

## Prescription for health care

Electronic data firm helps change ailing system

Denise Deveau, Canwest News Service



Salumatics Inc. started out as a company that talked about changes to the health care system. Now it's playing a part in making those changes happen.

Formerly, Thinc Health Information Inc., the six-person company began as a Mississauga, Ont.-based consultancy conducting studies for hospitals and provincial health systems on improving efficiencies in the health care sector.

In 2004, a new group of investors entered the picture. With that came a name change and a major transition away from consulting to patient and health information software services that could actually deliver on the results of those studies. The prime target was the growing movement to electronic conversion of patient records.

Allan Magnacca, president of the company says: "We believed that the health market in Canada was ready to transition from paper to electronic means of sorting and retaining electronic records. Based on that assumption, we knew funding would need to be done by government. There were already talks about how soon it could be done."

The first significant wave of business for Salumatics came from Quebec, where the health care market was moving ahead in its electronic record keeping initiatives. Salumatics ran a conversion facility in Montreal that employed 30 people.

It opened a second facility in Mississauga for Ontario customers. "We saw that Ontario was moving along the same lines as Quebec and we were ready for it," Mr. Magnacca says.

By 2007, as funding started to make its way to Ontario hospitals, Salumatics was ready. "We were successful in winning contracts with some of the first hospitals in Ontario to go electronic," he says.

As well as hospitals, Salumatics serves cross a range of entities, from labs and clinics, to every other kind facility a hospital might use.

Given its foothold in Quebec (it is now doing conversion services for five major hospitals there) and Ontario (it has landed three of four major contracts to date), it wasn't long before the company established itself as one of the largest health services conversion companies in Canada. Depending on the size and duration of contracts, it employs anywhere from 75 to 120 people; and since 2004, it has seen a 40% increase in revenues. "And we're still in a growth curve," Mr. Magnacca says.

Michael Matthews, associate partner, national health care practice for Deloitte in Toronto says the digitization of health records offers business opportunities "at all sorts of levels -- hospitals, group practices and health networks will all have the need to take various forms and digitize them for consolidation and retrieval. Every province has projects on the go -- although they're all at different levels of maturity. I'd say there's work out there for years to come."

Experience will play a big part in keeping the company ahead of the competition, Mr. Magnacca says. "We think we will earn a good percentage of new contracts. Coming out of the consulting side of things, our people have a wealth of hospital-specific experience. They understand the hospital processes and what needs to be done to transition to electronic systems."

The beauty of this type of work in tough economic times is that a good portion of it is contract-based, Mr. Magnacca adds. "A fair percentage of what we do generates recurring revenues and entails long-term contracts."

As their capabilities and capacity grow, Salumatics will be branching out into areas such as outsourcing and hosted database services, Mr. Magnacca says. It also is looking at other provinces to set up conversion facilities; as well as servicing U. S. markets through its Mississauga and Montreal locations.

"As one of the earlier players in this market, we're very well positioned for the future," he says. "Converting from paper to electronic patient records was certainly a vision that was going to become a reality, even though it might take a few years. But we can wait."