

Regional Chains Still Sorting Automation Options

Regional chain executives say there's "no question" that their pharmacies today need automation. Not only does automated dispensing make it possible for the chains to keep up with the phenomenal growth in prescription volume, but it also reduces the stress on pharmacists, frees up time for counseling and provides a high level of safety.

However, the recent entry of several new automated dispensing systems, from the major players and some newcomers, has made it more difficult for regional chain pharmacy directors to rush into a rollout. Rather, they told *Retail Pharmacy Management*, they are taking more time with the testing and decision making than they had anticipated.

A recent Thomsen Group Report found that 33% of regional chains without robotic dispensing systems in place said they would be implementing one in the next two years.

"You have to find the balance between the dollars you invest in a technology and its ability to give you a reasonable payback," explained Dan Villa, RPh, vice president of corporate development at Gouverneur, N.Y.-based Kinney Drug. "At the National Association of Chain Drug Stores Pharmacy Conference in Philadelphia last August, there were a number of new technologies coming out that looked extremely interesting," he added. "I think all of them could have a huge impact on the practice of pharmacy, but it will take time to sort them out."

"This was going to be the year of making decisions and going forward full steam," observed Jack Murphy, RPh, vice president of professional services for Happy Harry's, a chain of 70 drugstores based in Newark, Del. After seeing new systems from such vendors as AutoMed, McKessonAPS, ScriptPro, Parata and Kirby Lester, "we're taking our time," he added.

Justifying the Cost

For a regional chain, even more than a large chain, the cost of automation must be carefully considered and return on investment (ROI) precisely measured.

Russ Marable, vice president of marketing for Vernon Hills, Ill.-based AutoMed, said that the easiest way for a retailer to measure a potential ROI is to calculate how much it could reduce costs and determine whether a robot will enable a pharmacy to remain open in an area where there is a shortage of pharmacists. "Retailers also have to take into consideration how much a robot will help them reduce inventory and increase turns, and not just think about purchase price and getting the best deal," said Mr. Marable.

Joe Weaver, RPh, president of the 12-unit Sulphur Springs, Texas-based Sav More Drug chain, noted that "pharmacists cost a dollar a minute. If automation can eliminate the two or three minutes it takes to count pills, those dollars add up."

Sometimes, adding a pharmacist is not even an option. When Happy Harry's is unable to find a third pharmacist to work in a busy store, Mr. Murphy said, the chain is putting in robotic dispensing units, which "take enough pressure off so that two pharmacists can handle that store."

Although a robotic dispensing system typically costs in the vicinity of \$100,000 to \$200,000, depending on brand and features, sources say a robot can pay for itself in less than a year. A robot can cost half as much as hiring a pharmacist for a year, according to Mr. Murphy, who added, "In the right situation, you get a nice payback, but you have to identify the right situations."

Regional chain executives say they evaluate robotic dispensing systems according to the square footage and cubic space required, the scalability and ease of replenishment and maintenance. Other features considered are automated vial capping and prescription sorting, and portability--and the initial purchase or leasing investment.

Gordon Barker, former chief executive officer of Minnetonka, Minn.-based Snyder's Drug Stores, now acts as an adviser to Darryl Katz, chairman of The Katz Group, which owns Snyder's. Mr. Barker observed that management needs to set parameters for determining which store will install automation, and what kind. "But the only way to choose a vendor is to take the products and test them, just like you'd test-drive a car," he explained.

Test-Driving New Technologies

With that mindset, regional chains have become eager to test some of the newer offerings, even if it means working with a vendor they have never used before.

Happy Harry's, which already has Mission, Kan.-based ScriptPro robotic dispensers in three stores and is putting a fourth ScriptPro in another store, is preparing to test the new Parata robotic dispensing system. "It seems we might be able get an increase in output," said Mr. Murphy, "but we don't know since we haven't tested it yet." He added that the unit delivers filled prescriptions into slots alphabetized by the patient's last name, which "could cause less confusion in a busy store."

Kinney Drug, which has ScriptPro robotic dispensers in two stores and Johnson City, N.Y.-based Innovation Associates' SmartCabinet counting system in another store, is preparing to test AccuMed, from Pineville, La.-based McKessonAPS, in one store. "The dilemma I'm facing," said Mr. Villa, "is whether it is possible for me to provide the same level of support with an AccuMed as I can with a ScriptPro. That's one thing I am trying to measure. We love our ScriptPros, but we're trying to determine whether we need more of them or not."

Happy Harry's is also setting up to test AccuMed. "With AccuMed, McKessonAPS is trying to make everything work in a scalable, integrated way," said Mr. Murphy. "And it has safeguards,

security measures, to make sure you don't get the wrong batch or the wrong quantity. I really like the security aspect."

Russ Marable, vice president of marketing for Vernon Hills, Ill.-based AutoMed, explained to measure a robot's potential return on investment, retailers must calculate how much it could reduce costs, and determine whether it enables a pharmacy to remain open where there is a shortage of pharmacists.

"Retailers also have to take into consideration how much a robot will help them reduce inventory and increase turns, and not just think about purchase price and getting the best deal on something," said Marable. He also acknowledged that an expensive robot is not always the answer for the majority of small-to-mid-sized stores.

In addition to robots, regional chains are testing new software systems that manage the way work flows through the pharmacies.

Happy Harry's, which uses McKessonAPS's Pharmacy 2000 workflow system in three stores, has just started testing ScriptPro's work flow system, SP Central, in one additional store. The goal, according to Mr. Murphy, is to determine which system is more efficient in smaller-volume stores where ROI is harder to justify. Mr. Murphy said that in its busiest stores--those doing 3,000 scripts per week or more--the work flow system "creates a less stressful day for our people by organizing the pharmacy and improving their efficiency while getting the prescriptions filled on time."

To determine ROI for pharmacy management systems, regional chains must look at the number of scripts filled and the hourly costs for the pharmacists and technicians per day, and compare that to the cost of the technology, explained Dan Gerst, marketing operations manager for Spartanburg, S.C.-based QS/1 Data Systems. "This will help evaluate whether a particular pharmacy needs a robot or maybe something less expensive like automated pill counters or even something in between."

Although regional chain executives may still be unsure about which automation is right for their particular needs, they are sure that retail pharmacy desperately needs automation. "Pharmacists tend to get more buried within the computer," noted Mr. Murphy. "Automation unties their heads from the computer and gives them time to think, so we definitely see more patient interaction occurring because of technology."

"Automation frees up our pharmacists, and the more time a pharmacist can spend with a patient, the better the outcome," agreed Mr. Villa. "By developing those relationships, we can get a customer for life because they know we care about them."

--Liz Parks