



# **Retail healthcare is evolving:** Here's what it means for facilities management

# Retail healthcare: The state of the industry

Big things are happening in retail healthcare. The clinics and health centers within this industry, which are typically located inside retail stores, focus on less urgent healthcare needs that people can address at their own convenience.



Major retailers are taking notice of the potential within these clinics and centers. They're expanding their footprint in the industry, and first-time players are coming in to take advantage of opportunities within the sector.

Taking their cue from customers who want more personalized healthcare in "one-stop shops," retailers are taking a multipronged approach with their healthcare delivery investments, resulting in everything from opening new clinics and facilities to offering telehealth and prescription delivery services. And these investments will have a major impact on facilities management.

## Who's Investing in Retail Healthcare?

### Amazon

Expanding its hybrid Amazon Care model from nine cities to 20 cities throughout 2022<sup>1</sup> and purchased primary-care company One Medical in July 2022<sup>2</sup>, which acquired Medicare-focused primary care provider Iora Health in 2021<sup>3</sup>

### CVS

Investing in primary care and new payer solutions through 2025<sup>4</sup>

Also investing in HealthHUB offerings to combine MinuteClinic local care, CVS Pharmacy, and CVS Health-branded products<sup>5</sup>

### Startups

Digital health startups raised \$29.1 billion across 729 deals in 2021<sup>6</sup>

### Walgreens

Investing in 1,000 new primary care practices through 2027<sup>7</sup>

### Walmart

Opening 4,000 "health supercenters" in the United States by 2029<sup>8</sup>

# Three reasons why retailers are expanding right now

## 1 Evolving demands

As costs keep rising in healthcare, people are becoming more hands-on. They want better, more personalized service and support from their providers, and they want more convenient options to find care.

These demands are challenging traditional notions of what healthcare looks like. It's driving the creation of new business models, products, services, and delivery systems. It's forcing existing players to explore how they can expand their locations and hours, as well as patient access to diagnostic tests and other medical services, all while lowering their fees. And these shifts are encouraging new players to come into the sector.

## 2 A push to increase foot traffic and maximize cross-sell opportunities

People relied on telehealth services early in the COVID-19 pandemic, and providers pivoted their resources and investments to drive online services. But people are ready to go back to in-person visits — and they expect providers to respond again.

This is challenging providers to not just look at the factors that will get people into their facilities versus their competitors' facilities, but to also find new opportunities for people to take advantage of a growing range of services and products once inside.

## 3 Technological advancements

People want care that's uniquely personalized to their situation. With advancements in technologies such as cloud computing, automation, and even artificial intelligence and machine learning, providers have more opportunities than ever to use technology to help deliver richer, more personalized experiences.

In 2020, healthcare spending in the U.S. reached **\$4.1 trillion** — averaging about **\$12,500 per person.**<sup>9</sup>



# How will these changes impact facilities management?

## Special retail healthcare considerations



### Specialized equipment

Equipment calibration is tied to manufacturers' recommendations, unless defaulting to optional accreditation standards



### Room standards

Ensures all patient-facing rooms meet industry and regulatory requirements



### Qualified/certified service providers

Must be fluent in industry standards and regulations



### Additional risk and compliance standards

Includes radiology boards, service provider credentialing, and laboratory inspections

As more retailers build their own versions of “one-stop shops,” there will be renewed focus on creating and expanding offerings through in-store pharmacies, healthcare clinics, laboratories, diagnostic centers, prescription delivery services, and more.

Facilities management plays a critical role in executing the quality of care that people experience in this sector. Teams must be ready to respond by:

**Maintaining facility appearance.** Our research has found that 82% of customers won't enter a retail space in disrepair. And if that many customers won't come into a disheveled retail space, imagine how many people won't come into a disheveled healthcare space. How well your facility is maintained is a major factor that not only invites people into your facility, but also encourages repeat visits and builds loyalty.

**Supporting consistent, high-quality care.** People expect that when they're in a healthcare facility, the staff will be focused on providing them with quality care, not troubleshooting issues or doing repairs and maintenance (R&M). According to our own research, staff should be able to request service in less than five minutes so they can focus on patient care. Facilities management must be prepared to quickly address and resolve any equipment or facility issues that would prevent staff from delivering quality care.

**Offering visibility into costs and performance.** Our research shows that healthcare retailers often spend 80% of their facilities budgets with third-party service providers due to their distributed geographic footprint. Plus, facilities have traditionally been managed in silos with each location responsible for its own activities. This makes it difficult for management to understand their costs or performance. But with more technology available to break down these silos and offer consistent visibility, this is changing.

# Retail healthcare providers want to expand their footprints, not their stress

Providers must strike a balance between meeting standards throughout their expansion and ensuring that their facilities provide quality care.

## Top 5 trades for spend and work orders

TRADE	SPEND % OF TOTAL	WORK ORDERS % OF TOTAL
HVAC	17%	13%
Janitorial	15%	38%
Plumbing	9%	6%
Medical equipment repair	8%	10%
Electrical	6%	5%

If facilities management can't keep up with the growing needs of the healthcare sector, the medical services that patients demand may not be delivered.

## Additional considerations

Facilities management needs to fully understand R&M costs for new healthcare locations so they can help Finance create budgets. They need to compare costs for new facilities against one another to quickly identify and address the outliers.

The healthcare sector also needs specialized medical equipment and supplies. From surgical tools and imaging equipment to autoclaves and air compressors, these assets must be maintained on a consistent schedule, properly serviced, and quickly repaired.

If facilities management can't keep up with these considerations, the medical services that patients demand may not be delivered. And with growing healthcare investments by retail brands and competition, it's unlikely those patients will return to your facilities to receive care.

# How can digital transformation help facilities management in retail healthcare?

The COVID-19 pandemic has been the catalyst to digitally transform industry after industry. In a survey of global executives, McKinsey found that companies had accelerated their timelines for digital or digitally-enabled products during the pandemic by an average of seven years.<sup>10</sup>

But retail healthcare has been late to the game with digital transformation. Although the pandemic helped accelerate it, many facilities are still woefully behind. In fact, the McKinsey Digitization Index rates healthcare as one of the least advanced sectors with digital transformation.<sup>11</sup>

But with new innovations, legislation, and cross-industry partnerships happening in the sector, there are incentives to make the digital-first transformation.<sup>12</sup> How so? For those responsible for maintaining operations and ensuring patient satisfaction, digital transformation can help ease the management of these facilities.

Teams don't want to track or file paper trails of work orders, maintenance logs, and other important assets. Instead, they want to access everything from a single, accurate source of information. They want not only digital records that prove the safety of their care facilities, but also to access digital support that makes it easier to maintain compliance and have predictable maintenance and replacement schedules for specialized medical equipment.

Without the support of technology and automation, it will be next to impossible for facilities management to manage everything that retail healthcare providers require as they expand their services. And most require a partner to adopt and deploy these technologies as they continue to evolve.



Teams want to access everything from a single, accurate source of information.

# Find the right partner for peak facility performance

For facilities leaders in the retail healthcare sector to support growth, they need the right tools and technology that enable their facilities to reach peak performance.

When leaders know that customers are taken care of in every location, and that their teams can deliver on all of the unique needs that retail healthcare facilities have, only then will they achieve true peace of mind.

There are so many considerations within the sector that having an experienced, trusted partner with the expertise, tools, and technology will make it easier to reach this peak — and stay there.

ServiceChannel is that partner. We help facilities and operations teams ensure that their locations offer the best possible experiences for patients and employees.

Our industry-leading facilities management platform offers a single source of truth that customers can rely on to monitor and improve facilities performance. Plus, our customers have access to a Service Provider Marketplace that connects their business with top performers, and professionally managed services to maintain a safe environment.



## \$10-\$30K

**Our research indicates that the typical dental office spends between \$10K and \$30K annually per location on R&M.**

## -22%

**ServiceChannel customers can reduce their R&M costs between 18% and 22%.**

# ServiceChannel in action: What we've helped our customers achieve

With a track record of healthcare, ServiceChannel understands how to best serve these types of organizations and address the issues they'll face in increasingly competitive and regulated environments.

*Here's how we've been helping some of our customers in the retail healthcare sector.*



**Partners with ServiceChannel to streamline maintenance for over 2000+ MinuteClinics.**



image source: CVS.com

## National healthcare delivery chain

### Initial challenges:

Properly and efficiently maintaining a range of equipment, from highly sophisticated X-ray digital machines and developers to plaster traps and several medical and dental supplies

Offices not knowing where to send equipment needing repairs or who to call for servicing

### After partnering with ServiceChannel, they're:

- › Speeding up service turnaround times
- › Saving money on equipment management and supply stock
- › Boosting quality of service



**"ServiceChannel engaged our service providers so that we could focus on high-value work while automating low-impact tasks. It gives us accurate, real-time, unbiased information on our contractor performance so we can make more informed decisions, and it enables us to manage our program the way that we want it to be managed. ServiceChannel means better information, higher-impact work, and technology that keeps us in control."**

— Facilities Manager,  
Bright Now! Dental & Orthodontics



# Facilities management made easy: How ServiceChannel does it

It's difficult to achieve peak performance in the retail healthcare sector, but we make it easier through two key factors: *Visibility* and *Agility*.

## Visibility.

Get an unprecedented view into facility performance through data-driven insights that decrease downtime and make work more cost effective. *How?*

### Automation

Minimize costly, reactive repairs that impact patients and staff

Easily enter and track scheduled, preventative maintenance and work orders

### Budgeting

See and track every dollar to know where to spend and where to save in your budget

Accurately forecast capital expenses

### Benchmarking

Use 20+ years of spend data and best practices from industry peers and market leaders

Benchmark service provider data for costs and service quality

### Access to top service providers

Source proven, high-performance service providers across every trade and region from our marketplace

Automatically manage the compliance and credentialing processes

### Compliance

Easily see and track asset performance and maintenance activity, including:

- Site audits and inspections
- Accreditations (Joint Commission and Urgent Care Association of America, American Academy of Urgent Care Medicine)
- Sarbanes-Oxley compliance

## Agility.

Use data-driven insights to quickly scale and adapt in any direction you need to ensure top patient care and facility performance. *How?*

### Prepare

Be ready to respond to unexpected change and supply pressures

Use data to see where you can shift priorities and resources without impacting patient experience

### Innovate

Deliver new healthcare offerings and revenue streams

Provide exceptional patient experiences

### Partner up

Change and grow without the need for in-house facilities expertise and experience

Access decades of experience and actionable data to transform your healthcare facilities

# Sources

- 1 [Forbes, 2022](#)
- 2 [Bloomberg, 2022](#)
- 3 [OneMedical, 2021](#)
- 4 [Fierce Healthcare, 2021](#)
- 5 [CVS, 2022](#)
- 6 [Advisory Board, 2022](#)
- 7 [Walgreens, 2021](#)
- 8 [MedCity News, 2020](#)
- 9 [Peter G. Peterson Foundation, 2022](#)
- 10 [McKinsey, 2020](#)
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- 12 [Advisory Board, 2022](#)



 ServiceChannel

**Ready to streamline your  
facilities management  
operations?**

**Book a demo today!**