Companion Animal Veterinary Software: Part I

Navigating Practice Challenges with Support of Technology and AI

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And special thanks to Andrew Luna, Hound.vet

TL;DR — Why You Need to Read This

► Veterinary visits have declined four years straight while veterinary care prices have soared 45%—and now 15% of pet owners (and rapidly growing) turn to AI for medical insights on their pet.

► ChatGPT Health launched January 7, 2026, bringing another wave of consumer led AI innovation: practices that don't shape how consumer AI fits into their care offering risk losing pet owners to those who do.

► Your SaaS PIMS may be stifling innovation: some vendors block third-party AI integrations while hungry startup PIMS welcome them with open APIs.

► A wave of AI-powered apps, such as scribes, can eliminate drudgery, deepen client loyalty, and grow visits—but only if your practice software ecosystem plays nice together.

► AI radiology is a case in point: AI doesn't replace specialists—it actually lowers costs AND increases referrals while catching critical findings GP's may miss.

Read on for the evidence, case studies, and actionable strategies.

I. Introduction

Companion animal practices in the US face ongoing challenges as we enter 2026. Overall veterinary visits have been declining for four years straight. Suppliers continue to increase prices 5 to 8% per year. Finding qualified staff, including veterinarians, remains challenging. Pet owners are now less loyal to their veterinary practice and are more prone to switching or finding other ways to take care of their pet given the 45% increase in the cost of veterinary care over the last five years.

How can a practice navigate these challenges and still be economically viable? We believe the solution relies in large part on the adoption of value-added software applications that have proliferated in the last 12 to 24 months. These new software products are rapidly advancing in capability, given the underlying advances in AI and software coding. These applications can address practice efficiency, eliminate drudgery, build client loyalty, grow the client base and visits in accordance with the goals of the practice, while advancing the standard of care delivered.

We note the special category of PIMS (Practice Information Management System): every practice must have one, and only one, to administer the practice's operations and maintain electronic health records. We make the non-consensus argument that in almost all cases, a disruptive change in a current PIMS is not necessary to take advantage of the new supplementary applications. However, you need to be on a PIMS where the vendor actively supports read and write data integrations with these value-added applications, including a growing number of AI applications. Not all do. More on this below.

The target audience for this paper is first and foremost owners of practices (independents and groups) who need to make application (software) technology decisions regarding the plethora of opportunities to advance practice goals. We will also provide perspective to software providers, including those who offer a PIMS, as well as the large number of innovators of value-added applications that work alongside a PIMS to solve unique challenges of the practice.

All of us authors are independent advisors, with no industry conflicts, allowing for honest discussion.[1] The authors bring decades of experience in the companion animal veterinary industry, veterinary medicine, and the intersection with technology.

II. Industry Context

The pet owner continues to love their canine and feline companions dearly. However, they have been faced with increasing cost of veterinary services. Bureau of Labor Statistics reports that CPI has increased 26% cumulatively over the past five years (which is bad enough), and yet veterinary services have increased 45% over that same period. Many "middle income" pet owners now feel priced out of the market while others are looking for lower cost care options either at the veterinary practice or alternative channels. New AI tools and chatbots are giving pet owners powerful resources to assess their pet's medical condition with or without the help of a veterinarian and exam findings.

Recent research from CATalyst shows that an estimated 15% of pet owners are now using AI to help understand their pets' medical needs and status, a stat likely to grow rapidly (it was likely zero just 18 months ago). In addition, 50% use traditional Google

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[1] Jon Ayers is a shareholder of IDEXX, but otherwise has had no affiliation since the fall of 2024, when he resigned from the board. Adam Little has done some consulting with various players, including IDEXX. Adam Wysocki concentrates his work with independent practices, and as the founder of the free site VetSoftwareHub. Jeff Dixon is a consultant to various Veterinary software ventures.

with the same objective, showing the potential for AI to substitute for Google. ChatGPT just released ChatGPT Health, specifically designed to support research into human health conditions.

In this first edition, we will tackle three topics: (1) Implications to the veterinary industry of the launch of ChatGPT Health, (2) The veterinary PIMS marketplace—pros and cons of switching to a new PIMS, and (3) AI-assisted veterinary radiology as a case study on what AI can achieve.

III. Consumer AI and its Role in Transformation of Veterinary Care

OpenAI's launch of ChatGPT Health on January 7, 2026 represents a watershed moment for healthcare, including veterinary medicine. Any technology strategy must take consumer use of AI into account.

Consumer AI is becoming the first point of contact for health-related questions for many, fundamentally reshaping the relationship between pet owners and their healthcare providers. The scale is substantial: more than 5% of all ChatGPT messages globally are about healthcare. **1 in 4 weekly active users** engage with healthcare-related prompts each week. And 15% of pet owners already use AI to understand their pet's health. The risk lies in practices not shaping how AI fits into the care offering through the adoption of rapidly advancing AI applications.

A. The ChatGPT Health Announcement

ChatGPT Health represents a dedicated experience around healthcare information, intelligence, and action. The platform integrates health data from Apple Watch, AllTrails, Peloton, and Instacart, supports medical record integration, and allows users to customize their own healthcare assistant. This represents a significant evolution from general-purpose AI toward specialized, contextualized health guidance.

B. Implications for Veterinary Practice

If mainstream AI assistants become the first place pet owners go for pet health questions, veterinary clinics shift from being the starting point of care to where collaborative discussion occurs. In the traditional model, pet owners arrive with symptoms; the veterinarian conducts discovery and develops treatment plans. In the emerging model, pet owners arrive having already consulted AI, and as a result already have preliminary hypotheses and specific questions.

AI-informed pet owners represent something qualitatively different than "Dr. Google" users: they may arrive with coherent differential diagnoses, treatment plan comparisons, and prognosis expectations. This changes the veterinarian's role but does not minimize it. The consultation shifts from information provision to interpretation, contextualization, and collaborative decision-making. Veterinarians become trusted advisors who help pet owners navigate what AI has surfaced.

Practicing veterinarians are already experiencing this shift. Ken Lambrecht, veterinarian and CEO of Healthy Pet Connect,[2] views it positively:

> "I love when clients come in informed. I always get a nice heads up from my assistants and can go check ChatGPT/Gemini myself!"

He also emphasizes urgency: "If we don't keep up as practitioners and as a profession we will lose pet parents' trust and that is everything."[3]

C. The Trust Gap and Communication Opportunities

Pet owners reach for AI health tools, such as ChatGPT Health for a number of reasons. Probably first and foremost is that they are available 24/7, are free of charge and seemingly helpful with the right information provided. It could be because pet owners don't fully understand what they were told by the veterinarian. Perhaps lab work was shared with them, but they want to understand what it means in more detail. These are signs of a fundamental communication gap.

Stacee Santi, a veterinarian-entrepreneur-author shared on LinkedIn an example from human medicine: after accompanying her 79-year-old mother to appointments, she found it "literally appalling the inability for these professionals to explain things in a way she could comprehend." Her solution was loading the medical chart into ChatGPT. Her reflection: "I don't know which is more shocking—that ChatGPT is so good at this or that human doctors are so bad at this." Notably, she concluded with pride in veterinary medicine: "We may not be perfect... but I've never been so proud of our profession in knowing we never treat our clients like this."[4]

Practices can remedy this gap by using AI tools to communicate more completely, more frequently with empathy, and in language the pet owner can understand. Many of the value-added apps provide this functionality, including the more advanced scribing tools (e.g. Covet) that already start with the context of the scribed interaction during the appointment, including the physical exam.

Practices that proactively use AI for client communication—follow-up summaries, test result explanations, preventive care reminders—can build trust rather than cede it to consumer platforms. These are examples of "embracing AI" instead of resisting it or ignoring it.

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[2] Ken Lambrecht, DVM, is CEO of Healthy Pet Connect and Chair of The Veterinary Cooperative. He also serves as owner of West Towne Veterinary Center and CEO of Fit Pets for Rescues. Lambrecht is a former board member of AAHA, Feline VMA, AAVN, PNA, and Marketlink.
[3] LinkedIn post response to Adam Little's post on the introduction of ChatGPT health
[4] Reprinted with permission.

IV. The Veterinary PIMS Marketplace

This Part I is the first of a multi-part analysis of the US PIMS and value-added software market. We start with the foundational role of a PIMS and then move on to describe the nature of the marketplace. Below, we answer,

> "Do practices need to switch their PIMs to stay competitive?"
> "Should group practices standardize on one PIMS?"
> "What is the strategic role that PIMS play (or should play) in enabling innovation?

In the Part II, we will expand upon the questions,

> "Which do we think is likely to be more successful: an all-in-one or an ecosystem approach (PIMS plus best-of-breed AI apps)?"
> "What does the impact of an empowered pet owner have on your software selection?"
> "What do we think the future of a PIMs even looks like?"
> "What are the categories of value-added apps, including those that are AI-enabled, and how do they support practice goals?"

First, assess where you are with your current PIMS, and your level of satisfaction with, for example, the number of clicks to achieve common workflows. Then, you need to assess your PIMS's ability to work (I.e., integrate) with the wide variety of value-added applications, including those that leverage AI.

A. Functions of a PIMS, including acting as the System of Record

Virtually every practice in the US utilizes *a single PIMS* to manage the administrative components of their practice, including the following most common functions:
- Billing and invoice history for products sold and services rendered (a proverbial cash register); estimates made in advance of treatment
- Maintaining a database of clients and their information, including pets owned and who have visited the practice
- Maintaining and updating a database of a medical record for each patient
- A payment system (frequently integrated, but sometimes provided by a third-party application.)
- Scheduling appointments and maintaining the database of calendar appointments
- Maintaining a database of products & services, including bundled offerings, such as a pet exam, and their prices,
- Maintaining a database of client communications (emails, texts, calls, etc.)
- A list of veterinarians and their availability (needed for scheduling)

- For more complex hospitals, a system to manage in-hospital stays, including patient and cage location; sometimes an electronic whiteboard of patient status in progress within the hospital treatment plan
- Boarding grooming modules, if these services are offered
- Radiology as a separate medical record system, called a PACS, or Picture, Archiving, and Communication System
- A set of standard and customizable reports of all types to achieve a variety of objectives, including daily, weekly, monthly and annual tracking of key metrics

A bunch of critical databases. Notice that many of these functions are associated with databases. These databases are called "systems of record," and are very important for both the PIMS and for other applications. This is your data, held by the PIMS. For example, the calendar has only one entry for each appointment, the client list has single record for each client, pets have a single pet medical record.[5]

Integration. The reason why this is important is that many third-party applications will need access to these databases (systems of record) in order to function and keep everything in order. For example, an online booking application (e.g., Vetstoria, Weave, Covetrus Comms, DaySmart, Chckvet, AVA) needs *read* access to the calendar to determine open slots in the calendar and correspondingly *write access* to book an appointment that has been confirmed by the pet owner and make sure it is not double booked by the online application with another pet owner or the receptionist in a live phone call.

This is typically what is referred to as the ability for an add-on application to "integrate with" the PIMS. Many PIMS provide a formal API (application program interface) for an add-on application to be able to read and write to the databases within the PIMS.

B. The Pet's Medical Record

The pet medical record (I.e., their EHR): let us take a deeper look at this database. This is by far the most complex of the systems of record held by a PIMS. The reason is that this record is an amalgam of different types of health entries:

Physical exam findings from each exam visit
Vaccine history/reports for third-parties, such as boarding facilities
Diet, including commercial diets and prescribed therapeutic diets
Radiographs (typically traced in a separate PACS system that provides for special viewer software
Infectious disease tests with a yes/no result (e.g. heartworm, Lyme disease/SNAP 4Dx, FIV/FeLV)
Urinalysis findings from dipsticks and sediment inspection
Problem statements and diagnoses

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[5] The typical exception is the PACS, which holds all the patient digital radiographs and includes functions such as a viewer and analysis tool. Typically the PACS medical images are linked by client to the PIMS (The PIMS knows there is an image study available in the PACS if for no other reason because there was a charge for that study - but not always).

Notes from third-party specialty referral, emergency veterinarians, radiology referrals, histopathology, referrals; specialty University lab results
Preventatives and therapeutics prescribed
Medical findings and their treatment. For example, a cat may have been diagnosed with a urinary tract infection, was treated, and the issue resolved.)
Objective data that could be trended over time, including
> Blood work analyte values, including common chemistry test, hematology, and endocrine values
> Urine specific gravity (USG)
> Weight
> Vital signs

Because veterinary medicine is not driven by required diagnostic codes (unlike human medicine), the medical record can consist entirely of unstructured data, with each entry being a separate line. In the case of blood work, data can be structured and presented by the diagnostics surface provider. In the case of IDEXX, diagnostic results and trends are embedded in a viewer provided by IDEXX within the PIMS. More sophisticated PIMS will pull out other specific categories, such as vital signs and weight, as a separate tab. This specific characterization of the data by PIMS is what augments the challenge of switching a PIMS system, as a new system may have a different way of making sense of a complex medical recording built from a number of visits.

Note that while a practice's PIMS may be the system of record of what it has on the pet from the practice's interactions with the pet owner, it is quite likely that there is other pet medical data outside of the practice's purview, including a pet owner's visits to other practices, emergency visits that are not fed back to the primary practice or a visit to a low-cost spay/neuter practice, which may have been accomplished even before the adoption of the puppy or kitten. In addition, there may be a large amount of home behavioral assessment that is not adequately captured in the history section of the medical record. And so for this reason, we consider the term PIMS as the system of record for medical data an approximation, with certain missing data.

C. Workflows and Switching Disruption

Workflows. Typically, staff develop *workflows* using the PIMS and get quite familiar with these PIMS sequences, including shortcuts that have been developed over time. An example of a workflow is all the steps required to book an appointment, to dispense a prescription, or to order lab work. Specific workflows and shortcuts are typically built into the PIMS, sometimes using the systems' unique functionality.

Switching Disruptions. For these reasons, it is difficult to undertake a change in PIMS, as staff needs to abandon their muscle memory and learn a totally new system, new workflows learned on the fly. Data needs to be converted from one system to the next while this staff transition is taking place. That data conversion may lose important detail, particularly with the medical record as PIMS structures their electronic medical records differently.

Even today, a PIMS change is very disruptive to the practice. The level of disruption depends on how complex the workflows had become and the level of sophistication that the practice has built into their PIMS. The day the migration creates additional pressure on addressing poor historical data or a forcing function to correct for workflows that have accumulated over several years of practice, including things like duplicate inventory and service codes. These challenges add to the workflow disruption, and sometimes they can take years to recover as old poorly converted records fade in the distance.

Many times these workflows are quite specific and not easily replicated in the new PIMS. An example would be an electronic whiteboard that has tracking services received by the pet over the course of the day. The larger and more complex the practice and its utilization of a sophisticated PIMS, such as Cornerstone, ezyVet, Impromed/Infinity or Instinct, the more difficult and disruptive the switch.

D. The US PIMS Market Landscape

There are an estimated 42+ different PIMS systems in use in the US market.[6] While this PIMS space has always had a variety of options for the last 30 years, the authors believe that this is a record number of systems in use in the US. In other words, the market seems to be fragmenting, although there are complex dynamics at play.

PIMS come in all varieties. Some are dedicated to companion animal general practices, while others are also well suited to specialty/referral or emergency. Some are for very simple practices and others are for larger more complex hospitals. Some are specifically designed for corporate groups. The platform technology varies between running on a client-server located on-site (so-called "on premises"), while others are run in the cloud as a Software as a Service (SaaS). Some of the newest entries claim to be built on more advanced "AI native" cloud platforms.

PIMS transitions. The authors estimate that the churn rate (percent of the 30,000 practices that switch or change their PIMS in any one year), is and has remained at 4% to 5% per year, which would equate to 1,200 to 1,500 practices a year switching to a different PIMS.[7] This is why it is difficult to break into the PIMS market as a new player. Unlike new greenfield applications (such as scribes where nothing existed prior), in order to sell a new PIMS to a practice, an old PIMS must be displaced. The perceived benefits of the new PIMS must outweigh the costs, including the change management disruption associated with a switch. Corporate groups have matured vendor selection to become much more lengthy and robust, including enterprise-level security.

The PIMS systems with the largest number of customers (practice locations) in the US include,

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[6] See vetsoftwarehub.com for a list of PIMS. This list excludes at least four systems not listed, including the three proprietary systems used by VCA and Banfield as part of Mars.

[7] Updating the estimated 2025 churn rate is one of the objectives of the Ayers-funded market research survey, expected to be published in early March

Avimark (on-premise)
Cornerstone (on-premise)
ezyVet (cloud native/SaaS)
Pulse (cloud native/SaaS)
Impromed/Infinity (on-premise)

The authors believe that these five systems may comprise up to ~70% of the estimated 30,000 companion animal veterinary practices in the US.[8]

Other SaaS PIMS are also making an explicit play for general practice (GP) customers:
Neo
Shepard
Vetspire
Instinct (branching out from specialty referral to GP)
Digitail
DaySmart Vet
Provet
VetCove
NectarVet
Lupa

This second set consists entirely of cloud-based systems, as that is a more profitable business model and eliminates the need for an in-house server. More detail is located on VetSoftwareHub in the category labeled practice management, and on the vendors' websites.

This list does not include the internally developed PIMS systems, of which there are at least three utilized by Mars Veterinary Health's VCA (Woofware) and Banfield (Petware and Voyager).

Of the 1,500 estimated specialty/referral/emergency practices in the US, they are mostly standardized on either ezyVet, Cornerstone or Instinct, although there are exceptions.

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[8] This estimate is based on various public sources, discussions with the vendors, and various knowledgeable third parties. The actual share of the PIMS market as well as the churn rate will be validated with an upcoming market research study funded by Jon Ayers and run by Kynetec

A sample of over 11,000 practices that come from Hound.vet. Hound is America's leading marketplace for veterinary careers. When employees create profiles on hound.vet, they enter their practice's PIMS. This is a list of the PIMS mentioned in profiles created over the last five years. Note the last call, which is those entries that were made in 2025. This is by no means a statistically representative sample of PIMS. In fact, the implied shares are pretty far off from internal proprietary numbers that the

Pims	# ToalCount	# IndyPracticesCount	# GroupPracticesCount	# AddedIn2025Count
Cornerstone	2720	1036	1684	451
AVImark	1907	571	1336	230
ezyVet	1246	617	629	258
PetWare	1040	3	1037	1
Other	811	309	502	245
ImproMed	411	172	239	47
Vetspire	398	244	154	51
PetPass	389	3	386	389
eVetPractice	369	241	128	49
WOOFware	346	14	332	0
Rhapsody	177	120	57	15
Neo	133	110	23	36
Vetter	116	93	23	30
Shepherd	81	73	8	30
Claude	68	3	65	33
Intravet	67	32	35	9
Pulse	65	17	48	27
DVMax	54	18	36	0
Clientrax	48	16	32	2
Digitail	47	30	17	7
VIA	38	16	22	2
Idexx neo	32	22	10	7

authors have seen. But the list does give a crude idea of which are the PIMS with the larger number of customers, as well as many esoteric players with very small customer numbers. *We are grateful to Andrew Luna, founder of hound.vet for providing this de-identified data set of PIMS instances.*

The complete list is in the appendix.

E. Keeping versus Switching PIMS

The authors question the need to switch or "upgrade" a PIMS, except under special circumstances. The switching costs, data conversion complexities and hassles for the staff, are significant. The benefits appear to be fading with the introduction of value-added AI applications. For an individual practice or very small group practice, we can only think of a few reasons to switch:
1. Your vendor has abandoned support
2. Your vendor is slow to provide integrations with the plethora of new AI applications, many of which could solve the problems with an existing PIMS. For example, if the practice is dissatisfied with reporting, this is likely quite solvable with an AI application.
3. You recently switched to a new PIMS, and after significant effort, it is not meeting your basic administrative requirements.

To give you a perspective, we estimate that only one in 20 practices actually change their PIMS in any one year.

Group practices are typically concerned with staff turnover and burnout. Mandating a PIMS switch uses important "change" capital that makes it difficult to undertake other initiatives, such as the adoption of value-added applications. Going through a complex data and workflow conversion can contribute to burnout and staff turnover. These are usually the most pressing issues in a group practice.

Enterprises or group practices have very specific reporting needs as well as the need to control pricing, inventory management, purchasing, etc. The rapid advancement of AI is making these tasks far easier to develop across a variety of PIMS databases, obviating the need to "harmonize." However, different dynamic is the enterprise's desires to standardize on workflows and care outcomes as well as implementing centralized standards of care and wellness plans. Obviously, these goals extend far beyond the PIMS selection and expand to the fundamental push and pull of individual vet practice freedom versus group protocol.

Accessing your data – application integration considerations. Note that if you have an on-premise PIMS (e.g., Avimark, Cornerstone, Impromed) the value-added application can generally "integrate" (read/write against the databasis) without the need for a PIMS-supported application program interface (API), although sometimes these are provided by the PIMS vendor.

However, if you have a cloud-based SaaS PIMS, access by your value-added and AI apps to your PIMS databases usually requires an API or other form of support from the PIMS vendor. The critical questions are, *Has your PIMS vendor worked with your desired value-added application to support that integration? Are they willing to do so in short order?*

In some cases, they already have collaborated in providing an integration. Some PIMS vendors are ready and willing to provide integration with new applications. But as we will see below, some PIMS vendors do not play well with third-party applications or deprioritize the work to build these integrations to your data in your cloud-based PIMS. This has become a major barrier to innovation in the industry.

Assume you have a favorite AI application, such as a *scribe* that you are using in the exam room. Initially, you were cutting and pasting the scribes of the appointment into the medical record. You now realize you could save more time if this process was automatic. Furthermore, your scribe can now send a follow up note to your pet owner based on the discussion in the exam room.

If you have a SAAS-based PIMS that does not allow integration with your scribe, you have two choices:

1. Ask the PIMS vendor to open your PIMS to your third-party AI scribe

2. If they won't or are slow to do so after you ask, your only choice is to switch PIMS to someone more willing to be supportive of your innovation needs.

F. Third-Party PIMS Integration Solutions

When cloud-based PIMS vendors do not provide API access to AI innovators, third-party integration platforms become an option to enabling innovation. Two companies have emerged as the primary solutions for bridging restrictive PIMS and innovative applications: BitWerx and GreyWind. These platforms serve different market positions. BitWerx operates as an independent, unsanctioned integrator prioritizing speed and breadth of connectivity, while GreyWind functions as a sanctioned integrator, but requires formal PIMS supplier approval and has more constrained scope. Understanding their capabilities and limitations is essential for practices and innovators navigating the fragmented PIMS landscape.

BitWerx, headquartered in Lexington, Kentucky and founded in 2019, serves over 5,000 veterinary practices as the only independent US provider of PIMS data integration and standardization. The company operates a tiered connectivity model: Tier 1 PIMS offer full read/write access, Tier 2 systems require additional work but remain accessible, and Tier 3 systems present significant technical challenges. Most critically, BitWerx is said to be releasing real-time read/write capabilities in Q1 2026, enabling AI scribes to post SOAP notes directly back to PIMS systems rather than requiring manual copy-paste workflows. For restrictive cloud PIMS, BitWerx accesses data through a PIMS API, achieving near-real-time reads without requiring formal vendor approval. For on-premise systems, their DataCo agent installs at the practice level, running as a 24/7 Windows service using gRPC to securely communicate with BitWerx cloud infrastructure.

GreyWind, a Miami-based healthcare integration specialist, operates under a fundamentally different model as the standard integrator for Antech Diagnostics (Mars Petcare). GreyWind holds the distinction of being the only integrator with a formal partnership agreement with a major PIMS, but this sanctioned status comes with constraints: each new customer integration must be submitted to the PIMS company for approval on a case-by-case basis. The PIMS company retains the ability to reject specific applications, which has happened to certain AI applications, even through GreyWind's sanctioned pathway. Despite these limitations, GreyWind has achieved significant scale, with over 4,000 AVImark connections according to Antech sources. The partnership does provide one meaningful advantage: GreyWind receives advance notification of PIMS changes, allowing participation in testing processes before updates that might break integrations are deployed.

For practices and innovators, the choice between these platforms involves trade-offs between speed and security. BitWerx's unsanctioned approach carries risk—if the PIMS developers modify database structures (historically this is rare), BitWerx must react quickly without advance notice. However, this independence enables faster onboarding and broader application support. GreyWind's sanctioned status provides change notification and testing access, but vendor approval requirements can delay or block integrations entirely. The strategic implication is clear: as innovative AI applications proliferate, third-party integrators like BitWerx are becoming an integration option,

particularly for practices using restrictive cloud PIMS who want access to innovative applications their vendors decline to support directly. The real-time read/write capability arriving this quarter represents a potential inflection point, enabling seamless AI-to-PIMS workflows that could accelerate adoption of scribes and other AI tools across the industry.

Of course, the best solution is for the PIMS companies to recognize their role, by being the systems of record, in creating database access to innovation. Some of the smaller and aggressive PIMS companies readily do. We would hope all the PIMS suppliers would follow suit. It is in their interests.

G. Implications for Veterinary Software Providers

We are seeing an explosion of AI value-added applications that need access to your PIMS data: your "systems of record", through sanctioned API integrations. This access is required to operate efficiently and with smooth workflow.

Ken Lambrecht articulates the mandate:

> *"Software providers need to step up soon and integrate with other software ASAP, veterinarians and their teams need to be adept users of AI tools that suit their practice type."*

Ken captures a dual imperative: software providers face an integration mandate, and veterinary teams must develop AI fluency. PIMS providers that view AI integration as optional, place a low priority on them, or block to favor their own solution, will find themselves increasingly disconnected from practitioner expectations.

Here is a recent (Dec 2025) real world example of an extraordinarily innovative and unique value-added application (well beyond the startup phase), and their experience approaching a large, established PIMS SaaS vendor about integration. The response from the PIMS company was,

> *"Thanks for the note. We have a Partnerships team who owns this area of our business - third parties that integrate into our practice management software. XXXX manages this team and I have added him to this note.*
>
> *"He will send you the intake form to complete which is Step #1. Please know that we have a **very large queue** of AI companies interested in integration **and a limited set of resources supporting this area**. You will need patience to work through our process."*
>
> > Senior ___ of Partnerships and ..
> > [**emphasis added**]

This vendor is not prioritizing an open integration approach. But both large and small PIMS companies exhibit exclusionary behaviors in certain cases.

Interestingly, a vendor's actual behavior with regard to integrations is not because they do not have resources, it is a matter of what they are prioritizing on their product

roadmap. Several of the newer and smaller PIMS entrants with a growing number of customers are the most willing and able to provide open APIs and sandboxes to support third-party integrations (they have also been known to exclude when they have their own version of a specialized application.)

The result of a PIMS being slow to integrate new innovative AI applications that require access to the practice's data within their PIMS, could result in their PIMS customers switching to other PIMS innovators, anxious for their business, and who publicly espouse and actively court integrations with all innovative, value added AI apps of all types. We hope these companies provide the resources to open their systems safely to third-party innovators. If Claude can develop Cowork *in 10 days* using Claude Code software development tools,[9] then PIMS companies can make the adaptations required to create open, safe access to your scribe and other tools.

Obviously as the number of value-added AI innovations further proliferate in 2026, established PIMS vendors will be pressured to support this coming wave of innovation, or see their customer growth stall.

The profession needs to survive the challenges listed it up front. An active and open set of PIMS integrations will allow practices to choose from these new opportunities. Otherwise, it will result in unnecessary customer churn (loss of customers to hungry PIMS startups), contrary to their self interests.

From Adam Wysocki, independent founder of VetSoftwareHub:

> *"When I launched my site, one of my goals was to build a big enough footprint that I can put pressure on the PIMS providers to open up. So that the two young kids at MIT in their garage with a great AI diagnostic tool can integrate just as easily as PetDesk can."*

> *"Some PIMS companies are stifling innovation and animal care in the veterinary industry by not opening their API sets. And even worse, selectively providing access to third parties."*

> *"We're missing opportunities to come up with efficiencies and treatment methodologies that could really drive the cost of care down. And for what? To stake their claim and keep a stranglehold on their user base. It's counterintuitive to what their mission statements typically are."*

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[9] Cowork is Anthropic's general-purpose AI agent released in January 2026, designed to bring Claude Code's autonomous capabilities to non-technical users for tasks like file organization, document creation, and workflow automation. The product was developed *in approximately ten days*, largely using Claude Code itself, after Anthropic observed users employing Claude Code for non-coding tasks including vacation research, slide deck creation, email management, and expense tracking.

H. Stepping Back – The Strategic Perspective on How We Got Here, and What Needs to be Done Now:

The Integration Imperative: A Framework for PIMS Evolution
(The section is born out of a discussion between Jon Ayers and Adam Little, and synthesizes Adam's strategic perspective)

1) The Integration Paradox. Two things can simultaneously be true. First, today's PIMS providers do integrate with and power hundreds of applications. They have built ecosystems that connect practices to labs, imaging, client communication, and countless other tools. Second, the legacy opaque process, business model, gatekeeping, and insufficient technical investment are no longer acceptable for a modern software ecosystem and are stunting the overall opportunity. Practices increasingly have a larger voice in advocating for a new direction.

Acknowledging both realities is essential. The industry cannot dismiss what PIMS providers have built, nor can it accept the status quo as sufficient for what comes next.

2) The Model That Worked—Until Now. Over the last decade-plus, PIMS companies scaled solutions into a market that went from literally a handful of third-party applications a decade ago to nearly limitless options today. The historical context of software development also matters: we came from a world where building software required large teams, significant resources, and long timelines. The historical integration approach may have worked for that era.

But the world has fundamentally changed. Veterinarians are literally vibecoding their own applications. Enterprises are bringing a level of rigor with new application needs we haven't seen before. Pet owners are demanding more engagement and access to their information. Tomorrow, users will speak new programs into existence multiple times a day and we will have a new world of personalized software. Teams will build and deploy agents as digital workers in minutes and hours, not months. We are witnessing a shift from consumer to creator.

The integration model of yesterday doesn't work for today. It will suffocate the opportunities of tomorrow.

3) In Retrospect, a Failure of Strategy. The framing of "purposeful exclusion," while many times accurate with large PIMS and small, detracts from a larger and more compelling story. Established PIMS providers have made a series of strategic miscalculations that have compounded over time. They failed to foresee the need to invest in the necessary foundations and API development to enable rapid deployment and scale of third parties. They underestimated the integration needs of the market and lacked creativity about what needs practices would have of their PIMS. They under-resourced this part of the business and prioritized features over ecosystem integration.

The consequences are now apparent. They cratered trust with the larger ecosystem, causing an entire generation of companies and entrepreneurs to question the established players. They deployed an expensive, opaque, and time-consuming integration process. And many PIMS providers, large and small, are perceived as shady

about the relationships and management between their support of third parties and their own native ambitions.

Regardless of the reasons, the outcome is the same: a system where gatekeepers are perceived to be picking winners or losers, where exclusionary practices appear to be common, and where great founder-lead innovation is being hampered. This outcome is bad for the profession and the broader pet-owning public, as well as these PIMS providers themselves.

4) The Problem of "Faux Open." PIMS companies believe they do have an open system. They believe they allow integrations. They believe they are taking an ecosystem-level approach and supporting entrepreneurs. They strongly believe that the PIMS is at the center of this ecosystem, and therefore they have justification for all the constraints they impose.

The call to action is that their definition of "open" is faux. It is not in support of the broader ecosystem. In 2026 we have reached a breaking point, and rapidly advancing AI will topple this technical architecture. The cracks are everywhere—middleware solutions, browser-based agents, and customers who are finally fed up. Practice owner expectations have evolved to the point where they are no longer tolerating it. Some groups are even developing their own PIMS or other value-added applications (such as pet owner communications) for their own needs. We expect to see more of this, as well as more innovation by startups.

5) The Network Future. The future of the PIMS is not a hub-and-spoke model. It is a network of applications with AI coordinating between them. The most valuable node is still the PIMS and their systems of record, which is precisely why these platforms have both a duty to the profession and a commercial imperative to move in this direction—or they will lose their leadership.

We want this world to be driven by deep integration across the tool stack, the ability to leverage the collective intelligence and data of the profession, and the ability to reach all veterinarian teams regardless of where or how they practice. This requires a complete rethinking of all aspects of the ecosystem.

The distinction between veterinarian customer and builder-entrepreneur will start to fade as anyone can build software themselves. The gatekeeping approach will fail not because of abstract principles, but because increasingly these platforms will be preventing access for their own customers—not just some third party they don't want to support.

6) The Path Forward. The platforms that will succeed are those that either build for this new world from the ground up or reimagine and refactor their existing approach. Either way, they need to solve for these new needs. These platforms will encourage and accelerate innovation and lift the output of the teams they touch.

What does this look like in practice? It means transparent, well-documented APIs that any developer can access without negotiation. It means technical architecture that anticipates third-party needs, not one that treats them as afterthoughts. It means

recognizing that the PIMS provider's role is not just as gatekeeper to their systems of record, but as enabler of innovation. It means understanding that the commercial imperative and the professional duty point in the same direction.

The networked future is not optional anymore. Those who embrace it will thrive. Those who resist will find their relevance eroding as customers and innovators route around them. In a world where everyone is a creator, the old gatekeeping model simply cannot hold.

I.   PIMS Evaluation and Selection: A Practical Framework for Low-Regret Decisions *(this section, which could be extracted as a standalone, was written primarily by Adam Wysocki, VetSoftwareHub.)*

As discussed, a PIMS is the operational backbone of a veterinary practice. They hold the systems of record that everything else depends on, including appointments, clients, patients, invoices, payments, communications, and the medical record. Selecting a PIMS is therefore less about choosing a feature checklist and more about choosing the platform that best supports reliable operations today and predictable modernization tomorrow.

1) Start with the right question: keep and modernize, or switch?

To review, a PIMS replacement is one of the most disruptive changes a practice can undertake. It consumes staff capacity, introduces conversion risk, and forces workflow retraining across the entire team. Because many modern capabilities can be added through connected applications, leadership should first test whether the current PIMS can support near-term goals through integration, workflow redesign, and incremental upgrades.

A switch becomes justified when one or more of the following are true:

- The vendor is effectively abandoning the product (support, reliability, or roadmap risk is unacceptable).
- The system cannot support core operational requirements for the practice type (for example, inpatient or specialty complexity).
- Critical modernization initiatives are blocked by lack of integration access (especially when third-party tools must read and write data, and the vendor cannot or will not support it).
- The total cost of workarounds (double entry, manual reconciliations, staff overtime, client friction) consistently exceeds the cost and risk of change.

This framing prevents switching for "better software" without a clear operational outcome, then absorbing disruption without a measurable return.

2) Evaluate through a systems-of-record lens

A PIMS should be evaluated by how well it supports the practice's systems of record and the workflows that depend on them. A structured inventory helps create clarity:

- Systems of record: scheduling, client and patient demographics, medical history, estimates, invoices, payments, reminders, pharmacy, diagnostics, documents, and communications.
- Read vs write needs: which connected tools only need to view data, and which must write back (appointments, notes, invoice items, communication outcomes, documents).
- Workarounds and friction: where staff copy/paste, keep parallel spreadsheets, re-enter information, or perform end-of-day cleanup, and why.

A PIMS can feel "usable" while still being a strategic bottleneck if it prevents clean data movement and write-back from modern applications.

3) Treat medical record conversion risk as a first-class criterion

Medical record conversion is often the highest risk component of a PIMS change. Veterinary records include a mix of structured items (vaccines, weights, lab results) and unstructured content (free-text notes, scanned documents, attachments, images, PDFs), and practices vary widely in how they document care. As a result, "successful migration" is not a binary yes or no. It is a spectrum of fidelity.

Every selection process should include an explicit record migration assessment:

- What must remain usable on day one (chronic conditions, vaccine history, lab trends, controlled drug history, referral history)?
- What can be archived (bulk PDF exports, legacy attachments) without harming care delivery?
- What fidelity losses are acceptable (formatting, templates, embedded viewers, flowsheet layouts)?
- What is the opportunity to reset bad data practices (such as eliminating stale inventory codes) and establishing new workflows?

This should be validated with real sample records, not a vendor promise. If migration fidelity is low, the practice may need a plan that includes selective conversion, archival access to the legacy system, or both.

4) Cloud vs on-prem changes integration due diligence

Integration reality differs significantly by deployment model.

- On-prem systems may allow integrations through local access methods, sometimes without deep vendor involvement.
- Cloud SaaS systems typically require vendor-supported APIs or formal integration partnerships. In practice, the vendor's willingness, resourcing, and

prioritization of integrations becomes a major determinant of what the practice can adopt next.

For this reason, integration readiness is not a secondary concern. It is often the main factor that determines whether a practice can layer on automation and AI tools without switching the core system again. Loss of integrations from the old system to the new is a huge area of buyers remorse. For this reason, a useful test here is to audit all your existing integrated applications and how they work with your current PIMS setup.

5) An open API[10] and write-back access: the difference between AI that saves time and AI that creates more work

As AI tools mature, their value increasingly depends on whether they can move information into the PIMS without human "glue work." When a PIMS lacks a usable, stable API, practices often end up in a worst-of-both-worlds workflow: AI produces output, but staff must still copy and paste it into the medical record, re-enter charges, update problems, or reconcile communication events. That redundancy adds time, increases error risk, and undermines adoption.

We are moving to a world where AI will take actions in these systems. Importantly, agents need to work in a sanctioned, scalable, and robust way. Digital workers need to be able to access your PIMS like human workers can.

For evaluation and selection, "open API" should be treated as a concrete capability, not a marketing label. The practical requirement is *full read and write accessibility* to the specific systems of record that AI and automation must touch, with predictable permissions and auditing.

At minimum, a PIMS that is positioned for future AI advances should show:

- *Read access* to appointments, client and patient context, historical medical record elements, and invoice or estimate context.
- *Write-back* to the medical record (notes, documents, attachments), as well as support for structured updates where appropriate (problem lists, reminders, tasks, communication outcomes).
- *Event or change handling* that allows downstream tools to stay in sync without brittle polling or manual reconciliation.
- *Clear governance*: rate limits, authentication, permission scope, and a stable versioning strategy.
- *Operational proof:* real integrations in production that perform write-back, not just "we have an API."

A useful litmus test is simple: if an AI scribe, AI phone assistant, or messaging automation tool cannot write outcomes back into the PIMS, the practice should assume it will create copy/paste workload and uneven compliance. Conversely, if the PIMS

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[10] API: Application Program Interface, a tool provided by the PIMS, which allows another application to safely and securely access the PIMS system of record for read and write access.

supports dependable write-back, AI tools can reduce documentation burden, improve consistency, and eliminate duplicate entry.

Today there may be a degree of fragmentation that is occurring outside the PIMS around these communications, which must be addressed by the PIMS. Practices routinely have a team-wide texting system, but now we have scribe companies also sending communications to owners, such as patient summaries. Where do you audit or see the holistic client relationship? It must be in the PIMS. As there are more frequent and more personalized communications from these tools this consolidation and coordination becomes increasingly important.

6) Use two equal scorecards: workflow fit and ecosystem readiness

A practical way to compare candidates is to score across two dimensions that matter equally.

    A. Workflow fit (daily operations)

        Evaluate using scripted scenarios based on real work:

- Scheduling, including complex multi-doctor days, urgent add-ons, and capacity rules
- Note creation speed and usability (templates, defaults, quick actions)
- Estimates and checkout flow, payment handling, and invoice accuracy
- Refills, reminders, and recurring tasks
- Reporting basics for production, compliance, and management oversight
- Practice-type requirements (for example, inpatient boards, treatment sheets, specialty workflows)

B. Ecosystem readiness (modernization capacity)

    Evaluate how the system supports current and future add-ons:

1. API accessibility and quality, including evidence of stable write-back
2. Existing integration partners in categories the practice cares about (comms, payments, online booking, diagnostics, AI documentation)
3. Time-to-integrate reality (what exists now, what is roadmap, and what requires custom work)
4. Data export accessibility (format, completeness, cadence), including contract exit expectations
5. Vendor posture on third-party access (transparent, cooperative, restrictive)

    This balance prevents "beautiful UI" decisions that later block strategic initiatives.

7) A lightweight evaluation process that busy teams can execute

    Stage 1: Define outcomes and non-negotiables (1 to 2 weeks)

1. Pick 3 to 5 measurable outcomes (reduce admin minutes per appointment, reduce missed charges, reduce time to finish notes, reduce call volume).
2. Define non-negotiable workflows and integrations (including write-back requirements).
3. Identify who must be involved (front desk, techs, doctors, practice manager, finance, IT).

Stage 2: Shortlist with scenario-based demos (3 to 6 weeks)

1. Run the same scenarios for every vendor.
2. Require demonstrations of historical record handling, not just new note entry.
3. Validate integration and API claims in writing, ideally with reference calls to similar practices.

Stage 3: Proof of capability (optional, high value for SaaS)

1. Confirm that priority add-ons can integrate in practice (not just "supported in theory").
2. Validate write-back for the specific actions the practice needs (documents to medical record, task outcomes, communications).
3. Validate export methods and implementation support.

Stage 4: Change management plan before contract signature

1. Training plan with protected time
2. Data conversion timeline with validation checkpoints
3. Go-live support and escalation path
4. Contingency plan for downtime and early workflow issues

A selection is only as good as the implementation plan attached to it.

8) High-leverage vendor questions

These questions quickly reveal integration maturity and practical fit:

1. Which systems can third-party apps read and write (appointments, invoices, payments, medical notes, documents, reminders)?
2. Do you support writing documents and structured outputs into the medical record, and is that available via API (not only via manual upload)?
3. What are the most common write-back integrations you support in production today?
4. If an integration does not exist, what is the typical timeline, cost, and process to deliver it?
5. How do you prioritize integration requests, and what resources are dedicated to partnerships?
6. What export options exist (frequency, completeness, format), and what happens at contract termination?

7. What is the migration approach for medical records, and what fidelity losses are common?

9) PIMS Evaluation and Selection-Summary

PIMS selection should optimize for operational reliability and future flexibility. Many practices can achieve meaningful modernization without a core switch by focusing on integrations, workflow redesign, and adding complementary applications. When a switch is necessary, the best long-term choice is usually the platform that combines strong daily workflow fit with credible ecosystem readiness, including open API access with dependable write-back. That is what allows future AI tools to reduce workload rather than create new copy/paste redundancy.

# VI. The Veterinary AI (Value-Added) Software Marketplace

Beyond PIMS, there are a large number of categories of applications, many of them AI enabled, that go beyond PIMS's role to help solve customer challenges, such as practice efficiency, client loyalty, and building visit volumes. These applications, as a group, go by many names: value-added applications, bolt-on applications, AI enabled software, or simply by their sub-category, such as calendaring or scribes.

Once a practice has assessed whether their existing PIMS is meeting their needs in its core administrative workflows, and is able to integrate with third-party value added applications, including those that leverage AI, then the fun begins.

There are a variety of critical categories of software functions. A partial list includes.

> Diagnostic lab and bench-top integrations
> Online appointment booking tools
> Scribes
> Pet owner communication applications
> Radiology AI and referral applications
> Predictive health
> Home-based assessments to add to the medical record
> Pet owner communications (a broad category of applications)
> AI voice receptionists
> Medical record and laboratory result interpretation tools
> Care/Wellness Plans

A screenshot from VetSoftwareHub gives a more complete list
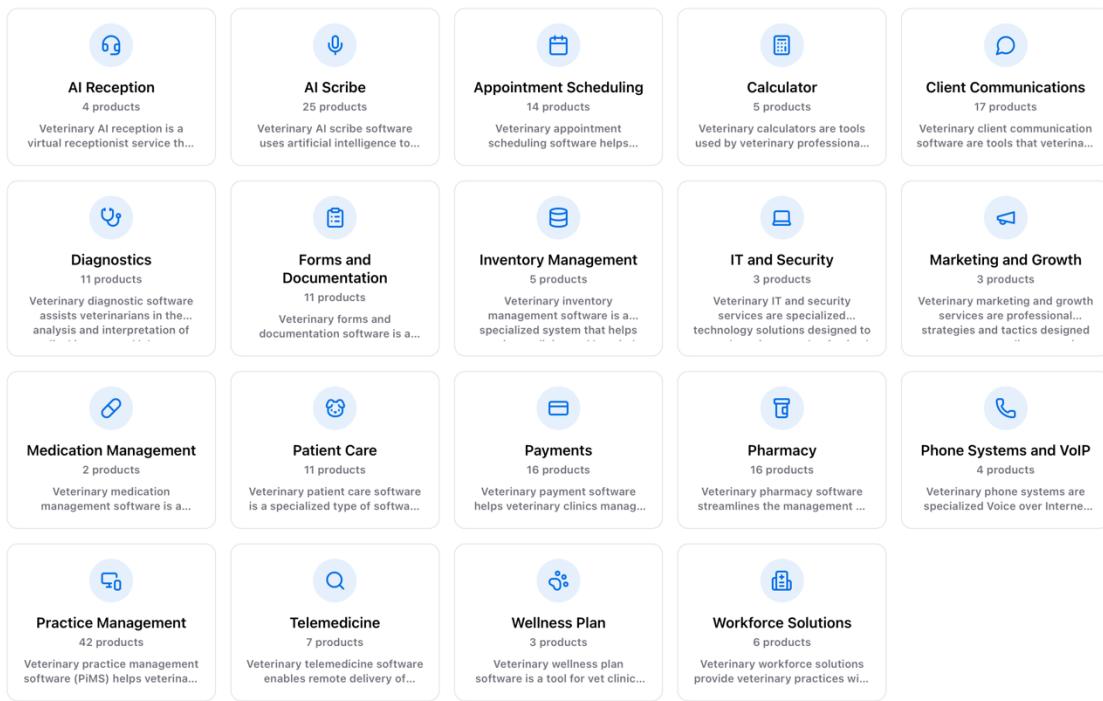
Several of these are an absolute necessity for a modern day practice to address the needs of pet owners, including those that are technologically savvy. These include online booking, payments, client communications.

In Part II of this paper, we will delve into how these tools can help achieve practice and medical objectives. In the meantime, we take a deep dive into the first value added application: AI assisted veterinary radiology.

V. AI-Assisted Veterinary Radiology: Expanding Care *and Increasing* the Demand for Radiology Specialists

Veterinary AI radiology represents an instructive test case for how AI can enhance rather than displace professional expertise, while expanding the care envelope.

Contrary to initial assumptions that AI would reduce the need for board-certified radiologists, the evidence reveals a counterintuitive finding: *AI-assisted radiology platforms are expanding utilization of both radiology services and specialist consultations.* By making diagnostic imaging more accessible, affordable, understandable to clients, and easier to integrate into clinical workflows, AI is growing the overall market for radiology expertise. The implications extend beyond radiology to offer a template for how AI can complement professional judgment throughout veterinary medicine.

A. The Counterintuitive Discovery: AI Expands Utilization

The veterinary AI radiology market initially hypothesized that AI would handle routine cases autonomously, reducing specialist involvement. The reasoning was intuitive: if AI could accurately identify normal findings in 70-80% of cases, total specialist workload would decline.

The actual market experience tells a different story—practices utilizing AI radiology interpretation tools are increasing their use of both radiology studies and specialist consultations.

This parallels the experience in human medicine. Despite predictions that AI would eliminate radiologist jobs, evidence shows the opposite: AI is increasing demand for radiologists. Geoffrey Hinton's 2016 prediction that (human) radiologists would be obsolete within 5 years has proven incorrect. Instead, radiology residency positions hit record highs in 2025, salaries increased 48% since 2015, and the workforce is projected to grow 25-40% by 2055.

> *"One of the most important image recognition applications is radiology... Geoffrey Hinton predicted about five years ago that in five years' time, the world won't need any radiologists because AI would have swept the whole field. Well, it turns out AI has swept the whole field. That is completely true. Today, just about every radiologist is using AI in some way. And what's ironic, though, what's interesting is that the number of radiologists has actually grown.*
>
> *"The purpose of a radiologist is to diagnose disease, not to study the image. The image studying is simply a task in service of diagnosing the disease. Now, the fact that you could study the images more quickly and more precisely... you could study more images. The number of tests that people are able to do increases. And because they're able to serve more patients, the hospital does better. They have more clients, more patients. As a result, they have better economics. When they have better economics, they hire more radiologists."*
>
> **— Jensen Huang, Joe Rogan Experience #2422**

Almost all veterinary practices have now adopted digital radiology over film. As a result, once the hardware is purchased, the incremental cost of running a study is virtually zero. There is no incremental supply cost to conducting a digital x-ray study (unlike lab work). The procedure typically takes only a few minutes of a pair of technicians' time. So let's assume $20 an hour times two technicians in 10 minutes for the procedure. The cost of an AI preliminary assessment of a case can typically cost the practice $5-$10. This equals a total variable cost of ~$15 per study. The marginal cost is so low (practices don't even think about the vet tech's time) that many practices do not charge

for the initial x-ray study and AI interpretation assistance, only for the cost of a referral (with markup), if judged needed the DVM.[11]

With virtually zero marginal cost, utilization of veterinary AI radiographic support grows through three reinforcing mechanisms:

Ease of Use Reduces Friction. Traditional teleradiology required manually packaging images, uploading through clunky interfaces, and filling out detailed forms. This friction meant consultations were reserved for high-uncertainty cases. AI-integrated platforms eliminate this friction. Radiographic images are auto-uploaded, patient history is pulled from PIMS, and initial assessments appear within minutes at a tiny fraction of radiologist interpretation cost. When getting a read becomes effortless, practices use radiology more frequently.

Client Engagement Drives Compliance. AI radiology platforms include visual aids— heat maps, highlighted regions, and plain-language findings that transform gray blob radiographs into comprehensible images for pet owners. When clients can see what the veterinarian is discussing, compliance with recommended diagnostics and treatments increases substantially. This visualization capability creates revenue pull for both initial and follow-up imaging.

Confidence Lowers the Threshold for Action. AI serves as a confidence multiplier for general practitioners in their interpretation of a radiograph. Having AI provide an initial risk assessment of low, medium, or high provides the veterinarian confidence to triage the image in front of them and refer if they feel appropriate. When AI identifies something the veterinarian may have missed, it triggers a teaching moment and appropriate referral to a board-certified radiologist. These specialists report that cases arriving through AI-enabled platforms often have better positioning, more complete history, and clearer clinical questions.

B. Positioning the Veterinarian at the Center

Successful AI radiology platforms keep the veterinarian firmly at the center of the patient-client relationship, positioning AI outputs as decision support rather than decision making. Common frameworks include: "Patient outcomes are the most important consideration," "Only doctors make decisions regarding treatment options," and "Technology should further patient outcomes and physician decision-making." Platforms describe outputs using language like "preliminary insights" and "possible indications"—providing another set of eyes rather than replacing professional judgment.

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[11] Since the beginning of x-ray systems in veterinarian practices, most practices have assumed that investing in x-ray system is just the cost of doing business, not unlike investing in exam rooms. Therefore, the hardware is a "sunk cost" (already spent) and so the only cost for consideration is the per use cost. Note that the practice service charge policy can vary greatly across practices.

C. AI Radiology Offerings: Landscape and Validation

A few AI platforms have emerged with the typical approach effectively a hybrid: the veterinarian performs the study and simultaneously asks AI for an interpretation. If the vet, with the help of the AI interpretation, judges that there is a potential issue in the image, they can easily then ask for a DACVR specialist referral. The AI interpretation is positioned as conservative and emphasizing preliminary insights. Peer-reviewed research and behavioral economics suggest that in practice, **70-84% of veterinary radiographs present as normal or low-acuity findings** where veterinarians will likely terminate at the AI assessment without specialist consultation. Veterinarians have generally requested a 25% consultation rate. At the same time, total radiology utilization and referrals have increased, similar experience to human radiology.

A 2025 Frontiers in Veterinary Science study provides rigorous validation, comparing AI risk interpretation against 11 board-certified radiologists. Key findings: AI demonstrated higher specificity (reducing false positives), lower variation than human radiologists, while humans maintained advantages in sensitivity for ambiguous presentations. The researcher's conclusion: "AI will likely complement rather than replace human experts."

D. Professional Response and Adoption

In Spring 2025, the American College of Veterinary Radiology stated that "currently, no commercially available AI products for veterinary diagnostic imaging meet the required standards for transparency, validation, or safety." Notably, this has had limited impact on adoption—general practitioners have largely continued adopting AI radiology tools despite specialty college reservations. This dynamic reflects several factors: workflow benefits are immediate, conservative positioning provides comfort, client expectations are evolving, and the radiologist shortage is structural (fewer than 2,000 board-certified veterinary radiologists serve all of North America and Europe).

As a direct response, Vetology AI released a comprehensive classifier performance metrics. https://vetology.net/vetology-ai-releases-classifier-performance-metrics/

E. Managing Risks

AI systems will make errors; the question is how they will be handled. The hybrid model where AI interpretation adds initial risk assessment, and humans provide definitive interpretation for complex cases offers the best error-catching architecture. There is risk that practitioner interpretation skills may atrophy if veterinarians treat AI assessments as equivalent to normal findings without independent review. Training programs should address how to use AI while maintaining clinical skills. AI capabilities are advancing rapidly; companies and practices need to plan for continuous technology evolution. For full market expansion potential, deep PIMS integration with write-back capability (e.g. a PDF of the interpretation) is an easy solution for the PIMS.

F. Jevons Paradox: *AI Expands Care while Lowering Unit Cost*

The Jevons Paradox states that as technology makes a resource more efficient to use, overall consumption of that resource often increases even more than the cost decrease, because the lower cost makes it more accessible and desirable, leading to higher demand.

This is at play in that the lower cost of the initial radiology is actually *increasing the demand for radiologists.* This is being seen across industry as it adopts AI. Aaron Levie, in a widely shared post, postulates that Jevons Paradox will apply to AI adoption with knowledge workers. We see this in veterinary radiology. We can easily extend this to veterinarians and technicians.
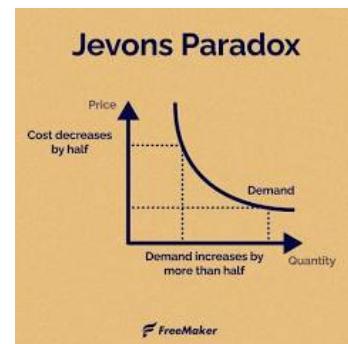
Monday, 29th December 2025

" Jevons paradox is coming to knowledge work. By making it far cheaper to take on any type of task that we can possibly imagine, we're ultimately going to be doing far more. The vast majority of AI tokens in the future will be used on things we don't even do today as workers: they will be used on the software projects that wouldn't have been started, the contracts that wouldn't have been reviewed, the medical research that wouldn't have been discovered, and the marketing campaign that wouldn't have been launched otherwise. "

— **Aaron Levie,** Jevons Paradox for Knowledge Work

Going further, if the cost of veterinary care is dropped by 20% (making up for the gap created over the last five years in relation to CPI), Jevons Paradox postulates that the increase in demand will drive increased volumes that would more than make up the shortfall in pricing. We know the potential is there by the way, pet owners still feel strongly about their pets. And we have seen Jevons Paradox in radiology already.

Think about this on a more micro basis. If a practice dropped its price of the most common diagnostic tests and profiles by 20% and advertised this as part of an overall plan to drop the cost of routine care, the volume increases would come from both 1) local share gain; as well as 2) tapping demand that heretofore has avoided higher priced veterinary care. The practices that are brave enough to take this action will be the early movers and beneficiaries. And it is affordable: if a test costs $33 to run, and the practice has typically a 3X markup (a conservative markup) to $100. A 20% discount would still mean $80 price to a pet owner, still leaving the practice a $47 margin (instead of $67). If Jevons Paradox holds and the volume grows by 40%, then the practice would achieve the same overall margin plus incremental margin on all the other services associated with those visits. They would come out a winner, assuming they can handle the volume increase with existing resources. We believe the historic diagnostic markup practices of 3 to 4X are the most vulnerable aspect of current veterinary pricing. This is

particularly in light of AI-assisted diagnostic interpretation, the parallel to AI assisted radiographic interpretation.

We believe this is one way the industry's price umbrella breaks. See the "AI in Companion Animal Medicine: Transformation Ahead!" (Ayers, Little, et. al.) from September 22, 2025, for more perspective on pricing to the pet owner and price transparency.

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Appendix -Hound.vet PIMS complete data set

Pims	# ToalCount	# IndyPracticesCount	# GroupPracticesCount	# AddedIn2025Count
Cornerstone	2720	1036	1684	451
AVImark	1907	571	1336	230
ezyVet	1246	617	629	258
PetWare	1040	3	1037	1
Other	811	309	502	245
ImproMed	411	172	239	47
Vetspire	398	244	154	51
PetPass	389	3	386	389
eVetPractice	369	241	128	49
WOOFware	346	14	332	0
Rhapsody	177	120	57	15
Neo	133	110	23	36
Vetter	116	93	23	30
Shepherd	81	73	8	30
Claude	68	3	65	33
Intravet	67	32	35	9
Pulse	65	17	48	27
DVMax	54	18	36	0
Clientrax	48	16	32	2
Digitail	47	30	17	7
VIA	38	16	22	2
Idexx neo	32	22	10	7

	Pims	# ToalCount	# IndyPracticesCount	# GroupPracticesCount	# AddedIn2025Count
24	Covetrus Pulse	30	12	18	7
25	Vetter/DaySmart	28	15	13	2
26	Instinct EMR	24	16	8	8
27	easydvm	23	23	0	23
28	Instinct	22	16	6	1
29	infinity	21	7	14	0
30	ClinicHQ	19	19	0	2
31	DVM Manager	15	6	9	1
32	We have our own proprietary software	14	14	0	12
33	shelterluv	12	12	0	5
34	ProVet Cloud	11	10	1	3
35	VISION RECORDS	11	2	9	1
36	vetfm	11	10	1	1
37	VTech Platinum	10	5	5	0
38	daysmartvet	10	2	8	7
39	eVet	9	2	7	0
40	eVetpractice/Pulse	9	7	2	1
41	Homelove Platform	9	2	7	6
42	none	8	8	0	1
43	central phone, housecall scheduling software	8	8	0	0
44	Bespoke	8	0	8	0
45	Sheperd	8	5	3	4
46	Shepherd.vet	8	6	2	3
47	Homelove Portal	7	0	7	7
48	Hippo Manager	6	4	2	0
49	N/A	6	6	0	0
50	Paper Charts	6	5	1	0
51	various	6	1	5	6
52	VetTech Advantage	5	2	3	0
53	Navetor	5	5	0	2
54	Clinic Hq	5	5	0	2
55	Advantage+	5	0	5	0
56	Airvet	5	5	0	4
57	Hippo	4	4	0	0
58	idexx	4	2	2	1
59	Vetport	4	2	2	2
60	PetPoint	4	4	0	1
61	StringSoft	4	4	0	0
62	ProVet	3	3	0	1
63	PetWellClinic Software	3	3	0	0
64	Pack Leader	3	3	0	0
65	VetBadger	3	3	0	0
66	Vetlink	3	0	3	0
67	V-Tech	3	2	1	0
68	V-tech Platinum	3	2	1	0
69	AlisVet	3	3	0	0
70	EZ DVM	3	3	0	0
71	Complete Clinic	3	0	3	1
72	Covetrus	2	1	1	0
73	Datavet	2	2	0	0
74	2Inova	2	2	0	0
75	Animal Intelligence	2	1	1	0
76	Buddy	2	1	1	0
77	HVMS	2	2	0	0
78	Hound	2	0	2	0
79	Kennel Connect	2	0	2	0
80	VTP	2	1	1	0
81	Vtec	2	2	0	0
82	workflow	2	1	1	1
83	Vet Tech - Advantage	2	0	2	0
84	unknown	2	0	2	2
85	Intinct	2	2	0	0
86	Remote Job Scheduling Software and central phone service	2	2	0	0
87	Shepard	1	0	1	1
88	Shepherd app	1	1	0	0
89	Sunshine	1	0	1	0
90	TeleVet	1	1	0	0
91	test2	1	1	0	0
92	SimpleDVM	1	1	0	1
93	Spay Wise	1	1	0	1
94	SpecVet	1	0	1	0