

FEATURED CASE STUDY

TWO SIGMA IMPACT

INVESTMENT:

CIRCLE OF CARE

*Texas-based pediatric therapy provider
delivering home and clinic-based services.*



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INVESTMENT STRATEGY	TWO SIGMA IMPACT	INVESTMENT TYPE	BUYOUT
SECTOR	HEALTHCARE	OWNERSHIP STAKE	MAJORITY
INVESTMENT DATE	JUNE 2021	IMPACT VALUE CREATION MODALITY	SYSTEMS, GROWTH
GEOGRAPHY	UNITED STATES		

INVESTOR & COMPANY OVERVIEW

TWO SIGMA IMPACT specializes in workforce impact, strategically investing in businesses where it believes workforce engagement can be an outsized driver of financial performance. Leveraging active ownership and data science, Two Sigma Impact seeks to utilize its proprietary Good Job Score Assessment Tool and framework to create value through quality jobs. It aims to drive systems change in the broader market by demonstrating the relationship between job quality and positive business outcomes.

CIRCLE OF CARE is a Texas-based pediatric therapy provider offering home and clinic-based services to over 3,000 patients, most of whom rely on Medicaid health coverage. The company expands access to treatment for children who might otherwise lack the necessary therapy for their conditions, including occupational, physical, applied behavior analysis, and speech therapies.

INVESTMENT THESIS

At the time of investment, Circle of Care operated as a scalable and capital-efficient business, but growth was constrained by difficulties attracting, retaining, and upskilling high-quality therapists. The company also faced challenges in workforce management, including variations in therapist productivity, therapist-patient matching, and caseload management.



Two Sigma Impact saw an opportunity to improve Circle of Care's talent pipeline and workforce management to address growth bottlenecks stemming from therapist shortages. Pre-investment, Two Sigma Impact developed a plan designed to expand and better manage the company's 700 licensed and accredited therapists and to grow Circle of Care's revenue and inherent impact.

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KEY ELEMENTS OF VALUE CREATION:

Two Sigma Impact's value creation approach demonstrated both SYSTEMS and GROWTH modalities:

IMPACT VALUE CREATION MODALITY	VALUE CREATION ACTIVITY	FINANCIAL DRIVERS	VISIBILITY OF FMI
 GROWTH	Supporting the development of a workforce training program to increase the supply of high-quality therapists, therefore increasing capacity for patient care and decreasing recruitment costs	<ul style="list-style-type: none"> • Revenue growth through talent development, increasing access to trained employees 	The need to increase the quality of therapist supply to scale the business was discernible, but the approach to develop a training program benefited from Two Sigma Impact's expertise in the healthcare labor market.
 SYSTEMS	Establishing data infrastructure to support analysis aimed at optimizing operations, driving initiatives to improve patient onboarding, case-load management, and the employee compensation model to boost productivity	<ul style="list-style-type: none"> • Long-term productivity through data-driven operational and workforce management 	Two Sigma Impact's focus, expertise, and systematic approach enabled identification of workforce management obstacles and related operational issues restricting therapist productivity and retention.

VALUE CREATION

INTERVENTION TO IMPROVE ACCESS TO LABOR

Drawing on its labor market and healthcare expertise, Two Sigma Impact supported Circle of Care in formulating solutions to attract, retain, and upskill high-quality therapists to address the lack of qualified pediatric behavioral health professionals. Two Sigma Impact supported Circle of Care in the establishment of the company's proprietary "Flight Path" training program. This initiative expands their pipeline of therapists by training entry-level behavior technicians to become board certified behavior analysts.

Beyond increasing the number of trained therapists, program participants benefited from an average 50+% increase in annual wages. This helped Circle of Care retain an engaged workforce, ultimately contributing to increases in additional patients treated and revenue growth.

VALUE CREATION

OPERATIONAL DATA ANALYSIS

Two Sigma Impact developed data infrastructure to support business intelligence for workforce and operational performance to address human-capital related constraints. This included collaborative efforts amongst a "data team" comprised of Circle of Care employees, Two Sigma Impact team members, and third-party specialists. The resulting tools and data have led to improvements, including the transition to a digital patient onboarding process, simplification of the therapist compensation model, and enhancement of smart therapist-patient mapping.

These initiatives contributed to therapist retention, productivity, and job satisfaction, factors that collectively are expected to support greater revenue and patient care.

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LESSONS LEARNED

- **Impact value creation playbook:** Two Sigma Impact employs a rigorous, disciplined approach to impact value creation, facilitated by practices and tools that have been refined over time to reduce friction and ease implementation.
- **Stakeholder engagement:** Based on robust data analysis, Two Sigma Impact has a deep understanding of the voice-of-the-worker that it believes enables it to effectively evaluate the employee perspective in potential value creation interventions.

