

A pharmacy store in your pocket

1mg has made buying medicines easy and it aims to do more in online health care, say TE Narasimhan and Gireesh Babu

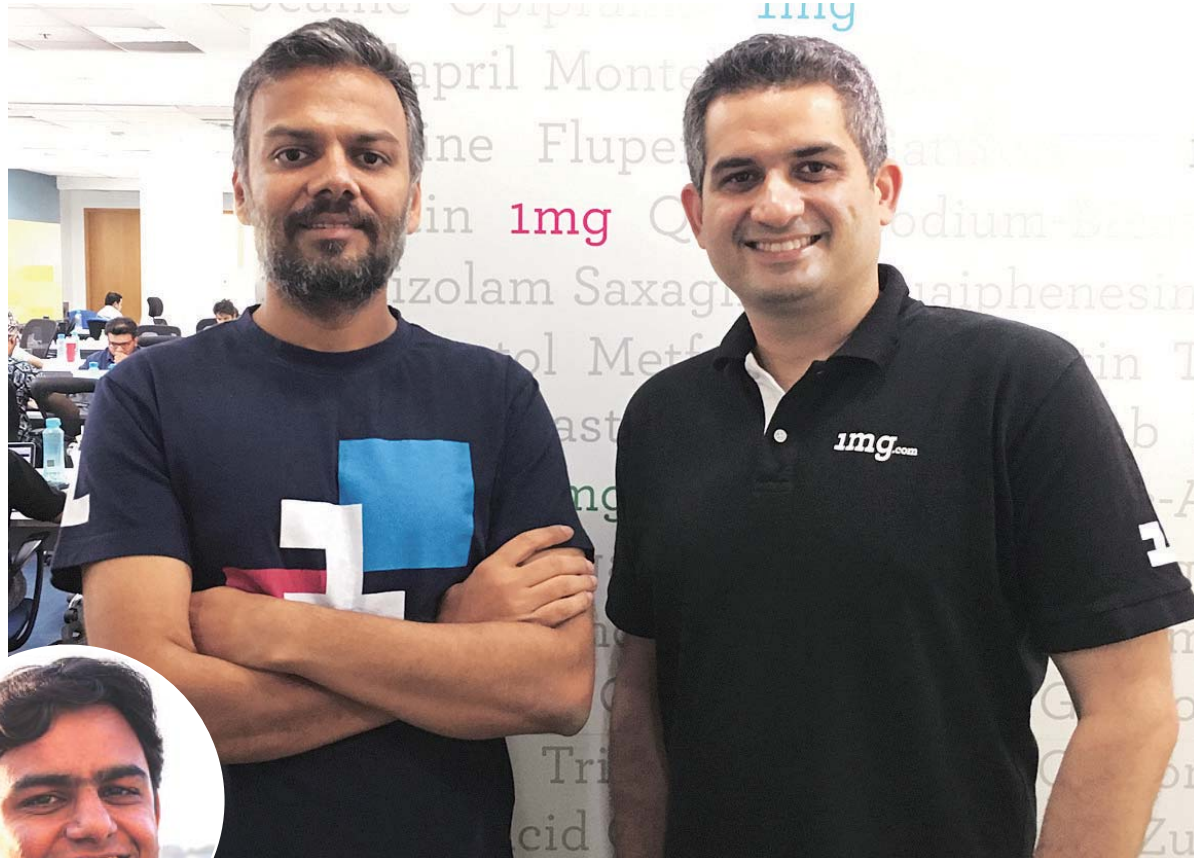
Rushing into the conference room for his next meeting, Rajesh, a marketing executive with a consumer goods company, was sure he would not be able to visit his parents in the suburbs in time to replenish their medicine stock. His parents had medicines only for a day or two. His work could have taken a toll on the health of his parents, but not this time. He opened the app of 1mg on his smartphone and placed an order by using images of the prescriptions he had saved earlier.

1mg, an online pharmacy based in Gurgaon, helps people order medicines and also provides information and suggestions on cheaper generic substitutes. The start-up was founded by Prashant Tandon, Gaurav Agarwal and Vikas Chauhan in April 2015 to tap into the digital health space, which includes a \$15-billion retail pharmacy market and a \$6-billion diagnostic services one.

Recently, 1mg raised ₹100 crore from investors led by Maverick Capital Ventures. Existing investors participated as well. It had raised ₹34 crore in April 2015 from Sequoia Capital, Intel Capital, Omidyar Network, Kae Capital and Deep Kalra, co-founder of MakeMyTrip.

Tandon, who also co-founded and was the managing director of nutrition e-commerce company HealthKart, ventured into digital health by launching an app, HealthKartPlus, a medicine information platform, in September 2012. "The initiative grew so fast that we saw a great opportunity to create an independent business and spun off a new business branded 1mg. We believe an informed consumer can bring change in health care," he added.

1mg connects consumers to pharmacies and diagnostic laboratories for health care requirements. The app allows ordering of medicines by uploading images of prescriptions, ordering diagnostics services, ordering ayurvedic and homeopathic drugs, and online consultation with doctors. It also provides information on drug side-effects,



1mg co-founders Vikas Chauhan (inset), Gaurav Agarwal (above left) and Prashant Tandon

pregnancy alerts, drug-drug interactions and suggests cheaper substitutes. It has a pill reminder tool for improving medication. It has been downloaded 5.4 million times from app stores and has two million unique monthly users and 24 million monthly page views.

1mg has tied up with 30 pharmacists in 13 cities. An order is checked for authenticity and directed to a nearby pharmacist. Payment is cash-on-delivery. The company does not process requests for Schedule X and other habit-forming drugs.

The start-up charges a commission from service providers and retailers. "As volumes drive up, so will the profitability. We will try and introduce other monetisation models like advertising," said Tandon.

Medicines are a highly regulated area, where prescription and stringent norms of dispensation must be followed. While the drug regulator has been mulling regulation of online pharmacies, 1mg claims it is compliant with the

Drugs and Cosmetics Rules.

The Indian Medical Association had issued a White Paper on online pharmacies. "This will encourage substitution of cheap and spurious drugs by online stores and the doctor-patient confidentiality will be affected," it said.

Shailesh Lakhani, managing director, Sequoia Capital India Advisors, said: "An integrated health platform is a very complex technology. 1mg is solving this in a

way that has never been done globally. The team will have to come with solutions to make it happen."

Tandon said the challenge was to simplify medical data, so that customers can take an informed decision, and to improve supply-chain efficiency. 1mg has adopted open source technologies to reduce response time. The company had to invest a lot in algorithms and machine learning to ensure inventory prediction.

EXPERT TAKE



The online pharmacy space has seen significant developments over the past few years. Increased investment activity, rising internet and mobile penetration, saturating tele-density, and changing consumer perception around buying healthcare products online have helped boost the

prospects of the online health care system. The segment has moved from providing health-information-search applications and medical records management to helping consumers with doctors' consultations and appointments. The space has several competitors. Offline pharmacy chains have also started considering the online route seriously.

Given the emergence of this space,

FACT BOX

Launch date: April 2015

Area of Business: Online retail pharmacy & diagnostics services

Founders: Prashant Tandon, Gaurav Agarwal and Vikas Chauhan

Expansion plans: Online pharmacy service to 30 cities by end of 2017 from 13 now

Funding: Series-A of ₹34 cr in April 2015 from Sequoia Capital, Intel Capital, Omidyar Network, Kae Capital and Deep Kalra, co-founder of MakeMyTrip; Series-B of ₹100 cr from investors led by Maverick Capital Ventures

Matthew Kinsella, managing director at Maverick Capital Ventures, lead investor of the latest round, said it had been investing in digital health companies across the globe and 1mg was the clear leader, with outstanding engagement metrics.

With the ₹100 crore raised from investors, the company plans to expand its pharmacy and diagnostics marketplaces, and develop new business lines, including online consultation by doctors. From 13 cities now, 1mg plans to expand to 30 by the end of next year. Pharmacy partners are expected to grow to 60 by then. It will also look at offering round-the-clock services.

Break-even will have to wait for a few years, considering the investment 1mg is making in technology and expansion.