

Why India's Healthcare Industry Is Ripe For Disruption!



The biggest disruptions in Indian B2C e-commerce systems so far have happened in the areas of

"Roti, (remember the times when we had 10's of menus stored in a drawer for ordering)

Kapda, aur (this refers to apparel and e-commerce in general)

Makaan (there was a time when the sole flow of information came from the brokers)"

Of course, there are other areas now which have seen innovation (like daily transport etc.)

While this part is understandable, what is baffling is how much healthcare has been left behind from a consumer's perspective.

There are 3 main reasons

1. **Lack of touchpoints:** Our daily interactions with healthcare systems are minimal for us to understand in depth the nature of transformation it should go through
2. **Of the doctors, by the doctors, for the doctors:** The healthcare ecosystem has been built around the doctors, who tend to be more cautious while adopting new technologies (for good reasons sometimes) and haven't been a part of the digital revolution happening everywhere else
3. **Lack of glamour:** Any healthcare entrepreneur will tell how difficult it is to attract talent from a 'cool shiny app' company because healthcare is not cool enough!

**But why do entrepreneurs keep innovating in this industry despite the roadblocks.
There are macro factors at play which have created billion \$ companies in other sectors.**

1. **Unorganized industry:** Largely any healthcare segment is highly unorganized. Take diagnostics labs for example, which is 90% unorganized. The unorganized players typically do not have the marketing and logistics bandwidth that an aggregator or e-commerce company can provide
2. **Importance of asset utilization:** Being capex intensive, most healthcare services need high asset utilization above anything else. For example, hospitals measure revenue per bed, capex per bed etc. These are the same factors which made Uber and AirBnB successful
3. **Lack of transparency:** Healthcare players traditionally do not prefer to keep their prices transparent, not unlike real estate industry which has since matured and the information asymmetry reduced
4. **Immense scope for impact:** While some entrepreneurs see it in numbers and others in terms of lives changed, there is no denying that any innovation healthcare industry has a huge impact on the society as a whole.

But these factors have always been in play. What has changed that makes this industry ripe for #Disruption?

1. **Spillover from e-commerce mindset:** Today when a doctor writes prescription for blood tests, the customer first wants to check on his smartphone how much it is going to cost him (and maybe if there are any discounts!)
2. **Breaking of doctor-patient bond:** With a high floating population and back-room healthcare deals becoming more visible, the traditional doctor-patient bond is becoming more and more fragile. As one doctor put it *"Since there was an episode on Satyamev Jayate on doctors, we are afraid to suggest any particular provider or brand lest the patient should think we are getting a cut"*
3. **Now everyone has a smartphone:** The way smartphone has changed how we travel, eat and buy will also impact healthcare in the same way

Author: Ujjwal Chaudhry (Founder – Labstreet.in)

Ujjwal is an alumnus of RedSeer Consulting having headed the healthcare vertical for 5 years.

He is now the founder of Labstreet.in, an online diagnostics portal.

(This article was published in NextBigWhat on June 2nd, 2015; <http://www.nextbigwhat.com/healthcare-industry-india-disruption-297/>)