Advanced Wound Care
Market Landscape
AGENDA

Indian Healthcare Market: An overview

Indian Advanced Wound Care (AWC) market

Major Players in Indian AWC market

Key Technologies
Indian healthcare sector is expected to create an additional opportunity of ~ USD 40 billion in next 4 years

Growth Drivers for Niche Healthcare Market

**Demand Side**

- Economic status of population is rising and better healthcare policies are being adopted by employers
- Health insurance market is growing at a fast pace with health insurance gross premium expected to grow at a CAGR of 26% (2010 – 2013).
- Lifestyle related diseases like Cancer, Cardio vascular diseases (CVD) & Diabetes are on a rise
- India is getting developed as a medical tourism hub expected to grow at a CAGR of ~19% (2011-2013)

**Supply Side**

- Indian and MNC hospital brands are gearing up to serve the increased demand
- Government is taking initiatives to improve healthcare standards by programs like NRHM and investing in ramping up Government Medical Colleges
- Indian Healthcare market is attracting significant PE, VC and Foreign investments
- Technology is playing an increasing role in Indian Healthcare sector (e.g. telemedicine )

Source: Literature search from Indian Brand Equity Foundation, RedSeer Analysis
NHRM – National Rural Health Mission
Increase in lifestyle related diseases is one of the major growth drivers for Indian healthcare market

Indian Healthcare Market - By Diseases (2010)

- Total: USD 60 Billion
- Diabetes: USD ~ 6 Billion
- Other Lifestyle Related Diseases: USD ~ 15 Billion
- Others: USD ~ 39 Billion

Discussion

- With 50.8 million diabetics, India has 18% of Global diabetic Population
- Cardiac, Oncology and Diabetes together will account for 16.8% of the hospitalization cases in India in 2011
- Diabetes accounts for 11% of the total healthcare expenditure of India

Note: The following estimation is based on secondary research, and RedSeer Analysis
Source: 1) Literature research from diabetes atlas
2) Literature research from Zee news article
Medical Consumables, with USD 4 Billion market size– is a key component of Indian Health Care Industry

Discussion

• Wound-Care segment is a significant part of Medical consumables

• Advanced wound care (AWC) is still a very small segment of Indian wound care market as TWC has a dominant share

• Growth in top-tier hospitals and health insurance is acting as enabler for AWC products usage

• Leading organized players in AWC market are : 3M, Johnson & Johnson, Smith & Nephew Beiersdorf, Coloplast, Elder-Hartman, and Dr. Reddy’s

1. Other medical consumable includes surgical gloves, implants, sutures, medicines, medical hand wash etc
2. TWC: Traditional Wound Care
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Key Technologies
Doctors’ experience with AWC products is a major influencer in AWC ecosystem

Manufacturers
- AWC player categories in India are 1) MNC companies with India presence, 2) MNC companies with limited/no India presence, and 3) Local Players
- Local players have limited presence and product portfolio

Distributors
- Act as supply chain and major influencers for companies with limited India presence
- Act as extended arms actively involved in marketing and distribution for MNCs with India presence
- Limited relationship with retail pharmacies

Hospital Management
- Procure product available in Indian market directly from companies and form dealers in cases where the company is not having India presence.
- Procurement is influenced by how often a particular brand is being prescribed by the doctors
- Limited relationship with retail pharmacies

Doctors
- Act as major governing factor in usage of AWC products in hospital
- Product prescription based on prior performance and affordability of patient
- Adequate awareness restricted to doctors with international exposure

Source: RedSeer Consulting Analysis, and primary research from AWC product manufacturers, dealers, hospital administration and doctors.
Case Study: Medical consumables, as a stand-alone segment, is a major contributor to hospital expenditure

Based on multi-specialty daycare hospital based out of Bangalore

Hospital Overall Spend

Spend on Medical consumables

1) Miscellaneous expense for medical consumables include traditional & advanced wound care products
2) The revenue distribution between advanced and traditional wound care products varies as per the hospital specialty
3) AWC products are fast moving and have relatively high brand stickiness compared to other medical consumables

Source: RedSeer Consulting Analysis,
Multi-specialty hospitals are the prime consumers for AWC products

Spend segmentation of Medical Consumables

<table>
<thead>
<tr>
<th>Type of Hospitals</th>
<th>Implants</th>
<th>Medicine</th>
<th>Sutures</th>
<th>AWC Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multispeciality Hospitals</td>
<td>5%</td>
<td>5%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Day Care Surgical center</td>
<td>5%</td>
<td>5%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Government Hospitals</td>
<td>5%</td>
<td>5%</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

Discussion

- Minimal usage of AWC in hospitals without trauma/burn center, diabetes or other relevant specialization
- Government hospitals use traditional wound care due to high cost of AWC or incentive given by local companies to doctors
- High-end multispecialty hospitals are increasing in India which are the major consumers of AWC

Note: The following information is based on interviews between above mentioned three different hospital categories. Miscellaneous include equipment like wound cleaners, skin staplers, traditional wound care products and dressing material. Source: RedSeer Consulting Analysis
Majority of AWC consumption is concentrated in segments like Diabetic, Burn and Trauma Wound care

<table>
<thead>
<tr>
<th>Wound Category</th>
<th>Description</th>
<th>Application of AWC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diabetic Wounds</td>
<td>• In 40-60% of the total diabetic wound cases reported to hospitals, AWC products can be used</td>
<td></td>
</tr>
<tr>
<td>Pressure Wounds</td>
<td>• In 15-20% of the total pressure wound cases reported to hospitals, AWC products can be used</td>
<td></td>
</tr>
<tr>
<td>Skin Burn Wounds</td>
<td>• 40-60% of the cases in cosmetic surgery have application of AWC products</td>
<td></td>
</tr>
<tr>
<td>Post Traumatic Ulcers</td>
<td>• 30-50% of the total Trauma Cases reported to hospitals have application of AWC products</td>
<td></td>
</tr>
<tr>
<td>General Surgery</td>
<td>• 10-15% of total general surgery cases have application of AWC products</td>
<td></td>
</tr>
</tbody>
</table>

Note: Following information is based on a sample set of specialty doctors in wound care India
Percentage segmentation of each wound area is based on interviews of major manufacturers
Source: RedSeer Consulting Analysis
Collagen, Hydrogels and Foam Dressings form a major chunk of market share of Indian AWC market

Indian AWC Market - By Technology
(Sample: 30 Multispecialty Hospital Pharmacies)

- Active Dressings (Collagen) (32%)
- Hydrogel (22%)
- Foam Dressing (17%)
- Film Dressing (10%)
- Active Dressing (skin replacement) (9%)
- Calcium Alginate Dressing (6%)
- Others (4%)

Discussion

Major brands stored by hospital pharmacies:

- Hydrogel – Smith & Nephew, 3M, Dr. Reddy
- Collagen – Johnson & Johnson, Dr. Reddy
- Foam Dressing – Johnson & Johnson, S & N
- Film Dressing – Johnson & Johnson
- Active Dressing (skin replacement) – Beiserdorf and Johnson & Johnson
- Calcium Alginate Dressing – 3M

Hospitals are mostly using products from MNC brands like Johnson & Johnson, 3M and Smith & Nephew

Note: pharmacies are from 30 multispecialty hospitals which consume AWC products these include hospital chains like Apollo and Fortis

Source: RedSeer Consulting Analysis
This is not the full presentation.

Please write to ideas@redseerconsulting.com for getting the full presentation