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Introduction: What is the HealthTech Industry all about?

At the core, HealthTech is essentially using technology to **develop and improve** aspects of healthcare products and services.

World Health Organization defines it as:

“A health technology is the application of organized knowledge and skills in the form of devices, medicines, vaccines, procedures and systems developed to solve a health problem and improve quality of lives”

Earlier the system was disorganized. Patients suffered from inefficient process and clinical treatments. Developed technology will reduce the rate of medical errors and thus provide better treatment and faster results. With the **increasing pace of digitalization**, commercialization of medicinal products has increased and this is a necessary change in today's world.

The **technologies** like Big Data, Artificial Intelligence, Machine Learning, Cloud Computing are being exploited to improve the latest trends in medical technology, equipment and medicines. The **sub sectors** that the HealthTech industry caters to includes hospitals, insurance companies, pharmaceuticals and the government providing an array of options to the B2B and B2C segments.

Why should HealthTech matter to us?

- Investing in advanced technologies will provide efficient services and timely care.
- Regulatory changes are being introduced. One needs to comply with the policies regarding the health sector.
- Customers feel more engaged as they are catered on an on-going basis.
- It has become more convenient to manage the physical and mental wellness needs of people.
- Healthcare requirements are growing at a fast rate and by introducing technology, we will be able to capture it effectively.
- Needless to say, it bridges the gap between the wants of patients and the defects in the traditional models.

Key Growth Drivers

- ✓ Increasing use of Smartphones.
- ✓ Rapid Internet penetration.
- ✓ Improvement of the Healthcare IT infrastructure specially in industrialized nations.
- ✓ US and European Government Initiatives have been in favor.
- ✓ Rising demand for remote patient monitoring services.
- ✓ Growing venture capital investments.

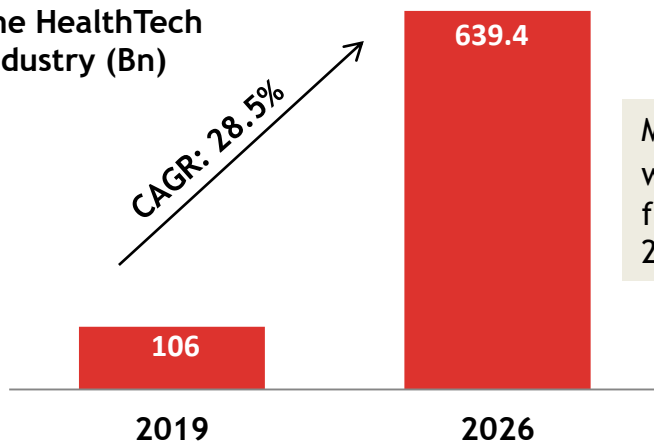
Key Challenges

- ✓ Security concerns regarding data.
- ✓ Privacy breach of patients.
- ✓ High capital expenditure required.
- ✓ Maintenance requirement is high.
- ✓ Doctor to patient ratio is poor in developing countries.
- ✓ Healthcare regulatory changes.
- ✓ Rising healthcare costs.

Global Scenario: Is it on a constant rise?

Globally, the Healthcare industry has been growing at a remarkable pace under which the HealthTech segment has magnified since 2015. The **global healthcare spending** is estimated to reach over USD 10 trillion by 2022 rising at a CAGR of 5% over 2019-22, up from 2.7% in 2014-18. Spending will be unevenly spread across nations, the highest being in USA. This would give a boost to the HealthTech sector in future more so on developed nations.

Market Size of the HealthTech Industry (Bn)



Market size of the HealthTech industry will see a **CAGR of 28.5%** by 2026 from 106 Bn in 2019 to 639.54Bn in 2026.

Breaking it down geographically

North America led the digital health market in 2019. This could be due to the favourable Govt. initiatives as well as the rising of chronic diseases. It captured a **market share of 46%** in 2019.

The European healthcare analytics market is expected to register a **CAGR of 15%** during the forecast period of 2020-2025

In the Middle East and North Africa (MENA), **UAE is a leader** in advancing healthcare technology.

APAC is said to grow the highest during the forecasted period. This would mainly come from China and India. It is estimated that **36% of the growth will come from this region**. Causes are investments in R&D, medical infrastructure and constant innovations.

Where does **India** stand?

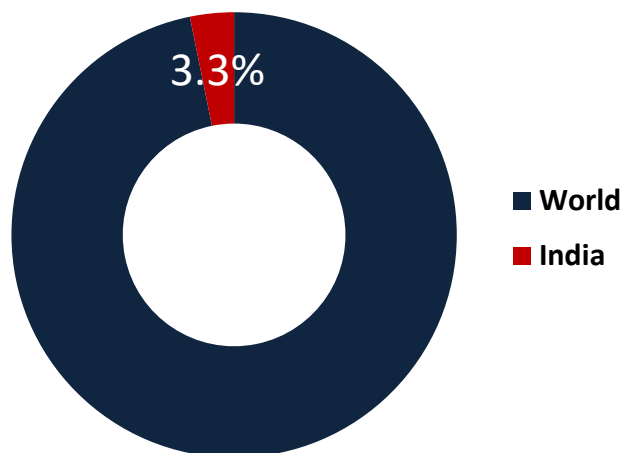
HealthTech in India has become one of the largest and fastest growing sectors when it comes to revenue and employment. India Brand Equity Foundation (IBEF) anticipates that the healthcare sector will record a **CAGR of 22% during 2016-2022**.

This change will be mainly **driven** by increase in health insurance, awareness and rising income of consumers.

The **challenges** that India faces includes unorganised healthcare data, lack of infrastructure, inefficient process, high cost to provide quality healthcare. The gap between urban and rural India is large when healthcare is concerned. The government health expenditure is the lowest out of BRICS. In India, the **doctor to patient ratio** in the allopathy sector stands at **1:1596** (far lower than the 1:1400 WHO standard) and the country is **ranked 145** among 195 countries on the healthcare index.

Together, the Indian HealthTech market will contribute **\$21 Bn by 2025**, which is only **3.3%** of the total addressable healthcare market pegged to reach \$638 Bn in 2025.

This indicates that the **room for growth is pretty high** and HealthTech has a **massive opportunity** here.



India as a percentage of Global HealthTech Market

Other **key** statistics:

- Expenditure in healthcare is **majorly private spending** (70%) and rest being public spending (30%).

- Budget 2020 has **increased allocation for the healthcare** sector to INR 69,000 crores. The health outlay for this year saw an **increase of around 19% over last year**.

- The industry is expected to **employ about 7.4 million** people by 2022.

- Government has allowed **100% FDI** giving large opportunities to foreign companies.



Key Growth Drivers: The factors that contributed



64% of the investments are made into Internet of Things followed by AI and Robotics. Others include VR, Block chain, Drones etc.



The **Government of India** aims to increase healthcare spending to **three percent of the Gross Domestic Product (GDP)** by 2022 and develop India as a global healthcare hub through various e-health initiatives.



HealthTech start-ups are growing. There are about **3000+ start-ups** focusing on innovation to enhance patient experience. **Rising FDI and private sector investments** are paving way for lucrative M&A opportunities.



The **growing demand** in India is also helping the HealthTech sector grow including change in disease patterns, rising affordability, better awareness and increase in medical tourism.



Medical Infrastructure is an important aspect when it comes to a positive change and government plans to spend around **200Bn by 2024** to amplify the growth of the health sector.



Life expectancy is said to exceed 70 years by 2022 and this would imply more healthcare policies and services. Along with this, **insurance coverage** will increase with urbanisation.

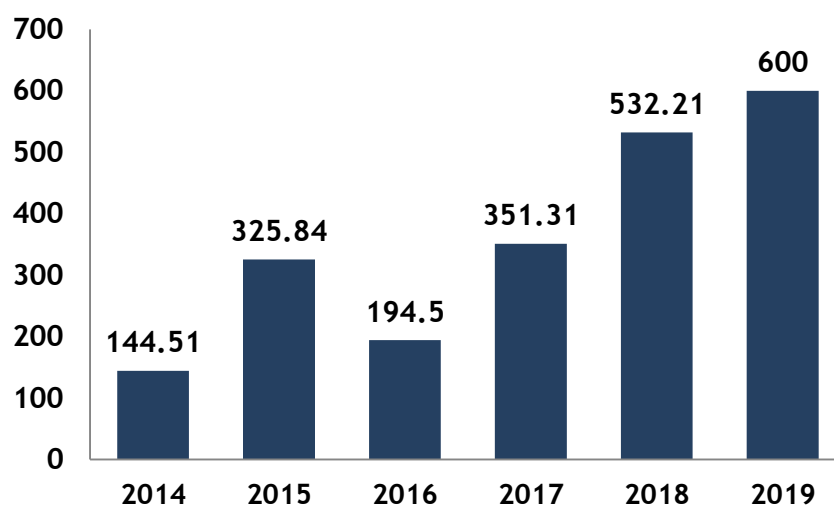
HealthTech Start-Ups: Indian Outlook

Before diving into the health tech startups, let's talk about the startup ecosystem in India. In a nutshell, around **55,000 startups** have launched in India out of which 3200 of them have been able to secure a **funding of \$64Bn in last 5 years**. The average time taken by Indian Start-Ups to reach the unicorn status is around 7 years. Looking at the figures, one sure can say that the growth is exponential.

What about the HealthTech Start-Ups?

There exists enormous growth when it comes to HealthTech Start-Ups which shows how Indians are keen for healthcare and have started to realise its importance. Around **3000+ start-ups** in India focus on this space and try to narrow down the gap between the resources available and the resources needed. They have secured a **funding of around \$2.3Bn** from January 2014 to March 2019.

Funding Growth in HealthTech (2014-2019)
(USD Mn)



These start-ups focus on 3 main pillars:

Healthcare access
and delivery



Affordable
Healthcare























Quality
Healthcare



What surrounds these three pillars includes Telehealth/Last Mile Delivery, Deep Technologies, Connected Healthcare/Platform Economy, Robotics/Animation, Health in the hand of consumer, Better and Early Diagnosis, Disease Prevention, Precision/Personalised Treatment, Disease Management, Increasing Awareness.

HealthTech **Start-Ups**: Indian Landscape

Talking about the multiple start-ups and funding, it can be **divided into broad brackets** according to its nature and technologies that it uses offering an array of products and services in an attempt to improve the position of healthcare in India.

Sector	About	Notable Start-Ups
Telemedicine	Allows patients to contact healthcare using technology as opposed to physically being there	  
Online Pharmacy	E-commerce for medicines	  
Fitness and Wellness	Preventive healthcare physically and mentally	  
Home Healthcare	Services bought directly to patient's home	 
Personal Healthcare	Personal health tracking apps	  
Healthcare IT	SaaS offerings acting as catalyst in healthcare services	  
Genomics and Biotech	Focusing on genome research and biotechnology	  
Diagnostics	Using technology to speed up diagnosis process	  

Prominent Start-Ups: Accelerating Growth

About



Practo is a platform that helps connect people to doctors for assessing health issues, by finding the right doctor, booking diagnostic tests, obtaining medicines, storing health records or learning new ways to live healthier.

Funding

Funding raised:
\$228.2Mn in 7 rounds

Latest Funding:
\$32Mn on Aug 2020

Acquisitions:
Acquired 5 organisations (Enlightiks, Qikwell, Fitho etc)

Lead Investors

SEQUOIA

Tencent

TRIFECTA CAPITAL



HEALTHIER, LONGER, BETTER LIVES



PharmEasy is a healthcare delivery platform through which customers can order medicines, diagnostics tests, other health care products online. PharmEasy connects the customers to the local stores nearby hence facilitating ease of delivery.

Funding raised:
\$328.5Mn in 7 rounds

Latest Funding:
\$220Mn on Nov 2019

Acquisitions:
Acquired Medlife for \$1.2Bn on Aug 2020



TEMASEK



Bessemer
Venture
Partners

INNOVEN
CAPITAL



Being a fitness and wellness app, cure.fit offers healthcare through fitness, nutrition and yoga. Not only this they also cater to mental well being. These services are offered both offline and online. Their range includes mind.fit, eat.fit, care.fit etc.

Funding raised:
\$404.6Mn in 9 rounds

Latest Funding:
\$110Mn on March 2020

Acquisitions:
Acquired 6 organisations (Fitness First India, a1000yoga, Rejoov etc) It also invested 200M in Cult.

ACCEL
PARTNERS

TEMASEK



chiratae

Prominent Start-Ups: Accelerating Growth

About



SigTuple combines artificial intelligence, robotics and data science to build smart screening solutions, to make healthcare accurate, accessible and affordable. They build intelligent screening solutions to aid diagnosis through AI-powered analysis.

Funding

Funding raised:
\$40.8Mn in 5 rounds

Latest Funding:
\$16Mn on April 2019

Acquisitions:
-

Lead Investors



HealthPlix is a healthcare software which is able to generate e-prescription and billing of patients. Their user-friendly dashboards maintain customer data through AI, ML, Big Data. It also lets patients chat with doctors incase of any queries.

Funding raised:
\$9Mn in 2 rounds

Latest Funding:
\$6Mn on June 2020

Acquisitions:
-



CallHealth is a technology-powered healthcare company that brings healthcare services to the doorstep of the customers including Doctor Consultations, Medicines Delivery, Diagnostic Tests, Nursing Care and Physiotherapy.

Funding raised:
\$14.1Mn in 2 rounds

Latest Funding:
\$7.8Mn on Feb 2018

Acquisitions:
-

Pusarla Venkata Sidhu



Sachin Tendulkar

Prominent Start-Ups: Accelerating Growth

About



It is a health-tech startup that offers an AI-powered online doctor consultation app. It helps in analyzing the symptoms and delivering accurate prognosis to assess patients, making it quicker and accurate. Other services include wearable and at-home services.

Funding

Funding raised:
\$32.8Mn in 5 rounds

Latest Funding:
\$5.3Mn on Aug 2020

Acquisitions:
-

Lead Investors



Caretech Pte Inc



It is a genomics and clinical data driven diagnostics and drug discovery research company which applies genomics technologies, bioinformatics, computing, and big data analytics to the genetically diverse and large population to understand the genetic basis of cancer, other rare diseases.

Funding raised:
\$119Mn in 6 rounds

Latest Funding:
\$55Mn on April 2020

Acquisitions:
-



It makes healthcare accessible and affordable by getting medicines, vitamins & nutrition supplements and other health-related products delivered at over 1000+ cities across India. They also provide diagnostic services and online doctor consults at any time, from anywhere.

Funding raised:
\$191.3Mn in 15 rounds

Latest Funding:
\$17.8Mn on July 2020

Acquisitions:
Acquired 3 organisations
(MediAngels, Dawailo)




Mergers and Acquisitions: Accelerating Growth

Through various mergers and acquisitions, Healthcare has been able to grow. The strategies bought by the joint entities acts as a catalyst in the development of the healthcare industry as a whole. These help them to cut cost and increase revenues through synergies. To give you some statistics, there have been around **40+ HealthTech M&A deals from 2014-2019**. Deals in the hospital industry jumped 155 percent to INR 76.15 billion (US\$1.09 billion) in the fiscal year ending March 2019.


Highlighting relevant deals in the HealthTech space for the year 2020:

01



Reliance Retail
Venture Limited


Acquired major stake for Rs 620 crores, 60% of Vitalic Health and 100% equity ownership of it's subsidiary Netmeds



Netmeds


Reason: Through Netmeds, RRVL will be able to provide quality and affordable healthcare products and services and provide digital access to everyone. Reliance Retail wants to include most of the daily essential needs of the consumers through this acquisition. (August 2020)

02



PharmEasy


Merger where PharmEasy acquired 100% of the equity shares for \$1.2Bn where in MedLife's promoters got 19.95% stake in merged entity



MedLife


Reason: It is a strategic merger. They had identified a number of similar and suitable products that they provide to India. PharmEasy will become a fulfillment partner for all offline stores between Medlife and PharmEasy. Their aim is to create one of the largest healthcare companies. (September 2020)

03



DocsApp

Acquired during the lockdown due to the pandemic. The amount is undisclosed



MediBuddy

Reason: An online doctor consulting application came together with a cashless digital healthcare platform. They want to strengthen their doctor base, patient reach and use the capital for further development of their products. (June 2020)

Did COVID-19 act as a growth catalyst?

The novel corona virus, whilst hitting most of the sectors negatively has been a **perfect storm when it comes to the HealthTech sector**. This was a much anticipated affect and it has opened opportunities for the entire industry. With the **social distancing norms**, people preferred online consultation, medicines delivery at home and diagnosis at home. No doubt that the pandemic has given a boost.

Talking about **E-pharmacies**, they benefitted the most due to the lockdown induced. Customers avoided purchase from physical stores. More than 50 e-pharmacies serving 3.5 million households in India before the pandemic **grew around 2.5x to around 8.8 million households during the lockdown**. **1MG's** medicine delivery orders had surged 50 percent during the period, the company have said.

The **Telemedicine** space had the changes in the law in their favor. This was put forward around March 25th 2020 where a field of medicine which was not legal suddenly became legal for doctors. Telemedicine specifically is yet to evolve substantially. Start-Ups like Practo, Lybrate and Tattvan etc have witnessed **3x increase in their user base**. **Practo**, which claims to be India's largest digital healthcare platform has increased its doctor base by 50% in the past few months. The **CAC** (Customer Acquisition Cost) nearly reduced by 40% for these companies.

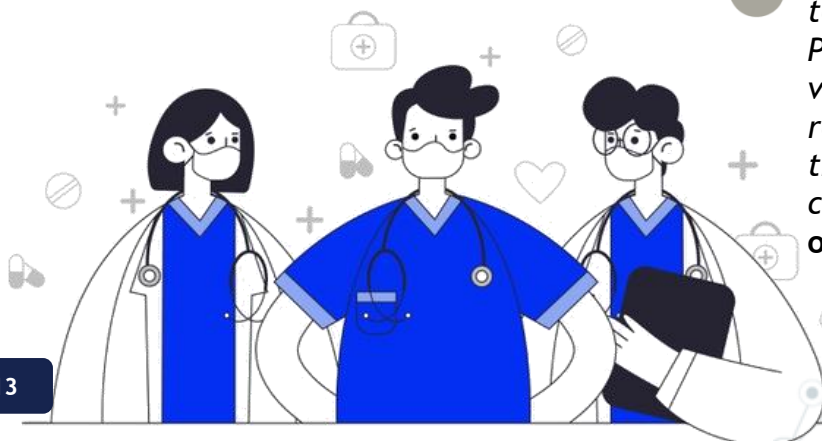
Preventive Healthcare has been the need of the hour. People have focused on building their immunity which is why the fitness and wellness space grew considerably. This included wearable and medical devices too including PPE kits, testing kits etc. The users who never even used to track their fitness activity started doing so as more and more people are seen getting infused into this ecosystem.

Technologies such as AI, ML and Big Data have contributed largely to quick diagnosis making the whole process easier.

The global virus has put HealthTech into a spotlight and this has increased the awareness among people. It has shown us gaps in the traditional healthcare system that the industry was too afraid to address. Companies also say that it has taken the **whole industry forward 18-24 months in a short time frame**.

Hopefully, this will prove to be a 'wake-up call' for the healthcare landscape!

This has brought a massive shift in terms of the consumer mindset. Patients have started to realize a lot of value in HealthTech. Patients now realize that they don't have to expose themselves to undue risk if healthcare can come directly to them, said a CEO of an established start-up.



Start-Ups **respond** to COVID-19

The worldwide pandemic gave an excellent opportunity to the start-ups to rise to the occasion and help fight it through their products and services showing utmost creativity and innovation. They have been **creating low cost ventilators, COVID-19 trackers, rapid diagnosis, respiratory aids** etc providing a helping hand to the government in these unprecedented times. The Start-Ups have been active in the telemedicine, online pharmacy, artificial intelligence / data analytics, transportation, home healthcare and well-being segment.

Let's look at some of the ways adopted by these Start-Ups to combat COVID-19:



Cure.fit came up with their live fitness application *cult.live* providing free classes like strength, cardio, yoga etc in response to the gyms being closed. Their healthcare platform *Care.fit* launched telemedicine to increase consumer reach to doctors from varied fields during the situation.



HopeQure focused mainly on mental wellness which was triggered during the lockdown. Apart from fitness, they realized the importance of people struggling with mental issues. Counseling is provided through AI, NLP and emotional analytics. It has helped people fight negative feelings.



Bione developed a COVID-19 centered Micro biome test after identifying gene species responsible for an individual's susceptibility to corona virus. It provides recommendations on how to strengthen specific genes in order to strengthen immunization. This is done through AI and predictive analysis.



Dozee helps convert normal beds into mini ICU beds. The AI technology enabled sensor sheets are placed under normal beds and constantly monitors health. It has an accuracy of 98.5%. A doctor from Dozee's team also keeps an eye on the reports for every patient on a dashboard in real-time.



Healthians, a doorstep test provider had launched a chatbot to spread correct information about the virus. This bot is trained to answer frequently asked questions on the new coronavirus. This step was taken to quickly resolve the issues and help people get self-informed which is essential.



Clinikk healthcare had responded to the virus by providing insurance worth 1 lakh to those infected, teleconsultation and products assuring reliable medical care to the people 24*7. This was done through its trusted network professional. They also provide quality health information for those who need.

Start-Ups **watch-list** post 2020

There have been emerging promising start-ups in every space be it edtech, fintech, deeptech. HealthTech has been keeping up too. Even though the pace of development is slow as compared to the rest of the world, the market is ripe and it has been growing everyday. There are many star-ups to keep an eye on.

We suggest some of the **promising and emerging** start-ups:

1. Zealthy

A start-up for women healthcare to address women health issues and provide guidance on topics like maternity and infertility.

(Founded: 2018) (Funding: Undisclosed)

2. Ekincare

Helps monitor healthcare and wellness of employees specially in corporate through AI facilitating risk assessment.

(Founded: 2014) (Funding: \$5.7M)

3. Niramai

A start-up for women for breast health screening using thermalytix. Helps in early stage cancer detection and is useful for women of all age groups.

(Founded: 2016) (Funding: \$6.1M)

4. Quer.ai

It uses AI to provide quick and precise interpretations of radiology scans within seconds. This aids physicians with routine diagnosis and treatment, allowing them to spend more time with patients.

(Founded: 2016) (Funding: \$16M)

5. Impact Guru

It is a healthcare funding platform that uses crowd funding to raise funds for people in need through social media apps like WhatsApp and Facebook.

(Founded: 2015) (Funding: \$4.5M)

6. Predible Health

It develops applications to monitor respiratory conditions from lung CT imaging and provides diagnosis of the same through AI.

(Founded: 2016) (Funding: \$500k)

7. Remedo

A telemedicine start-up connecting over a lakh patients to doctors. It has used its funding to expand its business to other specialties like neuro and cardiovascular. It believes in Practice Management, Patient Communication and Patient Engagement.

(Founded: 2016) (Funding: Undisclosed)



ekincare



Niramai quire.ai

ImpactGuru.com



Predible

Remedo
Connecting Healthcare

Government Initiatives: Schemes and Investments

Government of India has introduced various schemes catering to the HealthTech specifically. These policies have focused on digital health and technologies. Highlighting some:

2020

- In Union Budget 2020 -21, Rs 35,600 crore (US\$ 5.09 billion) has been allocated for nutrition-related programs.
- The Government has announced **INR 64,000 crores for PMJAY** in Union Budget 2020-21.
- The Government of India aims to increase healthcare spending to 3% of the Gross Domestic Product (GDP) by 2022.
- It also launched **Arogya Setu** app to identify hotspot areas and curb the spread of the novel corona virus.

2019

- MoHFW released the **National Digital Health Blueprint (NDHB)**. It provides specific details required for fulfilling the vision of NHP 2017. It also provides an Action Plan for realizing Digital Health.

2018

- Union Budget 2018 allocated INR 3073 crores under NITI Aayog with the intention of developing the digital economy through useful technologies like AI, IoT, blockchain and 3D printing.
- **National Strategy for Artificial Intelligence** launched in June focuses on application of AI in healthcare and how it can help to improve access to healthcare facilities, particularly in rural areas. It also stressed upon how majority of the growth in HealthTech will be due to AI.

2017

- **NHP or National Health Policy** covers digital health ecosystem, health system strengthening, health information system, medical education, development of information databases etc. These are goals specific for the adoption of digital health technologies.

Other healthcare initiatives:

- On September 2018, GoI launched **Pradhan Mantri Jan Arogya Yojana (PMJAY)**, to provide health insurance worth INR 5,00,000 to over 100 million families every year.
- As of September 2019, about 50 lakh people received free treatment under the **Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana**.
- The **National Health Mission** for urban and rural regions was extended to 2018. It aims at providing equitable and affordable healthcare.

Conclusion

What lies ahead for India?

- India is still on a journey to make a global impact in the healthcare sector. Statistics show the potential it carries. This will majorly be bought about by technological disruption (strong focus on AI and IoT) following explosion of online platforms due to digitalisation, increase in health literacy and awareness and rising per capita income.
- The landscape that will be in focus will be telemedicine (estimated rise was at a CAGR of 20% from 2016-2020). This is said to be followed by preventive healthcare specially after the pandemic. Medical devices still have scope and will share 2% of the global market by 2025.
- Start-ups are mostly concentrated in the B2B space. Research, drug discovery, providing software and technologies to hospitals will emerge profitable. Regarding B2C, the pandemic gave it a push however founders think these are short term benefits and consumers will go back to physical consultation once the pandemic subsides. Incubators and accelerators like Prime Venture Partners, Villgro, Venture center etc have come up with various programs to help start-ups grow.
- The low cost of medical services in India has attracted considerable medical tourism in recent years. Foreign investors will find multiple opportunities to invest in the healthcare segment. To get to the WHO recommended minimum of a doctor patient ratio of 1:1000, India will need 2.3 million doctors by 2030. The hospital industry is expected to grow at a CAGR of 17% by 2023.
- The challenges that this industry faces mainly entails infrastructure, inequality between urban and rural areas, lack of funding, delays and wasteful diagnosis among many.
- Overall, if the focus on the HealthTech and healthcare industry continues as seen in year 2020, India's aim of providing affordable, equitable and accessible healthcare will be fulfilled.



I dream of a digital India where Quality Healthcare percolates right up to the remotest regions powered by E-Healthcare,

- Prime Minister Shri Narendra Modi





About Us

Nucleus AAR Advisors LLP is a business consulting firm providing specialized services in the field of Investment Banking, Deal Transaction Advisory, Corporate Advisory, International Taxation, Audit & Assurance. We partner entrepreneurs in their critical decision making by providing them various analysis customized as per their requirement. We also help in the effective implementation of decisions and its subsequent monitoring as well.

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