



# Perspectives on Emerging Trends in Pharmacy IT

1H 2024

# Assessing Opportunities in Pharmacy Technology

Meaningful secular tailwinds and a historically lower level of technology investment make software solutions within Pharmacy Services attractive investment opportunities

## Pharmacy Sector Industry Themes

### Market Tailwinds

- › There are currently ~45M Americans ages 65+, and by 2060 this number is expected to grow to ~95M, representing a growth rate that materially outpaces that of the general population <sup>(1)</sup>
- › The prevalence of chronic diseases requiring specialty pharmaceuticals will continue to increase, driven not only by the growing 65+ population but also by the prevalence of conditions among children and young adults <sup>(2)</sup>
- › The pharmacy market is expected to continue expanding as new therapies and specialty drugs are approved and treatment options for patients and caregivers expand <sup>(3)</sup>

### Accelerating Investor Momentum

- › The growth in specialty pharmacy is driving the need for investment into high-ROI technology solutions that help streamline workflows, automate time consuming tasks, and improve medication adherence
- › Pharmacy business models that create critical, sticky relationships with health systems, manufacturers, and patients are becoming more prominent

## Key Pharmacy Sector IT Dynamics

### Opportunities to Optimize Pharmacy Services Through Technology

- › The pharmacy market has undergone significant changes in recent years in part due to the impact of COVID-19, the establishment of partnerships across the value chain, and the introduction of new pharmacy models, but has been slow to adopt new technologies to address these changes <sup>(4)</sup>
- › Integrated technology solutions create interconnectivity throughout the entire life of a prescription and can inform the execution of clinical services by providing relevant data such as diagnosis codes, lab information, and clinical notes from other providers the patient has seen, helping to optimize prescription fulfillment <sup>(5)</sup>
- › Technology that automates error-prone, manual pharmacy tasks can improve staffing challenges and allow pharmacists' and pharmacy technicians' roles to expand, improving patient outcomes <sup>(6)</sup>






### Key Investor Focus Areas

- › The pharmacy IT market continues to grow rapidly as technology solutions play an increasingly important role in addressing the challenges faced by pharmacy providers
- › The fragmented pharmacy IT market presents opportunities for investors to add significant value to the pharmacy value chain and broader healthcare ecosystem

(1) Source: U.S. Census Bureau  
(2) Source: Advisory Board Market Trends  
(3) Source: FDA New Drug Therapy Approvals

(4) Source: McKinsey, "2024 Healthcare Services Outlook: Challenges and Opportunities"  
(5) Source: iARx, "3 Signs the Pharmacy Ecosystem is Poised for a Movement"  
(6) Source: PharmExec.com, "Four for 2024: Predictions for the Future of Pharmacy Technology"

# Harris Williams Pharmacy Sector Subvertical Areas

Total Market Size & Growth Trends <sup>(1)</sup>			
Specialty Pharmacy		Pharmacy with distribution channels designed to handle specialty drugs – therapies that are either high cost, high complexity, and/or high touch	<b>\$400B+</b> Est. Market Size (2023) <b>8.5%+</b> Est. Market CAGR (23-29)
Institutional Pharmacy		Pharmacy where medications are dispensed to other healthcare professionals for administration to institutionalized patients served by an institutional facility	<b>\$23.7B+</b> Est. Market Size (2023) <b>5.6%+</b> Est. Market CAGR (23-29)
Infusion Services		Pharmacies involved in the intravenous or subcutaneous administration of drugs or biologics to an individual either at home or on-site at a licensed facility	<b>\$100B+</b> Market Size (2023) <b>8.6%+</b> Est. Market CAGR (23-29)
Outsourced Pharmacy Management		Formal arrangement by which a healthcare organization contracts with an outside company to obtain selected pharmaceutical services or comprehensive management of the organization's pharmacy	<b>\$5.1B+</b> Est. Market Size (2023) <b>15%+</b> Est. Market CAGR (23-29)
Compounding Pharmacies		Pharmacies involved in the process of combining, mixing, or altering ingredients to create medication tailored to the needs of an individual patient	<b>\$4.6B+</b> Market Size (2023) <b>5.3%+</b> Est. Market CAGR (23-29)
Retail/Specialty Pharmacies		Pharmacy facility focused on dispensing prescription drugs and devices to the general public	<b>\$569.8B+</b> Market Size (2023) <b>4.9%+</b> Est. Market CAGR (23-29)
340B Care		Facility or entity participating in the federal 340B Drug Pricing Program that may elect to dispense 340B drugs to patients through contract pharmacy services	<b>\$100B+</b> Est. Market Size (2023) <b>12.2%+</b> Est. Market CAGR (23-29)

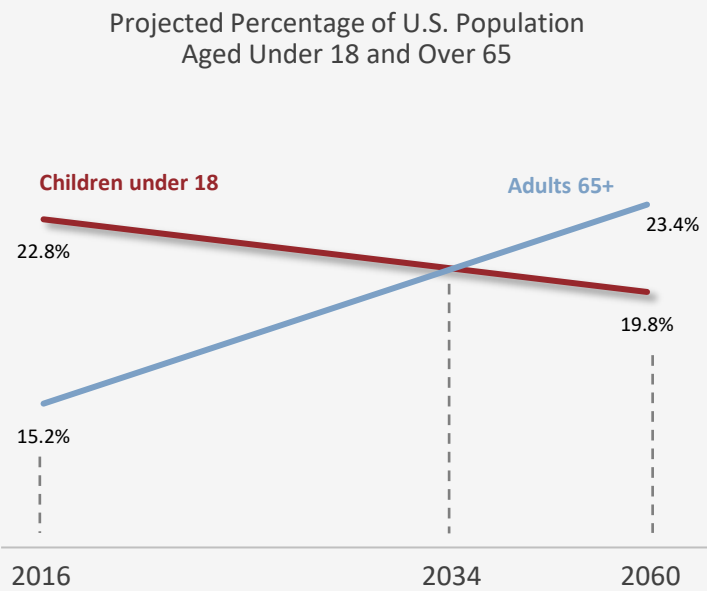
(1) Source: HW Internal data; market sizes are reflective of the total services market for each sub-vertical, not the IT opportunity within it

# Supportive Trends in the Pharmacy Market ...

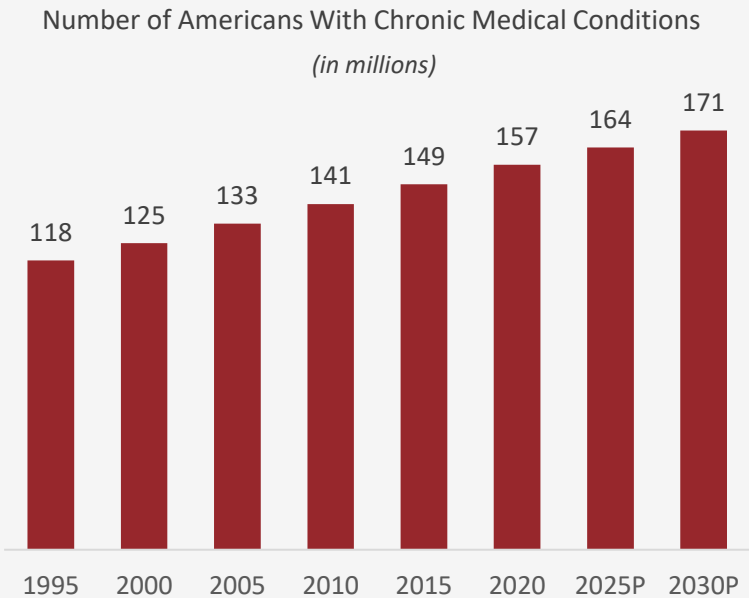
The Pharmacy sector presents an enormous growth opportunity, supported by strong, resilient demand and a fragmented market landscape

- › The number of adults aged 65+, which account for the vast majority of prescription volumes, will exceed the number of children for the first time by 2034, and older adults will comprise 23% of the total population by 2060<sup>(1)</sup>
- › As the population continues to age and healthcare utilization increases, lower-cost post-acute healthcare settings will be critical for serving population health needs
- › The U.S. Pharmacy Market increased from a \$534B industry in 2020 to \$560B in 2021 and is expected to reach \$862B by 2028. This rapid growth in prescription volume and new drug therapies is driving an increase in demand for pharmacies that distribute these drugs <sup>(3)</sup>

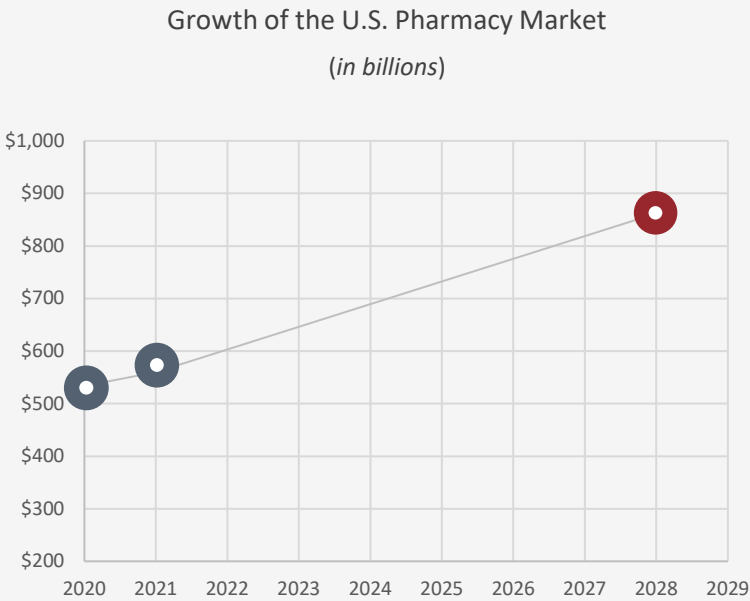
Aging U.S. Population<sup>(1)</sup>



Rise in Chronic Disease <sup>(2)</sup>



Rising Demand for Prescription Drugs Outpacing Pharmacy Capacity <sup>(3)</sup>

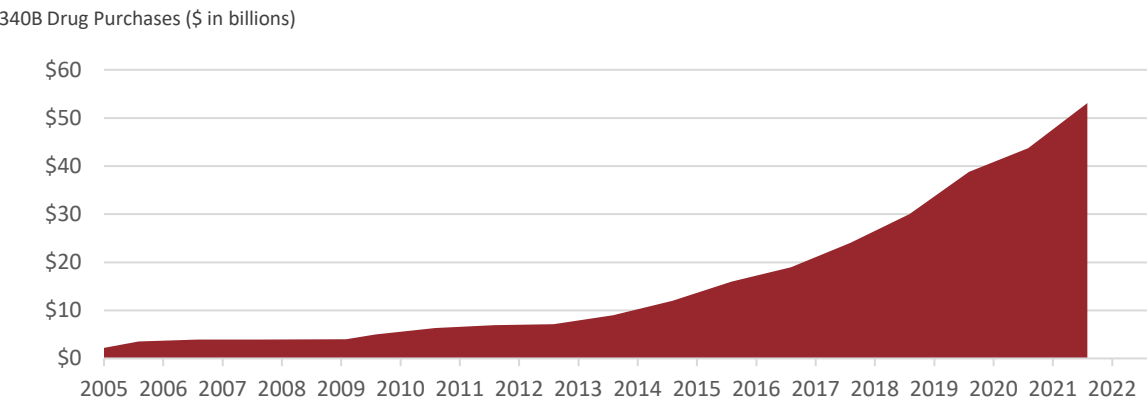


(1) Source: U.S. Census Bureau  
(2) Source: Advisory Board: Infusion Market Trends  
(3) Source: iARx, “3 Signs the Pharmacy Ecosystem is Poised for a Movement”

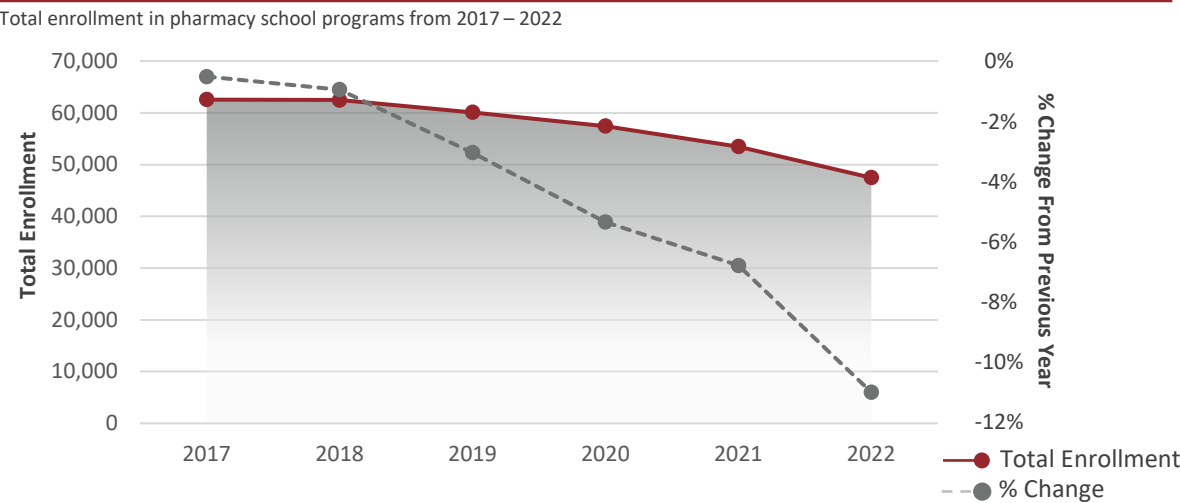
# ... That are Dynamic and Constantly Evolving ...

The Pharmacy industry is poised for innovation and expansion of tech-enabled services to address the increase in demand, compounded by the imbalance in supply of pharmacists

Growth of the 340B Program has Exploded in the Last Decade <sup>(1)</sup>



Supply and Demand Imbalances for Pharmacists and Pharmacy Technicians <sup>(2)</sup>



Pharmacy Industry Dynamics Top of Mind for Operators



Complex and Evolving Reimbursement and Regulatory Landscape



Payers Actively Shifting Site of Care From Hospitals to Alternative Sites of Care



New Drug Formulations and Biosimilar Market Penetration



Increased Coordination Between Pharmacy and Continuum of Patient Care



Competition for Hiring Pharmacy Staff to Meet Growing Demand

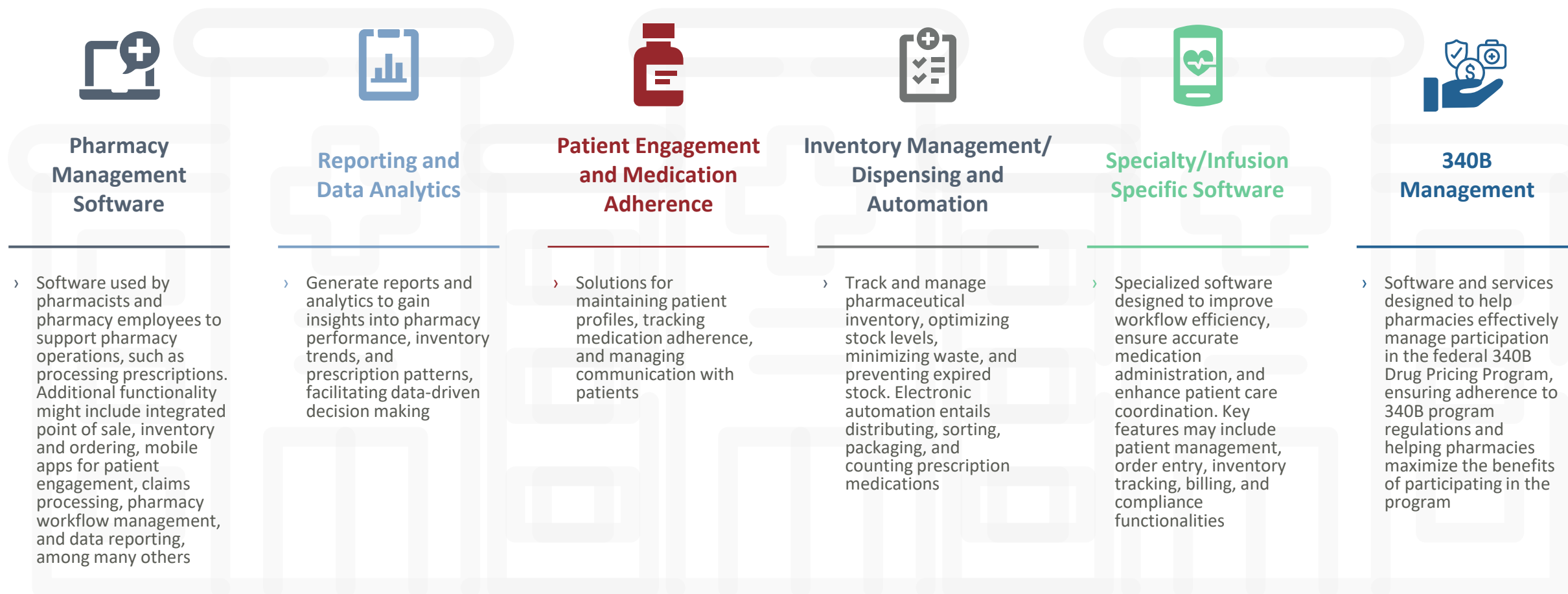


Expansion of Pharmacist Role to Drive Improved Patient Outcomes

(1) Sources: USC Leonard D. Schaeffer Center for Health Policy & Economics; Health Resources and Services Administration  
(2) Source: American Association of Colleges of Pharmacy, 2022

# ... Have Driven Providers to Leverage Technology Across the Pharmacy Landscape

The use of modern technologies in the Pharmacy setting is no longer a “nice to have” but instead a necessity to improve both patient care and financial outcomes





# Spotlight: Infusion Software

Infusion Therapy providers are increasingly turning to software solutions with end-to-end capabilities to streamline the entire care delivery process, thereby driving operational and clinical efficiencies

## Value Proposition of Infusion Specific Software

- › Infusion management software helps infusion providers operate efficiently, maximize profitability, decrease burnout, and improve clinical outcomes
- › Solutions that integrate with existing EHR/EMR platforms provide a massive value proposition to Infusion providers across various facets of their businesses, including:



**Pharmacy Workflow**, providing infusion providers step-by-step patient flow tools that allow the care team to efficiently manage all tasks from pre-treatment to follow-up



**Patient Management**, providing infusion care providers the ability to easily create and manage all patient information within each patient’s profile



**Inventory Management**, providing real-time insights on stock levels and predictive inventory management, reducing waste and manual errors

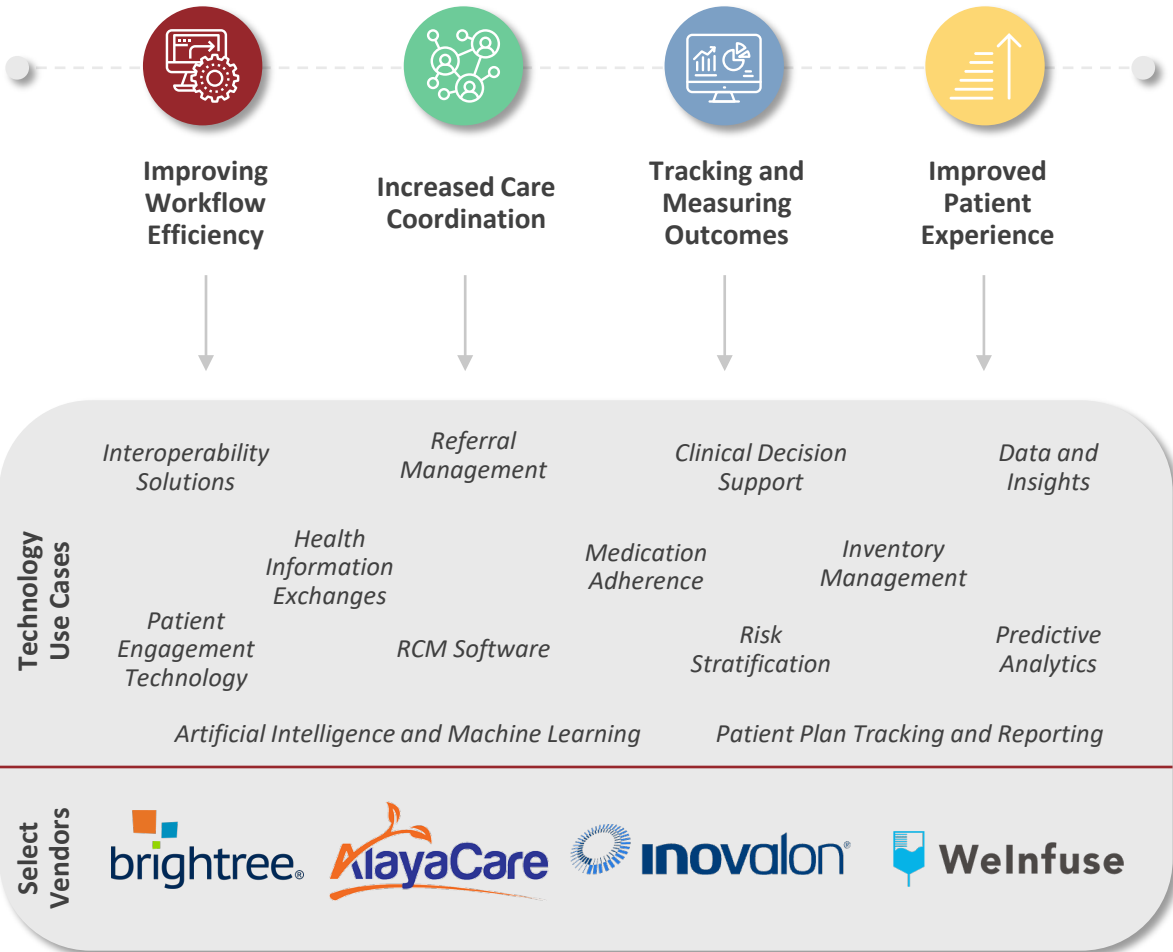


**Billing and Claims**, providing infusion providers with complete billing guidance from pre-authorization to payment to ensure all codes are captured from each treatment



**Reporting and Analytics**, providing access to real-time reports and key operational performance metrics

## Key Objectives to Optimize Infusion Therapy and Associated Technology Use Cases



# Spotlight: Harnessing the Power of Pharmacy Management Software

Embracing the capabilities of a robust pharmacy management system paves the way for complete digitization of pharmacy operations, leading to operational efficiency and improved patient outcomes



## Prescription Processing

Pharmacy Management Software allows pharmacies to automate prescription processing quickly and accurately, reducing the risk of errors and improving patient safety. It also enables pharmacists to check for potential drug interactions, allergies, and other relevant information before dispensing medications



## Billing and Claims

Pharmacy management systems streamline the billing process, handling insurance claims, co-payments, and other financial transactions efficiently. This feature leads to more accurate financial management within the pharmacy, saving time and reducing administrative burdens



## Workflow Optimization

Solutions for optimizing the overall workflow within a pharmacy are another significant advantage of pharmacy software systems. Optimizing workflows improves efficiency, reduces wait times, and enhances patient satisfaction. Pharmacies can prioritize patient care by simplifying processes



## Improved Inventory Management

Pharmacy management software allows pharmacies to track their inventory in real time, ensuring they have the right medications in stock and minimizing waste

This helps streamline communication with suppliers, generate purchase orders, and set automatic reorder points



## Reporting and Analytics

Pharmacy management platforms provide pharmacies with a range of reports and analytics to help analyze their performance, identify trends, make informed decisions, and provide manufacturing partners with meaningful data to improve patient care. Reporting features include reports on sales, inventory, orders received, and patient demographics



## Patient Profiles

Pharmacy management software allows pharmacies to store and manage patient profiles, including personal information, medical history, and medication records

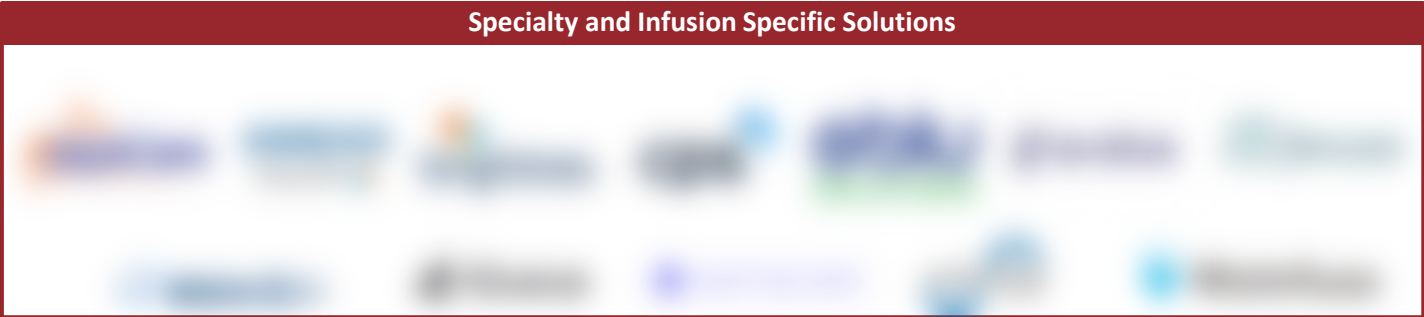
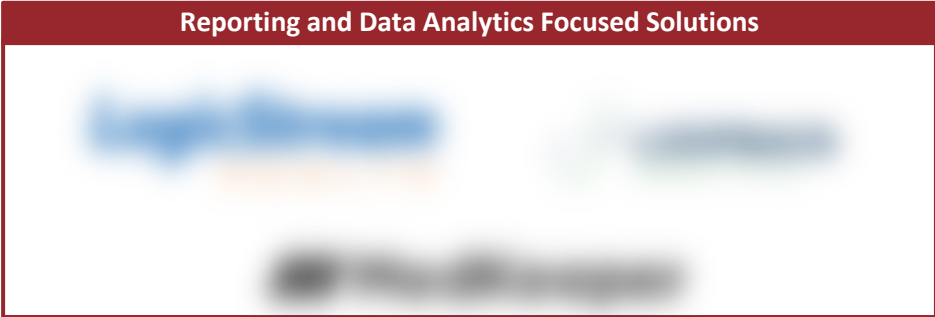
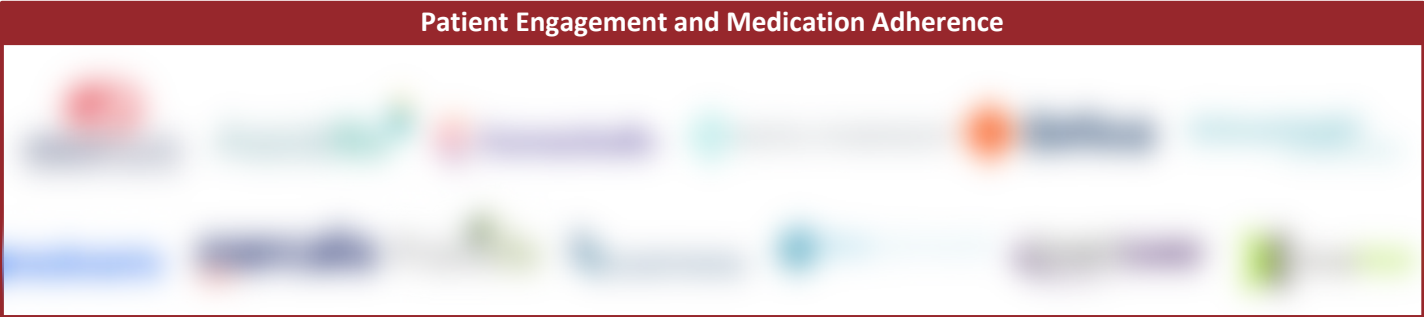
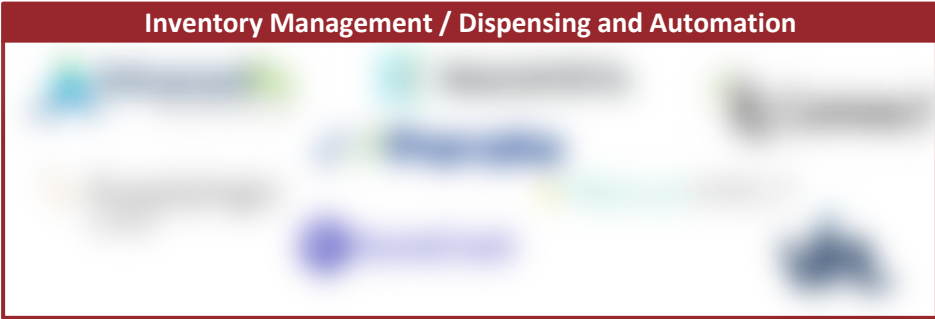
This helps pharmacists provide personalized services, such as tracking treatment progress and refill reminders





# Pharmacy IT Landscape: Notable Participants

To view full market map, please contact:  
[pharmacyinsights@harriswilliams.com](mailto:pharmacyinsights@harriswilliams.com)



# Notable Recent Pharmacy IT Transactions

## AHCS Acquired by Advanced Rx

February 2024



Target



Buyer

- Automated Healthcare Solutions is a developer of medication claims processing software focused on improving the patient experience
- By combining the strengths of both companies, AdvancedRx, powered by ezDispense, now offers an even more comprehensive pharmacy solution for physicians, including in-office dispensing programs, nationwide mail-order pharmacies, and wholesale repackaged medications

## Tabula Rasa Acquired by Nautic and ExactCare

August 2023



Target



Buyer

- Tabula Rasa's technology-enabled solutions that individualize care to reduce risk, optimize efficacy, and improve efficiency will help to make the combined companies' products and solutions more readily extendable into larger adjacent markets
- Combination of two highly complementary companies to benefit patients, providers, and payers with first-of-its-kind risk management platform in pharmacy care

## Outcomes Acquired by TDS

July 2023



Target



Buyer

- Cardinal Health contributed its Outcomes business to TDS in exchange for a minority stake in the combined entity
- The combined organization aims to expand TDS's existing clinical pharmacy solutions by incorporating Outcomes' digital capabilities for patient engagement, virtual verification, order grouping, pill counting, and financial insights

## Rebate Insight Acquired by SpendMend

June 2023



Target



Buyer

- Rebate Insight is a software provider that streamlines the management and optimization of rebates for healthcare organizations
- The acquisition of Rebate Insight provides SpendMend with advanced rebate management automation tools to help healthcare organizations maximize rebate earnings and reduce supply costs

## Loopback Analytics Receives Strategic Growth Investment from PSG

June 2023



Target



Buyer

- Loopback connects health systems and life sciences organizations through analytics and data-enabled services to drive health systems' pharmacy efforts, drive opportunities for patient-centered care, and share data to develop therapy-specific best practices
- PSG will leverage its deep software and technology expertise to support Loopback's growth ambitions

## WeInfuse Acquired by Curewell Capital

March 2023



Target

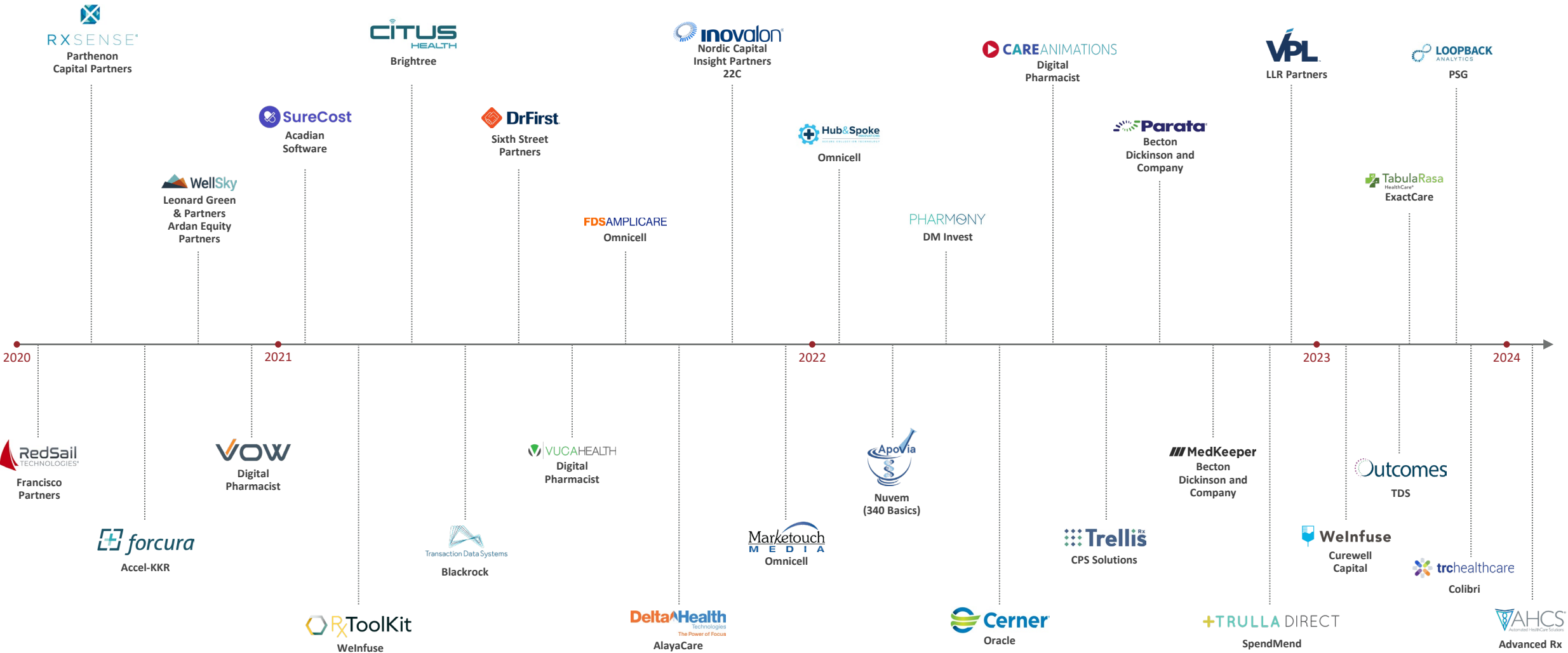


Buyer

- WeInfuse is a designer of an infusion center software application designed to streamline all aspects of managing patient infusion and injectable treatments
- Curewell Capital's financial investment in WeInfuse, along with its deep experience in healthcare technologies and pharmaceutical services, will support WeInfuse's continued growth trajectory

# Continued Investor Interest in Pharmacy Technology

Industry tailwinds are driving significant growth and accelerating investor momentum across the pharmacy software continuum



Select transactions in the  
pharmacy technology sector:



Transaction Data Systems  
*a portfolio company of*

**GTCR**

has been acquired by

**BlackRock**

**Charlesbank**

CAPITAL PARTNERS L.L.C.

has invested in



**Morgan Stanley**  
CAPITAL PARTNERS

has acquired

**SPEND MEND**

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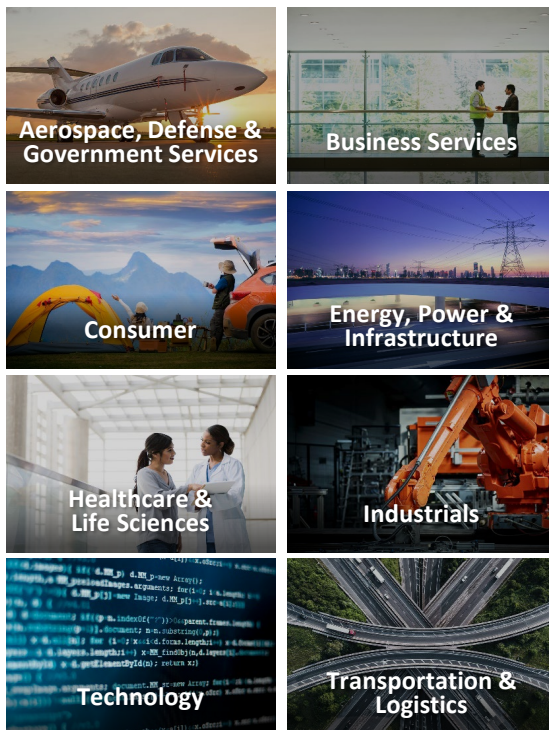


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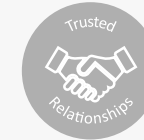
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MERGERS &  
ACQUISITIONS

PRIVATE CAPITAL  
SOLUTIONS

PRIMARY FUND  
PLACEMENT

## Core Values That Drive Success



75% Revenue from repeat clients  
87% Managing Directors promoted from within  
30+ Year history

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