

**A CLUTCH OF COMPANIES IS BUILDING INNOVATIVE PRODUCTS AND SERVICES TO SERVE THE GLOBAL HEALTHCARE/ PHARMA MARKET FROM INDIA, WITH THE U.S. BEING THE BIGGEST MARKET. WHAT LIES AHEAD?**

- BY JOE C. MATHEW



**WHEN JO AGGARWAL** and Ramakant Vempati chucked their peripatetic careers as non-resident Indians and returned to Bengaluru to be with Vempati's ageing father a decade

the world. “We tried to build something that initially could be an alert mechanism to tell you if your elderly people are moving or static,” says Vempati.

Touchkin eServices was born. But remember the idiom ‘break a leg’ wishing someone good luck? The couple realised that the ecosystem was not geared to cater to your father back home if he had fallen and broken his leg, alert or not.

Touchkin’s prototype died, but its simple chatbot survived. It asked your dad questions such as ‘How are you feeling today?’ The couple tracked responses, phone usage patterns, and mobility patterns. “We realised that their depression scores kept going down, and we can track it with 85-90% accuracy. We spoke to experts, and they said; ‘look, when you ask somebody how they are, even if it’s a chatbot doing the asking, it is therapeutic,’” Vempati says. “That’s when the penny dropped.” The money lay in companionship, not helping with a broken leg from another continent.

Wysa, their mental health app, was a hit when it was launched in 2016. It uses clinically validated artificial intelligence for counselling as the first step and human coaching for those who need more. And not just for the elderly but for everyone.

The US has 40% of Wysa’s users. Among Wysa’s clients and partners are Bosch, Colgate-Palmolive, Harvard Medical School, Columbia University, Swiss Re and Aetna. Wysa’s 120-member team is mostly in Bengaluru.

Wysa is among dozens of health-tech companies based in India, mostly startups, building innovative products and services for the world. Most offer software to the U.S. healthcare businesses, hospitals, and insurance companies, and help biotech and life sciences companies develop new drugs or therapies.

Dev Khare, a San Francisco-based partner of venture capital fund Lightspeed, says that in the past, when people talked about ‘India to the world’ software, even in healthcare, the ‘fast followers’ were the model.

“Companies created copies, better, faster, and cheaper ones, to enter mature software markets. And full credit to folks who’ve done that. But now there’s also innovation coming from India, new categories that don’t exist in the US,” says Khare.

Why are the Indian companies focussed on the U.S.? First, U.S. healthcare spending was \$4.8 trillion in 2024 (India’s GDP is \$3.9 trillion). Software accounts for 8-9% of this, or \$350 billion, with cloud applications accounting for \$100 billion. Second, the U.S. has created big opportunities. Just like the Hatch-Waxman Act in the 1980s opened the market to generic pharmaceuticals from India, the Affordable Care Act of 2010 or Obamacare made electronic health records (EHRs) mandatory. Health-tech companies

## PHARMA FOCUS

Move over generic pharma companies, IT services firms, and contract research companies. It is now the turn of a new breed of health-tech firms. Global pharma firms also see digitalisation driving efficiency and lowering costs. Who can meet this demand?

Bengaluru-based Indegene is among the oldest such Indian health-tech firms. For over two decades, it has been helping biopharmaceutical, emerging biotech, and medical device companies with drug development, clinical trials, regulatory submissions, and complaint management.

Manish Gupta, Indegene's chairman and CEO, says, "We help companies design, execute and run these processes the way they should be in this age of AI." Its customers? The Top 20 global biopharmaceutical companies. The U.S. accounts for 65% of Indegene's revenues, followed by Europe (32%). Indegene, which reported revenues of ₹2,589 crore in FY24, has an addressable market worth more than \$156 billion.

Jaswinder Chadha's Atria is based in the U.S. and serves life sciences companies from Pune, Bengaluru, Gurugram, Noida, and Hyderabad. Over 80% of its global workforce is located in India. "Our business is life sciences data analytics, building decision support systems to make better decisions on how to interact with patients or how to do sales and marketing effectiveness," Chadha says.

Atria gets data from third parties who collect it from claims, EHR, labs, and consumer companies. It then generates insights that help pharma companies. Among its 150-plus customers are 16 of the Top 20 global pharma companies. The company's model, it says, helps the industry by offering specialised data analytics and AI- and GenAI-driven services.

"Our flagship product, Atria SalesIQ, is for sales planning and improving operations efficiency," he says. Established in 2010, Atria reported revenues of \$275 million-plus in CY24.

## Digitalising healthcare

Hospitals, diagnostic chains, insurance companies and governments are keen to rationalise costs and improve service quality. Innovaccer is among the increasing number of companies working from India to service these needs. The San Francisco-based firm facilitates the unification of patient data across diverse systems and care settings and compatibility with over 80 EHR interfaces to provide integrated workflows and analytic insights to large hospital chains and insurance companies operating in the U.S.

Abhinav Shashank, co-founder of Innovaccer, says, "For the first four years, we all (co-founders) were in Delhi, even when 100% of the customer base was in the U.S. In 2016-17,

Shashank says SaaS, or software-as-a-service, is going places. There is a massive tailwind because of GenAI. Over the last two or three quarters, we have signed up with Ascension [a 110-hospital network], one of the largest private healthcare systems in the U.S., ranking second by number of hospitals. We now have three of the Top 10 largest health systems in the U.S. as clients," he says.

From zero revenues from the healthcare business in 2016, Innovaccer has \$200 million in ARR or annual recurring revenue today. "If you look at the ARR of cloud software companies, we are probably one of the world's fastest-growing. In the next three or four years, we will probably get to \$1 billion in ARR. Coming out of India, we will be the largest (in the segment)," Shashank says.

## Advantage India

Pankaj Jethwani, CEO of 2070Health, a venture studio or fund that powers several startups at one shot, and Managing Partner at W Health Venture, says, "There are several white spaces where no one is building. And that is where the opportunity for value creation lies."

Serial entrepreneur Sunil Wadhvani set up both 2070Health and W Health Venture to invest in disruptive healthcare startups in the US. They aim to build and invest in health-tech startups with first-to-market solutions from India to serve the U.S. market. The first investment from 2070Health was in Reveal Health-tech, which provides AI services to Fortune 50 U.S. life sciences and healthcare companies.

"Be it life sciences or hospitals, Reveal is helping them create new-age solutions and integrate their existing AI solutions," Jethwani says. "We saw it as a market gap where these clients will not be serviced by the Infosyses and the TCSes of the world. It also requires a lot of domain specialisation and domain capabilities," he says.

Jethwani is excited about clinical staffing. "Just as our IT services industry has transformed what engineering means even in the U.S. or western markets, there is a similar opportunity in clinical staffing," Jethwani says.

The domain? Indian doctors, nurses, and healthcare technicians servicing global markets from India via teleservices or by moving to those countries. About 100,000 people move out of India in this domain every year. "This is a B2B business we are excited to germinate," he says.

Jethwani says the best-placed entrepreneurs are those clued into India and the U.S. "If you are building an India-U.S. corridor company, usually the founder has to be of Indian origin, know the U.S. market very well, and can work, navigate, and raise capital in India. The first \$5-10 million of revenue is very relationship dependent. Founders need deep domain expertise within the U.S. market," Jethwani says.

these models can be applied globally. The second advantage is the large population and number of diseases,” Khare says.

“Anything you solve for India, you solve for the world. The third advantage is that many lesser developed or developing countries look to India for innovation. India is a beacon of quality from a medical tourism perspective, so treatment technologies from India will also be accepted in those other countries,” Khare says.

### Promising future

Vijay Raaghavan, head of enterprise analytics at Fractal, an enterprise analytics partner for many sectors, says U.S. hospitals and pharma firms want health-tech partners to help reduce costs and build new income streams.

Some 10 years ago, they wanted tech firms from India to manage their digital infrastructure, outsource hardware procurement needs, and supply hospital information systems.

“Today, they are saying, ‘Help me build my platform capabilities’,” Raaghavan says. Fractal has its corporate headquarters in New York and its registered office in Mumbai. Raaghavan says this demand to become digital-first is why the India-U.S. corridor companies will grow. However, health-tech companies need sophisticated talent. “It is no longer about doing backend IT management work. You are expected to build new digital products. Getting the right talent is a challenge,” Raaghavan says.

### SERVING THE GLOBE Some of the companies and their offerings.

<p><b>WYSA</b> Emotionally intelligent AI chatbot for mental health.</p>	<p><b>QURE.AI</b> AI-based decision support tool for diagnostic images.</p>	<p><b>INNOVACER</b> The San Francisco-based firm offers a health cloud platform.</p>	<p><b>INDEGENE</b> Provides management and tech services for the pharma industry.</p>	<p><b>COVERSELF</b> Payment integrity platform for insurance claim adjudication.</p>
<p><b>AXTRIA</b> Software product development, analytics, and business planning &amp; ops for pharma sector.</p>	<p><b>REVEAL HEALTHTECH</b> Bridges gap between clinicians and engineering teams in clinical research.</p>	<p><b>TRIMICS</b> Provides clinical trial management to clients in the sector.</p>	<p><b>AGILISIUM</b> Provides data-driven insights and innovative solutions across the pharma value chain.</p>	<p><b>FRACTAL</b> Enterprise analysis partner for multiple industries, including healthcare.</p>

Companies with a broad focus are narrowing it to specialised health-IT offerings. Chennai-based Agilisiium focussed on health-tech in 2022. Raj Babu, CEO, says he founded the company in 2014 to meet the demand for cloud solutions. But it soon became challenging for emerging players like Agilisiium to keep their edge.

“I realised we were only scratching the surface with our technology... I identified life sciences as a particularly high-value industry,” Babu says.

Today, Agilisiium collaborates with pharma and biotech companies to provide data-driven insights and innovative solutions, helping accelerate drug discovery, optimise patient

of \$1 billion by 2027.

Industry experts say that, with more shifts towards the cloud, they expect the market to reach at least \$400 billion in the next 10 years. Even a small slice of this business would be huge for Indian health-tech firms.

However, AI and analytics cannot predict what U.S. President Donald Trump will do next to implement his 'America First' policies. U.S. health-tech start-ups led by Indian entrepreneurs might find the going easier than India-based firms serving the U.S. Indian firms are banking on cost arbitrage and a large pool of technically qualified people, but long-term success will come from differentiated products and services.

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