

## Healthcare and E-Commerce

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### **Abstract:**

The Indian healthcare sector is growing due to its strengthening coverage, services and increasing expenditure by public as well private players. This paper focuses on the trend of healthcare industry in India with its supply chain management which covers e-commerce model with their impact, linkage between healthcare and e-tailing as well as online pharma retailing etc. Paper also gives information about top e-commerce players in healthcare services.

**Keywords : Healthcare, E-Commerce, Supply Chain, Online Trading**

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### **Introduction:**

In the age of competition, no industry can survive without thinking much about reducing expenditures wherever possible. The same is true for health care industry, which is witnessing sharp rise in price in almost all its products and services. The distressingly high pace of upward movement of cost is making the produce of the industry beyond the reach of the mass. Supply chain in this industry being a significant driver of cost is therefore grabbing all the attention from industry stakeholders. This paper explores overview of healthcare industry of India, supply chain management of healthcare industry as well as e-commerce and healthcare.

### **Objectives of the study:**

1. To know about healthcare industry in India
2. To study potential of e-commerce in healthcare

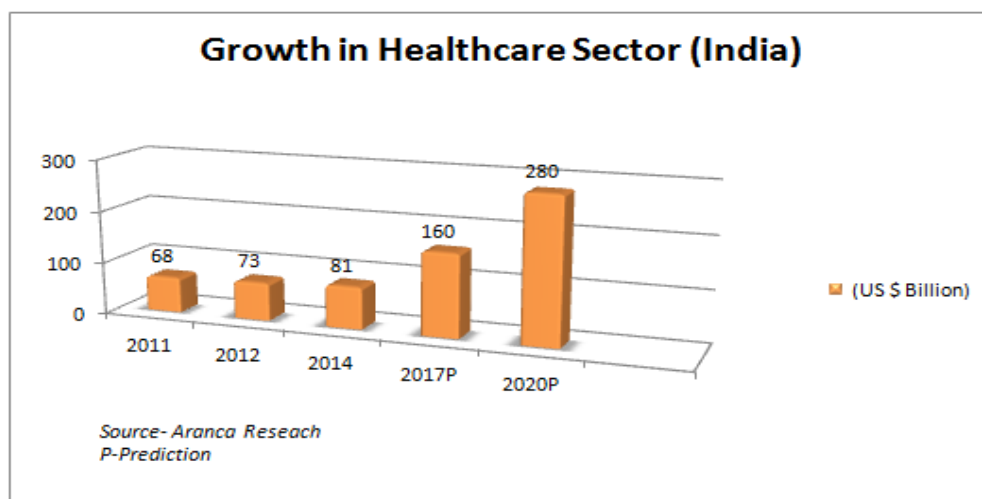
### **Research Methodology :**

This research paper is carried out with the help of secondary data. The information is collected primarily from journals, articles, books, websites, newspaper etc.

### **Healthcare industry in India:**

Healthcare has become one of India's biggest sectors - both in terms of revenue and employment. Healthcare encompasses hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing due to its strengthening coverage, services and increasing expenditure by public as well private players. Indian healthcare delivery system is categorized into two major components - public and private. The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centre's (PHCs) in rural areas. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities. India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. In case of size of healthcare market it is considered that the healthcare market can increase three fold to Rs 8.6 trillion by 2022. India is experiencing 22-25 per cent growth in medical tourism and the industry is expected to double its size.

There is a significant scope for enhancing healthcare services considering that healthcare expenses as a percentage of Gross Domestic Product (GDP) is rising. The government's expenditure on the health sector has grown to 1.4 per cent in FY18E from 1.2 per cent in FY14.

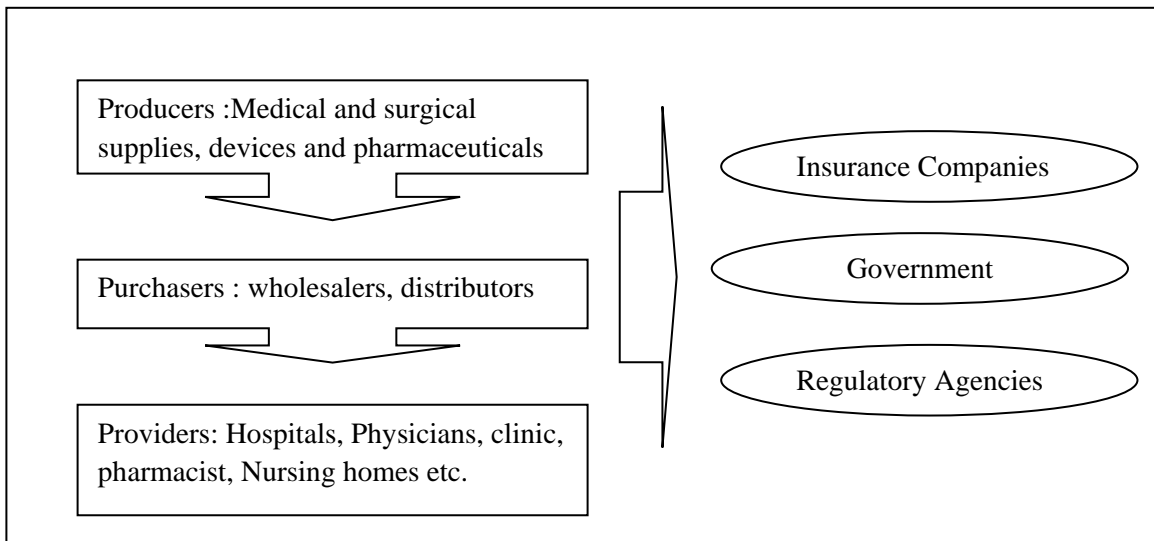


Graph 1

**Supply Chain Management in healthcare industry:**

Supply chain management is the management of the flow of goods and services and includes all procedures that make over raw materials into final products. It involves the active shake-up of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

The healthcare supply chain involves the flow of many different product types and the participation of several stakeholders. The main purpose of the healthcare supply chain is to deliver products in a timely manner, in order to fulfill the needs of providers. Based on their functions, stakeholders in the healthcare supply chain can be divided into three major groups: producers, purchasers, and providers.



The supply chain in this industry is believed to be inherently complex and as a result it is quite a tough task to recognize any magic button that will help remove the inefficiencies to drive down costs. As part of the research for this paper we have done extensive studies of literatures and tried to gain insight on the complexity of health care supply chain management. The current trend shows that the industry fights to meet on-time delivery. The major drawback

remains in the fact that each part of the supply chain works separately, creating misaligned activities that prevents it from working as a system

The healthcare supply chain starts at the medical product manufacturer where items are produced and sent to a distribution center. Depending on the type of product, hospitals can either purchase inventory directly through the manufacturer or distributor, or the transaction can be conducted through a group purchasing organization, which establishes a purchasing contract with the manufacturer on behalf of the hospital. Medical products are then sent to the healthcare organization, where the goods are stocked into inventory for providers and patients. The organization ensures that providers are not left without essential medical products and patients have access to potentially life-saving tools. Regulatory agencies and payers determine if a medical resource is fit for consumer use and whether providers will be reimbursed for using it on specific patients.

## **E-Commerce:**

E-commerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet. Whereas e-business refers to all aspects of operating an online business, ecommerce refers specifically to the transaction of goods and services. There are four main types of ecommerce models. First is Business to Consumer in short it is known as B2C model it is consider when a business sells a good or service to an individual consumer second model is Business to Business in short B2B) it regards when a business sells a good or service to another business. Consumer to Consumer or C2C model indicates transactions between one consumer to another consumer and the forth model is Consumerto Business (C2B). When a consumer sells their own products or services to a business or organization

Using e-commerce, organizations can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe. E-commerce helps organizations

to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information and it helps to improve the brand image of the company. E-commerce helps organization to provide better customer services with simplifying the business processes and makes them faster and efficient. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.

It provides 24x7 supports. Customers can enquire about a product or service and place orders anytime, anywhere from any location. E-commerce application provides users with more options and quicker delivery of products with more options to compare and select the cheaper and better options. A customer can put review comments about a product and can see what others are buying, or see the review comments of other customers before making a final purchase. It provides readily available information. A customer can see the relevant detailed information within seconds, rather than waiting for days or weeks. E-Commerce increases the competition among organizations and as a outcome, organizations provides substantial discounts to customers. Customers need not travel to shop a product, thus less traffic on road and low air pollution. E-commerce helps in reducing the cost of products, so less affluent people can also afford the products. E-commerce has enabled rural areas to access services and products, which are otherwise not accessible to them. E-commerce helps the government to deliver public services such as healthcare, education, social services at a reduced cost and in an improved manner.

## **Healthcare and E-Commerce**

About 323 million people in India accessed the internet through their mobile phones in 2016, which corresponds to about 24.3 percent of the country's population<sup>1</sup>. With 7 out of 10 expected to shop online and in spite of the promise of a very large market opportunity for online and an expectation that this would touch even \$90 billion by 2020, there is skepticism amongst investors that this may not last long and that this bubble will burst very soon. Though, there is a strong belief among e-tailers that healthcare will be the next big thing in the online retail space. As the online/internet business is maturing in India, there is an increasing drive towards

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<sup>1</sup><https://www.statista.com/topics/2157/internet-usage-in-india/>

developments. Many machine learning technologies are being tested and developed in healthcare settings. This has enabled solving many problems and has assisted the clinicians deliver personalized care to the consumer online. The online healthcare space is very large and it is only increasing day by day with the growth in technology and mobile internet/apps. Features like Video Conferencing, Telemedicine, Online Consultancy etc. are some of the new opportunities/innovations in the healthcare sector, which is changing the entire scenario of healthcare in India. Healthcare E-Commerce today is like the time, when in telephone landlines era, the mobiles service was just about to hit India

## Online Pharma retail

Flipkart, Amazon, BigBasket and Swiggy are all in exploratory talks to acquire, partner or invest in online pharma players including MedPlus, 1mg, Medlife, PharmEasy and Myra, according to entrepreneurs, investors and industry executives ET spoke with. For the ecommerce leaders, the online medicine-delivery category represents a significant strategic opportunity given easing regulations and its potential to drive repeat orders a feature that has endeared grocery to flipkart and Amazon.

## Top e-commerce players in healthcare services

| Sr.no | Company  | Services offered  |
|-------|--|---|
| 1     | <b>Practo</b><br>Practo Technologies<br>Pvt Ltd          | Healthcare IT, Practice Management Software, Maintaining Electronic Medical Records of patients, Cloud Telephony Solution, Helping patients search for doctors through Doctor Search Engine |
| 2     | <b>Netmeds</b><br>Netmeds.com                            | An online pharmacy creating an e-market for medicines. People can order medicines online or have them delivered anywhere across India.  |
| 3     | <b>1mg</b>   | e-pharmacy and e-diagnostic services  |
| 4     | <b>Zigy</b><br>PM health and life<br>care Pvt Ltd (zigy) | Buy medicine and health care products online from a wide range of category viz. OTC medicine, prescription medicine, ayurvedic medicine, homeopathic medicine, motherhood and               |

|    |   |  |
|----|---|--|
|    |   | pregnancy care products, women health products, baby care products etc.  |
| 5  | <b>Medlife</b><br>Medlife International<br>Pvt. Ltd.        | Provides an online market place for medicine and health care products  |
| 6  | <b>Pixel Health</b><br>Pixel Health Inc.                    | Providing a digital health care system to consumers across three different nations.  |
| 7  | <b>Healthgenie</b><br>Healthgenie.in                        | Provides an online market place for healthcare and fitness products as well as equipments, baby products etc.  |
| 8  | <b>Medikart</b><br>Medikart Healthcare<br>systems Pvt. Ltd. | Home delivery for all medical equipments including Philips K3B Oxygen Concentrator, Nebulizer, CPAP &BiPAP Peripherals, ECG Machines, Patient Monitors, Syringe Pumps, Suction Machine, Pulse Oximeters, Rent & Leasing, Sleep Study |
| 9  | <b>Medidart</b><br>Medidart Healthcare                      | An online pharmacy network for doctors and patients  |
| 10 | <b>Healthee</b>   | Providing comprehensive healthcare services across India. Healthee addresses every medical concern, be it a chronic disease like diabetes or everyday medical issues like cough and cold, they have a solution for everything.       |

## Conclusion:

Indian Healthcare industry has evolved over the years from being a social sector supported by the Government to being one of the largest industries in the country and a preferred sector for strategic and financial investments. Developments in India provide ample opportunities for the companies and knowledge institutes that make up the top sector life science and health. The major impact of the changed supply chain of this industry is that the

pharmaceuticals will replace time consuming procedures via e-tailing. Future of E-Commerce in healthcare is the brightest in India.

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