

BUSINESS PLAN TO START AN ONLINE PHARMACY BUSINESS

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E-PHARMACY SECTOR IN INDIA



e-Pharmacies in India are online pharmaceutical platforms which enable customers to purchase medicines, health supplements, nutraceuticals, etc. online without the need to visit the physical chemist shops or pharmacies.

The online pharmacy sector in India has led to an increase in medicine deliveries, especially for the elderly customers who have found ease of access and convenience of getting their medicines delivered at their doorsteps.

The penetration of e-pharma sector in India has been primarily in the urban and metro regions, and leaves scope for new players to expand to the Tier 2, 3 and 4 markets in the country.

INDIAN E-PHARMA SECTOR AT A GLANCE

- ❖ Third largest Pharmaceutical market in terms of volume.
- ❖ Thirteenth largest Pharmaceutical market in terms of value.
- ❖ Technology-powered secure way to get medicines delivered.
- ❖ High discounts and lower prices than the local chemists.

FACTORS THAT HAVE CONTRIBUTED TO THE GROWTH OF E-PHARMA SECTOR

- ❑ Increase in Health insurance access
- ❑ Government Schemes such as National Health Protection Scheme
- ❑ 100% Foreign Direct Investment (FDI) policy in medical devices manufacturing businesses.
- ❑ Increased Spending on medicines by Indian households.
- ❑ Changing and Growing patterns of diseases.

S.W.O.T. ANALYSIS OF THE E-PHARMACY SECTOR IN INDIA

STRENGTHS

- High Profitability and Revenue
- New Technological Innovation
- Quicker Shopping
- Lower Maintenance Cost

OPPORTUNITIES

- Less Competitive Market
- High Market Demand
- 100% FDI
- Easy availability of products

WEAKNESSES

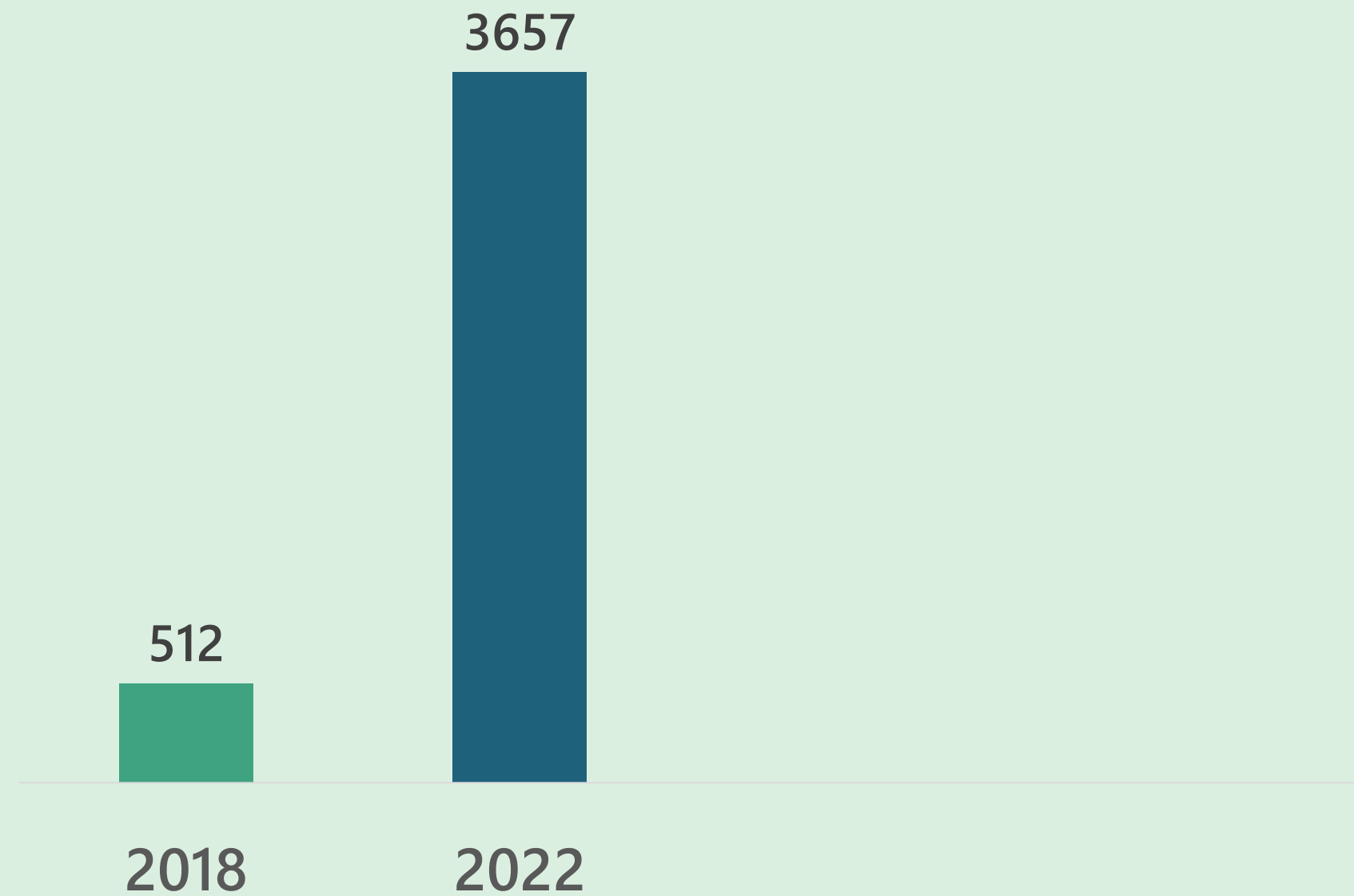
- Lack of Awareness
- Multiple checks required to sell online
- Shipping and delivery restrictions

THREATS

- Legal and Regulatory changes
- Technology threats and breaches
- Chance of Drug Abuse by customers

MARKET SHARE

E-Pharmacy Market In India in US\$ Millions



KINDS OF e-PHARMACY BUSINESSES

INVENTORY BASED

MARKETPLACE
BASED

HYBRID
MARKETPLACE

COMPETITOR ANALYSIS

1MG

Launched in 2014

Marketplace-based model

Deals in non-prescription, over the counter and wellness products, diagnostic tests PAN-India.

NETMEDS

Launched in 2012

Inventory based model

Provides diagnostic and telemedicine services along with delivery of drugs and medicines.

MEDLIFE

Launched in 2014

Inventory based model

Provides online doctor consultation, laboratory tests, generics and ayurvedic brand PAN-India.

PHARMEASY

Launched in 2015

Marketplace-based model

Has features like medicine reminders, subscription-based medicine refills, online doctor consultation, sample collection, etc.

LAWS APPLICABLE

- **Drugs and Cosmetics Act, 1940**
- **Drugs and Cosmetics, Rules 1945**
- **Pharmacy Act, 1948**
- **Information Technology Act, 2000**
- **Narcotic Drugs and Psychotropic Substances Act, 1985**
- **Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954**

MANDATORY CONDITIONS APPLICABLE

- ✓ There must be a pharmacist and registered chemist on the Board.
- ✓ The drug prescriptions must be valid for accepting orders
- ✓ The bills must be signed by a registered pharmacist or chemist.
- ✓ All drug orders must be monitored by a registered pharmacist
- ✓ Drugs must be sent from a chemist with a [retail drug license](#) in case of marketplace model.

PROCESS TO START AN ONLINE PHARMACY BUSINESS



Business Registration

Basic business incorporation as:

1. [Private Limited Company](#)
2. Limited Liability Partnership
3. One Person Company
4. Sole Proprietorship
5. Partnership Firm

State Drug License

[FDA License](#) for retail sale of drugs within the premises of the state for which the license is granted

Food Safety & Standards Authority of India (FSSAI) License

License from FSSAI to sell food-related
items such as wellness products,
nutraceuticals, etc.

ADDITIONAL LICENSES AND REGISTRATIONS



Shop and
Establishment
Certificate

Trademark

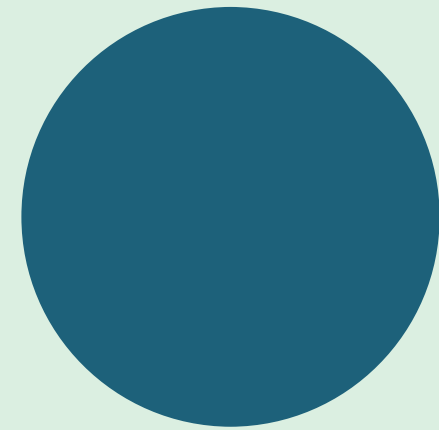


GST Registration

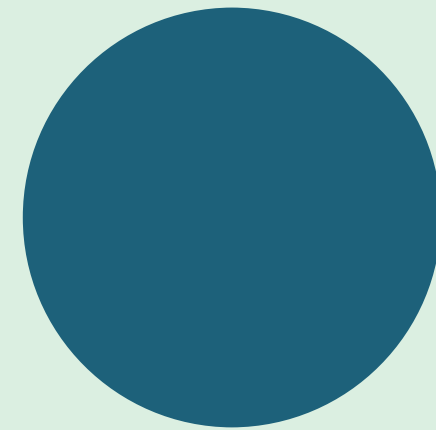
Warehousing License



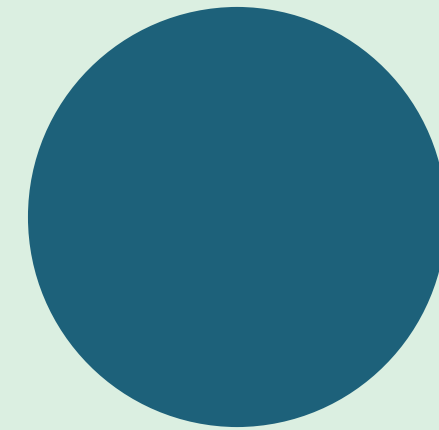
MARKET SEGMENTATION



45% Consumers
prefer online
mode in urban
and metro
regions



People aged 35-
74 years
purchase
medicines online



200 Million+
online users

PRODUCTS AND SERVICES



PRESCRIPTION MEDICINES

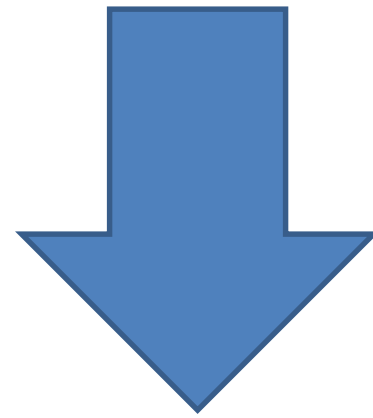
OVER-THE-COUNTER
DRUGS

BEAUTY AND WELLNESS
PRODUCTS

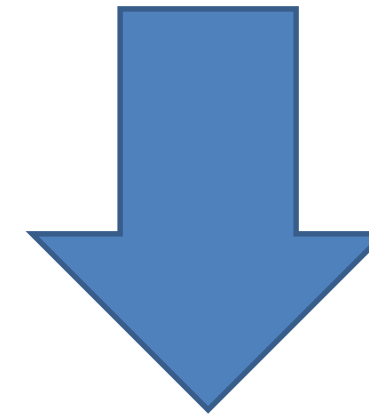
DIAGNOSTIC TESTS



REVENUE MODEL



Margin between buying prices and MRP when drugs are purchased in bulk.



Sponsored Advertisements on the web or mobile based store.

BUSINESS MODEL

For an e-pharmacy business, a digital presence is a must. There are 3 kinds of business models for an e-pharmacy business in India.



INVENTORY BASED BUSINESS MODEL

The business stocks its own inventory from different brands and sells it online. No third party or middleman is involved.

MARKETPLACE BUSINESS MODEL

The digital platforms are simply an avenue for customers to buy medicines from local chemists.

100% FDI Allowed





HYBRID BUSINESS MODEL

When brick-and-mortar stores take their reach to digital channels and work on an offline as well as online mode.

MARKETING PLAN

ONLINE CHANNELS

Paid Advertisements
Social Media Channels
Discounts
Sponsored Company Ads

OFFLINE CHANNELS

Radio/TV Promotions
Newspaper/Magazine Ads
Billboards
Ads at local vendor shops in case of
Marketplace Model

OPERATIONAL PROCESS

FIRST

Customer visits the
Mobile/Web based App

SECOND

Medicine search

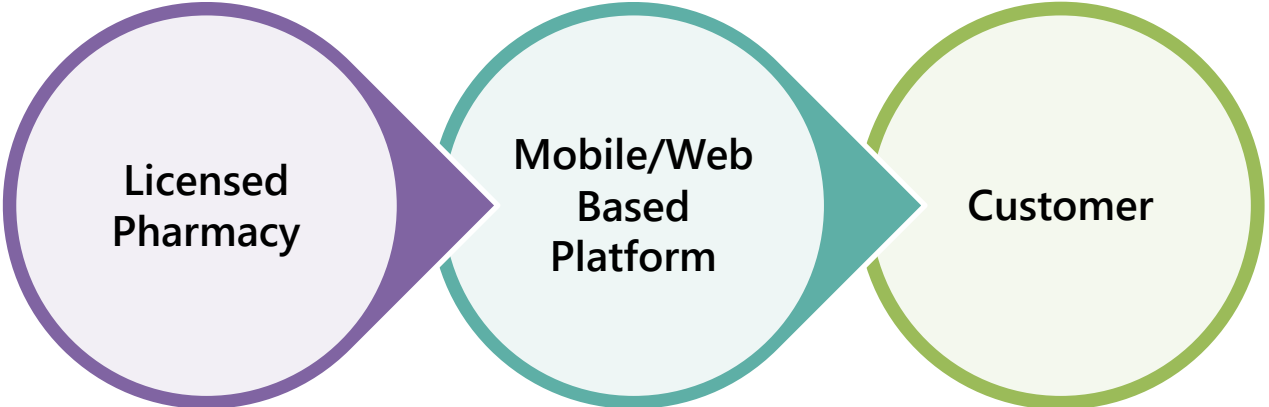
THIRD

Prescription of the doctor
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FOURTH

Payment and Delivery

INVENTORY BASED OPERATIONAL PROCESS



MARKETPLACE BASED OPERATIONAL PROCESS



HYBRID OPERATIONAL PROCESS



VENDOR TIE-UPS

Finding the right local pharmacies that can supply the products to the business.

LOGISTICS

Affiliating with logistics services provider or managing shipping and deliveries itself.

TECHNOLOGY STRUCTURE

eCommerce platforms

Choose an ecommerce platform to start your online store, such as Magento, Shopify, etc.

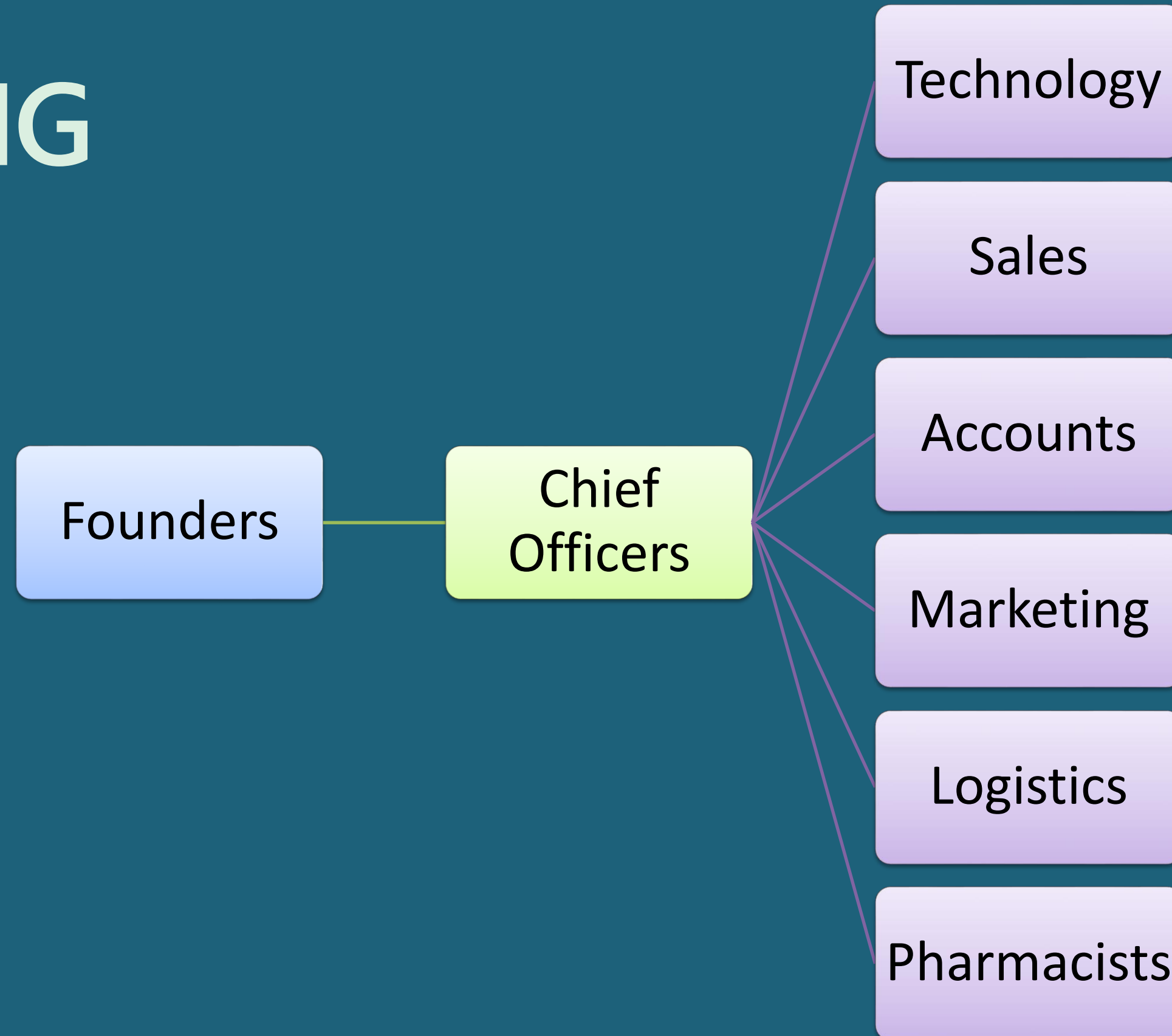
Web Hosting

Web Hosting enables you to connect to your audience, for a large platform, Dedicated hosting is preferred over Shared Hosting

Backend and Frontend

Backend stack to develop the admin panel (and seller panel), and the store's catalogue.
Frontend stack to develop the face of the platform

HR PLANNING



RISKS INVOLVED

An online healthcare business that deals in pharmaceuticals is vulnerable to an endless list of threats that can hinder its operations and lead to legal hassles for the business. Understanding the major risks involved in an online pharmacy business is, therefore, the key to plan ahead and mitigate such risks.

POTENTIAL DRUG ABUSE
BY BUYER

MEDICATION MISTAKES

COUNTERFEIT MEDICINES

WEBSITE OR ACCOUNT
HACKING

FINANCIAL PREDICTIONS

**CAGR of
17.7% by
2023**

**512 Million
Users by
2025**

**5-15% Total
Pharmacy
Market
Penetration**

ABOUT CORPBIZ

Corpbiz is a technology-driven online platform that provides legal and advisory services to businesses, be it small startups or large corporate houses. Corpbiz is a renowned platform in India for all kinds of business-related services including new business registration, government registrations, tax registrations, Trademark, Compliance filings and management, to name a few.

Corpbiz is supported by a team of Chartered Accountants, Company Secretaries and Lawyers, who hold subject matter expertise in an array of business related services and can act as your guide and partners for your requirements relating to:

- Business Registration as a company, LLP, OPC, etc.
- Government Registrations such as Trade License, PSARA License, S&E Registration, IEC Registration, and much more.
- Trademark Registration under the right Trademark classes.
- Tax Registration such as GST Registration, Professional Tax/TDS/Income Tax filing.
- Annual ROC Compliance Return Filings.