Header: Global bonding

There are some strategy moves that are delightfully simple. One only wonders why nobody thought of them before. Or maybe people are so busy with executing tasks that they do not give enough time to drawing up strategies. No doubt execution is important, very important. Indeed, if Indian companies have succeeded in the BPO space, it is thanks in no small measure to their execution skills. But strategic shifts are important too. And Vision Healthsource has hit gold in strategy.

Vision Healthsource has been acquired by Perot Systems in August 2003. Vision Healthsource is an Indian BPO company offering services in the healthcare segment. Ross Perot, who ran for the US Presidency twice and owns Electronic Data Systems (EDS), is the founder of Perot Systems. Perot Systems acquired Vision Healthsource for US$ 10 million - US$ 3 million were paid in cash while a provision was made to pay the remaining depending on the company's performance till 2006.

Today Perot Systems is a big global giant, with revenues in excess of US$ 1.3 billion – 45% of this is in the healthcare space. With the Perot brand to back it up, Vision Healthsource has an unbeatable advantage not available to any other healthcare provider.

Vision Healthsource is a Chennai-based BPO providing healthcare services to US healthcare providers and insurance companies. The company recorded revenues of US$ 2.3 million in the last financial year. Vision Healthsource has 600 employees and offers services in the healthcare space. It provides services to physicians or insurance providers. Services provided to physicians are in area of medical billing. These typically comprise medical coding, receivable management and managing outbound call centre. Medical coding involves creating codes for diseases and their treatment. The coder reads the physicians’ diagnosis of the condition and the treatment offered. He then writes the code for the disease and treatment. Receivable management is a complex set of tasks involving sending bills and collecting payment. Bill preparation is a complex task – involving complex rules based on a variety of permutations and combinations – 42 different states, 19 billing system and 30 specialities.
The other area in the healthcare provider space is of the outbound call centre, which involves calling up the insurance provider. The services involve data entry wherein paper-based claims have to be entered into a computer system. The second segment is claims adjudication. The claims not adjudicated by the computer due to any complexity are handled by human intervention. The company’s other service is in the inbound call centre space where it handles calls from various customers.

Anurag Jain started Vision Healthsource in 1998 with his family’s support. A graduate of Birla Institute of Technology and Science (Pilani) with an MBA from the University of Michigan, Mr Jain started the company by choosing the healthcare segment as against the financial services and transportation segments. In fact, that was a thought rather ahead of its time. While other segments had been outsourcing transaction work, healthcare was a relatively closed area and has opened up to the idea of outsourcing only recently. From the very beginning Mr Jain was clear on the need to be specialised in the niche area of technology or process.

Vision Healthsource’s strong automation abilities give it an identity very distinct from other healthcare providers. It has well-developed capabilities in transaction and knowledge management. This allows the company to route the work to the proper agent and keep the billing system updated with the latest legislations and rules. It is the company’s automated transaction and knowledge management systems that, to some extent, caught the fancy of Perot Systems.

Being acquired by Perot Systems has given Vision Healthsource a huge marketing advantage. Vision Healthsource now teams up with Perot for marketing offerings to large insurance companies and hospitals. Earlier the company used to focus on smaller healthcare providers. Mr Jain believes that in the long run, Indian BPO firms would find it difficult to survive. They could get small orders, but to get huge orders from large hospitals or large insurance companies for end-to-end solutions you would require branding and financial muscle of an established US player.

Though Vision Healthsource was set up with the focus on healthcare segment, the association with Perot allows it to diversify. When questioned about this about turn in strategy, Mr Jain clarifies that once you learn to do finance and accounts for hospitals, there is no reason why these could not be offered to, say, a bank. And Perot would sell these services and then subcontract to Vision.
Startup Year : 1998
Area of Operations: Medical coding and Billing
Location: Chennai
CEO: Anurag Jain
Ownership : Entirely bought by Perot Systems
Approximate Headcount: 600
Approximate Revenues: N.A