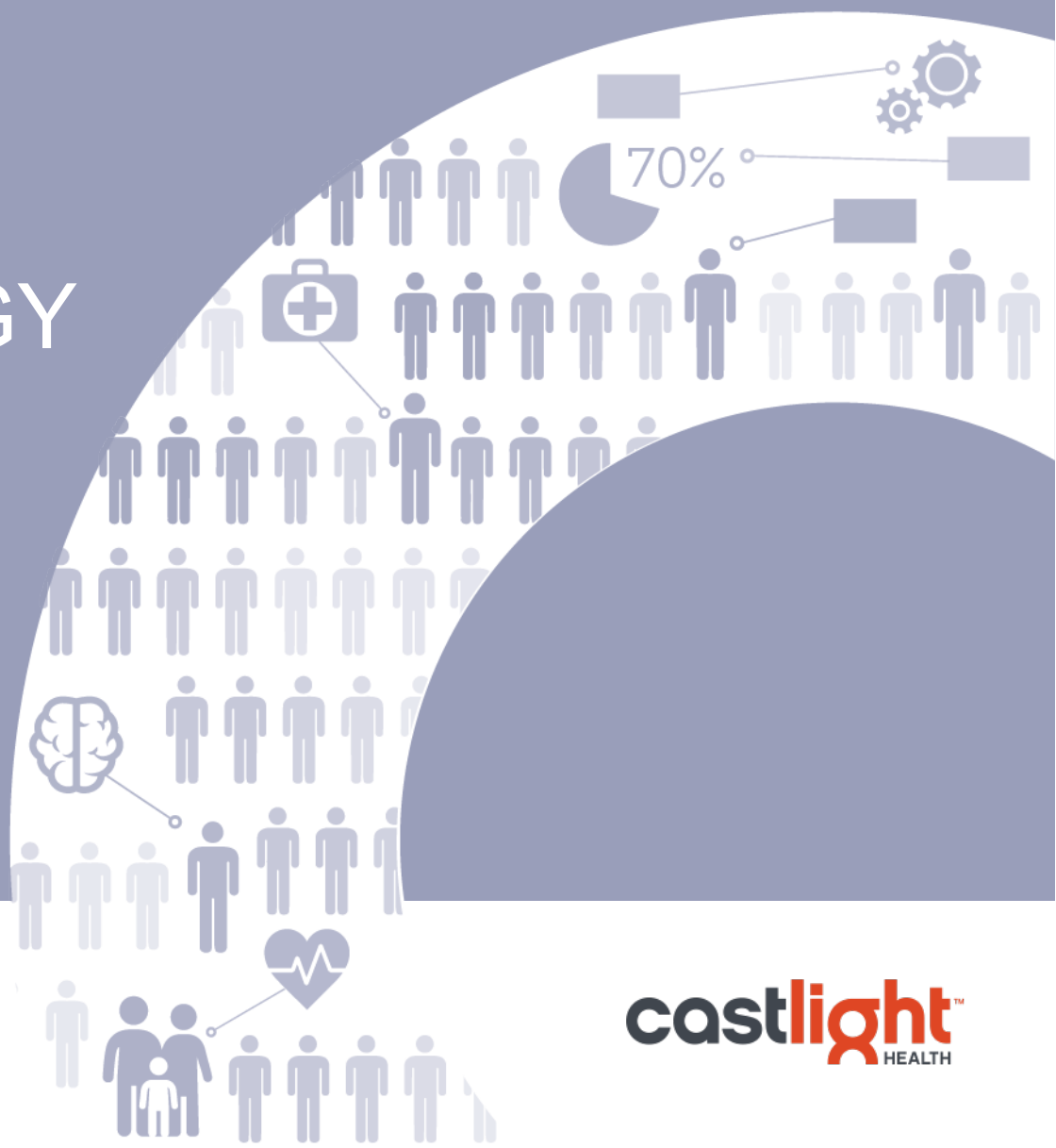


# VALUE REALIZATION METHODOLOGY

July, 2016

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## PROBLEM

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- BoB shows inconsistent savings on overall healthcare spend
- Analysis reveals value in some areas
  - Shopping for imaging can save 30%
    - Steel Dynamics: 38% !
    - IBM: 30% !
  - Not enough shoppers per client
  - Vendor programs – not accounted for

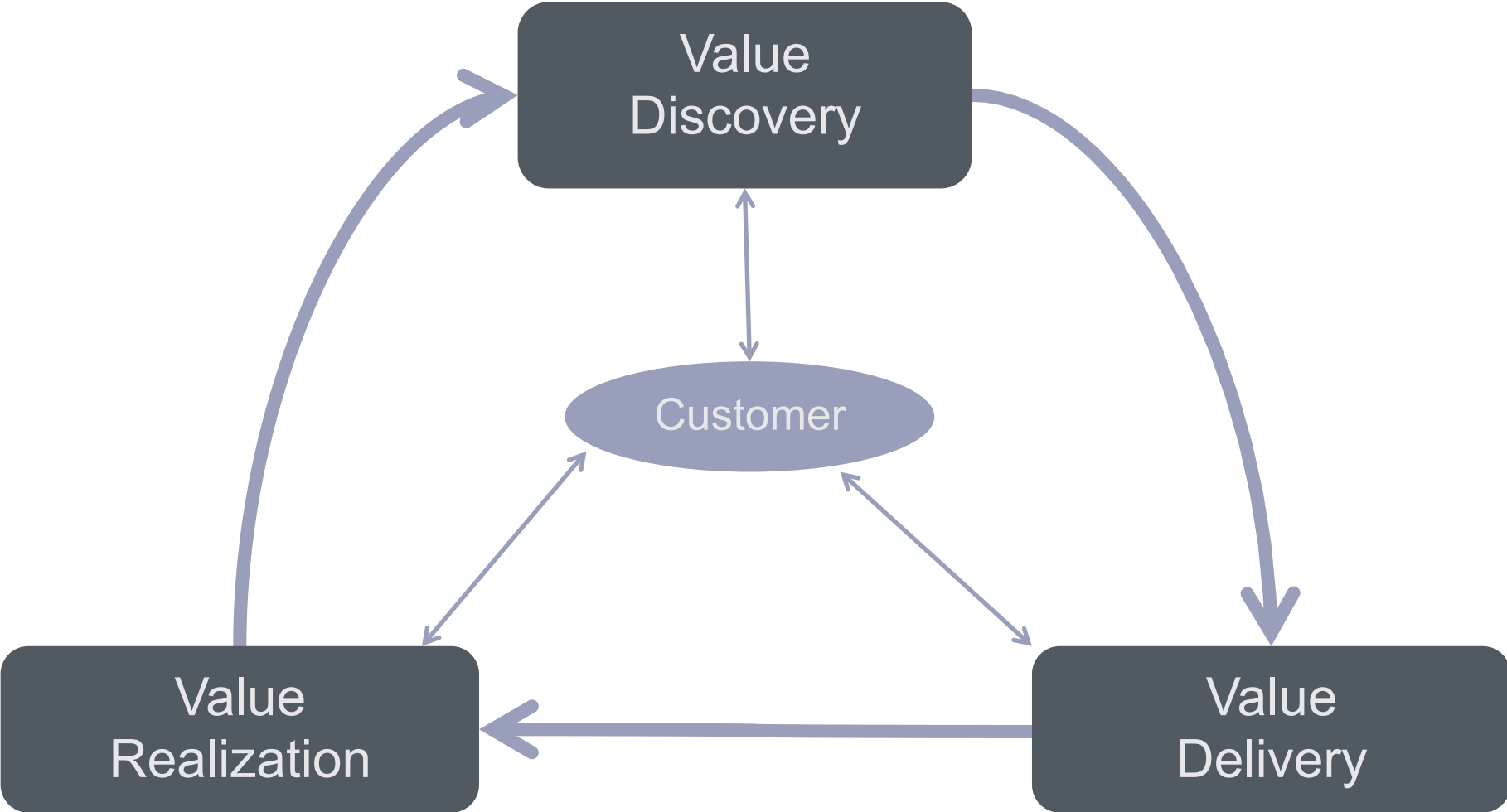
## POSSIBLE SOLUTION

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- However, value can be sold and achieved if:
  - We provide evidence of value
  - Focus our clients on where/how to realize value
  - Make this a continuous improvement process

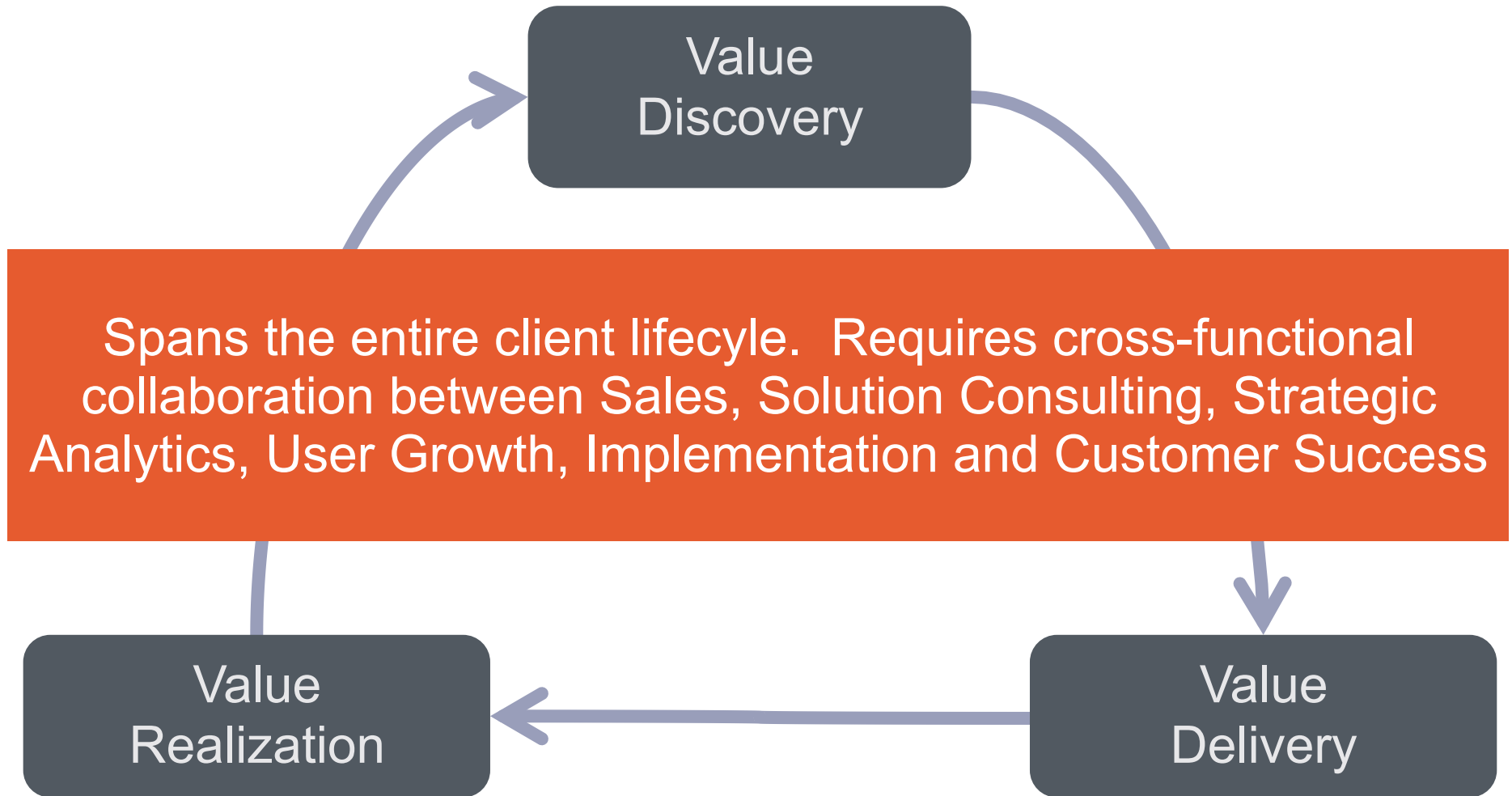
Need a compelling value story + wood behind the arrow

# THE VALUE REALIZATION LIFECYCLE



# THE VALUE REALIZATION LIFECYCLE

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## VOI: A CROSS-FUNCTIONAL CHALLENGE

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# PURPOSE OF THE VALUE REALIZATION LIFECYCLE

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- **Revenue:** A proactive way to sell our value
  - Need to sell higher value targets<sup>1</sup>, + (my opinion) sell a continuous improvement process to monitor and get closer to targets.
  - “We are showing you the potential value today, but also have a 3-year process to review and improve the value **by operationalizing behavior change and engagement of your members.**”
- **Real Value:** Focus on providing actual value to clients
- **Renewals:** Achieving real value will help
  - Proof of value and CLH contribution: search / vendor programs / etc
- **Response:** To HCBB/Compass when they challenge our clients/prospects on return.
  - We need a pro-active, better/well-oiled process

1: search rate, views/clicks to vendor programs

# EXAMPLE: TOTAL IMAGING SPEND: \$2,470,283

# Claims:	2942	Average Cost Per:	\$729
# Claims Impacted	214	Avg Cost Per	\$450
% Savings	38%	Avg Savings Per:	\$279

Value Targets (assumes 38% / \$269 savings):

	% of Claims	# of Claims	Value	Talk-Track
<b>Value Target</b>	17.2%	502	\$135,311	<i>We need to drive 502 searches to achieve \$135,311 in value</i>
<b>Breakeven Target</b>	25.8%	754	\$202,966	<i>We need to drive 754 searches to achieve breakeven on an investment of \$200k</i>
<b>Contribution Return Target</b>	12.9%	377	\$101,483	<i>We need to drive 377 searches to achieve 1/2 of the breakeven target on a \$200k investment</i>



## VALUE TARGETS: 600 / 50 / 250

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Financial impacts linked to behavior change (High Value Activity) – earlier in the client lifecycle

- By Spend Category:
  - 600 Imaging search-map<sup>1</sup> claims / year
  - 50 per month / 250 in first 6 months
  - Labs / Chiropractor
- The action engagement funnel
  - Email opens / Clicks per Opportunity
    - Diabetes: 3000 emails sent / 150 Opened / 30 Conversions (Dr. visit, pharma claim, etc)
- Care Center
- By Program
  - Views/Click/Enrollments/Completions for vendor programs

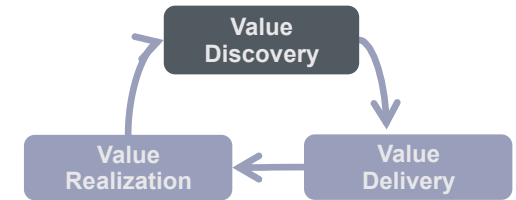
Need to be careful not to double count

# VALUE REALIZATION LIFECYCLE

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- Value Discovery (Sales / SC)

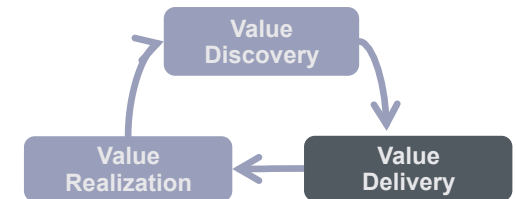
- Use BoB to discuss average spend per category
- Work with client/partner to obtain client's Category Spend Profile
  - Total spend, number occurrences
- Use CLH Category Spend Profile Analyzer to determine:
  - Value Opportunity / Value Prediction / Value Targets



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- Value Delivery (SA / UG / Prod)

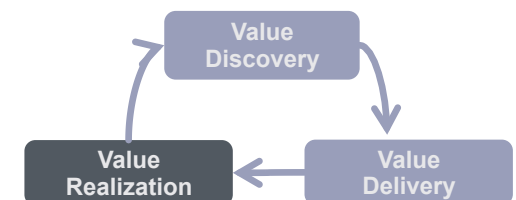
- SA/IMPL/Product develops value triggers
- UG frames out pivot campaigns based on initial campaigns



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- Value Realization (CS / SA / UG)

- CS/UG work with clients on value triggers and provides prescriptive pivot suggestions when value targets are falling short



## CUSTOMER SUCCESS AS-IS/TO-BE:

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- As-is: initial value determination: 15 Months
  - When a termination occurs, it happens in month 20; only 5 months to remediate
- To-be: initial value determination: 6 Months
  - Earlier remediation & intervention for less chance of termination
- Pivot strategies
  - Category-specific campaigns
    - Imaging emails
    - Marketing specific to the spouse
    - Care Center actions and workflows
  - Incentives / Rewards
  - Upsell other modules/products (Action, Elevate)
  - Plan Design - RBB

# OPEN ITEMS

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- **Strategic Analytics**
  - Complete BoB Analysis and determine baselines for value analysis workbook
  - Build a data collection tool (in SFDC) to capture the results of the workbook for future reporting
  - Work with CS to determine frequency and process for reporting
  - Build automated reporting based on customer goals
- **User Growth / Product**
  - Finalizing targeted outreach model to achieve behavior change (searches, etc)
  - Explore the ability to productize triggers
- **VOI Team**
  - Work with PMM or UG to develop template communications, similar to what is used for launch campaigns (emails, posters, web banners)
  - Rollout to field
- **Sales Ops**
  - Determine SFDC / Burst for system-of-record (for value targets)
  - Contractual language to operationalize VRM (embedded registration, outreach parameters, etc)

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