



Research & Evaluation

Hard and Soft Costs

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Avoid being blown off course
by the winds of technology

By Bruce Kneeland

Anyone who owns or manages a community pharmacy has both analyzed and agonized over making a major technology purchase. To help with this process I interviewed several independent pharmacy owners, executives from technology companies and a well known independent technology consultant to see what advice they could provide.

For starters here's one idea I heard from Matt Mallinson, owner of Matt's Medicine Store in Independence, Missouri, and occasional contributor to *America's Pharmacist* magazine. "I have never met a pharmacy manager that regretted investing in technology, but I have met many that did not like the system they bought," Mallinson says. So, he advises, "Choose wisely."

So, how does one choose wisely? Ideally, the following suggestions will help.

Do You Actually Need It?

Barry Hart, RPh, a partner with Young at Hart, a closed-door pharmacy in Carmel, Indiana says, "The first thing I suggest pharmacists do before they start looking for any kind of technology is to evaluate precisely what the problem is they are trying to solve. Sometimes I see pharmacists investing in technology when what they really needed to do was rethink their staff training and workflow processes." In Hart's opinion, the first goal should always be to maximize people—then add technology as needed to help people do their jobs better. That way, Hart says you don't end up simply speeding up a chaotic work environment.



A technology's "soft costs" count too, notes Bill Osborn.

Helping pharmacy owners assess their technology needs is where Todd Eury, founder and principal consultant with The Pharmacy Technology Resource, located near Pittsburgh, has found an economic opportunity. Building on his passion for both pharmacy and technology, Eury specializes in helping pharmacy owners examine the unique needs of their practice, and then he creates a "technology implementation road map." This document outlines what milestones need to be met and then prioritizes various technologies so the owner can see where he is going before he spends any money on new systems. Eury says there have been several times after interviewing a pharmacy owner and developing a plan that he has advised the owner do some other things before making an investment in technology.

Develop a Research and Evaluation Plan

A key component of any technology purchase plan, according to Bart Caldieraro, owner of Watson's Drug Store in Greenville, Illinois, should be a spread sheet with a consistent set of questions and concerns you ask each potential supplier.

Caldieraro says that when considering a specific product it is important to value the reality that much of what technology does is simply save you a few seconds on each repetitive task. When looking for a new pharmacy dispensing system three years ago, he selected a Speed Script system because his investigation indicated that their approach to filling prescriptions would save him a few key strokes on each prescription. Caldieraro suggests not discounting the value of these seemingly small things because as he says, hundreds of small items add up and provide a few extra minutes to talk with patients and build relationships.

John Ortego, PharmD, who opened Parkside Pharmacy in Sacramento, California last year, had a unique perspective when he started shopping for the equipment he needed for his start-from-scratch business. Ortego (whose ownership story was featured in the October 2009 *America's Pharmacist*) says that for more than a year prior to opening his store he did relief work for a number of independents in the area. This gave him a chance to use several competitive systems. While this might not be the kind of thing others get to do, he also says that because he was doing relief work when the owner was not around, he learned to ask for information about various systems from the pharmacy technicians. Ortego says he found their input valuable and suggests that others tap into this resource the next time they are in the market for technology.

Paul Kobylevsky, COO and co-founder of Tele-Manager Technologies, says that one thing that makes his job easier is that many of today's pharmacists have become much more comfortable with technology. He says he especially appreciates it when, as part of their formal purchasing process they ask detailed questions about how the proposed system can be optimized to improve the pharmacy operations and how a prospective supplier manages the installation, training, and after sale service issues. Kobylevsky also suggests that any technology plan ask about ways the company works with other technology providers saying, "The more the prospect understands the value of the help we provide on these important services, the better it is for both of us."

Count the Cost(s)

An important part of any technology purchase plan must revolve around the cost. Here Eury builds on Kobylevsky's comments and advises prospective purchasers to expand the definition of cost. "Everybody knows how to get a price quote from a vendor and compare the bottom line totals" says Eury. But, he says, too often pharmacists fail to factor in the less obvious but still meaningful "other" costs associated with implementing new technology.

Examples of "other costs" gleaned from those interviewed include a number of things, including paying an electrician to upgrade electrical outlets, carpenters to move walls, or even the cost of painting a section of the store now visible that was hidden before. Then there are costs, such as how much overtime you'll pay employees for the extra hours they put in to get trained on the new system, or for the extra

time, effort, and energy they put into dealing with problems associated with the installation. All of these things add up. Planning for them is important.

One “soft cost” to consider—those costs that don’t involve writing a check—were shared by Bill Osborn, RPh, owner of Osborn Drug in Miami, Oklahoma. Osborn, NCPA’s second vice president, says it’s important to plan for employee anxiety. He says that when he installed his robot, one of the ideas shared by ScriptPro was to give it a name. Osborn says that some staff members suggested calling it Fred. Fortunately, one employee took him aside and told him that FRED was an acronym some anxious employees had devised for the robot, and that it stood for “Freaking Robot Everybody Detests.” So, he says, they had a quick store meeting and addressed these issues head on—stressing that nobody was losing their job—and afterward things went much more smoothly.

Bill Hayes married a pharmacist and has become the technology go-to-guy for Hawthorn Apothecary in Hawthorne, New Jersey. Hayes says that too often pharmacists make the mistake of not thinking about how their system will work for them five or 10 years down the line. He indicates that durability is a key component of a quality system and that sometimes pharmacists fall victim to the latest new technology “fad” and then regret it a few years later. As a result he strongly suggests you ask any prospective supplier some very specific questions about how they have designed their equipment “for the long haul” and what their track record is in supporting earlier versions of their products.

Finally, Caldieraro suggests that you look for a company that is willing to work with you when you want to bring in new technology that needs to communicate with your current systems. Caldieraro says that Speed Scripts’ willingness to interface with both his point of sale and integrated voice response systems without charging him or his other vendors for licensing and interface fees was another reason he moved them to the top of his list.

Talk to Your Peers

Bob Lolley, RPh, owns Medicine World Pharmacy in Nashua, New Hampshire. He supports a notion expressed by several others when he says that you need to carefully investigate a prospective supplier’s customer service reputation. Lolley shared two experiences, one good and other a bit less so.

Purchasing Trends—A Snapshot

As part of the research done for this article NCPA assisted in the development and delivery of an informal four-question survey. Responses from those that completed the survey could be helpful—here’s what nearly 50 of your peers said was important to them. Thanks to those who responded to the survey.

What type of technology did you buy or almost buy?

Pharmacy robotics—38.5%
Point of Sale (POS) system—15.4%
Integrated Voice Response (IVR) system—12.8%

If you decided against buying a system “at this time,” what caused you to defer?

Decided the technology did not best meet their current needs—25.6%
Business was uncertain or down—12.8%
Cost and complications of installing a new system seemed to outweigh the advantages—12.8%

Please rate, on a scale of 1–5 (with 5 being high) how much influence a variety of sales and marketing approaches played in your decision.

Talking with a colleague that uses the system—4.1
Seeing the system in use in another pharmacy—3.9
Visiting with a vendor at a trade show—3.8
Knowledge and likeability of the company’s sales representative—3.5

What method of cost justification appeals to you the most, using a scale of 1–5 (with 5 being high)?

Making working conditions in the pharmacy better—4.6
Speed and accuracy of pharmacy operations—4.6
Making more time available to talk with patients—4.3
The traditional spreadsheet showing the ability to replace or at least not need to hire new personnel—3.1

First, he says he owns an IVR and that while at a trade show last year he met the owner of the company in his booth. During the conversation he indicated he had a minor concern over his ability to fully implement a specific function of the IVR and suggested that “one day after you get back to the office, give me a call and we’ll address the issue.” He says that about an hour later, while still on the trade show floor, he got a call on his cell phone from his daughter back at the pharmacy indicating



A pharmacy manager never regrets investing in technology, but many regret what they bought, notes Matt Mallinson.

that the TeleManager customer service people called, inquired about the specifics and worked her through the fix and everything was now functioning perfectly. That, Lolley says, “is what I call great customer service.”

Contrast that with the experience he had with a pill counter he purchased about three years ago. When the unit arrived Lolley says he worked with the vendor to get it up and running without any problems. But within a few days its counting mechanism malfunctioned. Lolley says he returned the unit six times before the company finally agreed to provide him with a brand new unit. What’s worse he says, each time he contacted the customer service department to troubleshoot the problem, the people on the other end of the phone gave him the distinct impression they did not believe he was following their instructions correctly. In short, he says, they made him feel as if he was the cause of the problem, not their machine.

Making sure they know their customers and the specifics of their practices is one reason Tammy Devine, chief operating officer of Spartanburg, South Carolina-based QS1, says her company has invested so heavily in field-based sales and support personnel. Devine says they fully understand the economic advantages of providing telephone and Web-based support, and they do plenty of that. But she says QS1 also “feels there is great value on being able to put people in the store,” and advises prospective technology purchasers to at least put this issue into their decision matrix.

A New Wave

One major trend that has become apparent to me while working on this article is a whole new wave of technology being marketed to pharmacists. These are services pro-

vided over the Internet—sometimes referred to as Software as a Service, or SaaS.

Paul Hackett, owner of Olden’s Pharmacy in South Weymouth, Massachusetts, says he recently started using a service from EXPRx that is sort of an e-Bay for excess pharmaceutical inventory. Using this very carefully controlled service, Hackett says that he can go online and list products he has on his shelf that have been sitting there for too long and offer them for sale to other pre-qualified buyers. Hackett indicates that using this system has allowed him to comfortably take more than \$3,000 out of his inventory without any degradation in customer service in only a few months that he has been on the program.

Bill Hayes from New Jersey says that he is currently serving as a beta-test site for a new SaaS telephone system. With this soon to be released system, his store’s telephone service will be provided via a secure Internet connection. All of the hardware and software to support his phone calls, answering service, auto attendant, and even his completely integrated IVR will be housed on servers in the TeleManager telecommunications center. And, the best part of all, Hayes says, is that the total cost for the new system, including all



Think about how your technology system will work in 5 or 10 years.

new phones for his pharmacy, will be significantly less than what he is now paying the phone company.

The almost universal ability for pharmacies to access high-speed Internet is bringing many changes. In addition to medication therapy management and third-party transactions being provided online, many of the major pharmacy management systems companies are installing SaaS systems that replace the traditional in-store systems.

And, I spoke with at least one company that plans to announce a Web-based POS system early this year.

Take a step back and **ask yourself** if technology is **what you really need.**

As you are approached by various companies to upgrade or migrate to these new services, you'll want to remember the lessons mentioned previously, take a step back and ask yourself if technology is what you really need, develop a research and evaluation plan, count all the costs, and, talk to your peers for their input. Doing this will help you make a much better and less stressful decision.



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