

MANAGEMENT

It's not enough just to invest in technology



JIM BADTKE

Q. Will portable oxygen concentrators and other non-delivery oxygen technology really help me reduce my employee and delivery costs?

A. We get this question a lot from our clients, especially since manufacturers claim providers can save \$50 to \$60 for each delivery these systems eliminate. When you multiply this amount times two trips per patient per month, that promises significant cost savings—savings that will more than offset the high acquisition cost of this new technology. We've seen companies use these oxygen systems to great success. However, if you are not careful—especially if you're an older company with an existing inventory of standard oxygen equipment—realizing the necessary savings may be easier said than done. It's not simply a case of buying this new technology and sticking it out in the field. An established company with 500 oxygen patients, for example, has hundreds of thousands of dollars invested in drivers, equipment, portable tanks and vehicles. If they buy 10 alternative oxygen systems, how are they going to save \$1,000 to \$1,200 per month in expenses to offset the additional cost of the new systems? Eliminating deliveries to 10 patients doesn't allow them to cut back a driver or sell any of their vehicles. They have saved some money on portable tank refills, but certainly not \$1,000 per month. The rest of the savings come only if the employee time saved is used for additional deliveries or when enough of the systems are deployed to eliminate a driver and vehicle. Without careful management, the bulk of the cost savings will be lost to drivers working a little slower and doing one less delivery per day. These new systems have the potential to increase profitability. Just keep in mind that realizing that potential requires a commitment. To create a new, leaner organization, you need to embrace these new technologies in scale. **HME**

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