



## Clinical Financial Services

### INVESTIGATIVE SITE IMPROVES FINANCIAL MANAGEMENT OF CLINICAL TRIALS

eStudySite is a San Diego-based enrollment and research organization that provides inpatient and outpatient clinical research services to pharmaceutical and contract research organizations (CROs). Since its founding in 1999, the organization has operated with a clear and compelling mission: to be the most efficient, productive inpatient and outpatient research site in the world.

Today, eStudySite provides a comprehensive, effective approach to the recruitment, enrollment, and retention challenges that clinical drug trial sponsors and CROs typically face. In fact, eStudySite has refined a proprietary patient enrollment methodology for rapidly screening and enrolling large numbers of subjects into studies. This unique system significantly accelerates the approval process timeline for new drug therapies and reduces overall research costs.

Even with industry-leading systems and processes, like many clinical trial sites, eStudySite still faced challenges in the area of financial management.

#### USING IN-HOUSE RESOURCES

Until 2007, eStudySite relied on in-house resources for financial management of its clinical trials, which number around 20 at any given time. Says John Neal, CFO, “We had invested in study management software, which we had originally hoped would provide both clinical and financial support,” he explains. “But we were finding that there wasn’t sufficient support from the software developer to really implement the level of financial detail we need.” Thus, even with the tool, the organization was still having ongoing issues with identifying how to apply payments received to open invoices.

Neal says there were human resource challenges, as well: “Because this is such a specialized industry, it was virtually impossible to find accounting personnel with knowledge and experience with clinical trials. As we would

#### CHALLENGES

- Delays in closing monthly financials
- Inefficiencies in determining and collecting accounts receivables
- Difficulty identifying personnel with knowledge and experience in the clinical-trials industry

#### SOLUTION

- Outsourcing Contract Administration to Clinical Financial Services, the industry’s only company focused exclusively on financial management of clinical trials

#### RESULTS

- Ability to close monthly financials in days rather than weeks
- Resources redeployed to other, more strategic activities
- Recovery of tens of thousands of dollars in “lost” revenues

bring people in, we would have to train them from the ground up, and there was always a long learning curve.”

After realizing that the software package alone wasn't sufficient to meet eStudySite's financial management needs—and after dealing with multiple rounds of turnover in the accounts receivables staff—Neal began exploring other options.

After hearing about Audubon, Pennsylvania-based Clinical Financial Solutions, LLC (CFS), Neal met with the company to learn more about its capabilities. He then performed an analysis comparing eStudySite's in-house approach to CFS's outsourced model.

In the end, Neal won the approval of the Board of Directors, and in February 2007, eStudySite signed on for CFS's Contract Administration services.

### TRANSITIONING TO AN OUTSOURCED APPROACH

Neal says the transition to CFS was flawless, in part because he and his team worked extensively with CFS in advance. “We talked through exactly how they would go about the transition,” he says. “It was clear to me that they understood what needed to occur, and once we pulled the trigger, the transition was very quick and painless.”

CFS initiated the reconciliation process the same month the contract was signed, and started handling billing and accounts receivable in mid-March. The impact was immediate, Neal notes.

For starters, in the reconciliation process, CFS identified \$143,000 in net additional revenue that had not been recognized. That revenue consisted of patient activity, as well as pass-through costs that needed to be invoiced to the sponsors so that eStudySite would be paid for them—all of which had a direct impact on

eStudySite's bottom line.

Although eStudySite's clinical staff members continue to rely on the study management software for their day-to-day tasks, all of the organization's billing and accounts receivable activity is handled by CFS. There have been marked improvements there, as well.

“CFS very rapidly helped reduced accounts over 90 days,” he says. “In fact, most of our accounts are now concentrated in the zero to 60-day category.” Other benefits have included greater availability on the organization's line of credit, as well as a decrease in interest cost.

### ENJOYING EXPERT SUPPORT

For Neal, the biggest benefit of outsourcing to CFS is simple: knowing that this aspect of eStudySite's accounting and finance is going to be handled in an accurate and timely manner. “This function isn't a core competency for our business to succeed relative to our client deliverables,” he explains. “It's been a relief to offload it and be able to rely on the timeliness and integrity of the data.”

Prior to outsourcing, it would take Neal's staff up to three weeks to close the books each month. Even then, he says, they would often find something missing. “Now we know our revenue numbers within three days, and we're able to generate preliminary financials and make better decisions based on that information,” he notes.

This CFO urges other investigative sites to consider the power and simplicity of outsourcing to CFS: “Don't waste your time trying to recreate the wheel,” he says. “It already exists. For our site, the value of these services far outweighs the costs.”

Even better, he says, “You'll be able to sleep better at night, knowing you can rely on the data you're given. That speaks volumes.”

