

Infinite Vision: A Case Study on Aravind Eye Care System

Shannon Clark

“*To give sight for all,*” wrote Dr. V in one of his journal entries (Infinite Vision, 1). Aravind, an eye hospital founded in 1976 by Dr. G. Venkataswamy (Dr. V), offers ultra-subsidized and free eye surgeries to those who are unable to afford the high cost of treatment. With its high volume, high quality, and affordable cost manta, Aravind paved the way for eye care in India, training and consulting many of India’s eye hospitals and top ophthalmologists, as well as inspiring people around the world to strive for affordable healthcare. Aravind has been able to be extremely successful based on its self-reliance, low cost and high efficiency, and spirituality. Despite the growth and success Aravind has achieved, the business model is not replicable outside of the Aravind Eye Care System.

Motivation

Aravind, named after Sri Aurobindo, one of Dr. V’s key influencers, has experienced incredible growth and success. Sri Aurobindo’s teachings were a big motivation for Dr. V, who was very influenced by spirituality. Dr. V started Aravind with the motivation of providing high quality eye care to everyone across India, regardless of caste or income. Dr. V wanted to eliminate “needless blindness,” or blindness that can be cured – an estimated 12 million people in India are blind, with an additional 456 million requiring some sort of vision treatment (Times of India). During Aravind’s early years, Dr. V required that the hospital was completely self-sufficient, saying to his brothers and sisters who helped him found Aravind: “We just have to do the work. The money will follow.” Even as money started to come in and Aravind started to break even, then make

a profit, Dr. V refused to take a salary, showing he is truly motivated by Aravind's social impact, not the profit.

Business Model

Aravind is considered a hybrid between a privately held s-corporation (Aravind hospital system) and a not-for-profit (education, training, and outreach programs). This is the right business model Aravind does not have to rely on outside investors to function – it can be self-reliant, which is possible due to the high profits the business clearly makes. Aravind is also not required to release any financial information, but from the high volume of patients Aravind sees, it must make a good profit that can then be put back into the business to create new facilities, such as Lions Aravind Institute of Community Ophthalmology (LAICO), Aravind's consulting and training facility, and hospitals in new locations, such as Aravind-Pondicherry.

The not-for-profit/501(c)(3) section of Aravind relies on outside donors to function, but that is no problem because lots of people have interest in supporting parts of Aravind. Non-profit parts of Aravind, like the outreach programs, bring in lots of patients, who then refer more patients. This hybrid business model works because Aravind is able to support itself and its staff with money from people who can pay while also offering free services to those who need them the most.

Innovation

At the core of Aravind, there are three simple yet meaningful innovations that contribute to Aravind's social impact: high volume, high quality, and affordable cost.

1. **High volume.** The typical Aravind doctor performs over 2,000 cataract surgeries a year, which is more than five times the amount of surgeries performed by the

average eye doctor in India. Aravind performs over 300,000 surgeries a year, and sees over 2.5 million patients a year. Aravind's doctors are all extremely time efficient, allowing for the high volume. The high volume also lowers the average cost per case, so Aravind is getting the best use out of the expensive technology used for eye surgeries.

2. **High quality.** At most hospitals, surgeons are paid based on the number of surgeries they perform, and they tend to stay in one section of the hospital. At Aravind, that is not the case. A surgeon's salary is fixed, and they are rotated between the paying and non-paying sections of Aravind to ensure that paying and non-paying patients are receiving the same high quality treatment. Because all patients receive the same high quality treatment, Aravind is always on the top of everybody's list when it comes to choosing an eye hospital. This feeds back into the first innovation, high volume.
3. **Affordable cost.** All Aravind patients have the option to choose if they would like to pay or not. Although this strategy may seem like it wouldn't work, 90% of Aravind's annual budget comes from paying patients, while 10% comes from sponsors. If patients are able to pay any amount at all, they choose to out of respect for the amazing service and treatment they get at Aravind.
All three of these innovations affect Aravind's social impact and represent Aravind very well. These three innovations represent the most important analytical step in the SEI framework to identifying and evaluating the contributions of Aravind to the social enterprise world. The combination of the three simple innovations allow Aravind to see as many patients as possible – patients are able to be seen quickly and they don't

have to worry about not being able to afford expensive eye surgery. The high quality treatment people receive while at Aravind does a lot for Aravind's reputation – the poor refer their friends and the rich refer their friends. All of these factors allow Aravind to spread its influence as far as possible and impact thousands – even millions – of people across India and across the world.

Sustainability

Although one may question Aravind's financial sustainability due to the fact that patients can choose whether or not to pay, Aravind is able to sustain itself both operationally and financially. 27% of patients choose to be treated for free, 26% of patients choose to be treated for minimal payment (\$11-\$17), and 47% of patients choose to be treated for regular and premium payment (\$111-\$1,044) (Infinite Vision). As stated before, 90% of Aravind's annual budget is self-generated. From the beginning, Aravind has been self-sufficient when it comes to finances. "The founders did not want the eyesight of the community held random by external resources...Dr. V chose to grow slowly and with internal resources" said Thulsi, executive director of LAICO (Infinite Vision, 83). Aravind's founding team dug into their own pockets and life-savings to cover Aravind's expenses and fund new projects. Eventually, the money came, just like Dr. V said it would.

Going along with the theme of self-sustainability, Aravind opened Aurolab in 1992. Aurolab is Aravind's factory division, and it allows the hospital to be operationally sustainable. At first, it produced intraocular lenses (IOL), which were used for cataract surgery. Aurolab is able to produce IOL lenses for about \$4 a piece, which is a bargain compared to the US price of \$150 (Global Envision). By 2009, Aurolab was producing

7,000 IOL lenses a day. Today, Aurolab also produces more than 50 drugs used for eye treatment. Besides being used at Aravind, they are sold to other companies and hospitals. In addition to creating products for hospital use in Aurolab, Aravind has an education and training program where it trains future ophthalmologists, many of which come to work at Aravind after their education.

It is clear that Aravind can sustain itself both operationally and financially. One element that supports both Aravind's operational and financial sustainability is the volume of patients. The patients bring in revenue and cause the demand for facilities like Aurolab. Financial and operational sustainability really go hand in hand – Aravind's production of goods adds to its financial sustainability by gathering profits from goods sold, and Aravind's financial sustainability, that comes from a surplus of patients, makes it practical for Aravind to produce its own lenses and medicines.

Measuring Social Impact

Aravind measures and evaluates its social impact based on the numbers that it sees. For a hospital seeing 2.5 million patients and performing over 300,000 surgeries per year, this is the best way to look at the people whose lives they have changed. On a typical day, Aravind has 7,500 outpatient visits, 850-1,000 surgeries performed, and conducts 5-6 outreach camps, where doctors and nurses travel to rural parts of India to perform eye examinations. This is really the only way Aravind can measure its social impact.

There is no clear way that Aravind has evaluated its social impact. One thing that would be interesting to track would be post-operative vision. Aravind could do this by distributing surveys to patients that have had eye treatments and operations. Distributing

surveys to rural villages would be difficult, but could be done during outreach programs. This information would show how effective the surgery is for patients and how their vision is holding up after an extended period of time.

Replication and Scale

Aravind has proved itself to be scalable, which is all about having a bigger footprint. Aravind started out as an 11-bed clinic in a rented house. Today, the Aravind Eye Care System includes 5 Aravind eye hospitals and 2 Aravind-managed eye hospitals, all in India. This proves that Aravind can scale itself to make its footprint bigger, but can it successfully replicate its model? Not necessarily. “The uniqueness of our model doesn’t come from the clinical competences or processes, which many others can duplicate. It comes from our value system,” said Dr. Nam, an ophthalmologic surgeon and patriarch of the family that founded Aravind (Forbes). Because of the spirituality that guides the leaders of Aravind, it is not replicable. Aravind has tried to replicate their model at other hospitals, but it simply does not work. As stated in *Infinite Vision*, elements such as patient-centric care, universal access, and a focus on reaching out to rural areas was hard to maintain in new hospitals because local management had competing concerns and priorities.

Aravind-like hospitals have popped up in India. Narayana Hrudayalaya hospital, located in India, provides patients with low-cost, but not free, cardiac treatment. A cardiac bypass operation costs around \$2,000 at Narayana Hrudayalaya, compared to \$20,000-\$40,000 at a U.S. hospital (Futurist). This is still a great price, but not the same as the Aravind model. Cardiac treatment also tends to me more expensive than eye treatment, so the model cannot be exactly replicated if the specialty is not the same.

The key to Indian healthcare and its low cost is the high volume of patients Indian hospitals see per day, making the hospitals much more efficient with their resources. Although it may not be possible for America to make these changes now, Aravind's model can help America with providing affordable healthcare, and people such as David Roe, an American lawyer, are looking to "bring not the exact Aravind model, but the Aravind *notion*, to one part of American medicine," (Infinite Vision, 230). Although the cost may never be completely free in America, hospitals can at least learn from Aravind and other Indian hospitals by focusing on getting a higher volume of patients in so they can get more use out of their equipment, and the cost per case will be lower.

Conclusion

Aravind paved the way for free and affordable healthcare in India and all across the world. One wouldn't think that spirituality can be such a big influence to a hospital, but it really guided Dr. V and his belief that all people deserve the same high quality healthcare. Although Aravind's model is unable to be replicated due to the spirituality at its core, it still proves to be a great example of how a hospital can provide free services while remaining both operationally and financially sustainable. In the future, Aravind should do a better job of tracking patients' eye health after their surgeries and treatments. It would be very interesting to see follow-up surveys and tests done.

Resources

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