



Although being an offbeat stream, Healthcare has received a warm response from entrepreneurs who have found better solutions to old problems and identified niche areas to build companies. The \$30-billion industry growing at 25 per cent a year being unorganised and immature, provides a huge opportunity for both products and services companies to grow. What makes it more challenging is, unlike a retail product, there is never an impulse-based purchase. Marketing or deals will not really result in more root canals or create a need for more dentures! As a consumer, you spend on healthcare only when you need it, if you trust the service provider and unfortunately in India – if you can afford it.

FEELING THE PULSE

BUILDING AN ENTERPRISE IN HEALTHCARE

| SANTIYA SETH

\$30b

The \$30-billion industry growing at 25 per cent a year.

available to most of its population. This in turn provides incomparable opportunity to make a direct positive impact on people's lives and also simultaneously presents an incredibly attractive business opportunity to people with ideas and a vision.

"With rise in income and awareness about precautionary health measures, we have seen an increase in the average spends by the Indian population. This in turn has attracted many players in the private sector to invest in services and facilities in the healthcare sector," says Vikram Vora, Founder and CEO, MyDentist.

The healthcare delivery sector in India is also attracting people from several parts of the world for its affordable and high-quality healthcare services. In India, the cost of certain surgeries is around one-tenth of what it costs in western countries.

Considering this, it is ironic that a country that attracts patients from around the globe, fails to sufficiently cater to its own medical needs. Lower penetration in villages – over 70 per cent of India's population lives in these areas – poor infrastructure and accessibility and lack of awareness may be reasons for the same.

Amol Naikawadi, Joint MD, Indus Health Plus, says, "Medical tourism in India will be one of the major sources for foreign exchange. Multi-specialty healthcare is another growth opportunity. Single specialty healthcare, such as eye care, dental care, fertility clinics and oncology, too is an opportunity. Segments like diagnostics facilities, which are very fragmented, have great growth opportunities. Medical device firms that innovate will also be very interesting. Firms developing intellectual property in medical

technology will be the ones to look out for. Healthcare information technology and mobile health are also growing fast in areas, such as speech recognition, analytics and revenue cycle improvement. Electronic medical records are yet another opportunity. I think we are at an inflection point, and there will be a tremendous opportunity for growth in several segments of the healthcare industry."

Rajat Goel, Co-Founder and CEO, Eye-Q Hospital, says, "Single-specialty chains and diagnostic laboratories will come out as the biggest growth drivers. Primary healthcare providers, such as outpatient clinics and diagnostic centres, are not so capital-intensive, and hence provide huge scope for entrepreneurs. The limited share of organised sector players means that the market can absorb more players who are willing to walk the extra mile to provide good service."

The Pull Back

India is a developing nation and an emerging superpower, yet its demographic states that only 35 per cent of the country's population gets the benefits of healthcare. Furthermore, even the government's investment in the field is less than 1 per cent. These numbers show that we have a long way to go. When it comes to areas requiring higher technological sophistication, there are a limited number of domestic players, and the sector is dominated by multinationals.

Dr Ashwin Naik, Co-Founder and CEO, Vaatsalya Healthcare, says, "While there is an adequate supply in the major metros, it is beyond reach of large section of the society. Semi-urban and rural areas are still suffering from the lack of access.



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Opportunity

Presently, the industry is amongst the fastest growing sectors in India due to a growing economy, rising disposable incomes, a high incidence of lifestyle-induced diseases and a large pool of human resource. Moreover, the Indian Government has introduced the Health Bill that will further promote this sector. It has also increased public expenditure on healthcare to 2.5 per cent of GDP from 1 per cent, which is encouraging more public-private partnerships. This upbeat atmosphere is attracting foreign investments, especially in Tier-II and Tier-III cities. During last few years, the healthcare sector in India has undergone a paradigm shift and has become highly visible in the last few years. Moreover, India has the most inequitable healthcare scenario where good quality affordable medical treatment is not

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Quality healthcare remains inaccessible in India to a vast majority of population due to inefficient delivery mechanisms, low public expenditure and low health insurance penetration. There is a large opportunity to create a better ecosystem of services and products around insurance and technology. There is also a need for innovative healthcare delivery mechanisms, including specialty chains, e-medicine and public private partnerships.

Recently, private players have begun to enter organised healthcare but only relatively. However, resources are scarce, competition is tough, and government regulations and a balanced budget are increasingly hard to meet at the same time. Hence, progress has not been at the pace of sectors like IT and Telecom.

The Game Changers

Building a successful entrepreneurial venture to save lives by launching chains of standalone intensive care units, cancer care centres and single-doctor clinics in rural areas, seeking to fill some critical gaps in healthcare facilities, is the task taken upon by selected icons in the country.

Vora says, “I personally believe that healthcare cannot work without a social motive. That belief is the fuel that drives the economic goals of the organisation. A person venturing into the healthcare space needs to have an aim to make a positive social and psychological change in the customer/patient base it intends to cater to. We, as a team, want to grow and be successful so that we can cater to a substantial number of people and make a visible difference to their lives. So far, Mydentist has touched the lives of 120,000 patients in the 2.5 years.” He further says, “Anyone can walk in to Mydentist for a free checkup. The doctors there will help the



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patient understand the diagnosis, explain the treatment required and tell them what it will cost. We also strive to serve those that have been unserved so far. Place yourself in the shoes of a father earning just Rs 12,000 a month at a city like Mumbai. You have a child needing a root canal with a crown, which will cost you at least Rs 5,000-7,000. Thus, a medical expense becomes a crisis. Mydentist wants to solve this problem.”

If we talk about the eye care sector exclusively, the market is \$2 billion of which organised players constitute a mere five per cent. Goel says, “We are in a space where no big hospitals are willing to go, primarily because big hospitals are right now focusing on only bigger cities. In our hub and spoke model, we have seven to eight hospitals in the span of around 50 km each and these hospitals will be serviced by those machines which we have more or less made portable or fixed in a place so that people can move

around and experts control all these hospitals through the doctors there as well as their own personal visits. This helps us keep the costs low for patients and allows us to price our services appropriately.”

Another segment being catered by Amol Naikawadi is the preventive healthcare. He says, “We realised that hospitals are busy with curative procedures and have less inclination towards preventive healthcare. For us, the challenge was to come up with an integrated model to combine the strengths of hospitals diagnostic centers, labs and path services with holistic approach to deliver an affordable and comprehensive preventive health check to masses. We have tied-ups with state of the art hospitals, corporate and charitable trusts to ensure the best of healthcare facilities for our clients in both preventive and curative measures. We offer four preventive health checkup packages, having exhaustive and high-end deliverables.”

Catering to the need of semi-urban and rural areas, Naik talks about Vaatsalya, “Vaatsalya invests in services which have high utilisation capacity. The services have to be relevant to at least 60 per cent of the population, such as maternity, pediatrics, general surgery, general medicine and so on. We are also now focusing on chronic diseases, such as diabetes. Our investments are extremely focused on best equipment for critical care and appropriate equipment for non-critical aspects. Operational aspects that have helped us keep our costs low are – high utilisation, a lean cost structure and closely working with local doctor.”

The Healthy Heart Beat

The good news is that you need not be a doctor to change the face of the healthcare industry; all you need is vision and a concrete business plan to convince the VCs and the angel investors. Now is the time for entrepreneurs to take a look at the multiplying opportunities in this sector and be a part of the India's growth story.