



Roche Diagnostics India Pvt. Ltd Recognized for

2021

Competitive Strategy Leadership

Indian In Vitro Diagnostics Industry

Excellence in Best Practices

Congratulations!

Frost & Sullivan is proud to present Roche Diagnostics India Pvt. Ltd., with this year's Best Practices Competitive Strategy Leadership Award for its well-executed country strategies, effective market penetration, and innovative offerings.

Frost & Sullivans' global team of Growth Pipeline experts continuously identify and evaluate growth strategies deployed across multiple industries, technologies, and regions of the world. This year, we set out to identify companies that consistently develop growth strategies based on a visionary understanding of the future and address new challenges and opportunities better than their peers in the IVD domain. This approach involves the customer-centric deployment of best practices across the value chain. Against this backdrop, Frost & Sullivan recognizes Roche Diagnostics India Pvt. Ltd., for its significant achievement despite extreme challenges posed by the COVID-19 pandemic.

Frost & Sullivan reserves this recognition for companies who drive innovation and demonstrate excellence in their respective industries. These companies consolidate their leadership positions by innovating and creating new products, solutions, and services that meet fast-evolving customer needs. By understanding customer needs and utilizing their solutions to add value to patients, clinicians, and laboratories, leading healthcare companies advance the overall market. Driving innovation and executing with excellence is a difficult task made even harder by the strategic imperatives compelling change today, such as disruptive technologies, value chain compression, industry convergence, and new business models. In this context, Roche Diagnostics India Pvt. Ltd.'s recognition signifies an even greater accomplishment.

Moreover, this recognition is the result of many individuals (employees, customers, partners, and investors) making critical decisions every day to support the organization and contribute to its future. Frost & Sullivan enthusiastically acknowledges and celebrates their contributions.

Once again, congratulations on your accomplishments. We wish you great success!

Sincerely,



Darrell Huntsman
Chief Executive Officer
Frost & Sullivan

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Roche Diagnostics India Pvt. Ltd. excels in many of the criteria in the in vitro diagnostics space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Overview: The In Vitro Diagnostics Industry

The global in vitro diagnostics (IVD) industry has been vital to the healthcare sphere during the COVID-19 pandemic, garnering a massive \$85.91 billion in revenue in 2020.¹ Frost & Sullivan expects the IVD industry to increase at a solid 6.7% compound annual growth rate and generate \$118.89 billion in 2025.²

Regionally, while India contributes significantly to the Asia-Pacific IVD market’s robust growth, IVD companies face distinctive challenges in the country. The fragmented Indian IVD sector has approximately 100,000 laboratories (labs)³ and 3,000 blood banks.⁴ Moreover, diagnostic labs can operate without proper accreditation or adherence to quality norms. Therefore, patients automatically suspect the accuracy of the lab results, risking incorrect diagnoses.

¹ *Global In Vitro Diagnostics Market Outlook, 2021*, (Frost & Sullivan, September 2021).

² *Ibid.*

³ Trivedi, I. (2017, March 14). Lack of regulations still a concern for diagnostic laboratories industry. *mint*. Retrieved October 18, 2021, from <https://www.livemint.com/Politics/VJVWRi9DaVtPjRmDv5IOKP/Lack-of-regulations-still-a-concern-for-diagnostic-laborator.html>.

⁴ Ministry of Health and Family Welfare, Government of India. (2017, January 26). Assessment of Blood Banks in India - 2016. National AIDS Control Organization. Retrieved October 18, 2021, from <http://naco.gov.in/sites/default/files/Assessment%20of%20Blood%20Banks%20in%20India%20-%202016.pdf>.

“In India, only 10% of our blood can be termed as safe blood [donor blood with no risk factors for infection]. While this percentage in emerging countries like Vietnam, Thailand, and Indonesia is reaching 100%, it is still at 10% in the Indian subcontinent. It is imperative to screen donors so that they do not pass viruses and diseases. However, we still use rudimentary methods whereby the efficacy can be as low as 50%, so it is really like tossing a coin.”

-Narendra Varde, Managing Director for India and Neighboring Markets, Roche

To tackle these critical challenges, Roche Diagnostics India Pvt. Ltd. (Roche) started operations in India in 2002. Employing more than 390 staff members in 37 cities, the company serves customers in nearly 430 Indian cities. With the mission to equip India for its future healthcare needs, Roche focuses on “doing now what patients need next.”

Impeccable Strategy Effectiveness and Execution Paves the Path for Success

Headquartered in Mumbai, India, Roche emerged as the Indian IVD industry leader in 2020. While other prominent international market participants are hesitant to enter the price-sensitive Indian IVD industry, Roche recognizes its diversity. It strategically segregates and introduces its latest products and

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- Ojaswi Rana, Best Practices Research Analyst

technologies to distinct segments, penetrating and shaping the country’s IVD sphere. The company prioritizes market share over profitability and focuses on increasing its customer base by accessing the underdeveloped tier-2 and tier-3 cities. After thoroughly understanding the landscape, logistics, and infrastructure, Roche set up several warehouses in different parts of India to provide easier access to

customers instead of establishing a consolidated warehouse. It also spends heavily on its information technology (IT) research labs in Pune to create local and global IT solutions, thus improving operational efficiencies. The IT team that began with about 50 members two years earlier will scale up to about 400 in the following year. Therefore, Roche skillfully strives to increase its customer base.

Furthermore, its parent company, F. Hoffmann-La Roche Ltd., is Big Pharma’s highest spender in research and development,⁵ thus ensuring consistent, cutting-edge innovation. It has a robust portfolio of end-to-end diagnostics solutions and provides blood safety, clinical chemistry and immunochemistry, companion diagnostics, custom biotech, diabetes care, lab automation and software solutions, molecular diagnostics, point of care, and tissue diagnostics. Roche also focuses on eliminating cervical cancer. It offers a solution to detect cervical cancer risk, enabling patients to receive timely treatment and prevent the onset of full-blown cervical cancer. Frost & Sullivan commends Roche for its well-executed India-specific strategies, effective market penetration, and diverse and innovative offerings.

Standing Out Amongst Competitors thru Exceptional Value for the Price

As a digital health pioneer, Roche has redesigned its laboratory based on Lean Six Sigma principles to optimize efficiency. For example, it consolidated 80 labs spread across the All India Institute of Medical

⁵ Brown, A., & Elmhirst, E. (2021, June 15). Roche remains Big Pharma’s biggest R&D spender. Evaluate.com. Retrieved October 27, 2021, from <https://www.evaluate.com/vantage/articles/data-insights/other-data/roche-remains-big-pharmas-biggest-rd-spender>.

Sciences (AIIMS) campus into a single smart lab, improving turnaround time significantly. Roche's turnaround time per test is 18 minutes, while its fully-automated competitors take about 45 minutes to generate a single result. The company offers a range of instruments, from producing 80 tests per hour to more than 3,000 tests per hour, allowing customers to select the most suitable product for their labs.

Roche's robust product portfolio maximizes operational efficiencies, processing up to 200,000 tests in a day, even for the smallest labs in underdeveloped cities. Therefore, unlike its competitors that can cater to only tier-1 city needs, the company customizes its throughput instruments to have smaller footprints and serve tier-2 and -3 cities.

In 2020, Roche conducted about 300 million tests in India, translating to over 580 tests per minute.⁶ Moreover, its comprehensive product menu enables it to function as a one-stop-shop, distinguishing it from competitors that provide limited services. Its next-generation instrument line, cobas® pure

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integrated solutions analyzer, combines immunoassay, clinical chemistry, and ion concentration measurement diagnostic testing on a single platform, enabling a large number of Indian labs and hospitals to simplify daily operations. The two square meter analyzer performs up to 870 tests per hour. It provides access to the complete clinical immunochemistry and chemistry assay menu,

including more than 230 diagnostic tests across infectious diseases such COVID-19, critical care, oncology, endocrinology, cardiology, women's health, and therapeutic drug monitoring. Essentially, the company offers more than 500 different tests in India alone.⁷ Frost & Sullivan praises Roche for providing customers with optimal value for the price by significantly improving operational efficiencies, result quality, and turnaround time.

Prioritizing Customer Experience by Leveraging its Global Brand

Roche understands that reliable and accurate results are crucial. To date, it has conducted more than 1,150 training sessions for Indian hospital, lab, and blood bank employees.⁸ The company also actively supports clients to get accredited. A special team within the after-sales service support team provides consultations and helps customers get certified by complying with stringent regulations and standards. Roche believes after-sales support is integral to the industry as clinician diagnoses depend on test results, requiring instruments to be functional at all times. It has invested in a service call center, smart center, digital applications (apps), and a field force to ensure maximum uptime. While the service center resolves about 70% of the issues remotely, the diagnostic industry's largest field force attends to the unresolved issues within two hours.

Roche's investment in after-sales services has improved its Net Promoter Score from 61 to 77, an impressive uptick of 26%. A third party analyzes customer responses and publishes them every quarter

⁶ Roche Diagnostics Brochure, October 2021.

⁷ Ibd.

⁸ Ibd.

to ensure consistent performance. The survey covers diverse areas, including instrument performance, logistics support, human resources, result quality, turnaround time, innovation, digital tool adoption, and awareness about new product launches. Resultantly, the company has acquired customers, such as India's most prominent government hospitals and research institutes, including AIIMS, Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh, National Institute of Mental Health and Neuro Sciences (NIMHANS), and Bangalore Medical College.

Roche also boasts Fortis Healthcare Limited, Lilavati Hospital and Research Center, SRL Diagnostics, Metropolis Healthcare Limited, and Dr. LalPath Labs as clients in the private sector.

During the second COVID-19 wave in 2021, the Prime Minister's Office invited the company to aid pandemic efforts. The infection rates in India were too high for the global manufacturing plants' capacity. However, as part of a multinational company, Roche chartered flights from countries, such as Brazil and South Africa, where the COVID-19 waves had subsided and brought in surplus biomarkers while at the same time ramping up its local manufacturing capacity. Furthermore, the Government of India ordered 2 million reverse transcription-polymerase chain reaction (RT-PCR) test kits during this critical period. The company's branches worldwide allocated a small percentage of the RT-PCR kits to India, enabling Roche to respond quickly to the country's needs.

Moreover, recognizing that frontline healthcare workers are among the most vulnerable groups at risk of mental health problems, the company launched REACH, a wellness platform supporting their well-being amidst the pandemic. REACH provides access to self-help content such as videos and articles, counseling sessions, and self-assessment tools on parenting and relationship issues, work-related challenges, self-development, and wellness. Ensuring that professionally qualified counselors provide the best possible patient experience, Roche launched its pilot at Tata Memorial Center, earning overwhelmingly positive feedback. About 63% of healthcare workers said that they would use the app regularly. Following this success, the company rolled out the app across hospitals countrywide, delivering a critical service to the healthcare system.

Roche also signed the tuberculosis pledge, offering its solution to boost the test numbers from around 20 to 3,000 per day, an astounding increment of 150%. It also runs the National AIDS Control Organization's surveillance program across India in a public-private partnership with Metropolis Healthcare Limited. Finally, its corporate social responsibility project, Roshni, empowers women in Maharashtra's tribal villages.

Therefore, Frost & Sullivan lauds Roche's customer prioritization, sincere endeavors to deliver unprecedented customer experience, and strong brand power that allows it to leverage assistance from global branches.

Conclusion

The fragmented in vitro diagnostics (IVD) industry in India faces several critical challenges. As an IVD market leader, Roche Diagnostics India Pvt. Ltd. (Roche) is shaping the IVD landscape by providing cutting-edge technology and products, raising the quality of diagnostics, and ensuring proper accreditation for laboratories. Roche strategically penetrates the fragmented Indian IVD sector, gaining market share by entering tier-2 and tier-3 cities. The company optimizes operational efficiencies and focuses on innovation to provide exceptional value for the price, distinguishing itself from other market participants. Prioritizing customer needs and experience, Roche leverages its international brand to emerge as the market leader in India as well. For its remarkable competitive strategies, state-of-the-art technologies, and outstanding customer experience, Roche Diagnostics India Pvt. Ltd. earns Frost & Sullivan's 2021 Indian Competitive Strategy Leadership Award in the in vitro diagnostics market.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

