

An eye for better business with Prodacapo ABC/M

Correct market prices versus real costs and a better foundation for decision-making and cost-efficiency – these are some of the benefits of Prodacapo ABC/M for Medocular eye clinics.

More and more companies opt for Activity Based Costing and Management (ABC/M). Capio Medocular eye clinics can vouch for immediate payoffs. The company is the largest privately owned eye clinic in the Nordic region with a staff of 50 working at its clinics in Sweden's four largest cities. Medocular is a division of Capio, the European healthcare group.

Medocular services two customer segments – public healthcare and private patients. During 2003, Medocular performed over 7,000 cataract surgeries and an additional 1,500 laser treatments or other surgical methods.

The challenge for Medocular

Determining true costs within healthcare can be a challenge.



An immediate consequence from the ABC analyses is that Medocular will correct their price list for treatments for myopia.

“Sometimes we see the healthcare sector operating with less than reliable cost estimates,” says Ulf Ekstrand, controller at Medocular.

“To make the right decisions we require accurate cost data for our products and services.”

Many companies and organizations within the healthcare sector grapple with the inadequate support for analysis, management, and improvement of costs provided by traditional financial accounting systems. The reasons for this are easy to understand – the fundamental economic models have been developed for and by manufacturing companies to fit their needs. Today this can be resolved.

Using Prodacapo's solution for Activity-based Costing and Management (ABC/M) Medocular was able to develop a fair cost basis for products and services, providing the company with better information for setting prices. And Medocular can spend its time pursuing cost-efficiency and is more capable of examining the profitability potential of new businesses.

Performing the ABC analysis

Medocular performed ABC analysis at its clinics in Stockholm and Uppsala. The analyses were performed so that the same methodology could be used at the other two clinics in Gothenburg and Malmö, as well as at the clinic that Medocular opened in London, England, in April 2004.

“We began by holding five workshops with the people involved, to identify the amount of time they spent on different activities. The workshops were also a way



“Thanks to the cost information from the ABC analyses we can set more appropriate prices and make our operations more cost-effective”, says Ulf Ekstrand, Controller, Medocular.”

of getting staff support for the project,” says Ulf Ekstrand.

“We thought it was key to avoid getting bogged down in too many details, so we applied the 80/20-rule. We focused on what's most important with an acceptable level of detail. The activities included in our ABC analysis are the same activities that we will include in our coming ISO certification.”

In a next step Medocular evaluated

FACTS Medocular

Medocular is the largest privately owned eye clinic in the Nordic region with clinics in Sweden's four largest cities. During 2003, Medocular performed over 7,000 cataract surgeries and an additional 1,500 laser treatments or other surgical methods.

Staff: 50 employees

Prodacapo product: Prodacapo ABC/M

various system support tools for their ABC analyses.

"We sought a standard solution and ultimately chose Prodacapo for ABC/M."

"The functionality of this system proved to be highly relevant to our needs at the same time that it was flexible and provided us with significant opportunities for more analyses.

"Given that our analyses would be successful we saw an opportunity to apply the same solution for other branches of the Capio group. Today, we are very pleased with our solution," says Ulf Ekstrand.

Ulf Ekstrand participated in a two-day training session before using Prodacapo. He then spent another day together with

a Prodacapo consultant to incorporate all data required from Medocular's current IT systems and MS Excel files. After that, Ulf was ready to perform his own analyses.

The Result for Medocular

"An immediate consequence from the ABC analyses is that we will correct our price list for treatments for myopia. Some elements of the service we provide turned out to be more costly than what we had anticipated. It's fair to say we suspected this was the case – but now we know for sure."

"Thanks to the cost information from the ABC analyses we can set more appropriate prices and make our operations

“To make the right decisions we require accurate cost data for our products and services.”

ULF EKSTRAND,
CONTROLLER, MEDOCULAR

more cost-effective. We will also be able to simulate and screen new business opportunities to determine their profitability."

Medocular aims to update the ABC information annually.



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