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LifeSpring Hospitals

Anant Kumar walks into a LifeSpring hospital on the outskirts of Hyderabad, India. After greeting the receptionist behind the front desk, he proceeds into the general ward where a number of low-income women are recovering in their beds, with their newborn babies resting in cradles beside them. He climbs the stairs to the second floor to check on the less-occupied semi-private and private rooms, where women who can afford a more private post-delivery space are staying. As he walks through the hospital and sees the customers, he remembers that the prospect of making a positive impact on their health was the driving force behind his decision to begin this maternity hospital chain. Appalled by the number of low-income Indian mothers that lacked access to skilled clinicians during delivery, Kumar had created LifeSpring to help fill that need. He had believed that running LifeSpring as a business would be more efficient, sustainable, and scalable than making it a charity or non-profit entity that was eternally reliant on subsidies and donations.



LifeSpring hospital front

Today, in December 2009, Kumar still prides his company on its low-cost model, which was an innovation in the Indian healthcare sector. In a country where most hospitals targeted at the low-income population are highly unregulated in quality standards, his company maintains standards of quality and integrity. LifeSpring Hospitals has grown to nine hospitals in two years, with 4,500 deliveries conducted to date. Kumar dreams of LifeSpring's low-cost health services being available all over India and hopes to make LifeSpring the biggest hospital chain in India by 2012, with 30 branches.

In thinking about this level of scale, he wonders how to grow his profit margins without sacrificing quality, especially in the wake of rising input costs. In particular, he is not sure whether LifeSpring's cross-subsidization model, in which private and semi-private room customers pay higher rates than those in a general ward, will be the best way to structure the hospitals in the long term. Because LifeSpring's marketing outreach specifically targets low-income women, it is harder to drive footfall in the semi-private and private rooms, especially in a few particular LifeSpring hospitals. Also, he worries that this model focuses operations away from the core low-income customer base he sought to serve in the first place. As he leaves the hospital, Kumar wonders how he can keep the company sustainable in the long-term, while making the maximum impact on low-income mothers.