

DEAL WILL HELP CO ADDRESS LUCRATIVE HEALTHCARE RECORDS CONVERSION INDUSTRY

Intelnet in talks to acquire US co for \$30 m

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BACK-OFFICE services provider Intelnet Global Solutions is in talks to acquire a US-based firm with capabilities in healthcare records processing and IT, in order to address the lucrative healthcare records conversion industry. Intelnet, which is controlled by private equity firm Blackstone, won a \$300-million contract from one of Blackstone's portfolio firms in the healthcare business in the US earlier this year.

The acquisition is likely to be \$25-\$30 million, and will be its fourth if it goes through. Its earlier acquisitions of Travelport and Upstream BPO helped it diversify into the travel domain, while its acquisition of Sparsh BPO helped it di-

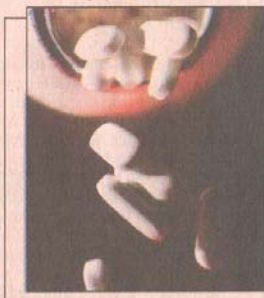
versify into domestic outsourcing. The latest acquisition it is pursuing will boost its efforts to diversify into the US healthcare market. Intelnet, which was a joint venture between Barclays and HDFC till the management-led buyout by Blackstone, predominantly earned revenues from financial services clients.

Intelnet executive vice-president Sandeep Aggarwal confirmed his company is seeking to grow through acquisitions. "We expect a huge opportunity from the conversion of US healthcare records from the ICD-9 to ICD-10 format and other codes like the HIPAA and Family Medical Procedural Codes. This is likely to be a bigger opportunity than what Y2K conversion was," Mr Aggarwal said.

The ICD-9 or the International Statistical Classification of Diseases-9, which

has approximately 11,000 classifications, is set to move to the ICD-10 format, which has around 68,000 classifications, by 2012. This will involve changes both to the systems of healthcare providers, ancillaries and payers. "Some part of this conversion will involve technology, but a large part will be manual," said Suresh Ramani, US-head of sales, Intelnet. "A majority of providers and payers will move to this standard by 2012 and a wrong classification could result in under-invoicing or over-invoicing," pointed out Mr Ramani.

Europe and some parts of Asia, such as Singapore, Japan and Australia, have already moved to ICD-10. US healthcare reforms, providing for universal insurance access to all citizens, is also expected to drive pressure to cut costs and move towards higher outsourcing, according to Mr Ramani.



SPREADING WINGS

- Intelnet is controlled by private equity firm Blackstone
- Intelnet expects to add close to 5,000 seats by December 2010 to service the US healthcare market
- Co's earlier acquisitions of Travelport & Upstream BPO helped it diversify into travel, while its acquisition of Sparsh helped it diversify into domestic outsourcing

Healthcare records are still manual and involve reading details from a scanned image of the prescription and interpreting them under the new classification. Intelnet expects to add

close to 5,000 seats by December 2010 to service the US healthcare market. Each seat accounts for about \$20,000 in annual revenues.

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DEAL
TALK

