



# POINTS OF VIEW ON A CHANGING MARKET

**How to lead profitable change in the new healthcare economy**

## Transformational change

Healthcare provision in every developed country is changing fast.

- People are living longer and are developing more long-term conditions. Many more people than ever are living with multiple morbidities.
- The proportion of older people in the population is growing, with fewer working-age citizens to support them.
- Healthcare budgets are under strain, as demand continues to grow.
- Scientific advances make it possible to provide targeted treatments- but costs are a significant barrier to adoption.

The current healthcare model is under strain and the role of hospitals as primary treatment providers is no longer seen as sustainable. We are moving to a new model where:

- Most treatment is provided in the home or informal settings, such as offices or walk in clinics.
- Multiple conditions are managed through complex blends of personalised medication.
- Active management is largely carried out through remote monitoring.
- Medicines adherence is vital and must be assured by more accurate dispensing solutions.
- This means using more advanced options, such as pouches, helping patients to be clear about what medicines need to be taken- and when.
- That also keeps responsibility for adherence where it belongs: with the pharmacist and not with nurses or carers.

This is a generational change. It is happening across the world and affects countries and societies, regardless of how they fund their healthcare provision. The question now is simply this: how do we respond?

## The challenge for pharmacists

In the new model of healthcare, pharmacists will find their work is becoming more important than ever. It's easy to see why:

- More patients with more long-term conditions mean each individual will be taking a more complex mix of medication.
- Personalised treatments mean the blend of medicines will vary greatly: with patient receiving a unique "package" of medication, which is likely to change over time.
- This means presenting medications in adherence packaging, making vials and manufacturer packs less important, while other solutions, such as pouches, become more essential, as these are key to assured adherence.
- With less intense personal supervision, it becomes more important to ensure full adherence to treatment plans through advanced, easy to use, clearly labelled packs.
- It is also vital to eliminate errors, with medication dispensed accurately and in a form that patients not only find easy to take- but also take correctly, so physicians can be sure that their prescribed treatments are being followed.

Pharmacists are at the heart of this new healthcare economy because they hold the key to making it work. Pharmacies must deliver accurately, on time and in a form that promotes adherence. But- that's not the whole picture.

- Pharmacies are under great cost pressure. Employee costs are high and time spent in managing complex medication packages is growing- and therefore so are costs.
- Budgets from healthcare providers are not keeping pace, while pharmacists often compete for other revenue-earning services with general practitioners.
- Penalties for errors can be severe, but the money needed to manage conventional dispensing methods at higher scale is not there.

So what can pharmacists do to develop a new business model of their own? One that recognises the vital strategic role they play, but that enables them to work efficiently, securely and- above all- profitably?

The answer is: Automation. As an industry we need manage this transition from dispensing by hand on the high streets of the world to fast, cost-effective, logistically efficient and error-free dispensing at scale. How do we do that at low risk and high speed?

## From challenge to opportunity

Pharmacists need to automate: there is nothing original in saying this. The key to long-term success in the new healthcare economy, however, is to automate at scale. Only by reaching a critical mass of dispensing throughput can pharmacies reach the volumes needed to grow profitability and continue to invest. This will not be an easy process, especially as pharmacies are traditionally part of a local retailing community. That means personal service from business units that are restricted in size and capability by the architecture and layout of the location.

We believe the personal service and presence of pharmacies is a vital and positive aspect of their business model. And yet we also believe the time may now have come to separate retail activities from centralised dispensing. Most governments and regulatory bodies agree with this insight.

- Legislation across EU countries and in the UK is enabling “hub and spoke” models, with central dispensaries serving multiple retail outlets.
- Regulations are being altered, permitting single dispensing specialists to supply multiple independent pharmacies.
- Central dispensing is now becoming an integral part of wider, General Practitioner or Hospital-led treatment ecosystems.

These changes are gamechangers for pharmacies because they permit development of a positive new business model, in which an ambitious vision for the emerging healthcare economy is matched by automation on a large scale.

Once a central dispensing unit starts to service more than 10,000 patients (and the optimal target is likely to be more like 50,000), economies of scale really start to impact the model in a positive way.

- A small number of skilled personnel can manage dispensing of complex treatments in adherence packaging, on a huge scale, supported by automated systems.
- Unit costs will then start to go down dramatically.
- In addition, as the demand for adherence packaging rises but no extra funds are made available to pay for this, so we see that automated solutions are the ONLY way to meet demand at acceptable cost.

**The VMI INDIVION medicines packaging system, powered by VMI PHARYS integrated management software, delivers a proven solution to this fast-growing need.**

It delivers any combination of medication in pouches, to ensure simplicity in use, guaranteed timeliness and assured adherence. That is the best approach for patients, physicians and society as a whole. By combining volume, accuracy and speed, we equip pharmacies for an emerging future, putting them at the heart of the new Healthcare economy and building profitability as we do.

## Power and quality

The INDIVION and PHARYS solution was designed from the ground up by VMI, one of the world’s leading smart manufacturing platform enterprises, based on insights from our expert team, which has long-term experience of the healthcare marketplace and profound knowledge of the forces transforming it.

VMI Care Pharma’s solution is explicitly designed to give the most ambitious pharmacy businesses the ideal tool for fast, profitable growth. The INDIVION/PHARYS solution offers a unique combination of benefits to pharmacists:

- Exceptional speed, producing what our research suggests is the highest throughput of medication packages available anywhere on the market.
- Very high volume and variety of medications, with our ultra-reliable robot picking from a large number of high capacity canisters, enabling the solution to work at full power for very long periods.
- Proven management software driving our solution, which works with the robotic handling system to keep errors to extraordinarily low levels- perhaps the lowest available anywhere on the market

Adherence and compliance are the key factors in the new healthcare economy. VMI Care Pharma’s solution delivers assured medicines adherence and full audit trail to deliver comprehensive proof of compliance. This builds confidence, drives growth and cuts risk to pharmacies to almost zero.

Most existing solutions compromise on the level of automation they offer, for example, with a need for hand filling some units for some very individual requirements. INDIVION does not- for high OR low volume needs. Human touchpoints are reduced close to zero, making personnel costs very low and further cutting the possibility of errors creeping in.

The PHARYS management software, developed by VMI, is designed for easy integration with other systems and modules, while providing comprehensive end to end management of the whole solution. Once again, this cuts time required to integrate changes or new modules, while greatly reducing the possibility of errors.

One final advantage is simply this: VMI has an 80 year track record of machine building, and for over 30 years has been a leader in highly automated production platforms in other industries. Our platform approach means we will keep customers at best practice level, year after year, through improvements to assemblies, components and process management.

As a global business, with strong presence on the ground across Europe, India, China, South Asia and both North and South America, full service support, maintenance, replacements and training are close by. With VMI, you are never alone: we are always at your side, optimizing and enhancing your performance.

### **Ready for the future**

There is a temptation to start small, with the lowest investment possible, to reduce risk and financial exposure. VMI Care Pharma has deliberately targeted the high volume, high speed, high accuracy market because this is where the future lies. As the transition to adherence packaging evolves, so the need for volume will become more and more clear.

Pharmacists with the vision and ambition to lead the market of the future need to build capacity right now, using new legislation and changes to regulation as levers to drive profitable growth. Today, most EU countries, the US, Canada, Japan and some other countries, as well, are moving to central fill or hub and spoke dispensing models, or have implemented this model already.

In these markets, accuracy, volume, speed and assured adherence will be the keys to competitive advantage, leading to reduced human costs and significant benefits to bottom line profits. The one reality everyone accepts about the Healthcare Economy is that change is not just inevitable- it is happening now. The only choice pharmacies are facing today is whether to plan for their own transformational change- or not.

The time to move is now. Future leaders should develop the right strategy for success and build the business scale needed to long-term profitable growth.

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