



THE PHARMACISTS STOCK MARKET

Rxchange.co.uk White Paper

A web based brokerage for buying and selling pharmaceutical & medical stock

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Contact:

Chris.Wood@Rxchange.co.uk
Andrew.Claridge@Rxchange.co.uk

Rxchange Ltd
Waterford Barns
Low Road
North Tuddenham
Norfolk
NR20 3DQ
www.rxchange.co.uk

What is Rxchange?

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Rxchange is a unique Business-to-Business (B2B) web-based brokerage service for UK pharmacies, health centres, hospitals and pharmaceutical wholesalers. It introduces those that have surplus stock to sell with those wishing to buy stocks of drugs and medical supplies. It reduces waste and reduces costs.

All pharmacies have to hold large inventory of stock in order to fulfill patient prescriptions, which are all essentially required on demand. The levels of stock held are a 'best guess' based on preferences for nominated drugs within local practices and historical prescribing patterns. Drugs purchased into stock are time dated and therefore perishable.

Industry estimates suggest that pharmacies typically write-off between 2- 5% of their drug stockholding either through shifts in local demand such as doctors changing their prescribing habits or patients no longer requiring medication, time expiry or 'stock overload'. This places pharmacy waste in England at £330m + p.a. and this figure likely doubles with the inclusion of wholesaler and hospital pharmacy disposals.

With large sections of the NHS currently in deficit and the government identifying the drugs bill as a significant contributor, there is a growing incentive to source drugs more cost effectively. Rxchange not only satisfies this requirement, but also provides a completely new mechanism for managing the drug lifecycle more effectively.

What is Rxchange?

Stock redistribution

Rxchange enables pharmacies, hospitals, NHS 'hubs' and wholesalers to sell and/or to transfer stock that has:

- become surplus to requirements
- will shortly have to be destroyed as a result of passing its expiry date

Stock consumers are other pharmacies, hospitals and NHS 'hubs' able to source through the system at potentially dramatic reductions. They benefit by:

- reducing write-offs
- reducing stock holding (using a 'just-in-time' supply model)
- sourcing drugs and supplies at reduced prices
- a mutually beneficial trading community for those striving for a 'minimum waste' culture.

Additional benefits include:

- Easing of localised dispensing 'fashions'
- Smoothes regional supply constraints & manufacturing shortages
- An 'on-demand' UK wide marketing channel
- A cohesive system for reducing waste
- Simple to use

Partner trading

Rxchange users can choose to make stock available either to their own group businesses, affiliates or co-operatives. This facility is known as 'closed user group' or 'partner trading' and whilst attractive to Corporate and Trust users, is equally appropriate to small chains of independents or local informal pharmacy co-operatives.

- Each trading partner adds stock they intend to 'share'
- As partners withdraw items of shared stock the value is recorded on a 'balance sheet'
- Invoices can then be automatically created from this balance sheet and issued to trading partners in order to balance their account

Alternatively users can agree to sell nationwide within the Rxchange 'open user group' – a community domain open to all pharmacies registered with the Royal Pharmaceutical Society of Great Britain (RPSGB), and can include Healthcare Trusts, and Non Government Organisations.

There is also the option for a mix of both, with parameters defined by the seller. This facilitates sophisticated multi-tier remarketing opportunities for inventory, with different values attributed to the same individual items dependant upon the seller's relationship with the buyer and age of the stock.

What is Rxchange?

Management Information

Rxchange provides a comprehensive suite of management tools, including features to:

- monitor transactions
- track orders
- list ageing and expired stock
- create invoices
- download reports
- receive email alerts
- automatically update stock prices

UK market channel

Significantly, the system creates a 'spot-market' for wholesalers, providing a highly targeted, dynamic, low-cost route to market. This promotes the sale of offer-led inventory across national rather than the typical, regional marketplace.

Background information

There are 12,500 registered pharmacies in the UK who are all regulated by the Royal Pharmaceutical Society of Great Britain (RPSGB). Wider marketplace dynamics also involve 28 Strategic Healthcare Authorities (SHA's) in England. These are split into 300 Primary Care Trusts (PCT's) responsible for commissioning healthcare 'across the board' including GP surgeries, dentists and pharmacies, and over 1000 hospitals providing 'acute' care.

Community and high street pharmacies are only reimbursed for drugs issued against a prescription. Within hospitals the drugs must be paid from fixed budgets. Therefore in the community, wastage is a loss carried by the retailer and in hospitals, wastage drains cash from more worthy causes.

Once purchases are agreed via the Rxchange system, the selling pharmacist is responsible for dispatch of the consignment via post or their existing logistics systems.