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Risky launch finally pays off at TeamPraxis

Pacific Business News (Honolulu) - by [Linda Chiem](#) Pacific Business News

Creighton Arita describes himself as a visionary businessman, but he admits that he launched his high-technology business about five years too soon.

Arita established **TeamPraxis** in 1992 as a business solutions company that specializes in software to manage information technology and electronic health or medical records for doctors in private practice.

The company's primary focus is to lower the costs of operating a practice and improve the coordination of care for physicians across the state. More specifically, it offers a "back-office management" service that includes billing, patient scheduling and the all-important electronic health records so that doctors can concentrate on taking care of patients instead of worrying about filing claims.

Industry wasn't ready

However, the health-care industry of 15 years ago depended on traditional charts and manila folders filled with patients' medical histories. There was not even the slightest demand for Arita's service, which sounded complicated and costly.

"There was not a lot of visibility or traction and the focus then was on equipment and machines at the hospital level and not so much of, let's equip the front end," Arita said. "It has been a Catch-22 because what we do is fairly unglamorous. But I really believe it's non-negotiable and it has become more visible in the last several years."

TeamPraxis was spun from DataHouse, the largest software-development company in the state, which happens to be owned by Arita's father, Dan.

Arita said he luckily tapped into the expertise and name recognition of his father's already well-established company to build TeamPraxis from a company that took four years just to break even into one that generated about \$12 million in revenue last year.

Now, TeamPraxis is recognized as a local industry leader with few competitors.

"I think they understand the market very well and have great staying power primarily because Creighton has a 'stick-to-it-ness' that I haven't seen elsewhere," said Ronald Haranda, president of **Ronald Haranda & Associates**, an independent health and technology consultancy.

"There was a time when he wasn't moving and he just stayed there and allowed it to transcend," Haranda said. "It's a rough space in health care to be in, where doctors didn't have the money, didn't understand it or have a thriving interest in information technology."

To start, Arita convinced three doctors to use the service by paying for the computer equipment they would need -- at a cost of about \$15,000 per physician practice.

"It was like we almost paid the price to be pioneers, and the way we were serving the doctors was pretty radical," Arita recalled. "You know, we bought them the hardware, and it was hard waking up in the morning every day for four years and know that you're running a loss."

He had a pot of \$1 million in startup money, primarily from family, friends and other local investors, which went to setting up office space on Kapiolani Boulevard, hiring qualified staff and investing in the most up-to-date equipment.

Research and development

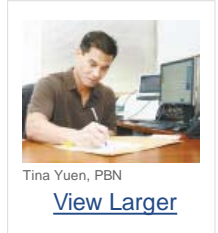
He said the company's commitment to research and development is a key strategy for longevity. He invests between 12 percent and 14 percent of its annual revenue into upgrading servers and developing technology to meet the growing demand.

TeamPraxis' user-friendly, integrated Web-based system allows doctors to access records from the Internet, which is especially useful for emergency after-hours calls. Also, Arita said they offer their services a la carte for doctors who just want a part of the I.T. package.

Scheduling and billing software costs \$200 a month per doctor practice. Electronic health records software costs \$400 a month. All packages come with around-the-clock technical support.

Today, more than 1,000 physicians are using TeamPraxis' software and services including the three Arita had to first basically pay to use it.

Among his customers is John Houk, a general internist who signed on with TeamPraxis in 2005.



"There is no question of the improvement and quality of care you give and that's dramatic when you work as a physician and you sometimes have to make life-and-death decisions every 15 minutes," he said. "You need to have the data in front of you and it's all there with the click of a mouse."

Houk said primary-care doctors are hurting financially, and asking them to finance such a system from their operating capital represents a huge change in their practices.

Federal mandates calling for electronic health records for all Americans by 2014 became effective three years ago, increasing the demand for health I.T. services and fueling business for Arita.

The state's largest health insurer, **Hawaii Medical Service Association**, is pushing for the use of electronic health records and has set aside \$20 million to help doctors set up electronic health records systems.

Arita said his ultimate goal is build a regional health-care information network that connects doctors all over the state.

"I want to expand our network and offer more services," he said. "We're like a cable company and we want all our subscribers to have access to all the premium channels."

Small-business issue

Breaking into a high-technology business and creating demand for a product that didn't previously exist.

Strategies

- Build a rapport and long-term relationships with clients.
- Invest in equipment and technology upgrades.
- Offer flexible service options to cater to different client needs.

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