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Dr GSK Velu: We are the largest Indian medtech MNC

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In span of 15 years, Trivitron has emerged as the largest Indian multinational in medical technology with group revenues of $90 million (Rs500 crore) for 2011-12. Trivitron offers a value chain of end-to-end solutions ranging from distribution to manufacturing and innovation in medical technology to the people of India, South Asia, South East Asia, Middle East and Africa.

Trivitron's focus areas are imaging diagnostics, laboratory diagnostics and cardiology (implantable device and equipment). It functions from across 17 offices (14 in India and three overseas), 10 warehouses and five manufacturing facilities in India with around 600 professionals. It has 400 channel partners, who have been successfully catering to various needs of healthcare providers across India. Trivitron has strategically partnered with global leaders in medical technology to bring the best to India. Recently, Trivitron entered into a partnership with Johari Digital to market physiotherapy products and point-of-care diagnostic products for global markets

Trivitron aims to become the most admired global medical technology player through innovation, manufacturing, comprehensive product solutions and world class customer service support. The company has taken initiatives such as commissioning South Asia's first medical technology park in Chennai in south India and Trivitron's innovation center at the IIT Madras. These are steps towards driving its vision of being a manufacturing leader in medical technology devices.

In an interview with *BioSpectrum*, Dr GSK Velu, founder, Trivitron Group of Companies, India, shared his views about the growth of the company, its future plans and competition in the medical technology market. Excerpts of the interview.

When you started Trivitron in 1997, what was the scenario of the Indian medical technology market? How do you see the market now?
Market has always been import dependent, though now the percentage has dropped from almost 100 in 1990s to close to 80 percent in 2010. With an annual growth of around 15 percent and estimated medical technology industry revenue of about $6 billion in 2011, India ranks among the top three emerging nations for direct investment by large multi national medical

technology companies.

What factors have helped in the growth of Trivitron?
Trivitron Healthcare's growth can largely be attributed to our focus on key medtech segments including cardiology and interventional devices, imaging, diagnostics, critical care and ophthalmology, introducing newer technologies and ensuring that we offer both value as well as premium segment products across markets. We have kept our pace higher than the market growth pace. With rapid growth of the middle class, healthcare infrastructure improvement, regulatory reform, and greater awareness and access across a broader set of customers.

How do you see the opportunities and growth of medical technologies in Asia now?
China and India are the two major countries or markets for healthcare and medical technology in Asia, with 23 of the largest (by revenue) global medtech companies having their sales and marketing presence in India. Also slowing down of economic conditions in China and India along with the rest of the world is a highly favorable destination for healthcare. At this point of time, most of the MNCs and domestic players have pursued a conservative business strategy and operating model in India, focused on delivering their existing offerings to the premium segments of the market.

However, with the playing field becoming more competitive, there is a need for change in business strategy with clear focus on premium as well as value (tier two and three) markets. Moving beyond importing current mature market products to customized offerings, shifting from technology product innovation to value based innovation and establishing new business models are few of the requirements.

What major challenges are the medical technology companies facing in Asia?
As I said, challenges are lack of 'self -reliant, value segment, product for all' kind of an approach to cater to all segments of emerging markets. Success will depend on establishing local and regional operational capabilities and delivering new innovations, including a low-cost manufacturing network, local R&D, and market-specific commercial operations and capabilities.

Since Trivitron has operations in different regions of the developing world, where do you see the potential for growth of Trivitron and why?
Potential is across all emerging markets of the world, more so in these region as they require access to healthcare through cost effective medical technologies and the same cannot be offered by MNCs based out developed markets. Trivitron will be offering indigenous manufactured and joint venture (JV) manufactured cost effective products to these markets.

Has Trivitron yet looked at China, which is high growth market, as a market for investment and expansion?
We are not looking at China as a market for investment but for sourcing MNC technologies. Most of the developed market players have manufacturing / R&D set up in China.

When it comes to quality of the products, people have a notion that big multinationals offer high quality products with better solutions. What is your views on this?
Most of the MNCs manufacture their products in China, hence its again a notion which needs to be changed. In the absence of clear direction, fiscal incentives for import substitution, MNCs as of now has shown little or no interest in bringing substantial investments to India as they want to sell China Made products here wherein they have already made substantial investments in China due to compulsion and fiscal incentives. Med tech market as such has evolved more through import dependent and is moving toward localization. Brand is of utmost importance thus this notion because of MNCs brand building capability. Trivitron has been investing heavily on brand building and successfully established itself as the largest medical technology and is one of the top 3 or 4 player in almost all focused segments.

Of the range of products on offer from Trivitron, which are having large market potential and growth?
Cardiology, imaging diagnostics, laboratory diagnostics (IVD), ophthalmology, critical care and dental are major markets, which contribute almost 65 percent of total Indian medtech market size. Trivitron is present as one of the top /major player in all these segments.

What are your future plans?
Trivitron is scaling up its innovation and manufacturing operations through organic and inorganic means. Trivitron opened up an innovation center in IIT Madras with strategic partnership from Sree Chithra Tirunal Institute, Trivandrum, in order to look at innovative product concepts in the areas on cardiology, imaging sciences, critical care and ophthalmology. Trivitron is in the process of acquiring majority stake in some Indian/ European medical technology companies with strong innovation and

manufacturing skills. Trivitron has already forged five manufacturing joint ventures (JVs), including Hitachi Aloka Japan Ultrasound and Color Dopplers, Biosystems Spain Diagnostics Reagents, Johnson Medical Sweden Modular OTs among others, and also owns manufacturing facilities for cardiac diagnostic instruments.

Factories are being constructed in Trivitron medical technology park and we are in talk with few top MNCs for manufacturing JVs to scale up manufacturing operations. Trivitron is also looking at taking substantial stake in a company that has the capability to become the most coveted contract manufacturing facility in India for US and Europe-based MNCs. We have also made a strategic investment in Kiran Medical System, a Mumbai-based radiation protection apparels and image enhancement product facility with innovative products rolling out of 70,000 sq ft space, exporting to over 160 countries. We also have another manufacturing facility at Pune, manufacturing X-ray and C arm with CE certifications. Moving forward, we will be manufacturing digital radiography and computing radiography as well as value end digital mammography in this facility.

Trivitron wants to be the torch bearer of the indigenization and local innovation/ manufacturing initiatives in the medical technology space as we as the largest medical technology company of Indian origin. This will do well to Indian citizens in terms of cost, access, local validation and clinical trials and suitability to our race and surroundings. In the next 10 years, most of the products in the medical technology space should be manufactured in China/ India or any other emerging market and hence we feel we can be the emerging market leading brand promoting affordable healthcare in the region with ear-to-the-ground approach and faster decision making compared to top MNCs with pre-dominat revenues and focus for the developed and matured markets that can afford high costs.