



# Discover the Future of Online Pharmacy

How to keep ahead of competitors  
in an increasingly competitive market



Centred Solutions™



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## Introduction

As society has changed technology has adapted to meet the needs of an ever evolving market. Everything is becoming easy and instantaneous. A wealth of knowledge is available at our fingertips, we can watch our favourite TV shows when we want, wherever we want and we can do our weekly shop without even leaving the couch. In this new world of instant gratification it's no surprise that many people want to receive their medication in the quickest and simplest way possible. This has driven a change in the way pharmacy services are provided to patients. Since the Covid 19 pandemic, online pharmacies have become an area of growth.

But whilst the ease of online makes the process quicker for patients, running an online pharmacy can come with its challenges. Rules and regulations ensure all an online pharmacy can do onsite is dispense medication. Classed as "distance selling pharmacies" they are unable to offer in-person services on their premises compared to traditional bricks and mortar pharmacies. This means a heavy focus on dispensing medication when it comes to driving revenue. Now with an ever-growing number of online pharmacies to choose from, these businesses must work harder to define their unique selling point and position themselves ahead of the competition. More recently online pharmacy has come under pressure for patient safety concerns that are now often associated with providing medication online. The GPhC has made no secret of the fact that many of its fitness to practice cases are related to online pharmacies.

This white paper explores the evolution of online pharmacies and importantly provides advice on where online pharmacies should be looking to go next to thrive rather than simply survive in a competitive market.

## The Story so Far

The growth in online shopping has spilled over and has shaken up the business model for pharmacy. In doing so it has disrupted a sector that had survived for over a century with minimal change. It was always the case that patients went to see their GP with an ailment. That GP then wrote a prescription so the patient could receive medication to treat the ailment accordingly. Patients handed their prescription to their local pharmacy and that pharmacy dispensed the medication prescribed by their GP.

The internet has turned this model on its head. The emergence of online pharmacies has given patients more choice and control about how they manage their own health and how they access the medication they are prescribed to manage their health conditions. The Electronic Prescription Service (EPS) is now the default with 1 billion items transmitted electronically in 2021/22<sup>1</sup>. The EPS allows doctors to send prescriptions to any pharmacy nominated by the patient. The online pharmacy receives the prescription from the GP, dispenses that medication and will then post them out to a patient's home address. All distance selling pharmacies have the added advantage of being able to offer their services to anyone in the UK, regardless of location.

It is a model that has proved popular. Figures from NHS Digital show the number of patients nominating online pharmacies almost doubled between March 2020 and March 2022, increasing from 999,498 to 1,950,497<sup>2</sup>. The market for these pharmacies has also grown in recent years with dispensing through online pharmacies increasing four-fold in five years from 13.2m items in 2016 to 52.9m items in 2021. In contrast community pharmacies saw only a 2.3% growth during the same time period<sup>3</sup>. However, distance selling pharmacies still only hold a small share of the overall dispensing market – supplying just under 5% of all items dispensed in the community in 2021<sup>4</sup>.

So what exactly does the future hold for online pharmacies and what can you do to keep ahead of the game?



## What Does the Future Look Like?

Forecasts show no signs of the growth in online pharmacies stopping anytime soon. Reports predict that online pharmacy sales in the UK will grow by as much as 36% between 2021 and 2026<sup>5</sup>. This sees online pharmacy jumping ahead of store-based sales growth which is predicted to be just 5.6% in comparison. Some 25% of people in the UK say they are likely to use an online pharmacy in the future, according to a YouGov survey for the GPhC in 2019.

Major retail pharmacy chains have seen the benefits of online pharmacy and jumped on board. For example, Lloyds Pharmacy's online service is now second only to Pharmacy2U in terms of volume of items dispensed yet on the high street the large chain is selling off multiple stores and withdrawing all its pharmacies from Sainsburys.

Small bricks and mortar pharmacy groups have used this as an opportunity to acquire new pharmacy premises as they look to expand with their attention now focused on providing clinical and additional services to drive revenue. Being based on the high street and often seen as the front door to the NHS they are well placed to do this but it will be important for them to free up staff time from the logistical and administrative elements of medication dispensing, if they are to succeed.

This leaves the door wide open for online pharmacies to focus all their attention on growing their existing nominations for repeat dispensing. This is where the re-occurring revenue lies for online pharmacy.

In a competitive market, it is important for online pharmacies to now get one step ahead if they are to future-proof their business.



## Resolving Areas of Concern

In business reputation is everything. Re-writing the narrative for online pharmacy when it comes to patient safety is crucial. The GPhC principles for distance selling pharmacies says selling and supplying medicines on the internet brings different risks to those of “traditional” pharmacy services. To meet the standards the GPhC sets out, online pharmacy owners are expected to identify any risks to patient safety and then show the steps taken to minimise those risks.

Despite this, the GPhC says 30% of its fitness to practice cases involve online pharmacies and that only 71% of online pharmacies inspected between 2019 and 2022 met all GPhC standards for registered pharmacies. This is compared to an overall benchmark of 84%.

One of the common governance themes around fitness to practice hearings is poor record keeping. There is hub technology available on the market today that could easily help to address this. Online pharmacies already operate as a hub so this technology could be easily introduced to existing workflows. This technology ensures that the patient’s medication order is visible at every single step of the dispensing process, leaving no room for ambiguity. Embracing the technology, combined with robust standard operating practices, provides online pharmacies with real-time visibility across a range of activities throughout their dispensing process including:

- Drug demand and fulfilment, volumes
- Improved database management with duplicate or dubious barcodes reporting ensuring the drug data file remains clean and accurate at all times.
- User reports detailing activities by a specific user allowing pharmacies to identify any performance issues so they can take corrective action.

In addition, the software provides a full end to end audit trail right down to individual patient and pack level. This exists for every drug processed and at every stage, from receipt to storage through to dispensing. There can be multiple verification checks, posting alerts for expired medications, lot number tracking, as well as recording critical drug information such as GTIN, EAN and DM&D codes. All this information can be shared with the GPhC as part of their audit requirements.

Another area to improve when it comes to patient safety is the risk of human error. Manual processes introduce the potential for errors and inefficiencies, especially in a busy environment. Automating the dispensing process, helps to narrow those gaps for a more continuous, safer and traceable workflow. This happens in a number of ways. Firstly, the comparison of a multitude of inventory management codes against drug item codes provides drug data integrity and validation. Embedded barcode and RFID technology ensure the right drug at the right dose is dispensed to the right patient. The software will provide a warning which halts the dispensing process if the drug type and dose doesn’t match what has been prescribed to the patient. It will also provide alerts for expired medications.

**All these check and balances combined with full traceability for every patient and pack will result in huge improvements in terms of patient safety and minimising risk.**

## How to Keep Ahead of Competitors

The online pharmacy sector is only going to get more competitive. To remain at the top of the market businesses need to look at how they work more efficiently so they can dispense an ever-increasing number of items.

This is where automation can help. While there is a need for initial investment, a strong ROI will ensure that the technology quickly pays for itself. The good news is that hub technology now exists which is both accessible and affordable. There are hub solutions available that are modular, scalable and even moveable. Automated and semi-automated versions are available which will allow a pharmacy to start small and then expand the solution as their business grows.

This innovative software and technology automates the original pack dispensing process for repeat prescriptions - from picking to packing and labelling to checking. Designed for pharmacies of all sizes, they can save online pharmacies both time and money enabling them to dispense more for less. Online pharmacies are already operating a hub workflow manually so just imagine the efficiency that automation could bring?

This technology ensures streamlined processes allowing online pharmacies to dispense more prescriptions. Robots exist that would allow these businesses to label up to 3,000 packs per hour. It will also reduce the amount of time pharmacists spend checking prescriptions. This is because prescriptions only need to be checked at the start of the process. They can then be processed without further intervention as the barcode and RFID technology will do the rest.

Data provided by such a solution can give greater visibility on medication demand which will help online pharmacies to manage inventory more effectively, ensuring they have the right amount of the right stock available when it is needed. This means businesses with technology are more likely to hit their delivery deadlines. It also means that they can optimise stock usage by basing purchasing on demand meaning they only buy what they need. The data intelligence provided by software will help businesses predict and prioritise areas for improvements allowing pharmacy operations and workflows to be fine-tuned and improved.



## Conclusion

Over the past 12 months there has been growth in the uptake of hub and spoke models for traditional bricks and mortar pharmacies.

This growth is down to forward-thinking pharmacists investing in automation and becoming early adopters ahead of the proposed legislation changes which are expected later this year.

However this growth in hub technology innovation has not been mirrored at the same rate in the online pharmacy sector – once the disruptors of pharmacy. This is surprising in many ways, not least because online pharmacies are better placed to embrace pharmacy hub technology when compared to traditional high-street pharmacies. Online pharmacies already use a hub pharmacy workflow, they normally have much more space for automation than a pharmacy store and they have the volumes. Despite this, the uptake of this technology seems slow and there is a risk that online pharmacy could find themselves having to play catch up.

It would be great to see online pharmacies coming forward and getting ahead of the game. It's time for online pharmacies to put themselves in the driving seat of change so that they continue to help shape the future of pharmacy.





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