving over 47,000 provider sites, it offers innovative tools to simplify and enhance complex operations throughout the patient care journey.
- **Inovalon Pharmacy Cloud** facilitates pharmacy operations and enhances clinical performance through real-time data exchange, automated processing, and electronic decision support. ScriptMed® powers seven top 10 US specialty pharmacies, underscoring its significance in optimizing pharmaceutical services.

Best-in-class Practices

Inovalon's best practices revolve around a multi-faceted approach capitalizing on its extensive primary source data and deep expertise. The company's process involves channel partners, resellers, and aggregators transforming data into tailored solutions addressing specific business questions. Leveraging its understanding of data and the legacy of data scientists, Inovalon independently extracts insightful information. This dual-thread approach focuses on data licensing and solutions, particularly in the healthcare domain, with a strong emphasis on life sciences.

The company's key focus areas include healthcare economics, clinical R&D, and personalized medicine. It is committed to offering standardized and productized services with a customer-centric mindset that tailors solutions to unique needs. The evolution from service-heavy to product-centric solutions, enabled

by recurring data feeds and robust analytical capabilities, characterizes its journey toward pure-play SaaS offerings.

Inovalon enhances its datasets through strategic acquisitions and the ability to link various data sources, such as genomic, social determinants of health, and unstructured EHR data, all while maintaining stringent security and privacy standards. The company deeply embeds its security measures within its cloud-based analytical technology architecture, which boasts scalability, data processing capability, and privacy considerations. The platform manages vast data volumes and dynamically scales to meet demands while prioritizing data security.

A dedicated team ensures that the latest security mechanisms are in place, reflecting a solid commitment to maintaining the highest levels of trust. Inovalon continuously evaluates emerging solutions and technologies to reinforce security. Its approach incorporates AI and machine learning (ML) capabilities applied through the well-established fundamentals of data science. The company's solutions are built with security as a foundation and leverage ML's core principles to enhance insights and privacy across its cloud-based infrastructure.

> *"Frost & Sullivan applauds Inovalon for its best practices that transform data into actionable insights through tailored solutions while adapting to market demands and evolving toward innovative SaaS offerings."*
>
> ***- Ojaswi Rana***
> ***Best Practices Research Analyst***

Frost & Sullivan applauds Inovalon for its best practices that transform data into actionable insights through tailored solutions while adapting to market demands and evolving toward innovative SaaS offerings.

Customer-Centric Approach to Value Creation and Industry Advancement

Inovalon's approach goes beyond its extensive expertise and best-in-class capabilities, with customer value as a strategic imperative. Through the years, the company has earned a sterling reputation supporting customers' path towards improved healthcare outcomes and data-driven decision-making.

Value Creation for Stakeholders

Unlike other competitors, Inovalon builds its products by collaborating closely with various stakeholders and partners to evolve alongside market needs and trends. Collaboration with stakeholders and partners is a cornerstone of its strategy to develop and generate customer value. The company's current growth focus on clinical development and analytics stems from its strength in data sourced from payers and providers, which it enhances with clinical insights.

As an example, a concentration on trial design and recruitment enables Inovalon to avoid the traditional approach of execution, aiming instead to differentiate through strategy. The company connects patient characteristics to specific providers and sites by leveraging its deep provider identification within datasets, addressing diversity criteria required by regulatory bodies. Inovalon also forges direct pathways to patients through existing networks, amplifying recruitment efforts. This strategic approach aligns with the evolving healthcare landscape and the increasing need for cross-value chain collaboration.

Moreover, recognizing the earlier prominence of commercial discussions in the R&D process for high-

value therapies, the company's expertise in primary source data and solution capabilities enables it to actively engage in market sizing, patient identification, and healthcare economics.

Inovalon's cloud-based infrastructure and robust software platform further distinguish its capabilities, harnessing vast datasets and extracting insightful conclusions, thus reinforcing collaborative efforts toward customer-centric innovation.

The company bases its pricing strategy on understanding customer needs and business challenges. Since pricing is closely tied to its value in addressing these issues, Inovalon evaluates its solutions' impact on specific business functions from a customer-centric perspective. The company prioritizes long-term growth over price manipulation, focusing on quantifiable value creation, such as reducing a business function's costs by a percentage. It prioritizes customer value over cost uplift, aligning with its commitment to meaningful outcomes and promoting a partnership where both parties benefit from its solutions.

Value Creation for the Industry

Inovalon's perspective on competition sets it apart as it creates value for customers and the industry. Rather than fixating on traditional competitors, the company's approach recognizes the multi-faceted nature of the healthcare data, analytics, and software sector.

In acknowledging that various stakeholders use data to address healthcare queries, Inovalon adopts a broader view that transcends the typical competitive mindset. While it remains attentive to the competitive landscape, it prioritizes the core objective of adding substantial value. In a space characterized by diverse question complexity, the company strategy focuses on innovation and impact, ensuring that its solutions address a wide array of needs. This perspective aligns with Inovalon's commitment to offering valuable insights and services, contributing to customer success and the industry's growth and advancement.

Value Creation for Customers

At the company level, Inovalon emphasizes providing exceptional customer value and experiences. It delivers high-value innovative services to a broad spectrum of customers, extending beyond RWD users. This commitment functions as a virtuous cycle, where providing valuable services and products fosters collaborative customer relationships. As the company continuously enhances its offerings, clients grant Inovalon continued access to their data, enabling the introduction of even more sophisticated solutions.

> *"Frost & Sullivan believes Inovalon's transparent, seamless, and frictionless approach and close relationships position it as a partner of choice for stakeholders and customers. Additionally, the company's endeavors to advance the healthcare ecosystem are admirable."*
>
> ***- Ojaswi Rana***
> ***Best Practices Research Analyst***

The company's investment in customer success is evident through its meticulous metrics tracking, such as customer health, satisfaction, and ticket resolution time. It ensures comprehensive support by deploying dedicated customer success managers and technical account managers, allowing it to tackle complex customer issues. As a result, Inovalon's in-house data science team provides advanced customer solutions,

often leading to new product enhancements.

Further, the company addresses complex queries by leveraging its team of data scientists. These investments have yielded substantial improvements in customer satisfaction, with a rise from 70% to over 80% in happy customers.[3]

Additionally, ticket resolution time and net promoter score have experienced positive growth, reflecting Inovalon's customer-centric strategy's success. The company's focus on key performance indicators like renewals, upsells, cross-sells, and net recurring and gross recurring revenue underscores its commitment to sustaining and expanding customer value over the long term.

Case Studies

AstraZeneca evaluated health plan outcomes-based contracts using Inovalon's data and platform. The project focused on chronic obstructive pulmonary disease care delivery models, regulatory policies, payment design, and value-based contracting using the Inovalon ONE Platform's RWD and analytics. The goal was to identify optimal care delivery models and unmet needs for health plans, providers, and long-term care facilities to implement value-based care.

Harvard Medical School and the Inovalon RWD solutions team developed novel Medicare Advantage and Fee-for-Service beneficiary insights. This partnership provided the company with the tools to boost Medicare Advantage enrollment, especially among commercial populations transitioning to Medicare. The analytic insights from this collaboration helped carriers refine marketing strategies, tailor plan offerings, enhance resource planning for new enrollees, optimize star ratings, and extend their reach to new geographic areas.

Tivity Health used Inovalon's data and the RWD solutions team for a SilverSneakers impact study. This collaboration revealed how SilverSneakers reduces hospitalizations and improves chronic conditions in seniors.

Frost & Sullivan believes Inovalon's transparent, seamless, and frictionless approach and close relationships position it as a partner of choice for stakeholders and customers. Additionally, the company's endeavors to advance the healthcare ecosystem are admirable.

Achieving Financial Success through a Customer-centric Approach

Inovalon strengthens its brand equity through a holistic approach, integrating the product, services, and investments in a closed loop. This process enhances the brand's value by providing customers with actionable insights and personalized guidance while ensuring a meaningful and differentiated experience.

The company prioritizes growth, emphasizing annual recurring revenue as a crucial metric underpinned by double-digit year-over-year revenue growth and significant profitability.[4] It remains focused on the overarching goal of maintaining a solid business presence. Operating as a privately held company, leading indicators, including customer satisfaction, which contribute to new sales and revenue, drive its business performance, reflecting its commitment to sustained growth and success.

[3] Interview with Inovalon, 3rd August 2023.
[4] Ibid.

Significant product development and skill enhancement investments align Inovalon's growth strategy with well-defined roadmaps. The company is expanding into clinical and commercial verticals, using its success and dedicated leaders to advance these areas. It expects to increase awareness and recognition of its comprehensive offerings by focusing on key customer relationships and product solutions, fueling data licensing's impressive growth trajectory.

This strategy helps Inovalon raise customer awareness and maximize value. Additionally, the inauguration of its India Development Center in Hyderabad in 2022 is a testament to its commitment to global innovation and further enhancing its capacity to deliver customer-focused solutions.

Frost & Sullivan is impressed by the company's robust growth momentum driven by its customer-centric approach, revolutionary products, and exceptional operational strategies, earning its clients' trust and loyalty and enabling it to capture more market share.

Conclusion

To be a product leader, a company needs to understand the market's needs and deliver a solid solution designed and embedded with high-quality and reliable performance. Frost & Sullivan finds that Inovalon embodies this concept and exemplifies it with best practices implementation.

The company's Inovalon ONE® Platform offers robust healthcare information technology (IT) solutions that address data integration, interoperability, and security needs. The platform seamlessly aggregates, standardizes, and analyzes diverse healthcare data from electronic health records and medical images to provide healthcare providers and policymakers with evidence-based insights for better patient care and decision-making. In addition, Inovalon's robust cybersecurity measures protect data from unauthorized access and breaches and comply with privacy laws like the Health Insurance Portability and Accountability Act.

Overall, the company addresses these unmet needs with a strong leadership focus that incorporates customer-centric strategies. Its dual-thread approach transforms data into tailored solutions for specific business questions with channel partners, resellers, and aggregators. This strategy emphasizes standardized and productized services, particularly in healthcare, while transitioning to pure-play software-as-a-service with recurring data feeds and robust analytics.

Additionally, Inovalon's dedication to customer-centric innovation, collaboration with stakeholders, and strategic pricing approach showcases its commitment to creating value for stakeholders, customers, and the healthcare industry as a whole. The company remains a trusted partner, earning a reputation for offering the best healthcare analytics and real-world evidence (RWE) IT solutions.

With its strong overall performance, Inovalon earns the 2023 Frost & Sullivan Product Leadership Award.

© Frost & Sullivan 2023

What You Need to Know about the Product Leadership Recognition

Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

Best Practices Award Analysis

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Product Portfolio Attributes

Match to Needs: Customer needs directly influence and inspire the product portfolio's design and positioning

Reliability and Quality: Products consistently meet or exceed customer expectations for performance and length of service

Product/Service Value: Products or services offer the best value for the price compared to similar market offerings

Positioning: Products serve a unique, unmet need that competitors cannot easily replicate

Design: Products feature innovative designs, enhancing both visual appeal and ease of use

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

© Frost & Sullivan 2023

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

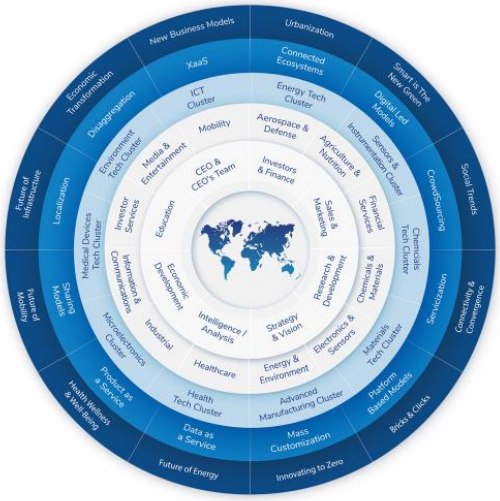
Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.
Learn more.

Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.



Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**