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Mr David Hatfield  
Director, Competition Exemptions  
Australian Competition & Consumer Commission  
28 Marcus Clarke Street  
Canberra ACT 2601  
Via email to [exemptions@accc.gov.au](mailto:exemptions@accc.gov.au)

26 March 2023

**Re. AA1000641 – Fred IT Group - Industry Concern Regarding ePrescribing**

My name is John Le. I'm a community pharmacist and am also the CEO of Z Software. For over 10 years, Z Software has been providing dispense and point of sale ("POS") solutions to community pharmacies throughout Australia. Today, over 1300 pharmacies (~25% market share) are using Z Software and 100 pharmacies are using our recently acquired Simple Retail product. Between these two products over 600 pharmacies have chosen to use the MediSecure PES offering.

Historically, General Practice ("GP") and Dispensing software vendors are funded through rebates by the PES providers (eRx and MediSecure) for prescriptions processed through their exchanges. The funding allowed software vendors to dedicate resources towards the development and continual support of the transfer of electronic prescriptions for their respective systems. This has fostered innovation in the sector as you've seen with the implementation of electronic prescription tokens, the Active Script List ("ASL") and Real-Time Prescription Monitoring ("RTPM"). GP clinics and pharmacies are only just starting to accept this as the norm as these initiatives are clearly beneficial to the community by helping resolve the medication compliance and safety issues that are rampant in our industry.

As you are aware, the Department of Health and Aged Care issued a Request For Tender ("RFT") twelve months ago with a view to engaging a single or multiple Prescription Exchange Service ("PES") providers and a single Active Script List Register ("ASLR") provider. That process has been allowed to run for over 13 months with only a recent announcement that eRx will have sole responsibility from 1st July, 2023 and effectively the removal of MediSecure from the market without any sensible consideration of the impact on vendors and the necessary changes that would need to be made to ensure continuity of services that has been enjoyed for some time. The urgency created by providing industry with 6 weeks notice to prepare for a transition the Application states is expected to take 12 months does not align with the urgency that has driven RFT progress to date.



In addition, there are various benefits to having multiple PES providers. It allows both prescribers and dispensers to have a backup in the event one PES provider goes down so that eScript tokens and the ASL are not affected. Providing pharmacies with the autonomy to decide which PES provider they decide to use will encourage further innovation in our industry. The notion of having a sole PES provider is anti-competitive and will significantly stifle and hinder the progress our industry has made over the past few years.

The request to grant an interim ruling to support a transition period to speed up to meet the July 1, 2023 deadline is hazardous as there are many moving parts to the electronic prescribing ecosystem. The inappropriate rush to implementation creates uncertainty, confusion and risk to patient care. Furthermore, the push to initiate an interim transition before vendors like Z Software have had an opportunity to review the commercial terms they are being compelled to sign up to, with, in many cases, their principal market competitor or the controlling interest of their principal market competitor is coercive and unacceptable.

The unrealistic timeline will impact pharmacies as their dispensing software providers may not continue to support connection to the PES. If they don't, pharmacies and their patients will be disadvantaged as eScript tokens, ASL, MyHR and RTPM may not function as well as it does today due to software vendors no longer transmitting data to MediSecure. This subsequently has a negative impact on patient safety and medication compliance/misadventure, the opposite outcome to that argued in the Application.

It is also necessary to confirm that Z Software is being asked to carry the cost and effort of transition while simultaneously being forced to accept a reduced level of rebate to that I referenced above. In these circumstances, if forced to complete much of the transition activity under an interim authorisation, you should be aware that it will be commercially unviable to support a return to our clients' pre-transition preferences if there is a change of circumstances. This is a competitive disadvantage for those vendors and pharmacies that make a change. An interim authorisation is, therefore, a de facto final authorisation.

While convenient for the Department, the successful vendor and their shareholders, it is in clear that there will be increased risk levels for misadventure with interruptions to continuity of service, no clarity on the future scripts already in MediSecure, or the ability for pharmacies to migrate to eRx even if their vendor already has the capability. For vendors without the capability, which is over 40, those pharmacies are clearly at an unfair disadvantage compared to pharmacies that have compliant vendors already place, in particular the tender winner who doesn't have to undertake these changes with their product or their users.

No start date should be given until the lawful workings between eRx and MediSecure are agreed upon. The future and length of time that MediSecure will be operating is essential if we are to ensure a reasonable response time for vendors and healthcare providers to make any necessary changes to the way they operate or make the necessary change to their vendor provider.



I hope this feedback is helpful and I implore the ACCC to consider the ramifications if the Department of Health and Aged care were to proceed with the proposed changes in the timelines and their impact on competition, pharmacy operations, their vendors of choice and more importantly, the communities that they serve.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'John Le', with a long horizontal stroke extending to the right.

John Le (B Pharm)  
Chief Executive Officer  
Z Software Pty Ltd