Healthscribe

Header: The Caretakers
Strap: So when did the BPO industry start off? You know the answer to that one? GE started the fire and the Nasscom-Mckinsey report spread the fire. Sure? Well, you better not be

Healthscribe began as early as 1993-94. Very clearly, Healthscribe is one of the earliest. This company is into medical transcription. How come that early? After all no one had heard too much about medical transcription until the heady days of 1999-00 followed by the bubble burst soon after. Well, let’s blame it on Indian spirituality. The owners of Healthscribe Inc, USA – European Americans who had converted to Sikhism – knew India. They were witness to the IT story beginning to unfold. And they thought why not extend the success of the IT story to medical transcription? And thus started Healthscribe India.

Healthscribe has seen a slow and steady growth – it has grown slowly since 1993 to reach from just about 500 people in 2000. Despite the meltdown it has managed to grow at a faster pace to about 1,200 people in 2003. Well, it might not look very impressive. Other BPO companies have done far better. However, Suresh Nair, chief operating officer, Healthscribe, isn’t in the least worried. According to him, the real story does not lie in the employee numbers. It has more to do with their productivity. And there is a huge potential for achieving that growth in productivity. While an American transcriptionist manages almost 1,200 lines per day, Indian productivity is very low at just 300 lines per day. So, the productivity can grow – by leaps and bounds. It is just a matter of experience. Medical transcription requires referring to considerable medical information and with experience the knowledge base improves and the productivity is consequently enhanced.

Training a medical transcriptionist is a long drawn process. It takes almost nine months to train a transcriptionist and after which the person can begin work. Even then the person would have productivity levels so low that the company would tend to only lose money on him. It is only after two years that the person would start becoming productive enough for a company to be able to make money. This means a considerable amount of investments. The plethora of medical transcription companies that emerged in 2000 failed because they were not willing to invest time, money and efforts to train transcriptionists and deliver quality transcription. Since healthcare is such a critical area and quality compromises could be devastating, these fly-by-night operators had to be literally booted out and were forced to shut shops.

While other transcription companies often have a two-step process of transcription followed by checking, Healthscribe has made checking unnecessary. The work of fresh transcriptionist may go through a proofreader. However, after the transcriptionist matures and consistently delivers quality work of acceptable quality, he/she can directly send work without requiring any proof reading. However, Healthscribe does have a considerable number of proofreaders. While Healthscribe has about 1,000 medical transcriptionists, it has about 200 proofreaders. Almost 65% of transcriptionists can directly send their work. This process improves productivity and Healthscribe training and systems ensure quality.
At one point of time, Max India had purchased almost a 65% stake in Healthscribe to consider a foray into IT and IT-enabled services. However, it has recently sold it to focus on its core business of life insurance, healthcare and plastics.

Healthscribe Inc has 600 people and along with its Indian subsidiary is among the big transcription companies in the US. There are lots of small mom and pop stores with three to four transcriptionists. The mom and pop stores would typically address small clinics with three to four physicians. However, Healthscribe Inc would tend not to address these kind of small firms. Though recently Healthscribe Inc has started to offer services over the Internet to small companies as well. Healthscribe gets work from Healthscribe Inc.

How is business? Booming. Healthcare, unlike banking has been a relatively conservative field slow to outsourcing. However, that is changing and fast. There are cost pressures and hospitals are consolidating their purchase operations. While earlier, a single hospital would outsource, now a chain of hospitals would tend to seek a consolidated offering from a single vendor.

What is the road ahead? Healthscribe plans to get into medical coding. However, it is likely to get into billing a little later. This is because billing tends to be revenue impacting and hospitals tend to be overcautious in outsourcing this, whereas transcription and coding are just cost cutting operations and involve lesser risks in outsourcing.

Start-up Year: 1994
Area of Operations: Medical Transcription
Location: Bangalore
Chief Operating Officer: Suresh Nair
Promoters/Owners: HealthScribe Inc. The present share holding is Healthscribe - 20.69%; Max 64.99%, Tahoe Invest A.G. 14.32%
Approximate Headcount: 1,200
Approximate Revenues: Rs 43 crore (2002-03), Rs 38 crore (2001-02)