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India is a market with great potential. However, it's important to recognize that the market is price-sensitive, requiring patience and a strategic approach

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Sanjay Bhutani of Bausch & Lomb outlines why the medical devices sector in India is poised for substantial growth, bolstered by increased government support and a higher healthcare budget. He also explains how the 2023 National Medical Device Policy marks a significant shift towards recognizing the distinct needs of the medical devices sector separate from drug regulations, and why Bausch and Lomb's embrace of digital technologies reflects a strategic approach to enhancing supply chain efficiency and engaging with consumers.

What do you see as the most significant dynamics within the medical devices sector in India today?

India, despite being the most populous country globally, currently only consumes about 2 percent of medical devices, despite having 15 percent of the world’s population. This presents a considerable scope for growth. Over the past few years, we’ve observed a positive shift with increased regulations on medical devices and a noteworthy rise in government support, reflected in a higher healthcare budget. With 67 percent of healthcare expenses being privately paid, cost sensitivity is a significant factor in the Indian market. Recognizing this, efforts are underway to enhance affordability, making the market more attractive for companies. The focus is on encouraging the latest technology adoption, with the potential for companies to establish

manufacturing plants in India. This move not only addresses cost concerns but also leverages the abundant and cost-effective labor available in the country, making it a win-win situation for all stakeholders.

What are your hopes and expectations regarding the recently introduced 2023 National Medical Device Policy?

The 2023 National Medical Device Policy is a significant milestone. It marks a crucial shift for the medical device sector, which has long been under the umbrella of drug regulations. The industry has been advocating for a separate policy for nearly 15 years, recognizing the nuanced differences between medical devices and drugs. While we've taken the first step with this policy, it's still under the shadows of drug regulations. The focus now should be on addressing specific requirements for medical devices to make the regulatory landscape more effective.

Ideally, we hope for a regulatory environment that fosters a balance – one that ensures compliance without becoming overly burdensome. The journey may have challenges, particularly for companies transitioning from a non-regulated to a regulated status. However, for ethical companies adhering to processes and ensuring product quality, this shift is beneficial. It not only fosters fair competition but also assures patients of receiving high-quality products, thus elevating overall industry standards. Looking forward, increased clarity and predictability in regulations will allow businesses, especially multinationals, to adapt and prepare effectively, contributing to a more streamlined and globally aligned industry.

Looking at Bausch and Lomb's operations in India, could you provide insights into the company's footprint, its portfolio of offerings, and the specific challenges and dynamics of the Indian market?

Bausch and Lomb initiated its operations in India in 1982, establishing a plant near Delhi for manufacturing contact lenses, lens kit solutions, and Ray Ban. Over the years, our portfolio expanded to include surgical business in ophthalmology, focusing on cataract and refractive lenses. We are proud to be the leading player in contact lenses and lens care solutions in India.

Our approach has evolved, moving beyond mass products to strategic and niche offerings. Thanks to our global R&D team, we launch one or two new products annually, enhancing our presence in the Indian market. Historically strong in the monthly category, we've made significant strides in the

one-day category, experiencing double-digit growth. Our mission is to bring consumers the best products in ophthalmology so that they can see better than leopards.

Navigating the regulatory landscape in India has seen changes. While India used to be among the top countries globally for product launches, recent regulations have introduced delays. However, thanks to the efficiency of Indian regulators, we still manage timely approvals. The process typically spans nine to twelve months, involving obtaining a free market certificate from the country of origin. Despite challenges, the government's responsiveness contributes to a smoother regulatory experience compared to some other markets.

Considering India's status as the most populous country on earth but with low levels of healthcare spending, how does Bausch and Lomb balance the introduction of innovative yet potentially costly ophthalmology solutions to ensure accessibility?

India faces a dual challenge of catering to the health needs of its vast population while grappling with healthcare spending limited to 1.5 percent of the budget. The government has responded by annually increasing the healthcare budget, introducing insurance schemes offering coverage up to 500,000 rupees, and investing in medical colleges and seat expansion to address the shortage of healthcare professionals.

The eye care industry, prioritized in India's healthcare strategies, has witnessed significant growth over the past 30 years. The emergence of eye hospitals, smaller daycare centers, and private sector players, aided by private equity funding, has transformed and consolidated the industry. Government initiatives to standardize processes and increase the number of providers further contribute to positive changes.

Balancing innovation and affordability is a key consideration for companies like Bausch and Lomb in the ophthalmology sector. As a market leader, the company acknowledges its responsibility to introduce innovations while ensuring affordability. Initiatives like launching the "India Youth Lens" at an affordable price reflect efforts to cater to diverse consumer bases in this price-sensitive market. Educating consumers about the safety and benefits of innovative products remains crucial.

In the medical device market, India's potential is substantial, given its large population. However, challenges, including a lack of precise market figures and evolving regulations, need addressing. The market's growth could be significant with increased government spending, potentially reaching 7-8 percent of the budget. Overcoming challenges, such as regulatory advancements and

government support, will be crucial in unlocking the full potential of the medical device market in India.

In the context of rapidly advancing digital technologies, especially in a country like India with a strong IT workforce, how does Bausch and Lomb leverage digital initiatives to enhance accessibility and innovation in its products? Could you share specific initiatives or technologies implemented to streamline supply chains and engage with consumers more effectively?

Bausch and Lomb recognizes the transformative potential of digital technologies and has actively embraced innovations to improve accessibility and streamline operations. One notable initiative has been the introduction of a retailer app, a pioneering move in the industry. Recognizing the challenge faced by retailers in managing a vast portfolio of over 20,000 SKUs, the retailer app was designed to simplify the ordering process. Retailers can now place orders conveniently, ensuring real-time communication with distributors, thereby reducing delays and enhancing efficiency.

The retailer app has significantly impacted the market dynamics. Retailers can place orders at any time, including unconventional hours like 1 am, leading to a more responsive supply chain. Sundays, once inactive, have become a significant day for order placements. This initiative has not only expedited the ordering process but also improved accuracy, eliminating the uncertainties associated with phone orders.

In addition to supply chain optimization, Bausch and Lomb have invested substantially in Customer Relationship Management (CRM) and Business Intelligence (BI) tools. These investments aim to provide data-driven insights, enhance decision-making processes, and further refine the supply chain.

On the consumer-facing side, Bausch and Lomb leverages social media as a primary platform to engage with users. Through these channels, the company communicates product benefits, provides usage guidance (especially for contact lenses), and offers free trials upon user requests. This two-pronged approach, focusing on both supply chain efficiency and consumer engagement, showcases the company’s commitment to harnessing digital technologies for comprehensive improvements across the value chain.

Could you elaborate on the broader vision and strategy that Bausch and Lomb has set for its operations in India?

The primary focus for the next three to five years is to significantly increase the penetration rate of vision correction products, particularly contact lenses. Currently standing at 5-6 percent, the aspiration is to at least double this percentage within the specified timeframe, aiming for 15-20 percent penetration.

To achieve this, there is a strong emphasis on various initiatives, including CSR activities and awareness campaigns. By fostering a culture of awareness and education, Bausch and Lomb aim to reach a broader audience and address vision correction needs more effectively.

Regarding manufacturing operations, the decision to discontinue the smart plant in India was driven by multiple factors. The aging of the plant, the shift in global manufacturing trends towards monthly and daily lenses, and the considerable investment required for upgrading played significant roles in this decision. Additionally, the availability of skilled personnel for contact lens manufacturing posed a challenge. Transitioning to global plants streamlined operations and facilitated the production of newer, more advanced products.

Despite the global context, the relevance of the Indian market for Bausch and Lomb is evident in the support provided by the regional and global teams. India receives new products early on, highlighting the market’s importance. The approval processes with Indian regulators have been efficient, enabling the swift introduction of these products to the market.

In conclusion, Bausch and Lomb’s strategy in India revolves around expanding the market for vision correction products, leveraging digital initiatives, and staying at the forefront of technological advancements to ensure accessibility, affordability, and innovation. The focus on awareness campaigns and CSR activities aligns with the goal of increasing the penetration rate and reaching a larger segment of the population in the coming years.

What has been the driving force behind your unwavering dedication to Bausch and Lomb since joining in 2006?

My long-standing commitment to Bausch and Lomb since 2006 can be attributed to a combination of factors. When I joined the company, the market dynamics were evolving, and I witnessed the company’s growth and transformation over the years. Initially starting as the Finance Director for Bausch and Lomb in India, I moved through various roles, eventually becoming the Managing

Director.

The journey has been both challenging and rewarding. I had the opportunity to navigate through different market conditions, adapting to changes such as the emergence of e-commerce in India. During my tenure, I experienced both good and challenging times, such as the opposition from the trade when e-commerce was gaining traction. Overcoming these challenges and contributing to the company's success during such transformative periods has been a motivating factor.

Being in a leadership position and steering the company through these dynamics is exciting. As a market leader, the prospect of further growing the market and expanding our reach in India keeps me motivated. Witnessing the evolution of the market, especially in terms of digital initiatives and market leadership, has been both dynamic and promising. Additionally, the challenges of managing a diverse range of roles, from finance to managing director, have enriched my experience and understanding of the business.

The ever-changing nature of the industry, coupled with the continuous growth and innovation prospects, contributes to my passion for Bausch and Lomb. The satisfaction of being part of a company that strives for market leadership and excellence, coupled with the thrill of contributing to its growth, has been the driving force behind my commitment over the years.

What message would you like to convey to international CEOs and businesses considering India, particularly in the context of Bausch and Lomb?

I would like to convey that India is a market with great potential. However, it's important to recognize that the market is price-sensitive, requiring patience and a strategic approach. Being patient and working closely with the consumers is crucial for success in this diverse and vast market. Bausch and Lomb in India sees a positive future, with a focus on further increasing the penetration rate and sustaining the double-digit growth trajectory. It's an exciting time for growth and exploration in the Indian market.

Image Source: The Economic Times of India

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