



Firms chosen for cash infusion

Certified pharmacy technician Elizabeth Barber works on a prescription the traditional way at New Day Pharmacy. New Day also is promoting a new method of providing drugs that it says will keep medication and money from being wasted. (JOHN PARTIPILO / THE TENNESSEAN)

By Bonna Johnson
The Tennessean

"This company is clearly right in the sweet spot of what the TNInvestco program is all about," said Dennis Bottorff, co-founder and managing partner of Council and Enhanced Tennessee Fund, one of six TNInvestco firms approved by a state review process to transform state tax credits into venture capital cash. It put \$350,000 into New Day Pharmacy -- a firm that Bottorff calls potentially "a truly transformational business."

Bottorff, a seasoned banker and newly named Tennessee Valley Authority chairman, also is co-founder and managing general partner of Council Ventures, a separate investment fund that also put money into New Day Pharmacy.

Bottorff serves as chairman of New Day's board of directors and did so when his state-sponsored venture capital firm made its six-figure pledge to New Day.



Ed Mercadante is CEO of New Day Pharmacy, which got an infusion of cash from a state-sanctioned venture capital fund. (JOHN PARTIPILO / THE TENNESSEAN)

Changing status quo

With its new capital, New Day Pharmacy is poised to move from the start-up and proof-of-model stage of business into hyper-growth, said Mercadante, the firm's CEO.

Already, four employees are being added to a staff of 25, and an initial plan to expand to two more states has been tripled to six states. Also, the pharmacy will go from two shifts per day to a 24-hour operation in a few months, he said.

In addition to short-cycle dispensing, the pharmacy provides its clients with automated dispensing machines stocked with more than 300 of the most highly utilized drugs in nursing homes.

Three other companies also use the short-cycle model, Mercadante said, including one in Houston that also has a similar dispensing machine.

Yet, within the \$14 billion nursing home pharmacy industry, half the market goes to two large companies that follow a traditional model of dispensing medicine, Mercadante said.

"This company in our mind clearly had an innovative approach and real opportunities for growth," said Bottorff, who plans future investments in New Day.

On top of all that, the way New Day dispenses drugs is exactly what the new federal health-care reform law calls for, Mercadante said.

Medicare is the largest payer of nursing home medications.

At New Day's Linbar Drive facility, pharmacists and technicians busily fill orders from nursing homes in four states, and an automated robotic dispensing system wraps the medications in unit doses with directions for seven days, not the typical 30-day refill.

"It's really a transformational process that is enabled by technology," Mercadante said. "The best part is that it reduces waste and saves money, and it helps improve quality."



Dr. Jonathan Holder, left, and Dr. Robert Marx check prescriptions on the TCGRx machine, which dispenses drugs for 7-day periods rather than 30-day periods.

(JOHN PARTIPILO / THE TENNESSEAN)

