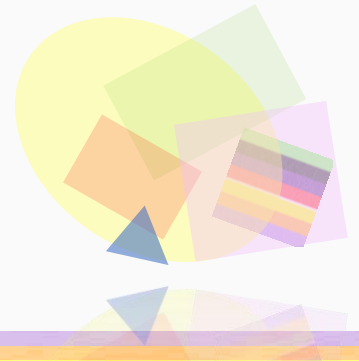


Emerging Public Health Business Opportunities in Tier-2 Indian Cities

Acquisition of Konnur Hospital- Koppal

An Appraisal

18th May 2018



Acknowledgements

- Dr S D Gupta, Chairman, the IIHMRU-J
- Faculty at the IIHMrU-J.
- Mr Diwakaraiah N J, Director & CEO, VHPL- Bengaluru
- Dr Rekha Konnur, Proprietor, Konnur Hospital
- All research participants
- Teams at VHPL & Konnur Hospital.

Agenda

- Koppal Overview
- Research Questions at hand
- Genesis : Konnur Hospital
- Strengths of Konnur Hospital
- Weakness of Konnur Hospital
- Competition analysis
- Threats/ New entrants
- Opportunities
- Customer recall

Koppal: Overview

- Koppal district: carved out of Raichur district and came into existence on April 1, 1998.
- 4 taluks : Koppal, Gangawati, Kushtagi and Yelburga
- 20 hoblis
- Total geographical area of 5570 sq kms, which is about 2.9 % of state.
- 594 inhabited villages and 35 un-inhabited villages
- 2 City Municipal Councils (Koppal and Gangawati)
- 1 Town Municipal Council (Kushtagi)
- 1 Town Panchayat (Yelaburgi)
- 134 Gram-Panchayats
- 13.89 lakhs population (2011 Census); About 83% Rural.
- Literacy Rate: Male- 78.5%; Female- 57.6%
- SBM: Latrine in 18% rural HHs; 48% in urban HHs.(2015)



Genesis: Konnur Hospital

- A humble beginning in 1998; Started in a rented premises.
- Sole proprietorship:
 - Dr Konnur (MS-OBG)
 - Dr (Mrs) Rekha Konnur (MD- Anes)
- Moved to the present own premises in 2000
- Practiced together until June-2012
- Dr Rekha moved permanently to Bengaluru after the demise of Dr Konnur.

Research Questions

- What is the current business at Konnur Hospital?
- What drives the Business?
- Who are the competitors?
- Strengths of Konnur Hospital?
- Weakness of Konnur Hospital?
- Threats? New entrants?
- Supply chain dynamics?
- Opportunities at Konnur Hospital?
- Stake holder influence?

Research Design

- Cross Sectional Study

Research Methodology

- Study schedule is developed
- In depth interview of the medical practitioners in the city
- Tool administered by the researcher; 4 sections:
 - Medical practitioners (n=30) : Purposive Sampling
 - Stockist/ distributor (n=7): Purposive Sampling
 - Citizen participants (n=30): Convenient Sampling
 - Patients (N=20)
- Recall assessment is done by administering the tool to the public through convenient sampling method (n=30).

Climate

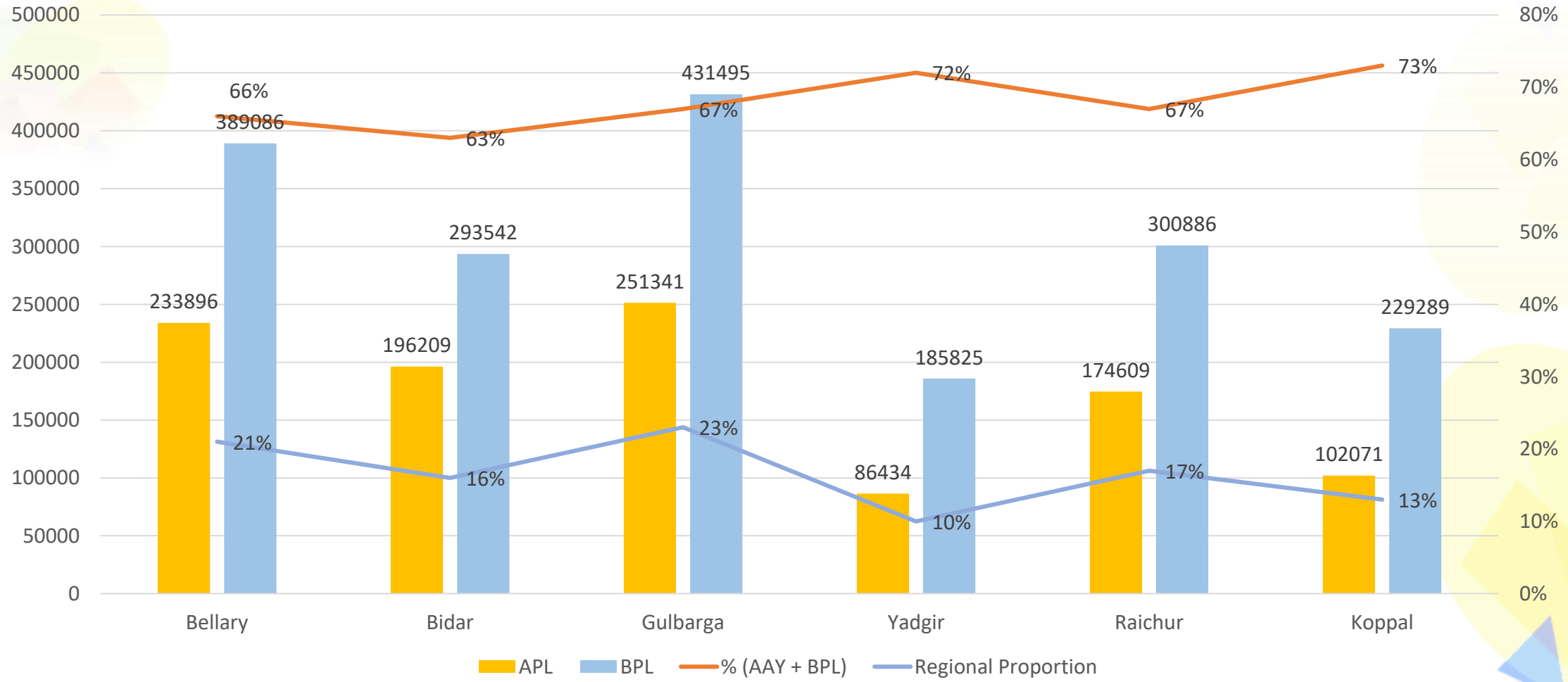
- Northern dry agro-climatic zone of Karnataka.
- About 64 % of the district area was under agriculture in 2011-12

Economy

- The district has big factories in iron, steel and telecom sectors.
- Small scale industries in food processing, wooden furniture, textiles and textile products (readymade garments), repairing services
- Agriculture:
 - Utilization is 69% of the available land
 - Of this, 67% is sown only once a year
 - About 2/5th of gross sown area is irrigated in the district.

Hyderabad Karnataka Region: APL / BPL Status

Source: Karnataka, Food and Civil Supplies & Consumer Affairs-2012(www.ahaara.kar.nic.in)



Koppal: APL & BPL status

Source: Karnataka, Food and Civil Supplies & Consumer Affairs-2012(www.ahaara.kar.nic.in) (Sept 2012)

District	AAY	Total APL	Total BPL	Total	% (AAY + BPL)	Regional Proportion
Bellary	62532	233896	389086	685514	66%	21%
Bidar	45113	196209	293542	534864	63%	16%
Gulbarga	71894	251341	431495	754730	67%	23%
Yadgir	32147	86434	185825	304406	72%	10%
Raichur	60209	174609	300886	535704	67%	17%
Koppal	42014	102071	229289	373374	73%	13%
H.K. region	313909	1044560	1830123	3188592	67%	100%
State	1190175	6323802	9905975	17419952	64%	19%

Competition Analysis

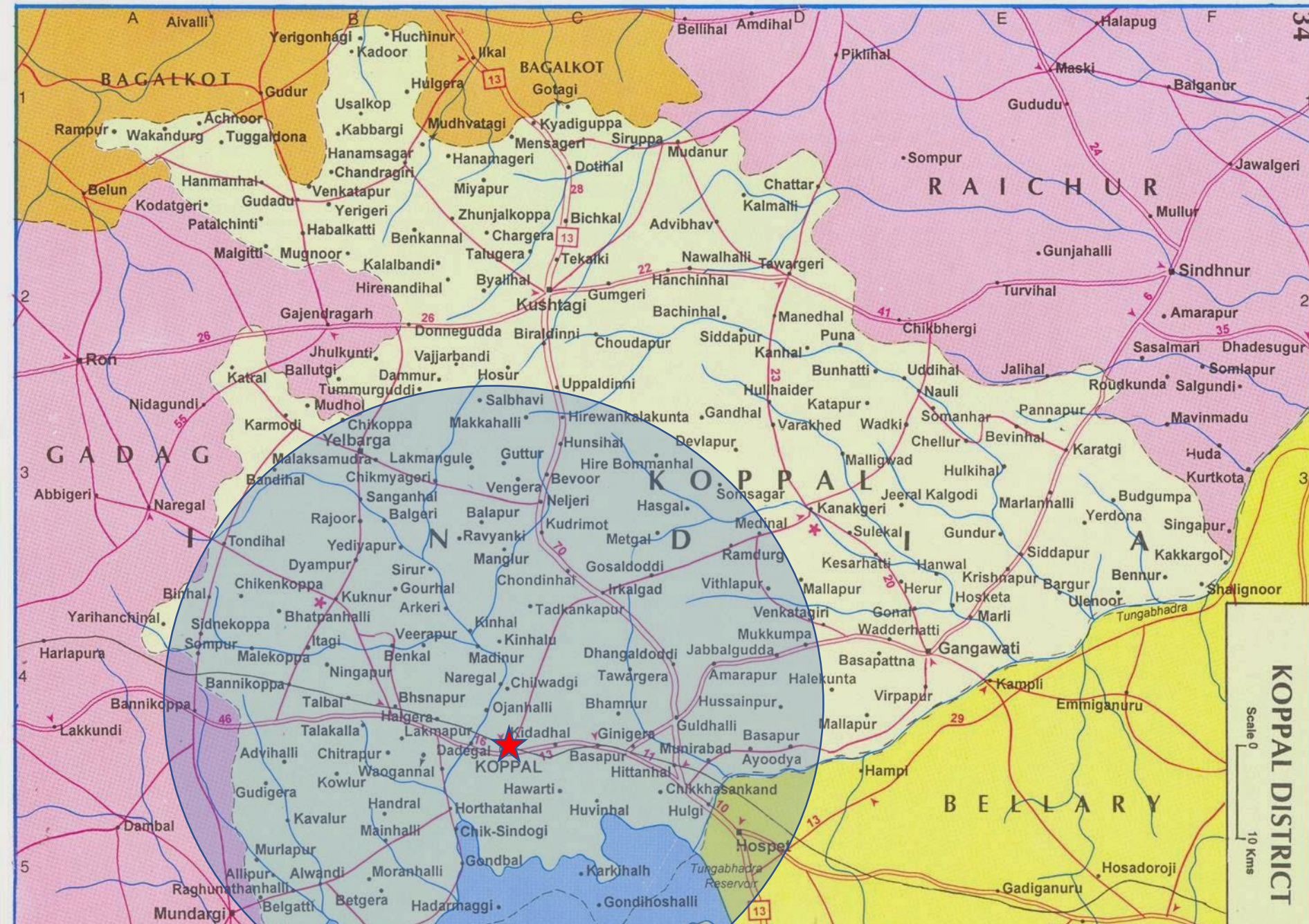
	Doctor	Specialty	Beds	Deliveries	Remarks
Koppal Institute of Medical Sciences		Dist Hospital	250	500	400 bed MCH block under development; bed str under incr to 450; total 800+ beds in next two years
Konnur (Akshay) Hospital	Dr Mahesh	OBG		100	
Kalal Hospital	Sushil Kr Kalal	OBG	15	45	
Srimangala Hospital	Chandrakala Narahatti	OBG	15	45	

Top of mind recall

- Konnur Hospital
- Kalal Hospital
- Srimangala Hospital
- Yashoda Hospital

Hospital	Recalls n=30	%
Konnur (Akshay) Hospital	14	47%
Kalal Hospital	5	17%
Srimangala Hospital	5	17%
Yashoda Hospital	3	10%
Koppal Institute of Medical Sciences	1	3%
City Hospital	1	3%
Sri Nursing Home	1	3%
GSR Hospital	0	0%
Sompur Hospital	0	0%
Khushi Hospital	0	0%
Vivikta Hospital	0	0%

- Methodology: Personal Interview (Open ended question)
- Convenient Sampling; n=30



Strengths of Konnur Hospital

- Early entrant advantage
- Top of mind recall
- Revered as a first referral preference
- Good will
- Pricing
 - Affordable
 - Felxi-pricing
 - Not rigid
- Friendly doctor
- Good temperament of the doctor
- Does not ask for repeat investigations for referrals

Strengths of Konnur Hospital (contd..)

- Comprehensive OBG facility
 - OBG Consultant
 - Radiologist- Sonology
 - Pharmacy
 - Lab
- Access: Close to Main Road
- RSBY empaneled

Competitive Advantage: Business drivers

- Comprehensive OBG facility
 - OBG Consultant – Resident in the hospital
 - Radiologist- Sonology – Resident in the hospital
 - Pharmacy
 - Lab
- Access: Close to Main Road
- RSBY empaneled
- Consultant friendly, approachable
- Pricing: flexible, not rigid, not-a-price-leader.
- People: loyal, unqualified-trained, low attrition
- Promotion: First-comer advantage, Excellent good-will, good recall, sustained word of mouth.

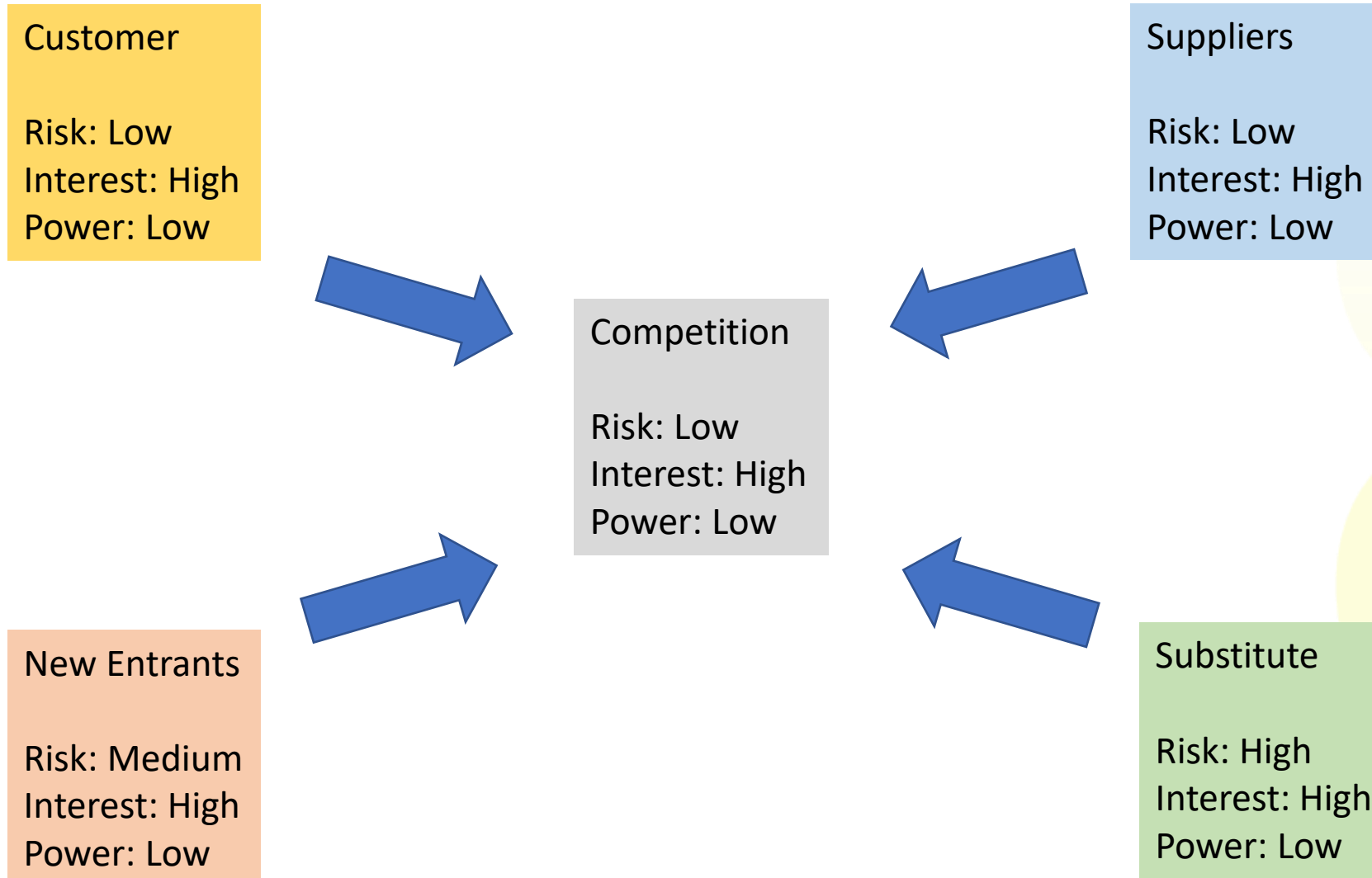
Weakness of Konnur Hospital (contd..)

- Lack of Pediatrics
- Lack of other specialties: GS, GM, Orthopedics, Emergency.
- No part-taking in Yashaswini
- Inability to participate in VAS
- Entirely focus on the lower and lowest Socio-economic segment
- Inability to meet the aspirations of the middle class
- Poor hygiene
- Major redo of toilets required?

Threats to Konnur Hospital

- Continuity in Medical Program
- Lack of marketing: sustenance of volumes?
- Lack of Yashaswini: drainage of business to SDM-Dharwad
- Poor hygiene: may dilute the goodwill/ positive opinion
- Conservancy running through the premises
- Legal compliance ?
- Dr Mahesh is developing his own hospital; likely to shift in the next 3-4 months
- A huge hospital is being developed by the ex-MLA's family in the vicinity of Konnur Hospital.

Porter's Analysis: Konnur Hospital



PESTLE Analysis: Konnur Hospital

- No visible political concerns; however, the ex-MLA's son is developing a huge hospital in close vicinity
- Economically challenged society: Schemes to be driven under UHC
- Socially Nuptiality is early in life; child marriage; early conception; unmet need for contraception
- Technical factors: Eqpt maintenance is a challenge
- Legal factors: Compliance to facility standards & NABH standards is a concern
- Environmental: Public Conservancy running through the hospital

Koppal Population: Business Implications

Demographic Indicator	2011	2001
Population	13,89,920	11,96,089
Male (% of Population)	50.36	50.44
Female (% of Population)	49.64	49.56
Population Growth (%)	16.21	24.84
Density / km ²	250.00	215.00
% of Karnataka Population	2.28	2.26
Sex Ratio (Per 1000)	986	983
Child Sex Ratio (0-6 Age)	958	953
Average Literacy (%)	68.09	54.10
Male Literacy (%)	78.54	68.42
Female Literacy (%)	57.55	39.61
Child Proportion (0-6 Age) %	14.51	17.39
Boys Proportion (0-6 Age) %	7.41	8.90
Girls Proportion (0-6 Age) %	7.10	8.49

Source: Census 2011, Directorate of Census Operations, Karnataka

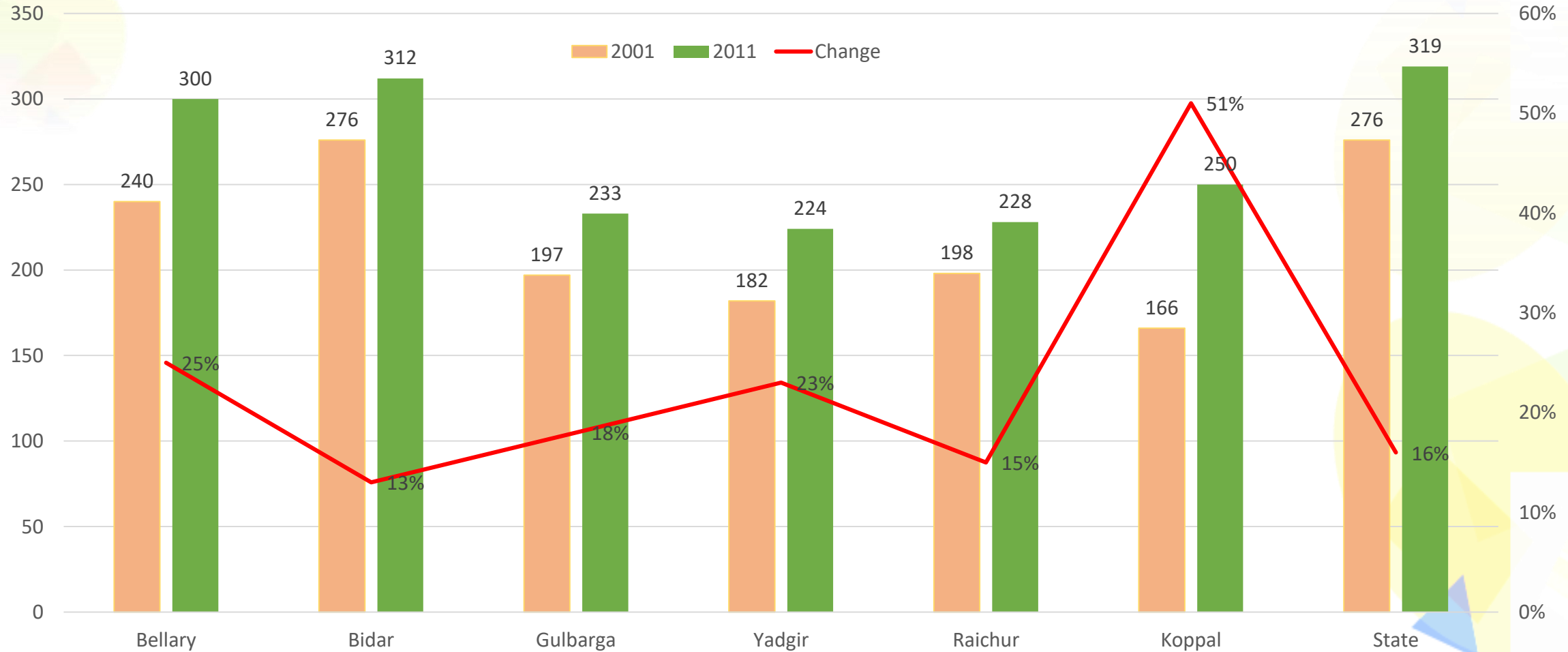
Koppal Population: Growth Trends

Districts	2001 Census		2011 Census (provisional data)	
	population	% variation	Population	% variation
Bellary	20,27,140	22.41	25,32,383	24.92
Bidar	15,02,373	19.63	17,00,018	13.16
Gulbarga	21,74,742	21.76	25,64,892	17.94
Yadgir	9,56,180	20.12	11,72,985	22.67
Raichur	16,69,762	23.52	19,24,773	15.27
Koppal	11,96,089	24.84	13,91,292	16.32
H.k.Region	95,26,286	18.06	1,12,86,343	18.46
Total State	5,27,33,958	17.51	6,11,30,704	15.67

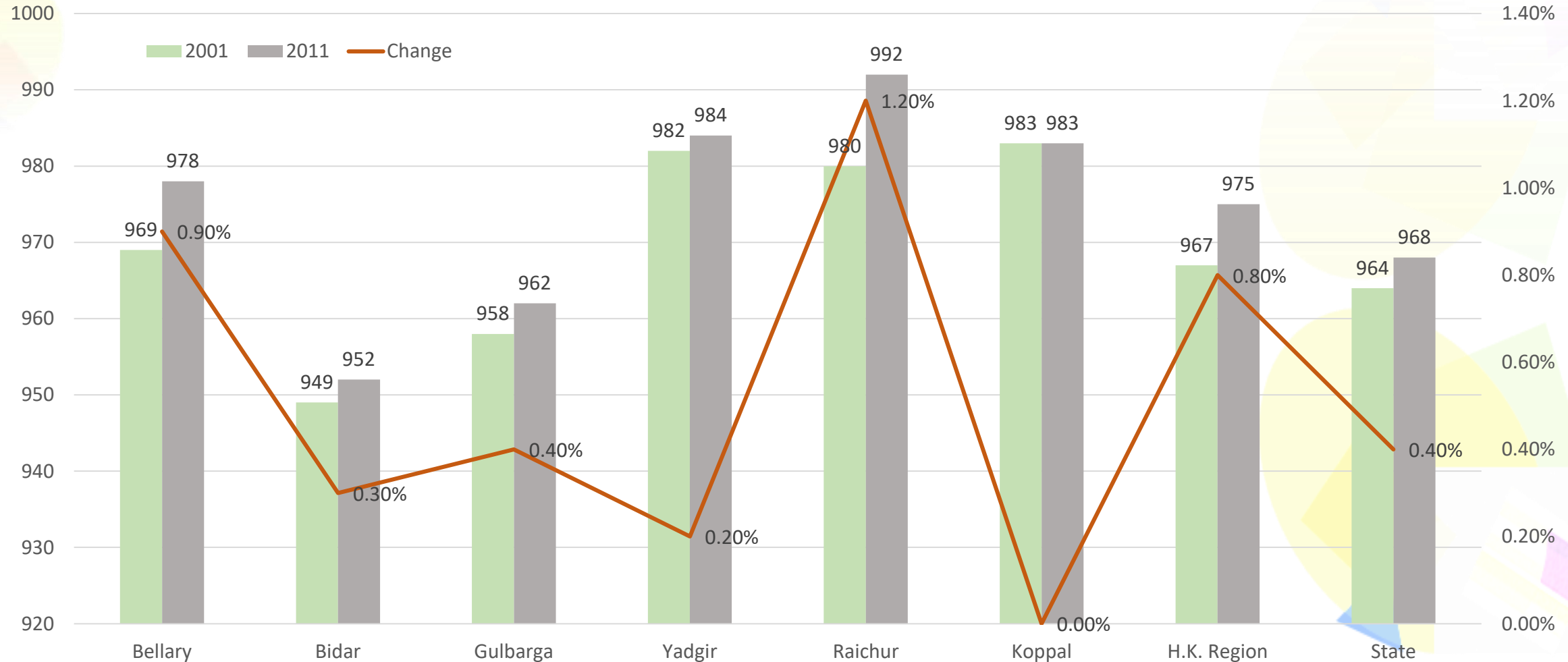
Source: Census of India 2011, GOK, Directorate of Economics and Statistics.

Population Density – Hyderabad Karnataka Region

Source: GoK, Directorate of Economics and Statistics, Bangalore



Hyderabad Karnataka: Sex Ratio



Koppal Population: Key take aways

- Highest decadal growth in population density (per sq km)
- More women to enter reproductive age-group in the next 4-10 years.
- Child Marriage
- Adult Sex Ratio remains static (983); second best in the region; however, child sex ratio is 958
- Reproductive health is a major concern

Facilities & HRH (2011-12)

Taluk/ District	Population / Sub center	Population / PHCs	Population / CHCs	No. of Doctors / 1000 Population	No. of Nurses / 1000 Population
Gangawati	4764	25251	153302	0.05	0.08
Koppal (T)	5773	21647	188891	0.03	0.03
Kushtagi	9401	43482	284792	0.04	0.06
Yelburga	7438	24795	89147	0.06	0.11
Koppal (D)	6615	27563	154436	0.04	0.07

Source: District Health Office, Koppal District.

“Number of doctors as well as nurses per 1000 population is so thin that one can say that it is as good as having no health care personnel at all. It may not be easy to rectify this kind of alarming situation immediately; however efforts need to be made to bring improvement in these indicators.”

Source: Koppal Human Development Report 2014

Facilities & HRH (2011-12)

- 'Madilu Kit' delivery to the entitled in the HK Region:
 - Only 31% receive on time
 - 29% receive after a delay
 - 40% do not receive at all
- JSY benefit delivery to the entitled in the HK Region
 - 25% receive on time
 - 49% receive after a delay
 - 26% do not receive at all

Source: A Report on evaluation of the '24x7' PHCs in HK region incl Koppal- 2014
By Grass Roots Research & Advocacy Movement – A SVYM Initiative

Opportunities

- Growing demand for RMNCH + A Program
- Lack of 'Yashaswini' empaneled facilities in Koppal
- Scope for introduction of VAS and integrating with the Hubballi Unit and Gadag Unit
- Scope for introduction of Pediatrics, Medicine, Surgery & Orthopedics Program
- Scope for empanelment under RBSK Program
- Market consolidation along the Koppal-Gadag-Hubballi belt
- Key foot-print to affect a strategic expansion into the under-served markets of HK region.
- Tap LMI & UMI market

Current Revenue Estimate

Konnur Hospital- Koppal

Volume & Revenue Estimates based on 1st Week of Feb's actuals

Price	Current Price				Volume Estimate- Monthly		Revenue Estimate- Monthly				Volume Estimate- Annual		Revenue Estimate- Annual			
	Min (Rs)	Max(Rs)	Market(Rs)	Average Price	Nos	%	Min Revenue Est- Monthly	Max Rev Est- Monthly	Rev Est at Market rate- Monthly	Avg Rev Estimate- Monthly	Nos	%	Min Revenue Est- Annual	Max Rev Est- Annual	Rev Est at Market rate- Annual	Average Rev Est- Annual
D&C	2000	3000	3000	2667	12	10%	24000	36000	36000	32000	624	10%	1248000	1872000	1872000	1664000
Labor-Normal	5000	7000	10000	7333	4	3%	20000	28000	40000	29333.3333	208	3%	1040000	1456000	2080000	1525333
LSCS	10000	14000	15000	13000	100	83%	1000000	1400000	1500000	1300000	5200	83%	52000000	72800000	78000000	67600000
Hysterectomy	11000	15000	25000	17000	4	3%	44000	60000	100000	68000	208	3%	2288000	3120000	5200000	3536000
Total					120		1088000	1524000	1676000	1429333.33	6240		56576000	79248000	87152000	74325333

Revenue Projections

Assuming...

- Population CAGR of 1.5% pa
- Price CAGR of 5% pa

Revenue Projections

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
D&C	1773408	1890010	2014278	2146716	2287863	2438290	2598608	2769466	2951558	3145623	24015821
Labor-Normal	1625624	1732509	1846421	1967823	2097208	2235099	2382057	2538677	2705595	2883488	22014502
LSCS	72044700	76781639	81830032	87210356	92944437	99055534	105568435	112509560	119907064	127790953	975642711
Hysterectomy	3768492	4016270	4280340	4561772	4861709	5181366	5522041	5885115	6272062	6684450	51033619
Total	79212224	84420428	89971071	95886669	102191217	108910290	116071141	123702819	131836279	140504515	1072706652

Challenges

- Doctor acquisition
 - OBG
 - Sonologist
 - Pediatrician
- Long DSO
- Credit realization from Govt Schemes

Human Resources

- Doctor: KIMS Specialists may consider association on a visiting basis
- Gavi Ayurveda College interns and BAMS doctors may be available for duty-doctor positions
- Govt Paramedical College trains radiographers, GNM's, lab technicians

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Thank You

