

ONLINE MEDICAL DELIVERY SERVICES

1. INTRODUCTION

Today, people have become more aware about usage of Internet and they are becoming more tech savvy. They need things at their fingertip with more services. People are buying groceries, fruits and vegetables online on daily basis. Medicine is such market where people need things on priority basis with correct information and medicine. There are many medicines which are available in only certain stores in the city and thus they have to travel at distant location or struggle with every other shop for certain medicines. Moreover, people also want to buy pharmaceutical products at best available rate. Online Medical Delivery services can be one stop solution for people who want to purchase every possible thing through mobile app and website.

2. SERVICE AND ITS APPLICATION

Online medical delivery service provides its customer products of regular/standard medicine, generic medicines, surgical items, cosmetic items and other supplementary products. This will also provide door-to-door delivery service and quick delivery service for urgent requirements. The range of brands and products available at this portal will be larger than local medical shop and thus people have more choice on choosing brand of same medicines/products. People can pay online and also avail cash on delivery option for purchases.

3. DESIRED QUALIFICATION FOR PROMOTER

An entrepreneur with pharmacy background can help a lot in registration of business, as the law requires having registered pharmacist on board for prescribed medicine shop. Otherwise, one can hire/partner with pharmacist to start this business.

4. INDUSTRY LOOK OUT AND TRENDS

Health literacy is generally agreed upon as a means to find, understand, analyse and use information to make better decisions about health and to ultimately reduce inequities in

health. Health literacy is about communicating health information in ways patients and families can understand. The diffusion and use of knowledge in society is arguably one of the most important factors in improving health outcomes.

5. MARKET POTENTIAL AND MARKETING ISSUES. IF ANY

Access to health information is one of the foremost rights of humankind. Inadequate or poor health information can increase the risk of hospitalization or even disease burden. Medical information that is not tailored for consumers can be confusing and deciphering this can be difficult. Therefore, availability of reliable, high quality health information is important for the promotion of health among the population.

In a study it was found that in India, information technology (IT) has not been utilised systematically to improve the population's health. However, there is still an opportunity for IT to help improve the health status of the people, as the same can be used to publish health information and people could be presented with greater health choices.

6. RAW MATERIAL REQUIREMENT

- Computers, Advanced Software & Technologies and Network Infrastructure
- Vehicles for delivery services
- Storage racks and Furniture for easy operation

7. SERVICE PROCESS OUTLINE

First and foremost thing to consider in starting this business is laws which apply for opening online pharmacy. There need to have registered pharmacist on board who will approve the prescription which will be uploaded by customer. There has to form certain terms and conditions with help of legal advisor for starting an online pharmacy. Then, Tie ups with pharmaceutical companies for providing their products has to be done.

Parallel to this, building of online portal and mobile app has to be done. Features for these can be, shop cart, upload for prescription, search feature, featured products, sponsored listings, advertisement banners, latest offers etc.

8. MANPOWER REQUIREMENT

- Delivery support – 4
- Registered Pharmacist – 2
- Marketing Support – 2

9. IMPLEMENTATION SCHEDULE

For registration of online pharmacy store, one needs to be registered with licensed traditional pharmacy that is Retail Drug Licence/ Wholesale Drug Licence, or one needs to do partnership with already registered pharmacy. This will take around 15-20 days. One needs to do registration with tax department which is now easy as GST has come into effect. Building of a portal and mobile app can take around 6-8 weeks as per complexity of module. Meanwhile, one needs to start tie up with pharmaceutical companies for supply of drugs and other products. Successfully starting of business can easily take up to 12 weeks.

10. COST OF PROJECT

Sr. No.	Particulars	Amount in Rs
1	Land	₹ 0.00
2	Building	₹ 0.00
3	Portal	₹ 1,85,000.00
4	Equipments/ Vehicle/ Other fixed investment	₹ 3,51,000.00
5	Working Capital Margin (3 Months)	₹ 5,39,400.00
6	Total Cost of Project	₹ 10,75,400.00

(a) FIXED CAPITAL CALCULATION

Sr. No.	Description	Qty	Amount per Qty	Total Amount
1	Building Portal and mobile app	1	₹ 1,85,000.00	₹ 1,85,000.00
2	Computers - with all necessary hardware and installed Windows and MS Office	3	₹ 27,000.00	₹ 81,000.00
3	Vehicle	4	₹ 40,000.00	₹ 1,60,000.00

4	Network Installation	1	₹ 5,000.00	₹ 5,000.00
5	Storage racks and other Furniture	1	₹ 90,000.00	₹ 90,000.00
6	Legal Advising Fee	1	₹ 15,000.00	₹ 15,000.00
A	Total			₹ 5,36,000.00

(b) WORKING CAPITAL CALCULATION

Sr. No.	Description	Total Amount/month
1	Salary	₹ 1,28,000.00
1a	Entrepreneur	₹ 20,000.00
1b	Delivery Support – 4 @ Rs 12,000 per month	₹ 48,000.00
1c	Marketing Support – 2 @ Rs 15,000 per month	₹ 30,000.00
1d	Registered Pharmacist – 2 @ Rs 15,000/month	₹ 30,000.00
2	Raw Material	₹ 23,000.00
2a	Internet Connection Charges	₹ 700.00
2b	AMC for Portal by service provider	₹ 18,500.00
2c	AMC by Payment Gateway	₹ 1,300.00
2d	Google Play Store / Apple Store	₹ 2,500.00
3	Utilities	₹ 9,300.00
3a	Power and Fuel	₹ 8,000.00
3b	Water	₹ 300.00
3c	Misc.	₹ 1,000.00
4	Other Expenses	₹ 4,500.00
4a	Transportation	₹ 1,000.00
4b	Advertising/Marketing/Social Media	₹ 2,000.00
4c	Stationery	₹ 500.00
4d	Misc.	₹ 1,000.00
5	Rent	₹ 15,000.00
B	Total	₹ 1,79,800.00

11. MEANS OF FINANCE

Sr. No.	Description	%age	Amount (Rs)
1	Promoter's Contribution	25%	₹ 2,68,850.00
2	Term Loan/Bank Finance	75%	₹ 8,06,550.00
	Total		₹ 10,75,400.00

(a) Cost of Production

Sr. No.	Particulars	Amount in Rs
	<u>Variable Cost</u>	
1	Raw Material and Other Direct Inputs	₹ 27,500.00
2	Salary (60%)	₹ 76,800.00
3	Power (70%)	₹ 6,510.00
	Variable Cost 1 Month	₹ 1,10,810.00
	Total Annual Variable Cost	₹ 13,29,720.00
	<u>Fixed Cost</u>	
1	Overheads	₹ 15,000.00
2	Salary (40%)	₹ 51,200.00
3	Power (30%)	₹ 2,790.00
	<i>Sub Total</i>	₹ 68,990.00
	<i>Total for 12 Months</i>	₹ 8,27,880.00
4	Interest	₹ 96,786.00
5	Depreciation	₹ 54,150.00
	Total Fixed Cost	₹ 9,78,816.00
	Total Cost of Production	₹ 23,08,536.00

(b) Turnover

Sr. No.	Particulars	Margin On Sales	Sales Per Month	Sales Per Annum	Revenue Per Annum
1	Margin On Standard Medicine	20%	₹ 30,000.00	₹ 3,60,000.00	₹ 72,000.00
2	Margin On Generic Medicine	200%	₹ 75,000.00	₹ 9,00,000.00	₹ 18,00,000.00
3	Margin On Surgical Items	200%	₹ 75,000.00	₹ 9,00,000.00	₹ 18,00,000.00
4	Margin On Propaganda	40%	₹ 30,000.00	₹ 3,60,000.00	₹ 1,44,000.00
5	Margin On Cosmetic Items	10%	₹ 10,000.00	₹ 1,20,000.00	₹ 12,000.00
	<i>Sub Total</i>				₹ 38,28,000.00
Other Revenue		UOM per Month	Charges per UOM	Charges per Month	
6	Advertising	25	₹ 500.00	₹ 12,500.00	₹ 1,50,000.00
7	Quick Delivery Charges	100	₹ 55.00	₹ 5,500.00	₹ 66,000.00
	Total				₹ 40,44,000.00

12. WORKING CAPITAL REQUIREMENTS

Sr. No.	Description	Total Amount/month
1	Entrepreneur	₹ 20,000.00
2	Delivery Support – 4 @ Rs 12,000 per month	₹ 48,000.00
3	Marketing Support – 2 @ Rs 15,000 per month	₹ 30,000.00
4	Registered Pharmacist – 2 @ Rs 15,000/month	₹ 30,000.00
5	Internet Connection Charges	₹ 700.00
6	AMC for Portal by service provider	₹ 18,500.00
7	AMC by Payment Gateway	₹ 1,300.00
8	Google Play Store / Apple Store	₹ 2,500.00

13. LIST OF MACHINERY REQUIRED

Sr. No.	Description	Qty	Amount per Qty	Total Amount
1	Computers - with all necessary hardware and installed Windows and MS Office	3	₹ 27,000.00	₹ 81,000.00
2	Vehicle	4	₹ 40,000.00	₹ 1,60,000.00
3	Network Installation devices set	1	₹ 5,000.00	₹ 5,000.00

All the machines and equipments are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

1. Impressive Computers

Hasan Ali House No. 4/41-A,
Noor Baug, Umerkhadi,
Mumbai - 400009,
Maharashtra, India

2. Computer Planet

Shop No. 1, Shaniwar Peth-53,

Opposite Amruteshwar Mandir,
Amruteshwar Co Operative Housing Society,
Near Shaniwar Wada,
Pune – 411030,
Maharashtra, India

3. Visicube Technologies Private limited

Door No. 1-8-315,
Begumpet, Opposite US Consulate,
Hyderabad - 500016,
Telangana, India

4. Micon Automation Systems Private Limited

A-814, Siddhi Vinayak Towers,
Behind DCP Office, Makarba,
Ahmedabad - 380051,
Gujarat, India

5. Adaptek Automation Technology

No. 13, F- 3, 2nd Floor,
Main Road, Adyar Nehru Nagar,
Near H.D.F.C. Bank A.T.M.,
Chennai - 600020,
Tamil Nadu, India

14. PROFITABILITY CALCULATION

Net Profit	₹ 17,35,464.00
Net profit Margin	42.91

(a) Profitability Projection

Sr. No.	Particulars	UOM	Year Wise estimates					At Full Capacity
			Year 1	Year 2	Year 3	Year 4	Year 5	
1	Capacity	%	30	40	50	60	70	100

	Utilization							
2	Sales	Rs Lakhs	₹ 12.13	₹ 16.18	₹ 20.22	₹ 24.26	₹ 28.31	₹ 40.44
3	Raw Materials & Other Direct Inputs	Rs Lakhs	₹ 3.99	₹ 5.32	₹ 6.65	₹ 7.98	₹ 9.31	₹ 13.30
4	Gross Margin	Rs Lakhs	₹ 8.14	₹ 10.86	₹ 13.57	₹ 16.29	₹ 19.00	₹ 27.14
5	Overheads Except Interest	Rs Lakhs	₹ 8.28	₹ 8.28	₹ 8.28	₹ 8.28	₹ 8.28	₹ 8.28
6	Interest	Rs Lakhs	₹ 0.97	₹ 0.97	₹ 0.97	₹ 0.97	₹ 0.97	₹ 0.97
7	Depreciation	Rs Lakhs	₹ 0.54	₹ 0.54	₹ 0.54	₹ 0.54	₹ 0.54	₹ 0.54
8	Net Profit Before Tax	Rs Lakhs	-₹ 1.65	₹ 1.07	₹ 3.78	₹ 6.50	₹ 9.21	₹ 17.35
9	Profit %		- 13.56%	6.61%	18.71%	26.78%	32.54%	42.91%

The basis of profitability calculation:

This unit will have 20% margin on standard medicine, 200% margin on generic medicine, 200% margin on surgical products, 40% margin on Propaganda and 10% margin on cosmetic products.

Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per liter. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

15. BREAKEVEN ANALYSIS

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	40.44
2	Variable Costs	Rs Lakhs	13.30
3	Fixed Cost incl. Interest	Rs Lakhs	9.79
4	Break Even Capacity BEP = FC/(Sales -Variable Cost) *100	% of Inst Capacity	36.06

16. STATUTORY / GOVERNMENT APPROVALS

Bureau of Indian Standards (BIS) is operating **Compulsory Registration Scheme (CRS)** for Electronics & IT Goods as per the provision of Chapter IVA of THE BUREAU OF INDIAN STANDARDS RULES, 1987 for the product categories notified by MeitY.

Visit official government website (Bureau of Indian Standards) for notice about products on: <http://crsbis.in/BIS/>

Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD AND FORWARD INTEGRATIONS

It is assumed that the unit will be viable at 75% efficiency on single shift basis considering 5 working days or as per demand of area per week.

The rate of interest in the scheme is taken at 11.5 % for both fixed and working capital. Due to liberalization and competition among banks, lower rate of interest is possible in future.

The prices of machinery and equipment are approximate which are ruling locally at the time of preparation of the project. When a tailor-cut project is prepared the necessary changes are to be made at the local level.

The cost of staff and labour is approximate which is ruling locally at the time of preparation of the profile. When a tailor-cut project is prepared the necessary changes are to be made.

18. TRAINING CENTERS AND COURSES

There is no specific course in repairing and assembling services, but the most authorized centre is government authorized "ITI" available in all the cities across the country.

India Training institute of computer technology conducts various technical courses in different cities to enable students to make a bright career. Most of our vocational programs are job-oriented with which students can start earning the day they finish their training or can learn them as a hobby. Students can join for any of these in vacations as all these are short-term certificate courses.

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for hand-holding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.