



Spotlight on **Asteres, Inc.** ScriptCenter® Offers Self-Service Pharmaceutical Dispensing

By Richard Daverman, PhD, Business Editor

A kiosk that dispenses pharmaceuticals may seem counter-intuitive. There are potential safety issues (“Can’t the drugs be stolen?”), and there are concerns about the impersonal nature of the transaction (“Don’t you need to talk to the pharmacist?”). But kiosks are successfully addressing many retail functions. It’s been more than 30 years since ATMs were introduced. Since then, consumers have become accustomed to self-checkout machines in grocery stores, self-check-in terminals at airports, movie rental machines that instantly dispense DVDs, and many other forms of kiosk-based self-service. So why not pharmaceuticals as well?

“If we had started sooner, it would have been too soon,” said Linda Pinney, Chief Business Officer and Founder of Asteres in an exclusive BioBusiness News interview. “People have an emotional attachment to their prescriptions. But, because they have gradually taken control of their transactions, they are now more comfortable with self-service devices.” That level

of comfort sets the stage for ScriptCenter®, the Asteres device that automates the delivery of prescription drugs.



Figure 1. ScriptCenter® from Asteres speeds prescription pickup and extends pharmacy operating hours

To answer the potential concerns regarding access to the pharmacist, ScriptCenter® is used mainly for refills, which do not require any personal counseling by the pharmacist, though they comprise 65% of all filled prescriptions. To prevent drug theft, the 1300 pound ScriptCenter® kiosk is bolted to the floor, and the walls are made strong enough to prevent breach.

The ScriptCenter® process can be completed in less than a minute, and the process will not be prolonged

by the pharmacist explaining the potential side effects of a drug to another customer, three places ahead in line.

Speed, or to put it more politely, convenience was the animating idea behind Asteres and the ScriptCenter®. Pinney came up with the idea for the ScriptCenter® while waiting in line for her ADHD prescription.



Linda Pinney
Founder and
Chief Business Officer

Fast Facts

CBO Profile

CEO, The StartUp Lab; Chairman and CEO, DNA Dynamics; VP of Business Development, Pyxis; business development for Sharp Healthcare and Centinela Hospital

Company Focus

Automated prescription pickup kiosks for retail pharmacies

Funding

Initial funding provided by Sanderling Ventures

Location

9369 Carroll Park Drive
San Diego, CA 92121

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"I am not a patient person," she said. "I thought there's got to be a better way. People aren't going to keep standing in line." Besides, what could be more natural than for a person with ADHD to come up with a more efficient way to do things?

Pinney, however, brought more than ADHD to bear on the problem. She had been part of the Pyxis team that changed the way pharmaceuticals were distributed in hospitals. Pyxis put a cache of drugs on the floor, making nurses more efficient.

Pyxis was eventually sold to Cardinal Health for more than \$1 billion. But the Pyxis experience, together with Linda Pinney's impatience, gave birth to Asteres and its pharmaceutical dispensing machine.

Besides shorter lines, the ScriptCenter® can also extend the hours that the pharmacy is open. Many grocery stores close their pharmacies in the early evening, even though the stores themselves remain open until much later. The ScriptCenter® has the effect of lengthening the availability of the pharmacy for pickup, and it also has a slot for dropping prescriptions off, if the pharmacy is closed or its lines are long.

The ScriptCenter® Kiosk

The Asteres ScriptCenter® mx is a large machine, measuring about five feet wide by seven feet tall, that holds up to 500 prescriptions at one time. That is enough to house a two and one-half day supply of refill prescriptions in a fairly busy pharmacy.

The ScriptCenter® fronts on the customer side of the pharmacy counter, but the pharmacist has access to the back, through which filled prescriptions are entered. A bar code on the bag is correlated to a bar code on the filled prescription, which is inserted in the bag and hung in a tray. This serves to locate the prescription in the machine.

When a customer approaches the machine, he or she must enter two identifying pieces of information, either a user ID and a password or a fingerprint identifier and a password. The fingerprint option reduces the amount of typing and the number of things to remember.

Regulatory Path

As a pharmaceutical dispensing machine, the ScriptCenter® must be approved by the pharmaceutical board in each state. So far, Asteres has won approval in 25 states, though, the approvals are slightly different in each state.

Some states restrict the hours of the ScriptCenter® to the hours of the supporting pharmacy, and others prohibit the machine from dispensing narcotics. However, a few states have extended the right to dispense first-time drugs.

Convenience, Cost and Service

Pharmaceutical customers want convenience – which means short lines, convenient store hours and a 24-hour pharmacy – along with low price and professional service. Those results came from a survey performed among more than 33,000 pharmacy customers by Wilson Health Information, LLC.*

The survey also found that three out of five customers wait in line for five minutes or more to pick up their prescriptions, which is sufficient to decrease their satisfaction level.

Another one-third of the respondents said they could not pick up or drop off their prescriptions because the pharmacy was closed, in part because retailers have been cutting back on the operating hours for pharmacies to reduce costs.

Wilson also found that independent drug stores rank highest in customer satisfaction over all other means of purchase including food store pharmacies, drug store chains and online/mail. More importantly, seven out of ten customers would use a kiosk to pick up their prescriptions if one were available and could deliver the drugs in a minute or less.

These last two findings illustrate the real opportunity for self-service pharmaceutical dispensing to improve customer service and retention in the larger chain stores.

** Wilson Health Information, LLC, is an independent, privately owned healthcare consumer research company. The survey results were released in August 2007.*

Business Plan

The usual procedure for signing a ScriptCenter® contract with a large grocery or pharmaceutical chain is to place a machine in one or two locations for a trial. At the end of an agreed-upon period, usually around three months, the chain considers how many customers have begun using the machine and whether new clients have been captured from other pharmaceutical outlets.

To Pinney, pharmacies are interested in the ScriptCenter® as a defensive play. "They already have the customers," she said. "They do not want to see customers moving to the competition because the other store is more convenient." If clients have to wait more than five minutes, they consider the buying experience unpleasant (see sidebar).

For grocery stores or big-box chains, the reasons are more complex. In these stores, the pharmacies function mainly as a lure to bring customers into a store. Usually, a customer will spend fifteen minutes in the establishment. If most of the time



is spent waiting in line to pick up a prescription, the customer is likely lost as a consumer for the rest of the store.

So far, more than 25 ScriptCenter® machines have been placed, though the number should reach 40 by the end of this year. According to Pinney, Asteres is already in major chains including Longs Drugs, Safeway (Vons), RiteAide and Giant. “It is a concentrated market,” she said, “and we expect to sell to five out of the top ten chains.” Once a chain elects to incorporate the ScriptCenter® as part of its pharmacy, the machines are added as each store is remodeled.

Capital Matters

Asteres has progressed to this point on just a single financing. The A round, which was completed in September 2003, was led by Sanderling Ventures and joined by Forward Ventures and Pacific Venture Group.

In the future, to create an exit for the investors, the company could hold an IPO or it could become part of another company, like NCR, or IBM, which is seeking to increase its presence in Point of Use retail products.

Asteres’ Mission

Although the discussion of Asteres centers on the ScriptCenter® product, Pinney believes that Asteres is fundamentally a service company. “The box is important for five minutes,” she asserted. “What makes it worthwhile is getting customers to accept and use it.”

Thus, Asteres helps its clients with a plan to migrate their customers into this new way of picking up their prescription drugs. And Asteres is also there to keep the machines running. For the large-chain clients of Asteres, the return on investment is based on happier customers, lower pharmaceutical costs, and more time for other shopping in the stores.

“When I want to get a lift,” said Pinney, “I go out to a store and watch customers picking up their prescriptions from a ScriptCenter® machine. They smile at the other customers, the ones waiting in line for the pharmacist.” Those self-satisfied smiles mean success for the pharmacy – and for Asteres. ■

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