

Medibank Private calls in Thelma

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•Healthcare

THE technological revolution is finally catching up to Australia's \$7 billion health insurance industry.

For decades, the nation's 44 health funds have been bogged down by a paper trail. Efficiency, cost and customer service levels have suffered because of the reliance on manual labour and paperwork.

The nation's largest insurer, Medibank Private, envisages a better way: it has signed a minimum three-year user deal for an innovative pay-per-service system called Thelma (Transactional health exchange linking multiple applications).

The system ultimately promises to bring the benefits of an eftpos-like network that links health funds, hospitals, doctors' surgeries and medical product suppliers.

"I suspect our industry is one of the last frontiers for driving e-commerce efficiencies," said Medibank corporate affairs manager Peter Young. "We are very keen to drive the development of business-to-business electronic-based transfers. If we can, there are significant financial savings that can be made."

Under the deal, announced to the Australian Stock Exchange late last week, the fund has the option of acquiring up to a 20 per cent equity stake in Thelma's developer, Sydney-based ICS-Global. The equity deal will need to be approved by the Medibank board and its owner, the Commonwealth Government.

A go-ahead would represent a rare investment by a government-owned enterprise in a publicly listed company.

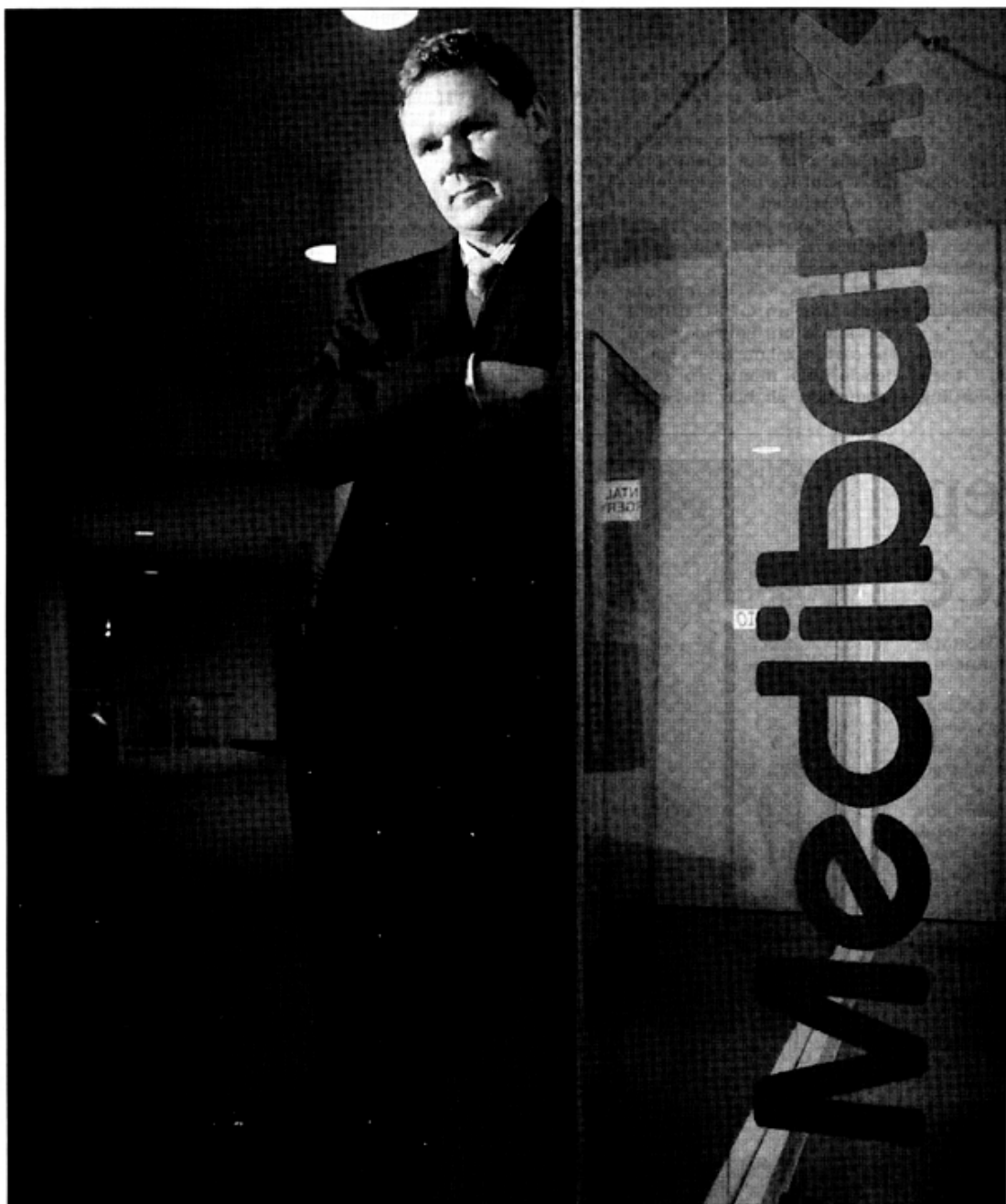
ICS-Global managing director Tim Murray said the Medibank deal was a huge prize and would encourage other health funds and hospitals to adopt its leading-edge technology.

"If you asked me two years ago what would be the best thing for us, it would be the biggest company in the market coming on board and backing us and taking a share position," Mr Murray said.

Set up in 1990, ICS-Global made a lot of money in the rush to deal with the Y2K problem, before turning its attention to electronic transfers within the health industry.

The company floated in 1998 and has attracted a considerable following, particularly in Perth's investment market.

The company has spent \$10



Huge prize: Tim Murray says the Medibank deal will speed the adoption of ICS-Global's technology

Picture: Ross Swanboroug

million developing the technology and last year posted a \$5.7 million loss.

It now has a capitalisation of about \$48 million, significant cash reserves, a break-even point of \$3.3 million a year and a share price that has risen 3.5 times since June.

Before the Medibank deal, ICS-Global had already signed up smaller players in the industry and had captured about 8 per cent of the market. Its reach will now extend to 40 per cent and its goal is 80 per cent.

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