

Animal Emergency Referral & Associates

A CUBEX CASE STUDY



Animal Emergency & Referral Associates experienced the following savings as a result of the Cubex implementation:

- 63% Reduction in staff time associated with medication and supply management
 - Greater than a 10% reduction in medication and supply consumption
 - 56% Reduction in inventory on-hand
 - Return on investment recognized within 9 months



Customer Success Story:

Animal Emergency Referral & Associates

Reducing Supply Management Costs Through Automation



Identifying Inventory Inefficiencies

In 1984 Dr. Michael Palescandolo became the Director of the already established Animal Emergency Center. The Center grew steadily throughout the years and quickly expanded to offer specialty services. In May of 2004, Animal Emergency & Referral Associates (AERA) moved into its new home — a newly constructed 15,000 sq. ft. state of the art facility in Fairfield, NJ. Dr. Pyatak-Monaghan has been working with Dr. Palescandolo since 1989. Together with a group of veterinarians, technicians and receptionists they are continuing the team mission — to provide outstanding emergency & specialty care for their beloved animal companions.

The scope of inventory management for a facility of this size along with all of the other supply manager's responsibilities was overwhelming. With a rapidly expanding practice, management didn't have much time to monitor inventory. As long as they had inventory to use, they just assumed that things were going well.

It wasn't until the recent downturn in the economy that they realized they had really let things slide and needed to cut back in some way. "We had no idea how much inventory we had, where it all was, how much it was actually worth or what sort of inventory usage was occurring," noted Pyatak-Monaghan. "There was no set system for ordering supplies other than basically emergency ordering every day."

Knowing that their two biggest expenditures in the hospital were personnel and inventory, Dr. Pyatak-Monaghan wanted to try to avoid having to cut back on personnel by tackling the inventory instead. However, there weren't any detailed inventory financial reports or accounting to assist her in this task.

Implementing Automation as a Solution

As management began investigating how to control their inventory problem, they researched automated inventory systems. "When we saw the Cubex equipment and realized that it would solve our controlled drug issues along with all of our inventory concerns at a reasonable price, we were sold on it," stated Dr. Palescandolo.

At AERA, their primary goals were to locate and quantify their total inventory, make it easily accessible, reduce overstocking and reduce the number of personnel hours being devoted to ordering and stocking inventory. Basically, they wanted to keep the items being used easily accessible, and, reduce or eliminate their excess inventory.

Based on the goals AERA set, Cubex personnel performed a comprehensive assessment of the current inventory processes in place. The Cubex team analyzed how inventory flowed through the hospital from the time it was determined an item needed to be ordered to the time an item was used on a patient. From this data, Cubex was able to recommend a

HOSPITAL TYPE:

24/7/365 Specialty Hospital

SIZE:

15,000 square feet

NUMBER OF DOCTORS:

21

NUMBER OF EMPLOYEES:

71

MONTHLY SPEND ON PHARMACY AND SUPPLIES:

\$80 K



solution that would automate inventory management for all areas of the hospital. This ultimately resulted in cabinets serving Emergency, Internal Medicine & Behavior Departments, Oncology and Neurology Department, and the Surgery Department.

Dr. Pyatak-Monaghan was very impressed with how seamless the Cubex implementation was. "I truly expected there to be an enormous fuss and bother and there just wasn't. And that was very, very nice." She went on to say that even the staff didn't realize how much time was wasted running from place to place to get things. She believes the Cubex system has the effect of making their team more efficient in the planning and utilization of supplies and actually saves an enormous amount of time that can then be dedicated to patient care.

Cubex Data Maximizes Hospital Efficiencies

It wasn't until the actual implementation of Cubex that AERA management realized how scattered and sparse their inventory data was previously. "Prior to Cubex, we would have to write everything down, count everything, and then dedicate someone to changing the counts and keeping the records," stated Pyatak-Monaghan. "It would be a nightmare." Cubex has completely automated the reorder and inventory process for AERA. Reorders are now automatically sent out to their suppliers each week, delivered and quickly replenished back into the cabinets.

Business intelligence reports are also automatically emailed on a regular basis to AERA management. They review monthly consumption and inventory aging analysis reports to help them understand which medications and supplies are their top movers. This allows them to work more closely with their vendors on pricing and to identify items that are not being used consistently in order to check expirations and consider removing items from inventory. The reports allow them to see trends in which drugs their veterinarians are using and to discuss if certain drugs provide better, more effective choices for their patients. The reports can also help determine continuing education needs.

Dr. Paytak-Monaghan says the inventory process can be compared to what veterinarians do now when they are diagnosing and treating an animal. Previously, a veterinarian would treat

without the help of lab tests to confirm a diagnosis and treatment plan. That's where Pyatak-Monaghan said they were before Cubex with their inventory management. They were just guessing at numbers and didn't have any way to create a data-driven plan.

Now she can approach inventory in the same way she would a patient. She can run the analysis on any aspect of her inventory and then using actual facts and figures; she can make a diagnosis and establish her inventory plan.

Solving Inventory Problems Improves Profitability

After the Cubex implementation, a comprehensive study was initiated to evaluate the actual financial benefits recognized by AERA. This study compared the overall inventory costs before and after implementation of the Cubex system. The data points



"Having the Cubex system installed has made a huge difference for us. We have been able to get the finances back under control and it has put us back on the path to continued growth."

- Dr. Michael Palescandolo

tracked were derived from the initial goals AERA had set forth for the implementation and included:

- **Operational costs:** decreasing the staff time associated with medication and supply management.
- **Reduction in overstocking:** lower their on-hand inventory counts in an effort to avoid expirations and decrease carrying costs.
- **Consolidation of items:** decrease spend on medications and supplies through consolidation of products.

Results showed the following:

- Inventory carrying costs have decreased from \$200,474 for supplies and medications to \$88,940 (almost an \$112,000 savings) while availability of medications and supplies has increased.
- Operational costs associated with medication and supply management have decreased by \$38,452 annually.
- Total supply and pharmacy purchases have decreased by more than 10%.
- The savings from the implementation of the program has allowed AERA to pay for the Cubex technology within the first 9 months.

“What were we thinking that we didn’t do this earlier?”

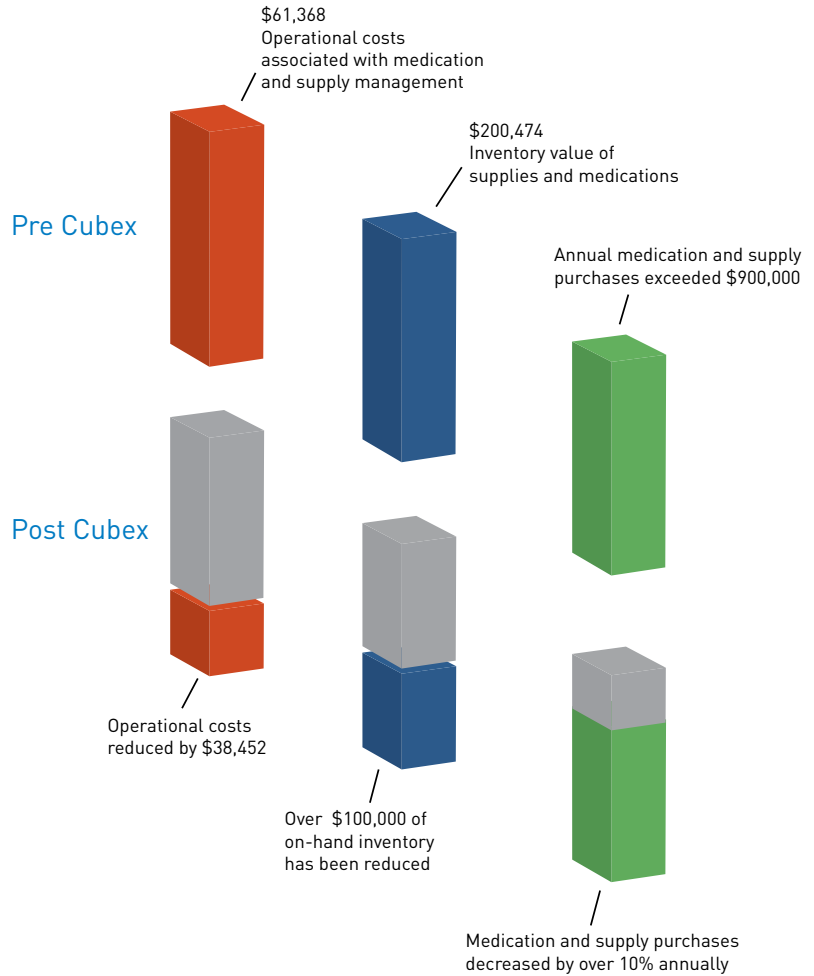
Dr. Betty Pyatak-Monaghan

The Future with Cubex

Dr. Palescandolo believes Cubex was an excellent investment for their hospital. They have a second facility dedicated to ophthalmology and are planning to install the Cubex system there also. “The knowledge that you don’t have to worry about running out

of supplies, or search your facility for them makes running the business part of our practice less stressful. It’s not just one step along the way; it’s a combination of solving so many different problems in one neat little package,” said Pyatak-Monaghan.

How Cubex Has Saved Money for Animal Emergency & Referral Associates



Return on Investment was less than 9 months

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