Empowering Data-Driven Healthcare

Keith R. Dunleavy

**An Interview with Keith R. Dunleavy, M.D.,
Chairman and Chief Executive Officer, Inovalon Holdings, Inc.**

EDITORS' NOTE *Keith Dunleavy has served as Inovalon's Chief Executive Officer since 1998 and as Chairman of the Board of Directors since 2006. Dunleavy received a bachelor's degree in biology modified with engineering with high honors from Dartmouth College. He earned his doctorate in medicine from Harvard Medical School, completed his medical residency at The Johns Hopkins Hospital in Baltimore, Maryland, and practiced and was Board Certified in Internal Medicine. He serves as a Director on the Dartmouth Medical School Board of Overseers.*

COMPANY BRIEF *Inovalon (inovalon.com) is a leading provider of cloud-based platforms empowering data-driven healthcare. Through the Inovalon ONE® Platform, Inovalon brings to the marketplace a national-scale capability to interconnect with the healthcare ecosystem, aggregate and analyze data in real-time, and empower the application of resulting insights to drive meaningful impact at the point of care. Leveraging its platform, unparalleled proprietary data sets, and industry-leading subject matter expertise, Inovalon enables better care, efficiency and financial performance across the healthcare ecosystem. From health plans and provider organizations, to pharmacy and life sciences companies, Inovalon's unique achievement of value is delivered through the effective progression of "Turning Data into Insight, and Insight into Action®."*

Will you discuss Inovalon's mission and has this mission remained consistent over time?

All along, it has been about how data and technology can help to make healthcare better. That theme and that mission has kept true. However, the tools that we have available to us and the technologies that we've been able to innovate and bring to the market have evolved and continue to evolve a fair amount.

What solutions does Inovalon offer today and how do these offerings differentiate the company?

In the earlier years of the company, the large computer systems were what we would now call enterprise software systems – software systems residing on large computer systems in centralized data centers.

They have evolved to a more cloud-based capability set, which allows for handling a much larger dataset, much higher analytical complexity, and much higher compute speeds.

Ten years ago, there would have been a lot more batch processing. This meant handling the crunching of numbers at regular intervals, oftentimes monthly in the healthcare space. Today, they've evolved to real-time access with transactional based analytics that handle the individual compute with up-to-date, current information when and where it's needed to impact the point of care.

It has evolved quite a bit and allowed us to have a larger and more valuable impact on the outcomes of care, as well as the economics of care.

Do you define Inovalon today as a healthcare company or has it become a technology company?

It really is a technology company. It's a cloud-based platform company enabling and empowering data-driven healthcare.

How competitive is the industry and how do you define the Inovalon advantage?

Competition is an important topic for any organization. We categorize our competition in three different categories. Category one is large healthcare organizations having their own technology department that are looking to develop their own data analytical capabilities.

Category two is traditional competitors – large corporations that work to do things similar to what we do.

Category three is smaller individual part-and-piece solutions that are earlier in the stages of life.

In all of those areas, we have been fortunate to do very well for a number of reasons. In the first category, our clients have learned that having a specialized platform enabler like Inovalon brings to the table a capability that is achievable only from persistent, large scale investment across the whole ecosystem. This has resulted in the connectivity that we have into many different doctors' offices, hospitals, and other data sources, as well as the size and sophistication of the compute architecture that we have achieved.

The size of our data set and purpose-built analytical sophistication really differentiates us in the market. Today, we have more than 271 million patients' worth of data. In value-based or outcomes-based healthcare, having that dataset is critical to having the most advanced analytical capabilities that the market needs.

Similarly, in category two, although there are other large competitors in the market, none of them have the independence that we have, the datasets that we have, the breadth of reach of connectivity that we have, and the purpose-built analytical sophistication that we have. Together, these allow us to deliver differentiated value to our clients.

The third category, the smaller part-and-piece solutions, has been less of a competitive issue in the market, because organizations are very wary of entrusting their data or the security of their important operations to smaller organizations. They are tending to move to a few trusted partners, like Inovalon.

So, there are competitors in the marketplace, but we have unique differentiators that are allowing us to serve and provide a differentiated value to our customers.

Is brand awareness important for Inovalon?

I think brand matters to everybody. Brand matters to our customers, to our shareholders as a public company, and to existing and potential employees. Human resources are an important asset to every technology company. So, brand is important for any organization that wants to be successful long-term.

But Inovalon is a B to B company. We predominately focus on delivering cloud-based platform capabilities to a very identifiable customer audience and we have done a very nice job of penetrating them. We have 24 of the top 25 health plans in the U.S. as clients. We have 22 of the top 25 pharmaceutical companies on a global basis. We have over 50,000 provider sites as well.

We've done a very good job of raising awareness among these audiences, but we're not yet a commonly known brand to the household consumer. However, we see that this may change over time.

Will growth come from attracting new clients or bringing additional services and solutions to Inovalon's existing clients?

Both. We have been growing significantly with new logos as we refer to them. Last year

Healthcare is really one of the last bastions of transformation to transactional data-driven ecosystems. It's already occurred in many other spaces, whether it be entertainment, retail, financial services or energy. For many different legacy reasons, healthcare has, as an industry, been slow to make that transformation, but now it's happening very quickly. Therefore, it is exciting to be a part of this.

we grew our new logos by approximately 29 percent and we are also expanding the business we do with our existing customers. Last year, we increased our ACV (Annualized Contract Value) of new sales by 77 percent year-over-year.

We are doing a nice job of extending what we do for the customers we already have, and expanding the number of customers we're fortunate to call our partners.

Are you able to find a balance between the long-term needs of the business and the short-term pressure for results?

We are a company that focuses on having a very good balance of keeping an eye on the long-term, and also being respectful of shareholder demands in the shorter term. I think we have been increasingly able to balance those two forces.

Reflecting this, we have a very long track record of strong client retention that we have increased even further this year. Coming into 2019, our client retention rate was 103 percent, which means that not only are we keeping our customers, but we are expanding what we do for them. This is really a reflection of customers feeling that we are focused on the right long-term things.

This focus has resulted in significantly increasing the value that we demonstrate to our customers which, in turn, translates into our own growth and profitability. We put the customer first. We make sure that we are a leader in delivering value to them and we believe that value to our shareholders will follow appropriately. We see that playing out really well in 2019.

What message do you offer potential employees about a career with Inovalon?

Our mission is important. A person can be in technology, in cloud computing, in data analytics or in different industries such as financial services, retail or others.

However, in healthcare, we get to apply those capabilities to something that is important to all of us throughout our lives. That focus on applying these capabilities and technology to something as important as healthcare is an important part of our message to our employees and why somebody would want to choose to be at Inovalon.

In addition to that, healthcare is really one of the last bastions of transformation to transactional data-driven ecosystems. It's already occurred in many other spaces, whether it be entertainment, retail, financial services or energy. For many different legacy reasons, healthcare has, as an industry, been slow to make that transformation, but now it's happening very quickly. Therefore, it is exciting to be a part of this.

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How critical is it to build a diverse workforce at Inovalon?

I think that's important for any organization. I think diversity in all aspects of people, whether it is age, race, gender or beliefs brings diversity to our thinking and how we approach problems and solve them. I think that this is a very important factor for technology and innovation companies.

We also believe that this goes part and parcel with having the best talent around. The more momentum you have, the more successes you have; the more great people you have, the more it builds a velocity and momentum that allows you to continue to attract and retain those great people.

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Young people today look to work for companies that are purpose-driven and have a focus bigger than just the bottom line. How critical is it to be a purpose-driven company?

It is definitely important for successful companies. People want to work for an organization of which they're proud, and which has like-minded values and cares about things besides just finances.

Like any organization, whether it be a family or a company, you have to work at that. You have to work at finding the things that are important to people and build critical mass around them. We have many of those things here such as charitable committees and women-in-workforce initiatives. We have programs for giving back to local community programs. We have many of these elements built into how we operate as a community every day and they have been endorsed by the company, because the people of the company want to do them.

It's something we're always looking to do better at, but there is a very nice energy around it today.

Are you able to take moments to reflect and celebrate the wins or is it always about what's next?

We are so far from being done and that's always the challenge. I'm very, very fortunate with every passing year to be surrounded by more and more great people who help to bring Inovalon further along. Since they are so good, frankly, I am less and less of what drives Inovalon, and Inovalon is more and more of what drives Inovalon.

I'm exceedingly proud, but never satisfied. My college friends and wife frequently remind me of the importance of that which you're inferring in your question. However, I am incredibly proud of what this company is and the people that make it up but, as my colleagues will tell you, I still get quite frustrated when I feel like we can be better. ●