Pricing Model of DayToDay Post-Surgical Service Package for Enterprise Model

Guided By:
Dr Piyusha Majumdar
Assistant Professor (IIHMR University)

Presented by:
Manisha Garg
MBA-HM (0769)

Introduction

DTD was founded in 2018 by Prem Sharma

MIT incubated Start-up

m-Health platform for acute care management

Vision

To become the gold standard in patient-centered care

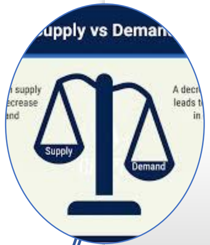
Mission

Is to empower patients to live healthier lives by enriching their care.

What problem we are solving?

Reducing **Double Disease** Burden as India accounts for 21% of Global Disease Burden

Trying to meet the demand of healthcare due to increase in **Population** and **Life Expectancy**



Better Utilization of Resources as we have scarcity of resources

Doctor to patient ratio – 0.7:1000

Nurse to patient ratio – 1.3:1000

Bed to patient ratio – 1.1:1000

Decreasing **out of pocket spending** of the people

Who are the different Stakeholders involved?

Patients

Doctors

Hospital

<u>Benefits to the Patients</u>

Providing holistic care via call, chat and homecare (if required).

Proving a dedicated care coach to improve patient engagement.

Reducing re-admision rates.

Reducing recovery time.

Providing daily vitals record to the care givers if they are away from patients.

Benefits to the Doctor

Providing report of dashboards for monitoring patients

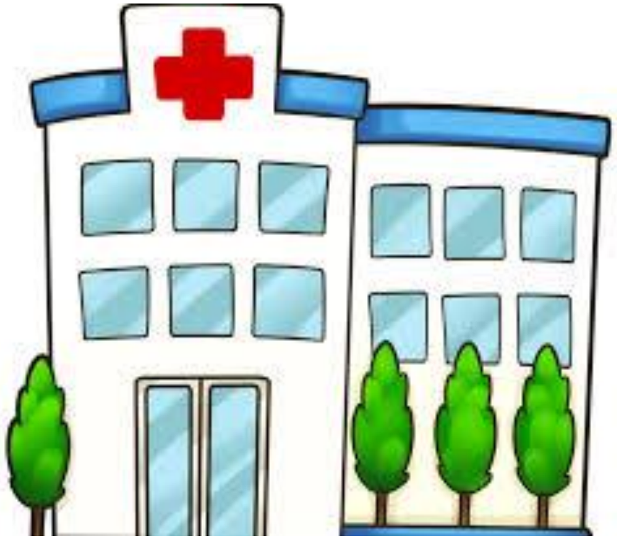
Data for paper presentations

Saving Doctors Time

Providing patients feedback

Buzz promotion For Doctors

Assuring Quality of care to their patients after discharge from Hospital



Benefits to the Hospital

Operations

- Reduction in Readmission Rate
- Decrease in Average Length of Stay
- Reduction in In-Patient Mortality Rate
- Increase in Footfall
- Provides data for accreditation and quality management

Finance

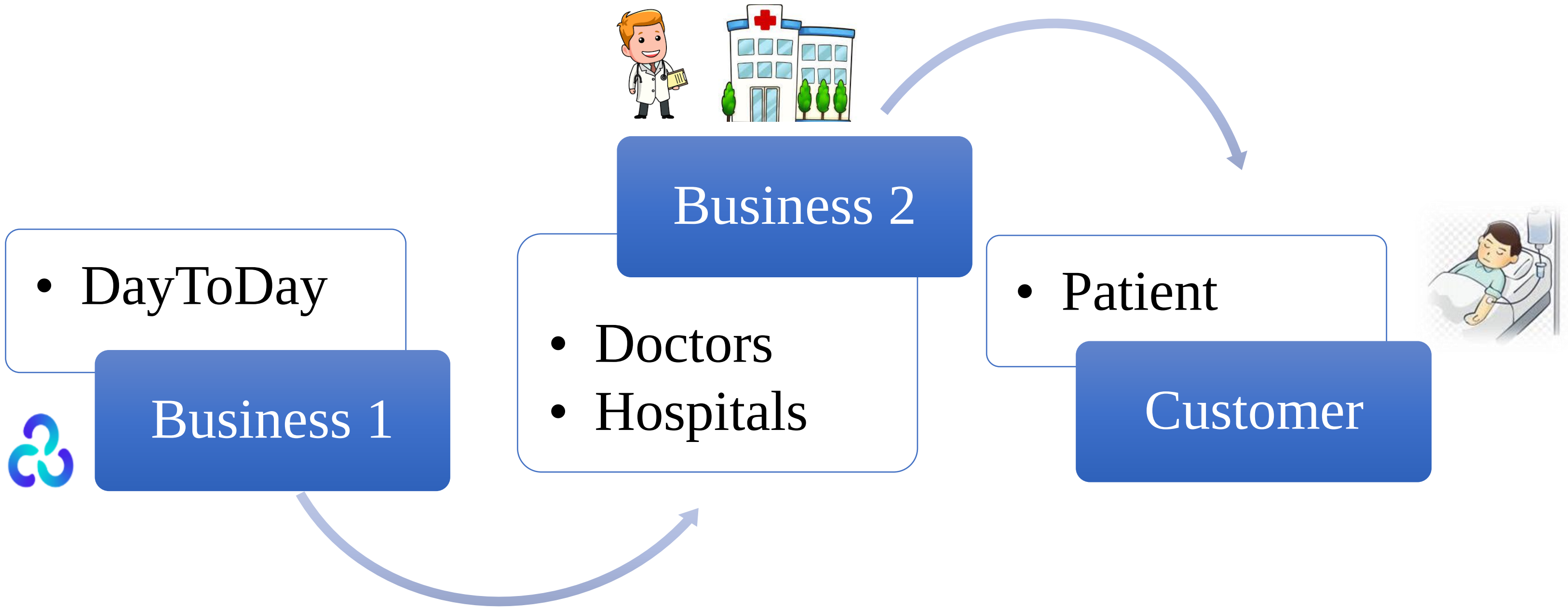
- Increase in Revenue
- Increase in Average Revenue Per Occupied Bed
- Decrease in failure costs

Market Value

- Increase in Net Promoter Score
- Improvement in Brand Loyalty

Business Model

B-B-C



Introduction to Dissertation Topic

What is price ?

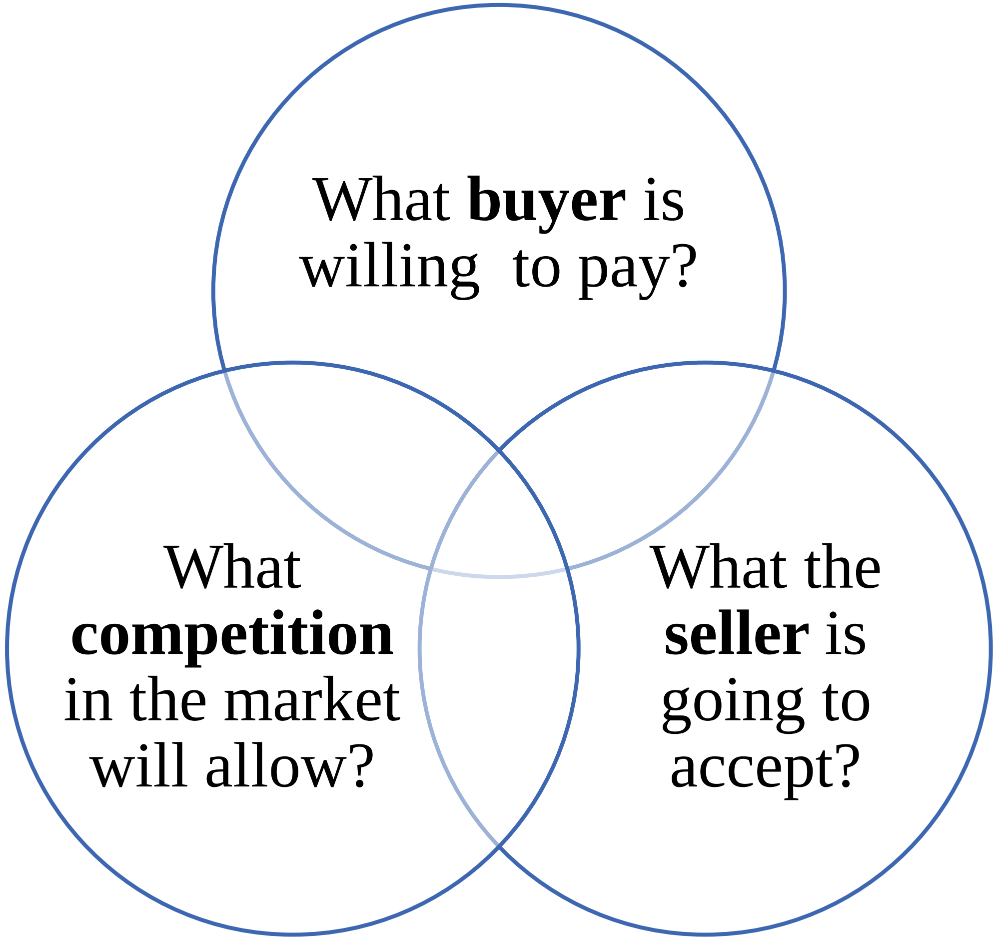
Monetary value a customer pays to acquire a good or service.

What is pricing ?

The determination of a price of product/service that is being commercialized.

Goal

To find balance between the three



Knowing your competition

Calculating Cost to Company

What is the reason of less sale of the product ?

Knowing Customer’s WTP

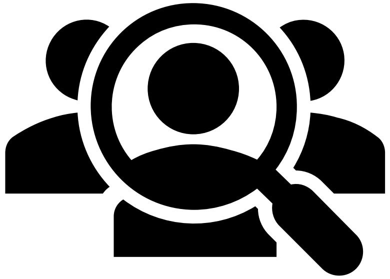
Problem Statement

The problem faced was lower acceptability rate by the consumers in the introduction phase of the product and the feedback analysis illustrate, consumers/caregivers bargain during the product pitching interaction with care manager. The purpose of conducting this study is to come up with the strategic price of DTD service package for commercialising the enterprise model.

Research Question

What is the final price for enterprise model of service package offered by DayToDay?

Objectives



Prime Objective

- To decide pricing model for the service package offered by DayToDay

Specific Objectives

- To calculate cost to company and compare the projected sales.
- To review the competitors of post-surgical care m-health platforms globally.
- To explore the paying capacity and value for money service package for consumers.
- To finalise the best package and price for the hospitals.

Methodology

Study Design: Cross Sectional Study

Study population: Prospective care givers

Sampling Technique: Random sampling

Inclusion Criteria: 25-40 years of age and Upper Middle Class and Rich Class of Income group

Exclusion Criteria: Respondents should not be a part of DayToDay Team

Methodology

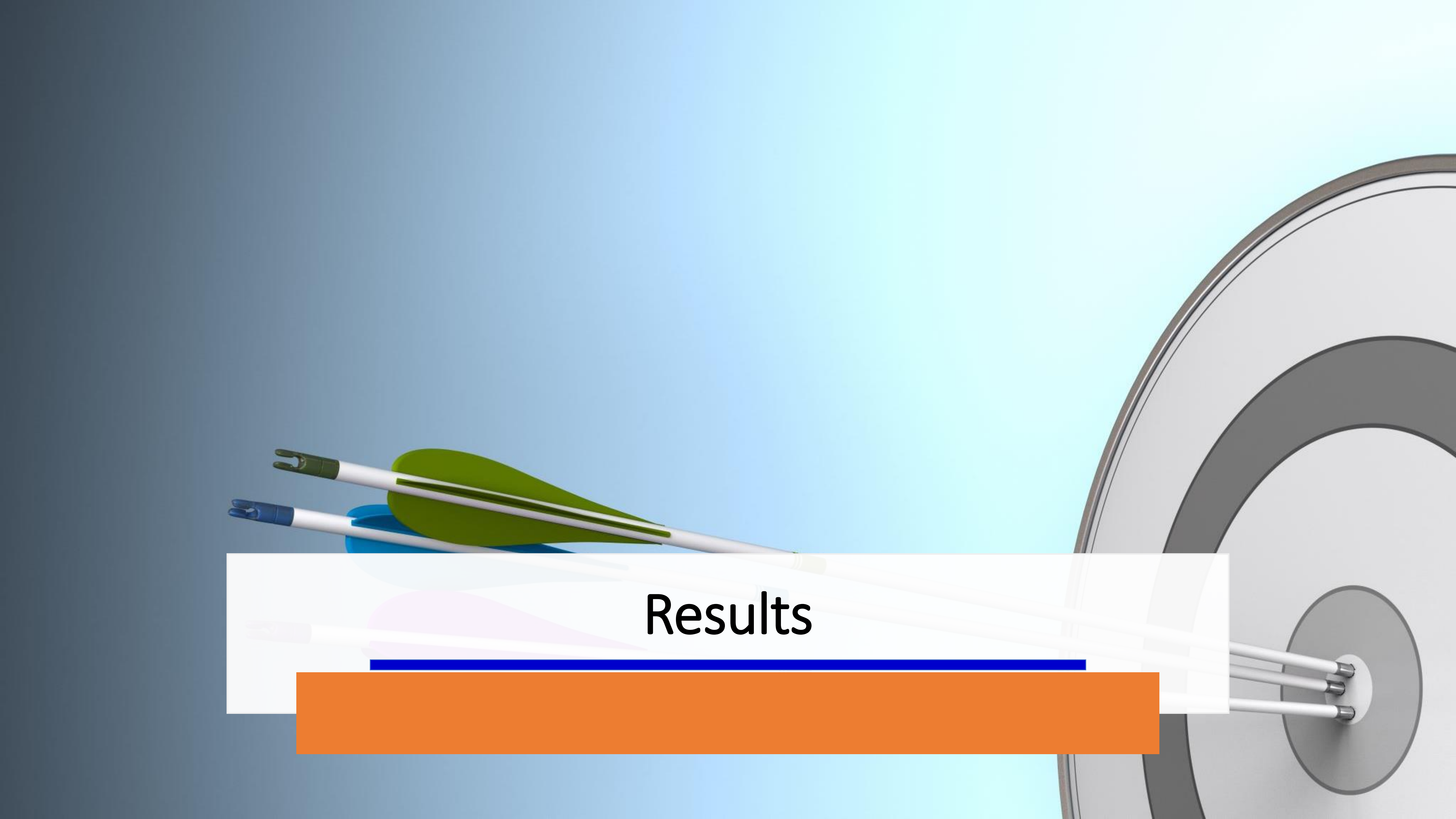
Duration: 1 Month

Study Tool: Questionnare (To understand WTP and market value in the mind of customers)

Competitive Analysis: Used 5 forces of porter model

Pricing Strategy: Cost plus profit pricing

Calculation and Data Analysis: MS Excel is used to prepare costing sheet and to analyze data of Questionnare



Results

1. Total Costing of the product

₹ 2,57,59,800

2. Per Package Price Calculator

3. Sales Forecasting

(Using Guesstimation Method)

(a) 6090 Sales (in a year)

(b) 9000 Sales (in a year)

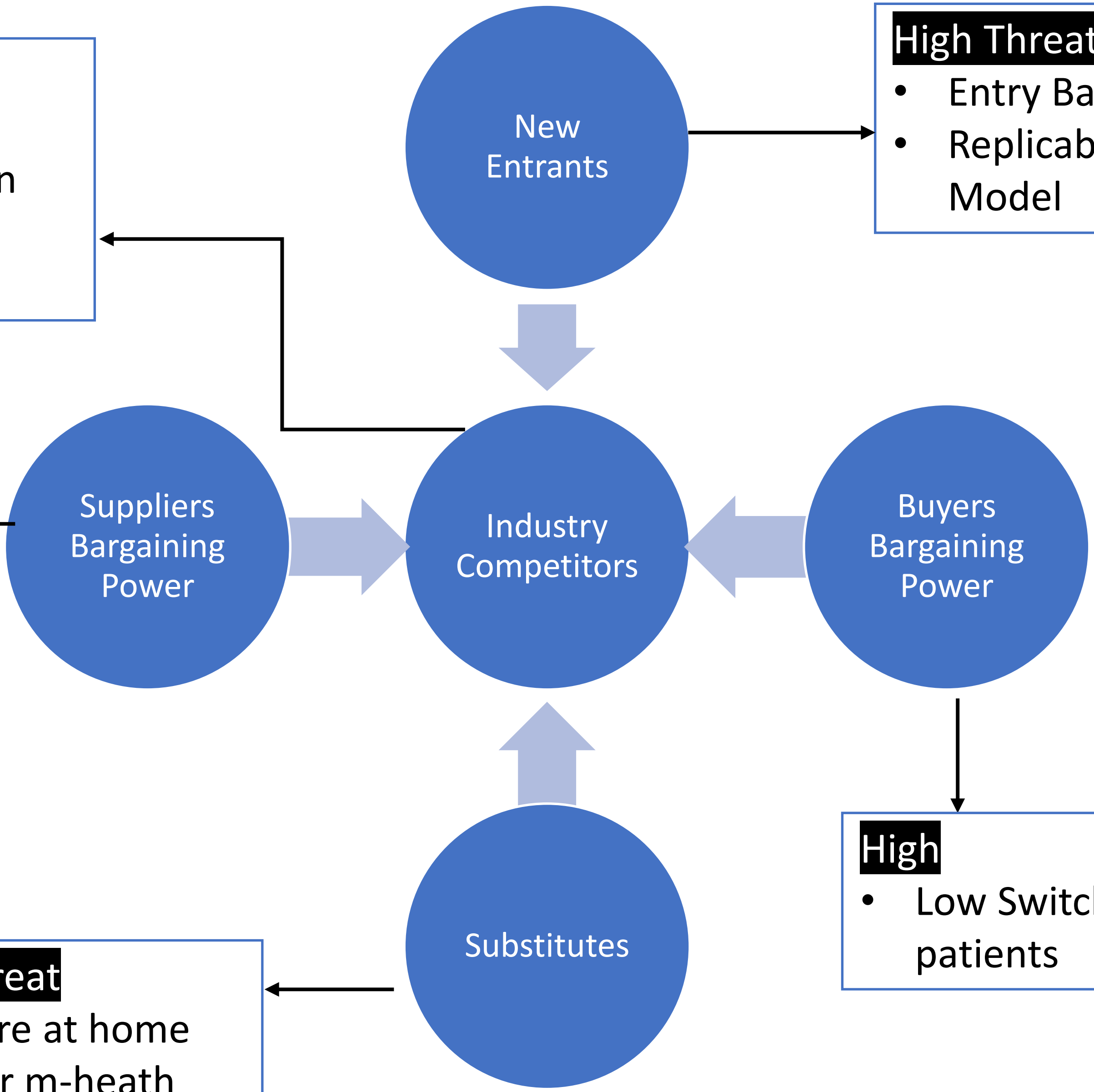
4. Per Package Price and Breakeven point comparison between 2 sales projections

Cost (per package)	₹ 4230	₹ 2862
Projected Product Sales (Units)	**6090**	**9000**
Projected Profit Percentage (per package)	10%	10%
Projected Profit (per package)	₹ 423	₹ 286
Price to Hospitals (per package)	₹ 4653	₹ 3184
Round Off	**₹ 4699**	**₹ 3199**
Breakeven Point (Units)	**5,482**	**8,052**
Average Sale (Monthly)	508	750
Breakeven Time (In Months)	**10.8**	**10.7**

5. PBP, ARR, NPV, PI, IRR comparison between 2 sales projections

FINANCIAL METRIC	SALES-6090	SALES-9000
Payback period (in months)	8	7
Average rate of return	158%	160%
Net present value	₹ 24,49,792	₹ 25,68,491
Profitability index	1.58	1.60
Internal rate of return	58%	60%

6. Competitive Analysis



Medium Rivalry
- High growth of the industry
- Very less competition in Indian market

High Threat
- Entry Barrier is Low
- Replicable business Model

Low/Moderate
- Low switching cost from company to go for alternate supplier.

High
- Low Switching cost for patients

Medium Threat
- Healthcare at home and other m-heath apps are growing

7. Competitors in International market

daytoday

Buddy Healthcare (Finland, Europe- 60% market share in Finland)

Buddy Healthcare

SeamlessMD (Canada, North America)

SeamlessMD

Tapcloud (Chicago, US – also involved in COVID-19 care plans)

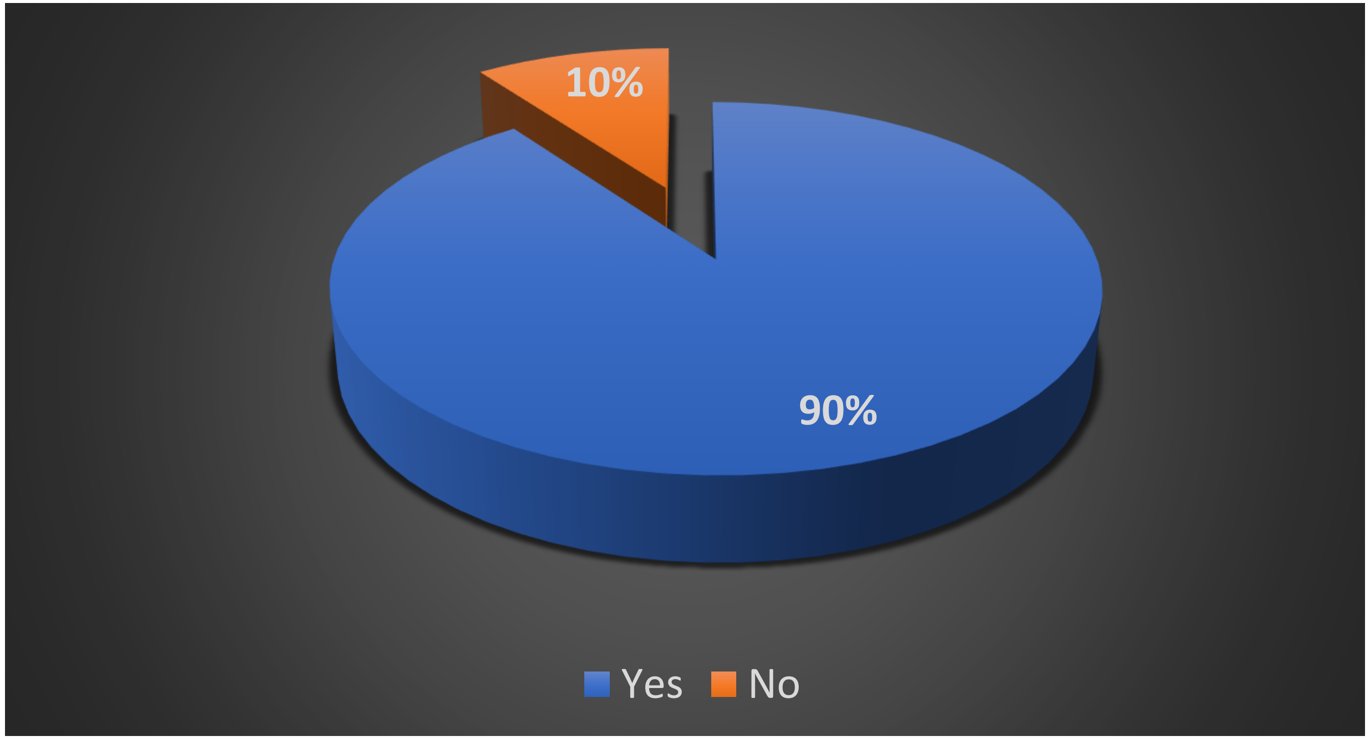
tapcloud

Favor Health (Portsmouth, England (UK))

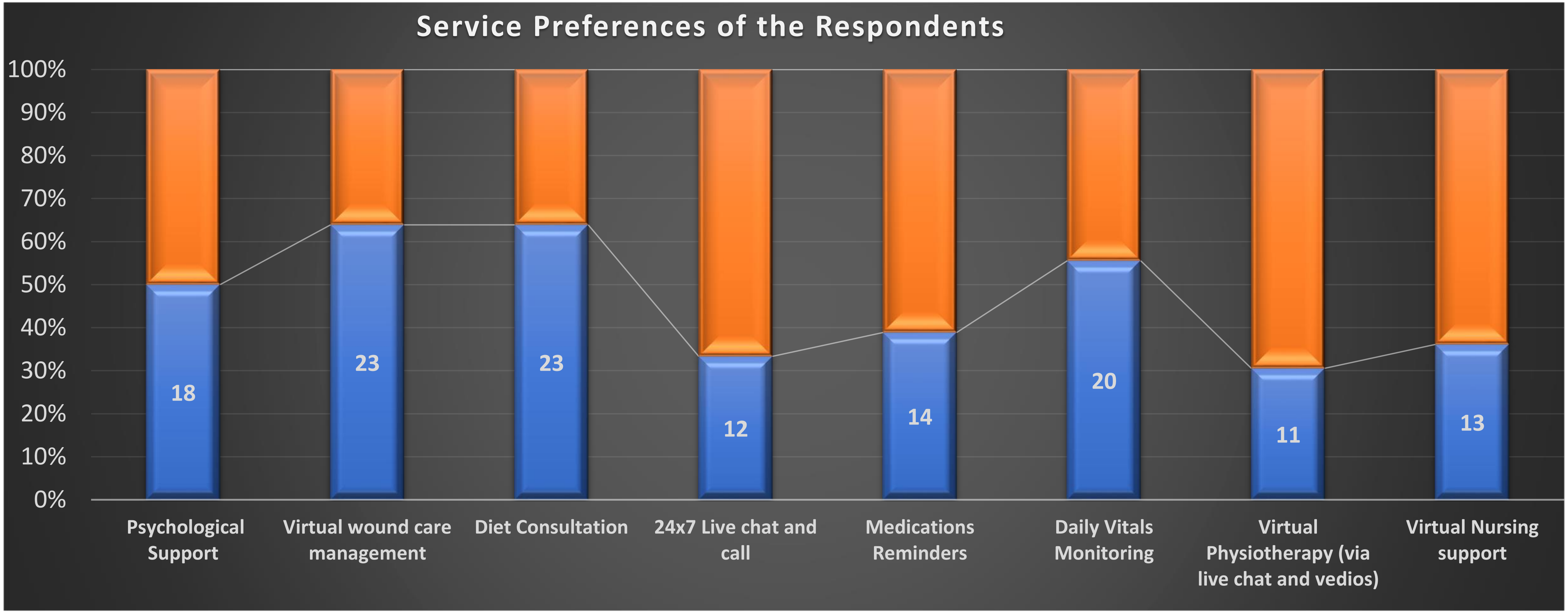
FAVORHEALTH

8. Data Analysis of Questionnaire

<u>(A) Need for virtual post-surgical care management plan</u>



Only 10% of the people said they don’t need, out of which 5% said it can create disturbance to the patient and rest 5% said they already have doctor in the family to take care in case of any surgery happens.



The highest preference is given to diet consultation for which everyone is concerned now a days and virtual wound care management which is very necessary to reduce readmissions due to infections.

Lower preference rate is given to virtual physiotherapy, I think people still feel need of human touch in case of this service.

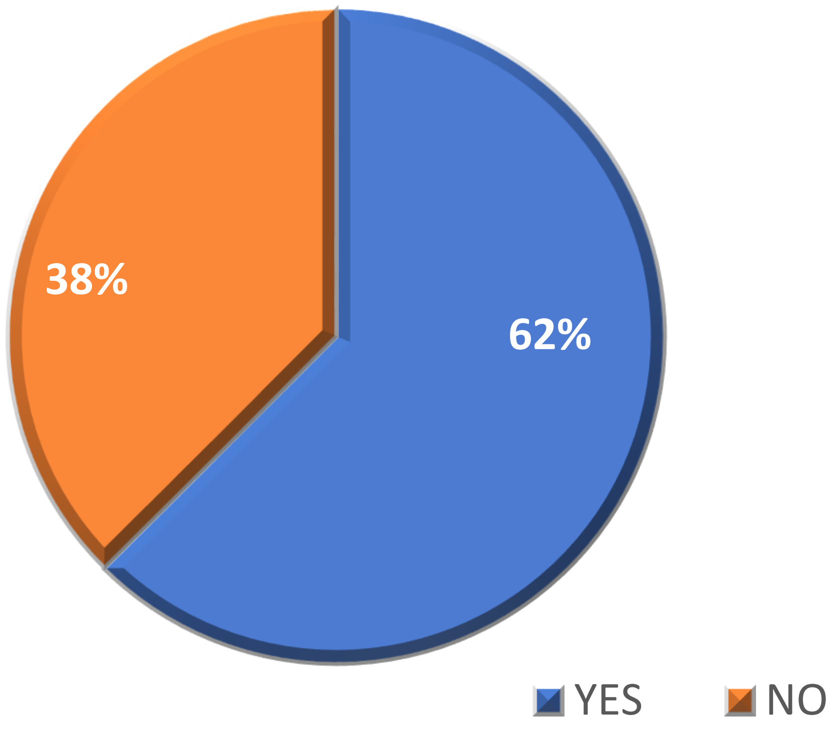
Other services prescribed by the respondents were emergency care, precautions alert and physiotherapy visits

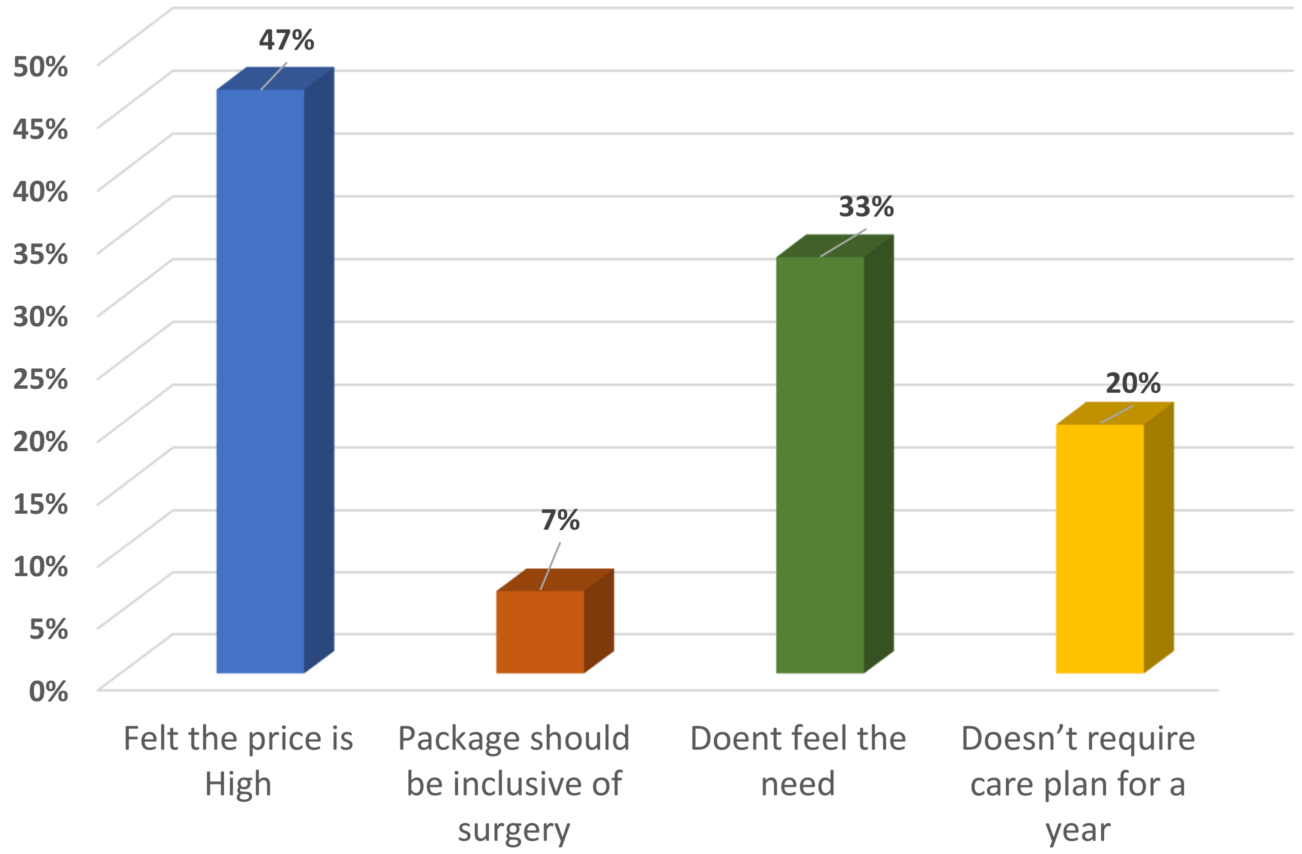
1. On call Ambulance Facility

2. Reminders/Alerts for precautions

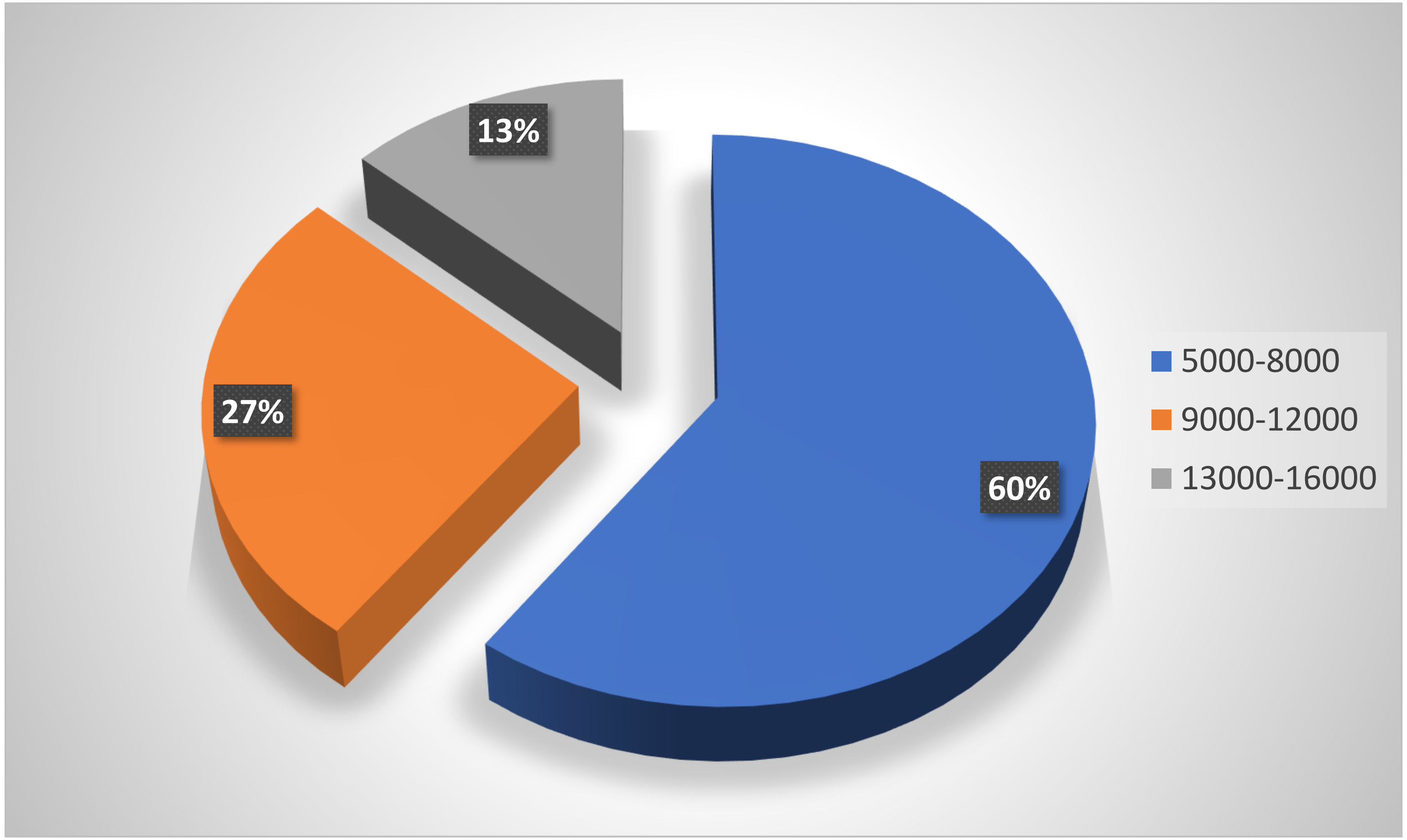
3. Physiotherapy visit at home

(B) Willingness to pay 20,000 for the service package





Price suggestions from those who are not WTP 20K



More than half of the people felt the price should between 5000-8000.

Conclusion

The comparison between the two sales projection clearly shows that for first projection market share is comparatively less and even the financial metric shows better performance in the case of sales projection too after decreasing the cost per unit from **₹ 4699** to **₹ 3199**

Being innovative and having monopoly in the India market, profit can be increased in the beginning to get the maximum margins in the initial years, but it should not be that high which does not coincide with value in the consumers

In this market research 90% people felt need of DTD product but almost 50% denied taking service for ₹ 20,000 as the people don’t perceives this value of a virtual product

Suggestions

- **Cost-plus profit pricing**
- **Tiered pricing model**
- **Final Cost should be between ₹ 5000-₹8000**
- **Secure Brand Image by fixing maximum price to consumers**

daytoday

Thank you….