



HFS Hot Vendor: Smart Data Solutions

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Introduction

The HFS Hot Vendors are an exclusive group of emerging players, each with a differentiated value proposition for the HFS OneOffice or HFS OneEcosystem. HFS analysts speak with numerous exciting startups and emerging players.

We designate a select group as HFS Hot Vendors based on their offerings' distinctiveness, ecosystem robustness, client impact, financial position, and the impact in our OneOffice and/or OneEcosystem Frameworks. The HFS Hot Vendors may not (at the time of writing) have the scale and size to be featured in our Horizons reports, but they have the vision and strategy to impact and disrupt the market.

Applying automation & AI to reimagine & streamline healthcare workflows



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As health plans and providers search for ways to reduce operational costs, streamline processes, and improve efficiency, many are turning to external technology and services partners for automation. One company leading the charge in this space is Smart Data Solutions (SDS), a tech vendor with 22 years of healthcare experience using intelligence and automation to collect and extract data from mailroom operations to enable smarter workflows. Today, the company is expanding from its front-office focus and targeting its open-source automation and AI engines toward the entire healthcare value chain.

Smart Data Solutions has established a significant client base with several notable health plans, including multiple Blue Cross Blue Shield plans, regional health plans, and hundreds of third-party administrators (TPAs) nationwide. These relationships have allowed SDS to work closely with clients to create efficient workflows and use data and AI to streamline legacy processes. One of the key benefits of working with SDS is its specialized approach to data capture and automation. While off-the-shelf optical character recognition (OCR) solutions may be sufficient for some industries, the complexities of healthcare require sophisticated solutions. SDS takes a more comprehensive approach to image and document processing, using multiple engines and hundreds of thousands of lines of code to ensure accuracy and make sense of data. This includes the abilities to auto-correct and supplement data and clean up poor-quality images to make them processable. Through this multi-engine approach, more cases are automated instead of pending to manual exception processing. SDS has BPO (business process outsourcing) service capabilities and partners with low-cost global providers, allowing the vendor to own the process and deliver outcomes such as reducing time to pre-authorize versus just focusing on technology.

Smart Data Solutions has also invested heavily in electronic data interchange (EDI) with clearinghouse capabilities, enabling it to pivot toward providing value-added services. Using the data it collects, it can offer population health insights to clients, helping them make informed decisions about their largest spending areas and identifying potential opportunities for cost savings. Unlike traditional clearinghouses, SDS is not seeking to monetize its data beyond providing value-added services to its clients.

One of SDS' key differentiators is its commitment to a DevOps culture, emphasizing collaboration and communication between development and operations. This approach allows SDS to quickly and effectively implement and enhance workflows, leading to more efficient and accurate decision making for clients. SDS has used this technology to automate a range of processes, including appeals and other document-intensive tasks.

SDS clients tell HFS they partner with SDS for multiple solutions, including mail-room operations and clearinghouse services, and have seen quality improve over time as SDS optimizes workflows and enables improved use of data and AI.

Looking to the future, SDS aspires to be a comprehensive process automation company for the entire healthcare value chain. It has ambitious growth plans for the next few years, with a strong focus on technology and data-driven decision making. SDS is well-positioned for continued growth and success.

HFS' take

HFS has designated Smart Data Solutions as a OneOffice Hot Vendor because of its specialized approach to data capture and AI-driven decision making, combined with its commitment to a DevOps culture, designing and delivering the entire process, and experience with leading health plans. Overall, health plans and benefits administrators that want to prioritize automation in 2023 should consider SDS as a potential partner.

The company acquired ClaimLynx Clearinghouse in 2021 and JMS & Associates in 2022 to bolster

its technology and services capabilities. As it grows, SDS will need to consider strategic alliances with the broader ecosystem of technology and service partners that can help it develop and deliver more holistic healthcare solutions. It will also need to double down on highlighting demonstrable outcomes of how its automation and AI engines can understand and help streamline complex parts of the middle and back-office operations of its health plan clients.

Vendor factsheet

- **Founded:** 2001
- **Key executives:** Pat Bollom and John Prange, Cofounders and board members; Shashi Yadiki, CEO; Pierre Kormann, COO; Patrick Bores, CIO; Gary Welsch, CAO/CFO; Chuck Rolfsen, SVP Sales; Susan Berndt, Head of Marketing
- **Headquarters:** Eagan, Minn., with locations in Superior, Wisc., and Farmington Hills, Mich., in the US, and in Kathmandu, Nepal, and Chennai, India
- **Funding:** Supported by PE firm Parthenon Capital Partners, including investment from the Blue Venture Fund, a unique collaboration representing 35 Blue Cross Blue Shield plans
- **Clients:** More than 500 clients, including multiple Blue Cross Blue Shield plans, regional health plans, TPAs, and healthcare partners
- **Solution portfolio**
 - Clearinghouse gateway
 - Interoperability
 - Enrollment processing
 - Benefit configuration
 - Workflow management
 - 1099 solutions
 - Solutions under development in 2023: Prior authorization automation, provider contract management, provider data management, population health analytics
- **Industry coverage**
 - Smart Data Solutions' core clientele includes health plans, TPAs, Medicare, Medicaid, and anyone else that needs to move or process a medical transaction, claim, record, receipt, enrollment, or other healthcare collateral.
- **Partnerships**
 - Amps, Vpay, Plexis, MultiPlan, Zelis, Jopari, Valenz, VBA, WLT Software, UST HealthProof



About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand-side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as “RPA” (Robotic Process Automation) in 2012 and more recently, Digital OneOffice™ and OneEcosystem™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation and Process Intelligence, Blockchain, the Metaverse and Web3. HFS has deep business practices across all key industries, IT and business services, sustainability and engineering.

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