

**ECONOMIC MODELING IDENTIFIES DRIVERS OF ATTRITION, LEADING TO  
IMPROVED RETENTION RATES AND RECURRING REVENUE**

*6-week engagement · Substantial increase in recurring revenue*

**SYNOPSIS**

A leading processor of health care payments sought insights into how future growth might impact retention among its subscribers. Specifically, the company was concerned that, as the share of a subscriber's total payment volume processed through the company's network grows, increased fees could cause the subscriber to leave the network. Horizon was retained to work with the CEO, CFO, and equity sponsor ops team to study the drivers of attrition from the company's network and implications for growth. Specifically, we were asked to address the following questions:

1. Do increases in payment volume pushed through the network drive attrition? What else drives subscriber attrition? What is the probability of attrition by subscriber segment?
2. Given a specific set of large new accounts to be onboarded, what can we expect to happen with attrition among subscribers in other parts of the network?
3. Finally, which transformational investments (e.g., automation) make sense to pursue, and how much further could they increase potential?

**SOLUTION**

Horizon created a relational database model from the company's transactional and subscriber detail data. We analyzed historical patterns in growth and attrition (unit and revenue basis) and developed a granular regression model to quantify baseline attrition probabilities and identify attrition drivers. We then built a model of aggregate revenue that captured the effect of growth on attrition based on deeper causal drivers identified in the granular modeling. The aggregate model fit historical revenue patterns with high accuracy and, given its causal underpinnings, positioned the team to make forecasts that accounted for changes in their go-forward strategy.

**VALUE**

Using the results of Horizon's analysis, the company refined its onboarding, retention, and billing processes and successfully reduced attrition among newer subscribers, contributing to significant recurring revenue growth.