



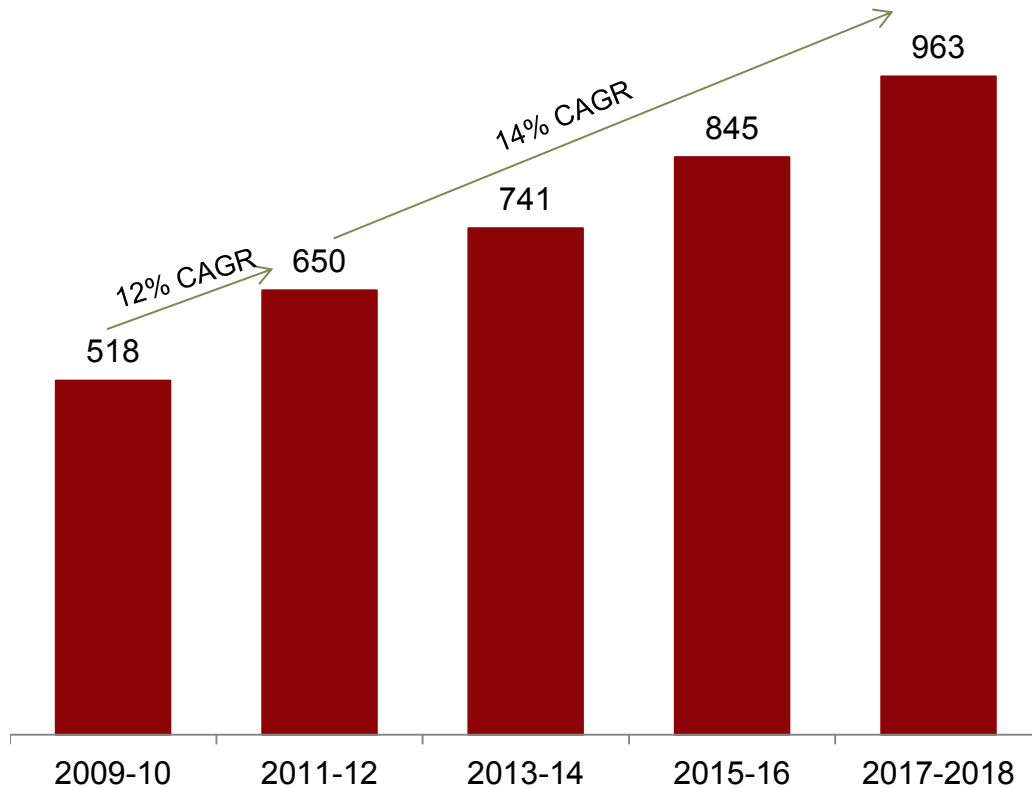
Key trends in Indian Imaging Equipment market

Industry Report

RedSeer Consulting
Bangalore, March 2014

650 Mn USD Indian Imaging equipment market is growing at 14% CAGR

India Imaging Equipment Market In USD Million (2010-2018)

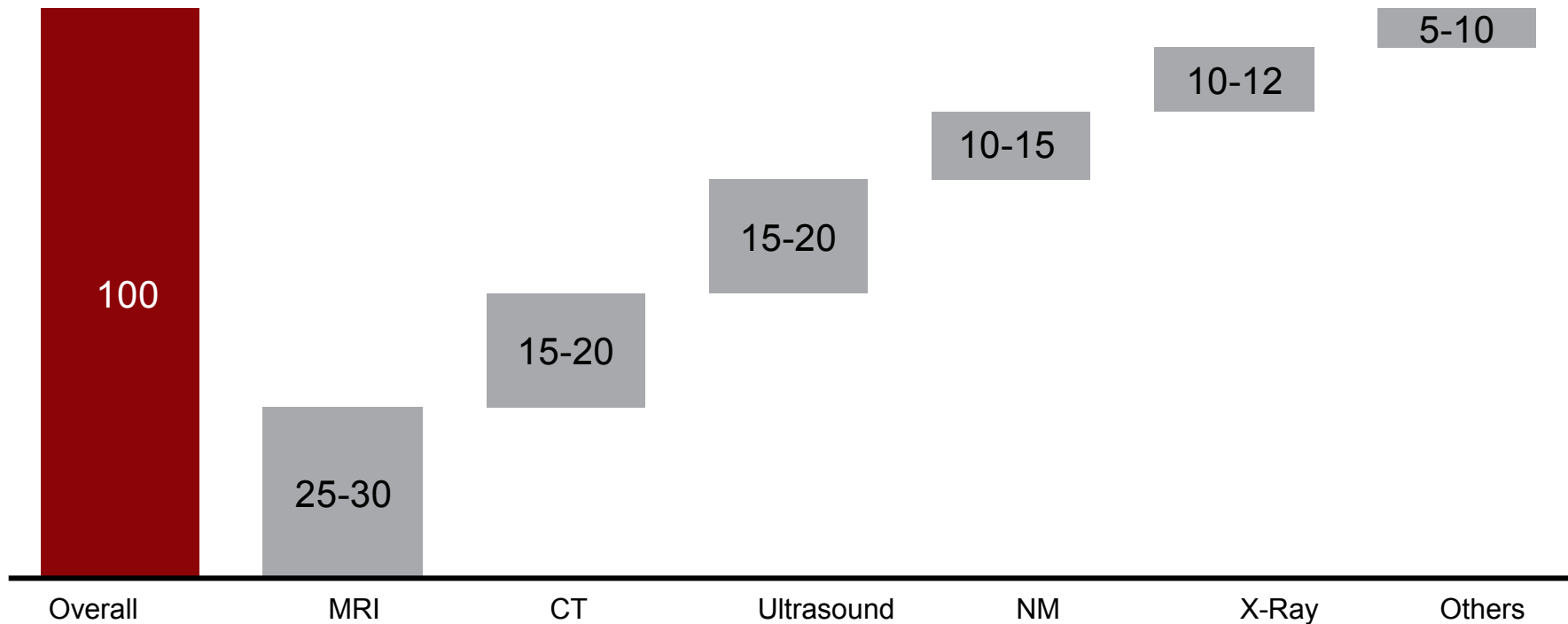


Market Insights

- Imaging Equipment includes MRI, CT Scanner, Ultrasound, Nuclear Imaging, X Ray and Mammography systems
- The key growth drivers for the industry are:
 - Growth of private healthcare chains
 - Increasing penetration of imaging systems
 - Growth in lifestyle related diseases
 - Growth in healthcare spend

MRI and CT Scan account for 40-50% of Imaging equipment market

Market Share by modality
In % (2012)



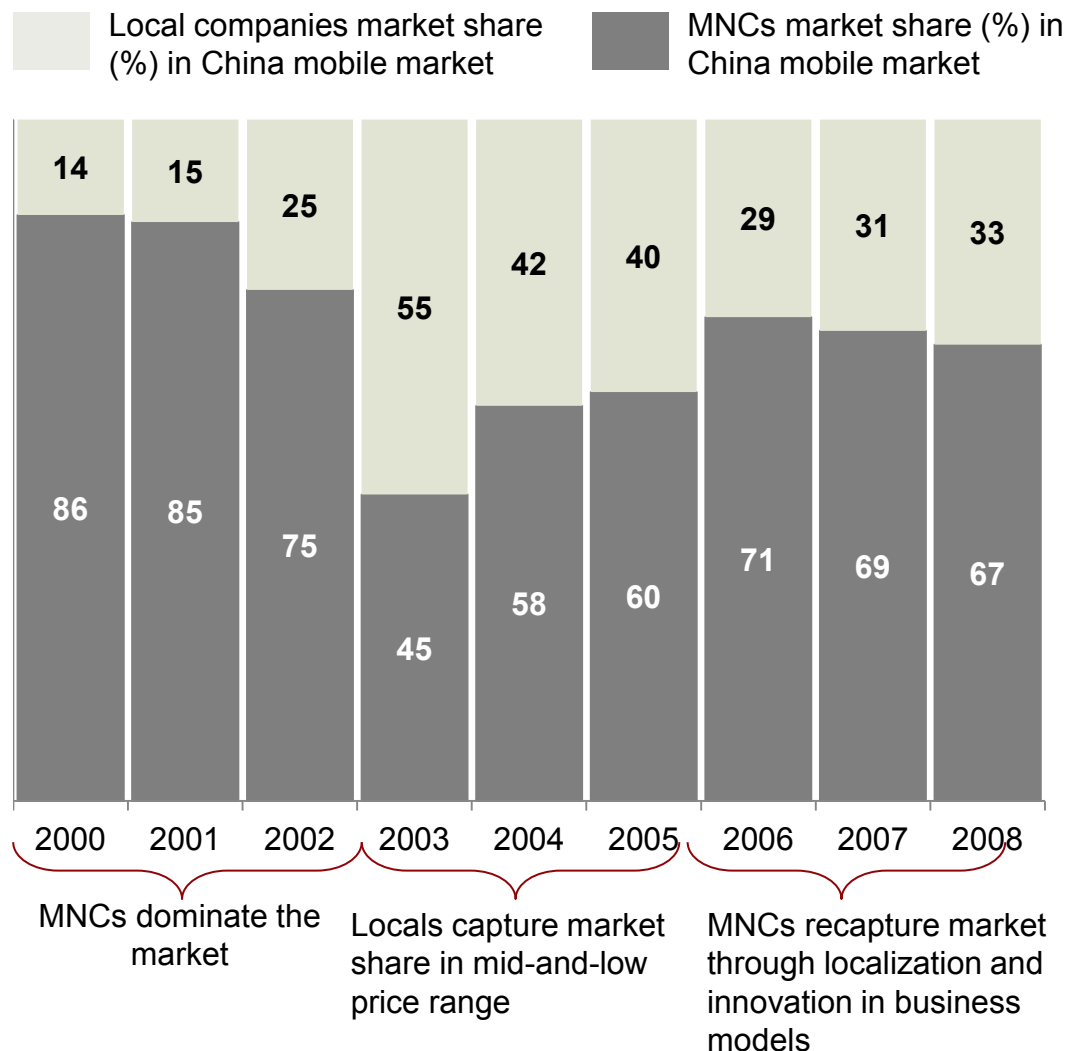
Points of Discussion

- CT Scan segment is growing at 19% CAGR while MRI is growing at 10% CAGR
- Affordability of an MRI machine remains the key barrier due to which refurbished market for MRI machines is increasing quickly

Indian imaging market is following the typical 'emerging markets path'

Lessons from other emerging market industries

% Market Share (2000-08; China Mobile Market)

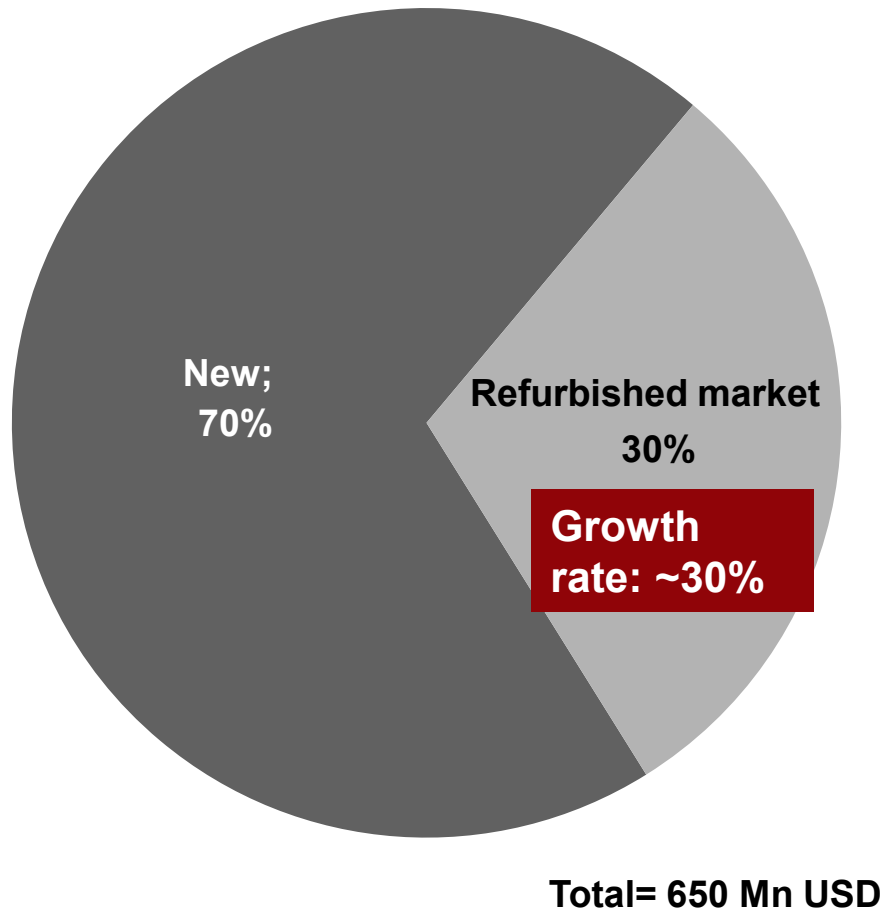


Market Insights

- Indian imaging market was established by MNC products with high quality in premium range
- Local companies entered the space and innovated business models in low and mid-range markets to capture market share
- MNCs are now recapturing market share through innovation in business models
- Aggressive sales program is important for MNCs to compete with local players

Local companies are capturing market by selling refurbished equipment

New vs refurbished equipment % Market Share (2012)



Market Insights

- Key companies on refurbished space:
 - Sanrad
 - Biomex
 - GE GoldSeal
 - Masters Medical Equipment
 - Zigma Meditech
- As the initial machine cost is a key prohibitor in the market, customers prefer to buy refurbished machines
- High %age of this growth is coming from tier-2 and tier-3 markets

....despite multiple issues faced by customers

Customer issues

Refurbished equipment

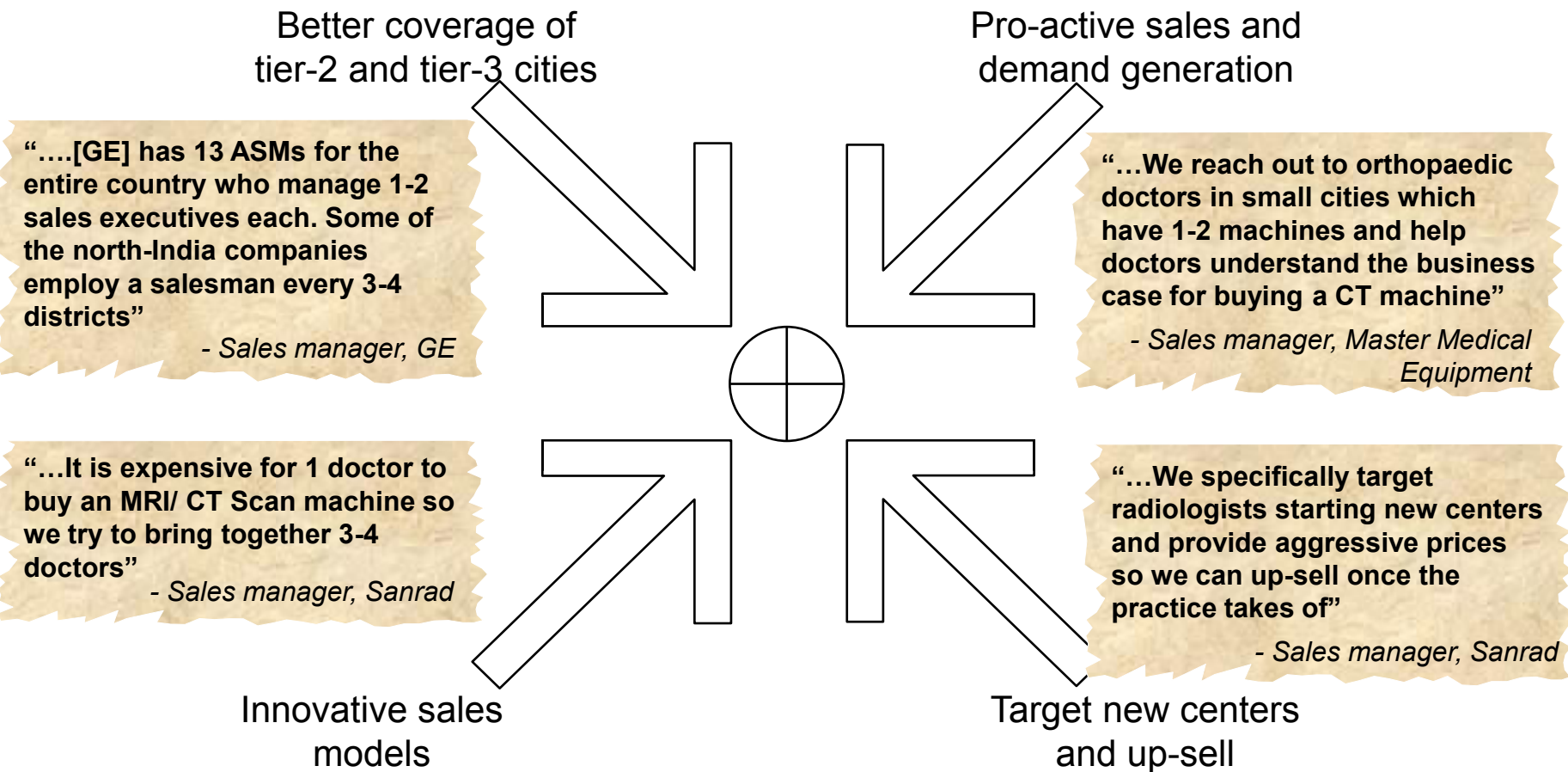
	<u>Description</u>	<u>Verbatims</u>
Performance issues	<ul style="list-style-type: none">▪ Improper installation of MRI machine▪ Wearing out of coil (MRI) and tube (CT)▪ Poor image quality	<p><i>"...The CT Machine works fine but we are facing issues with MRI machine"</i></p> <p><i>Diagnostic center, Kanpur</i></p>
After-sales service issues	<ul style="list-style-type: none">▪ The after-sales service engineers are not trained▪ Response time is high	<p><i>"...The service engineer did not come for days due to which we took a heavy loss"</i></p> <p><i>Diagnostic center, Karnal</i></p>
Refurbished vs relocated	<ul style="list-style-type: none">▪ 5-6 years 'pre-owned' machines are sold as refurbished without actually servicing/ changing parts	<p><i>"...We got cheated by the vendor but he closed shop after a year and we are stuck with the machine"</i></p> <p><i>Small Orthopedic Hospital, Jaipur</i></p>

Despite these issues, some refurbishment companies have been able to build good brand image through quality products and service

Local companies sell more aggressively compared to MNCs

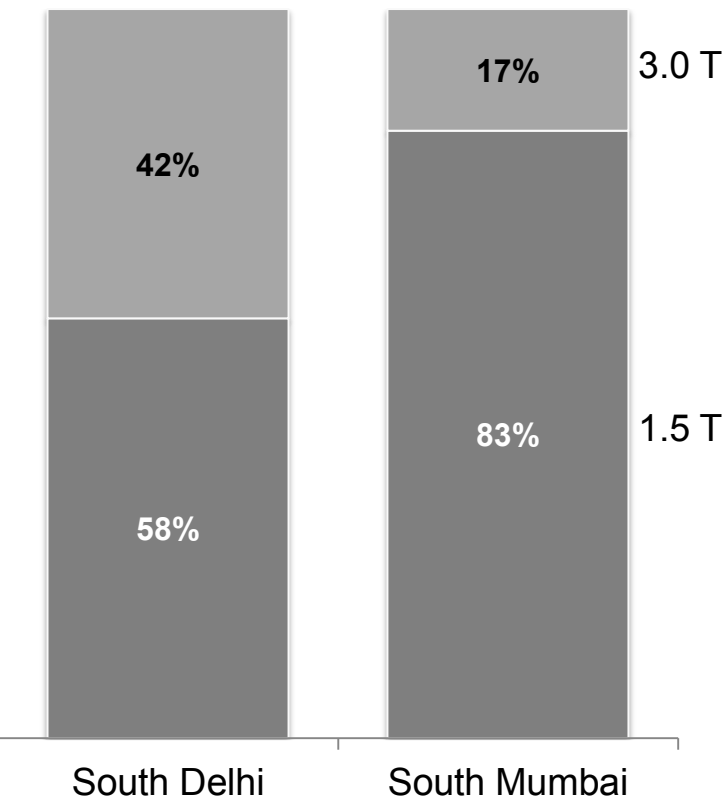
Local companies- sales strategy

Key points



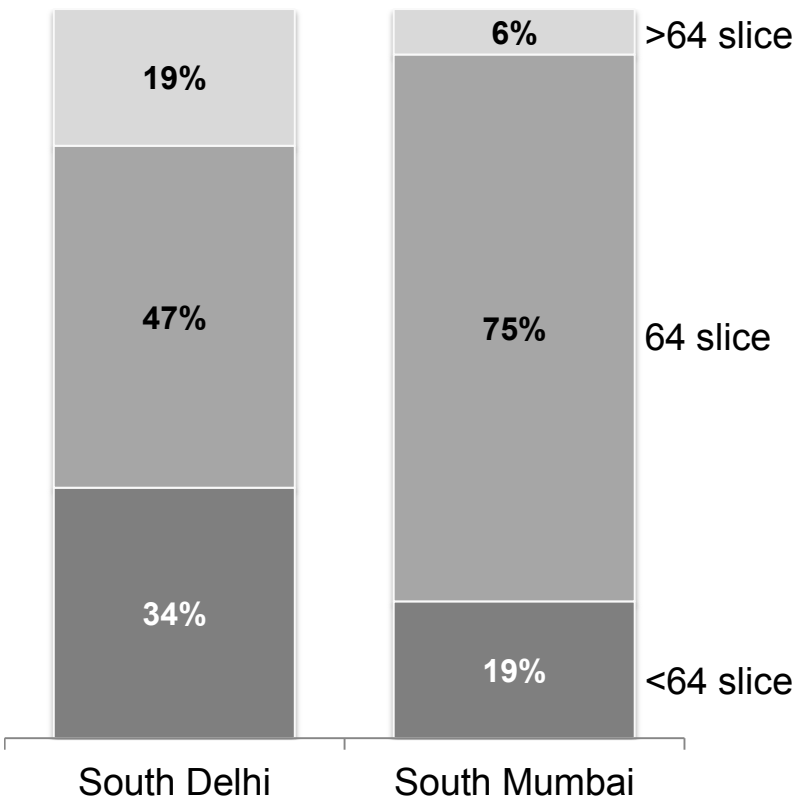
It is important to understand local dynamics for an effective sales strategy

South Delhi vs South Mumbai market
MRI machine- By Specs



> 40% of MRI machines in South Delhi are 3.0 Tesla compared to 17% in South Mumbai

South Delhi vs South Mumbai market
CT Scan machine- By Specs

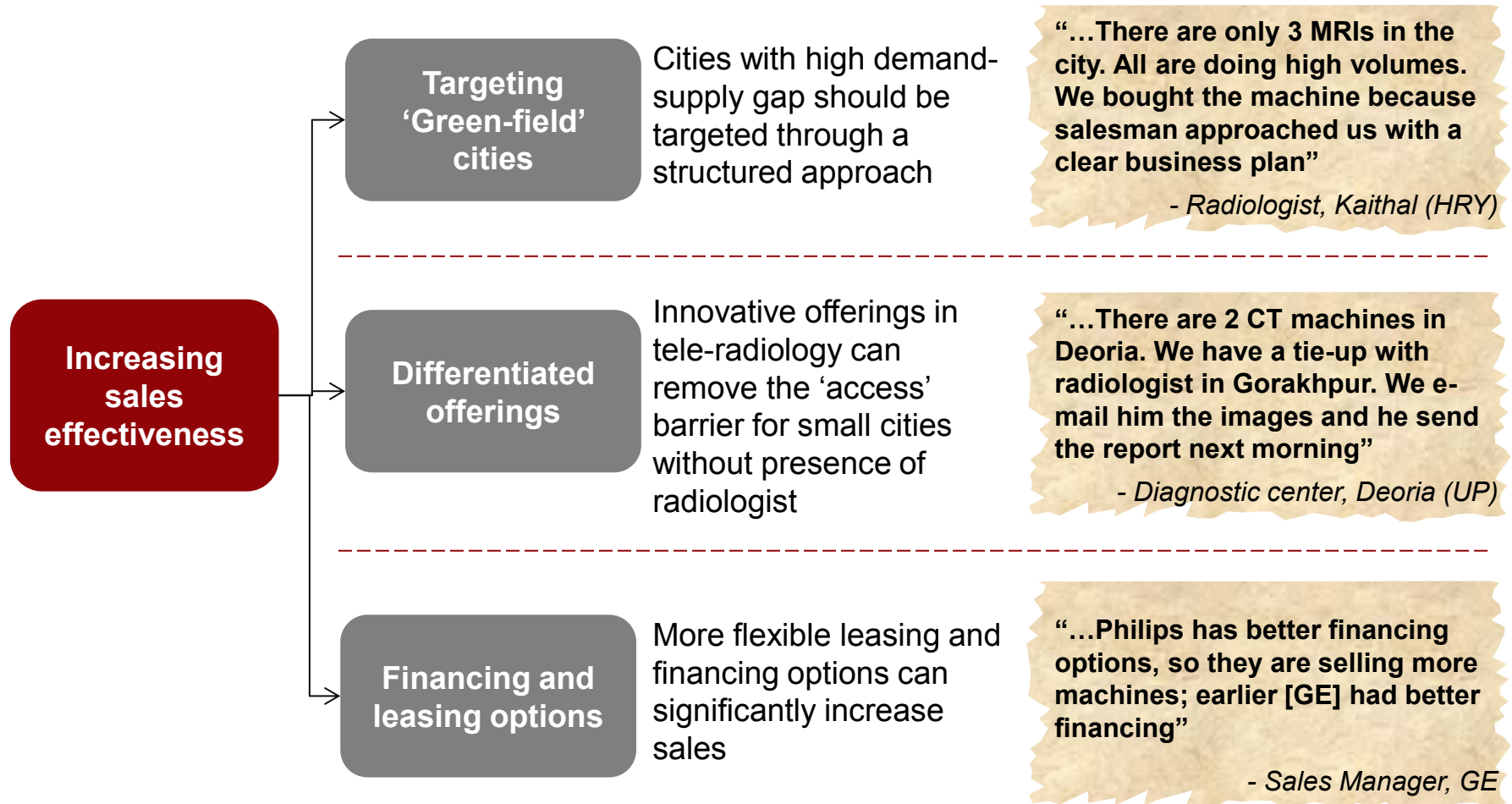


~20% CT scan machines in South Delhi are 128/256 slice compared to 6% in South Mumbai

Structured sales approach and differentiated offerings can increase sales

Increasing sales effectiveness

Key points





Thank You!

RedSeer Management Consulting Private Limited

Bangalore | Delhi | Mumbai | Philadelphia

query@redseerconsulting.com