Who’s who in veterinary group purchasing

- **CapsuleNet**
  - Veterinary Management Groups
  - The Veterinary Club, LLC
  - Veterinary Group Purchasing Services, Inc.
  - The Veterinary Cooperative
  - All states

- **Veterinary Purchasing Group**
  - All states except Alabama, Florida, Georgia, Idaho, Louisiana, Mississippi, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Utah, Washington

- **Veterinary Group Purchasing Organization**
  - Arizona, California, Idaho, Nevada, Oregon, Texas, Utah, Washington

- **Veterinary Hospitals Association**
  - Iowa, Minnesota, North Dakota, South Dakota, Wisconsin

- **Purchasing Services, Inc.**
  - Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee

- **Veterinary Products, Inc.**
  - Alabama, Georgia, Florida, Mississippi, North Carolina, South Carolina, Tennessee
Veterinary Hospitals Association www.veterinaryha.org

Established  1984

Region served: Iowa, Minnesota, North Dakota, South Dakota, Wisconsin

Ownership: Cooperative

Members: 365

Membership fee: $60 per facility and $60 per doctor per year; annual rebates possible. No cost to buy in.

Vendors: About 50; identified only to members.

Purchase-level obligation: None

Prohibited from joining another purchasing group? No

Confidentiality clause: No

Based in St. Paul, Minn., the member-owned, not-for-profit organization was founded by a group of veterinarians seeking to establish their own crematorium. VHA continues to provide pet cremation services today, as well as group purchasing. It also offers education programs, consulting and a recently-added insurance exchange providing medical, workers’ compensation and liability coverage.

VHA maintains a warehouse that houses 2,000 discrete products (known in the business as SKUs, or stock-keeping units). Products not carried in the warehouse are drop-shipped by vendors.

Executive Director Jeff Benson estimates that 98 percent of Twin Cities veterinarians belong to VHA. He said vendors seeking to do business with those clinics often are sent by those clinics to VHA.

Some VHA vendors are designated as “preferred” to indicate that their discounts are greatest or their programs most advantageous for members.

The core of VHA’s membership is in Minnesota, western Wisconsin and northern Iowa, but the organization is willing and has the capacity to extend services throughout Wisconsin, Iowa and the Dakotas, according to Nancy Moore, director of sales and marketing. Farther-flung members might not have access to the full array of services, however.
Veterinary Management Groups  www.veterinarystudygroups.com

Established  1984

Region served: United States, Canada

Ownership: Private corporation

Members: 410 practitioners owning 585 hospitals

Membership criteria: See http://www.veterinarystudygroups.com/index.cfm?nodeID=24029&audienceID=1

Prohibited from joining another purchasing group? No

Veterinary Management Groups, based in Duluth, Ga., is included in this listing because it has a commercial buying component but VMG is not a textbook group-purchasing organization. VMG was created to bring together practice owners to share ideas, strategies and support through study groups.

Today, operating under the umbrella of Veterinary Study Groups, Inc., VMG consists of 22 such groups, each with approximately 20 members, according to general manager Steve Curvey. Membership to an existing group is by invitation. Practice owners wishing to join or form a new group may call for more information.

VMG has agreements with vendors that it considers “preferred partners,” but group purchasing is not the organization’s primary objective. Curvey explained: “To the extent that the ... purchasing agreements provide substantial opportunities to enhance practice profitability, they are a component of a broader focus on overall business management success.”
Veterinary Products, Inc. www.vpivets.com

Established 1994

Region served: Alabama, Georgia, Florida, Mississippi, North Carolina, South Carolina, Tennessee

Ownership: Cooperative

Members: 615

Membership fee: One-time stock purchase of 100 shares for $1,200; annual rebates possible

Vendors: 40; see www.vpivets.com/partners for listing

Purchase-level obligation: None

Prohibited from joining another purchasing group? No

Confidentiality clause: No

Like Veterinary Hospitals Association in Minnesota, VPI is a member-owned organization with its own warehouse. Based in Kennesaw, Ga., VPI carries 1,500 SKUs in any given quarter, including medications, according to its president, Bob MacDonald.

Any profits are returned to members in good standing (those who pay their bill on time each month) in the form of warehouse credits worth up to 2 percent of the previous year’s purchases.

Membership is comprised primarily of small practices of three doctors or fewer, with revenues of $2 million or less.

VPI members aren’t bound by confidentiality agreements. They are, however, asked to sign contracts stating that they will not divert to the gray market products bought through the warehouse, MacDonald said.

Members who retire or sell their practices may leave the cooperative by redeeming their shares of stock for $1,000.
CapsuleNet www.capsulenet.com

Established 1997

Region served: United States; some vendors serve international buyers

Ownership: Private company

Active users: About 475

Membership fee: None

Vendors: 20; listing available to registered users

Purchase-level obligation: None

Precluded from joining another purchasing group? No

Confidentiality clause: No

Access to CapsuleNet, an online purchasing site, is free to all licensed veterinarians. Based in Mine Hill, N.J., the company is owned by Dale Maureen Bizzari, LVT, its CEO and president.

Bizzari, who purchased the company in 2002, said the concept was created by pharmacists serving human patients who saw a potential for growth in group purchasing in veterinary medicine.

The company is supported by vendor fees. In return, vendors receive advertising and promotion, along with the promise of sales volume.

The goal of the service, Bizzari said, is to help veterinary practices save money and time. She said CapsuleNet also helps users obtain products and equipment that are difficult to find.

Using CapsuleNet strictly as a resource to check pricing is discouraged. Site visitors are asked to make purchases. “It’s OK to look, but we want you to buy, at the same time,” Bizzari said. "That’s how we stay in business and avoid charging a membership fee for our service.”
Purchasing Services, Inc.  www.psi-inc.net

Established  1998

Region served: Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee

Ownership: Private corporation

Members: 2,000

Membership fee: $50 per month


Purchase-level obligation: 80 percent

Precluded from joining another purchasing group? No

Confidentiality clause: Yes

PSI was founded and is run by practicing veterinarians looking for a way to help independent clinics stay independent and be competitive with corporate players, according to its president, Dr. Richard Wilkes. It is based in St. Petersburg, Fla.

Unlike many group purchasing organizations, PSI does not quote an average savings. Wilkes said pricing schemes vary too much to do so. “We never, never guarantee (savings) until we do a comparison of clinic pricing,” Wilkes said. “We’ll go in and spend hours, if not days, with our personnel going through the clinic’s invoicing.”

The group’s goal is to offer two approved vendors in each category wherever possible. The group is supported by a combination of membership fees and administrative fees paid by vendors based upon sales.

Wilkes said members are asked to commit to making 80 percent of their purchases from those vendors that require volume in exchange for lower pricing. He said PSI continually works with the clinics to meet that obligation. The general idea, he said, is: “Don’t harm the group by joining it and not committing your volume to it.”

New members who are dissatisfied with the service and wish to quit receive a refund for their first three months' fees.
The Veterinary Club, LLC www.theveterinaryclub.com

Established  2009

Region served: United States; some international

Ownership: Private corporation

Members: 10,000

Membership fee: None for “basic” membership

Vendors: 100; listing accessible to members only

Purchase-level obligation: None

Precluded from joining another purchasing group? No

Confidentiality clause: Yes

The Veterinary Club’s managing partners, Bryan Benitz and Dan Blucher, have backgrounds in investment banking and human health-care group purchasing, respectively. Another TVC executive, Andy Blucher, also has a background in health-care group purchasing as well as insurance. At its inception, TVC served equine practices exclusively but has since expanded to all segments of veterinary medicine.

TVC members include all 8,500 members of the American Association of Equine Practitioners, who are enrolled automatically but are not obligated to participate. Corporate offices are in Brentwood, Tenn.
Veterinary Group Purchasing Organization www.veterinarygpo.com

Established  2009

Region served: Arizona, California, Idaho, Nevada, Oregon, Texas, Utah, Washington

Ownership: Private company

Members: 100

Membership fee: $50 per month

Vendors: 16 listed at www.veterinarygpo.com/participating-vendors.html

Purchase-level obligation: 80 percent

Precluded from joining another purchasing group? No

Confidentiality clause: Yes

After 25 years working as a consultant in human health care, Jan Miller landed a job as a practice manager for her dogs’ veterinarian. Having come from an industry where group purchasing is the norm, Miller said to her new boss, “Tell me which group purchasing organization you use.” He didn’t know what she meant.

“At that moment, I decided to start a GPO,” Miller recalled.

Based in Hillsboro, Ore., Miller is a practice management consultant and president and co-founder of Veterinary Group Purchasing Organization. Mackenzie Martin, a financial adviser and equestrian, is co-owner.

VGPO defines itself as a sole-source provider in that it seeks contracts with only one entity for a given service or item. That means they work with only one reference laboratory, one radiation-badge company, etc.

All vendor agreements include what is known in the contracts world as a “favored nation” clause. It means that for the duration of the contract, the vendor cannot offer any independent hospital in VGPO’s market territory better pricing than it offers VGPO. (The operative word is “independent” — vendors may offer better terms to corporate hospitals such as those owned by Banfield Pet Hospital.)

VGPO is supported mostly through membership fees; about one third of the vendors also pay an administrative fee, Miller said.
Veterinary Purchasing Group [www.veterinarypurchasinggroup.com](http://www.veterinarypurchasinggroup.com)

Established 2010

**Region served:** All states except Alabama, Florida, Georgia, Idaho, Louisiana, Mississippi, Nevada, North Carolina, Oregon, South Carolina, Tennessee, Utah, Washington

**Ownership:** Private company

**Members:** 185

**Membership fee:** $65 per month

**Vendors:** 21 listed at [www.veterinarypurchasinggroup.com/2012/partners.html](http://www.veterinarypurchasinggroup.com/2012/partners.html)

**Purchase-level obligation:** 70 percent

**Prohibited from joining another purchasing group?** Not prohibited, but discouraged

**Confidentiality clause:** Yes

Company president and founder Dr. Scott Crawford cites pressures on veterinary practices from multiple fronts — discount spay/neuter and vaccine clinics, online and chain retail pharmacies and the generally tight economy — as the impetus for establishing the purchasing organization less than three years ago.

“With all these changing pressures, controlling our cost is the utmost importance,” he said. To that end, VPG has some two dozen contracts with vendors on items and services ranging from flea, tick and heartworm control to office supplies and gas and electric utilities. The company also has negotiated contracts for member subgroups, such as with a landscaping company that’s handling snow plowing and groundskeeping for eight members on Cape Cod.

VPG is based in Fall River, Mass. Its core membership is in the Northeast and Midwest but the company is open to expanding to most states, especially where other regional GPOs don’t operate.

The company is funded by a combination of monthly membership fees and payments from vendors based on their sales. Members are strongly urged to bring their business to at least 70 percent of participating vendors.

New members receive a 90-day money-back satisfaction guarantee.
Veterinary Group Purchasing Services, Inc.  [www.vetgpsinc.com](http://www.vetgpsinc.com)

**Established**  2011

**Region served:** National

**Ownership:** Private corporation

**Members:** 24

**Membership fee:** $35 per month

**Vendors:** 17 listed at [http://vetgpsinc.com/our-vendors/](http://vetgpsinc.com/our-vendors/)

**Purchase-level obligation:** Buying from vendors strongly encouraged

**Precluded from joining another purchasing group:** No

**Confidentiality clause:** Yes

As a practitioner in the South, Dr. Chris Mau belonged to the group purchasing organization Purchasing Services, Inc., and found it to be “an awesome service.” He realized that not every region in the country enjoyed a comparable service. He moved to the Midwest where he’s originally from, and founded Veterinary Group Purchasing Services in Green Bay, Wisc.

Unlike PSI, Vet GPS seeks to operate nationally. Growth has been slow; Mau said he’s found many veterinarians to be reluctant to change their buying habits. He cited what he says is an overall lack of business savvy in the profession. “Right now, the big businesses have all the pricing power,” Mau said. “They’re the ones getting rich off the veterinarians, whereas the veterinarians are eking out an OK living.”

Mindful that other companies doing group purchasing have gone out of business, Mau said he believes having a membership around 300 will make his young company sustainable.

As for vendors, Mau is pursuing scope rather than quantity. “The main goal is to have at least one vendor for everything; every product or service that a hospital would need,” he said. Members are asked to commit to ordering a majority of needed supplies and services from participating vendors.
Richard Morris was working as a consultant in the realm of purchasing cooperatives when a veterinarian friend, captivated by the concept, raised the idea of creating such an organization for independent veterinary practices. Morris did some research and discovered that no veterinary cooperatives operated nationally. Thus was born The Veterinary Cooperative. Morris serves as its CEO under a three-year contract.

By being member-owned, Morris said, TVC has greater flexibility in how it goes about boosting its members’ clinic revenues. “We’re not dedicated necessarily to saving our members money. We’re dedicated to making our members money,” he said. “That might come from finding savings, or from developing marketing programs that bring more clients to their clinics.”

An example is helping members to price pet food so that they’re not undersold by retailers. “We give them a monthly price check on what the big-box stores are selling pet food for,” Morris explained. “We update this on a regular basis. They have to keep changing their price to be competitive, but (in doing so), they will start teaching their customers that they, indeed, can be competitive.”

Morris said those who join a cooperative must support the good of the whole group. That’s one reason for the relatively high membership fee of $2,500. “I don’t want people joining and not using the services. That causes a problem with our vendors,” Morris said. “We want to put some sort of hurdle to get in (so they have) some skin in the game.” Members must be willing to change brands, if necessary, to support the cooperative, he added. A 90-day free trial is available to new members.