Interview: Jeffrey Williams, Assistant Vice President, Cognizant Philippines

18.01.2014

Tags: Array, Cognizant Philippines

Jeffrey Williams, Assistant Vice President of Cognizant Philippines, talks about the high rate of Filipino nurses being outsourced to the US and other countries, the recent acquisition of the Medicall by Cognizant, and what the future growth plans look like for the company's next five years.

Mr. Williams, you are known as the man that set up Medicall in the Philippines. Just recently, this company was acquired by Cognizant. What made the two a good match?

Medicall was founded in the Philippines purely on the basis of the attractive pool of talent in the country. We had recognized that the Philippines was a major supplier of nurses to the US market. A 2008 report showed that six percent of the nurses in the US market come from abroad, 48 percent of which are sourced from the Philippines. By far, this country is the largest supplier of nursing talent to the US.

As the US workforce was getting older, the pressure on finding talent for the healthcare sector became increasingly high. This gap in supply and demand created the push for outsourcing in the healthcare sector, one of the outsourcing industry's last frontiers. Soon after we started, we understood that we could do much more with these nurses' skill sets. From front-end appointment scheduling to healthcare assessment related tasks, we started looking into utilization management and case management support.

As a result of its early entry into the market, Medicall rapidly became a significant, if not the only, player in utilization management. As the Affordable Care Act took off in the US, insurance companies, depending on their size, would have to start dedicating 80 or 85 percent of their premium revenues to actual care or preventative care-type services. In other words, their admin expenses would not be allowed to amount to more than 15 to 20 percent of their revenues, and utilization revenue falls into the admin expenses. The cost pressures resulting from this change in regulation made outsourcing an attractive alternative.

Medicall's unique positioning in utilization management and reviews gave it an exceptional skill set that became attractive to other business process outsourcing (BPO) companies. When it comes to healthcare, most BPO companies only support back-end processes such as billing, coding, and so forth. While they service the healthcare industry, these services are not exactly clinical in nature.

From a Medicall perspective, it became also clear that the entry of a number of large competitors in the market could potentially trample the company and its innovative spirit. There was thus a clear benefit for Medicall to partner with an experienced organization like Cognizant.

An immense player in the IT industry, Cognizant portrayed itself as an attractive partner because healthcare was already a big part of its focus. In fact, many of the clients that were being served by Medicall were already partnering with Cognizant. To me, combining both Medicall and Cognizant really was a perfect fit.

While the opportunity to capitalize on synergies may be there, combining two organizations is never easy. How do you look back at that challenge?

Before Medicall and Cognizant became partners, Cognizant was already present in the Philippines for two years. Both organizations were of a similar size in the Philippines at that time, with roughly 800 to 1,000 staff. The integration was a key aspect to leverage our combined capabilities and was done very smoothly.

Merging entities may feel confusing, exciting, or even threatening to the staff. How did you manage the staff's response to the new partnership?

It certainly is in our human nature to have questions in such situations. We recently celebrated the first birthday of our combined organization and looking back, we can speak of an immense learning curve for both organizations.

Before the merger, Cognizant already toyed with the idea of building its own in-house capabilities in utilization management from the ground up. Now after one year, the Group has realized that the learning curve through the partnership with Medicall has been much steeper. Tapping into Medicall's innovative character and pioneering competences in the industry shortened this curve drastically.

Considering that Medicall was an early entrant when it comes to utilization management, is there still a first mover advantage you can leverage today?

While we were the first company in the Philippines to be accredited and the company with the longest history in our niche, our main advantage today lies in the pool of people we employ. Our average tenure of associates is three years, while this increases up to five years for our management levels. This is something that none of our competition can have for a number of years to come. Most other companies have only been active in this niche for three to four years, and will find it hard to build the same level of skills, competences and experience as our people have. Most importantly, our people still stay with us today.

After the Philippines, India is the second largest country supplying nurses to the US market. How do you compare the national competitiveness of both countries when it comes to BPO and healthcare information management (HIM) in particular?

In terms of voice, the Philippines has improved its position vis-à-vis India. Today, however, we see both countries rather open to partnering and taking the best of both worlds. We have already seen an increasing number of Indian companies setting up facilities in the Philippines. The market place is a big sandbox and there is sufficient space for both countries to grow and capitalize on the synergies of one another.

From a healthcare point of view, however, the Philippines should be the healthcare outsourcing destination capital of the world. There is not a single country that has the talent pool that the Philippines has when it comes to servicing international healthcare clients. India, in turn, can specialize in other areas of expertise.

As a Group, Cognizant has been adding new facilities in the Philippines. What are your growth plans here?

Two to three years ago, Cognizant Philippines started with a team of roughly 30 to 40 people only, largely focused on voice services. Since the Medicall acquisition in November 2012, the combined presence of Cognizant in the Philippines rose to close to 2,000 people. This year, in 2013, we just crossed the 3,000 mark. Going into 2015, we are looking at roughly 5,000 headcount, which should even be a modest estimate.

Based on your experience and observations, as you have seen this sector evolving rapidly in just ten years, what are going to be big trends and opportunities for the years to come?

From a talent point of view, we face the significant task of educating the nurses and, most importantly, the parents of the nurses about the opportunities that the BPO industry has to offer. At one point in time, the Philippines had around 250 nursing schools producing 80,000 nurses per year. Due to a current halt on the intake of Filipina nurses in the US, we now see a rapid increase in unemployed nurses in the Philippines. At present, there is a pool of roughly 200,000 qualified nurses without a job.

Rather than making parents and families think that nursing education is no longer attractive because of the high unemployment rate and the limited possibility to immigrate to the US, we should be making the population aware of the growth opportunities in the BPO HIM sector. Within the BPO industry, the HIM sector has continuously been the fastest growing sector in recent years. We need to ask ourselves how we can portray the sector as an alternative to traditional bedside nursing jobs.

From a business perspective, it is important to increase productivity by bringing in the nurses to the front end of the organization. If we would put lower cost non-clinical people at the first step of the service process, there is a good chance that the higher cost middle to high level layers of people in the US will end up losing ten percent of their time to conduct quality checks. By bringing nurses to the front-end of the process we are able to increase efficiency and productivity ratios of the higher value people further down the chain.

Further to that, we see some interesting dynamics developing in the life sciences landscape. An example are the new fitness gadgets that you can wear to measure body conditions, daily number of steps made, etc. These gadgets are often linked to emailing, incentive and motivational systems to encourage better fitness. Now, we can take these developments even one step further and have actual nurses functioning as ‘life coaches’. This, in turn, can be linked to work environments through which healthier lifestyles can bring down insurance premiums, etc. etc.

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