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Aurolab Case Write-Up

The significant stakeholders in the Aurolab case include AECS, Aurolab, patients suffering from cataracts, and world public health authorities. These stakeholders share a common interest: to treat preventable blindness by producing intraocular lenses (IOL). AECS and Aurolab care about each other’s survival and prosperity; AECS hopes to provide Aurolab with resources to keep them afloat and Aurolab hopes to generate revenue for AECS. World public health authorities are interested in Aurolab’s success in curing preventable blindness and the sterility of Aurolab’s products.

To keep Aurolab in business, AECS utilized existing infrastructure to achieve their goals. To provide cheap and effective IOLs, Aurolab kept their investments low and capital high. Due to the high cost of IOLs, AECS decided to make their own through Aurolab. This helped keep Aurolab’s costs low. Also, the information required to makes these lenses is complex and training employees to make them is expensive. So, Aurolab bought IOL International, an accredited IOL producer in Florida. Using Intel’s “copy exactly” strategy, Aurolab leveraged IOL International’s existing infrastructure to produce the lenses. IOL International’s most important asset is their knowledge of lens production and Aurolab gained that information through the machines and materials bought from the company. Aurolab used wage arbitrage to keep their operating costs low. AECS took advantage of the low wages in India, which helped lower their operating cost. These factors helped keep Aurolab’s costs low and allowed AECS to pursue their goals.

By focusing their resources on India, Aurolab used business savvy to keep the organization running. Medical technology, like IOLs, are regulated by health officials in every country. To sell IOLs in a country, a company’s product must pass tests from these regulators and pay a fee. Aurolab found that paying for regulation in the United States would be financially damaging, so they did not apply for FDA approval. Aurolab IOLs cannot be sold in the United States. This is not a problem for Aurolab because their interests do not lie in America. By specifying their interests and staying out of the American market, Aurolab achieved their goal of low cost IOL production.