

Advancing with e-Business

City Clinic

www.cityclinic.com.au



The Business

City Clinic was established in 1998 as a fully serviced multidisciplinary injury and health management centre. The company provides fully equipped and managed offices for health professionals within the Sydney CBD area. Based in Sydney, New South Wales, City Clinic employs six full time staff and 20 subcontracting health professionals.



Brad Robinson



The idea

From the outset, CEO Brad Robinson saw e-commerce as an ideal method for improving traditional front-end business processes, believing the implementation would provide a worthwhile value added service for patients. Using the Internet, Brad wanted to streamline front desk processes through the automation of bookings, patient communication, and customer relationship management.

Brad directs the company's e-commerce strategies himself, incorporating suggestions from the practitioners to develop improved solutions.



Customer Relationship Management

Customer Relationship Management (CRM) refers to the way in which a company manages its information and processes in order to offer enhanced customer service. A key aspect of CRM is gathering customer data in order to strategically align products and services with customer needs.

City Clinic maintains a CRM database used to automate the procedures associated with a patient consultation, from initial appointment to follow-up consultations. New and recurring patients can make appointments with City Clinic practitioners direct from the Internet. When appointments are made the messaging functions within the custom software sends confirmation emails to both practitioners and patients. Patients also receive SMS (mobile phone Short Message Service) messages as reminders for their appointment.



The Investment

The initial investment in e-commerce totalled \$162,450. A major portion of this was invested in website development (\$130,000) as this is the primary point for patient interaction. Brad spent \$5,000 in time researching potential Information Technology (IT) solutions before recruiting external consultants to implement the solution and a further \$12,000 advertising on YellowPages Online. Five domain names (\$950) were also registered to enhance the company's presence on the Internet. One domain name was purchased at an online auction.

Hardware infrastructure required to implement the e-commerce solution consisted of a backup server (\$2,300) and tapes (\$1,500), two printers at \$1,600 each, and a firewall (\$2,300) to protect internal network data. City Clinic's Asymmetric Digital Subscriber Line (ADSL) broadband Internet connection required a \$2,700 setup investment for cabling and hardware.



Hurdles

Brad found that significant costs associated with the initial setup and continuing development were the main hurdle encountered. Initially, financing was arranged to ensure a high quality solution could be implemented. Costs have been further reduced by the employment of a full time IT consultant to bring website maintenance and development in-house.



Results

Additional revenue generated through City Clinic's online booking and CRM system amounted to \$580,000 in 2001 through the expansion of its practitioner base and efficient processing of patients. The company's e-commerce initiative contributed an additional \$232,000 to gross profit as well as cost savings of \$132,600.



NOIE

The National Office for the
INFORMATION ECONOMY

ERNST & YOUNG
FROM THOUGHT TO FINISH.™

The automation of processing has increased staff efficiency with savings of \$60,000 and a further \$4,000 was saved in the reduction in administrative errors. Email saved \$40,000 in staff time communicating with patients, practitioners and suppliers. Electronic after sales service processes saved \$10,000. Online banking and automated health care card processing decreased bank charges by \$3,000 and saved staff time of \$5,000 through enhanced productivity.

Total ongoing costs associated with the e-commerce implementation in 2001 were \$145,263. System administration costs are \$50,000 annually and software expenditure is \$700 plus annual licence fees of \$4,500. Staff skilled in IT were recruited to minimise the expense of external IT consultants, costing \$40,000. Capital expenditure is amortised over a four-year period at \$40,613 per annum.

City Clinic's innovative solution has generated much satisfaction for practitioners, patients, and staff. Referring doctors, practitioners and patients alike all have the convenience to access their City Clinic schedule via the Internet. Patient service is enhanced with alternative and automated communication methods including email confirmation, SMS messaging and collaboration with existing electronic diaries.



Future

City Clinic's e-commerce initiative is an ongoing project with continual development and expansion. In particular, Brad would like to increase the size of the exercise and injury library and be able to send these directly to appropriate patients. Furthermore, future development of the website will enable practitioners, referrers and patients to access front desk and manage appointments.

Revenue and Costs

E-commerce Establishment Costs		(\$)
Web development		130,000
Staff training		500
Domain name registration (five domain names)		950
Preliminary research		5,000
Advertising - YellowPages Online		12,000
Telecommunications - cabling and broadband		2,700
Additional office furniture		2,000
Hardware - firewall		2,300
Hardware - backup server and tapes		3,800
Hardware - printers		3,200
Total Establishment Costs		162,450
Operating Benefit from E-commerce		2001
		(\$)
Revenue from E-commerce		580,000
<i>Less: Direct Costs</i>	(348,000)	
Gross Profit from E-commerce		232,000
<i>Add: E-commerce Cost Savings</i>		
Photocopying	5,000	
Printing	2,000	
Stationery	1,200	
Staff time: Administration error reduction	4,000	
Staff time: Banking	5,000	
Staff time: After sales service	10,000	
Bank charges	3,000	
Staff time: Communication savings	40,000	
Travel	2,400	
Staff time: Processing efficiency	60,000	
Total E-commerce Cost Savings		132,600
Gross Benefit from E-commerce		364,600
<i>Less: Ongoing E-commerce Costs</i>		
Amortisation of capital expenditure*	(40,613)	
Financing costs	(800)	
Internet Service Provider	(3,600)	
Website hosting	(4,800)	
System administration	(50,000)	
Software applications	(700)	
Licence fees	(4,500)	
Training	(250)	
IT Staff	(40,000)	
Total Ongoing E-commerce Costs		(145,263)
Operating Benefit from E-commerce		219,338

* Note: Capital Expenditure was amortised over a four-year period

For further information on this case study please go to www.noie.gov.au