

## Novartis: Commercial Innovation for Improved Health



### Initiative Description

In November 2012, Novartis joined the Business Call to Action with a commitment to improve health outcomes for populations living at the base of the pyramid (BoP) in rural India.

#### Novartis' goals:

- Form partnerships with non-governmental organizations (NGOs), the private sector and the public health system in India to provide targeted intervention for treating diabetes, tuberculosis and diarrhoea
- Expand training to encompass chronic and non-communicable diseases



### Business Model

Over 800 million people in India live on less than three dollars a day. Of this population, only 35 per cent have access to essential medicines. Health-seeking behaviours and health expenditures are low in these communities, compounded by poor sanitation and the limited availability of medicines and trained professionals. In response, Novartis developed and launched in 2007 Arogya Parivar, which means healthy family in Hindi, to expand access to affordable products, improved health infrastructure and community education.

Arogya Parivar's inclusive business model utilizes a market-based approach for healthcare provision. By offering education on diseases, treatment options and prevention as well as enhancing access to affordable medicines, Novartis has built upon an existing network of qualified professionals that bolsters weak or, in some cases, non-existent healthcare infrastructure.

*We knew that if we could create a win-win, by both serving the patients and creating value for the company, it could create a level of sustainability that traditional corporate citizenship may not achieve.*

Joe Jimenez,  
Novartis CEO

Arogya Parivar's business model was developed based on the following: the poor will spend on healthcare if properly counselled; villagers prefer strong, fast-acting medicines to avoid loss of daily earnings; and equitably priced smaller packages for over-the-counter medicines to facilitate customer acquisition.

The programme works at two distinct but interrelated levels:

- (1) empowering the people recruited as health educators; and
- (2) ensuring that their messages gain widespread acceptance and adherence among communities.

The innovative use of health educators allows the programme to reach a wider population than a physician-based system, disseminating health-related information in ways that overcome cultural barriers that can prevent many people from seeking treatment.

## Innovations

that improve lives



### How it Works

Novartis' Business Call to Action commitment is focused on training local health educators and health supervisors, who teach their communities about health-related issues, and sales supervisors, who increase local medicine access by relaying information to pharmacists about new and existing products and their appropriate usage. Arogya Parivar addresses a dearth of healthcare innovation and inadequate infrastructure for healthcare delivery for the poor and rests upon four pillars: awareness, acceptability, availability and adaptability.

A local villager, usually a woman, is appointed and trained as a health educator. Her role is to raise awareness about diseases and preventative health measures amongst her community. Health educators refer sick people to doctors and actively form partnerships with local NGOs to reach as wide an audience as possible. Meanwhile, sales supervisors serve as the initiative's local sales force, interacting with local pharmacies and collaborating with doctors, hospitals and NGOs to organize health camps where villagers can receive treatment and preventative care. These health camps, in the form of mobile clinics, provide access to screening, diagnoses and therapies to patients.

Novartis has found that a key hurdle to improving healthcare at the BoP is the lack of awareness and trust in Western therapies. The role of health educators has been tailored to change this mindset and ensure that the poor are made aware of common symptoms and seek timely treatment.

Risks include a volatile market, often with socio-political instability, a closed economy that protects local businesses and is generally hostile to multinationals, weak transport, logistics, health and hygiene infrastructure, no intellectual property protection, substandard or counterfeit medicines, challenges from traditional and faith-related healing practices and conflicts of social interest between health education and sales activities.

To mitigate these potential challenges, Arogya Parivar ensures market knowledge through local employees, management and partners that can help anticipate and manage political or social changes and establish good relationships with key local stakeholders to develop a positive reputation as a business with widespread social impact. Arogya Parivar supports services in terms of logistics, supply chain management and education on health and hygiene and applies Novartis quality standards and knowledge sharing.

Cultural risks are managed by educating consumers, working with local opinion leaders to gain acceptance, partnering with local health workers to connect with communities and localizing the people, brands and communications.

To address the risks of conflicts of interest, Arogya Parivar maintains separate goals and incentives (i.e. educators have no commercial or sales-related performance goals and are evaluated based on the number of education sessions, number of participants at the sessions and number of participants who go on to access independent healthcare professionals).

*Novartis is a global leader in innovative pharmaceuticals, generics, vaccines and consumer health products, operating in more than 140 countries.*

## Results Achieved

Since 2007, Arogya Parivar has improved access to healthcare in 33,000 villages, home to 42 million people, provided technical training to over 50,000 doctors and pharmacies in rural areas, education for 2.5 million patients and created over 500 indirect jobs.

### Business Impact

Arogya Parivar empowers the people recruited as health educators and ensures that their messages gain widespread acceptance and adherence among communities. Health educators earn a commission of 10 per cent on medicines (approximately Rs 1500/USD 250 per month).

In just six years, the programme has trained more than 500 health educators and has built capacity among hundreds of business partners, suppliers, and customers. Arogya Parivar has since become an essential public health tool in rural areas, operating in 10 states across India.

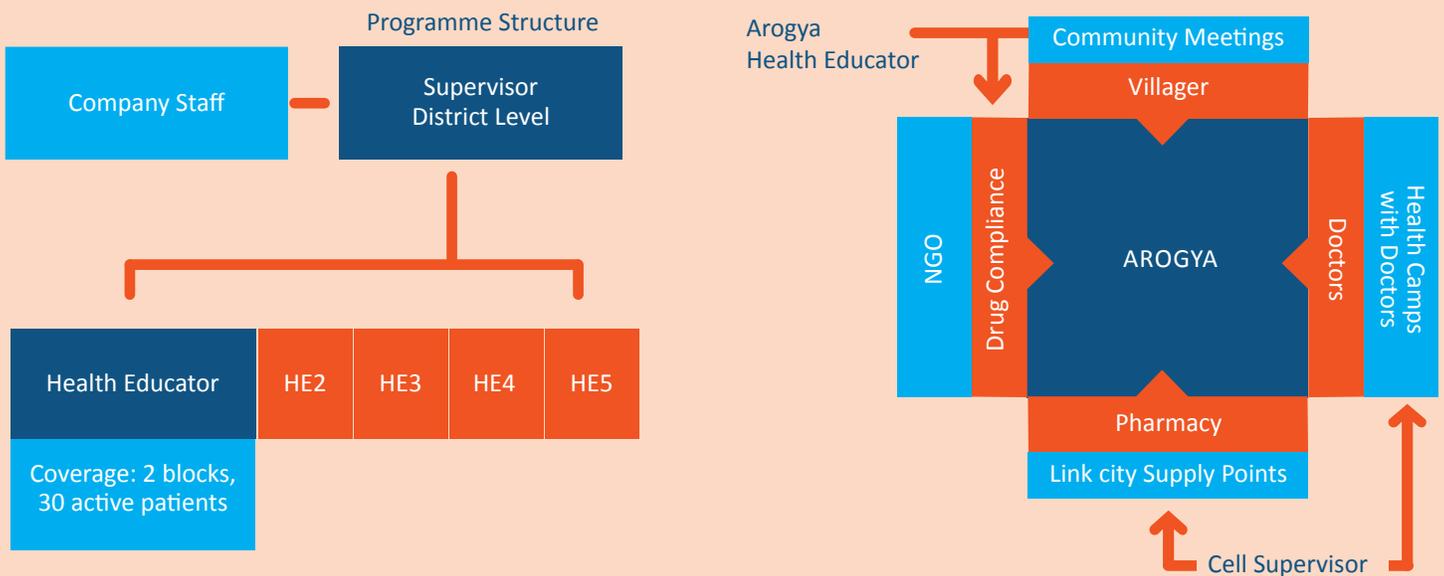
### Development Impact

Novartis' Business Call to Action commitment aims to achieve one of the targets of Millennium Development Goal 8 to provide access to affordable essential drugs in developing countries. In efforts to balance between smart market strategies on the one hand and investing in health systems on the other, Novartis invests a large portion of revenues back into social and outreach activities.

Since the launch of the programme in 2007, Arogya Parivar has created over 500 indirect jobs and has contributed to the skills development and capability build-up of hundreds of business partners, suppliers and customers in India.

The positive socio-economic impact of the initiative translates into improved access to healthcare across 33,000 villages, home to 42 million people, and 54,000 doctors and pharmacies in rural areas received technical knowledge. Between 2010 and 2012, more than 6.3 million people received education on 11 health topics and more than 350,000 attended village health camps. Close to 200,000 people followed up with a doctor after an Arogya health camp.

## Arogya Parivar's Programme Structure



## Key Success Factors

### Sustainable Business Model

In meeting its Business Call to Action commitments, Novartis has directed particular effort towards ensuring sustainability, grounded in the Arogya Parivar's four guiding principles of awareness, acceptability, availability and adaptability. Novartis recognizes that health educators need to come from the communities in which they serve to effectively communicate information and build trust. Arogya Parivar makes treatments more affordable by selling over-the-counter medication in smaller packages, with the overall objective is to keep acute disease treatment costs below USD 1.50. Once acceptance is in place, Arogya Parivar enhances access to healthcare by creating strong linkages with doctors and pharmacists.

Novartis also works to ensure that local pharmacies are well-stocked by setting up appropriate distribution networks that can supply even the most remote locations. Strong linkages with over 54,000 doctors and pharmacists ensure medicines are available in rural pharmacies through an extended supply chain. Packaging and training tools are adapted to the region in which they are distributed and education materials are tailored to local conditions. To be included in the health supervisors' portfolio, products need to be simple to use and have instructions in local languages.

This for-profit social business model demonstrated its sustainability by breaking even after less than three years, and continues to show year on year business growth. Within 30 months, the programme began returning a profit and sales have increased 25-fold since its inception.

### Achieving Scale

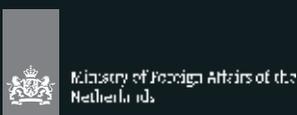
Similar programmes are now being piloted in selected Asian and sub-Saharan African countries, highlighting the viability of market-based solutions in healthcare provision for the BoP. The model is being replicated in Kenya and Viet Nam, where it is currently in a pilot phase, and plans also include expanding the initiative to Indonesia.

## Next Steps and Spin Off Effects

Novartis is advancing towards meeting its Business Call to Action commitments. Moving forward, the company plans to form partnerships with NGOs, the private sector and the public health system in India to provide targeted intervention for treating diabetes, tuberculosis and diarrhoea and plans to expand training to encompass chronic and non-communicable diseases.



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