

## Chain Market Special Report: An Analysis

*In this interview with ComputerTalk Publisher Bill Lockwood, Mary Reno, CEO of Innovation Associates, and Harry Boyer, chief technology officer, comment on a few of the findings in this year's survey.*

**CT:** First, I would like to thank you for agreeing to offer your opinions on a few of our findings in this year's chain survey. Once again, we asked about workflow, automated counting, and, of course, robotics.

What we found in this year's survey is that more chains are using robotics than automated counting systems. It sounds like once they make up their minds to automate the filling processing, they are jumping right into robotics. What's your take on this?

**Boyer:** Bill, as always, we're glad to offer our opinions.

We know for sure that not everybody is jumping right into robotics — proven out by our having over 1,100 nonrobotic installations. We see more and more pharmacies, especially the chains, looking at workflow as the base issue that they have to fix before investing in some type of counting technology.



We also believe that people are taking a much harder look at the ROI of an investment in a robotics system. Although pharmacies typically experience labor savings, the price points of the current systems have been rather high. Therefore, the great majority of pharmacies haven't been able to justify the investment, except for stores with the highest volumes.

However, with that said, we certainly recognize the strong interest in robotics. That's why we're introducing our new PharmASSIST ROBOT<sub>x</sub> system, which is scalable and has a much lower price point.

**CT:** As in last year's survey, we found robotics coming in a close second to IVR in ROI potential. This year, automated counting systems came in fourth, behind e-signature capture. What's the compelling story behind the faster ROI on robotics over pure counting systems, in your opinion?

**Reno:** It's simple, Bill. Robots automate more of the manual tasks performed by the techs. They label and fill the order, sometimes cap, and, importantly, will keep working when the tech is interrupted by a customer or a ringing phone. We've heard from many of the chains that these additional steps are important to them — at the right prescription volumes.

It's interesting that workflow didn't come up in the top four. In terms of what we recommend to our customers, we suggest IVR first, process control or workflow software second, followed by counting systems — from a counting scale through robotics, depending

on the pharmacy's individual situation. We include e-signature as part of workflow, and agree that it should be near the top of the ROI list. E-signature can pay for itself by simplifying the audit process and keeping track of HIPAA signatures.

We see the pure counting systems as next in line for savings. In our opinion, depending on a pharmacy's volume, the appropriateness of their current staffing levels, and the pharmacy's physical size, pure counting systems can easily provide the ROI that a pharmacy is looking for.

We expect future survey results to be different as pharmacies come to realize that implementing a robust process control system first is the key that will enable them to manage and control their entire prescription fulfillment process.

**CT:** Another finding is that a third of the chains use both automated counting and robotics, based presumably on the prescription volumes in given stores. What are the drivers for one technology over the other?

**Reno:** Prescription volume and labor savings are really the key drivers. Chains evaluate their various volume tiers and then look at which type of technology will work best and will provide the best ROI in a specific volume range. They must also have the physical space available, so a system's footprint is definitely important.

That's why we think a scalable product suite is so significant. It provides a growth path to adjust and control the amount and type of automation, whether for an independent or a chain. Chains have the option to deploy either our Symphony system as the foundation for their workflow and roll it out across their stores, or they can use their own in-house developed workflow systems. A good example of this is Costco, which is using Symphony throughout its chain, with counting technology in its highest-volume stores. Other customers, such as CVS and Rite Aid, use their own workflow and have integrated our counting technology.

Based on their volume tiers, these existing customers can add counting technology in increments of 50 dispensers, at a footprint of three square feet. As volumes increase, they have the option to either scale up with additional automated counting, or they can migrate to our new PharmASSIST ROBOT<sub>x</sub> system, which is configurable from 70 up to 140 dispensers.

**CT:** With that the case, it seems like counting systems that can be upgraded to robotics might open the

*continued on next page*



## Chain Market Special Report: An Analysis

*continued from previous page*

market for more automation. Your impression?

**Reno:** We absolutely believe this is the case. We're seeing a huge change in how people evaluate automation and decide on how they can best afford these types of systems.

With an upgradeable system, they can get their foot in the door today with a nonrobotic counting technology system. Then, as their volumes increase and their other requirements change, they can easily migrate these systems to robotics. This type of growth path enables them to fully protect their capital investment and to scale up to robotics when they're ready to do so.

**Boyer:** Based on what Mary just described, we believe this will enable more pharmacies to get into the automation market earlier and at a lower price point, thereby increasing overall penetration.

**CT:** Let's talk about workflow for a moment. I detect some confusion over exactly what a workflow system is. In fact, you use the term "process control," which I think is a better description. Why don't you explain what process control is all about, and the type of pharmacy where it makes the most sense for deployment?

**Boyer:** Here at Innovation, our philosophy is that quality in a pharmacy — the degree of excellence of prescription processing — stems from having a consistent process. We think of workflow as process control, based on this philosophy, and we think it's a must-have for all pharmacies.

By working closely with industry leader Costco's pharmacy ops group to develop Symphony, we came to understand the impact that end-to-end prescription tracking, quality control, and proactive problem management have in a pharmacy. They wanted to know where every prescription was at any point in the process. If there was a problem with a prescription —

such as it needed a doctor's authorization to refill, only a partial order could be filled, and so on — they wanted tools that could help them comprehensively and consistently track the problem through resolution in a quick and efficient way.

**Reno:** So now they have an operations control center for their pharmacies that seamlessly integrates with all their key pharmacy systems. It provides built-in quality control that can't be side-stepped by their users, and it's a closed-loop system that enables consistent performance and continual improvement.

**CT:** What interest are you finding in a bidirectional flow between the pharmacy management/host system and a robotic system? This isn't as popular as I would have thought. Is there a reason for this?

**Boyer:** I actually think there would be more interest in bidirectional flow if pharmacies could get a more detailed prescription status within the PMS [pharmacy management system], whether prescriptions are processed by a robotic or nonrobotic system. It takes development work to get this done, and the PMS vendors always seem to have so many other critical things to deal with. From a PMS vendor's perspective, this is an after-market add-on they haven't had the time to work on.

As I mentioned previously, prescription tracking and quality control are two of our strongest suits. Symphony can interpret and track order status information in a bidirectional flow with a robotics system, and show the data in an efficient, user-friendly way. Also, it's much more efficient to have all of the tracking in one application so users don't have to hunt and peck for information in multiple systems. If the PMS vendors want to offer true status tracking, a robust workflow software package and a bidirectional interface are definitely required. We're ready to work with any PMS vendor that can handle the data. **CT**