



CASE STUDY

PRACTO: TRANSITIONING HEALTHCARE SERVICES IN INDIA

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ABSTRACT

Practo Technologies Private Limited established by two engineers from NIT, Suratkal in the year 2008, Shashank ND and Abhinav Lal. Shashank's father had been asked to undergo a knee replacement surgery. He was looking for second opinion from a doctor in the US. Unfortunately, he could not share medical records with the doctor because they were not available in a digital format. That is how the company came into existence. The engineering duo consistently along with robust team creates technology to support healthcare industry. For Practo founders, life seems to be in a full circle in 2015 on several fronts like serving consumer health needs, raising \$120 million in the year, and four acquisitions. Today, with all acquisitions they are trying to complete neat jigsaw puzzle. Mr. Shashank categorically explained that Practo is not an ecommerce company rather a service market place. On the other side, various new start-ups are there like Ziffy.com, Lybrate and MedAngels.com increasing competition. To retain leadership they are not leaving any stone un-turned, recently they have come up with TV commercials along with various online promotions. The various campaigns that Practo has run so far focus on the funny side of an otherwise grim situation and the ease of use. The case is useful for management graduates both U.G. and P.G specializing with marketing. Case may be used for internet marketing, branding strategy, understanding competition and revenue models and their sustainability particularly for start-ups of similar nature.

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INTRODUCTION

India is witnessing healthcare system transformation. The last decade earmarked upon this journey through structural reforms and re-emphasizing the vision of minimum set of healthcare services for all. Growth in next decade depends on the nature and extent of reforms in the sector. Though Indian healthcare sector is unique and complex but also offer remarkable opportunity. India is ranked amongst top three healthcare markets in terms of incremental growth (as per IBEF report, 2016) and in the year 2014 it was sixth largest in the world. The healthcare industry in India is one of the fastest growing with CAGR 22.87% during 2015-20 (Deloitte & Tech-Sci Report). There are various factors that contribute for the rapid growth like increasing per capita income, growing health awareness, ageing population and positive attitude towards preventive healthcare. Presence of world class hospitals, skilled professionals embarked upon journey of most preferred destination for medical tourism. Treatment for major surgeries in India is approximately 10 to 20% of the developed nation. The medical tourism is currently growing with CAGR 20% (IBEF, 2016). Entire healthcare market functions through five segments. These are Hospitals, Pharmaceuticals, Diagnostics,

Medical Equipment and Supplies, Medical Insurance and Telemedicine. Various technological initiatives by Ministry of Health, Government of India is giving boost to the industry growth. They have planned to develop 50 technologies in FY-16 for treatment of diseases like Cancer, T.B. etc. To improve the quality of service and enhancing patient engagement some initiatives like Mother Child Tracking System (MCTS), Mother Child Tracking Facilitation Centre (MCTFC) etc. are quite promising. Healthcare started delivering healthcare products in India like Digital health knowledge Resources, Electronic Medical record, Mobile Healthcare, Hospital Information System and Electronic Health Record. (IBEF, 2016) In this segment various start-ups are coming up. Some of the popular start-ups are Practo, Lybrate, Ziffy and MedAngels. To optimize this opportunity, governments, regulators and healthcare providers should work in synchronized manner with mobile operators and organizations in the broader m-Health ecosystem. This includes device vendors & content and application players, to help the roll-out and adoption of new m-Health services.

About Practo

Practo Technologies Private Limited established by two engineers from NIT, Suratkal in the year 2008, Shashank ND and Abhinav Lal. Shashank's father had been asked to undergo

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a knee replacement surgery. He was looking for second opinion from a doctor in the US. Unfortunately, he could not share medical records with the doctor because they were not available in a digital format. That is how the Practo came into existence. (Delhi School of Internet Marketing, 2015) Practo strives to simplify healthcare access and help people to make better healthcare decisions. Organization has substantially grown in these years now it has 200,000 doctors, 10,000 hospitals, 8,000 diagnostics centers and 4000+ wellness and fitness centers. Millions of consumers use Practo Search and they help book over 40M appointments a year. (Practo, 2016)

In lasteighthe years journey, Practo has raised \$124 million, especially in last threeyears. They are using the money raised to make health records easier to access, for a doctor, and for patients it is making doctor discoverability available on the mobile app. (Businessworld, 2016). Practo has plans to expand its business in selling hospital information and various investors like Yuri Milner, Google Capital and Sequoia Capital helping in the process. Hospital information many big giants are there. With a humble beginning as seed capital of about INR 10 lakhs (\$16,250) supported from friends and family. In 2009, Practo then called Turbodoc.in, was incubated by Morpheus Venture Partners in Bangalore. In May, 2009, they launched Practo Ray – for doctors, clinics, and ambulatory care providers to manage their practices using the cloud technology. Services were ranging from electronic medical records to billing, and cloud telephony (Delhi School of Internet Marketing, 2015). It is now expanding and have presence across Latin America (Brazil), South East Asia (Singapore, Indonesia, Philippines and Kualalampur), and the Middle East. In 2015 it came in full circle and in a span of five monthsthey acquired four companies – Fitho Wellness a fitness and preventive healthcare, Genii it is a tech products development firm, Insta Health known for hospital information management solution provider and Qikwell is doctor appointment booking platform. They are now trying to provide host of service related to healthcare. They can be now referred as service marketplace rather than mobile health app. (Layak, 2015).

Competition

There are several competitors for Practo in different segments. Here, major competitor in Mobile health app MediAngel and Lybrate are worth noticing.

Medi Angels

MediAngels is a multi-specialty 'e-hospital' service provider in India. It has been established in the year 2011 by Dr. DebrajShome and Dr.ArbinderSingal. In the beginning they received early stage (seed) funding from the private equity unit of HDFC which has bought around 12 per cent stake in the company for Rs. 2.5 crore (approximately US\$5,00,000). They provide 350+ superspecialist doctors from India and 15 other countries such as the US, the UK, Germany, Australia and Singapore catering to 93+ specialties. The selection criteria of doctors are very stringent. Doctors are handpicked from their specialty like Mayo Clinic, MD Anderson, Stanford, appolo, Harvard and many others (Mehta, 2014). They offer online consulting services through email (e-Consult), telephone (DialMD) and video chat (Video Consult) along with these they also provide online investigation services and doorstep blood collection services. They have network of 21,000

diagnostic centres across country. Since, the beginning growth is very promising and showing growth of 25% and there several round of fund raising. They will receive USD 5 million (around 33crore) to push its expansion plan. (Shome, 2015)

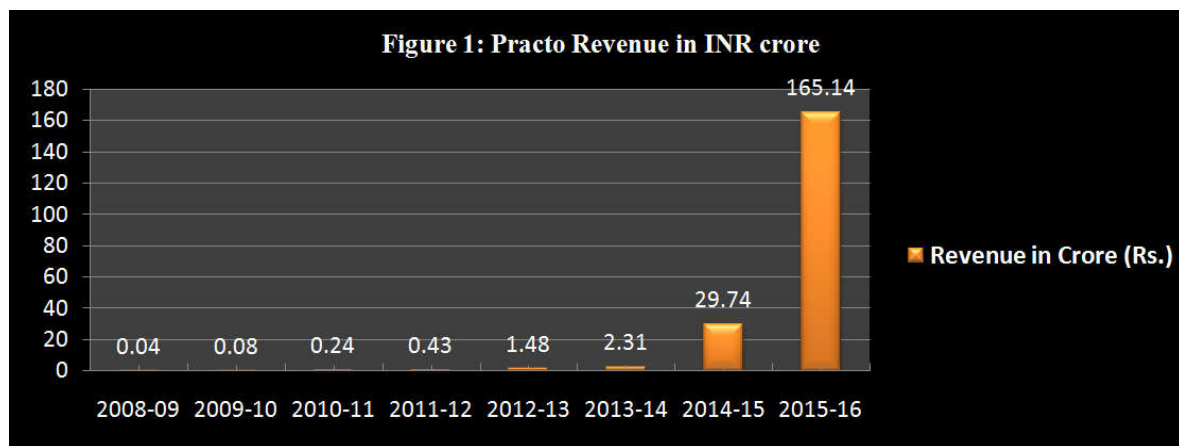
Lybrate

It has been founded in the year 2013 by Saurabh Arora and Rahul Narang two professional from Facebook and Snapdeal. Lybrate initially raised \$1.325 million investment. The year 2015 especially first half have been the most preferred destination for investors. Since, initiation the Lybrate has seen a steep growth with more than 80,000 doctors from various specialties from across India. More than half a million downloads in the first five months in 2015. It has got more than 100,000 patients visiting the platform every day that speaks volume about Lybrate's popularity, which is growing exponentially. (Soni, 2015) When it come attracting investment it secured \$10.2 million in series in 2015. Various rounds of funding from Tiger Global Management, Ratan Tata, Chairman Emeritus of Tata Sons, and existing investor Nexus Venture Partners. Company is going to utilize the funds to develop products, recruit talent, augment technology and scale operations. (Soni, 2015) Discussing health issues is still a taboo in India and people tend avoid such discussions. Lybrate found a significant user engagement on the topics related depression, which makes it apparent that people want to have solutions and gain knowledge regarding these, but stay in shell out of embarrassment other topics like sexual health, women's health. Doctor's recruitment is a stringent process in Lybrate. Before brining any doctor on board it runs a background check to verify medical licenses and credentials. The best part for the customer is that they can seek multiple opinions from doctors for free on the open platform, or start a one-on-one dialogue privately for a fee with doctors and share text, photo and voice. The doctors can also endorse other doctors on open platform. (Lybrate, 2015)

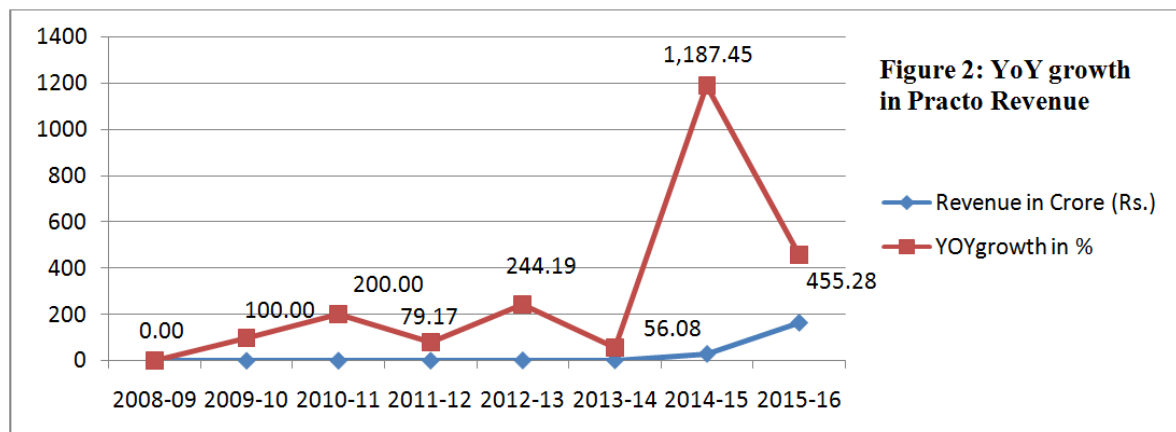
Financial Performance

Revenue

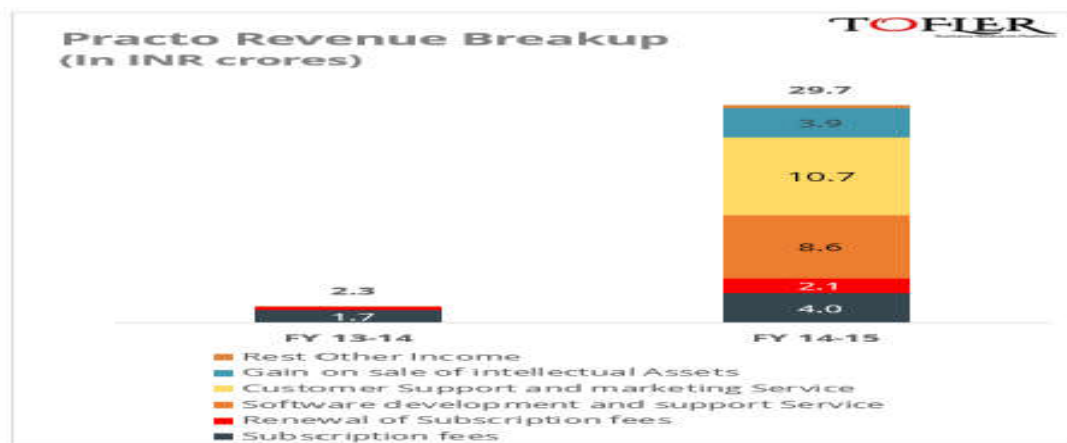
Practo has shown promising growth right from the beginning it has shown YoY revenue growth 100% to more than 1000%. Practo reported a 12 times jump in its revenue in FY 14-15 i.e. 1,187.45%. Figure 1 explains that with a humble beginning with INR 4 Lac in the year 2008 it reached to INR 165.14 crore (Chakraborty, Practo FY15 revenue up by more than 10 times, losses widen 30%, 2016). (Chakraborty, Practo loss widens to Rs64.61 crore in FY 2016, 2016). To understand the revenue in better way let us look at the break up of revenue. Practo Ray is the main offering by Practo. It is a Practice Management tool for the doctors that provides them access to a SaaS tool (Software as a Service is a pricing strategy by IT service provider), enables anytime access to data, e-prescription, reports, analytics and more. The various heads of revenue are subscription fee, renewal of subscription fees, software development and support services, gain on intellectual services, other income. In a news article published in economic times Shashank ND told that Practo Reach is a premium listing and subscription-based service for doctors. Then Qikwell has its own revenues from hospitals that use its products as does Insta Health. Practo is also starting an ad revenue-based product like Google's, through which ads will be sold to advertisers.



Source: Prepared by Author adapted from Tofler.in, Livemint.com



Source: Prepared by Author adapted from Tofler.com, Livemint.com



Source: Tofler.in

Figure 3. Practo Revenue Break-up (Tofler, 2016)

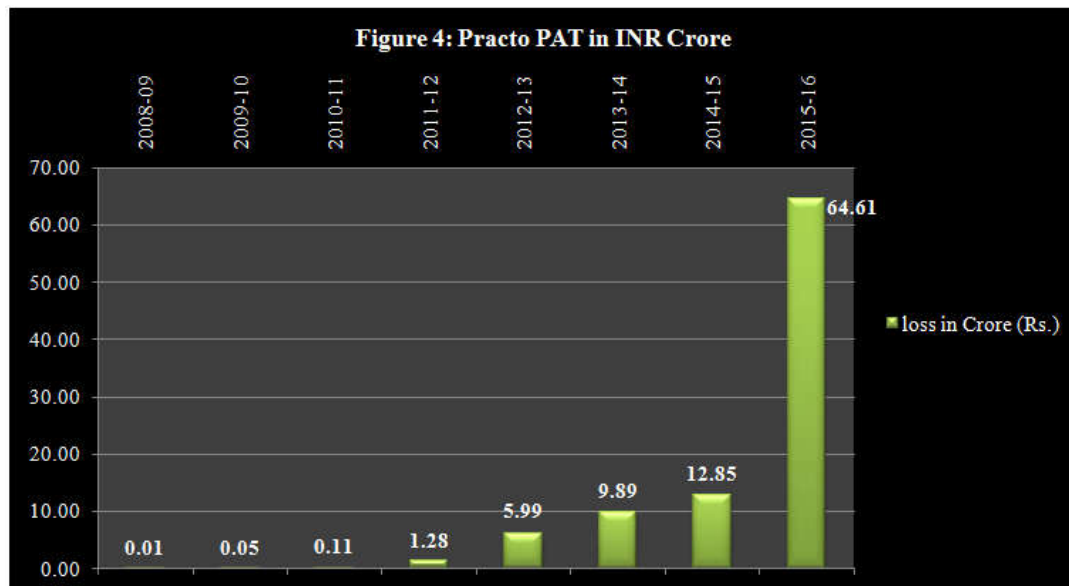
Profits after Tax

Like many other startups Practo is still not a profitable organization. Losses are huge it has reached to INR 64.61 in FY 2016. YoY growth in loss for 2015-16 is 402.80%. their losses are not increasing because of their poor performance but because of expansion plan and rapid penetration strategy and aggressive marketing to increase the customer base and motivating people to use digital platform when it comes doctors, hospitals or overall their health. YoY loss was highest in the FY12 i.e. 1063.64%. Figure 4 and 5 provide the details on losses and financial health (Chakraborty, Practo loss widens to Rs64.61 crore in FY 2016, 2016). (Chakraborty, Practo FY15 revenue up by more than 10 times, losses widen 30%, 2016)

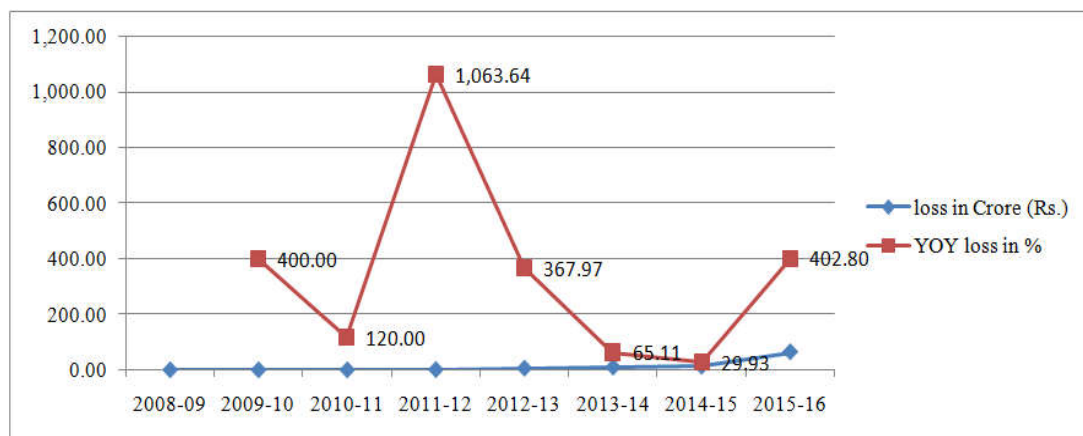
To understand why the losses are sky rocketing let us check what are the expenditure components. The major components are employees benefit, advertising and promotional expenses, legal professional charges and others. See the exhibit to have better understanding.

Marketing Communication and Branding Strategy

India is growing economically and otherwise that opens the door for various opportunities. Practo has also understood the Indian market especially in healthcare and using aggressive marketing to reach the larger audience. They are using TV, radio and social media (Facebook, YouTube, Google) to reach out to people to tell them that such an application exists which

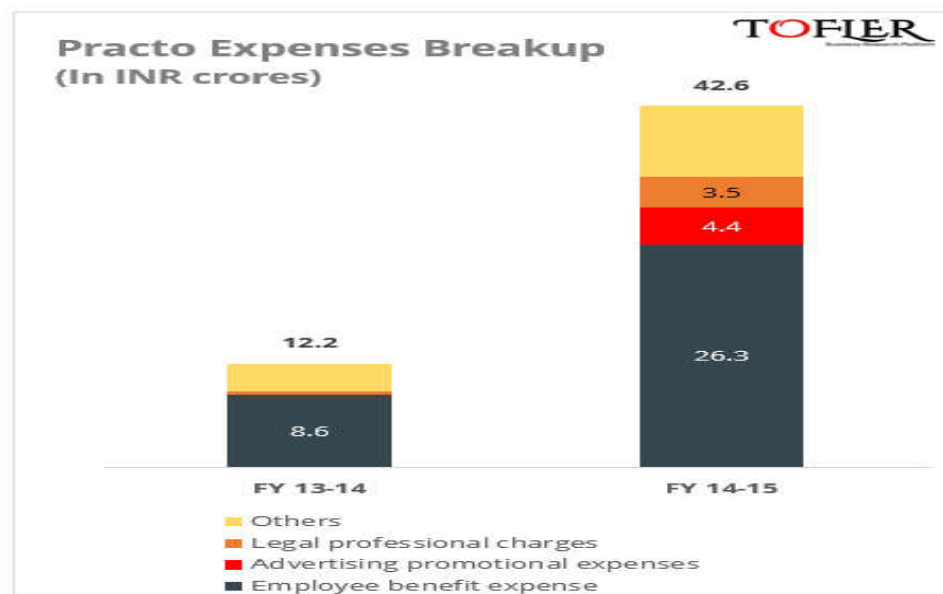


Source: Prepared by Author adapted from Tofler.in, Livemint.com



Source: Prepared by Author adapted from Tofler.in, Livemint.com

Figure 5. YoY loss of Practo



Source: Tofler.in

Figure 6. Practo Expense Breakup (Tofler, 2016)

might help them to solve certain health issues in the communities. Basically Practo's primary target group are people in their late 30s and early 40s, the company aims to solution to a bigger problem by giving access to better healthcare across socio-economic groups. Practo maintains a blog at <https://blog.practo.com/> and they are updating what Practo is doing, health blog <https://health.practo.com/> gives updates about different diseases and update in the health sector and Practo blog for doctors <https://doctors.practo.com/> helps doctors to know how technology can help doctors. There are various initiatives by Practo to establish its brand in the market.

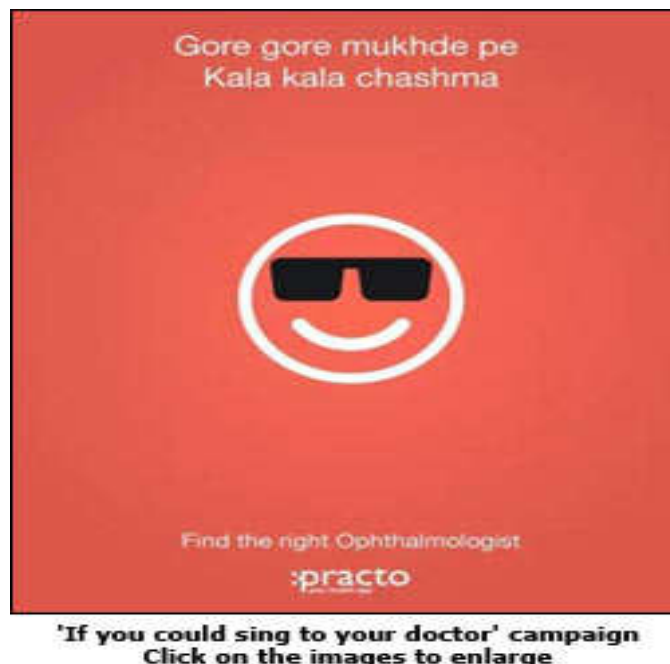
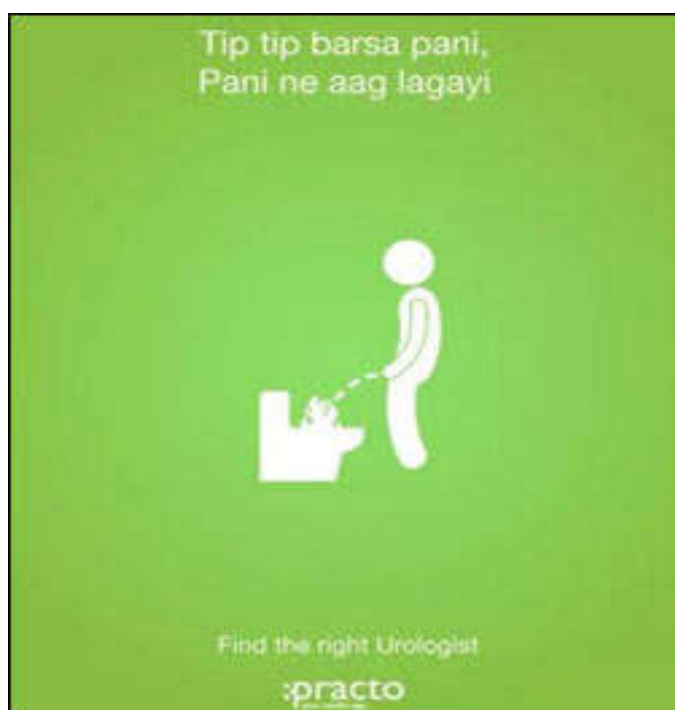
They have used them in a phased manner. When they started way back in 2008 they were not very aggressive but from 2014 they took lot of initiatives. Since, healthcare products falls in unsought category of product it was difficult for them to motivate people to use their app. So they took a different approach which was very uncommon for medical services i.e. humor. Usually, marketers in healthcare industry think since they deal with patients and families in their bad time, so, lack of seriousness might affect it in reverse way but Practo took a reverse approach. Looking at the poor transportation developing country Practo tied up with Uber. Their users in India, Indonesia, Philippines and Singapore who book an appointment on its app will be able to see the closest Uber available when they get a reminder alert for their appointments (Baum, 2016).

Various initiatives by Practo for Promotion and Branding

Following are different initiative on time to time Practo took:

Sing to your doctor

The healthcare platform's digital campaign 'If you could sing to your doctor' was a hit on its Facebook page (Tewari, 2015). Some visuals from AFAQS Reporter that Practo used for its campaign.



Source: Afaqs article on "Sing-to-your-doctor-says-Practo"

Figure 7. Visuals Practo shared in Facebook Page

The campaign has received interesting inputs from users - 'tip tip barsa paani, paani ne aag lagayi' (urologist) and 'dil mein mere hain dard ae disco' (cardiologist) being some of them. The main objective was to create engaging content for users and bring a smile on their faces. It was an attempt to create brand image of Practo as a company which simplifies peoples' healthcare decision and reduce their anxiety. Practo claims that it has received over 700 entries and the content was shared by nearly 3000 people on social media. They also tried to bring doctors side story through #ThankYouDoctor campaign (Tewari, 2015).

TV Commercial (TVC) for Practo

Practo continued attempt to establish the brand through funny everyday situations. They came up with their inaugural TVC campaign 'Life Mein' (in life). It starts with a busy office setting where a senior executive listens to two colleagues as he moves around in his chair, seems uncomfortable. Asking for a minute, he gets up to stretch his back. A voice over tells there is a stage in life when one holds back to back meeting fix an appointment with doctor and a colleague helps the man to the Practo app on his phone. The film goes on to show several others resorting to the Practo app. Shashank ND, CEO, Practo told in an interview with Afaqs reporter that before we came on TV, nobody knew we existed. The TVC was supported by radio, digital and social media activity (Campaign India, 2015).

Event Based Promotion

Practo uses different platform to cash on like valentine days, doctors day, women's day etc. one example here to understand how they use it. Campaign Name: Practo's Valentine Social Media Campaigns (#HealthyBreakups) Year: 2016 Business Objective:

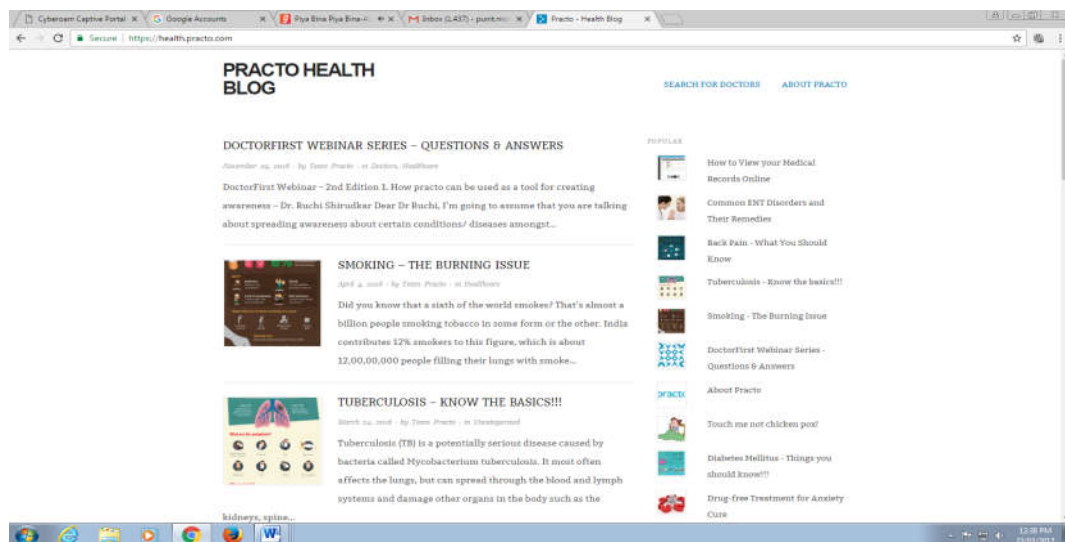
- (a) To simplify a serious topic like healthcare
- (b) To brand through funny everyday situations.

Media Used: Published on social media such as Facebook &



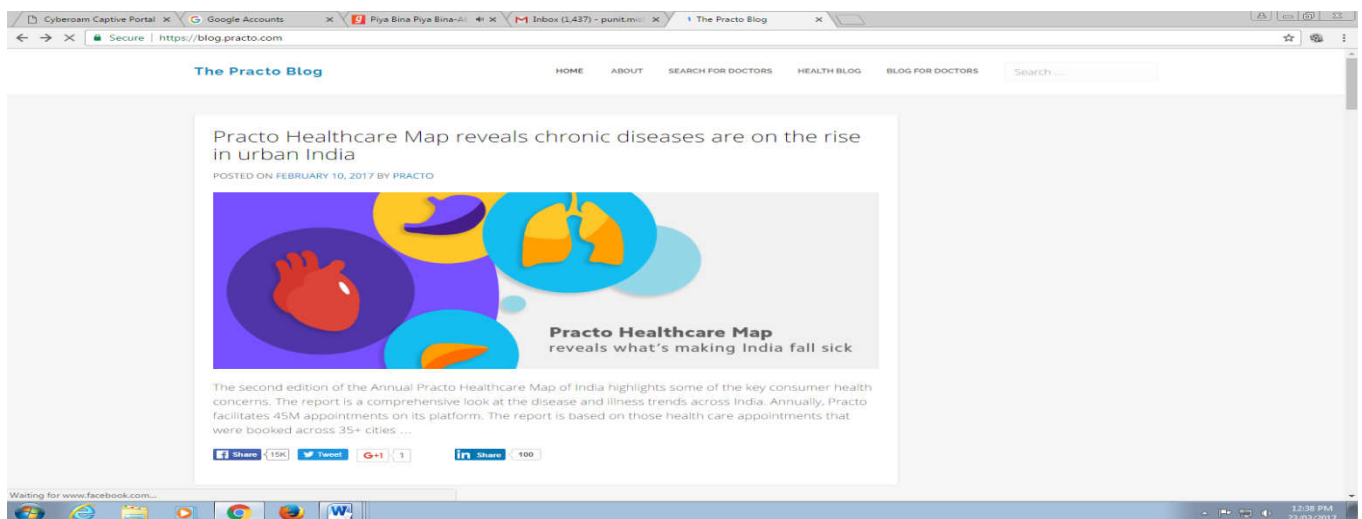
Source: Photo credit to Facebook and Twitter account of Practo. (<http://www.digitalvidya.com/blog/case-study-on-practos-valentine-social-media-campaigns/>)

Figure 8. Practo's Valentine Social Media Campaigns (#HealthyBreakups)



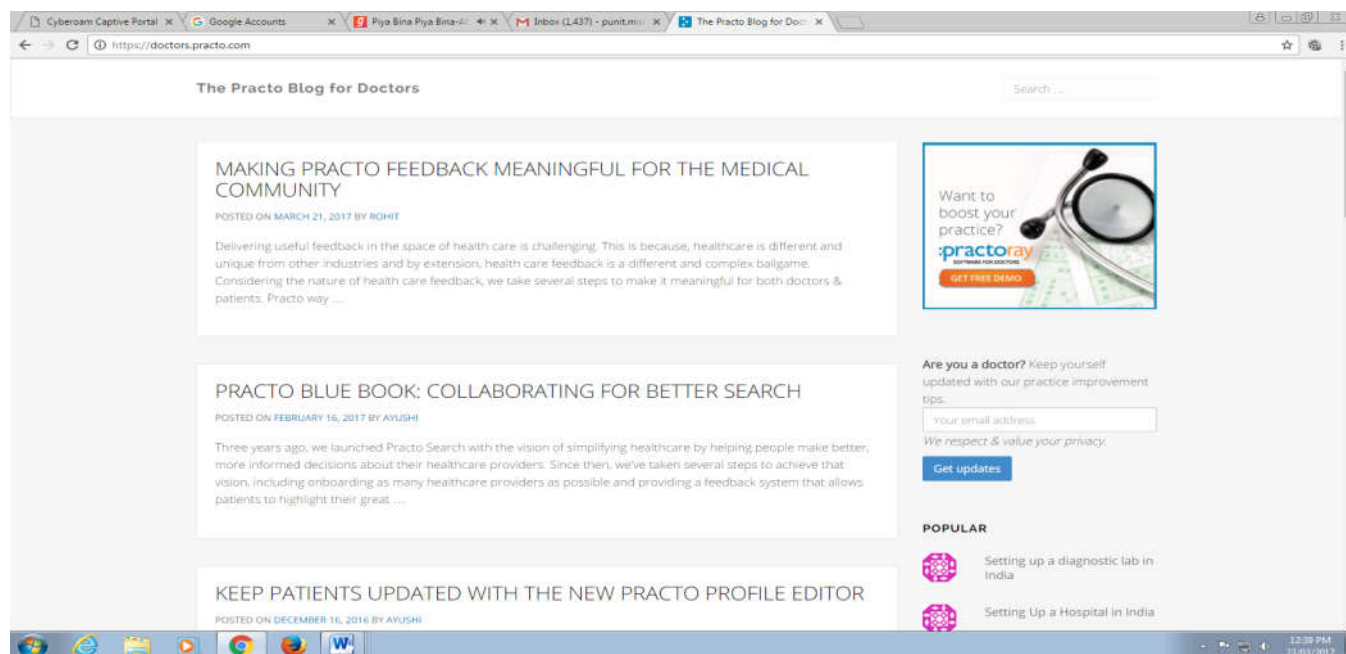
Source: Practo.com

Figure 9. Practo Health Blog (Practo Pte)



Source: Practo.com

Figure 10. Practo Blog for Patient



Source: <https://doctors.practo.com/>

Figure 11. The Practo Blog for Doctors

Twitter

They used different visuals which shared the message of breaking up with desirable but unhealthy food/drinks to ensure you live a longer, healthier life.

Results achieved

Practo claims that the post reached out to over 1.4 million people on Facebook and 200,000 people on Twitter. They also claim to have received in a day over 10,000 shares on Facebook, and over 400 re-tweets on Twitter.

The learning we may get from these campaigns that healthcare needn't have a boring or serious communication plan. One can use fun and humor. Content is the most important thing and marketer has to stand out.

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