Excerpt from The Power of Unreasonable People

Dr. Venkataswamy and the Aravind Eye Care System

The Aravind Eye Care System offers one of the most intriguing hybrid models. Founded over thirty years ago by the late Dr. Venkataswamy (or "Dr. V.") and based in India, it has potentially huge implications for the health-care business worldwide, with the model even proving viable in the United States. Dr. V. and his team turned an eleven-bed eye clinic into one of the largest and most productive eye-care facilities in the world. The Aravind community has been unreasonable in exactly the same way Gandhi was—refusing to accept that the future would be a straight-line extension of current reality.

Taking its services to the doorstep of rural India, the Aravind Eye Care System has become self-sustaining—treating over 2 million patients a year (two-thirds of them for free or with a steep subsidy) and still managing to make a profit that it reinvests in growing the enterprise and continuously upgrading its services. It is an international resource and training center that is revolutionizing hundreds of eye care programs in developing countries. Amazingly, with less than 1 percent of the country's ophthalmic workforce, Aravind performs about 5 percent of all cataract surgeries in India. Since its inception, Aravind has performed more than 2.8 million surgeries and handled over 22 million outpatients.

Aravind has pioneered a sustainable model that follows the principle that large-volume, high-quality, and community-centric services can result in low-cost and long-term viability. By charging wealthier patients more and poorer patients less, it has developed a sustainable business model. This success has been achieved without diluting poor patients' quality of care. As a result of the unique fee system and effective management, Aravind is able to provide free eye care to the majority of its patients.

To give some sense of the potential of this approach, there are an estimated 37 million people worldwide who are blind and an additional 124 million who are visually impaired. The global economic burden of blindness is estimated to be around $25 billion per year. Almost 90 percent of the blind live in developing countries that face the challenges of a growing population, inadequate infrastructure, low per capita income, illiteracy, and diseases in epidemic proportions. In India alone, an estimated 12 million are blind, yet 60 percent of blindness there is a result of cataracts, which are almost always curable.

A key part of the challenge has been getting health care to those in need. So, for example, 70 percent of India's 1 billion people live in rural areas. By contrast, 80 percent of the ten thousand ophthalmic surgeons in the country live in urban areas. Given the magnitude of the blindness problem, the government alone cannot meet the needs of all at risk. Realizing this, in what looks like a modern miracle even at close quarters, Dr. V. established an alternate health-care model that would both supplement the efforts of the government and be self-supporting.

Ask Thulsi Ravilla, Dr. V.'s successor as executive director, what others can learn from the Aravind experience, and he advises:

> When trying to reach economically poor sections of the population or engaging in development work, you have to transcend the stage where you are simply reacting to market demands, shifting instead to "market driving." In most such situations, while the need or potential may exist, the market doesn't. The market-driving approach potentially gives invaluable insight

> into the design and development of products or services, their pricing, and [their] delivery mechanisms. This approach essentially defines the design parameters for success. When you look back at developmental initiatives that have failed or succeeded, you see this common thread, and this applies equally to government programs and business activities.[7]

The motivation for exploring so-called base-of-the-pyramid markets may be to address government or market failures and bring much-needed benefits to poor people or, in the case of the more commercially minded, to make money in unlikely circumstances. Just as important as the immediate questions about who will benefit and who will profit from such ventures is what they tell us about the nature and scale of the nascent markets they serve. Because they operate in emerging markets, model 1 and 2 initiatives may provide early indications of where business could head in the future. The potential for services, products, and technologies created at this level to leapfrog back into developed world markets can only grow.