



A pharmacy for the digital age

Alto empowers patient health with same-day medication delivery

by Irene Zhou



Alto is a next-gen digital pharmacy that makes prescription medications more accessible and easier to manage for more than 50,000 patients in three U.S. cities.

Since its founding in 2015, it has experienced tremendous growth — as well as a few growing pains. To wit: sky-high credit card fees for its higher-value transactions. By integrating with Plaid Auth to enable ACH payments, Alto saves money (on average, \$50 per transaction over \$1000) that can be reinvested in the business and passed on to customers.

\$150

Alto saves an average of \$50 per order over \$1,000. In some cases, the company has saved as much as \$150 per order.

Patient-first technology

Back in 2015, Alto co-founders Jamie Karraker and Mattieu Gamache-Asselin were working as engineers at a prominent tech firm. They enjoyed what they were doing, but they dreamt of starting a company that would make a meaningful impact in people's daily lives. That led them to pharmacy, where they quickly learned that their experience in consumer products could create a competitive advantage.

"Most of the incumbents weren't taking the product-focused approach of prioritizing and optimizing the user experience," Karraker explained in a recent interview. "We knew there was a big opportunity."

Seizing that opportunity meant building new technology to address the industry's foundational challenge: coordinating communication among doctors, insurance companies, and patients.

"Historically, all of that communication has happened by fax and phone call," said Karraker. "As you might expect, it breaks constantly; it's really slow; and things fall through the cracks. And patients are the ones who end up having to deal with it."

To solve that problem, Karraker and Gamache-Asselin built software that integrates deeply with insurance companies, clinics, hospitals, and other industry middlemen. At the same time, they created a patient platform for desktop and mobile where individuals can manage every aspect of their pharmaceutical care.

Doctors send a prescription to Alto electronically, which triggers Alto to text the patient. The patient clicks a registration link, then schedules delivery for their medication. Most information is supplied to Alto by the doctor's office, so it usually only takes a few minutes. That same day, the prescription is dropped off at the patient's door — with no delivery fee.

Orders are filled from a centralized location according to a highly automated process. In fact, a single Alto location can handle the order volume of upward of 25 retail pharmacies. These and other efficiencies enable Alto's 240 employees, including dozens of pharmacists and pharmacy techs, to dedicate more of their time to building a better customer experience.

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Co-founder, Alto

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Better on-boarding, significant savings

As Alto began to treat more complex illnesses, the number of therapies not covered by insurance increased. That led to more patients making large out-of-pocket payments by credit card. Over time, high-value transactions (>\$1,000) came to make up 5% of its orders, and the credit card fees started adding up.

“The credit card fee on a \$10,000 transaction is a very meaningful dollar amount for a business like ours,” Karraker said. “We needed to find a way to save money on fees while giving patients more flexibility about their payment options.”

To address that problem, Alto began offering feeless ACH as a payment option for patients. The problem, its founders discovered, was that most ACH products rely on clumsy, confusing microdeposits to link an account—hardly the seamless experience they wanted for their patients. Then they found Plaid Auth.

“Plaid’s ability to instantly authenticate direct deposit has become a seamless part of our typical checkout flow. With a few clicks, it’s all done and it can all be done on mobile.”

A seamless integration

After just a month of back-end work, Alto was fully integrated with Plaid Auth. The benefits were immediate.

For every patient that pays by Plaid-powered ACH, Alto avoids costly credit card fees. The company passes on a portion of those savings to ACH customers in the form of an incentive discount. Even after the discount, Alto saves an average of \$50 per order over \$1,000. In some cases, the company has saved as much as \$150 per order. As more patients choose ACH over credit, Plaid has the potential to save Alto \$20,000 per month at its current volume—potential that will only grow as the company scales up and expands to more cities.

With that additional marginal revenue, Alto is reinvesting in its future.

“Improvements to our margins are extremely valuable to our business because they allow us to invest in faster growth and in a better experience for our patients,” Karraker explained. “The better our margins, the more quickly we can help more patients lead healthier, happier lives.”

\$20K

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Plaid is a technology platform and data network that enables applications to connect with users’ financial accounts. We focus on lowering the barriers to entry in financial services by making it easier and safer to use financial data. Today, we support developers across North America and Europe.