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Product Management Certification Program

Assignment: Competitor Analysis

Industry: Online Medicine

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E-Pharmacies Business Model

Marketplace Model "Aggregators"

Connects local pharmacies to consumers

Delivers medicine from local pharmacies

Doesn't require a pharma license

Players
1mg, Meramedicare, Merapharmacy, PharmEasy, Zigy, CareOnGo

Direct Delivery Model

Maintain their own inventory

A direct seller of medicines

Requires a pharmacy retail License

Capital intensive

Players
Medidart, Buydrug, BigChemist, Netmeds, Healthkart, Medstar, Medlife, etc.

Online Presence of "Brick & Mortar" Pharmacies

Brick and Mortar pharmacies having online presence

Independent website offering product and services

A mix of marketplace and direct delivery model

Players
Apollo Pharmacy, Wellness Forever, MedPlus, etc.

E-Pharmacy Revenue Streams

Marketplace Model "Aggregators"	Direct Delivery Model	Online Presence of "Brick & Mortar" Pharmacies
Commission from sale of featured products through online platform	Sales of medicines from their own inventory	Sale of medicines
Commission on diagnostics tests, doctors online consultation, traffic from partner sites.	Revenue from diagnostic tests	Commission from doctors consultation
Advertisement revenue from cosmeceuticals for displaying products prominently, giving top listing in searches, decent reviews in blogs, promotions.	Revenue from Franchising	Advertisement & promotions
	Advertisement & Promotions	Revenue / Commission from diagnostic tests in case of tie up
Accepting ads, third party blogs	Commission from doctors consultation	

Legal Landscape for e-Pharmacy in India

Indian Govt. Regulations

- Currently Indian e-Pharmacies adhere to :
    - Drug and Cosmetics Act 1940
    - Drugs and Cosmetic Rules 1945
    - Pharmacy act 1948
    - Indian Medical Act 1956
- Cannot sell without pharmacy retail license.

Govt. draft rules on e-Pharmacy

- Must register with central Licensing Authority
    - Central Drugs Standard Control Organization
- Must keep details of patents safe.
- Sale of tranquilizers, psychotropic drugs, narcotics and habit forming drugs are prohibited.
- Comply with Information Technology Act, 2000 (IT Act) and Rules
- Advertisement of drugs is prohibited on any media for any purpose by an e-pharmacy
- Cannot sell prescription medication without valid prescriptions.
- Customers data must be localized.
- Must verify details of patients and doctors

Customer pain points in e-Pharmacy business
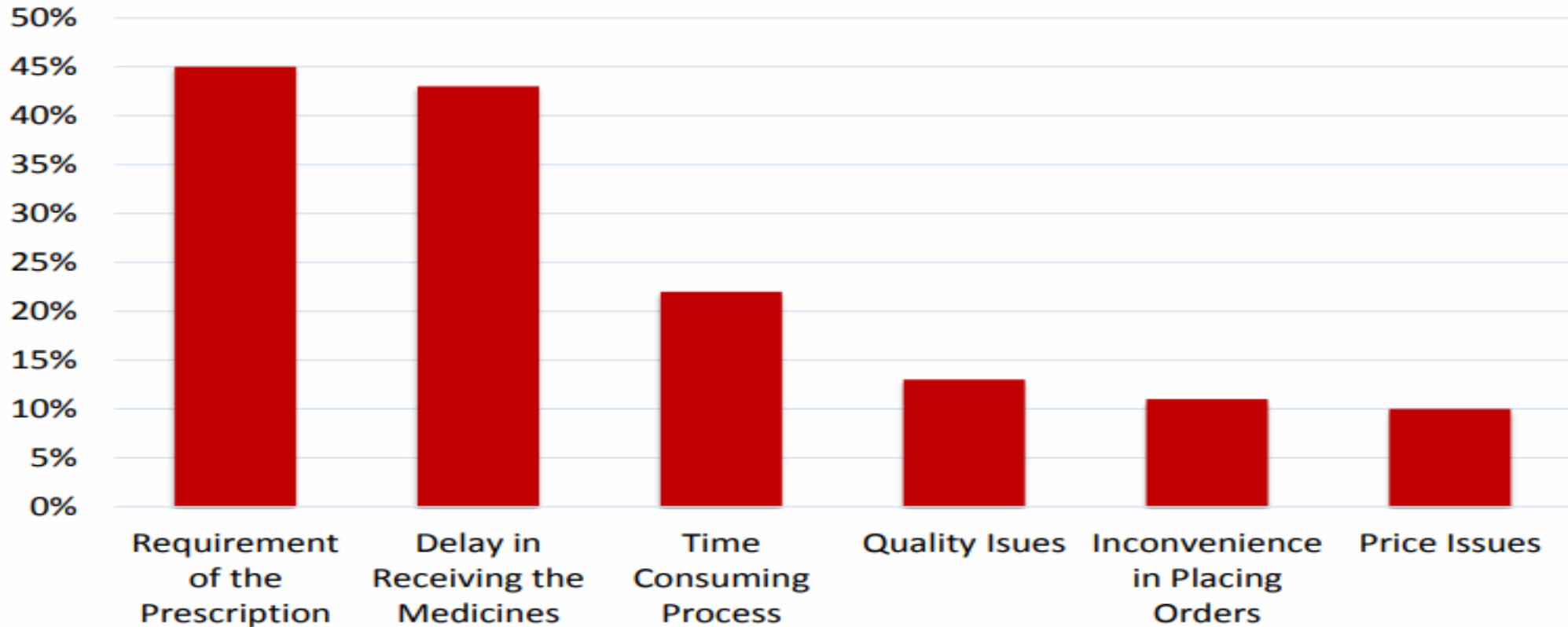
PharmEasy - Introduction

Offerings

- Provides hassle-free doorstep delivery of medicines, healthcare products and diagnostic tests.

- Non OTC medicines are delivered once prescriptions are uploaded. Doctor's online consultation can be booked if prescriptions are not available.

- Prescription is sent to partner pharmacies. Pharmacist sends barcoded and expiry checked medicines through delivery agents.

- Health test from licensed and certified diagnostics labs can be booked online or by phone to avail pickup of samples and home delivery of diagnostic test reports.

Company overview

- Founded   : 2015
- Founder   : Dhaval Shah, Dharmil Sheth
- Revenue   : 3.8 M
- Valuation   : 700 M
- Funding   : 397 M
- Employees   : 700
- Acquisitions   : None.
- Target Market: Pan India. 22000 pincodes
- Legal Name   : Axelia Solutions Private Ltd
- Website   : pharmeasy.in

PharmEasy – Strengths & Weakness

Strengths

- In their core markets, customer experience is superlative as they deliver within 24 hours.

- Have succeeded to create demand in a nascent market, grow YOY and attract funding from experienced and successful entrepreneurs like Nadan Nilekani.

Weakness

- Non core markets needs to be developed to provide superlative customer experience in all cities of India.

- Not having complete control over inventory , Relying on partners for QOS has its challenges. .

- Many customer issues w.r.t their partner's quality of service in playstore.

Direct Competitors

Market Share by (Online)Transactions

Legend: 1MG, Medlife, Medplus, Netmeds, Pharmeasy
Months: Jan'19, Feb'19, Mar'19, Apr'19, May'19, Jun'19

Average Order Frequency

Legend: 1MG, Medlife, Medplus, Netmeds, Pharmeasy
Months: Jan'19, Feb'19, Mar'19, Apr'19, May'19, Jun'19
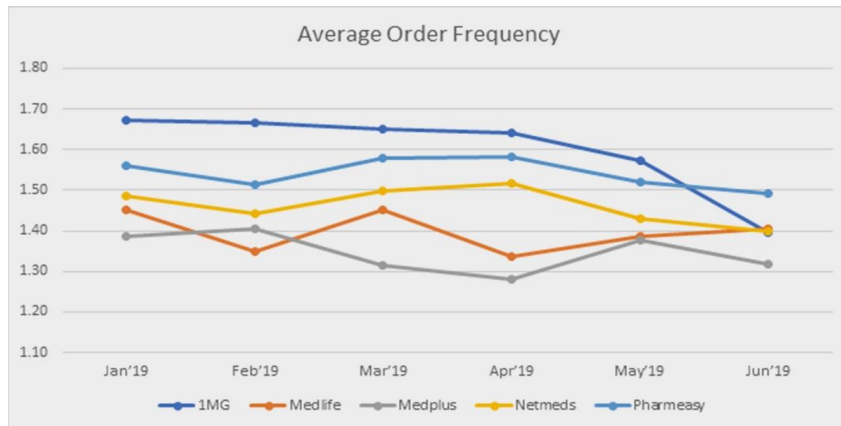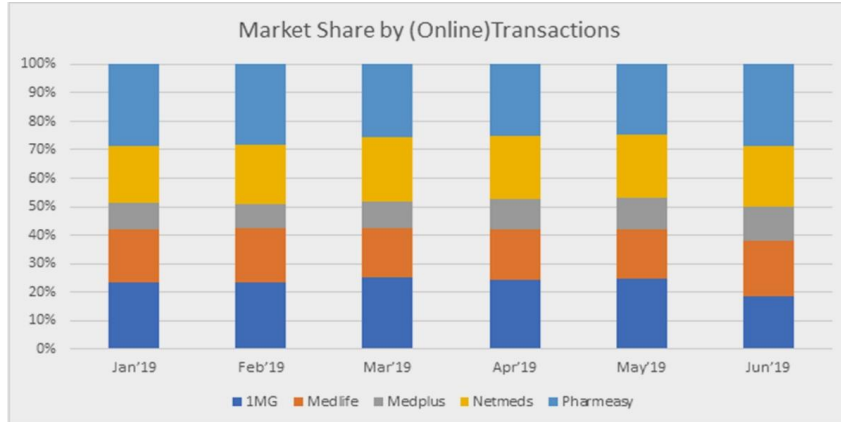
Pharmeasy leads transaction volumes with 29% market share & has most frequency of online purchases followed by Netmeds. Source : Kalagato

1MG
Headquartered in Gurugam
Supplies drugs in Delhi – NCR,
Indore, Bhopal, Ahmedabad
and major cities in 6 states

Medplusmart
Headquartered in Hyderabad.
Operating in 300+ Cities with.
1500+ offline stores.

Pharmeasy
Headquartered in Mumbai.
Supplies drugs all over India.
22,000 + pin codes

Netmeds
Headquartered in Chennai.
Supplies drugs all over India.
19,000 + pin codes
13000 warehouses

MedLife
Headquartered in Bengaluru.
Supplies drugs all over India
25,000+ pin codes
30 warehouses

Direct Competitors – Revenue details

	PharmEasy	Netmed	1 MG	Medlife
Founded	2015	2010	2014	2014
Founder	Dharmil Seth	Pradeep Dadha	Prashant Tondon	Tushar Kumar
Employees	699	333	774	1259
Revenue (FY19)			Rs 54 Cr	Rs 1000 Cr
Revenue (FY18)	Rs 116 Cr	Rs 10.05 Cr	Rs 39.8 Cr	Rs 700
Revenue (FY17)	Rs 33 Cr	Rs 3.94 Cr		
Geographical Reach	All over India 22000+ pin codes	All over India 19000 Pin Codes	Delhi – NCR, Indore Bhopal, Ahmedabad & major cities in 6 states	All over India 25000+ Pin Codes

Direct Competitors – Product Rating

	PharmEasy	Netmed	1 MG	Medlife
Playstore App Downloads	5,000,000+	5,000,000+	10,000,000+	5,000,000+
Playstore Reviews	4.5 1,85,863 Ratings	4.5 1,73,338 Ratings	4.5 2,97,203 Ratings	4.5 2,20,315 Ratings
# visits	1.75 M	4.22 M	6.52 M	2.54 M
App Store reviews	4.5 13.2K Ratings #4 in Medical	4.6 10.7K Ratings #5 in Medical	4.7 34.4K Ratings #2 in Medical	4.2 11.4K Ratings #6 in Medical
Pages per visit	5.95	5.77	3.25	4.28
Avg. duration	00:06:38	00:03:12	00:03:00	00:04:07

Direct Competitors : Market Share
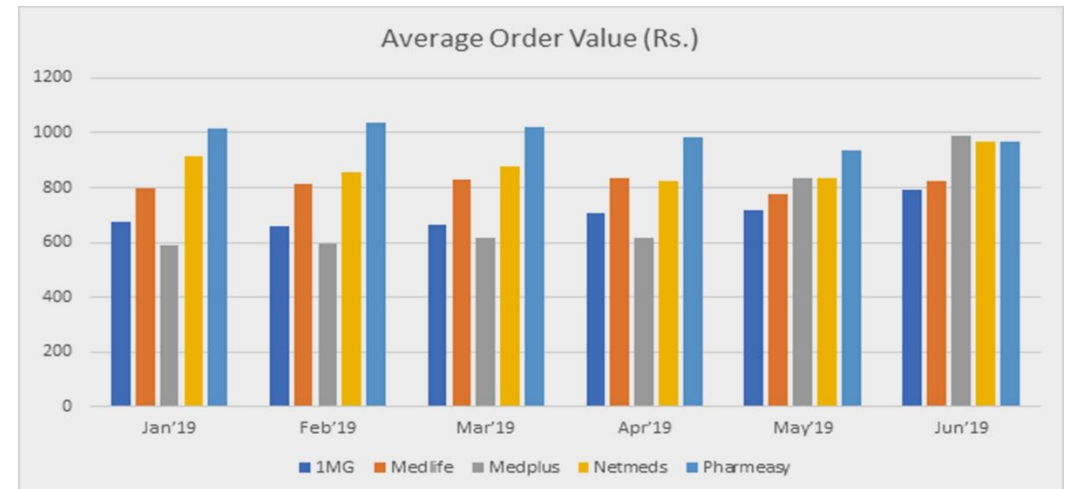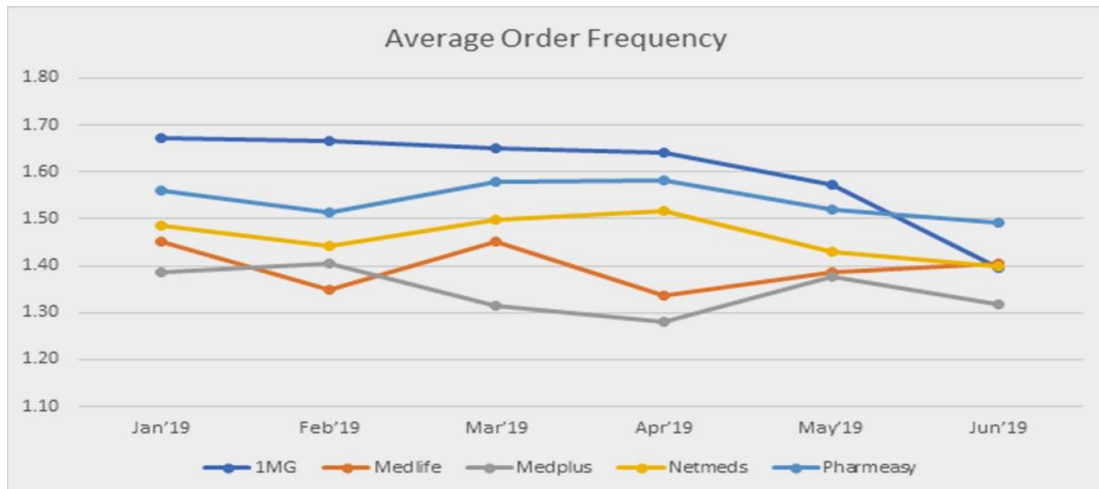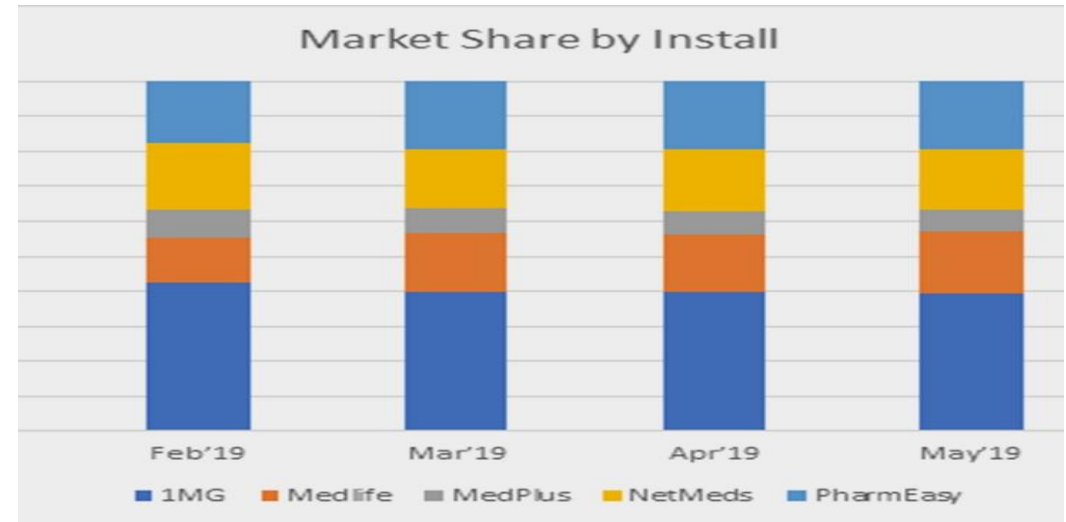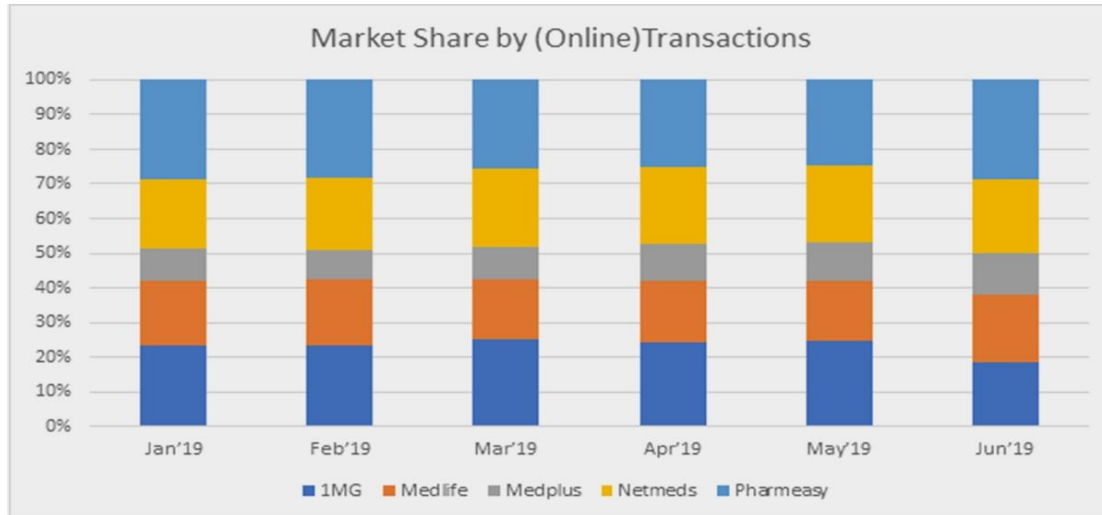
e-Pharmacies - Value added services

	Online Consultation (Chat / Video)	Tie up with Diagnostic laboratories	Appointments with Doctors / Clinics	Health blog	Affiliate/ Franchise/ Loyalty Program
PharmEasy		✓	✓	✓	
Netmed		✓	✓	✓	✓
1 MG	✓	✓	✓	✓	
Medlife	✓	✓	✓	✓	✓
MedPlus Mart			✓	✓	

e-Pharmacies - Value added services cont…

	Availability of Substitutes	Refill Reminders	Maintenance of Records	Grocery	Eyewear
PharmEasy		✓	✓		
Netmed		✓	✓	✓	✓
1 MG	✓	✓	✓		
Medlife	✓	✓	✓		✓
MedPlus Mart			✓	✓	

PharmEasy : Indirect competitors

Company	Key Area of Service	
Practo	Practo has developed a healthcare platform which allows customers to search doctors and seek online consultations. It offers a practice management solution for doctors to managing appointments and digital healthcare records..	**Founding Date** : 2008 **Total Funding** : 251 M **Investors** : Sequoia Capital,ThriveCapital, Matrix Partners, Google Capital, Altimeter Capital, Yuri Milner, Sofina, Tencent Holdings, Matrix Partners India, ru-Net, Trifecta Capital Advisors, CapitalG
Amazon Flipkart Snapdeal Healthkart Etc.	These are existing players in retail markets who have either already attempted to foray into sale of medicines earlier or have explored partnerships or acquisition existing players.	

Direct Competitor : netmeds.com

Goal : netmeds aspires to become India's leading online pharmacy by becoming an Omni channel player which provides a holistic health platform that includes online consultation, diagnostics and plans to enter new verticals like insurance etc. in future.

Awards / Recognitions

- 'Health Tech Start-Up of the Year' - NDTV Unicorn Awards 2016
- 'Asia's Most Promising Brand 2018' - Int+ WCRC International.
- 'Best Digital Healthcare Start-up' - ET Now World Health and Wellness Congress in 2019
- 'Digital Healthcare Company of the year' in 2019

Key Points / Strengths

- Lightweight, responsive well designed app.
- Expected to be acquired by Reliance Industries soon which will help them become truly Omni channel expand reach rapidly. Sells grocery with partnership with reliance retail.
- Having control over their inventory & franchise partners gives them greater control over QOS. High margin, High capital model.

netmeds.com : Strategy

Leverage technology to differentiate itself

Leveraged Artificial Intelligence to :

Forecast Demand

- Forecast demand and procurement requirements by pin code.
- Tie forecasted demand with warehouse that services the respective pin code to gauge available capacity.
- Based on available capacity generate demand with suppliers.

Profile Customers

- Use ML and Analytics for customer profiling.
- Leverage customer profile to recommend FMCG product. Example : Diabetic drink to diabetic patient.
- Leverage customer profile to display relevant search results.
- Leverage customer profile to Display relevant articles in blogs that links content back to products.

netmeds.com : Strategy

Leverage technology to differentiate itself

Leverage Machine Learning & Artificial Intelligence for

Fraud Detection

- Identify if customers are placing multiple orders using the same prescription.
- Identify if multiple people using the same prescription to place orders.
- rate/score prescription validity
- Rate suppliers based on pricing, turnaround time.
- Track delivery of every single package to gauge efficiency.

RPA for automation

- To keep the product catalogue up-to-date, netmeds runs bots that lookup supplier data and match products and prices against its product catalogue. This helps in identifying new products, changes in pack sizes and prices.

netmeds.com : Future Initiatives

Future Plans

- Devise solutions to track if medication is helping customers or not.
- Device solution to leverage prescription data to detect pandemics in a locality/geography.
- Share macro data about drugs and diseases with manufactures to know if correct drugs are prescribed.
- Experiment with Block chain in its supply chain process.
- Leverage messaging bots and IVR solutions to remind/nudge customers about their upcoming refills and subscriptions, as well as help them complete payments with ease. Source : expresscomputer
- May enter new vertical like insurance.
- Already supplying grocery in partnership with reliance retail
- If acquired by reliance, may sell electronics, footwear and become a full e-commerce platform in future.

29/06/19

netmeds.com : Technology Stack

Architecture	**Micro services,** to easily managing monitoring, scale feature-rollouts.
Transaction processing system	Java and .Net
Content-based systems	PHP and NodeJS
Serverless technology	AWS Fargate, AWS Lambda, AWS CloudFront
Big data engine	Redshift, Dynamo DB, S3 and Athena
Messaging bots and IVR solutions	To remind customers of refills.

netmeds.com : Technology Stack

Architecture	**Micro services,** to easily managing monitoring, scale feature-rollouts.
Middle tier	Largely built on Nodejs
Content-based systems	React, Python and Ruby
Serverless technology	AWS Fargate, AWS Lambda, AWS CloudFront
Big data engine	Redshift, Dynamo DB, S3 and Athena
Databases	RDBMS, NoSQL databases to graph databases
Machine Learning and Big Data	Tensorflow, Hadoop, HBase, Hive, Spark, Kafka

netmeds.com vs PharmEasy

Product comparison using a use case

Use Case : Place an order of Azithral 500 tablet

Stated Needs / Functional Requirement

I want to order Azithral 500 tablet from e Pharmacies. I don't have a prescription for the drug.

Wants / Non Stated & Non Functional Requirements

Show alternatives if required medicine is not available.

Make it intuitive, one click, fast and hassle free.

Need easy returns and quick refunds.

Need on-demand consultation to finish the process now !

Need medicines asap !

PharmEasy : Does not leverage entire viewport
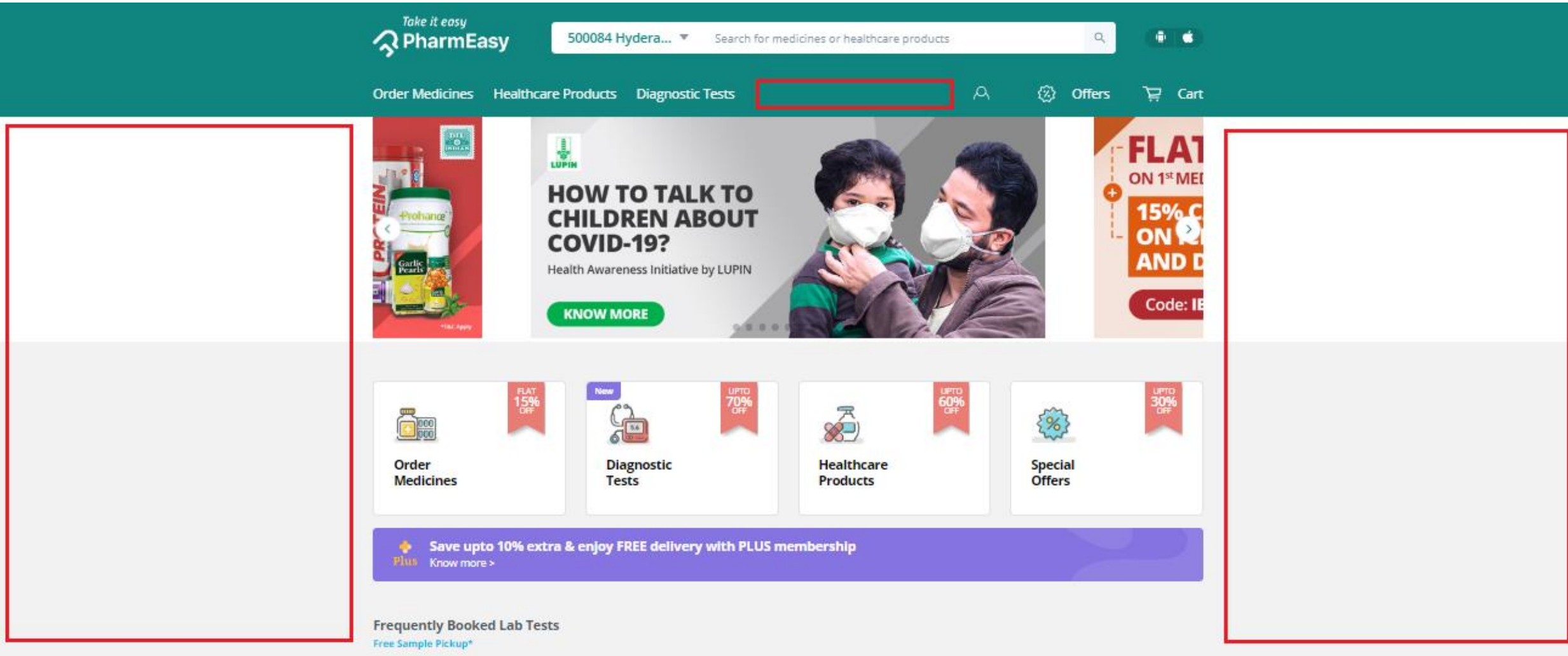
netmeds : Leverages entire viewport

netmeds : Searching is easy

PharmEasy : Search needs multiple clicks
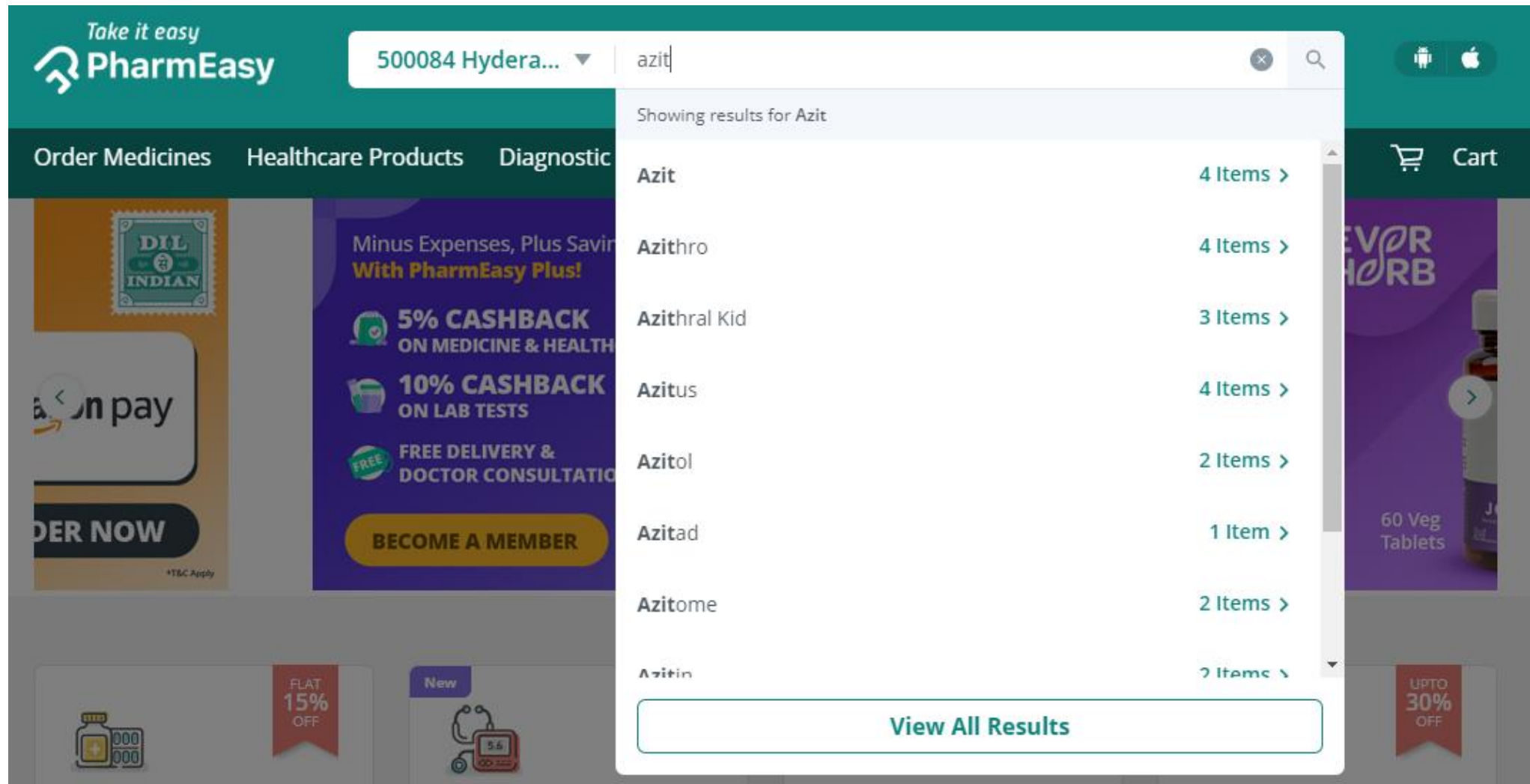
netmeds Desktop Search – Need Multiple Clicks
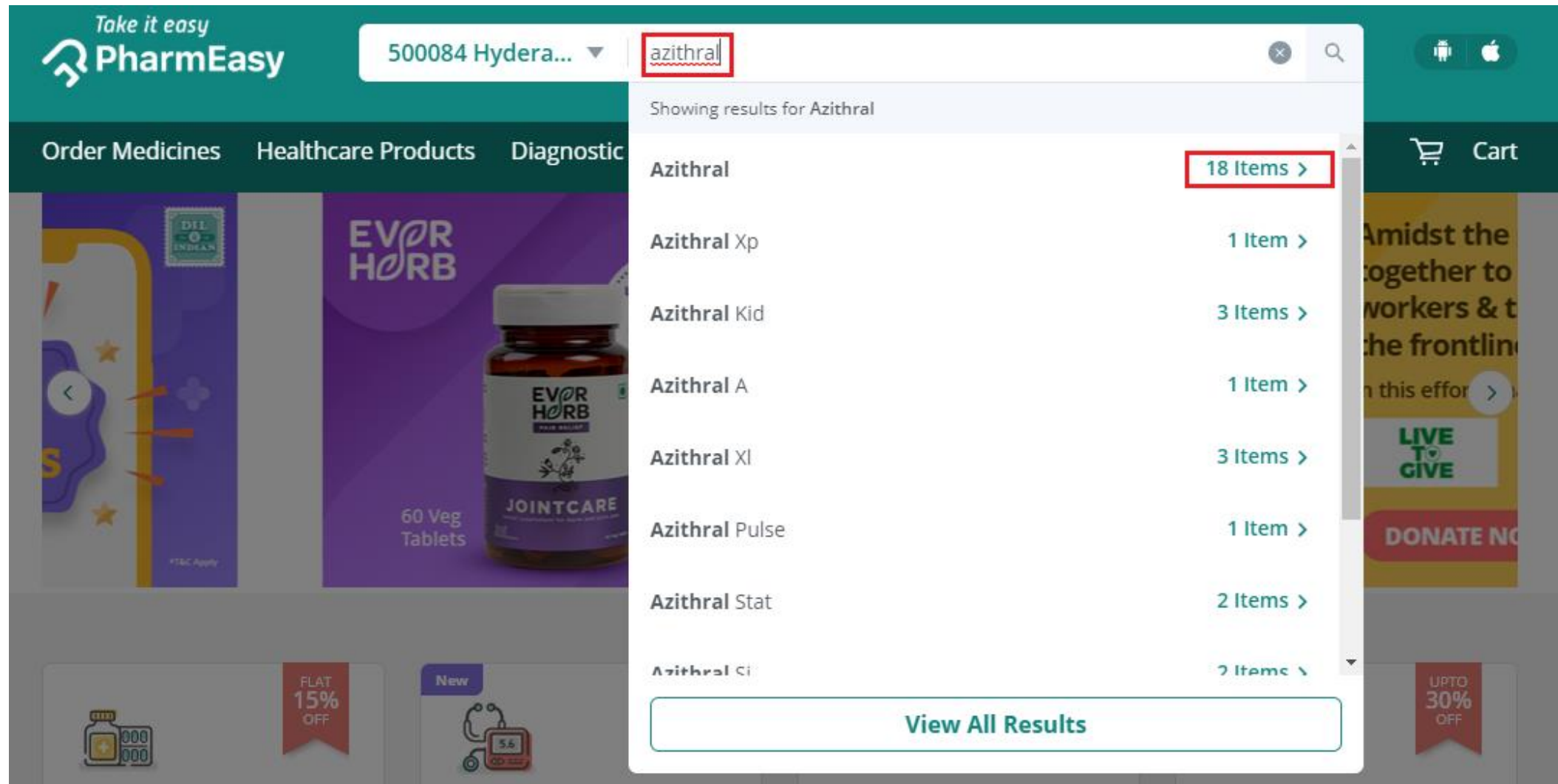
nedmeds Desktop experience ☺

Strengths

Beautifully designed product, with more relevant information per square centimeter of available space

PharmEasy Desktop experience 😐

Strength
Clean interface.

Weakness
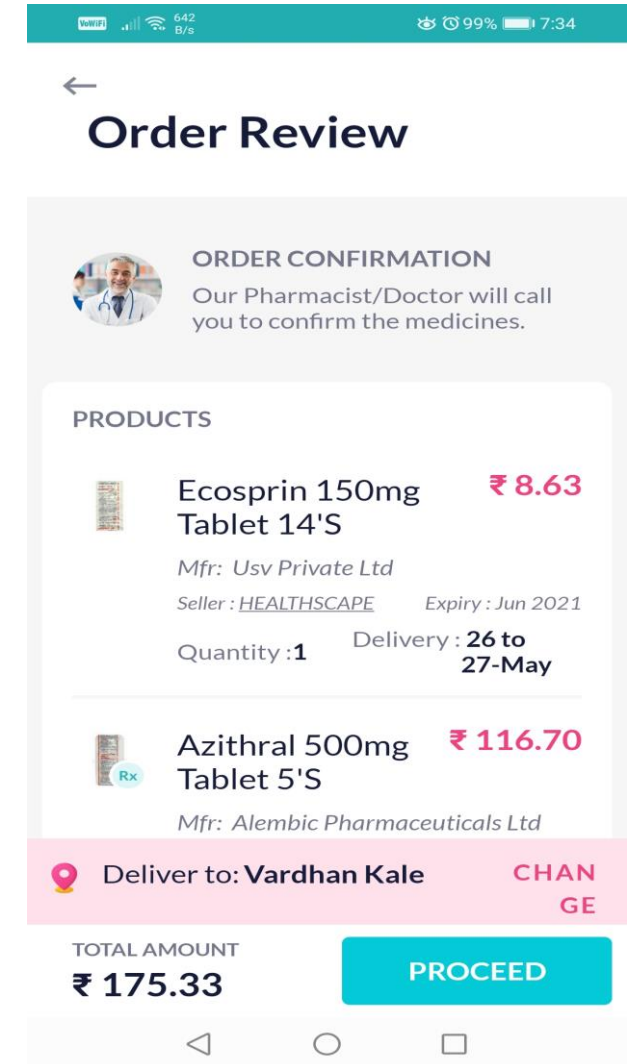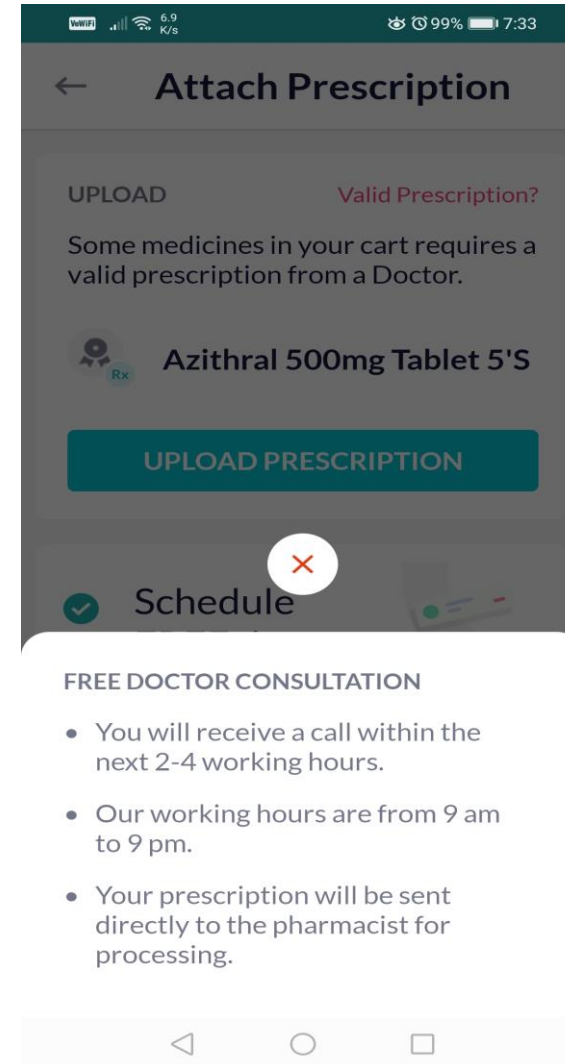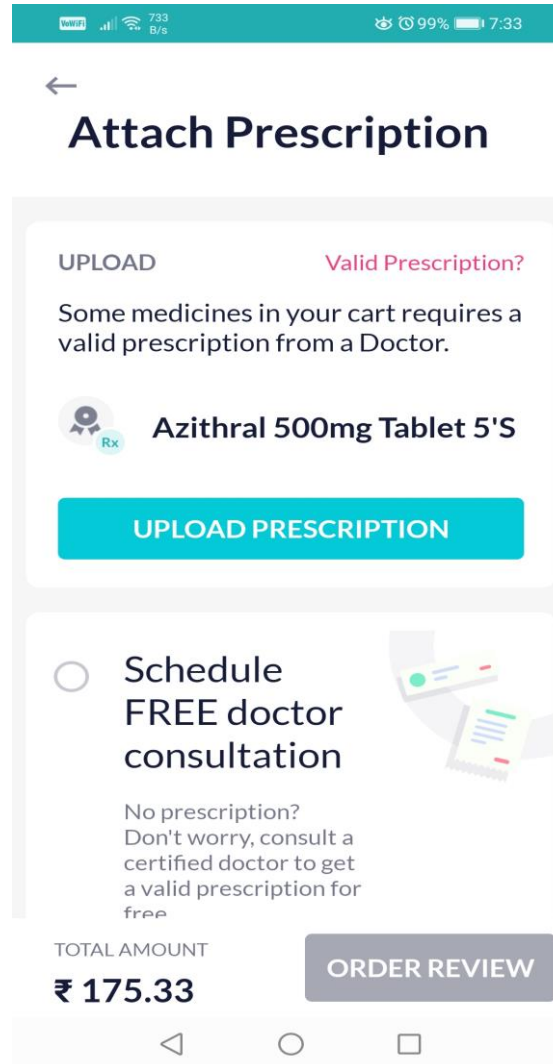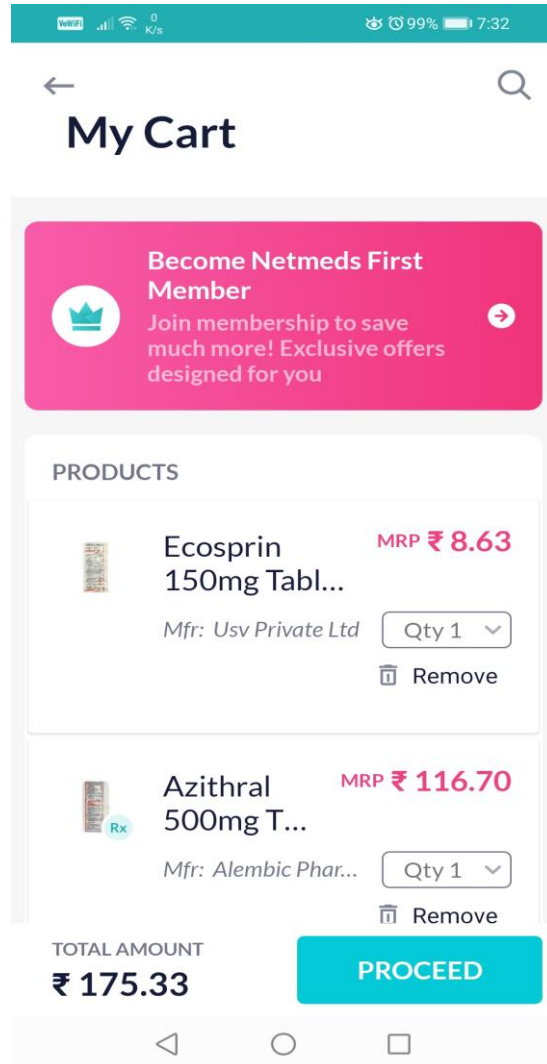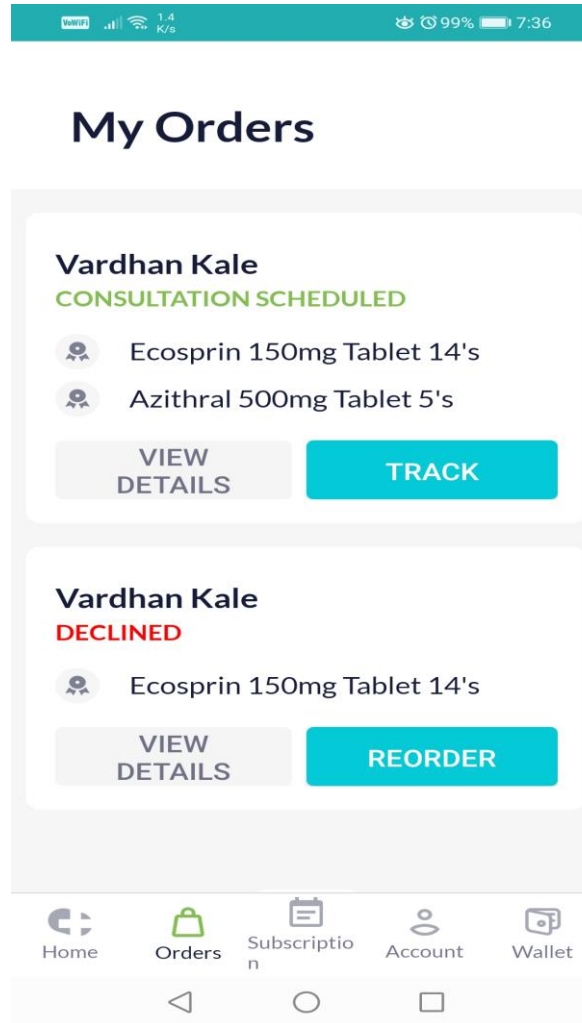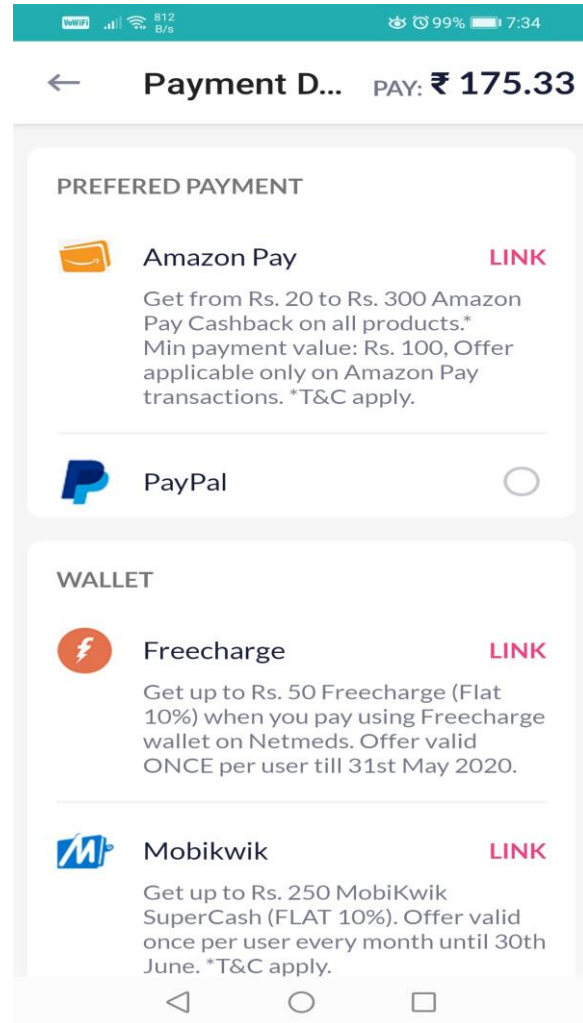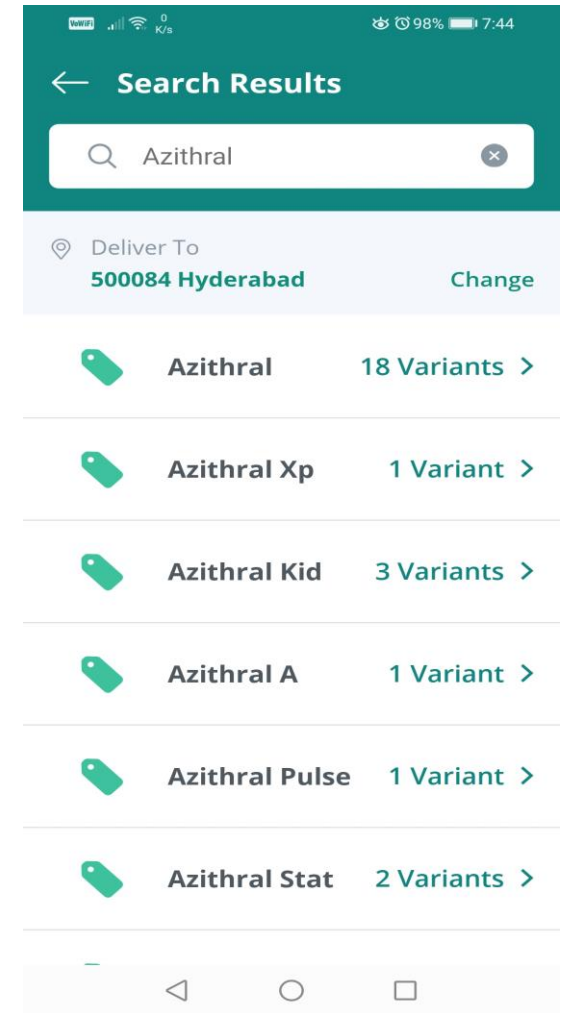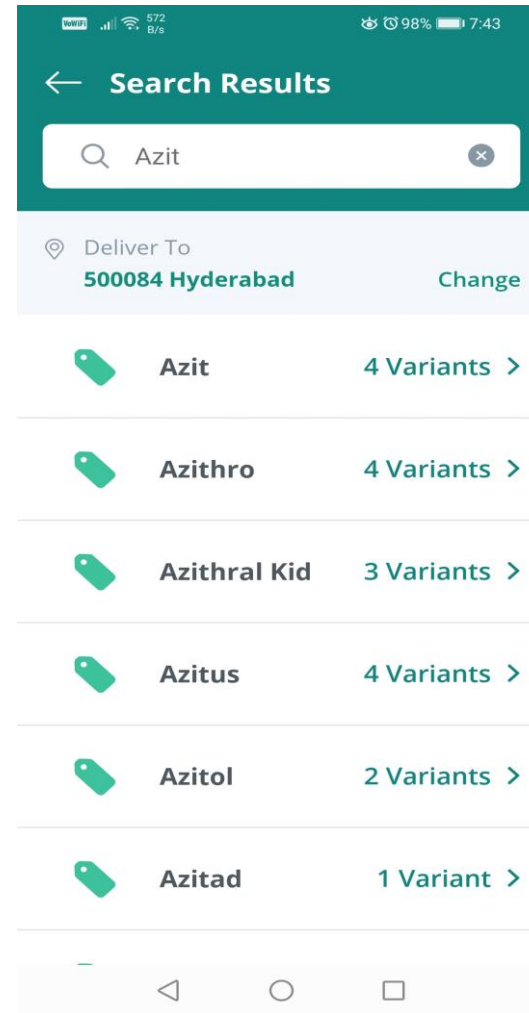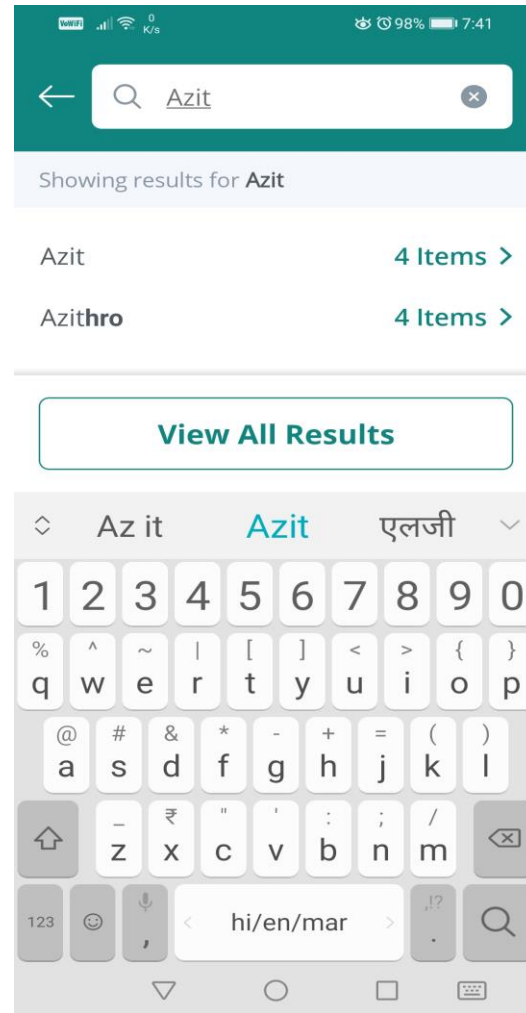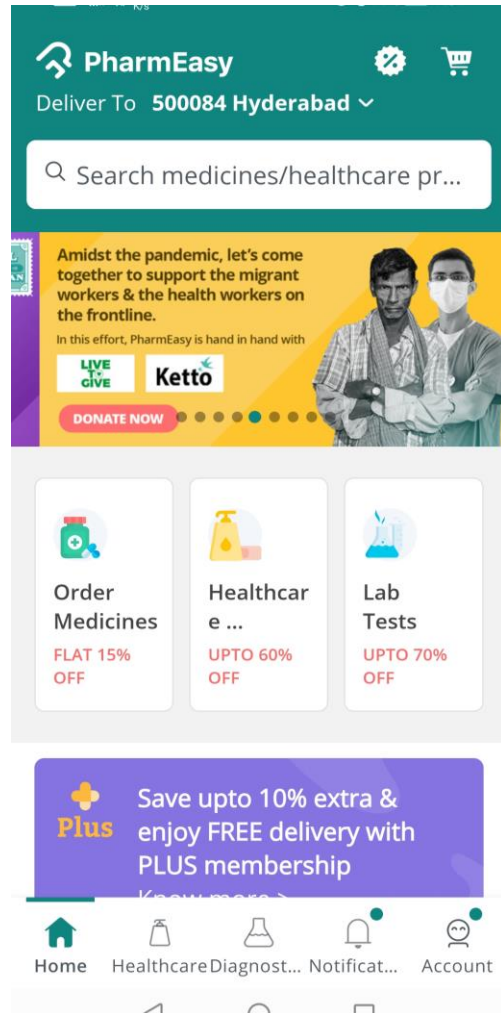Requires too much scrolling to view relevant information. Expiry and Delivery estimates not shown.

netmeds : Mobile Experience - Search is easy ☺
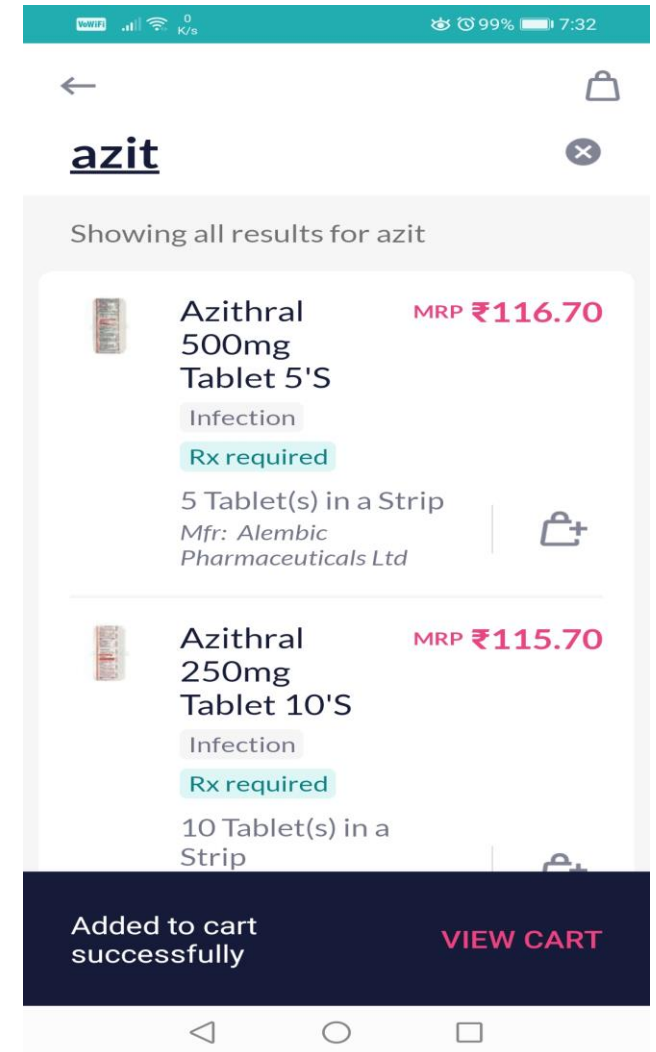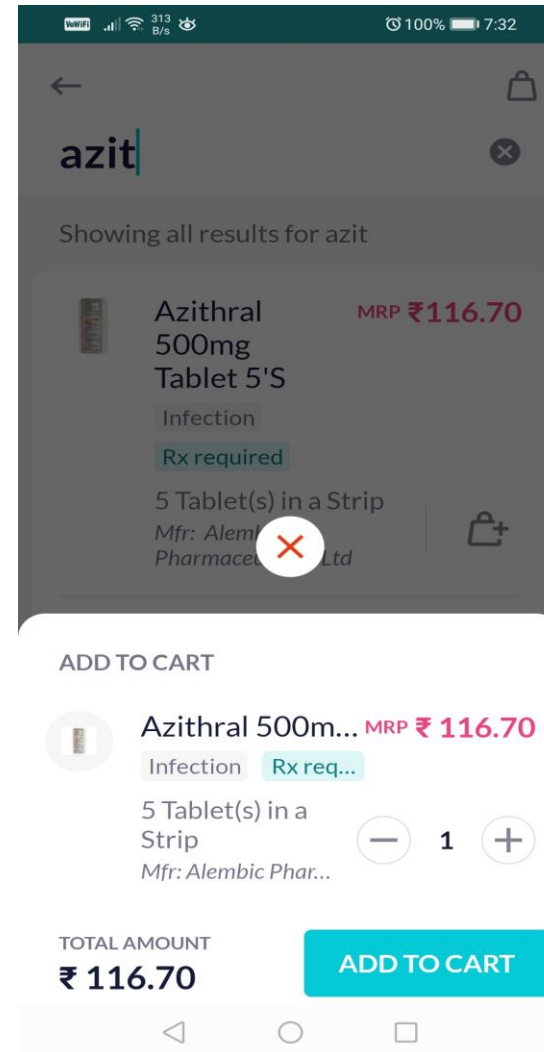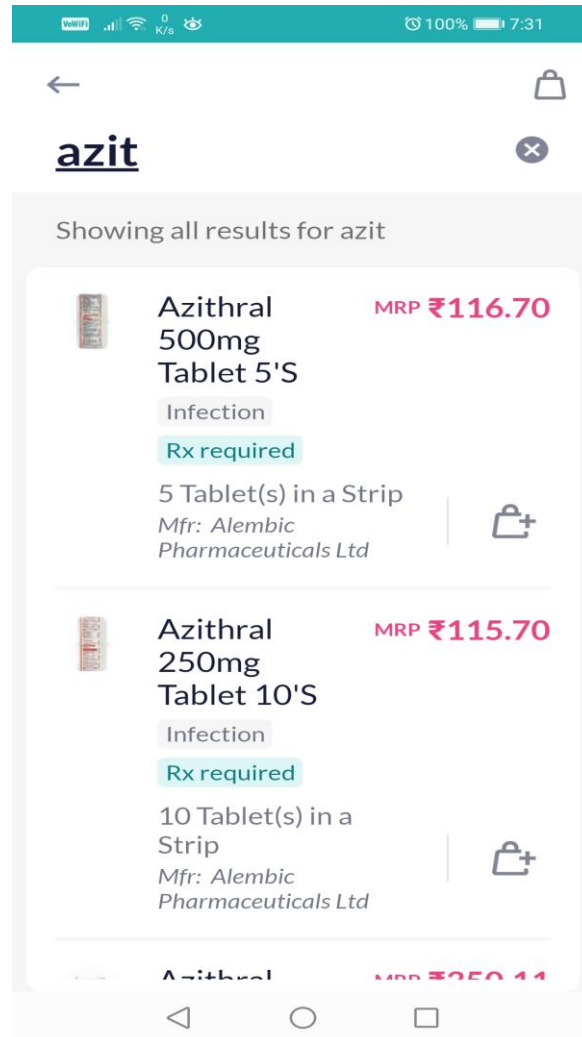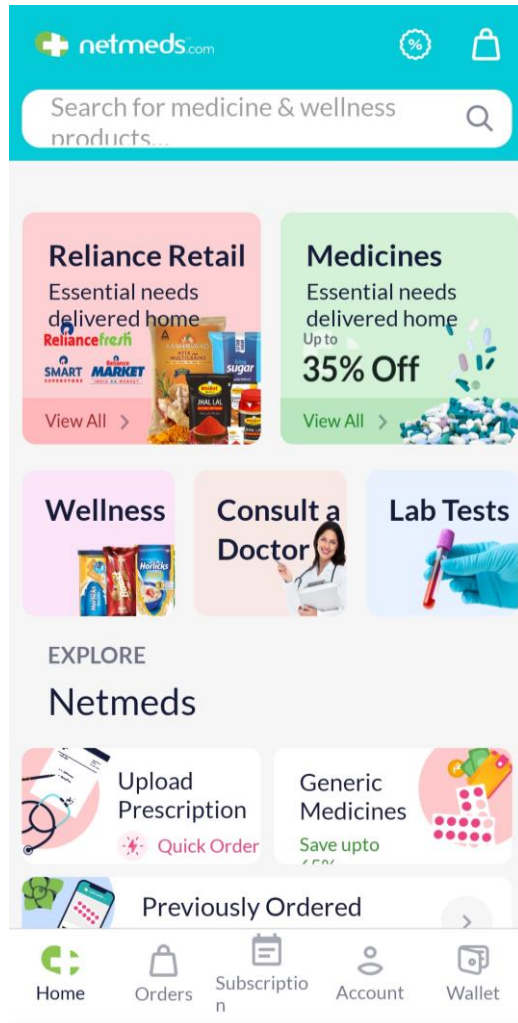
netmeds mobile experience

netmeds : Mobile experience

PharmEasy Mobile experience - Multi Click Search

PharmEasy : Mobile experience
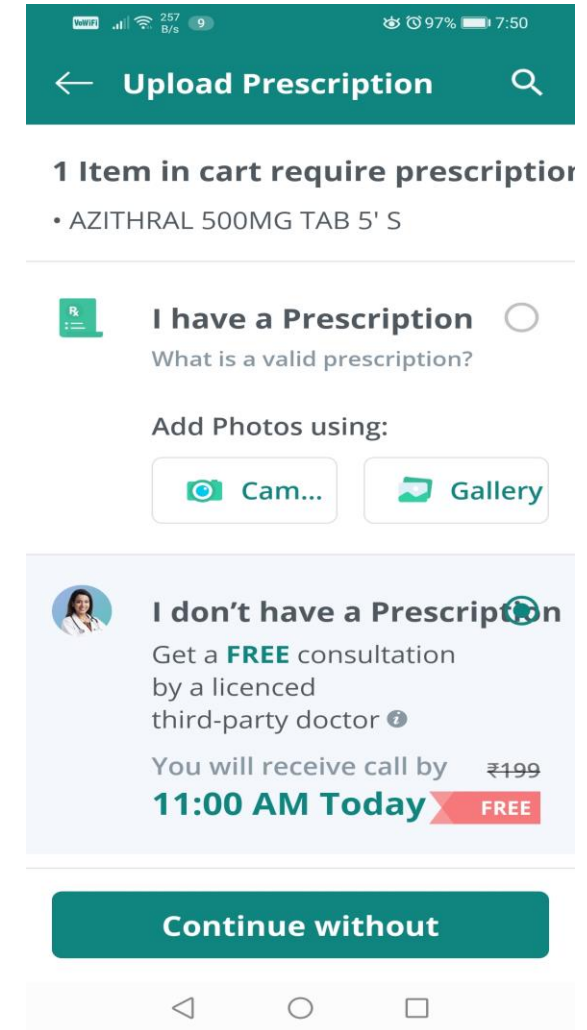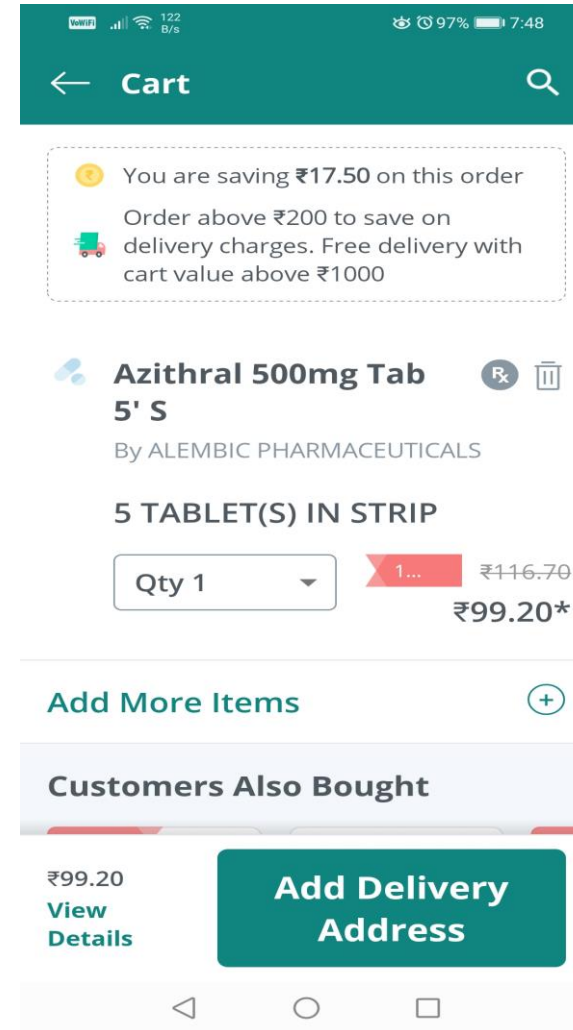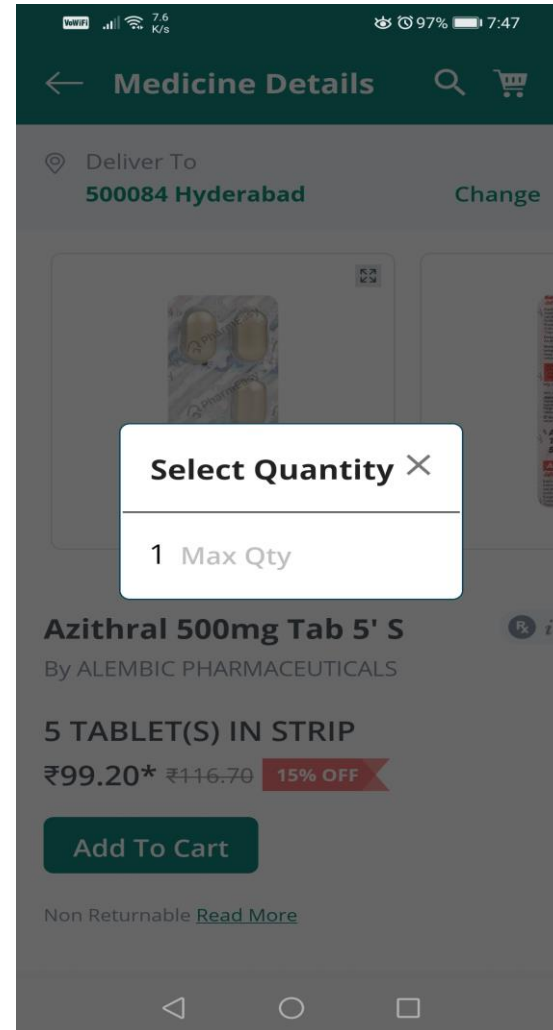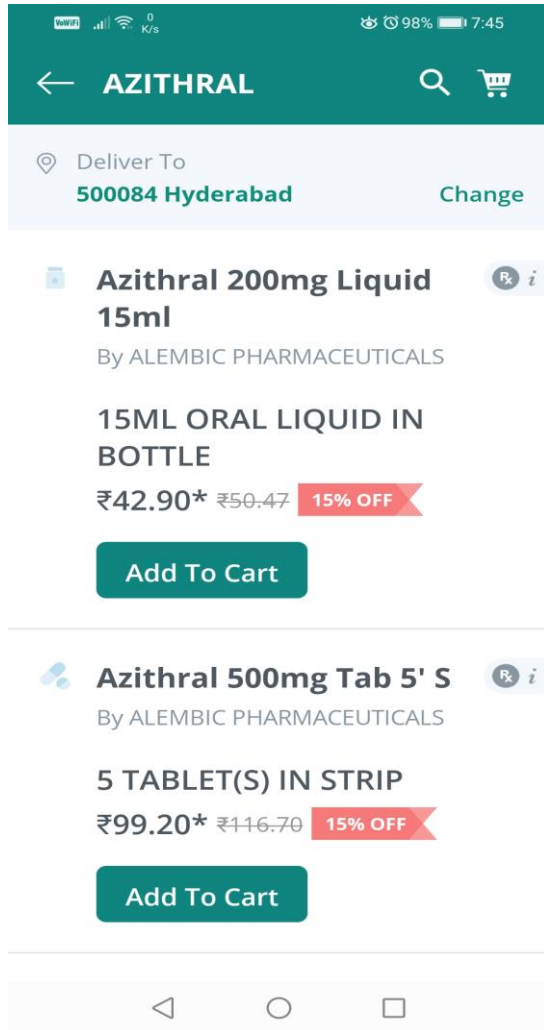
PharmEasy : Mobile experience
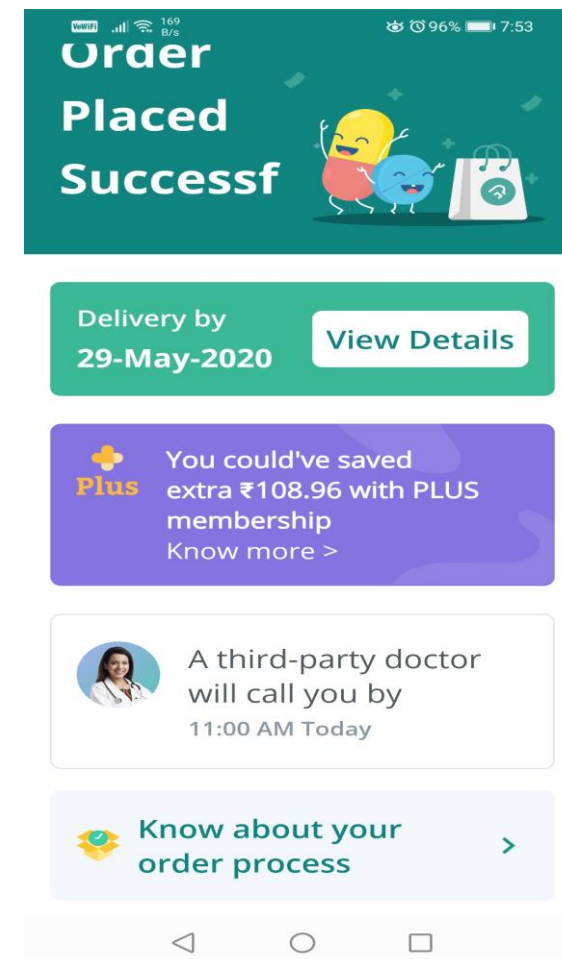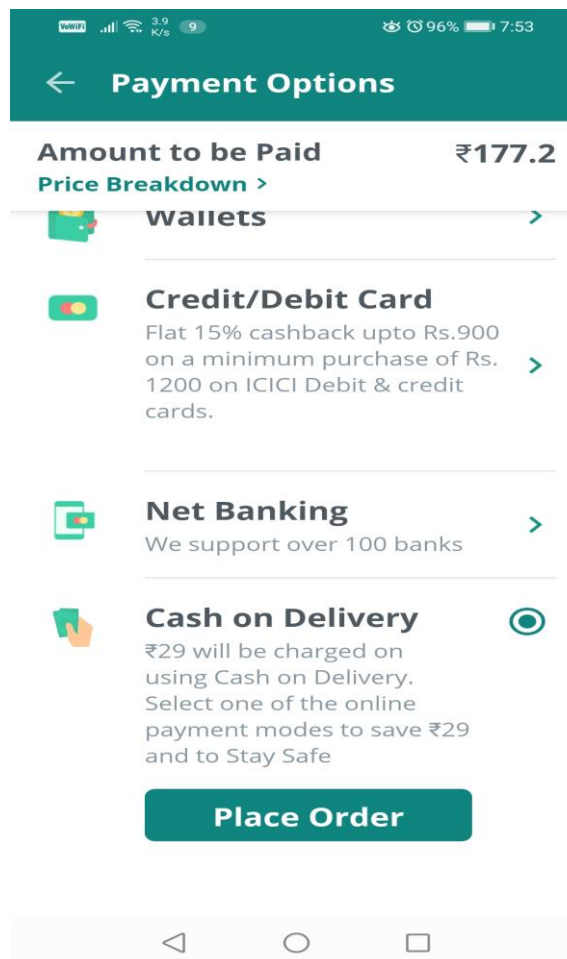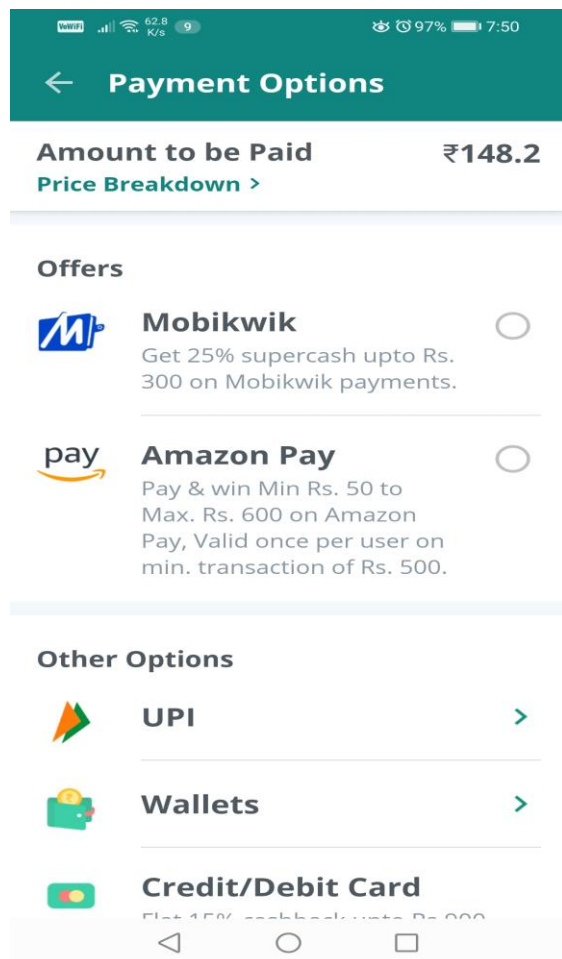
PharmEasy : Customer feedback

☒ **Issues with partners** : Returns & Replacement is frustrating. Partner labs ask customers to contact them directly to save cost. Poor packaging. Returns refused if barcode cannot be read.

☒ **Issues with Doctors** – Rude, appointments not honoured, not. familiar with prescribed medicines, call not routed to specialist.

☒ **Reliability** – Delivery commitment not honored, items become out of stock after order confirmation,Poor customer support.

☒ **Business policy issues** – Discounts reduce as transactions increase, min transaction value increased.

☒ **Technical issues** – Chat not working, Cashback not received on payment failure, etc.
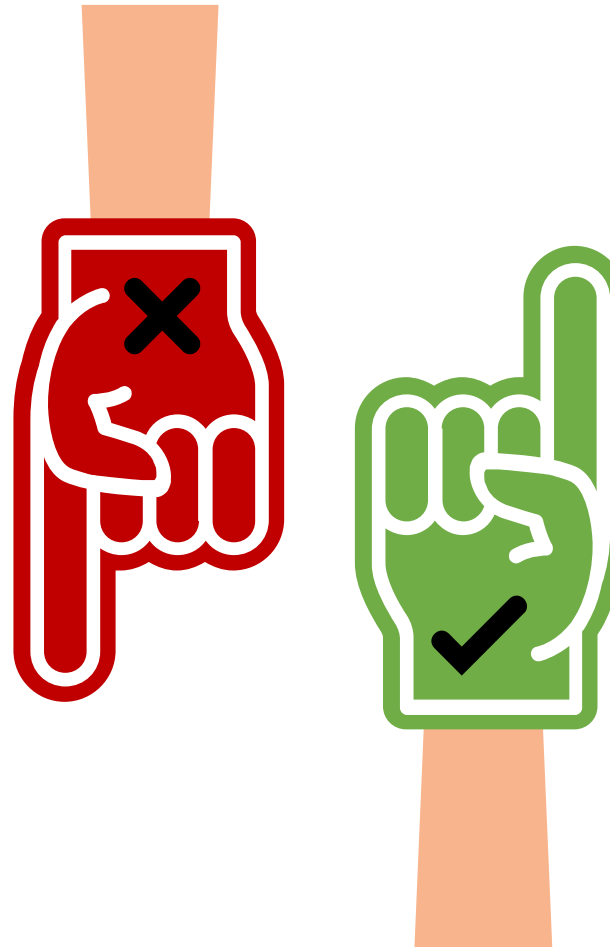
Happy with app and overall experience when returns and refunds are not involved and prescriptions are valid. Happy with initial purchases which offers higher discounts.

Requests for features / Suggestions

☑ Support other cards & payent options

☑ Display alterntives if medicines not available. .

☑ Notify unavailability of items before accepting orders.

☑ Provide option to clear search history.

☑ No option to delete saved credit card details

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PharmEasy : Challenges & Responses

| Challenges	Solution
Creating brand awareness for telemedicine adoption	PharmEasy entered into a partnership with Brand Capital, the strategic arm of Times of India Group that enabled them to create awareness about this emerging category and establish the brand 'PharmEasy' in the consumer mind space and thereby accelerate transactions through their app.is awareness was created by a Times Group 360-degree media amplification through print campaigns in Times of India and through other Times Group mediums like Times OOH, Radio Mirchi and platforms of Times Internet Ltd.
Reducing Return Rate	Riders are supposed to ask customers to open the sealed package and check each medicine. Order tracking app can track the time rider spends at the destination. They have set-up an alert that gets fired to the supervisors if the rider spends less than the expected time at the delivery location.

PharmEasy : Challenges & Responses

Challenges	Solution
Track Mobile Workforce	Asset tracking opens the road to better asset utilization. PharmEasy has built their own field workforce monitoring app with HyperTrack to allow fleet and workforce managers to track pickups and deliveries live on their dashboards. Deeply integrate it with their order management backend
Reimbursements Using Mileage Tracking (Future Initiative)	We reimburse our riders for up to 60kms of travel a day. We observed that a substantial number of our riders started declining orders later in the day, complaining that they have already travelled more than 60kms for the day. We had no way to verify that. Now that we have plugged in HyperTrack SDK, we will use the mileage data for rider reimbursements.
Need to provide personalized solutions to customers (Future Initiative)	Provide alternative medicine suggestion, suggesting dependency tests, diet suggestions based on test results among other focus areas. Use ML to predict the best channels that give a higher LTV for the platform and also investing in channels to increase our retention and cohorts.

netmeds : Strengths, Weakness & customer feedback

☒ **Issues with partners** : Samples collected. Lab reports not delivered. No ETA given.

☒ **QOS issues** – Delivery time was slow. Medicines not delivered.

☒ **Technical isses** - Audio consultation selected, but got chat consultation
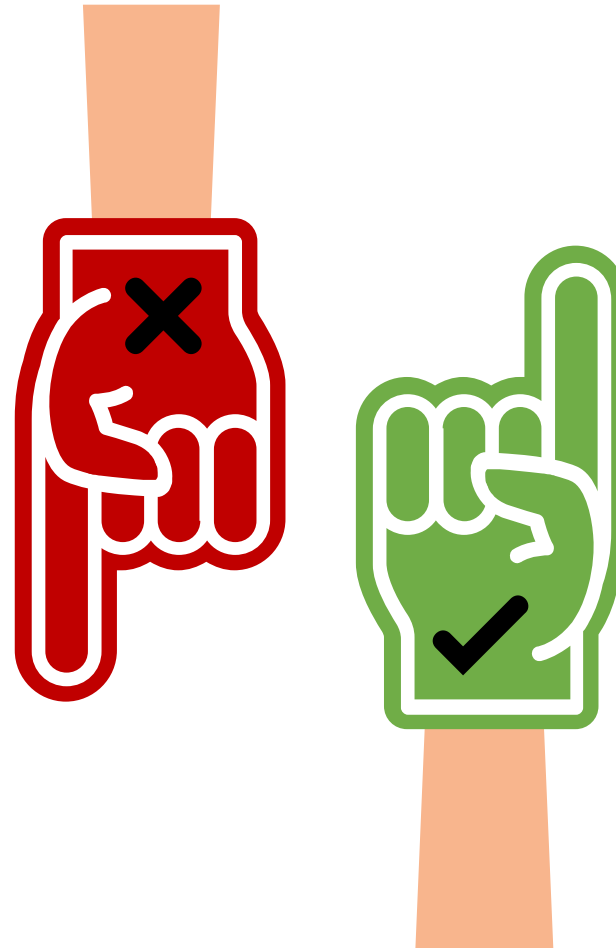
☑ User friendly. Easy to use app.

☑ Beautiful design. Responsive UI.

☑ Video consultation works great.

☑ Information about medicines & Alternatives easy accessible.

☑ Great Discounts

e-Pharmacies vs netmeds : Source of traffic

	PharmEasy	NetMeds
Investors	Bessemer Venture Partners, Temasek Holdings, Caisse de Depot et Placement du Quebec, Aarin Capital, Orios Venture Partners, Eight Roads Ventures, Nandan Nilekani, JM Financial, Manipal Group, Astarc Ventures, F-Prime Capital, LGT group, Fundamentum, Eight Roads Ventures India, KB Financial Group, Think Investments	OrbiMed, Sistema Asia Fund, Tanncam Investment, Daun Penh Cambodia Group (DPCG)
Acquisitions	-	KiviHealth Pluss
Total Funding	397 M	US $99 M (Existing) US$130–150 M (expected - RIL)

e-Pharmacies vs netmeds : Source of traffic

	PharmEasy	**NetMeds**
Top Referring Sites	1mg.com 46.41% justdial.com 10% zoutons.com 10% amazon.in 10% similarsites 5.46%	amazon.in indiafreestuff.in similarweb.com thuttu.com cashkaro.com
Traffic Source	Direct 60 % Referral 2.72 % Search 35.17 % Social 0.86 % Mail 0.45 % Display 0.79 %	Direct 52.12 % Referral 2.58 % Search 42.98 % Social 0.58 % Mail 1.24 % Display 0.49 %

Prediction of new features by PharmEasy
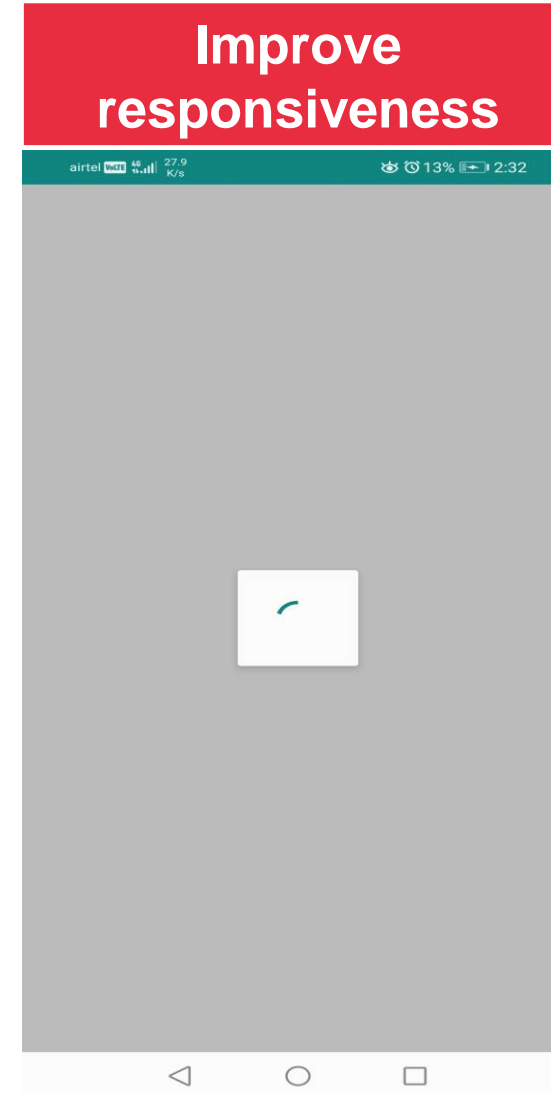
Prediction of new features by PharmEasy

Improve usability, design, aesthetics
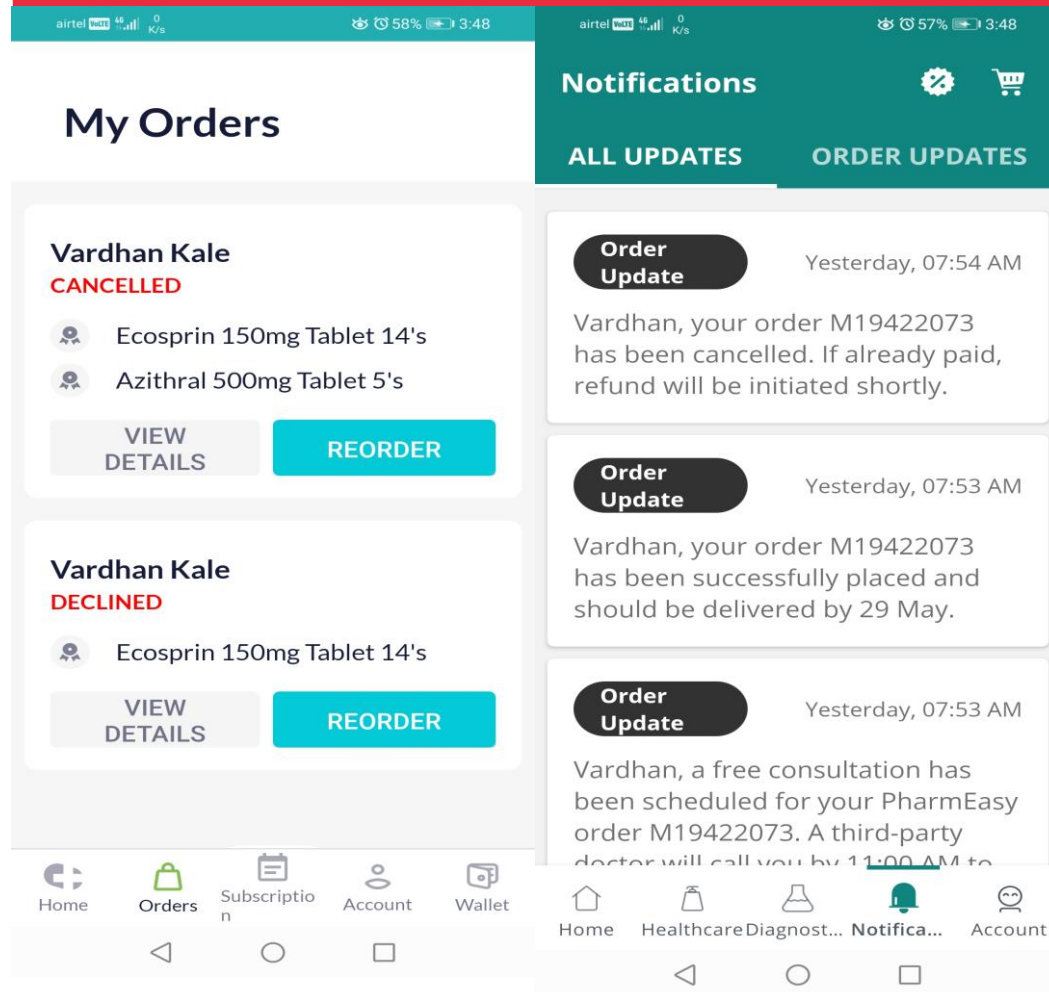
Focus on UX Design
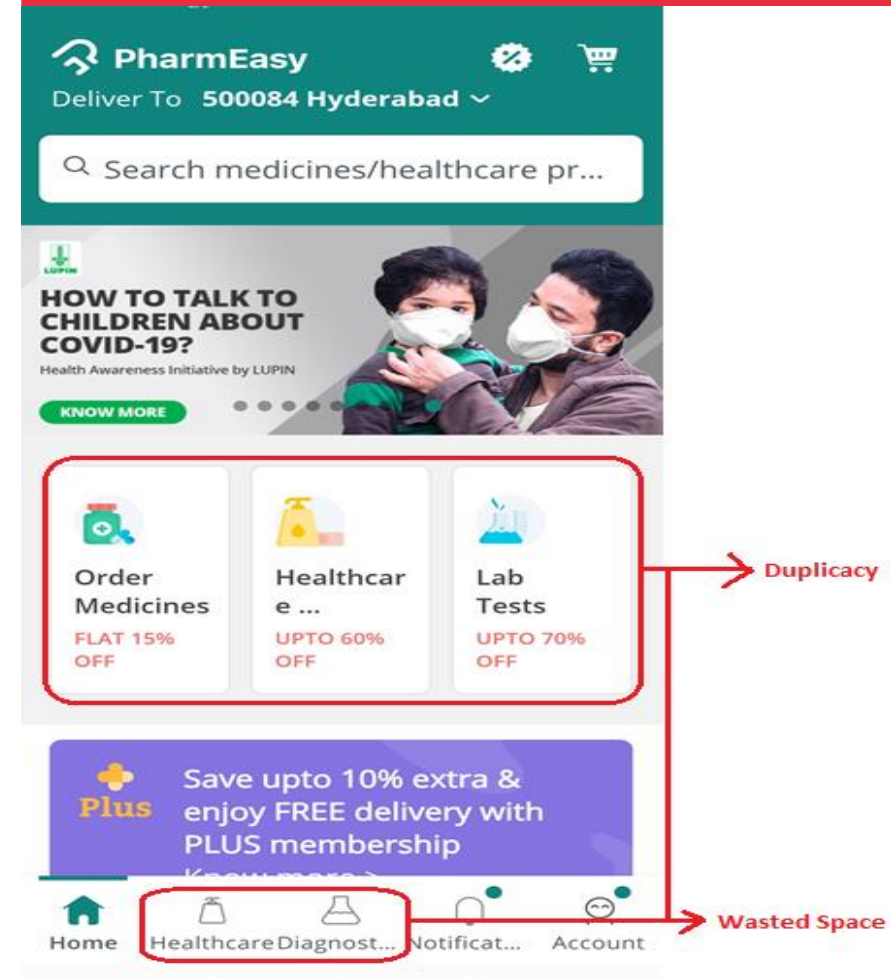
Prediction of new features by PharmEasy

Make it easier to search
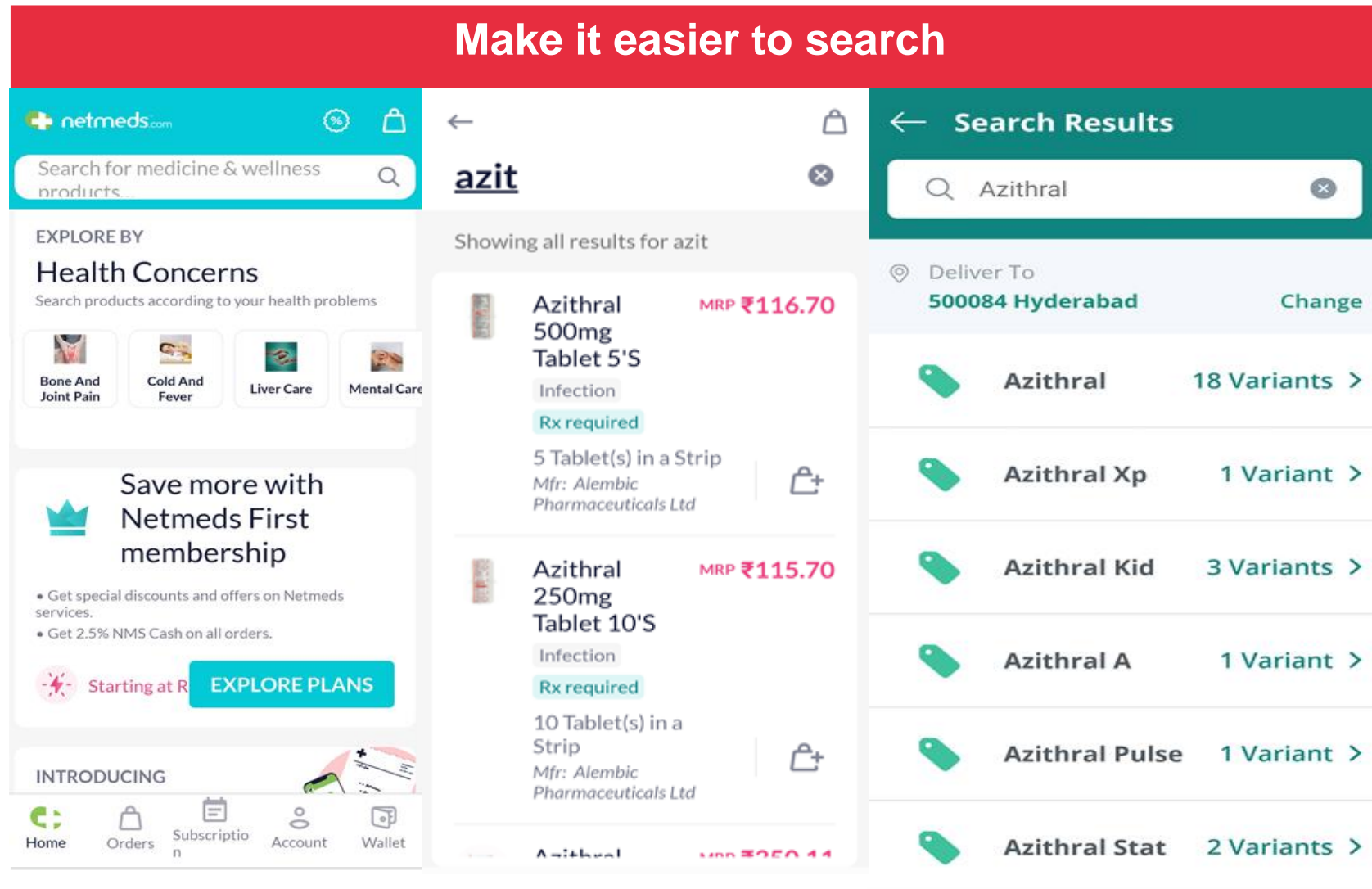
New feature predictions based on emerging trends

Trends	Possibilities
E-prescription	E-prescriptions adoption will increase over time making it easier to upload them on pharmacies. This will increase the use of e-Pharmacies by customers and require new partnerships and integrations with the e-Pharmacy platform.
Cloud based IOT Solutions	Companies are developing solutions which leverage data received from IOT sensors installed on medicine dispensers to remind customers to take medicines, place automatic orders with e-pharmacies based on consumption data, etc. This will lead to greater automation and integrations with e-Pharmacy platforms.
Enter new verticals	E-pharmacies are planning to enter new verticals such as health insurance, forging alliance with leading retail giants to sell groceries, eye-wares etc., and developing new solutions from insights generated from customer data.
Improve customer interaction	Shift towards simpler and context-aware interfaces like Chat and Voice interface to improve conversations. Ordering through Alexa, etc. Use AI to streamline delivery times and the logistics ; in doctor consults, in disease progression models, etc.

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Thank you.