

# ALUMNUS PETER KARAHALIOS, MS '87— THE ENTREPRENEURIAL SIDE OF PUBLIC HEALTH



Karahalios did not start out to be an entrepreneur. Initially, he entered medical school believing that being a physician would offer him the professional satisfaction he was seeking. When he realized that medicine was not the path for him, he looked around for other options. His interest in medicine, along with a newly discovered fascination with numbers and numerical relationships, led him to the University of Illinois at Chicago School of Public Health. There, he embarked upon coursework leading to his master's degree in biostatistics. He admits that, at the time, this was not the popular specialty it is today, and he was not sure where it would lead him.

While still at UIC, Karahalios took a job with a small consulting firm where he utilized his medical and statistics backgrounds analyzing drug trial data for large drug manufacturing companies. It was there that he not only made contacts in the health care field, but also showed a marked aptitude for sales and marketing. His boss recognized Karahalios's abilities and encouraged him to pursue his potential. In fact, it was this boss who first realized that Karahalios was a budding entrepreneur, predicting that he would be happiest starting something of his own.

When Karahalios moved on to a software company, he met Walter Polowczak. At that time, Polowczak was working on the software design to allow real-time transactions in the banking industry. With his background in the medical field, Karahalios understood the potential value of this technology for billing and insurance claim processing, and the idea for NEBO Systems, Inc. was born.

Karahalios and Polowczak took a conservative approach to the gamble of launching a new business. Instead of

**C**on March 7, 2002 at a gala dinner at the Chicago Hilton and Towers, Peter Karahalios, a School of Public Health graduate in biostatistics, and chief executive officer and co-founder of NEBO Systems, Inc., was inducted into the Chicago Area Entrepreneurship Hall of Fame.

The requirements regarding demonstrated leadership and level of achievement in entrepreneurial enterprise for selection into this prestigious body are stringent. NEBO Systems, Inc. is a software development company specializing in health care information. Initiated by Karahalios and his partner Walter Polowczak in 1989, NEBO has shown significant growth, posting \$8 million in sales and growing from its two part-time founders to three partners and fifty-five employees. NEBO currently provides services for over 850 health care facilities, including the UIC Medical Center. It has maintained high customer satisfaction through innovation and customization of products, including those that provide online real-time electronic data processing of health care information, using a variety of innovative software solutions.

borrowing money to start NEBO, they chose to keep their jobs and start their venture on a part-time basis. They recruited Tony D'Angelo, one of the vice presidents at the consulting firm, as their third partner. Only after they believed they had a successful venture did they leave their jobs to work at NEBO full time.

Karahalios acknowledges that during the merger and acquisition frenzy of the 1990s, NEBO was approached several times with the promise of faster growth and higher profits. He and his partners, however, chose not to take NEBO public, especially after Karahalios did the math. He believed that NEBO had the sound financial foundation missing from many of the interested companies. Even after the economic traumas of the last couple of years, NEBO remains debt free and financially sound. Equally important to Karahalios and his partners is that they maintain control of the company they founded.

Today Karahalios notes that NEBO probably spends more on advertising for employees than it does on advertising for customers. While NEBO does maintain a presence in trade magazines and other industry

publications, Karahalios relies primarily on word of mouth and face-to-face contacts to fuel NEBO's growth. In fact, he says he prefers to "ramp up" the business rather than pursuing explosive growth. NEBO's focus is on staying current with legal and industrial issues, staying on the cutting edge of technology, and adding the right products and services.

Karahalios also believes in balance. While customers are important, he does not subscribe to Marshall Field's maxim that "the customer is always right." In fact, he says, "I back my employees 100 percent when I believe they are right." He believes that keeping an unreasonable customer is sometimes not the best thing for his company. It may be that attitude that allows NEBO to keep a stable and satisfied workforce, willing to go the extra mile for the company.

Karahalios also believes in keeping a balance between work and his personal life. "I always make it a point to be home for dinner," he says, "My sons, Peter and Anthony, are growing up fast, and I don't want to miss that." In the community, Karahalios is a generous donor to his church, the Wheaton Park District, and the UIC School of Public Health.

When asked about the future, Karahalios says, "When I'm in my fifties, I may back out of the day-to-day operation of the business a little. I see myself mentoring the twenty-five-year-olds in the company, keeping them on track, teaching them what I have learned."

*By Sandy Ketcham*



Peter Karahalios

Left: Peter Karahalios (second from left) confers with colleagues at NEBO Systems, Inc.