

SincereRx Realizes Immediate Increase in Profitability + Cash Flow with Datarithm™ Inventory Management System

Continuous Savings + Increased Employee Satisfaction Make Datarithm™ a No-Brainer for SincereRx

Pharmacy Profile: [SincereRx](#)

Size: Independent Chain Retail Pharmacy Group

Customer Objectives

- Cash flow regulation
- Consistent, centralized management over Rx inventory
- Transparency across the entire enterprise
- Shift to automated Perpetual Inventory (PI) management and Electronic Data Interchange (EDI) ordering
- Improve profit, cash flow, and liquidity
- Right-size inventory to reduce surplus (and underlying carry cost) and under-stocking (for improved customer service)
- Automated order point optimization
- Guide and support staff in ordering through scheduled, streamlined tasks

SincereRx Pharmacy Story

Founded in 2021, SincereRx is a network of independent pharmacies that are centrally owned and locally managed and run. Believing strongly that what makes a great pharmacy is superior patient care and happy employees, SincereRx is committed to keeping the long-standing legacy of every pharmacy it acquires after a sale transition.

Owner and Managing Partner at SincereRx, Peter, has a tenure in pharmacy acquisition, management, and consulting. As SincereRx started to grow and add more stores, cash flow became a more important consideration; Peter saw the cash in accounts start to go down and purchases go up, but revenue stayed relatively flat. He both started to consider a perpetual inventory method and seek inventory management technology that could assist him. With a referral to Datarithm™ by Pioneer Rx, the partnership began.



Datarithm™ onboarded SincereRx's inventory data for several initial locations between June and October 2021. Management-level training was provided for Peter with a focus on custom and canned reports plus performance tracking. Staff-level onboarding was also provided at each pharmacy, giving 1-on-1 store-level training focused on task completion which includes:

- wholesaler returns,
- store-to-store inventory transfers,
- and cycle-counting.

The first monthly optimized re-order points were enabled and uploaded to the Pharmacy Management System (PMS) using a bi-directional data interface to the PMS. With the installation of Electronic Data Interchange (EDI) ordering, SincereRx concluded its transition to fully automated perpetual inventory management.

At this point, via the daily task bar, pharmacy staff began using Datarithm's cycle counting function to assure on-hand precision of medications needed for their clients and automated inventory balancing for wholesaler returns and store-to-store transfers) to alleviate over-stocked and dead inventory.

On the management side, Peter began receiving automatic “push” monthly and weekly emails highlighting performance metrics and staff compliance with the tasks provided by Datarithm™. These emailed reports augment the comprehensive analytics available via dashboards and reports inside the Datarithm™ platform.

To date, SincereRx has enjoyed immediate and ongoing improvement in profitability, cash flow and liquidity, as well as risk reduction as over-stocked and dead inventory was quickly reduced.

Understanding that a typical pharmacy staff is short on bandwidth, Datarithm's store-level dashboards and task bar provide easy access to streamlined tasks built for simple, quick completion, resulting in improved staff efficiency. Working as SincereRx's pharmacy management ally, Datarithm™ is focused on helping the entire pharmacy team of management and staff understand that the streamlined tasks take work off their plates, allowing more time for other important work and customer service in the pharmacy.



Investing in Inventory Management with Datarithm™

“I think this is an easy sell to staff and it’s an easy win, because it saves them time,” said Peter.

“Ordering is complicated—it happens mostly at the end of the day when everyone’s rushing to get home and leave. And by fully relying on the reorder points provided, you can order \$20,000 worth of inventory that—**you actually need**—in 15 minutes, in a couple of clicks.”

Peter continued,

“Your staff actually benefits from the ease of ordering, too. You’re actually adding value to the staff, to be honest: you’re making their lives easier, by shortening the order cycle, and you’re simplifying workflow for them.”

In addition to automation for re-order point optimization, balancing and intelligent cycle counting, Datarithm’s intuitive analytics allow Peter a transparent view into task completion and the overall direction of financial metrics. These reports provide clarity into how stores are performing. For example, how Return and Transfer opportunities are being addressed via average times pending and completed, which provide Peter with the ability to compare and contrast optics across all locations to determine which stores are fast or slow to respond to presented opportunities.

This complete, centralized control and transparency into inventory and store performance is a key to optimizing inventory levels and then, importantly, keeping them optimized.

“I think what’s powerful about Datarithm™ is its suite of services. You can use some, you can use all, you can cut different combinations. And you’ll make back your \$200/month investment,”

said Peter.

At SincereRx, an example shared was spoilage which is a huge risk. “A very simple way to think about it is if you order something and it expires on your shelf. In this situation, all it takes is for a drug to expire or be mislabeled, and you’re already out the money. Datarithm™ provides not only the cost savings and the cash flow improvements, but a way to prevent unnecessary costs that no one can afford.”

Datarithm™ customers see the same benefits whether pharmacies own multiple stores or a single store. Peter explains:

“Single stores will also benefit from the reorder points and the cash flow timing. For multi store operations, they’re simply compounded.”



Acknowledging that owners and managers, like Peter are always short on time, Datarithm's weekly and monthly email "push" reporting provides executives with easy-to-digest summaries of task compliance by staff, available opportunities and week-over-week and month-over-month results. Being able to see the impact so clearly has helped Peter emphasize the importance of the daily tasks with his staff, so they can work together to diligently complete the cycle counts, returns, and transfers that make the impact and keep their stores performing well above industry averages.

"Datarithm™ is not just a subscription model, it's really a partnership: they take a genuine interest in helping you as your inventory management partner,"

said Peter.

"For staff, it's actually a liberating tool that frees up time at the most stressful part of their day, when people want to go home. On the business side, I think it really does an amazing job at regulating cash flow."

As reported below, reorder point optimization and balancing clearly resulted in sharp, fast, and ongoing improvement in important financial metrics for the SincereRx pharmacies. Through the first 12 months using Datarithm™:

1.

Total inventories
declined \$696K

2.

Surplus inventory (over-stocked
and dead) was shed through
**optimized re-order points
and balancing**

3.

Turns steadily improved
and widely outpaced the
industry **average rate
of 11x – 12x.**

And in Peter's words, the results speak for themselves:

"It's clear to me that this system works. They've been phenomenal to work with and a very hands-on partner. Every store [we acquire] going forward will have to be on this system for sure."





SincereRx Results

SINCERE RX SUMMARY

TOTAL INVENTORY	Starting Inventory	MONTH 3	MONTH 6	MONTH 9	MONTH 12	12/31/2022
	\$1,896,000	\$1,417,000	\$1,333,000	\$1,240,000	\$1,200,000	\$1,380,000
CUMULATIVE REDUCTION						
		\$479,000	\$563,000	\$656,000	\$696,000	\$516,000
		25%	30%	35%	38%	27%
TOTAL SURPLUS	Starting Surplus					
	\$728,000	\$438,000	\$356,000	\$381,000	\$338,000	\$429,000
CUMULATIVE REDUCTION						
		\$290,000	\$372,000	\$347,000	\$390,000	\$299,000
		40%	51%	48%	54%	41%
TURNS	Starting Turns					
	POINTS	POINTS	POINTS	POINTS	POINTS	POINTS
	14.4	14.3	14.9	15.8	17.5	21.3
CUMULATIVE INCREASE						
		-0.1	0.5	1.4	3.1	6.9



In late 2022, with a new ownership partner under a new sub-group, GrowthRX, Peter acquired another pharmacy and brought Datarithm™ in for inventory management. In two (2) months, the results speak for themselves:

GROWTH RX SUMMARY

	START DATE 10/27/2022	START DATE 12/31/2022
TOTAL INVENTORY	Starting Inventory	
	\$191,000	\$112,000
CUMULATIVE REDUCTION		\$79,000
		41%
TOTAL SURPLUS		
	\$52,000	\$39,000
CUMULATIVE REDUCTION		25%
TURNS		
	POINTS	POINTS
	14.9	17.4
CUMULATIVE INCREASE		2.5

About Datarithm™

Operating since 2008, Datarithm™ is a cloud-based RX inventory management system. For pharmacies of all sizes, Datarithm™ uses proprietary algorithms and logic to forecast demand and establish optimal reorder points based on changing usage patterns and management preferences. Additionally, Datarithm™ attacks surplus inventories through daily wholesaler return and store-to-store transfer (chains) recommendations and provides an intelligent cycle counting feature to maintain precise on-hand quantities.

www.Datarithm.com

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