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Sy.Med's 'boring' software booms

Company sees growth in health care field

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Todd Stringer | Nashville Business Journal

Jim Aylward, president and CEO of Sy.Med Development Inc., plots strategy for his Brentwood-based software company.

October was a devastating month for thousands of American businesses, but **Sy.Med Development Inc.** wasn't one of them.

While the country was facing the worst fiscal crisis in generations, the company's President and CEO Jim Aylward got some favorable economic news.

Sales at the Brentwood-based software company had a record monthly tally of \$310,000. The company has been thriving during the downturn and is on track for \$3.2 million this year, up from \$2.5 million in 2007.

Most of the uptick in sales is because of OneApp, Sy.Med's flagship product.

The software automates complex forms used to validate the educational and employment background of physicians and other high-level health care providers such as nurse practitioners. It's called credentialing, a task Aylward calls "boring, cumbersome and tedious."

It's a task that has to be done, but no wants to do it. That's a perfect opportunity for an entrepreneur to take action, Aylward says.

The software can keep physicians' practices and hospitals from having to hire an employee to complete on-site credentialing, a position that can draw a salary of \$30,000 a year or more.

The OneApp software costs providers up to \$10,000 and a maintenance fee of 20 percent a year.

More than 155,000 health care providers use OneApp, but Aylward says the company is just brushing the surface of the market. Sy.Med doesn't have to fight off competition from other vendors because there's no other credentialing product on the market yet.

But sales can be a challenge because physicians often prefer to spend money on diagnostic equipment and medical equipment rather than software.

"It's not a sexy industry," Aylward says. "It's a small health care niche."

Enter the recession.

With the whole country focused on saving money and cutting expenditures, it may become easier to sell OneApp.

And lately, a targeted sales campaign that links Sy.Med to thrift is bringing strong results. The central illustration of the campaign is a picture of dollar bills going down the drain.

One victory of the campaign is that Sy.Med finally cracked all 50 states by landing a contract in Wyoming.

"Our message is that if you actively invest in technology that saves you time and money, it increases your chances of coming out on top during a recession," Aylward says.

Aylward knows something about surviving a slump.

After originally founding Sy.Med in 1995, he sold the company three years later to Florida Physicians Insurance Co. The company was taken public — but the stock prices eventually deteriorated in the midst of the dot-com bust and the top executive left the job.

Aylward couldn't stand to see the company lose value, so he bought it back. Since the buyback in 2000, every quarter at Sy.Med has been profitable, he says. The company had a one-time \$300,000 infusion from an angel investor, but has remained debt-free.

The Little Clinic, a national walk-in clinic provider headquartered in Brentwood, uses OneApp to credential more than 250 health care providers and to enroll many of them as individual providers with key payers.

"OneApp enables us to manage each of those two processes effectively," says Mat Waites, Little Clinic's chief information officer. "It minimizes the incidents of performing services that end up being non-reimbursable because of credentialing and enrollment issues."

Waites says the software makes it possible to pull directly from the database to create custom reports.

The company “would need at least twice the credentialing and enrollment staff to manage without OneApp,” Waites says. “We feel that our unpaid claims ... would be significantly higher without it.”

Aylward says the company’s customer service approach has also boosted revenue. The three-person tech support crew at Sy.Med is focused on a customer-centric style of software engineering called Extreme Programming.

The theory behind the discipline is that when software engineering is taken to an “extreme” level, it results in better customer service.

Extreme programmers have continual communication with each other and with clients in an effort to get a job much more quickly than with traditional programming.

Aylward says the method has been a big factor in the company’s upward trajectory.

Sy.Med Development

ADDRESS: 101 Westpark Drive, Suite 140, Brentwood 37027

TELEPHONE: 888-796-3388

EMPLOYEES: 24

PROJECTED REVENUE: \$3.2 million

What it does: Sy.Med sells credentialing software for the health care sector. The company’s flagship product, OneApp, is licensed by more than 550 clients in 50 states.

LESSONS LEARNED

BIGGEST SURPRISE OF YOUR CAREER: That you can change industries rather easily and hard work, belief and passion can make up for lack of knowledge.

WHAT SOMEONE ELSE CAN LEARN FROM YOU: The value of risk and reward. I have made three large and risky career decisions moving from equipment financing, to the HMO industry and then to the software industry. In each case, I knew very little about the industry I was entering and went backwards in salary, but was willing to take more incentive compensation and equity in the companies.

BUSINESS PHILOSOPHY: Hard work, focus and be the best. Don’t be afraid to be a trailblazer with new technology and ideas. Don’t be a “me-too” product or company.

GREATEST FRUSTRATION: Service in America, in all industries and at all levels of companies. It seems like American business has forgotten the value of their customers and how to treat them.

FIVE-YEAR VISION: If I told you I had a five-year vision, I would not be telling the truth. Managing a technology company, I believe a realistic vision is about 1-2 years as technology changes so rapidly. In five years, there will be software development methods and forms of software distribution that don’t even exist today.

BEST WAY TO COMPETE: Surround yourself with talented and passionate people. Put them in the right areas of the company and then, out-think, out-sell and out-service everyone. Make decisions before your competition does. If the decision is wrong, correct it before your competition even makes the decision.

TOUGHEST BUSINESS DECISION: Deciding to become a software development company and taking the necessary steps required to sell our software nationwide, rather than using it internally as a credentialing outsource / BPO company.

BEST BUSINESS DECISION: Doing a management buyback of Sy.Med from a publicly-traded company in 2000.

MENTOR: My business mentor is Fred Goad. He convinced me to buy Sy.Med back, helped me negotiate the deal, invested in me and instilled the confidence in me to do it.