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Interview with Trace Devanny, TriZetto Group

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Last July, healthcare software firm **TriZetto Group** set up its headquarters in Denver, hiring Trace Devanny as its new CEO. The firm is owned by private equity firm Apax Group. TriZetto plays in the healthcare information technology and electronic health records market, an area that has attracted a fair amount of attention recently. We spoke with Trace to understand the firm better and where it is going.

For our readers who haven't heard of TriZetto, talk about what you do?



Trace Devanny: I had been in the business for 11 years, last with a healthcare information company called Cerner, which was headquartered in Kansas City with operations in 23 countries. In joining TriZetto, I was excited to be here because they represented the market share leader in the healthcare information technology, and specifically for the healthcare insurer component for healthcare. We are the largest provider of healthcare IT for the health insurance business in the United States. There are over 100 million insured lives running from our solutions.

Plus, healthcare reform is a very hot topic, in Colorado, in the region, and everywhere else in the U.S. It's expensive, with 17 percent of our GDP, or 2.5 trillion dollars in annual spend. As President Obama tees up healthcare reform, you see players that are historically enemies in the marketplace--insurers and providers--being forced to work together, being marched towards a much more collegial and compatible view of bringing together disparate players.

How did you get involved with TriZetto?

Trace Devanny: As president of Cerner, I was recruited to join here in Greenwood Village. I'm very excited to be here, and moved my family as of Labor Day weekend. We're creating a corporate worldwide headquarters in Denver.

Why Denver?

Trace Devanny: We already had a significant presence here, 500 employees, and the bulk of our senior leadership. We relocated the headquarters from Newport Beach, California, and we now have six offices across the U.S., 2,400 employees, plus an office in Pune, India.

You're owned by private equity firm Apax Partners; how has that experience been versus your time at Cerner, which was public?

Trace Devanny: I've never before worked for a company that was not on a quarter-to-quarter clock, with that expectation on how to manage and grow around the publicly traded mentality. In coming here, it's a little different one. There's a little bit of a sense that you can more easily make a decision--which I always did at Cerner--for the long term, best interest of employees, customers, and shareholders. While they have a similar mindset, there's not quite the pressures, which gives a little more room to allow decisions that are forward thinking or strategic. It gives you a bit more breathing room to create a strategy, and deliver and execute against the plan.

Now you're in charge of TriZetto, where do you see growth coming from and what are your plans?

Trace Devanny: The healthcare reform efforts were launched two years ago with newly elected President Obama. The arguments were that we needed to take corrective action around the excess, waste, inefficiency, and the costs of healthcare. That is the backdrop in which I arrived here in Colorado to work with TriZetto. The first phase requires the adoption of electronic health records. It's interesting, because there are billions of dollars in incentives and stimulus dollars to induce providers to adopt technology, specifically electronic health records. On the other hand, for the insurance industry, they did not have the benefit of stimulus funding. That meant, for 2008, 2009, and 2010, it was a very tough year for our industry segment. The medical loss ratio, which says that 85 cents of a premium dollar has to go to play claims, means that only 15 percent of those remaining dollars are for administration of a plan and profit. The reason that is important is that's exactly what we do in our business.

In the IT business, technology is a way to solve problems and challenges. We are creating more efficiencies, improving costs, and quality. It's an exciting opportunity in a challenging market. A big part of our strategy is to attack top line core processes to improve core customer satisfaction metrics. We'll also grow inorganically, and will be entering the provider space through the ambulatory marketplace. He who has the data wins, and we'll be adding analytics to help manage administration of clinical data, and mine that to provide better decisions, allowing more efficiency to be realized and less cost to be spent in healthcare.

How does all of the talk about changes in Obama's healthcare plan influence your firm and what it does in the market?

Trace Devanny: You can pick up any newspaper, or turn on the TV, or the radio, and all you hear about is healthcare and healthcare reform. The important thing about that is it's forcing the discussion. There's a huge bubble of post, World War II babies now entering the latter stages of life, and facing things like chronic disease. This is where you hope you picked your parents well, because it's when genetic issues manifest themselves. It's very difficult, and expensive to get the quality of care you need in the U.S.-- not because of physicians, doctors, and nurses, who are the best -- but because we have a fragmented system with lots of waste and inefficiency. Information technology has a chance to impact that, which is why this is a great place to be, to have a voice in the healthcare reform.