

Healthcare Insurance Company Case Study

Challenge:

A New York based, \$8.6 billion dollar health insurance company was struggling with the high cost of on-site staff augmentation consultants. On-site resources in NYC are some of the most expensive, and the staff augmentation model provided little long-term relief in the areas of management oversight, productivity, IP protection and turnover.

The health insurance company had done a good job driving down the hourly rates of their staff augmentation resources to \$75-\$125/hour, but this exercise also impacted the quality of the resources and exposed them to contractor turnover from other, higher-paying positions. Turnover with staff augmentation resources created an additional 20% to 30% increase in cost to find replacement resources and the training they required to get to the desired level of productivity.

The company was looking for a solution that addressed these challenges in both the “Managed Maintenance” and “Project-Based” types of work for their various applications and initiatives.

Solution:

The health insurance company needed a solution that reduced resource costs, eliminated turnover, and provided less management oversight. Starting in 2004, CrossUSA developed a dedicated development team within its Rural Project Center model. This dedicated staff started with five resources in April of 2004 with an immediate 33% to 48% reduction in cost vs. the on-site staff augmentation model. CrossUSA and the Client built an agreement and a process to define & measure,

examine progress, correct issues and guide the partnership to the desired outcome for both parties (Vested Outsourcing). Over the last 6 years, as CrossUSA has increased its domain knowledge, the partnership has grown to 38 resources supporting both managed maintenance and project-based work.

The CrossUSA rural project center model provided the company with:

- Reduced costs on a per-resource bases by a 40% average.
- Reduced Client Management oversight costs by placing these resources off-site in a team environment to be managed by CrossUSA.
- Eliminated the Client’s recruitment costs
- Reduced turnover via the location of the Rural Project Center and lack of competition for resources.
- Increased IP Protection via low/no turnover on resources.

Conclusion:

The CrossUSA Rural Project Center model has allowed the health insurance company to enjoy the cost savings and increased development capacity they desired. The team is entirely remote but the model has allowed for Cross and the client to develop a strong relationship that is the foundation of our joint success.



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