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Consultrix Case Problem

Sehat Ltd: Launching Telemedicine in Tier 1, 2, and 3 Cities

Introduction

In late 2024, Sehat Ltd., a health-tech startup led by its visionary CEO Mr. Yash Shukla, stood at a strategic crossroads. Despite being a relatively new entrant in the healthcare industry, Sehat had gained traction with its digital pharmacy model, offering fast and reliable delivery of medicines in urban and semi-urban areas. Now, the startup was considering expanding into telemedicine—a move that promised both opportunities and significant challenges. However, the leadership team faced a dilemma: Should Sehat launch telemedicine services in Tier 1 cities, Tier 2 and 3 cities, or delay the launch until a more robust strategy was developed?

Background on Sehat Ltd

Sehat Ltd was founded in 2020 with a mission to bridge gaps in healthcare accessibility. Leveraging a tech-first approach, the startup quickly built a user base of over 500,000 active customers within its first five years, primarily through its e-commerce pharmacy platform. Despite its growth, Sehat operated with lean resources and faced stiff competition from established players and new startups.

The idea of telemedicine had been on the table for several months. Sehat's co-founders believed that integrating telemedicine with their existing pharmacy services could create a seamless healthcare experience for customers. However, with limited resources and the need to make strategic trade-offs, deciding the optimal market to launch the service became a pressing issue.

The Telemedicine Opportunity

India's healthcare system faced several challenges, including doctor shortages, overburdened facilities, and vast disparities in healthcare access between urban and rural areas. Telemedicine, with its ability to provide remote consultations and diagnostics, was seen as a game-changer. Market reports projected the telemedicine sector to grow at an annual rate of 30%, with Tier 2 and 3 cities projected to account for 45% of the market share by 2030. The smartphone penetration expected to reach 75% of the population by 2030. Government support through initiatives like the National Digital Health Mission is also driving increased adoption.

Sehat's telemedicine platform would offer features like video consultations, e-prescriptions, and integration with its existing delivery network for medications. The leadership team believed the service could redefine the startup's role in India's healthcare ecosystem, but the decision was far from straightforward.

Strategic Dilemma

Mr. Shukla and the leadership team face key questions:

- Should the telemedicine service initially target Tier 1 cities with their advanced infrastructure and tech-savvy population?

- Would Tier 2 and 3 cities, with their underserved healthcare needs, present a more impactful entry point?
- Was Sehat Ltd ready to compete in an increasingly crowded telemedicine market, or should they delay the launch?

Competitive Landscape

Adding to the complexity, competitors like ClyraMed, Medifyn and MedoraLink were already making inroads in both urban and semi-urban markets. ClyraMed's strengths lie in its advanced AI-driven symptom checkers and 24/7 doctor availability, making it highly attractive to tech-savvy urban users. However, its high pricing per consultation may limit accessibility to a broader audience. On the other hand, Medifyn's family health packages and mid-range pricing per consultation appeal to middle-income households, but its limited focus on regional customization could be a barrier in semi-urban areas. Meanwhile, MedoraLink has focused primarily on Tier 2 and 3 cities, offering aggressive pricing consultation and incorporating regional language support and partnerships with local clinics, making it a popular choice in underserved areas.

Sehat Pharma must identify how to position its offerings against these varied strategies to carve out its niche. These companies offered varying models of telemedicine, from subscription-based plans to pay-per-consultation options, leaving Sehat Pharma to determine how to differentiate its offering.

The telemedicine market in India was rapidly evolving. Emerging players like ClyraMed and Medifyn had established themselves in Tier 1 cities, offering services with advanced features like AI-based symptom checkers and family health packages. Meanwhile, startups like MedoraLink were making inroads into Tier 2 and 3 cities with aggressive pricing and partnerships with local healthcare providers. Each competitor brought unique value propositions:

- **ClyraMed** : Focused on Tier 1 cities, pricing at ₹500 per consultation, and boasting advanced AI tools.
- **Medifyn**: Spanning Tier 1 and semi-urban areas with family health packages and pricing at ₹300 per consultation.
- **MedoraLink**: Targeting Tier 2 and 3 cities with pricing at ₹150 per consultation, regional language support, and local partnerships.

Customer satisfaction scores in the industry hovered between 4.0 and 4.5, depending on the quality of services offered.

Customer Insights

In Tier 1 cities, customers value convenience and technology integration, while in Tier 2 and 3 cities, affordability and trust-building are critical factors. Regional language support and localized marketing have proven effective in engaging semi-urban and rural users.

Resource Constraints

With a lean budget for marketing and technology upgrades, Sehat Ltd. must make strategic trade-offs. For instance, the limited budget restricts extensive advertising campaigns, forcing the team to explore cost-effective alternatives like regional influencers or digital-first strategies. Additionally, the allocation for technology upgrades may need prioritization towards essential features such as e-prescriptions and video consultations, leaving advanced tools like AI symptom checkers for later phases. The team is considering whether to prioritize technological advancements or focus on expanding its geographical reach.

Open Questions

The discussions within Sehat Pharma's leadership team revealed contrasting perspectives:

- **Tier 1 Cities:** While Tier 1 cities promised high digital literacy and disposable income, the competition from established players was fierce. Moreover, customers in these cities already had access to high-quality healthcare, potentially reducing the demand for telemedicine services focused on minor ailments.
- **Tier 2 and 3 Cities:** These cities presented a vastly different landscape. On one hand, healthcare accessibility was a significant issue, creating an opportunity for telemedicine to fill the gap. On the other hand, limited internet penetration and affordability concerns could make adoption slower.
- **Wait and Watch:** Some team members argued for deferring the launch until more resources were available. However, this risked losing early-mover advantages, especially as competitors were actively expanding.

Thought Starters for Participants

1. **Analyse the Business Environment:** Identify key factors impacting Sehat's decision-making.
2. **Develop Alternatives:** Present at least two viable strategies with a detailed evaluation of their feasibility, risks, and potential benefits.
3. **Provide Recommendations:** Justify the choice of the ideal alternative and explain how this aligns with Sehat's long-term goals.
4. **Offer a Futuristic Perspective:** Discuss how the chosen decision positions Sehat for future challenges and growth.

Call to Action

Mr. Shukla and his team at Sehat Ltd must decide on the optimal path forward. You, as a consultant, are encouraged to analyse the competitive landscape, region demographics and resource constraints to propose a phased and innovative strategy for Sehat's telemedicine launch.