




FORMING STRATEGIC PARTNERSHIPS:

GREATER VALUE FROM FEWER VENDORS



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Brian Grazzini,
HealthPort’s Chief Financial Officer,
and V.P. of Operations



Over the past few years, a trend has emerged as organizations strive to get more value from their outsourcing relationships. Vendor consolidation (or rationalization), originally focused on reducing the costs and administrative headaches of using many vendors, has evolved. Beyond simply reducing the number of outsourcing vendors, many organizations now attempt to whittle their vendors down to a select group able to provide strategic value that improves the organization's competitive position. These vendors prove themselves as trusted partners through consistently delivering high quality, responsive services that drive their clients' success. The relationship between the outsourcing firm and their strategic partner becomes so close that the vendor can anticipate their clients' needs. A firm might have many vendors—but few strategic partners.

{ SELECTING A GROUP OF VENDORS THAT ARE TRUSTED PARTNERS PROVIDING STRATEGIC VALUE WILL IMPROVE AN ORGANIZATION'S COMPETITIVE POSITION. }

A recent survey by *CIO Magazine* of over 1,100 IT decision makers bears this out. Organizations with fewer than 1,000 employees on average outsourced to 12 IT vendors yet only three of those vendors qualified as strategic partners. Those organizations with more than 1,000 employees on average used 35 vendors but only seven were considered strategic partners. If it's safe to extrapolate, we can conclude that only 20% to 25% of a firm's vendors are true strategic partners.

For organizations successful in consolidating the number of outsourcing vendors into a subset of strategic partners, the long-term benefits over and above the cost savings from reduced overhead can be compelling:

- Greater innovation from deeper understanding of their client's business model;
- Less time spent in "hand-holding" vendors;
- Improved productivity from consistent management of SLAs;
- Reduction of under-performing suppliers reduces overhead and improves effectiveness;
- Performance improvements through consistent, integrated project management;
- More effective knowledge transfer enriches internal resources and increases job satisfaction;
- Experienced outsider perspectives enhance IT planning.

The following case study brings to life how a strategic partnership built on a solid client/vendor relationship helped HealthPort increase their revenues and attain a competitive advantage.

CASE STUDY:

Increased productivity leads to increased profits for HealthPort

From staffing to strategic initiatives—Randstad Technologies enables extraordinary revenue growth

Each day, HealthPort processes over 75,000 medical record requests—three million pages of Protected Health Information records per day. Building on its reputation for excellent work, this firm is experiencing staggering growth as the health information field explodes. The data conversion division of HealthPort, an area in which Randstad Technologies has been deeply involved, has grown its annual revenues from \$200,000 three years ago to over \$20 million today—more than a 100 fold increase. With such rapid growth come the challenges of finding and keeping talented people and deploying the right technologies to handle the ever-increasing workload.

HealthPort is the largest provider of release of information (ROI) services and audit management and tracking technology in the U.S. With 4,100 employees, they partner with over 13,000 healthcare facilities, including physician practices and over one-third of the nation's hospitals. Fulfilling requests for medical records or "charts" is one of the firm's primary services. Charts originate at various types of healthcare facilities. HealthPort receives requests for charts, either retrieves them electronically or sends someone in the field to acquire the charts, scans them, uploads them to their servers, and delivers them to the requester electronically. The types of organizations requesting charts include insurance companies, attorneys' offices, and the like. Twice every year mandatory medical review projects drive the demand for huge numbers of charts.

Randstad Technologies has helped fuel HealthPort's growth by providing the people and projects necessary to increase the firm's short-term profitability and enhance their long-term competitive position.

AS HEALTHPORT'S STRATEGIC PARTNER, RANDSTAD TECHNOLOGIES HAS HELPED INCREASE THE FIRM'S PROFITABILITY AND ENHANCE THEIR COMPETITIVE POSITION BY PROVIDING SOLUTIONS TO THEIR CHALLENGES.

Services include:

- Providing personnel for on-site electronic medical records scanning and transmittal
- Managing call center services for record retrieval scheduling
- Developing and implementing a Business Process Management Project
- Creating a strategic IT plan
- Recruiting IT talent for HealthPort's IT department

Randstad Technologies takes over on-site scanning and call center—productivity and profitability spike

HealthPort's internal call center schedules both remote and on-site chart retrieval depending primarily on the number of charts requested. During the mandatory review periods, HealthPort might have to retrieve charts from as many as 30,000 facilities. Because the healthcare facilities are scattered geographically, HealthPort looks to outsource the on-site chart acquisition to a firm with a national footprint. The task of finding the right firm capable of providing such services at an affordable price falls to Brian Grazzini, HealthPort's Chief Financial Officer, and V.P. of Operations. The IT organization also reports up to Brian.

Part of Brian's job is to evaluate whether to outsource a specific business function—and he plays a major role in selecting the provider. "I was growing increasingly frustrated with the firm that held the

current outsourcing contract for the on-site chart retrieval. Their productivity had started to languish and getting visibility into their performance was challenging. That's what drove us to start looking at Randstad Technologies and ultimately, they won the work."

So far this year, Randstad Technologies has placed 175 people in the field to help with chart retrieval and productivity has vastly improved. As Grazzini notes, "Even though using Randstad Technologies for the field document retrieval increased our annual costs by \$200,000, the people they placed scanned more charts per hour. Their increased productivity created \$1 million more in annual revenues. Switching this work to Randstad Technologies increased our annual gross profit by \$800,000. I'd say that's a good investment."

Managing the call center internally was challenging and a lack of metrics on call center performance made it nearly impossible to weigh its effectiveness. Impressed with their performance in the field, Brian decided to outsource the call center to Randstad Technologies. "We now have a much better feeling for how we're doing. There's been a vast improvement in performance that justifies the cost and we've now offloaded all the stress associated with managing it internally."

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Business process management project to automate 70% of business and cut client on-boarding time by two-thirds

Brian's understanding and appreciation for the value Randstad Technologies was providing led him to explore other ways the two firms might work together. To maintain the firm's leading role in health information processing, one of his goals was to figure out how to better leverage information technology to both increase HealthPort's revenues and improve productivity.

"I knew there were opportunities to get more from this relationship. We had already acquired IBM business platform software but were uncertain how to get the most from the tool. Continued conversations with my Randstad Technologies contacts confirmed for me that to get the full value from the software, we would need to revamp our existing business processes. We were too reliant on manual processes when we started a new project or on-boarded a new client. There were a lot of productivity improvements that could be squeezed out of enhancing our work flow processes and then shaping the software to support the revised workflow."

HealthPort engaged Randstad Technologies to help identify those elements of their business process ripe for automation and how to tailor the IBM platform to best meet their requirements. The two firms agreed on a three-phased project approach. Phase one would entail a discovery phase that would give the Randstad Technologies' team an in-depth understanding of HealthPort's business processes and allow them to prioritize requirements and define an architecture blueprint. Phase two, consisted

BECAUSE RANDSTAD TECHNOLOGIES KNEW HEALTHPORT'S BUSINESS SO WELL—AND GAINED THEIR TRUST—HEALTHPORT LOOKED TO RANDSTAD TECHNOLOGIES TO DEVELOP A NECESSARY STRATEGIC IT PLAN THAT WOULD ALIGN IT IMPERATIVES TO THE OVERALL BUSINESS STRATEGY.

of developing a reference architecture that would document the best delivery methods for fashioning the new processes and tools. Implementation would be the last phase—design, build, and test.

To complete this project in the proposed 9-month timeframe, Randstad Technologies has assembled a balanced team consisting of both full-time and contract-to-hire talent. Because Randstad Technologies is part of a global talent acquisition machine, the firm is often called on to build highly skilled, dynamic project teams consisting of hard-to-find talent. The team for this project is a mix of full-time staff and contract-to-hire personnel with specialized in-depth knowledge of IBM architecture and Java. The Agile approach to this project ensures that HealthPort IT staff remains deeply involved in the project, especially in prioritizing requirements.

Brian Grazzini, the HealthPort CFO, has high expectations for this endeavor. "Right now it takes us about three weeks to onboard a new client or setup a new project. When we finish this project, we will have automated around 70% of our core business including our invoicing which is extremely complex because of the nature of our work. The time required for onboarding new clients and project setup will diminish by two-thirds. Randstad Technologies has been an important ally as they've taken the time to really understand our business and help us uncover practical ways to improve performance."

Taking the time to understand HealthPort's business leads to strategic IT plan

Doing the deep dive into HealthPort's business processes required by the Business Process Management project led Brian and his Randstad Technologies collaborators to see the need for a Strategic IT Plan that would align IT imperatives to the overall business strategy. Because they now knew his business so well—and he knew and trusted them— Brian looked to Randstad Technologies to help develop the plan.

The Randstad Technologies' team again suggested a three-phased approach to develop the IT plan. Segmenting the project this way offers a number of benefits: it facilitates planning and scheduling, it offers benchmarks to illustrate visible progress, and it involves the client in each phase thereby enhancing teamwork between the vendor and the client.

Phase One is to identify the IT initiatives required to support HealthPort's business strategy, develop a method to quantify and measure IT projects, assess their current portfolio of applications in light of future needs, and to suggest ways to align their organizational structure to better meet customer demands. Phase Two entails a deep dive into their methodology evaluating all their IT roles and responsibilities. Once the ultimate targets are defined, a series of prioritized projects or road map will be developed in the final project phase. Business cases will examine each proposed project for financial feasibility. As part of this collaborative effort, focus groups made up of staff representing all levels of HealthPort's IT organization are solicited for ideas and comments. The final plan will make recommendations about people, processes, and policies.

Access to staffing resources further enhances the partnership

In addition to the call center and IT project assignments, Grazzini relies on Randstad Technologies for help with IT staffing. “As I’m sure is the case with many businesses, IT staffing turnover is a problem. People leave and replacing them has grown more challenging. Up until recently, we thought using as many recruiting firms as possible was the way to go—we were using between 70 and 80 different recruiting organizations to help us find people. What a mess! We’ve now reduced that to five. One of the beauties of using Randstad Technologies for projects is in leveraging their nationwide recruiting capability. Being able to rely on one firm for both staffing and solutions has reduced the burden of managing multiple vendors. The depth of integration that runs through their solutions offerings and recruiting services is impressive. They have provided us a level of flexibility in both projects and staffing tailored to our needs.”

“Everyone throws around the term ‘partnership’ to describe what they want out of their outsourcing relationship,” Grazzini says, “it’s become so widely used it’s almost lost its meaning. Forming a true partnership requires finding a vendor willing to take the time to really understand their client’s business and needs. Randstad Technologies has proven their value repeatedly by helping us uncover opportunities to improve and build our business. Developing a true partnership with them has played an integral role in our continued success.”

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