DIGITAL PIONEERS: TRANSFORMING INDIA'S HEALTHCARE LANDSCAPE THROUGH INNOVATIVE BUSINESS MODELS

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ABSTRACT

This paper analyses the new trends toward digitalization of healthcare driven by the rise of usage of smartphones and by advancing innovation, social-media penetration, growing users of internet-based businesses, and a young and internet-savvy population. The authors conduct an exploratory empirical study on 94 top-funded Indian healthcare startups for the last 11-year period (2008-2019). Their main aim is to review the business models of these top-funded startups and see how mobile, internet, and technology use has led to new innovative business models. They further investigate the top business models how they solve problems in existing models, and how they add value to consumers with their new model. The objective is to help startups worldwide develop new business models in the healthcare sector and for policymakers to calibrate and support new business models. Policy implications for academics, practitioners, and entrepreneurs are discussed in the paper.

***Keywords**: Healthcare; Innovation; Startups; Digitalization; Venture Capital; Business Models, Indian Startups*

1. INTRODUCTION

The world is noticing the evolution of the 4th Industrial Revolution, also known as the Digital Revolution. This will re-cast how people live, work, shop, and interact with each other and with machines. India, too, has started experiencing this digital transformation.

The Indian startup ecosystem has been evolving, being driven by advancing innovation, social-media penetration, growing users of internet-based business, young and internet-savvy population, growth in incubators and accelerators, and last but not least, the availability of funds via private equity or venture capitalists (Budetti et al., 2000). The Indian Government has made several initiatives to transform India Digitally. The onset of initiatives such as ‘Start-up India, Stand up India’ India will only result in additional momentum in this space. There has been a whirlwind of new startups. The healthcare sector is also witnessing massive digitalization in India (*Shortell, 1998*).

Healthcare is a pivotal sector for India in terms of employment and revenue earned. It is expected to be worth $280 billion by 2020 and has grown at a compound annual growth rate (CAGR) of 16% since 2011. Even though the healthcare sector is growing at a tremendous rate, accessibility and affordability of good healthcare services remain a distant dream for the majority of the Indian population. The lack of infrastructure and medical practitioners is worsening the situation when the country's disease burden is increasing (*Faulkner, 2000*). The burden of non-communicable diseases is on the rise owing to lifestyle diseases and ailments associated with the urban environment (pollution, stress, sedentary lifestyle). Further, India's rural population is primarily deprived of primary healthcare services. This has generated a need for innovative solutions to meet the gap between demand and supply of quality healthcare services.