



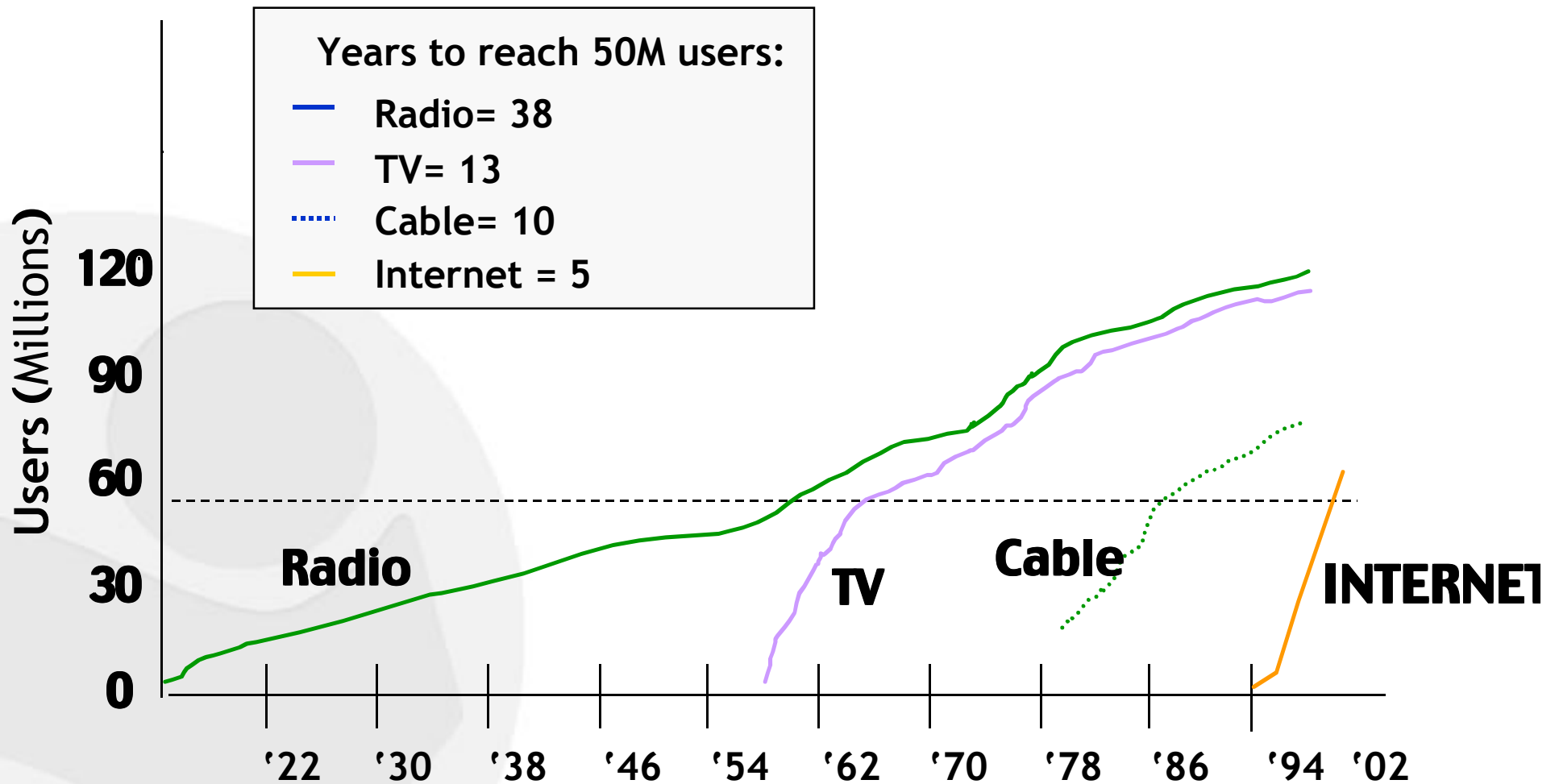
The eHealth Colloquium

**Andy Stergachis, PhD, RPh
Vice President, Chief Pharmacist**

Today's Topics

- ◆ The Internet Revolution and Changes in Healthcare
- ◆ The Internet
 - New Medium, New Challenges
- ◆ Changes in Pharmaceuticals
 - New Technologies & Products, New Challenges
- ◆ The Intersection of ePharmacy and the Emergence of New Pharmaceuticals

Penetration Rates



Growth in Online Health Spending

Online Health Spending

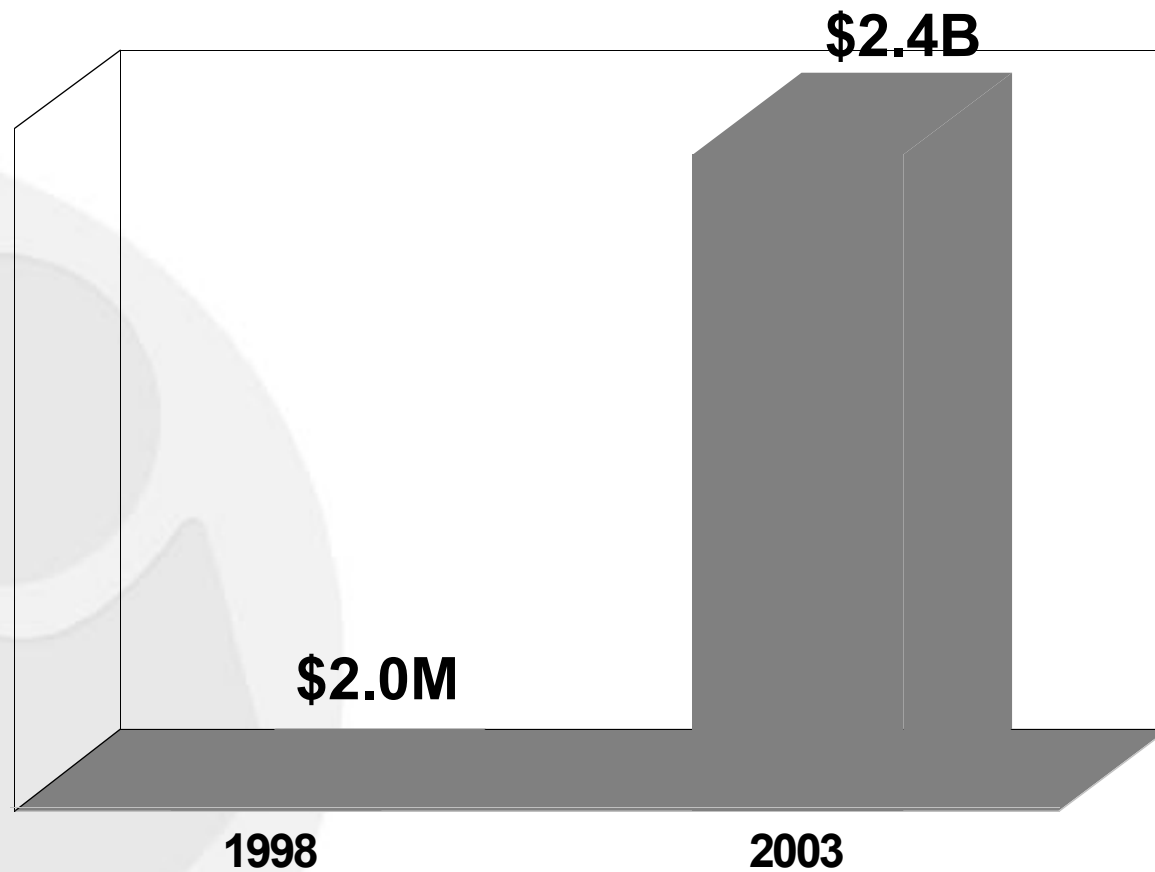
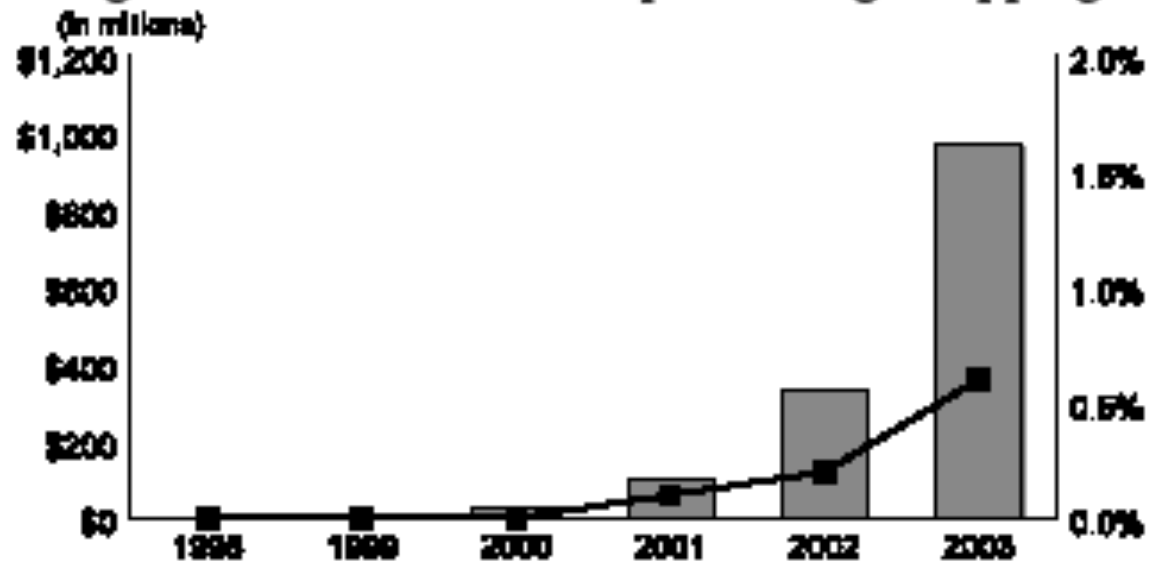


Figure II.6: Online Prescription Drug Shopping



 drugstore.com

Significant Healthcare Industry Trends

Getting Bigger Than Ever

➤ \$1.2T '99 ➤ \$1.7T '04

Expenditures Will Increase A Lot in 2000

➤ Costs: 5% - 8% ➤ Premiums: 5%-12%

Consumers Forced to Pay More

Progress in Developing New Medicines

Prevent, cure, treat more diseases

More precise and effective new drugs

Better definition and diagnosis of diseases

Pharmacogenomics

- ◆ How does an individual's genetic inheritance affect the body's response to drugs?
 - More powerful drugs
 - Better, safer drugs the first time
 - More accurate dosages
 - Advanced screening for disease
 - Improvements in drug discovery & approval
 - Overall cost of care?

Forced to Pay More, Consumers Are Demanding More...

More Health Information

- ◆ 33.5M Online Health Information Seekers
- ◆ Immense Growth

More Choice

- ◆ Medical Spending Accounts
- ◆ Defined Contributions

Using the Web to Inform and Empower Consumers

Privacy

Information

**Online /
Offline
Pharmacy**



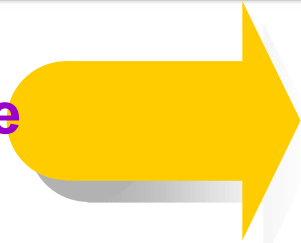
**Enormous
Selection**

Convenience

Low Price

Online Pharmacies

Consumers Online



◆ 56% US population by 2003

Size of Market



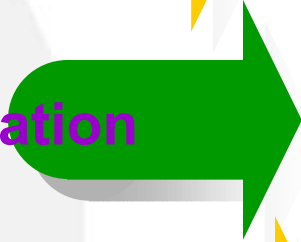
◆ \$165 billion market; < <1% online

Pharmacy Model



◆ Similar to community and mail-service pharmacy

Enhanced Communication



◆ Inform customers

Regulation & Monitoring



◆ State Boards and VIPPS

Shift from Fundamentals to Value-Added Services

Product-focused relationship

- ◆ Insurance coverage
- ◆ Bricks-n-clicks integration
- ◆ Regulatory compliance

Service-focused relationship

- ◆ Patient education & health information
- ◆ Compliance/persistency programs
- ◆ Disease state management

drugstore.com

The screenshot shows the drugstore.com homepage with a purple header and a navigation bar. The navigation bar includes links for home, medicine cabinet, beauty & spa, nutrition & wellness, personal care, pharmacy, and specialty stores. Below the navigation bar is a purple banner with the text "A very healthy way to shop, plus advice and information from drugstore.com." The main content area is divided into several sections: a search bar and shortcuts on the left; a central promotional banner for "the right stuff" featuring Tylenol PM, Healthy Skin, and Lever 2000; a "pharmacy" section from Rite Aid & drugstore.com; a "we have the best brands" section featuring Tom's of Maine; and a "GNC LiveWell" section. The bottom of the page features a purple banner with the text "spring forward" and "Fresh savings".

drugstore.com

home medicine cabinet beauty & spa nutrition & wellness personal care pharmacy specialty stores

A very healthy way to shop, plus advice and information from drugstore.com.

→ search GO

→ shortcuts

- [your account](#)
- [your list](#)
- [shop by brand](#)

your shopping cart

no items in cart

[view details](#) [checkout](#)

→ service center

- [24-hr. customer care](#)
- [drug prices & information](#)
- [help](#)

the right stuff

We have the brands you love most. Use our [brand index](#) to find your favorites fast.

a very healthy way to shop

have it all

Welcome the day knowing you won't run out of the [things you rely on most.](#)

Welcome ([sign in](#))

- Thanks to you, our store is new and improved. Read a [personal thank you](#) from our chairman.
- Get free newsletters & expert advice. [Sign up today](#)

pharmacy

from **RITE AID** & **drugstore.com**

- [Fill Prescriptions](#)
- [Drug Prices & Information](#)

we have the best brands

[Tom's of Maine](#) now features cough, cold, & wellness remedies.

GNC LiveWell

The leading name in nutrition, online exclusively

spring forward

Fresh savings

Welcome to our Pharmacy

drugstore.com - Pharmacy - Microsoft Internet Explorer

File Edit View Favorites Tools Help

drugstore.com™

home medicine cabinet beauty & spa nutrition & wellness personal care **pharmacy** specialty stores

Prescriptions, refills, and sound advice from our pharmacists and Rite Aid.

→ search GO

→ shortcuts

- [your account](#)
- [your prescriptions](#)
- [your list](#)
- [shop by brand](#)

your shopping bag

no items in bag

[view details](#) [checkout](#)

→ service center

- [24-hr. customer care](#)
- [drug prices & information](#)
- [help](#)

pharmacy from **RITE AID** & **drugstore.com**

you can rely on drugstore.com

Make life easier—fill [prescriptions online](#). Enjoy our low prices, home delivery, and refill reminders.

Andy Stergachis: Director of Pharmacy Services

• we accept most insurance plans and prescription discount cards •

drug prices & information

Our [guide](#) to thousands of Rx drugs.

compare & save

Paying too much?

- [Allergy](#)
- [Arthritis](#)
- [Asthma](#)
- [Birth Control](#)
- [Heart Health](#)

start here

- [fill prescriptions](#)
Fill a new prescription or transfer an existing one.
- [order refills](#)
Whether it's from Rite Aid or drugstore.com, refill it here.
- [your pharmacy records](#)
Check your order status and manage information about your prescriptions, health, and insurance.


→ common questions

- [How do I fill my prescriptions?](#)
- [How do I use my Insurance?](#)
- [How long will it take?](#)
- [What are your credentials as an Internet pharmacy?](#)
- [Have a question? Ask your pharmacist.](#)

Welcome Greg (sign in)

- Use [your list](#) to reorder with ease.

GET smart

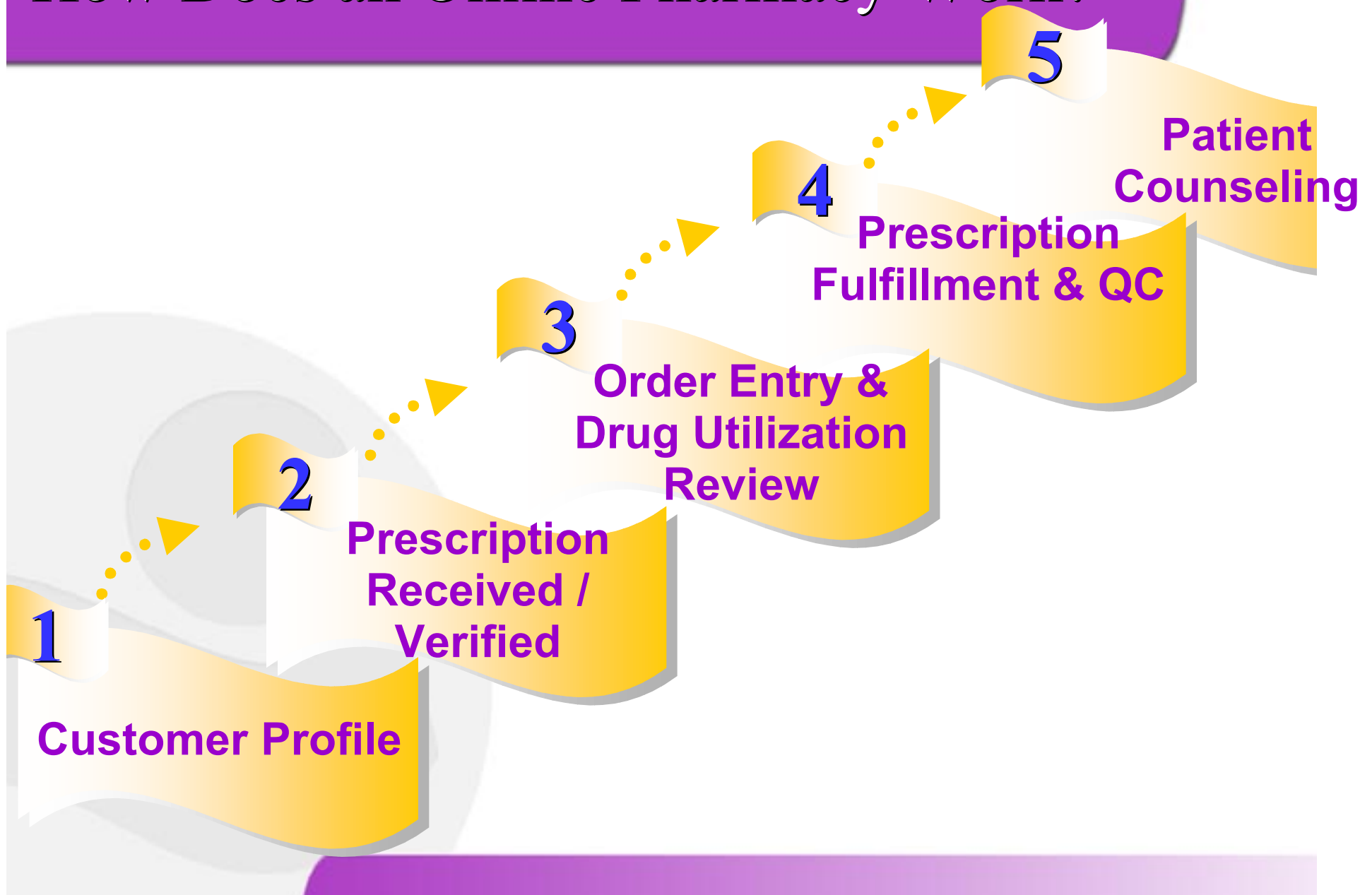


[Read our magazine](#) for tips, articles, our Medical Reference, and more. Seasonal advice on medications and herbs that can intensify the sun's effects.

→ [pharmacy magazine](#)

standard **free shipping** on drugstore.com prescriptions

How Does an Online Pharmacy Work?



Building Consumer Confidence



drugstore.com

Search Products GO

home health beauty wellness personal care pharmacy solutions

A world of products and the expertise to help you find what you need.

your list shopping bag checkout your account prescriptions help

privacy policy

Welcome Judith
[Log on](#)

shop the naturalstore
[Continue Shopping](#)

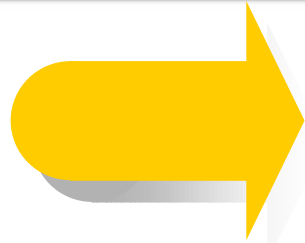
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CLICK TO VERIFY
reviewed by TRUSTe
site privacy statement

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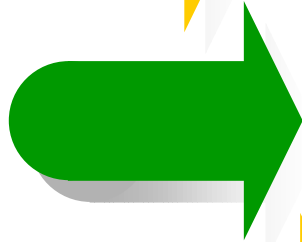
Product's Value: The 4-Ps

Patient



◆ Awareness and information

Physician



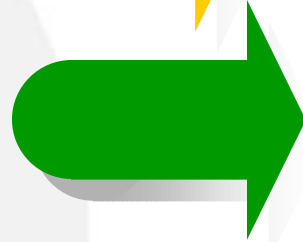
◆ Efficacy and safety

Payor



◆ Willingness to reimburse

Population



◆ Market size

What the Future Holds

- ◆ Health care & rx costs will grow
- ◆ Consumers Will Pay More for Their Healthcare
- ◆ Consumers Will Demand More, Too:
 - Selection, Personalization, Convenience
- ◆ More and More Consumers Buying Online
- ◆ Online pharmacies can:
 - Use the Right Technology Serve Consumers More Effectively and More Personally