RedSail Unscripted: Investments That Are Transforming Pharmacy with Josh Howland & Andy Maurer

Host Will Tuft: Everyone, welcome back to Beyond the Scripts. I'm your host, Will Tuft, with PioneerRx and RedSail Technologies. And today, another crossover episode where we're bringing in some voices from RedSail Technologies: Andy Mauer, the captain of the ship, the CEO of RedSail Technologies, and Josh Howland, president of pharmacy systems. Thank you, guys, for joining us.

Host: Josh, I feel most of our users are probably familiar with the name Josh Howland from years of service with PioneerRx and now representing users from across multiple PMS brands, including BestRx and the QS/1 suite. Thanks for joining us again. I almost feel there's no introduction needed for Mr. Howland. Andy, you may be more of a new face to some of our listeners, a fairly new addition to the RedSail Technologies team, a year and a half or something like that.

Andy Mauer: That's right. I joined the board of RedSail about 18 months ago and became CEO.

Host: Nice. Tell me a little bit about the path that leads one to be the CEO of RedSail Technologies.

Andy Mauer: I've been in pharmacy my entire career. Not intentionally, but it just worked out that way. I started out doing some banking work and specifically worked on a deal team that worked on pharmacy deals exclusively. And then I did consulting. I did pharmacy consulting specifically for about five years, primarily for health systems and other types of providers that were doing pharmacy in an administrative setting, where they were administering drugs versus dispensing drugs. And then I started the entrepreneurial portion of my career. I co-founded a company called Macro Helix, which is a 340B, that still exists to this day with that name, owned by McKesson.

Now, we started that business literally from my dining room table, I tell people, and that's the truth. It grew in spite of ignorance about how to run a business. Then I had an opportunity to work with a private equity firm called Francisco Partners to co-found a company called Trellis, which operated specialty pharmacies across the country at different health systems. We were trying to enable health systems to compete to serve patients where they were largely the prescriber of these drugs. And the drugs historically had been then filled by the PBM or specialty pharmacies. Trellis was geared towards enabling health systems to capture those prescriptions and continue to serve those patients post-diagnosis and prescribing of the drug. Francisco Partners is an investor in RedSail, and they asked if I would be interested in getting back involved with the business, and that was the reason for joining on the board first and then CEO as of last summer.

Host: Wow, yeah. I feel all of our listeners' collective eyebrows went up because those are two very well-known companies. That's quite a pedigree. That's one thing I've noticed in my time being involved with Francisco Partners through RedSail Technologies, is that continued relationship with a lot of the team members, who have maybe been at multiple different companies under that umbrella. But it definitely seems a neat part of that culture where they nurture those relationships.

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And it comes back full circle when we talk about private equity. I know for independent pharmacies, that is not always the greatest initial feeling. Anytime I talk to pharmacies at trade shows or just out and about or phone calls, it seems they always ask in a hushed voice—hey, how is it really? And it's been great, a lot of support from the top. It's been really neat.

So how has private equity influenced RedSail Technology's direction? It's interesting, because RedSail Technologies didn't necessarily exist without private equity. But a lot of the companies within are definitely well-known and have operated in different management structures.

Andy Mauer: Well, private equity is a huge category, and there's all sorts of different types of private equity organizations, private equity firms that do a variety of different things. I think the ones that give the category a bad rap are those that come in and buy a business and gut it and offshore everything and squeeze every nickel out of it. And then there's, on the opposite side of the spectrum, the growth investor private equity, where they're looking to deploy additional dollars behind the business to help it to expand, reach new markets, to offer new capabilities, etc. And then there's everything in between. It's a spectrum.

And my experience, frankly, is limited in that I've only worked with growth investor private equity. I've never worked with one of the chop shops. And I frankly have no interest in working with one of them. And there are plenty of those in all categories. But at the end of the day, good private equity investors are really a very helpful partner with a business like RedSail. There's a variety of things that we can talk about here today that we've been able to do and investments to back that.

The components of RedSail, whether it's PioneerRx or QS/1 or BestRx, or any of the other businesses that comprise RedSail, would never have been able to do it on their own—the different things we've built internally, some of the acquisitions we've made that have expanded capabilities and lowered prices for customers. We just wouldn't have had wherewithal to do it or frankly, probably the appetite to do it, if it was not for the investors encouraging it.

And from my perspective, our two private equity investors, Francisco Partners and Leonard Green, have been terrific partners. Not to repeat, not to overuse that word, but terrific advocates for the business. They're both seasoned investors in healthcare and specifically in pharmacy. They've done a lot of investing in pharmacy-related businesses. And they're educated about the space, they're educated about the market. They frankly share my disdain for PBMs. And a lot of the things that we're trying to do with this business, they're fully on board with and there's no real debate. It's more of a debate about how quickly we can do certain things.

Host: Yeah, absolutely. I think any time there's a change in ownership, there's fears and anxieties and also opportunity. Howland can probably speak to how that investment has actually come down to the ground floor here with development and with investment in some of the products. Can you tell me a little bit, Josh, about how maybe development cycles have changed, or just what's been different since it's been RedSail Technologies backing it.

Josh Howland: I think very much like you, at a lot of trade shows I get people to the side saying, how's it going? And some of that is probably because six, seven, eight years ago, we had a big competitor get purchased by a private equity firm, and they had a couple of early missteps, and our marketing team jumped on it. We were, “Look at what they've done!” And some of that success now feeds back into, “Is it really that bad?” And it's maybe a bit of a con for some people. But I think if we hadn't been purchased by private equity, I probably wouldn't still be here because it felt we didn't have the ability to do something

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innovative and off the books, right? Early with PioneerRx we had this hedgehog concept of, you stick with what you do, and you do only that.

And I think the single biggest change with private equity coming in is they're willing to throw some dollars behind what sounds maybe like a crazy tangential idea. They say, what if we did X? And you're, well, I didn't think about it like that, but it might work. I always go back to when Craig and Frances sat down with us when we were first talking about being acquired by RedSail. They said, we think owning a switch is the thing. At the time, Jeff and I looked at them and were, why would you want to own a water company? And looking back on that time, five years ago, it was naive not to. It seems too obvious now why you want to be in a switch. The other two are owned by giant corporations. And now we have the only independent switch in the country. I think those types of ideas and those types of investment dollars just wouldn't have been possible without Francisco Partners. And now Leonard Green is coming in and saying, here's some dollars. Go take a big swing and ten of them might not pay out, but if one does, then we're gold. It allows you to think differently and do some other things that you wouldn't have done without that backing.

Host: Yeah, absolutely. You mentioned Leonard Green. I remember at the beginning of summer, the press release went out, and there again, anytime there's change, there's a range of emotions that comes with that. Tell me a little bit about what that means, because there was this initial question that customers were coming to me with—Oh my gosh, RedSail Technologies was sold. What does this mean? Tell me a little bit about what that actually means, and how RedSail Technologies continues with Francisco Partners and what Leonard Green means, and that equation.

Andy Mauer: First of all, yeah, in any company, the ownership evolves over time, right? Even a family-owned business might pass from one generation to the next or to in-laws, or what have you. And public companies, obviously the shared ownership is changing every day, every minute of every day. In our case, and the way private equity works in most cases and in Francisco Partners' case, they raise money in distinct buckets of funds. They raise a distinct fund that has a mandate to go invest over a period of time with certain constraints around the size of the investments and types of investments. And they had invested five and a half years ago. And that investment's time horizon, well, while there's no fixed date to it, was getting to the tail end of that particular fund and when those investors needed the return of investment dollars. And by the way, most of their investment dollars come from pension funds and endowments, and those types of organizations that are deploying their resources to earn a return for their future obligations. Nonetheless, they were at the tail end, but they had a lot of confidence in the future of this business—the future of independent pharmacy, the opportunities to expand to provide more services and capabilities to their core customer base.

They didn't want to exit the business. But at the same time, they needed to manage that dynamic with this particular fund. And what they did was effectively sold their shares from that fund and repurchased their shares in a brand-new fund that they had just raised. It basically just extended the time horizon at which they can be involved with the business, and the long side of that, because we have this vision of investing in a variety of other capabilities. They certainly could have funded it all themselves, but they decided to take a co-investor partner.

And we went out and talked to a lot of different groups and had a lot of interest. There's just a lot of confidence in both this business and this space in general. Then we selected Leonard Green to be that partner; they're a co-investor. They're an equal investor with Francisco Partners. They're a great partner, as well. They've proven to be, really, a terrific advocate for the business and tremendously helpful,

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alongside Francisco Partners.

Host: Yeah. It seems the takeaway on that is that RedSail Technologies was proven, and Francisco Partners not only didn't sell but doubled down on their investment. That's a great outlook. So, one of the things that I hear in pharmacy is that profit isn't a four-letter word. We all go to work for a variety of reasons, but at the end of the day, making a profit drives business decisions from top to bottom. In private equity and in the RedSail Technologies structure, how are they able to balance the financial goals of private equity with serving independent pharmacy and keeping a grassroots connection?

Andy Mauer: Fair question. First of all, the business doesn't pay dividends to the private equity firms or distribute profits or anything. All the investment, all the profits that the business makes get reinvested in the business. And that's been the case for the duration of Francisco Partners involvement. It's the case today. Because we have probably more growth opportunities than we have, frankly, dollars to invest in them. We've got to make trade-offs. And we want to preserve all of the dry powder that we can to make those investments.

Growing a healthy business, RedSail being a healthy business and a growing business, is good for our customers. We can see the alternatives. There are several examples out there where the businesses are struggling. They're shrinking or losing customers. And they then make choices that negatively affect those customers. They don't invest in support. They don't build new features. They don't have integrations. They don't have all the things that we're investing in every day that flow down to the customer experience and ultimately the health of the customer's business as well.

And for us, being a business that can provide great support, that can invest in new features, that can invest in new integrations, etc., is really important, and it provides value to the customer. Separately, our business has been growing very healthy. It has had a healthy rate of growth, but it's been coming from adding customers, people choosing retail products and services—as well as from the ability to expand the portfolio of what we're doing and people opting into those additional capabilities. It isn't coming from us, in general, taking pricing increases. There are certain parts of our business where we've held prices perfectly flat for the duration of Francisco Partners ownership. There's some where we've had to pass through prices from third parties' computer servers and stuff when we're at the whim of Dell and others.

Where we can, we've been holding prices flat, or frankly, even lowering prices if you look at what we've announced recently with credit cards and RedSail Pay. That whole investment was to be able to provide customers with lower prices than what they're paying today. Our growth is not coming at the expense of customers. It's bringing new dollars into the ecosystem. It's expanding capabilities to provide more options for customers. And then they can choose whether those options provide value for them or not. And that's probably a long answer to a very simple question—ultimately, the business is growing. The private equity firms obviously want to see it grow. And they're depending on it to grow and holding me accountable to make sure that happens. But they're not, there's no pressure to grow at the expense of our customers, where we win, and they lose. It's we win, and they win. And that's been the case for the duration of their ownership.

Josh Howland: That's important and frankly the reason why most of us are here, right? We believe in independent pharmacy, and we believe in the practice of pharmacy. And we're very cognizant, at the end of the day, our customers need to be healthy for us to be healthy, and they need to have patients for them to be healthy. It's a nice case of everybody has aligned incentives. And I think that was super important, what Andy just said of not growing at the expense of our customers. Right? Our goal is to grow our value

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to our customers. And that's what makes us healthy.

Host: Yeah, for sure. Josh, last time we we talked, we really focused a lot on the PMS platforms that are available. I don't want to spend a lot of time talking about those, but just in case somebody didn't listen to the episode, can you just give me an overview of the pharmacy systems RedSail Technologies encompasses and maybe a little bit about that strategy.

Josh Howland: What we started calling the strategy, I don't know, six years ago now—and we've never come up with anything better—we call it the hamburger strategy. The meat of that hamburger is the pharmacy management system. In this case, we've got QS/1, which is a retail and long-term care option, now we have BestRx as of last March, PioneerRx, and we're working on and currently in the beta stage of Axys, which is our cloud-based, multi-tenant solution initially for long-term care, but built to go into enterprise-type environments.

And our goal there again is to grow those platforms where appropriate and say, I don't care what meat you like. If you want turkey, you can get turkey, or you can get beef. But the important part is those systems work with all of the other types of investments and tools that we're working on building right now. If you take PioneerRx and PowerLine and RedSail Pay, all of those things work phenomenally well together. But they could also work in separate and independent spaces as well. I think that part's important. But at the core of that, you won't see us coming in and saying we bought BestRx, let's just swallow it into the bigger PioneerRx. There are absolutely valid reasons why a pharmacy would perform better on BestRx versus PioneerRx and vice versa. Our goal is to make sure that the pharmacies have the right tools available to do the jobs they need to do.

Host: Yeah. And funny, I was talking with my neighbor who's a dentist last night, and they were asking what I do, and I was explaining the trade shows and the different pharmacy systems. And he said some dentist offices are being forced to get on certain software. And I said, sir, they would go back to paper before being forced into any software solutions.

Andy Mauer: I will add one thing to what Josh said, just to tie back to one of our earlier discussions or one of the other points. Josh mentioned that Axys is our new platform that's coming to market here soon. And as Josh mentioned, that's a new long-term care solution. But just in full disclosure, we've spent over $30 million developing that from the ground up. And that's an investment that private equity funded. And we've made zero return on that. And obviously we've got to build the best mousetrap and win business once that product is launched, and that's what we've been focused on. But that's the type of investment that Francisco Partners and Leonard Green have enabled and funded. That would not have been possible for QS/1 or PioneerRx or any of the components of RedSail on their own under previous ownership. It's a good illustration, one of many.

Host: Yeah, I think that's one of the big fears when people think about private equity is just running very lean and cutting wherever possible, not necessarily making that huge technology investment. To try to come out with a new software, it's such a big undertaking. Sometimes that doesn't even fully roll out or rolls right back. And without the resources backing Redtail Technologies, it's amazing that anyone is able to actually get one to market with all of the challenges that are involved in that.

Josh Howland: And it's one of those things where if building a new pharmacy management system was easy, there would be a whole bunch on the market. And it's even owning others to look at and say, how did this work and how do you change it? Building a new one's hard. And for the private equity firms and

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leadership teams to give that runway, it's bonkers. Sometimes I wake up, and I don't know. If you'd asked me five years ago, can you do it? I would have said, I don't know. And that's a lot of faith and a lot of dollars to put in behind something. And the nice part is all of the technology that we're using to build those things filters down into other areas, right? For example, a lot of the stuff that we're building, BestRx and PioneerRx today use a lot of those web-based services. You're starting to see the fruits of all the investments that we've made on Axys filtered down to your PioneerRx and your BestRx and how we build apps going forward and things like that. It's a long-term strategy that makes a ton of sense. And Andy's right—we would never have been able to do that.

Host: I think that there's probably much of that foundational development that goes on behind the scenes that maybe the end users can't fully see in their day to day, but it's an amount of time and effort and money going into building that solid foundation that all of those technologies can grow from. You mentioned some of the other products outside PMS platforms, and I think that's where it really gets exciting. With RedSail Technologies, you get to see not only the software brands that you're familiar with grow and flourish and find new ways to serve. But other products can be used with those and can be used even with some other PMS. And it's really interesting, you mentioned PowerLine, which I feel last year really got to shine, given all of the security issues and switch issues we had last year when our customers were still able to transmit claims. I feel PowerLine is probably one that most of our pharmacies are familiar with. Andy, can you tell me a little bit about what the big picture for having a private switch would be?

Andy Mauer: We've only scratched the surface, right? We've got parity with Relay and Change as far as the switch having the same capabilities and vouchers and edits and so forth. But there's a variety of things that we can do and that are on the roadmap for development that pair the pharmacy management software with the switch in innovative ways. And some of those are to drive value for the pharmacies, and some of them are to bring in dollars from pharma to help provide additional revenue streams to pharmacies.

I'll give you an example of something that's under development right now. We launched RxCash+ last year, which is a cash management capability, because many of our pharmacies, frankly, do a pretty poor job of keeping up with what they should charge. And one other thing that's emerged and continues to grow is how often PBMs are partnering with discount cards. And they're automatically shunting prescriptions from the normal adjudication process to a discount card. And then of course, there's a negative rebate to the pharmacy.

Well, of course our pharmacies don't like that for obvious reasons. It's nonsense. And one of the things that we are developing is the capability for customers that want to auto-reverse those and rebill them as cash. And it doesn't change the price paid by the patient, but it eliminates negative rebate. And we'll be launching that. But obviously we can't do that if we don't have our own switch. And that's likely to come out later this year or early next year. It's still being developed and engineered, but those are the types of things that, frankly, you can't do without having PowerLine because it relies upon the technology that exists in that network.

And then there's other things that we're doing with pharma. For example, when vouchers are applied automatically, the drug company doesn't really get any credit. There might be information in the remit that the pharmacist or the tech isn't going to read because they're busy filling prescriptions. Obviously the patient isn't aware. And the drug manufacturer doesn't get a lot of credit. And frankly, they're probably

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willing to compensate pharmacies to provide them credit, in terms of making patients aware that AstraZeneca or Pfizer or whoever paid for part of the copay. And again, pairing the PMS system, whether it's BestRx or QS/1 or PioneerRx, with PowerLine, we have the ability to start to do some of those things. And we're having those conversations.

Host: With the switch, I think that's important, the ability to rebill those. In 2024, we saw many pharmacies getting hit with those. GoodRx and all these different programs are happening behind the scenes, and then two months in, pharmacies realize, oh man, we've lost so much money. They have to manually look back and find those and review those. I think it's really neat to see how PowerLine is going to continue to grow and bring those new services.

The other thing you mentioned was RxCash+. And it's funny that pharmacies spend every claim trying to get fair reimbursement. And when they are given the opportunity to set their own price with those cash claims, a lot of times pharmacies have again oversimplified price schedules. And usually, you said, they're not charging too much. They're undershooting market value. Because one simple equation just isn't going to work across all of your indices in the pharmacy. That's definitely something that I think is overlooked but is a huge opportunity just to stay relevant and make sure that you're not cutting yourself short. I've seen a few different pharmacies share their experience with that. Can you share some of the feedback that you've gotten on how pharmacies are seeing a change in their cash flow?

Andy Mauer: Some prescriptions that all RedSail customers fill are cash. And when I say cash, I'm talking about pure cash, not discount cards, not anything paid for at all by any third party. And that percentage has actually, if anything, gone up a little bit over time. And what we have found is it's not a consistent underpricing or overpricing. There are instances where customers are overpricing, and there's many instances where they're underpricing. And when I say underpricing, I'm talking about what the underlying cost of the drug is, their labor and overhead cost of filling a prescription, and then what other pharmacies are charging.

And there's all sorts of reasons why you might want to be the low-cost provider or the high-cost provider or in the middle. But it's a lot of work to maintain that. And we've seen, especially with organizations that have a decent number of pharmacies, that they've got dedicated people spending time trying to manage that manually on an ongoing basis. Our average customer on RxCash+—Josh, keep me honest here—I think will apply whatever formula they decide they want to apply; we can do a bespoke set of rules for individual pharmacies. Their price goes up about three bucks per prescription for cash prescriptions. And that may not sound like a lot. But obviously depending on your volume, and that 20% of volume holds true or whatever percentage it is for your pharmacy, that can be tens of thousands of dollars per year, which of course falls directly to your bottom line.

And for us, messaging that to pharmacies, it's hey, there's a pricing opportunity here, not to gouge your patients but to just be in line with the cost of doing business, the overall cost that other pharmacies are charging for the same prescription and the same services. And when they see that, it's a straightforward value proposition. That's very compelling. And frankly, the biggest reason people say that they don't opt in is, oh, I've got cash prices already set. There's a cash price loaded in PioneerRx, I don't need this. But the reality is that there are few customers consistently managing cash prices in a way that aligns with the market trends.

Josh Howland: They're ensuring that they're getting reimbursed appropriately for vaccines with administration fees and things like that. And yet they set their price for cash once and forget about it. With

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all of these things, you're running a low margin business these days; all the juice counts, right. And that's where the RxCash+ program comes in. You don't have to constantly be thinking about how you're changing your cash pricing. It's just like Medicare pricing rules. They get updated twice a year. Somebody has to load them. And if you don't load them, you're leaving a huge amount of dollars on the table. But it's the same concept.

Host: I think RxCash+ is something that hopefully all of our PMS users are familiar with and have heard that messaging. Is it out? Is it available outside of the RedSail ecosystem currently?

Andy Mauer: Yeah. You don't need to be on a RedSail pharmacy software. We have customers that are on other softwares that are using it as well. We've focused our marketing efforts towards the retail base, and we've organically picked up customers that were outside of RedSail. It would work with any pharmacy. And it has, I think, the same value proposition, regardless of what software is being run.

Host: Nice. Good to have an easy button; just add a third party, fire it off, and just process it like any other any other claim.

You also mentioned some things happening at the switch as far as working with branded drugs. And I think that's another area in pharmacy that has almost gotten a negative connotation, where the opportunities with branded drugs may seem like there's a limited reimbursement model. How is RedSail Technologies trying to improve that atmosphere and turn the tides on brand-name dispensing?

Andy Mauer: I would say there's three different things we're trying to do. One is that obviously vaccines are branded, and we run a variety of programs on behalf of pharmaceutical manufacturers for vaccines. The math is, I think, pretty straightforward, right? If you have patients in your pharmacy that meet the criteria and should be vaccinated for shingles or RSV or pneumococcal virus, all of that drives additional revenue and positive margin for your pharmacy if they're getting vaccinated in your pharmacy. And if the manufacturer of those vaccines is willing to pay for programs to promote vaccine administration and specifically target your patients and you opt into that, I think that's a good thing. And our data shows that those pharmacies that are opting into those programs and executing messages to patients, fill more vaccines or administer more vaccines and realize revenue as a result.

As it relates to the broader branded category, there's a couple of things that we're doing. One is, there's a growing number—and I think we're just scratching the surface of the size and scale of this—but there's a growing number of branded manufacturers that are willing to do programs that compensate pharmacies in some small way around adherence and other types of initiatives to drive certain patient behavior. It's an opportunity to have some new revenue from pharma. And obviously we're going to continue to push them to compensate pharmacies more and more for that. And that's one category where there's some new dollars flowing into pharmacies. And again, we can't force the pharmacies to participate. It's incumbent upon all the retail customers to actually take action on those programs.

We're also just starting conversations with various pharmaceutical manufacturers about direct purchasing opportunities and other ways to potentially buy at perhaps more advantageous pricing. It's a little bit of a crapshoot because everyone pays slightly different prices right now. We're trying to make sure that if we do launch these programs, that it provides value for substantially all or the vast majority of our customers. I'd say that those are three categories where we're trying to bring either revenue or cost savings.

Host: Josh, can you expand on that second option? What that looks like at the pharmacy level? What the

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PMS users are seeing, some various workflow alerts. What does that mean at the pharmacy level as far as bringing in additional dollars but also proving the value of independent pharmacy to maybe free up additional dollars down the line with some of those manufacturers.

Josh Howland: Most of the things that we've seen so far that are coming up in the pharmacy systems are around driving vaccinations. Giving an employee, typically a pharmacist, an alert saying, hey, Josh walked in, it's time for a shingles vaccine. Here's some information around it. Now we all know that there's an adoption curve, right? Some people are going to be banging down your door to get that vaccine. Some people are going to only take one time to be asked and they're yeah, sure, I'll do it. And then there's a larger portion of the population that they're not vaccine hesitant, they're busy, they're whatever. And it takes two or three times to ask them. And those alerts are just saying, hey, ask Josh about a shingles vaccine. The whole point is if you get one or two of those reminders, then you get that vaccine. The shingles vaccine itself drives a decent margin for most pharmacies. The administration fee drives some positive revenue for them as well. And that starts to set the habit, right.

What we want to be able to do is put enough of those things that matter in front of the pharmacist to take action on. Remember, pharma has anti-kickback regulations; that's a regulated part. They have to be very careful about what they can pay for. They want to be able to move a pharmacist. The goal is to sell the right drug to the right person. They want to be able to pay people to do that. And those are the types of avenues that we build to get people in the habit, when you see this alert, you take an action and those types of actions can drive positive revenue.

Host: I would definitely try to harness that same spirit of proving your value. Pharmacies want to get paid for the work that they're doing, and this is such a great opportunity to prove that value and encourage additional payment sources outside of the PBMs' reach through additional channels. It's pretty exciting to see. I would just encourage pharmacies to be early adopters to help with that movement.

Josh Howland: To add to that, one of the things that we were adamant about is that those types of interactions aren't different from the way you handle a care planning session with the patient. They're not going to be different than how we build other tools in the future. To have a pharmacist or a technician do something on behalf of their patient, it's all going to be in workflow. It's all going to be the same thing. You don't have to jump to a separate portal, or you don't have to have a separate screen open. The goal there is to drive value to the pharmacy without interrupting or causing disruptions to their normal workflow. Again, that's an area where it's really important to own all of those things in one spot, because we can program that into BestRx. We can program that into PioneerRx. We can make APIs available to other pharmacy systems to be able to do those types of things, but it has to be done in workflow.

Host: Moving to another product that you mentioned… I think every pharmacy can really look for ways to generate income, new ideas. It's really fun to go to trade shows and see something shiny and take it back and want to implement it. But there's some fundamental services that you have at every single pharmacy, every single business, really, where you can move the needle. A big one would definitely be payment processing. Andy hinted at that earlier. Andy, can you tell me a little bit more about what's happened in the past week or two?

Andy Mauer: Last week, we announced RedSail Pay, which is something we've been working on for a while. But it's ready to launch now. The concept here is that all of our customers have to take credit cards and debit cards in some form. That whole industry, as I've personally gotten more educated about it, is opaque. The fees and the surcharges and the surprise compliance paperwork that has short turnaround

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times and so forth is just hugely disruptive and hugely costly for our customers. And unlike the big chains, our customers are typically not in a position to go out and negotiate great credit card rates on their own. They get, frankly, taken advantage of. They get charged fees that are well in excess of what other merchants are paying for similar volumes. It becomes a huge cost of doing business. It is a category where that vendor wins and the pharmacy loses, that's it. That's the math.

We had it on the road map for a while that this is something we should do something about. We had looked at a bunch of different options. We had looked at working with existing vendors to lower rates. It just became very obvious they had zero interest in doing that. We made an investment at the end of 2024 in a business called Emporos. We acquired Emporos in October. We bought them for two reasons. One is they've got a phenomenal point-of-sale platform that'll be used with Axys going forward as that product launches. Separately, they had the ability to process credit cards and debit card payments. We've had to do a bunch of work to integrate their platforms into PioneerRx, BestRx, and QS/1. But it's ready to go.

The message to the market and the message to all of our customers is, no matter what rates you're paying, no matter who your credit card vendor is, we will lower it. And that is direct savings to your pharmacy and your organization, and it helps to further that mission of what I talked about earlier. We're investing in the business in ways that the pharmacy wins. We hopefully can remove some friction with the outside vendors, some hassle factor. Or we can lower rates for the customer so that our businesses are healthier, and that's good for both of us. The only one that's not good for is the external vendors. And that's just fine with me.

We've got great uptake. It's been a source of a lot of frustration and support calls and so forth, historically. We launched last week, and I think so far, we've got almost 450 pharmacies opted in, which is phenomenal. It's the fastest growth rate of anything we've launched in the history of RedSail. But there's a lot more work to do. And we will continue to do a lot of marketing, and you'll hear us talk about it at the Connect Conference. We hope that the savings is compelling, and the handful of customers that I've looked at personally, we've provided savings that are in the tens of thousands of dollars in some cases per year. Hopefully that is seen by the market.

Host: If I'm a business owner, I'm constantly looking for ways to save money. But I'm also going to be looking for tried and true technologies that are going to be consistent. What would you say to a pharmacy owner who's maybe hesitant because this is a brand-new credit card processor? Maybe I need to give them some time to get the structure down. Is it a brand-new entity, or is this something that's been pressure-tested out in the field?

Andy Mauer: We said, hey, should we just hire some people and figure out how to build this ourselves from scratch? And we could have done that. I'm sure we could have; it would have taken a lot longer, though. It would have been a lot more work and a lot more hassle. We decided that the better option was to go out and acquire a business that had been successfully doing it for pharmacy. They're a great business, great management team, great broader team. They have a significant number of customers that were not RedSail customers that were doing payments through them already, all pharmacies.

They know pharmacy, they know things like HSA and FSA and all of the intricacies that surround payments in pharmacy specifically. And this is not a new capability. What's new is the integration between the Emporos platform and the PMS systems and the point-of-sale. From when we acquired Emporos till now, it was five months' worth of work to do all the technical integration. But the capability itself has been working a long time on Emporos' side.

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Josh Howland: You're not getting a new point-of-sale or a new sig pad and all this other stuff. You're literally changing your contract and using all the same equipment you had before. We know that equipment works because we've got 12,000 pharmacies.

Host: Again, I think that speaks to the investment in technology. Because it would probably have been much easier and more profitable to say, you have to purchase a new sig pad with the encryption. It seems a lot of work went into integrating existing technologies. And again, the easy button probably would have been, oh, you have to buy a new signature pad.

Andy Mauer: Easier button would have been for us to do nothing and not make that investment. It was clearly a pain point for our customers. We want our customers to be as financially healthy as possible. And this was low-hanging fruit, us being able to move the needle on your businesses, on your bottom line. Every dollar we save you in credit card processing, there's a dollar that goes right to your bottom line.

Host: We're already creeping up on time—I could keep you guys here for another hour. But looking at those products that we've added far, I probably wouldn't have predicted a couple of those. Is there anything interesting on the horizon that you can share?

Andy Mauer: We're going to spend a lot of money this year, and in 2026 and 2027. We're going to spend it in two ways. We're going to build a bunch of things organically. Obviously, we're continuing to invest in Axys. The launch of that is going to be significant. If you're a long-term care pharmacy and you're on PrimeCare right now, it'll be going from a Chevy to a Ferrari. There's that much difference in terms of platform and capabilities and the usability and so forth. That's a major initiative for us. There are several others that we're working on internally.

I'll spare the details of inorganic, meaning acquisition-wise, but we're going to do a bunch of things there. Two I'll highlight. One is, personally, I've been a bit underwhelmed with what we've done historically in terms of apps, and we've got a little bit of a mess in terms of a whole variety of products we've acquired over time. But we have really integrated. And we've got many products that overlap in the market. They all have great features. They all have things that people would improve upon. And we're gonna look for best of breed in a variety of categories and either build or buy best of breed. You should expect that over the next 24 months as a customer, the capabilities that we have with apps and add-ons and integrations—the level of quality is going to improve markedly. And again, I'm not trying to disparage what we've done historically. I think that's one area where we have not been industry-leading in many ways, and we can be, and we will be, and we'll do some stuff there.

And then the other category—and this is my personal pet peeve—I frankly think e-prescribing and Surescripts have been exploitive as well. They're just as bad as the credit cards. It costs way too much for e-prescribing. And they've had a monopoly forever. We're going to make some investments to try to disrupt that monopoly. I'm not going to be shy about saying that out loud. And I would say that with them specifically, the second largest cost of us doing business after payroll is buying scripts, e-prescribing. And that's ridiculous. We're going to make investments there to stand up a competing e-prescribing network and move as much traffic to a lower-cost network as possible for our pharmacies. And when we're successful, that will result in lower e-prescribing costs for all of our pharmacies as well. It's another area where there's an incumbent that has just gotten fat and happy at the expense of our customers.

Host: I was hoping to get a strong, hot take out of this podcast, and I think we just landed one. Josh, let

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me put you in the hot seat from the pharmacy software side. Is there a need, is there a product or service, or is there something on your wish list on your side of the business that you would really like to see?

Josh Howland: I want to caveat it with, all the things that Andy just said are in addition to the investments we've already committed to making across the PMS platforms and making support better. I've been going around calling this year the Big Fundamental, like Tim Duncan, right. We're just going to focus on speed, stability, and interfaces that our customers use every single day.

The only thing I've got on my wish list, and this was my personal wish list, and the dev team is running with it because it's really exciting, is just automating a lot of the mundane things that pharmacies have to do. The fact that we're still using faxes in 2025 is silly, but it still exists, right? Being able to take faxes and convert them into electronic prescriptions, for example—we're actually in QA on a product right now to be able to do that. And then my dream is to be able to automate data entry to 90-plus percent, to be able to take it from an electronic prescription, apply AI and automation to that, and be able to take it all the way through adjudication. And we're actually inching closer and closer to that. If I can knock out those two and keep us stable and upgrade our interfaces this year, I think I'll be happy.

Host: I think I've got time for one more question here. I've got to think about the future from the standpoint of pharmacies that are using technology every day. It's constantly evolving. Just this year, we had to pivot quickly for some requirements, and there's so many things constantly changing that it's hard to know what's coming next sometimes. But we see some things that are very clear, like the demographic shifts in patient populations. How does RedSail Technologies plan to future-proof our pharmacies, what do you see coming down the pipeline, and how do you see RedSail Technologies being prepared?

Josh Howland: Everything gets outdated and end of life, right? On a long enough time frame, that's true. If that weren't true, we'd all still be using the IBM 486 DX Turbo that I had in 1995. Axys is part of how we future-proof the pharmacy. And by investing in technologies and capabilities and interfaces and things like that. The other is simply a lot of the features that build across with PowerLine and working with pharma and looking at how we interact with payers. The future of pharmacy isn't dispensing a commodity, right? Drugs are going to be around, but they're going to keep getting cheaper and cheaper and cheaper. And playing the same spread game isn't something that's going to be viable 20 years from now. Pharmacies have to be able to drive revenue and value from other places. And I think we're taking a lot of big swings. I don't think all of them are going to pay off—but the fact that we're taking those swings gives us hope that pharmacy can be successful.

Host: Absolutely. Good answer. I know you guys have a lot going on with the whole crew of the RedSail Technologies team behind you. I'll let you get back to your day. Thank you so much for joining us. Look forward to having you come on again. Maybe we can do this again in six months or something.

Andy Mauer & Josh Howland: Thank you.

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