

BLUE OCEAN STRATEGY IN HEALTHCARE

K.N.Priya

Lecturer,

Faculty of Management Sciences,

Sri Ramachandra Institute of Higher Education and research, chennai.

“Tactics are the art of using troops to win a battle; strategy is the art of using battles to win wars” –

Carl Von Clausewitz

Introduction

This article discussed about the application of blue ocean strategy in healthcare and its success story. In 1900, there was a slow growth in most of the businesses but after adopting this strategy it makes sense in the world supply exceeds demand. How the healthcare sector got benefitted after adopting this strategy?^[1] Healthcare is an Evergreen industry, becoming successful is really a challenging task. Unlike dealing with products, one cannot apply strategies in healthcare industry.

Blue ocean strategy creates demand rather fought over in the market. Healthcare industry after noticing successful in this strategy they started following it and got a phenomenal success. It is going to be boon for the sector when they want to exist in the market. It creates ‘wow’ factor among the consumers and capture the entire market.

In the year 2005, W.Chan Kim and Renee’ Mauborgne, wrote a book titled “Blue Ocean Strategy”. This book was written on the basis of their research at more than 100 companies. Their findings on successful companies do not battle with their rivalries (red oceans), rather than they created an uncontested market in search of new customers and new opportunities. ^[2] A few examples of blue ocean companies are Cirque Du Soleil, Apple, South west, Net Flix, At the core of Blue ocean philosophy, there are four formulation principles of how to operate in a blue ocean.

They are:

1. Create uncontested market space by reconstructing market boundaries.
2. Focus on the big picture.
3. Get the strategic sequence right.
4. Reach beyond the existing demand.

Various successful models are there in healthcare industry. One successful model was Novo Nordisk was a Danish Pharmaceutical company started in the year 1923 by August Krogh, Marie Krogh, Hans Christian Hagedorn, August Kongsted, Harald Pederson and Thorvald Pederson in Denmark. ^{[3][4]} They launched a novo pen in 1985, resembled like a fountain pen for diabetic patient to control and administer insulin. ^{[6][7]} The company applied blue ocean strategy by:

- Eliminated – dependency on doctors/family, Social stigmatism for patients
- Raised -administration risk minimization, administration convenience, self-esteem
- Reduce – Efficacy, side effects of minimization, patient out-of-pocket minimization
- Create – Compliance and adherence assistance, self-tracking, capability.

Last 23 years, driving minimally invasive innovation in health care industry, 43,000 da vinci trained doctors globally, 4,400 da vinci systems in hospitals worldwide. ^{[8][10]} The market share of the company was raised and it was a huge success.

In today's scenario, Artificial Intelligence is a buzzword on everyone's lips. In last two decades, robotic surgery has grown by leaps and bounds. Intuitive was founded in 1995, to create innovative, manufactures and markets robotic products designed to improve clinical outcomes of patients through minimally invasive surgery. It was approved by US Food and Drug Administration in 2000, over five million surgeries have been performed using intuitive Surgical's da Vinci platform. ^[9] The application of blue ocean strategy by:

- Eliminated - Time factor, standing position of Surgeon
- Raised – Complex dissection or reconstruction can be done easily
- Reduce - less pain, less blood loss, less need for blood transfusion

- Created – Superior visualization, ergonomic comfort for doctors, greater precision, shorter hospital stay, quicker recovery, faster return to normal activities

Materials and methods

The healthcare industry is highly competitive in America. Another success story from Bradley Kruger, Vice President of Operations St.Luke’s Medical center, US.^{[5][11]} We applied blue ocean strategy for Transcatheter Aortic Valve Replacement (TAVR) program that would improve the care model and offer better value to patients and reduced cost for the hospital.

The application of blue ocean strategy by:

- Eliminate - Conventional operating room, switching cost for patients
- Raise – speed of getting patients to the procedure, quality procedure, seamless handover to traditional surgery
- Reduce – Number of teams in the same period of time, Number of staff for the procedure
- Create – Hybrid operating rooms combined by a central control room, inter-system pathway, cross-system surveillance.

Result

After adopting this strategy, both patients and hospitals got benefitted. Later, they extended this service to competitors and they also got benefitted.^[12]

The listed examples of blue ocean strategy in healthcare are opening up uncontested market space and identifying new healthcare consumer demands. Duke Foundation and JSA Health in Houston are using hub and spoke models with Telemedicine for treating psychiatric patients remotely. Providence Regional Medical center in Everett, Washington, has opened “single stay” wards in the nation. Hello Health, High mark, Insty Meds are also some of the examples adopted blue ocean as their strategy.^[14] It is a phenomenal success for the companies those who adopt and implement this strategy. With change comes from great opportunity.

Conclusion

This strategy is not a static achievement but a dynamic process. Once a company creates or adopts this strategy then the competitors follows the pioneer. “The companies should go beyond competing for share to create blue oceans”.

Take home message

To compete in the market one must go for innovative strategies to sustain for a longer period.

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