WELCOME
to the 2nd Quarter 2015 issue of Innovation Connections.

In this issue, we highlight Innovation’s Program Office and have a conversation with Tim Limer, the director of the Program Office. Tim enlightens us about the organization’s role at Innovation and how he and his team work with customers and other internal departments to manage customer projects from inception to completion.

On the Company News front, we announce the formation of our new Advanced Systems Division, which comprises our Professional Services and emerging technologies groups. The new division will enable these teams to work side-by-side with our colleagues at Binghamton University’s Watson Institute for Systems Excellence (WISE). From Client Services, we focus on the PharmASSIST ROBOTx® Preventative Maintenance Program and describe how the program can optimize your system’s performance and improve overall productivity.

Lastly, in our Symphony Update section, we continue our series on data analysis and how you can use PharmASSIST Symphony® to capture and examine key data to optimize your pharmacy operation. We provide Average Daily Rx Revenue data from a group of customers, and we show you which Symphony reports you can generate to track your prescription profit margins on a monthly basis.

An Interview with Innovation’s Tim Limer, the Director of Our Program Office

What is the Program Office and why was it formed?

The Program Office was formed to solve a problem with coordination. We had so many opportunities coming into the company that required engineering resources, and so many contracts that were being executed on, we needed an organization to coordinate all of the activities. It’s not a new idea; lots of bigger companies do this. We look at our workload now in terms of projects
and when there are enough projects related in a particular way, we create a program so they are all handled in a coordinated fashion.

**At what point do you get involved with a project?**
The PMO gets involved at the point there's some engineering resources required. That's usually after the customer has decided to move forward with a procurement of some kind. We respond to RFPs, support the contracting process, and follow the project all the way through installation and acceptance.

**How big is the PMO and how much experience do you share?**
Today there are eight of us in the program office. We have a nice mix of relatively young project managers, along with very seasoned folks that have tons of experience working at companies like IBM, Lockheed Martin, and Universal Instruments. I've been with Innovation since we introduced the PharmASSIST® product line in 1997, and worked at IBM for almost 15 years before that. My most senior project manager retired from Lockheed Martin before coming to Innovation. He's a great source of knowledge and mentoring for the entire team. Overall, we have a great mix of talent, experience, and perspective.

**What is your value to the business? How does your mission with the PMO add to the mission of Innovation?**
These are really good and important questions. I think everybody at Innovation regularly asks themselves those questions to try and understand how we're providing value to the company and to the customer. The value to the business is the organization and prioritization we bring to the long list of projects we have in play at any point in time. The PMO has a little better view of the big picture than the folks who are working on the hardware and software details. We try to keep a clear understanding of where each project is in its lifecycle and keep engineering from getting ahead of the parade. Engineers love to design and build things, but often we have to educate our customers about their request before they can clearly express what they want to have built. My team helps with the education, lets the engineering organization know when things have solidified to the point where a focused design and build effort can begin. Innovation's mission, in brief, is to deliver systems that improve pharmacy safety and efficiency; the sequence of those two goals is not accidental, by the way. Innovation's program office is focused on the delivery part of that mission. Thus, our mission is to manage the process from initial proposal through customer acceptance, and to produce a system that meets the customer's objectives within a controlled schedule and budget. This requires a focus on process, sometimes education, and careful observation and management of requirements, goals, and related risks.

**What do you see as the long-term future of the PMO?**
As the business grows so will the program office. We started out with one person and now we have eight. I fully expect to add a couple more project managers as we move along over the next year or so. We're always looking at making our processes more efficient and improving our communication, both externally with customers and internally with all of the organizations involved with the projects, particularly the ones with large, complex requirements. This means we get to know everyone in the company, present to the executives on a regular basis, and meet some of the most interesting and forward-thinking pharmacy organizations in the industry. You gotta love that kind of a job.

For more information on Innovation's Program Office, you can reach Tim at timl@innovat.com

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**COMPANY NEWS**

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**Innovation's Advanced Systems Division Takes Shape**
In July of last year, Innovation was named by START-UP NY as one of the five businesses that will expand or locate in the Binghamton, NY area. We were honored to be included in one of the latest waves of companies participating in the new initiative that creates tax-free areas associated with colleges and universities across the state; in this case, Binghamton University (BU).

In our case, Innovation formed our new Advanced Systems Division, which comprises our Professional Services and emerging technologies groups. The new business enables our seasoned teams to work side-by-side with our colleagues at Binghamton University’s Watson Institute for Systems Excellence (WISE). Through this collaboration, of which Pharmacy Intelligence™ was born, we plan on blazing new trails to help our customers and the industry at large with improving patients’ quality of life and health outcomes.

Innovation 13-year veteran, Joe Galati, heads the new division as general manager. Joe previously served as vice president, integrated logistics & support and led Innovation’s Customer Service organization for over a decade. Dr. Phil Samples continues to lead Professional Services, bringing over three decades of experience in pharmacy management, clinical pharmacy, and pharmacy benefits management.

As the new division takes shape on BU’s Innovative Technologies Complex, the three partners – Innovation, BU, and START-UP NY – all seek the same goals:

- Add impactful business/commerce to the region.
- Increase the regional base of highly skilled labor focused on emerging technology.
- Resolve/mitigate complicated problems in healthcare.

As Joe Galati sums it up, “To accomplish these goals, the state is providing the platform and stimulus, BU the intellectual stretch and academic tie-in, and Innovation the subject matter expertise and the drive to harness and focus these resources in a business-like manner. We believe this opportunity is an excellent fit for all because it capitalizes on academia’s intellect and our profound and sought-after knowledge regarding pharmacy operations.”

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**Optimize Your PharmASSIST ROBOTx With Our Preventative Maintenance Program**

To get the most out of your PharmASSIST ROBOTx and unburden your staff from unnecessary maintenance, we highly recommend you invest in our ROBOTx Preventative Maintenance Program (PMP). The custom program augments our Innovation Customer Technical Support Program, enabling you to pre-schedule visits with our Innovation Field Service Engineers (FSEs). FSEs inspect, evaluate, clean, test, replace, and maintain...
the following components of your ROBOTx based on a comprehensive schedule of tasks:

<table>
<thead>
<tr>
<th>ROBOTx Component</th>
<th>FSE Maintenance Activity</th>
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| Vial Delivery             | • Maintains and cleans all sensors, cassettes, and printer components.  
                              • Cleans and conditions belts, or replace if needed.  
                              • Tests the functionality of the Vial Delivery system components, makes adjustments to sensors and pneumatic flow controls, and inspects components for signs of wear. |
| Main Gantry               | • Inspects the Main Gantry’s drive belt and motor, cleaning, adjusting per specifications, and replacing components in the interest of failure avoidance.                                                                      |
| Output Gantry             | • Inspects the Main Gantry’s drive belt and motor, cleaning, adjusting per specifications, and replacing components in the interest of failure avoidance.  
                              • Checks the integrity of belts, motors, home sensors and drive gears, inspecting for signs of wear.  
                              • Cleans the Output Gantry’s mechanical components and tests their functionality to ensure a smooth transfer of each vial.                                      |
| Cabinets & Dispensers     | • Inspects all cabinet drawer operation (locking/unlocking) and components (guide pins, sensors, LEDs), dispensers and guide rails, and, if necessary, replacing componentry and removing debris.                                    |
| Pneumatics                | • Ensures all air pressure settings and sensors are accurate and operable, and the compressor component is drained and oiled properly.                                                                                      |
| Software & Firmware       | • Performs a disk cleanup and defrag, removes unauthorized files and programs, and confirms you’re operating a current version of the PharmASSIST software.  
                              • Generates an Optimal Product Assignment report, which tracks product usage, indicating those NDCs that are high movers and those that are not. This helps the FSE determine whether you’re utilizing your dispensers most efficiently, and possibly recommend changing your formulary to increase your pharmacy’s throughput.  
                              • Performs the Symphony Archive utility on the server to help better manage available storage space.                                                                                     |
| Safety Features           | • Inspects the emergency stop switch, locks on the main cabinet doors, and locks on the side panels; and verifies all sensors are working properly and are free of debris.                                               |
| Exterior                  | • Inspects exterior wear and tear and cleans the robot’s exterior.                                                                                                                                                           |

For complete details about the program, call the Innovation Help Desk at 877.742.7627.
Analyzing Your Data - A World of Opportunities

*Average Daily Rx Revenue*

With increasing competition and the naturally rising cost of personnel, materials, services and other overhead, it's critical that you regularly measure and determine how you can improve your profit margins. You should be tracking your average daily Rx revenue, and measuring how it trends from month to month. If your business has a relatively stable margin, an increasing number indicates your business is growing. If you track this data each month, you'll have a much better picture of where your business is headed in terms of sales.

During a recent three-month period (January to March 2015), we used Symphony to capture and analyze the Average Monthly Rx Revenue and Total Rx Revenue Submitted each month from five different customer sites.

The first chart depicts the Average Monthly Rx Revenue for the period for each customer. The next chart shows the Ratio of Monthly Rx Revenue/Total Rx Revenue Submitted for each customer for the given timeframe. Note that the target value for the ratio is 1.

Continuous Improvement or Kaizen

Continuous improvement is a methodology of constantly identifying opportunities of improvement in any organization to help increase profits, reduce costs, and improve the overall business health. This approach helps increase the quality of a product or service and improve its overall safety. The philosophy of continuous improvement is the basis of Japanese business culture where it is known as "Kaizen." The Japanese character "Kai" means change and "Zen" means good, which literally translates to improvement.

To identify opportunities for improvement, it’s important to collect data, use dashboards and reports to present the data, analyze the data using meaningful metrics, and then use this information for problem solving. Once you identify an opportunity, you can use the following problem-solving techniques to cause and sustain improvement: Process Mapping, Root Cause Analysis, Plan Do Check Act (PDCA), brainstorming, statistical analysis techniques, etc. Through Kaizen or continuous improvement, organizations can provide superior quality products or services at reduced costs, which also helps increase customer satisfaction.

Using Symphony Reports to Identify Continuous Improvement Opportunities

The following Symphony reports can help you identify continuous improvement opportunities and proactively track your Average Monthly Rx Revenue.

<table>
<thead>
<tr>
<th>Symphony Report</th>
<th>Description</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Completed Rxs</strong></td>
<td>Provides a list of all completed Rxs that have been shipped or picked up, with their associated accounting data for a specified time.</td>
<td>Use to track the average daily Rx revenue by using records of all completed Rxs and the costs associated with them.</td>
</tr>
</tbody>
</table>
### Canceled Orders
**View Report**
List of all Rxs that have been cancelled within a specified time frame, with the option to include the operator that performed the cancellation. Use to identify all Rxs that were cancelled with the "cancellation" reason. You can filter the report to specifically look at orders that were cancelled after being moved to history (i.e., not picked up).

### Out of Stock History
**View Report**
Lists all products that couldn’t be filled during a specified time due to insufficient quantity. The Number of Rxs Requested along with individual Rx number, Rx Quantity, and % of total Rx is displayed. Use to determine which drugs are frequently out of stock to make changes in reorder levels to prevent stockouts.

### Unshipped Rxs
**View Report**
List of all orders that have at least one Rx ready to ship, but have not been shipped and exceed the given number of hours. Use to determine why an order has not shipped and how much longer it will take to ship.

### How Innovation Professional Services Can Help
You can engage our Professional Services team to help you track your Average Daily Rx Revenue and other useful metrics such as Prescriptions per Day, Total Rxs Submitted, and so on. The team can also help you identify opportunities for Continuous Improvement and provide suggestions for addressing them.

Additionally, you can engage Professional Services to help you perform various other related services, such as:

- Inventory management and control to reduce your inventory overhead.
- Cycle time and order turnaround time analysis to reduce delays and increase throughput.
- Plan-o-gram and staffing and station count techniques for improved capacity management and utilization.

If you're interested in engaging our Professional Services group or simply learning more about our various services, email professionalservices@innovat.com.

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**EVENTS SCHEDULE**

### Our Trade Show Schedule for Q3 2015

**July 22-25**
**Cardinal Health RBC**  
Las Vegas, NV

Innovation and Medicine Shoppe #708's Jana Bennett will deliver a product presentation at the RBC Engage Show Floor Theatre entitled: *Innovation & RxSafe® - Helping Independents Take Complete Control of Their Pharmacy Operations.* The 20-minute presentation focuses on how RxSafe positively impacts pharmacies much more than traditional automation. Owner Jana Bennett will present how her pharmacy optimized their Rx filling and inventory management, and dramatically reduced labor costs.

**July 24-26**
**NC Mutual Drug Partnership Trade Show**  
Raleigh, NC

**August 5-9**
**Southern Drug Stores Association (SDSA) Trade Show**  
Park City, UT
August 22-25
NACDS Total Store Expo
Denver, CO

We Want Your Feedback
We encourage all of you to provide feedback on Innovation Connections. If you have comments, suggestions, or are interested in participating in our Customer Spotlight for an upcoming issue, please let us know. Your participation and enthusiasm is key to our success. Email us at innovationconnections@innovat.com

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