Ramsell expands beyond HIV

Pharmacy billing firm diversifies

BY CHRIS RAUBER
San Francisco Business Times

SPENCER BROWN

New prescription: Ramsell eyes corrections and 340B drug programs, Flowers says.

Ramsell Corp., which processes nearly $500 million in pharmacy claims and other billings, including a reported 1-in-3 HIV-related pharmacy billings nationwide, isn't exactly a household name.

But the privately held Oakland-based company, located near Jack London Square, has plans to boost its name recognition while restructuring its operations and adding to its product roster.

Formerly known as Ramsell Holding Corp., it has long focused on providing pharmacy benefit-related technological support and services such as call centers, eligibility and enrollment, and case management for various state and local government programs.

Ramsell's gross revenues have grown in recent years and are expected to top $490 million this year, but the 56-employee firm nets only about 3 percent of that revenue — about $15 million — and much of the rest goes to pay pharmacy and other claims.

Under CEO Eric Flowers, son of founder and longtime CEO Sylvester Flowers, Ramsell has transformed itself from a holding company with several largely autonomous LLCs into a more integrated corporation with a new name and logo.

Now it hopes to move beyond its primary focus of providing pharmacy benefit services for public agencies that deal with HIV-AIDS patients into other areas where its software and organizational expertise can be brought to bear, said Flowers, who took over for his father four years ago.

"To have legs from a business standpoint, we needed more diversification," Flowers said.

Along with its traditional bailiwick of HIV-AIDS related services for public agencies such as the California Department of Health Services, San Francisco AIDS Drug Assistance Program, San Mateo ADAP, the Oregon Health Authority, and similar agencies in Colorado and Washington state, Ramsell is moving into areas such as mental health management and corrections/re-entry work. In the latter case, it plans to help states and other jurisdictions manage the re-entry of former felons into the community, by coordinating health care, counseling, housing and other services with the goal of reducing recidivism.

Another potential area of growth is providing administrative services for 340B drug programs for federally qualified health centers, safety net hospitals, HIV clinics, hemophilia clinics and similar entities that are eligible for pharmacy-related discounts because they serve vulnerable populations. But to do so, they must follow complex rules and audit standards, which is where Ramsell says it can help.

At issue for the organizations is pressure on its profit margins and growth opportunities as many state and local agencies tighten their budgets and force vendors to do the same.

Undertaking new medical therapy management work in Oregon and possibly Colorado are one way of diversifying. Another is the corrections route, where Ramsell expects to launch new services in Maryland and Florida this fall in conjunction with Pittsburgh, Pa.-based partner Wexford Health Sources Inc.

Bill Arnold, CEO of the Washington, D.C.-based Community Access National Network, an HIV and Hepatitis C-focused nonprofit, has worked with Ramsell and similar groups nationally for many years. "Something like this needs to happen at the national level," he said, praising the comprehensive IT platform and approach that Ramsell has developed.

crauber@bizjournals.com / (415) 288-4946 ■

S.F. joins lending program for PACE

BY ERIC YOUNG
San Francisco Business Times

San Francisco has joined a new statewide alliance meant to jumpstart a stalled program designed to finance expensive energy upgrades in commerical buildings.

Under the program, called Property Assessed Clean Energy, building owners would borrow money from San Francisco to pay for energy improvements — from solar panels to upgraded heating and ventilating systems to energy efficient windows. The owners then repay the loan over 20 years through a special assesment added to the property tax bill. San Francisco would get the money for the energy improvements by selling bonds to investors.

The PACE program has not funded any energy improvements in San Francisco commerical buildings, despite being available since last year. A sticking point has been controversy over who gets paid first if the building owner defaults. The special assesment debt in the PACE program would be senior to existing mortgage debt. That means if the building owner defaults, bondholders get paid before the mortgage holder, which has had a chilling effect on mortgage holders participating in the program.

The statewide alliance that San Francisco has joined aims to solve that problem. Along with San Francisco, other participants include Los Angeles County and the California Statewide Communities Development Authority, a joint powers authority run by the state's Association of Counties and the League of California Cities.

DeVries

Members of the alliance, which also includes the Clinton Climate Initiative, hope their group can not only spread the word about PACE's benefits but also help establish unified underwriting criteria with the goal of luring lenders.

PACE is "a good program, but you just have to get through that lender reluctance," said Ken Cleaveland, director of government affairs for the Building Owners and Managers Association.

Cisco DeVries, who championed the idea of using property taxes to finance energy efficiency with Oakland-based Renewable Funding, said, "This alliance can give a huge boost to PACE to help solve some of the financing challenges that have blocked widespread adoption."

Thus far Wells Fargo & Co. has shown interest, although the bank has not yet agreed to participate.

The PACE program "has potential for positive change as a way to promote energy efficiency retrofits of commercial properties," said Wayne Seaton, managing director Wells Fargo's sustainable public infrastructure group.

San Francisco officials said there is interest from building owners to finance energy upgrades through PACE. Rich Chien, the green finance program manager at the city's Department of the Environment, said he is working with a number of owners, including one high-profile office building considering a $1.5 million upgrade.

The PACE program was also designed for homeowners to finance energy upgrades. That effort was stalled for the same reason the commercial program did — reluctance by mortgage lenders to be subordinate to PACE debt.

eyoung@bizjournals.com / (415) 288-4969 ■

Lattice Engines revs up growth

BY PATRICK HOGE
San Francisco Business Times

Lattice Engines is boosting sales.

The San Mateo company is growing quickly selling online software to help sales representatives be productive by sifting through vast amounts of data from both within and outside of companies to help set priorities.

Founded in 2006, the 140-person company expects revenue to grow 80 percent this year to between $15 million and $25 million. Plans call for hiring 50 to 100 people over the next year.

CEO Shashi Upadhyay, a former partner at McKinsey & Co., said he and his co-founders spent two years developing "salesPRISM," a predictive analytics platform that prompts sales representatives with clues from internal data — like customer relationship management or support systems — as well as outside sources like news outlets and social networks.

WHO'S HIRING: LATTICE ENGINES
Jobs: 5,100 over the year.
Location: San Mateo and elsewhere.
Type: Engineers, customer service, other.

Lattice's software identifies opportunities, like bid windows, and triggers, like customers calling because of problems, to help win new and retain old clients, Upadhyay said. "It reliably adds dollars and cents to our customers' bottom lines."

Lattice claims it can increase sales productivity 6 to 14 percent, and indeed some very big companies say that is what has happened for them.

Last July, to accelerate growth, Lattice took a $15 million Series B round of funding from Sequoia Capital, bringing the total it had raised to $16.5 million. Mickey Arabelovic, a Sequoia partner, joined the company's board of directors.

Upadhyay said Lattice was profitable at the time, but is currently investing for growth and can turn profitable within two quarters whenever it wants. This month, Lattice announced that Brian Kardon, until recently CMO at marketing automation provider Eloqua, had joined Lattice in the same position.

Jeff Kaplan, an analyst at ThinkStrategies, said Lattice is a "hot" company in a rapidly growing sector of firms providing business data analysis software as an online service to compete with longtime "business intelligence" vendors like Oracle, IBM and SAP.

Competitors in sales intelligence are many and include Cloud9 Analytics Inc. in Redwood City and retail-focused PivotLink in San Francisco, he said.

phoge@bizjournals.com / (415) 288-4949 ■

Corrections and Amplifications

■ A formatting error in Biz Leads (Dec. 16-22, 2011 issue) made it appear that Darrah Trucking of Martinez had filed Chapter 7 bankruptcy. In fact, the company did not file for bankruptcy, but was the subject of a federal tax lien. The lien has subsequently been lifted.