

F R O S T & S U L L I V A N

2024

**MARKET
LEADER**

*IN THE NORTH
AMERICAN REAL-WORLD
EVIDENCE
SOLUTIONS/SERVICES
INDUSTRY*

F R O S T & S U L L I V A N

**BEST
2024 PRACTICES
AWARD**



MarketScan
by merATIVE

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. Merative excels in many of the criteria in the real-world evidence solutions/services space.

AWARD CRITERIA	
Growth Strategy Excellence	Technology Leverage
Implementation Excellence	Price/Performance Value
Brand Strength	Customer Purchase Experience
Product Quality	Customer Ownership Experience
Product Differentiation	Customer Service Experience

The Rapidly Evolving Real-world Evidence Landscape

The real-world-evidence (RWE) space is significantly growing, driven by the rising demand for digital tools that routinely collect patient data in real-world settings (e.g., smartphone applications and wearables). According to Frost & Sullivan, 25% to 30% of clinical trials already use these digital technologies for data collection, patient engagement, and monitoring, with this trend expected to increase substantially.¹ While eClinical solutions vendors offer electronic patient-reported outcomes (ePRO), electronic informed consent (eConsent), and electronic clinical outcome assessment (eCOA), decentralized data acquisition and real-time processing gain prominence.

As biopharma companies increasingly rely on RWE for approvals and regulatory assessments, contract development and manufacturing organizations (CDMOs) and contract research organizations (CROs) form partnerships to provide predictive modeling and analytics support to pharma companies seeking to harness the power of RWE. Within this framework, many RWE vendors look to expand their capabilities through consolidations, acquisitions, and partnerships with information technology (IT) vendors. Specifically, Merative is uniquely leveraging its expertise to meet its customers’ needs, positioning itself at the forefront of the evolving RWE landscape over the next two to three years.

¹ *Global Pharmaceutical Industry Outlook, 2023* (Frost & Sullivan, March 2023)

Merative: A Market Leader

Merative offers a comprehensive suite of solutions, including clinical decision support, enterprise imaging solutions, healthcare analytics, and health and human services. Lastly, in RWE, the company reinforces research findings, facilitating informed decision-making through invaluable insights from real-world data (RWD).

Merative's flagship product, MarketScan[®], enables access to on-demand datasets from diverse payers, simplifying data management challenges via Snowflake. MarketScan delivers top-notch RWD, analytical tools, and its services prowess to various stakeholders, including life sciences firms, healthcare providers, payers, academic institutions, and governmental bodies. It augments existing capabilities, expedites insights, and facilitates a dedicated focus on generating RWE with efficient workflows from inception to completion, leveraging its native analytical capabilities to manage data efficiently, enhancing transparency and accessibility for technical and non-technical users.

MarketScan[®]: Positioning to the Leadership Spot

MarketScan[®] features longitudinal, fully-adjudicated, patient-level closed claims and specialty data from over 293 million patients directly sourced from a diverse pool of payers and employers.² It is one of the largest, longest-running claims databases for healthcare research. The solution helps researchers understand health economics, outcomes research, treatment patterns, and disease progression, having already contributed to more than 4,500 peer-reviewed manuscripts.³ MarketScan's[®] family consists of three primary claims databases and various specialty databases with a host of linked datasets and files that combine claims data with other critical patient information.

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- Manuel Albornoz
Best Practices Research Analyst

The depth and longitudinal nature of patient-level detail in MarketScan's data reflects the full spectrum of healthcare, from prescription drug information to healthcare outcome insights generation, empowering users across research areas, including pharmaco-economic outcome evaluations, economic burden of illness studies, medical intervention outcome assessments, therapeutic pathways, forecasting, modeling, market research, benefit plan design, and best practices benchmarking.⁴

Moreover, with a vast sample size spanning the care continuum, MarketScan facilitates research on unique patient populations, provides actual cost data, and supports inclusive treatment studies. At the same time, its patient-level identifiers guarantee the appropriate claims linkage while maintaining Health Insurance Portability and Accountability Act (HIPAA) compliance.

² "Merative's first year: Focus and progress" (Merative release on LinkedIn, July 2023)

³ Frost & Sullivan Interview with Merative (Frost & Sullivan, October 2023)

⁴ "Merative MarketScan Research Databases" (Merative webpage: <https://www.merative.com/documents/brief/marketscan-explainer-general>)

Furthermore, MarketScan's unique sourcing model sets its RWE solution apart. It collaborates with self-insured employers (including Fortune 500 companies) to gather diverse healthcare data.⁵ This approach grants unparalleled visibility into the variables within the data, such as the increasing importance of race, ethnicity, and mortality, making it adaptable to evolving industry needs.

Validated Product Performance

Committed to data completeness and accuracy, MarketScan maintains a remarkable 99% adjudication rate, which is exceptionally challenging to attain due to the complex nature of claims data.⁶ Additionally, it has extensive longitudinal data outperforming competing data sources with shorter longitudinal periods. MarketScan complements these strengths with actual cost data integration, which is crucial as many competitors source their data directly from health plans, often unable or reluctant to disclose actual costs. Lastly, its data representativeness constitutes another integral advantage.

While the solution caters to various organizations, it excels in epidemiology, health economics and outcomes research (HEOR), and regulatory matters. For example, MarketScan shows strong usability for assessing events like congenital abnormalities or preterm spontaneous abortion, extending its ability to complex scenarios involving multiple births and hospital entry patterns, a precision level sought by regulatory authorities. In addition, the solution caters to HEOR analysis by demonstrating how seemingly higher-cost medicines can lead to cost savings over time by reducing hospitalizations and other healthcare expenses.

In April 2023, Wang and Schneeweiss published a study to determine if observational claims databases could emulate the design and outcome of 32 past and ongoing clinical trials. The main goal of the publication was not to directly compare MarketScan to other claims databases; however, its retrospective claims emulation allowed for comparison. Merative's internal secondary review unveiled that in 73% of the studies, MarketScan included more patients. In 93%, it offered the same or even more follow-up time (making up for the rare cases where it presented fewer patients). Finally, after extending the scope of the comparison, MarketScan reaffirmed its superiority, with higher patient counts observed in 81% of the studies.⁷

Focused Innovation: Building upon a Strong Foundation

Having acquired the health analytic assets from IBM Watson in 2022, Merative became agile and adaptable, staying ahead of the curve in the rapidly evolving RWE landscape. MarketScan streamlines operations and sheds non-focus areas as a standalone entity, leading to more efficient cost structures. Due to this transition, the company developed a prioritized roadmap for the future, amplifying investments in critical areas such as RWD and forming strategic collaborations to meet customers' evolving needs.

Merative transitioned its RWE offering to the cloud by partnering with Snowflake, further contributing to

⁵ Frost & Sullivan Interview with Merative (Frost & Sullivan, October 2023)

⁶ "Precise real-world data. Conclusive real-world evidence." (Merative webpage: <https://www.merative.com/real-world-evidence>)

⁷ Wang, S., Schneeweiss, S., Franklin, J. M., Desai, R., Feldman, W. B., Garry, E. M., Glynn, R. J., Lin, K. J., Paik, J. M., Paterno, E., Suissa, S., D'Andrea, E., Jawaid, D., Lee, H., Pawar, A., Sreedhara, S. K., Tesfaye, H., Bessette, L. G., Zobotka, L., . . . Quinto, K. (2023). Emulation of randomized clinical trials with nonrandomized database analyses. *JAMA*, 329(16), 1376. <https://doi.org/10.1001/jama.2023.4221>

delivering cost-efficient and scalable data solutions.

MarketScan's cloud approach is the foundation for optimizing its current data and seamlessly incorporating other datasets, enhancing the richness and utility of its offerings. Moreover, the company

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- Unmesh Lal
Global Research Director - Healthcare & Life Sciences

has a vast pool of experienced professionals who have worked with MarketScan® for decades.

MarketScan's flexibility, cloud strategy, and expertise drive growth in the RWE Solutions/Services market. Its unique setup with data and service experts ensures tailored solutions, while partnerships with data providers enhance adaptability. Firstly, MarketScan maximizes its curated specialty datasets, strengthening the core database value. Secondly, it embraces an ad hoc approach, tailoring the RWE offering to specific customer needs. This system involves incorporating proprietary data, identifying suitable external datasets, and partnering with data

management specialists to securely handle sensitive information through tokenization.

A Customer-centric Approach Combining Technology and Industry Expertise

MarketScan's customer base spans diverse healthcare sectors: Health plans use its solutions to gain actionable insights and leverage RWD, enhancing member-centric care. In the life sciences segment, the company expedites clinical development with advanced technology and robust RWD. Employers opt for MarketScan's personalized, data-driven benefits experiences, promoting employee health, happiness, and productivity. Healthcare providers prioritize patient care with the company's support, benefiting from streamlined workflows and data-driven insights. Additionally, academic institutions utilize MarketScan's comprehensive analytics for research and education, advancing medical science and healthcare practices. Finally, governments value Merative's offerings to improve access to health programs, benefits, and social services, ultimately enhancing patient's lives.

The company's customer-centric agility marks its willingness to help clients answer their questions using the most suitable means, data, services, cloud solutions, and tools. It values customer feedback and actively seeks it through various channels. For instance, MarketScan conducts regular surveys, striving to respond within 48 hours.⁸ It also engages actively with customers, taking careful notes and following up to address all concerns effectively. This methodology extends to developing tailored solutions. For instance, the rapid cycle evaluation (RCE) approach emerged as a response to a big pharma company's request for quick research insights.⁹

Exemplifying its excellence, the company addressed a customer challenge posed by a device manufacturer. It involved linking claims data with the customer's sales data without relying on tokens to gain insights into the costs associated with its implantable device. MarketScan utilized its unique HIPAA-

⁸ Frost & Sullivan Interview with Merative (Frost & Sullivan, October 2023)

⁹ Ibid

compliant capabilities to handle personal health information responsibly, creating a specialized dataset to answer the customer's complex questions comprehensively.¹⁰

Rule-based outreach and regular sharing of roadmaps contribute to the structured customer engagement approach. This two-fold method (structured engagement and personalized interaction) demonstrates its commitment to gathering feedback and turning it into action to enhance its offerings and services.

On top of this, MarketScan excels in its streamlined implementation, including tools like Treatment Pathways, designed to make working with MarketScan more intuitive, particularly for non-programmers.¹¹ Treatment Pathways eliminates complex data coding, allowing researchers and analysts to access critical insights without relying on programmers. MarketScan also enables customers to leverage their in-house or third-party solutions, making it a preferred choice for various users in the healthcare industry.

Conclusion

A company does not become a market leader overnight. It takes dedication to develop growth strategies paired with excellent implementation. A market leader must earn and maintain customers' trust while impacting and improving the overall market. Merative embodies Frost & Sullivan's definition of a market leader with MarketScan[®], which offers patient-level closed claims and specialty data from over 293 million patients, aiding health economics, outcomes research, and more, with over 4,500 peer-reviewed manuscripts to its credit. With a 99% adjudication rate, it excels in data completeness and accuracy despite the inherent challenges of claims data.

The company became agile and cloud-ready, staying ahead in the evolving real-world evidence landscape. As a standalone entity, Merative streamlines operations and enhances cost efficiency, enabling a focused roadmap with increased investments in real-world data and strategic collaborations to meet evolving customer needs. Due to these reasons, the company is respected, recognized, and remembered, elevating it to a market leader position.

With its strong overall performance, Merative earns Frost & Sullivan's 2024 North America Market Leadership Award in the real-world evidence solutions/services market.

¹⁰ Ibid.

¹¹ Frost & Sullivan Interview with Merative (Frost & Sullivan, October 2023)

What You Need to Know about the Market Leadership Recognition

Frost & Sullivan's Market Leadership Award recognizes the company that achieved the greatest market share resulting from outstanding performance, products, and services.

Best Practices Award Analysis

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

Growth Strategy Excellence: Company demonstrates an ability to consistently identify, prioritize, and pursue emerging growth opportunities

Implementation Excellence: Company processes support efficient and consistent implementation of tactics designed to support the strategy

Brand Strength: Company is respected, recognized, and remembered

Product Quality: Products or services receive high marks for performance, functionality, and reliability at every stage of the life cycle

Product Differentiation: Products or services carve out a market niche based on price, quality, or uniqueness (or some combination of the three) that other companies cannot easily replicate

Technology Leverage: Company is committed to incorporating leading-edge technologies into product offerings to enhance product performance and value

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and of high quality

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™.

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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)**

