2018 North American Healthcare Customer Value Leadership Award
Contents
Background and Company Performance ................................................................. 3
   Industry Challenges ......................................................................................... 3
   Customer Impact and Business Impact .......................................................... 4
   Conclusion ....................................................................................................... 6
Significance of Customer Value Leadership ..................................................... 7
Understanding Customer Value Leadership ...................................................... 7
   Key Benchmarking Criteria ............................................................................. 8
Best Practice Award Analysis for AT&T ............................................................. 8
   Decision Support Scorecard ........................................................................... 8
   Customer Impact ............................................................................................ 9
   Business Impact ............................................................................................. 9
   Decision Support Matrix ................................................................................. 10
The Intersection between 360-Degree Research and Best Practices Awards ........ 12
   Research Methodology ................................................................................... 12
Background and Company Performance

Industry Challenges

The delivery of healthcare has become highly dependent on technology. As the clinical workflow begins to utilize such technologies as cloud services and enterprise-grade data communications services, it increasingly begins to look, and function like, a business in any other market vertical. Yet, healthcare is unlike most other verticals in that its business is the treatment of human patients. Consequently, the standards for reliability and efficacy are much higher and often exceed the requirements of traditional enterprise applications.

Such is the case with respect to information and communication technology (ICT), where market dominant players often find that penetrating the healthcare space can be fraught with significant barriers to entry. In part, this is simply that ICT is unfamiliar with the regulatory structure of healthcare, where the introduction of new technology is often regulated by the US Food and Drug Administration (FDA). Approval processes such as the FDA’s 510K review often involve levels of disclosure, testing and oversite that preclude many from considering healthcare as a viable market.

Yet, Frost & Sullivan has discovered that more often than regulatory concerns, the conservative nature of product selection and adoption in healthcare can prove an even more substantial barrier to success for ICT market entrants. This is because technology that fails in business can be an irritant, but the same failure in a healthcare environment can be life threatening. Healthcare decision makers cannot afford to make mistakes in their choice of technology.

As a result, ICT players must evaluate market risk using a different set of standards than simple cost benefit analysis. Frost & Sullivan has developed a model for assessing market entry risk from the standpoint of a statistical decision model that evaluates an ICT product or service offering from the standpoint of sixteen variables; each one of which is ranked by impact.
When these variables are loaded into a decision model, it is possible to evaluate a particular vendor or offering and assign a probability of initial success within the healthcare market. Frost & Sullivan tested this approach on a variety of vendors and product offerings and determined that it can be very effective in assessing the market resonance of an offering. However, while this approach can help define the risk of a market entry, it cannot guarantee success; that comes with execution.

When Frost & Sullivan examined AT&T’s healthcare market initiatives, it found a high degree of resonance with the model. Out of a ten-point scale, AT&T scored at a 8.3. Since the model also takes into account variables not under the control of the ICT vendor, this is close to the highest score obtainable.

As a result, AT&T merits an award for customer value leadership for the delivery of technology to the healthcare market.

**Customer Impact and Business Impact**

As noted in the recent Frost & Sullivan report, *Information Communications Technology Vendors Eye the Healthcare Market: Primed for Success or Failure?*:

“AT&T, in one form or another, has been the eponymous telecommunications provider in the US. It provides a variety of communications and data products and services, which includes consumer wired and wireless communications services, cloud access services as well as a variety of business communications and data services.

AT&T is approaching the healthcare market with a portfolio of products tailored for the special needs of this industry. These Healthcare Business Products are offered under its Industry Solution organization and include products and services aimed at improving the customer experience, improving clinical workflow and addressing system and application access and security.”
In addition, AT&T has instituted an innovation foundry devoted to quickly prototyping new solutions for the healthcare industry. Combined with a sales and product support organization dedicated to healthcare, AT&T brings its expertise in wireless, data communications, cloud services and security to bear on healthcare technology requirements to enable an end to end healthcare transformation.

**Price/Performance Value**

AT&T is one of the primary wireless providers in the United States with a geographic footprint. Additionally, as a Tier 1 telecommunications provider, it is capable of providing high speed network connectivity across its entire service area. These markets are very competitive and consequently, AT&T has to compare favorably on price and performance in order to grow its subscribership. The fact that it does is why AT&T is consistently recognized by Frost & Sullivan for its growth in subscribers and why AT&T counts nearly 800 relationships with healthcare providers.

**Customer Purchase Experience**

AT&T has built a sales and support organization that is devoted to the healthcare industry. Since virtually every healthcare implementation is unique, AT&T works with the client to define, and then implement communications and computing solutions that address that healthcare client’s specific needs. Additionally, as noted above, AT&T has developed an innovation foundry where solutions can be prototyped and tested with the client prior to implementation; further providing assurance that the solution will work as expected.

**Customer Ownership Experience**

AT&T is sensitive to the unique reliability concerns of healthcare and delivers clinical levels of availability; exceeding five nines of availability (99.999%) that typically characterize telecommunication services. Additionally, by offering cloud access under its Netbond for Cloud service, AT&T provides virtually failsafe access to cloud-based applications and data. This provides a strong assurance to its healthcare provider customers that their data and applications are secure and reliable utilizing AT&T solutions.

**Customer Service Experience**

AT&T’s customer service rates consistently high in surveys that Frost & Sullivan conducts annually. Business customers, especially, view AT&T’s customer service as very good. Combined with a dedicated sales approach to healthcare and AT&T is well positioned to offer a market leading customer experience to healthcare providers.
Brand Equity

AT&T is one of the most widely recognized names in telecommunications. As noted above, it is one of the largest wireless carriers in North America and is rapidly becoming recognized as a primary provider of cloud access and business communication services. Healthcare IT organizations virtually universally include AT&T in their technology acquisition decisions. AT&T counts within its customer base, every Fortune 500 company, many of which are involved in the delivery of healthcare.

Growth Potential

United States healthcare spending exceeds $3.3 trillion annually. Although that includes all services, equipment and insurance costs, the potential for technology sales now and in the future is substantial. Just the US telehealth market is projected by Frost & Sullivan to exceed $28 billion by 2021 (Frost & Sullivan Report K122-48). As more of the clinical workflow becomes dependent on communications and cloud computing, AT&T is well positioned to take advantage of the opportunities that will result.

Conclusion

AT&T is a principle vendor for wireless and data transport services. As a result, they are uniquely positioned to provide ICT-based offerings to the healthcare market. By scoring significantly above average on Frost & Sullivan’s healthcare market resonance decision model, AT&T demonstrates that it has the potential to achieve success in the healthcare industry.

For its strong overall performance, AT&T has earned Frost & Sullivan’s 2018 Customer Value Leadership Award.
Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. Delighting customers is, therefore, the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: Customer Impact and Business Impact. These two sides work together to make customers feel valued and confident in their products’ quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime of customer value.
**Key Benchmarking Criteria**

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

**Customer Impact**
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

**Business Impact**
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

**Best Practices Award Analysis for AT&T**

**Decision Support Scorecard**

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

**RATINGS GUIDELINES**

The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.
The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = poor; 10 = excellent)</th>
<th>Customer Impact</th>
<th>Business Impact</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Value Leadership</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Competitor 3</td>
<td>9</td>
<td>8</td>
<td>8.5</td>
</tr>
</tbody>
</table>

**Customer Impact**

**Criterion 1: Price/Performance Value**
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

**Criterion 2: Customer Purchase Experience**
Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

**Criterion 3: Customer Ownership Experience**
Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

**Criterion 4: Customer Service Experience**
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

**Criterion 5: Brand Equity**
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

**Business Impact**

**Criterion 1: Financial Performance**
Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

**Criterion 2: Customer Acquisition**
Requirement: Customer-facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers.

**Criterion 3: Operational Efficiency**
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.
Criterion 4: Growth Potential
Requirements: Customer focus strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital
Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention.

Decision Support Matrix
Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

<table>
<thead>
<tr>
<th>STEP</th>
<th>OBJECTIVE</th>
<th>KEY ACTIVITIES</th>
<th>OUTPUT</th>
</tr>
</thead>
</table>
| 1    | Monitor, target, and screen | Identify Award recipient candidates from around the globe | • Conduct in-depth industry research  
• Identify emerging sectors  
• Scan multiple geographies | Pipeline of candidates who potentially meet all best-practice criteria |
| 2    | Perform 360-degree research | Perform comprehensive, 360-degree research on all candidates in the pipeline | • Interview thought leaders and industry practitioners  
• Assess candidates’ fit with best-practice criteria  
• Rank all candidates | Matrix positioning of all candidates’ performance relative to one another |
| 3    | Invite thought leadership in best practices | Perform in-depth examination of all candidates | • Confirm best-practice criteria  
• Examine eligibility of all candidates  
• Identify any information gaps | Detailed profiles of all ranked candidates |
| 4    | Initiate research director review | Conduct an unbiased evaluation of all candidate profiles | • Brainstorm ranking options  
• Invite multiple perspectives on candidates’ performance  
• Update candidate profiles | Final prioritization of all eligible candidates and companion best-practice positioning paper |
| 5    | Assemble panel of industry experts | Present findings to an expert panel of industry thought leaders | • Share findings  
• Strengthen cases for candidate eligibility  
• Prioritize candidates | Refined list of prioritized Award candidates |
| 6    | Conduct global industry review | Build consensus on Award candidates’ eligibility | • Hold global team meeting to review all candidates  
• Pressure-test fit with criteria  
• Confirm inclusion of all eligible candidates | Final list of eligible Award candidates, representing success stories worldwide |
| 7    | Perform quality check | Develop official Award consideration materials | • Perform final performance benchmarking activities  
• Write nominations  
• Perform quality review | High-quality, accurate, and creative presentation of nominees’ successes |
| 8    | Reconnect with panel of industry experts | Finalize the selection of the best-practice Award recipient | • Review analysis with panel  
• Build consensus  
• Select recipient | Decision on which company performs best against all best-practice criteria |
| 9    | Communicate recognition | Inform Award recipient of Award recognition | • Inspire the organization for continued success  
• Celebrate the recipient’s performance | Announcement of Award and plan for how recipient can use the Award to enhance the brand |
| 10   | Take strategic action | Upon licensing, company is able to share Award news with stakeholders and customers | • Coordinate media outreach  
• Design a marketing plan  
• Assess Award’s role in future strategic planning | Widespread awareness of recipient’s Award status among investors, media personnel, and employees |
The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.