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CASE STUDY

FINANCIAL SERVICES COMPANY LEADS INDUSTRY WITH STREAMLINED PAYMENT PROCESSING FOR HEALTHCARE

The client is the Global Treasury Services and Product Solutions division of one of the Top 5 financial services companies in the U.S. (referred to as "The Client"). This division offers integrated credit and treasury products to a large range of business customers from small businesses to large corporations, originating and receiving nearly 3 billion electronic payment transactions and depositing an average of 4 billion checks per year.

THE CHALLENGE

Payment processing is under margin pressure due to a shift from high-margin, paper-based processing to lower margin, electronic payments. Facing these pressures, The Client developed a product and **go-to-market strategy** focused on industry verticals, with a specific focus on the \$5 trillion healthcare industry that represents a \$2 billion market for payment processing. The Client began actively looking for ways to protect its current revenue stream while also identifying potential new opportunities within the healthcare revenue cycle's value chain. Competition is intense in this space as financial services companies, IT providers, and claim processors vie to capture additional revenue share of the evolving value chain. The Client wanted to capitalize quickly on protecting and serving this valuable book of business by offering an innovative solution that would help customers collect their revenue easier and faster.

THE SOLUTION

North Highland consulting recognized The Client's challenge and leveraged its **deep healthcare industry expertise** and contacts to help develop and launch an innovative, end-to-end payment solution in an accelerated timeframe.

THE CLIENT

The Global Treasury Services & Products Solutions division of one of the world's largest financial services company ("The Client").

THE CHALLENGE

The Client's healthcare market was under margin pressure to quickly enhance and automate medical payment processing.

THE SOLUTION

An industry-leading product that electronically bills patients directly based on their financial preferences and returns a single remittance file to the provider for faster, easier processing.

THE VALUE

The new product is estimated to generate over \$80M in revenue within the first five years of its release. The Client, with its assistance from North Highland, is recognized for developing and launching this innovative, patent-pending product.

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When you engage North Highland consulting, you can rest assured that we will deliver an innovative solution to the project. We are driven in our pursuit of unique, creative answers, tailor-made to your specific needs. However, we are also diligent in making sure that any implementation is based in reality. What we propose must always be achievable and work in concert within your enterprise as a whole.

“North Highland’s skill in driving the project forward, and their advisory role during times of uncertainty, helped us ensure we maintained the momentum necessary to see it through to launch.”

NORTH HIGHLAND CLIENT

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As a first step, North Highland introduced The Client to potential healthcare partners and facilitated ideation sessions to identify potential opportunities to collaborate and align existing capabilities between the parties. The Client wanted to minimize its investment and be first to market with a complete payment solution. As such, the goal was to quickly develop a solution that would create efficiencies for its customers, enabling improved pricing and establishing a **first mover advantage**.

After ideation was complete, North Highland worked with The Client to design a new solution that would transform the revenue cycle. The solution seamlessly integrates distinct product capabilities to smooth clients’ billing and collection process. The Client integrates multiple payments associated with a healthcare claim and sends a single file to the provider for all their patient receivables. The Client bills the patient according to their preference, collects the payments, and delivers a single remittance file back to the client in a variety of formats for posting into patient accounting systems, thereby streamlining the collection process.

To gain the necessary buy-in from The Client’s leadership team for such a new and innovative product, North Highland conducted an **in-depth competitive analysis** of the marketplace. With its industry expertise, North Highland was able to demonstrate that The Client had to deal not only with existing competitors but also with new competitors among healthcare IT providers. North Highland also developed the economics for the new business venture, including market sizing and investment. The final analysis revealed that the potential revenue was significant and could be achieved easily through partnerships and a minimal investment. Once consensus was gained for the new product, North Highland facilitated interviews with existing and potential customers to validate and refine the concept.

A key component of the solution’s design was determining how to structure the revenue and pricing model for the new payment solution. North Highland conducted revenue modeling and sensitivity analysis which allowed The Client to use a unique **“bundled” price methodology**. Using this approach, The Client would be able to capture additional margin while still showing an attractive ROI to its clients.

Once the conceptual design and business case were completed, North Highland managed all components of the product development, bringing together internal and external functional experts to build the integrated solution. North Highland worked closely with key sponsors to manage the change associated with bringing to life such an innovative product. Finally, after a solid pilot, The Client laid claim as the first to market with a fully integrated payment processing product for healthcare providers.

THE VALUE

As a result of this engagement, The Client has launched a patent-pending solution to solve the growing challenges and inefficiencies faced by hospitals and healthcare providers in their billing and collections processes. As of 2009, **no other financial institution in the world offers a comparable, fully-integrated solution** to address the diversity of payment vehicles for post-service billing. The process is uniquely designed to make the transition from paper to electronic billing and collections effortless for the healthcare provider. The annualized revenue for The Client from this new product is estimated to be over 10 times its initial investment.