

APOLLO HOSPITALS: NEW DEFINITION TO PRIVATE HEALTH CARE INDUSTRY

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Abstract

The case discusses the success story of Apollo Hospital, a private hospital which defined and changed the definition of health care industry of India. Apollo is one of the pioneer players of private health care industry in India started the innovative concept of the corporatization of healthcare and also defined the attributes of private health care sector.

Before 1980s, most of the Indian hospitals were government hospitals, missionary hospitals or the hospitals run by not-for-profit trust. At that time, the Indian health care industry was a fragmented industry with very few renowned hospitals located only in few big cities of the country.

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Dr. Prathap C Reddy established Apollo Hospitals in 1983. Apollo was the first private hospital which brought revolution in the segment of private healthcare. Since from the very beginning, Apollo emerged as a leader in providing Asia's foremost integrated healthcare services.

Apollo is present in all dimensions of healthcare. Apollo group consists of Hospitals, Pharmacies, Primary Care Clinics and Diagnostic Centers. Apollo is also running Telemedicine units in 10 countries across the world and also Apollo expand its product mix in Health Insurance and Global Projects Consultancy. Apollo is also running Medical Colleges, Nursing Institutes and also Hospital Management Institutes. Medvarsity is a unique initiative of Apollo in the field of E-Learning and Research Foundation. 'ASK Apollo' is an online consultation portal of Apollo reaches to large number of people through internet.

Unlike others, Apollo spread its presence to different part of country. Famous hospitals like Breach Candy Hospital, Bombay Hospital, and Ganga Ram Hospital etc. focused only on one city, while Apollo expanded its business to many parts of the country and also in other countries. Apollo was alone in this large field for more than 15 years. In this period, Apollo created its brand equity.

Apollo had solid management team which took care of the company while the doctors were given freedom to focus on their work.

Apollo not only concentrates on excellent services but also expands its service mix from time to time by offering various services like hospitals, clinics, health insurance, health care BPO, tele-medicine, pharmacies etc.

Keywords Corporatization, Product Mix, Innovation, Accreditation

Issues

This case is structured in a way that helps out in achieving the following teaching objectives:

- Understanding the Indian Health Care Industry.

- To understand the various strategies used by Apollo Hospitals making it one of the successfully brand in private health care industry
- Favorable factors which made the brand successful in the health care industry
- Examine alternative plans for future progress for the Apollo Hospitals

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Indian Health Care Industry: An Introduction

Indian Healthcare sector is one of the country largest sectors in terms of both earning revenue and providing employment. Major segments of Indian healthcare industry are hospitals, clinics, medical devices, telemedicine, health insurance, medical tourism, and surgical equipment companies. In last few decades high growth was witnessed in the Indian healthcare sector.

In India, healthcare industry has two major components - public and private. Public healthcare system consists of limited number of specialized hospitals in the key cities and general hospitals in other cities. In rural area government is providing basic healthcare facilities in the form of primary healthcare centers (PHCs). The private sector presence are only limited to metros, tier I and tier II cities but they are coming with much advanced, specialized hospitals with best infrastructure and technology.

According to the latest report of Deloitte Touche Tohmatsu India, by the end of 2020, Indian health care industry will be US\$ 280 billion and is likely to be grown at a CAGR of 23 per cent from its current worth of around US\$ 100 billion.

Introduction to Apollo Hospitals

Apollo Hospitals Enterprise Limited was founded by Dr Prathap C. Reddy in 1983. The group was the first in India to receive international healthcare accreditation by America-based Joint Commission International (JCI) as well as 13 NABH National Accreditation Board for Hospitals & Healthcare Providers hospitals

Table 1.1 Apollo Hospital Limited

Type	Private
Industry	Health Care
Founded	1983
Founder	Prathap C Reddy
Head Quarter	Chennai, India
Revenue	Rs. 43, 842 million
Employees	10,000+

Source: www.apollohospitals.com

Year to Year Progress

1979

5 December, 1979, the company was incorporated at Chennai. Promoters were Dr. Prathap C. Reddy and his associates and object of the Company is to run Hospitals.

1983

Shri Giani Zail Singh (President of India) inaugurated 1st Apollo Hospitals in Chennai. The hospital commenced commercial operations the 1984.

1986

Apollo launched medical insurance scheme in collaboration with United India Insurance Company Limited.

1988

Launched its 1st pharmacy retail outlet in Chennai.

1989

Apollo Fyodorov Eye Research Institute was launched as a joint venture project between the Apollo group and the I.R.T.C. of Eye Micro Surgery, USSR.

1991

Dr. Prathap C Reddy and Chief Nephrologist Dr. M.K. Mani were awarded with Padma Bhushan Award.

1995

In 1995, 150 bed state-of-the-art cancer treatment and research centre was inaugurated in Chennai.

19th February, Cancer hospital was inaugurated in Hyderabad.

1996

Inauguration of Apollo Indraprastha Hospital in New Delhi.

1st Apollo Nursing College was established.

2000

Apollo Hospitals, New Delhi receive accreditation from JCI, USA and became the first hospital in India to receive accreditation from JCI, USA. Subsequently six other hospitals of Apollo got the JCI accreditation.

Apollo added new hospitals in Ahmedabad, Bilaspur, Mysore, Kolkata and Kakinada among others.

President of USA, Bill Clinton, inaugurated Apollo Aragonda, the first telemedicine facility in the country.

2002

Dr. Prathap C Reddy was honoured with the Ernst & Young Entrepreneur of the Year Award.
The first Apollo Clinic was launched in New Delhi.

2007

Apollo Hospitals Group partnered with Munich Health and launched Apollo Munich health insurance policy.

2008

Total Apollo Hospitals turned 25 across the country
Joint Venture with hybrid umbilical cord blood bank, Cedilla Pharmaceuticals and StemCyte Inc.USA.

2010

Apollo M-health services launched
Hospitals were started in Secunderabad, Bhubaneswar, Lavasa and Hyderguda.

2013

Apollo added new hospitals in Vanagaram (Chennai), Jayanagar (Bengaluru) & Trichy

2015-16

Launching of Ask Apollo, a first of its kind medical platform in the country for remote patient care.

3 Apollo Homecare operations were launched in Delhi Chennai and Hyderabad,

Medskills learning Hub was started in Chennai

India's First Centre of Excellence in Hip Arthroscopy launched

Currently there are more than 64 hospitals of Apollo in India and abroad. Also having more than 100 primary care centers & diagnostic clinics and more than 2200 pharmacies. Apollo is also running more than 115 telemedicine units across 10 countries. Apollo is also doing well in the

areas of health insurance and global projects consultancy. Apollo has 15 academic institutions and a Research Foundation.

Apollo Product Mix

Apollo expend its mix all across the healthcare spectrum , the Apollo Hospitals Group is not only the leader in the world of super-specialty based quality healthcare delivery in Asia, but it is also considered as the largest integrated healthcare delivery company.

Apollo Hospitals Enterprise Limited (AHEL)

AHEL, Public Limited Company was incorporated in the year 1979. AHEL is the first group of hospitals that pioneered the concept of corporate healthcare delivery in India. AHEL today, is the leading private sector healthcare provider in Asia especially in India. AHEL consists of a network of specialtyhospitals, clinics, and Pharmacy retail outlets across the country and also in Dhaka and Muscat.

AHEL has a group of 26 hospitals of which 14 are client hospitals, managed by professionals deputed from Apollo.AHEL International Operations includes Srilanka, Muscat, Dubai, India, Nepal, Tanzania, and Bangladesh.

Table 1.2 Apollo Service Mix

Apollo Service Mix	Hospitals Clinics Health Insurance Health BPO Tele Medicine Medical Equipment Pharmaceuticals Procurement & Supply Chain Medical Content
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Apollo Pharmacies

Apollo has more than 700pharmacy stores across the country .Apollo launched the pharmacy stores as their expansion strategy. Apollo tied up with Indian Oil Corporation to setup convenience stores across its retail gas stations in India.

Keimed.com Limited

Keimed.com Limited is the online unified national pharmaceutical procurement and supply chain management company incorporated in the year 1999. The objective was to create a (Group Purchasing Organization) for a wide range of medical goods, consumables, drugs, surgical, health and personal care products.

The Company is offering services to Apollo Hospitals, Apollo Pharmacies, Apollo Clinics and the e-retailing needs of the other non-Apollo hospitals and clinics.

Online Hospital Equipment Services Private Limited (Equipment World)

The newest venture of Apollo hospital is 'Equipment World'. It is an electronic equipment exchange for medical devices and high-end technology products used in the delivery of medical care.

Apollo Health and Lifestyle Limited (AHLL)

AHLL is one of the Apollo group's most ambitious project conceptualized in partnership with Arthur Anderson. AHLL is incorporated to deliver family-focused primary healthcare services through branded Apollo clinics across India and its neighboring countries. AHLL plans to establish initially a nationwide chain of more than 250 primary healthcare centers on a franchisee basis. These clinics are equipped to provide a one stop solution to the primary healthcare needs of the family as a whole, and would provide tele-consultation, diagnostic and pharmacy services. The project has been Apollo Health Street Limited (AHSL)

AHSL in partnership with the Boston Consulting Group launched www.apollolife.com for bringing together key stakeholders in the health sector. ApolloLife.com has been able to reach out to over 1 million visitors; 7000 doctors and is growing rapidly to reach out to and 'touch-lives' of many more in India and the world-over.

MedVarsity Online Limited (MOL)

Apollo in partnership with NIIT Limited incorporated MOL in the year 2000. MOL has developed in-house, over 1500 hours of medical content that is accessible to the medical community anytime and anywhere.

Apollo Telemedicine Enterprises Limited (ATEL)

With the aim of developing the telemarketing network of Apollo, Apollo incorporated ATEL in the year 1999. The Apollo Telemedicine Network allows the participant sites to collaborate with institutions in the country and abroad and provides their clientele access to better healthcare in areas not adequately served by the medical community.

Apollo Hospitals Education and Research Foundation (AHERF)

AHERF is an important aspect of the Apollo Group. It has been set up with the prime objective of establishing; maintaining and supporting educational institutions to 50 promote medical, paramedical and hospital management courses. It includes Apollo Institute of Hospital Management, The Apollo School of Nursing, and College of Physiotherapy. Apollo Group is also running programs and courses to train Medical Technicians.

Family Health Plan Limited (FHP)

Apollo started FHP because of response to the overwhelming need for cost-effective healthcare financing options. Apollo is successfully operating in the healthcare insurance sector for more than 10 years. Apollo comes with the concept of 'managed care' in order to control increasing medical costs, and to make best medical facilities accessible to its customers. Focus of FHP plans is to help people stay healthy.

Why Apollo was successful?

The success of Apollo is the result of their unique and innovative business model and operational strategies used by the company. Reason for success of Apollo Hospitals was that it not only focus on building the brand but also focus on innovation and best use of technology, providing best quality and customer service. Apollo was the company which added luxury to healthcare. The hospitals they opened and services they offered were healthcare services but the treatment they were giving was like in a five star hotel. Apollo's first hospital was opened in Chennai in 1983. The second hospital was opened in Hyderabad in 1986. At present they have hospitals in 27 cities of India and they have international presence in Sri Lanka, Dhaka, Nigeria, Ghana, Qatar, Oman, Kuwait and Mauritius.

Apollo also started concept of Apollo clinics with more than 90 clinics in different parts of country.

Apollo also opened Apollo Reach hospitals, with advanced technology and all modern medical facilities with experienced professionals in rural and sub urban areas.

Apollo also entered in the segment of health insurance by forming a joint venture with German company Munich Re in 2007. Further, Apollo is looking to open nursing colleges and specialty clinics.

Thus, Apollo success was its global presence, market expansion strategy, service expansion and providing healthcare services with new dimensions of luxury.

Apollo Business Model

Providing best infrastructure to the latest medical technology acquisition, Apollo Hospitals has always kept its Patients First and strived to deliver not World Class but World's Best Care to its Patients since from its inception. Apollo is leader in Indian health care industry and having hospitals in 25 cities of country and international hospitals in Dhaka and Muscat.

The cornerstones of Apollo's legacy are its unstinting focus on clinical excellence, affordable costs, technology and forward-looking research & academics. Apollo Hospitals was among the first few hospitals in the world to leverage technology to facilitate seamless healthcare delivery through electronic medical records, hospital information systems and telemedicine-based outreach initiatives. The organization embraced rapid advancement in medical equipment's worldwide, and pioneered the introduction of several cutting edge innovations in India. Soon the country's first-ever Proton Treatment Cancer Centre will be launched by Apollo, and it will serve over 3 billion people.

Since inception, Apollo Hospitals has been honored by the trust of over 50 million patients from 140 countries. At the core of Apollo's patient-centric culture is TLC (Tender Loving Care), the magic that inspires hope amongst its patients.

Apollo Values: Apollo always treats its employees and customers always been a family who work together to cross any hurdles and notch up victories together. Apollo values hold its stake unite for a common purpose of providing best care to their patients. That's the reason; Apollo is one of the greatest healthcare providers in the world. Apollo believes in providing the highest standards of safety in its products and throughout its business.

Pioneering Outlook: Apollo always stay ahead of the curve by continuously creating innovative solutions for their patients. Apollo was the 1 private player of Indian health care industry who comes with the innovative concept of the corporatization of healthcare. Apollo only defined the attributes of private health care sector. Apollo always looks for innovative ways to add value in services given to the patients.

World Class Excellence: Apollo always strive for excellence in all spheres , clinical, financial, operational, and service or people management, by bench marking its processes and procedures with best in class models available throughout the world.

Trustworthy Spirit: Continue to be an institution of trust and a beacon of hope to all patients by keeping their best interests at heart and delivering on all our promises

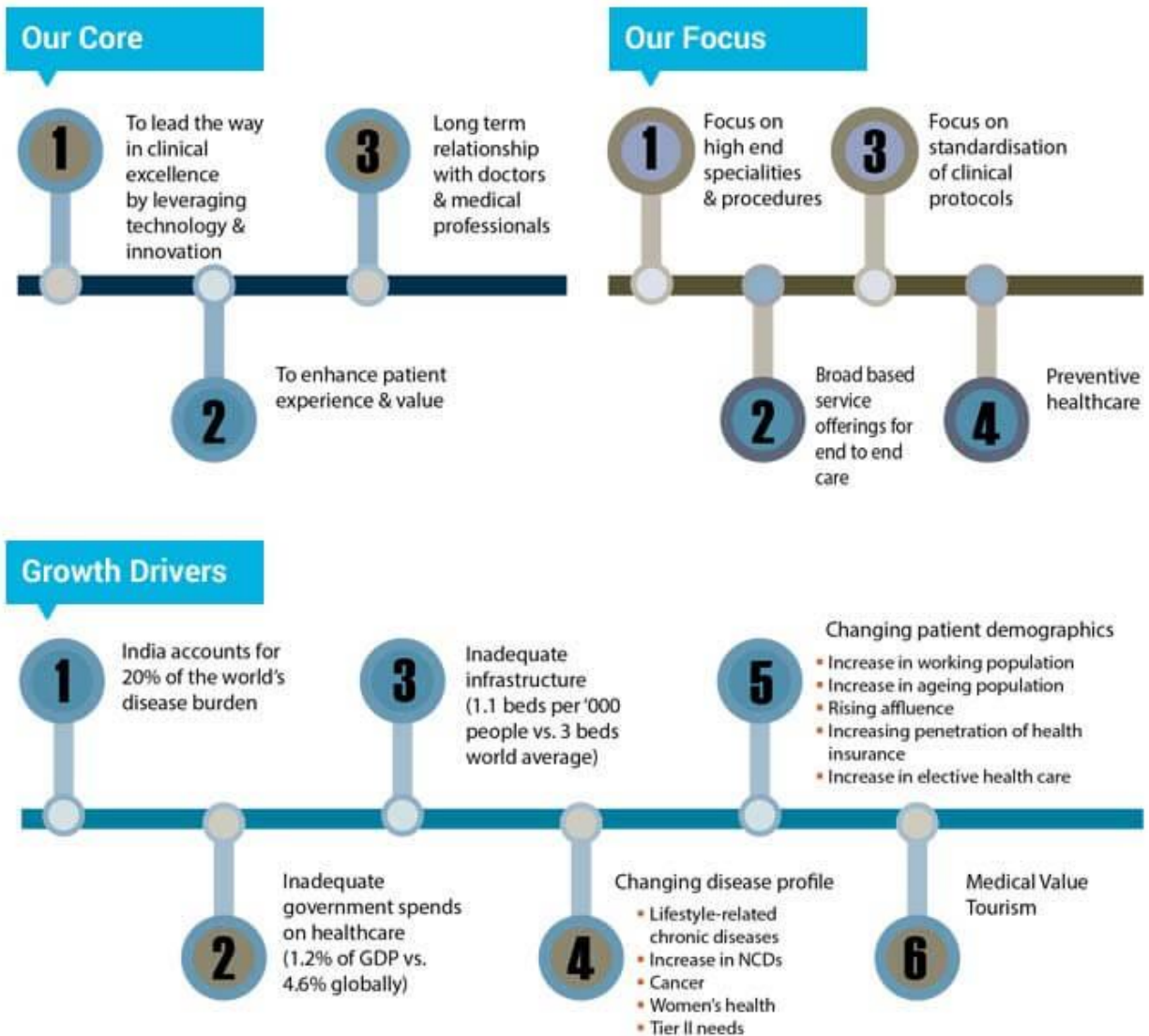


Fig 1.1 Apollo Core Values

Extensive reach across the country: With such wide presence in tier 1, tier-2 cities through primary care, Specialty hospital care and in rural areas with “Apollo REACH” hospitals aimed at secondary care facilities with 100-200 beds, it has penetrated to different strata of the market.

Integrated value Cain delivery model: In order to provide high-quality healthcare services it ensured that patients receive complete packages of wellness and medical services such as consulting, Dialysis, sample collection, liver and bone marrow transplants, spine and brain surgeries, vitro fertilization (IVF), joint replacement surgeries, heart, and cancer & kidney treatments etc.

Financially strong company: With a Market capitalization of Rs. 1,62,1102 million in FY 17 the Asia's largest and most trusted healthcare group has generated Revenue of Rs. 72,549 million in FY17 with CAGR of 26%.

Competitive Advantage for Apollo

Apollo was the pioneer brand in private health care industry which comes with the concept of luxury hospitality. 8 of the hospitals of Apollo are JCI accredited outcomes benchmark with world class hospitals globally.

Apollo having strong long term relationship with doctors and medical professionals made him leader in health care industry. Continue to bring world class technology to the hospitals with latest equipment's. Care, compassion and commitment made Apollo Technological excellence in this industry. Apollo is committed for tender loving care towards patients, Commitment to our employees, Commitment to medical education and research.

Future plans of Apollo Hospitals

After crossing a target of 10,000 beds capacity, Apollo Hospitals in its expansion plan would see an addition of around 2,000 beds. In the coming year the company would have specialty beds for cardiology and cancer, would expand to other cities where it does not have the presence and also to increase the beds in cities where it is already present in

The company, in the 36 months ending March 31, 2017, has commissioned 2,430 beds in 13 locations including a 480-bed facility in Navi Mumbai. During the financial year (FY) 2018-19, the Navi Mumbai facility is expected to see an expansion into oncology apart from the addition of 65 beds in Indore hospital and a proton therapy centre to treat cancer with 200 beds in South Chennai. Besides, the current expansion plan is to add another 500 bed in a hospital in Byculla, Mumbai, for Rs 350 crore in FY22.

Teaching Notes

Apollo Hospitals: New Definition to Private Health Care Industry

The case discusses how Apollo Hospitals becomes most successful health care company.

Apollo becomes successful because it focuses simultaneously on brand building and product mix expansion. Apollo always tries to providing best quality and customer service at with innovative technology and best medical practices.

Target Audience

The case has been taught and is effective as part of master's degree, MBA programme and other management courses like PG Diploma in Management and BBA as a part of the course Strategic Management & Service Marketing. This case study can be taught while explaining strategic service marketing.

Students/participants are given an insight about various opportunities and challenges in aviation industries and how they can be faced through effective strategy development. They are also motivated to develop innovative strategies which can be implemented and utilized effectively.

Learning Objective

By the end of the case, reader will be able to-

1. Understand the reasons behind the success of Apollo Hospitals.
2. The role of innovative strategies in the success of an organization
3. And how one can be successful in adverse and saturated markets

Teaching Plan and Analysis

Teaching of this case, a 20 minute introduction to the case by the instructor may be useful before beginning discussion. The introduction should explain about the reasons for the success of Apollo Hospitals Limited. The goal of the case is that students should understand that how effective and innovative strategies can help a company to be successful and to become number one company with good profit in few years of its operation.

Once the introduction is complete, breaking the class into teams of three to five students may be useful. The teams should discuss and summarize their answers to each of the following questions presented in the case study and choose one representative to present a summary of the team's answers to the class.

Questions:

- a) Do SWOT analysis for Indian Healthcare Industry?
- b) What are the various factors responsible for success of Apollo Hospitals Limited?
- c) What are the various opportunities and challenges for Apollo Hospitals Limited?
- d) Suggest suitable measures for further success of Apollo Hospitals Limited.

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