Indian Powerhouse Brands: Apollo Hospitals
...a vignette.

Amritt Ventures, Inc.
The India Business Experts
India’s foremost for-profit hospital chain, the family-run Apollo Hospitals Enterprises Limited (AHEL), has performed over 50,000 cardiac surgeries. With 1,000 doctors on staff and a staff of ten thousand employees, the Chennai-based company founded by Dr Prathap C. Reddy has locations in every major Indian city and branches in Kuwait, Qatar, Nigeria, Ghana, Bangladesh and Sri Lanka. Today, the group manages over 40 hospitals and several healthcare management colleges, pharmacies and diagnostic clinics.

Reddy practiced medicine in the United States for 15 years before moving back to his native city, Chennai (formerly known as Madras) on the scorching Coromandel Coast of India. Three of his daughters also serve on the board of the company which is listed on the Bombay Stock Exchange.

AHEL showed net profits of over 11% on sales of about $220 million in the fiscal year ended in 2007. AHEL’s primary business is tertiary care, treating complex medical conditions and their patients are referred by other hospitals or specialists. In addition the company now offers primary care on a franchise basis via Apollo Health and Lifestyle Limited (AHLL) and outsourcing of medical business processes, such as billing and transcriptions via Apollo Health Street Ltd (AHSL).

Services:
The Apollo Hospitals group owns or manages over 6000 hospital beds. The group provides the most updated medical, surgical and diagnostic services and is devoted in their commitment of continuous improvement everyday in every sector of its functions. Their adherence to quality policies and standardized practices has attributed them with ISO 14001 and 9001 certification. Four of its hospitals, Delhi, Chennai, Hyderabad and Ludhiana are accredited by Joint Commission International (JCI), an accreditation body based in Chicago. In 2006, the Apollo Hospital, Hyderabad, has added another feather it its cap. In 2006, the hospital received JCI’s Disease- or Condition-Specific Care (DCSC) Certification for its acute stroke treatment. This was the first hospital outside the United States to be honored with this certification.

At its hospitals, Apollo can offer cardiac surgery for about $7,000, orthopedic surgery for about $5,000 and even a liver transplant for under $50,000. Each procedure costs about five times as much in the United States. Yet most of its physicians, over half of whom are Indians who have returned after practicing in the West, earn only 25% less than they did in the United States, in absolute terms. Adjusting for purchasing power parity, they enjoy a much more lavish lifestyle than they would in the west. Equipment and staff utilization at Apollo hospitals are typically far higher than in the United States. Capital equipment may also be used for many more years than is typical in the United States. Nurses and other support staff probably earn a third of comparable salaries in the west.

According to a recent agreement with Tenet Health Corporation, Apollo and Tenet will share best healthcare practices. Under this program, training will be imparted to senior management personnel so as to give them an exposure to...
the quality delivery standards existing in the respective units. Through this understanding, both organizations will look to ensure and develop cost-effective solutions concerning health sector.\textsuperscript{5}

### Related Offerings

**Pharmacy**

Indian consumers have to watch out for expired drugs, for medications being stored under inappropriately hot or humid conditions, and even outright fraudulent drugs on the market. Once the Apollo brand became associated with trust and reliability, the company branched out by extending its pharmacies outside of its hospitals. Today over 200 standalone Apollo pharmacies (drugstores) are established across India.

**Telemedicine**

Eight years ago, the group has ventured into telemedicine services through a pilot project in Aragonda, Andhra Pradesh and today with 71 centers; it is the largest telemedicine center in India. The Apollo Group has signed an alliance with Reliance Info the country's largest private telecom operator. 240 internet café’s owned by Reliance under the name “Web World” in 140 cities located all across India will be leveraged by Apollo Hospital to offer world-class healthcare. This means that the Apollo Telemedicine Networking Foundation (ATNF) shall be given access. Someone living in an area devoid of any standard healthcare facilities will no longer have to travel long distances to avail them. They simply need to go their nearest Reliance internet café and submit their medical history and diagnostic reports. The reports and images will then be transmitted digitally to the hospital’s centralized telemedicine portal. This information will be evaluated at the Apollo facility and an appointment with the most suitable Apollo specialist will be fixed up. On the day of appointment, the patient visits the Web World café again and meets the specialist through video conference. Finally, the patient gets a print-out of the specialist’s opinion which is recorded in the Apollo Telemedicine portal.

This is believed to be world’s largest collaborative effort in multi-specialty telemedicine system, which utilizes the state-of-the-art telecommunication technology. To avail the teleconferencing services offered by the Apollo group, an individual will spend about $10 for a second opinion without video-conference and $20 with a video conference. An all inclusive consultation will cost $50. This figure includes digitization and uploading of medical records from the webworld to the telemedicine system of the hospital and charges for video-conferencing and consultation with the Doctor.\textsuperscript{3, 4}

**Apollo Health Street**

Apollo Health Street provides BPO and IT services by operating out of three countries, USA, UK and three centers in India (Hyderabad, New Delhi, and Chennai). Certified professionals of the group apply their expertise with an aim to steer the performance and productivity of the clients in billing, transcription and other services. The Business Process Outsourcing (BPO)
services of the organization make it possible for their clients to work on their core business and enjoy some labor arbitrage savings at the same time. The blended offshore-onshore model of the organization provides with choice to their clients in terms of the perfect mix of knowledge professionals. It can be either on-site, on-shore or off-shore, depending on the requirement and budget of the client.

Franchised Primary Care

For an investment of under $500,000 an entrepreneur (not necessarily a physician) can obtain a seven year primary care franchise with the Apollo name. A location is typically just 3,500 to 4,500 square feet and includes a small pharmacy. Typical franchisees pay 4-6 percent of gross revenues to Apollo. While some locations serve also serve as feeders to the larger Apollo facilities, many are located in cities where Apollo is not present.

Medical Tourism

A small number of Apollo’s patients come from overseas, typically from the Middle East, Africa, South Asia and a trickle of Indian expatriates visiting home. In 2003, Apollo had announced that Sitacare, a division of Kuoni Travel would market Apollo medical tourism services worldwide. But as of today the site, www.sitacare.com is no longer operational. And other reports indicate that the total size of medical tourism worldwide may be fewer than 85,000 travelers per year, far lower than earlier estimates. Further this report in the Wall Street Journal, says that most people travel not for lower cost but for access to advanced techniques not yet available or approved in the West.

A case study

There was a time when in spite of rapid growth, the Apollo group was falling short of sufficient brand communication. The result was that not many knew what the Apollo brand actually stands for. The problem was that the group instead of showing up a single face was presenting quite a lot of faces which weakened and watered down the brand. This fact had its reflection in the group’s business. There was no marked rise in admissions and appointments even after the organization built 42 new websites.

To fix the issue, the group recruited VizioHub, an internet consultancy. The goal was to set up their brand on the web that would pull-in more patients to the hospitals. Apollo wanted everyone concerned to know that here’s a group that covers every health need just-in-time and in the most professional manner. The vendor developed an interactive brand strategy including search engine optimization to bring prospects to the Apollo hospitals, creating a mother website in which the numerous independent hospital websites would be included, creating a provision for users to interact online with the group’s renowned specialists. The process results in 70 inquiries per day, of which 80 percent were international. The website was recognized as an official honoree by Webby Awards 2006.
Conclusion

In just 25 years, Apollo has built a strong brand for itself. By blending knowledge and equipment from the West with a strong understanding on local consumer needs, the company has been able to exploit and extend its brand equity beyond surgery to primary care, pharmacy, even to medical BPO.

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