

January 9, 2012

GalaxE.Solutions ‘Onshores’ Operations to Detroit

By Dan Berthiaume

Offshoring is often seen as an attractive BPO option, usually offering a lower cost of doing business than that found in the US. However, offshoring also often brings shortcomings including language and cultural barriers, time zone differences, and lower quality of resources and performance. But what if there were a way to obtain the cost savings of offshoring while avoiding all the hassles that can come with outsourcing business processes overseas?

[GalaxE.Solutions](#), a New Jersey-based provider of platform and business process transformation services to clients in a number of industries, including healthcare, has discovered an outsourcing solution that it says combines the best aspects of onshore and offshore BPO. Since early 2010, GalaxE.Solutions has been processing high-level pharmaceutical benefit transactions at a delivery center in [Detroit](#), allowing the company to obtain onshore service levels at offshore prices.

Unique Complexity of Pharmacy Transactions

“Outsourcing is more complex in our business, especially when dealing with healthcare,” says Timothy Bryan, chairman/CEO of GalaxE.Solutions. “It cannot and should not be supported at the lowest bidder or unit cost through an offshore-weighted model. There needs to be a 50/50 offshore/US blend.”

Sandipian Ganogtatadhyay, president and COO of GalaxE.Solutions, offers more details about the complexity and sensitivity of the healthcare data the company handles. “We process millions of prescriptions every day, and each has the capability to do significant harm if a mistake is made,” he says. “[Six Sigma](#) would hurt hundreds of people every month due to the inherent level of defect. The required accuracy is an order of magnitude higher than Six Sigma. In addition, we need access to expertise in the pharmacy business to deal with things like allergies and drug interactions.”

Detroit Offers Ideal BPO Location

Ganogtatadhyay says the largest healthcare companies are focused on providing healthcare for the masses while “minimizing costs, reducing the price of medications and prescriptions, but improving the quality of care.” To this end, while GalaxE.Solutions does engage in offshoring, also operating delivery centers in India, China, and the UK, when the company realized a need to expand its pharmacy benefit

processing operations in January 2010, it quickly determined the work needed to be done in the US due to its complexity and also due to legal regulations governing some of the data being processed.

After deciding that it wanted its newest delivery center to be located in the US, Bryan says GalaxE.Solutions then selected six or seven potential locations, including Trenton and Camden, NJ; Cleveland; and two small cities in West Virginia, but due to the availability of talent and infrastructure quickly settled on Detroit.

“Detroit has a latent talent that understands high-quality processing and has IT expertise, but there are not a lot of jobs,” says Bryan. “We found we could convert experts from the automotive industry to healthcare.”

While GalaxE.Solutions did not have any particular leaning toward Detroit before beginning the selection process, Bryan says the company was “blown away” by the opportunity the city presented. In addition to the availability of affordable talent, downtown office space was available at a reasonable rate, other companies including QuickenLoans and Compuware had already formed the nucleus of a new downtown IT hub, and the local government and educational community were highly supportive.

“We worked with the state to get tax credits for locating downtown,” says Bryan. “We also arranged with local community colleges and universities for their graduates to provide the next generation of employees.”

Savings Fuel Growth

Bryan estimates that processing work performed at the Detroit delivery center is 25% to 30%, and in some cases close to 40%, cheaper than performing the same work in the Northeastern US. “The savings are comparable to what you’d find [outsourcing to Brazil](#) and some other offshore locations,” he says. “It has exceeded expectations and we are continuing to expand, growing all our offices internationally but outsourcing as much work as possible to Detroit.”

GalaxE.Solutions currently has about 200 employees in Detroit and plans to increase that number to 500 within the next three years. Ganogtatadhyay estimates that 50% to 60% of all pharmacy benefit processing is done in Detroit and says the company hopes to increase that percentage.

He also cites several other benefits that outsourcing to Detroit can deliver:

“There is low turnover in Detroit, where some companies have experienced high turnover in outsourcing overseas, which adds to the cost of delivery. Detroit offers no time zone or cultural barriers and is less than a two-hour flight from New York City. A quality outcome can be achieved more readily in Detroit than offshore in many cases.”

<http://bpooutcomes.com/galax-e-solutions-detroit-bpo/>