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BEST PRACTICES

AWARDS

FROST & SULLIVAN

2020 BEST PRACTICES AWARD



**2020 INDIAN ONCOLOGY SERVICE PROVIDER
COMPETITIVE STRATEGY
INNOVATION AND LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

Two-thirds of the world's cancer is estimated to be present in low-to-middle income countries and, by 2040, cancer prevalence and death rates are estimated to be twice that of 2018. Globally, the cause of approximately 30% of all premature deaths from non-communicable diseases is attributed to cancer in the 30-69 age groups.¹

In India, oncology represents the second-highest disease burden after cardiovascular diseases. There is an estimated 1.5 million new cancer cases in India in 2020². The ratio of patients to skilled healthcare personnel is high when compared with other countries. As a result, the World Health Organization indicates a highly strained healthcare system in India, leading to a deficit of quality care. Frost & Sullivan notes that regions with poor health infrastructure are associated with high volumes of late-stage cancer diagnosis. In India, the stigma associated with life-threatening diseases such as cancer also inhibits quality care delivery.

While cancer awareness is increasing in the population, Indian oncology centers are still primarily composed of late-stage cancer patients due to a lack of screening, general awareness, and the pursuit of alternate treatments. While the average medical expenditure during a hospital stay is INR 20,135, cancer treatment stands at INR 61,216, the highest across any disease category³. The Indian government is currently working to develop universal healthcare, with the Ayushman Bharat scheme designed to support below poverty line populations with affordable cancer care packages.

Strategy Innovation and Customer Impact

Strategy Effectiveness

In 2016, the American Oncology Institute, a wholly-owned subsidiary of Cancer Treatment Services International Ltd. (CTSI), was able to get an investment from AHH (Asia Healthcare Holdings) a Single specialty healthcare focused mid-market and growth-equity investment platform of TPG Growth to fuel expansion efforts in South Asia. From 2016 to 2019, the American Oncology Institute grew from 2 to 11 centers, with ten in India and one in Sri Lanka.

While the acquisition by TPG Growth supported the short-term growth of the American Oncology Institute, the takeover by Varian Medical Systems (Varian) in 2019 is leveraging the company's global reach to realize CTSI's vision of expanding its footprint beyond India. Frost & Sullivan notes that American Oncology Institute's ability to rapidly accelerate aggressive growth and attract high-profile investors while continuing to deliver world-class value-based care is unique in the industry.

¹ WHO report on cancer: setting priorities, investing wisely and providing care for all. Geneva: World Health Organization; 2020. License: CC BY-NC-SA 3.0 IGO

² Global Burden of Disease Study 2017 Results: Institute for Health Metrics and Evaluation (IHME), 2018; Frost & Sullivan analysis

³ Key Indicators of Social Consumption: Health, NSS 75th round, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India, November 2019

Strategy Execution

The organizational structure of American Oncology Institute is designed to offer a spectrum of treatment services including medical oncology, surgical oncology, radiation oncology, hematology-oncology and high end oncology diagnostics (like PETCT, SPECT CT, real time tumor tracking). Other diverse oncology solutions include remote medical physics, clinical dosimetry, oncology information technology (IT), National Comprehensive Cancer Network (NCCN), USA guided formulary management and clinical workflow. Moreover, the company offers diagnostic services such as histopathology, molecular pathology, cytogenetics, and next-generation sequencing. The company's robust IT infrastructure ensures seamless data processing across the three verticals of medical oncology, radiation oncology, and surgical oncology, and the American Oncology Institute's hospital network. While the company's competitors provide services across the same verticals, there is a lack of comprehensive solutions. As a result, the strategy of American Oncology Institute constitutes a holistic care model to support the needs of the patients.

Competitive Differentiation and Customer Purchase Experience

The differentiated competencies developed by American Oncology Institute address unmet industry needs including meeting patient expectations and addressing grievances.

The use of a central treatment planning and clinical dosimetry team differentiates American Oncology Institute from competitors, and allows for a standardized and data-driven approach to identify necessary treatment pathways across its network. The approach leads to low operational expenditure due to the presence of centralized resources based out of its main hub in Hyderabad. Moreover, superior clinical outcomes with minimal tissue damage are achieved through precise dosimetry. The central team supports both India-based American Oncology Institute clinics and partner institutions affiliated with the University of Pittsburgh Medical Centre (UPMC) in the United States.

The American Oncology Institute also provides patients with expert care by leveraging an international board of tumor experts affiliated with UPMC. All centers participate in weekly oncology discussions and selected patient case reviews. As a result, the clinics further boost patient confidence, increasing American Oncology Institute's regional value proposition.

Frost & Sullivan notes that American Oncology Institute's competitors fail to differentiate their service offerings or provide an approach which provides a unique value proposition to patients.

Executive Team Alignment

Successful healthcare organizations must build an evidence-based practice to meet the highest standards for trust, transparency, and technology while taking care of patient needs. American Oncology Institute embodies this vision. The executive team at AOI is designed to complement the on-ground functions and clinical workflow with a regional and a corporate structure through a well-defined system of checks and balances. Periodic calls

with the executive team on quality assessments, technical compliances, operational flows and business analysis ensure a firm alignment of all functions across all units.

Stakeholder Integration

One of the key success factors for an organization expanding as rapidly as American Oncology Institute is successful stakeholder integration.

In the case of brownfield expansions, American Oncology Institute performs careful assessment and vetting of both technology and the clinical expertise it leverages. While technology is easily integrated into its central cloud network, ensuring superior clinical expertise requires much effort. The company engages in an ongoing and thorough evaluation to identify manpower gaps. If sub-optimal staffing is identified, personnel can be replaced with skilled staff from network hospitals or by robust local recruiting efforts.

Moreover, in the case of complex procedures such as bone marrow transplants which require high capital expenditure and a world-class infrastructure, American Oncology Institute refers the case to one of the company's multiple regional tertiary care centers. The approach is in contrast to competitors who often only have a single tertiary care clinic in a metropolitan area, leading to restricted patient access.

Customer Service Experience

American Oncology Institute's uniquely patient-centric approach is championed through independent clinical factors working in synergy to deliver empathetic patient care. For example, the expert team of doctors is supported by an equally competent team consisting of well-trained nurses, qualified dosimetrists, medical physicists, and other support staff. American Oncology Institute's focus on quality nursing care is reflecting both through its certified oncology nursing personnel and post-hire intensive training that goes beyond certification requirements. American Oncology Institute's competitors have been observed to drive clinical practices which are predominantly physician-led, greatly hampering the potential of different functions, to create a work culture that promotes individual growth.

Conclusion

In India, oncology centers are primarily composed of late-stage cancer patients due to a lack of screening and general awareness. The American Oncology Institute leverages quality clinical protocols, superior technology, and evidence-based practice to identify and prevent cancer at the earliest stage possible, leading to enhanced patient outcomes. The company has exhibited unprecedented growth to become the fastest-growing single specialty hospital in the region.

With its unwavering commitment to best practices, strategic innovation, and clinical excellence, American Oncology Institute earns Frost & Sullivan's 2020 Competitive Strategy Innovation and Leadership Award in the Indian oncology service provider industry.

Significance of Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must take into account what competitors are and are not doing; meet customer demand with a comprehensive, value-driven product or service portfolio; and establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed in these 3 areas—brand, demand, and positioning—to achieve best-practice levels in competitive strategy.



Understanding Competitive Strategy Innovation and Leadership

Driving demand, brand strength, and competitive differentiation play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Strategy Innovation and Customer Impact.

Key Benchmarking Criteria

For the Competitive Strategy Innovation and Leadership Award, Frost & Sullivan analysts independently evaluated Strategy Innovation and Customer Impact according to the criteria identified below.

Strategy Innovation

- Criterion 1: Strategy Effectiveness
- Criterion 2: Strategy Execution
- Criterion 3: Competitive Differentiation
- Criterion 4: Executive Team Alignment
- Criterion 5: Stakeholder Integration

Customer Impact

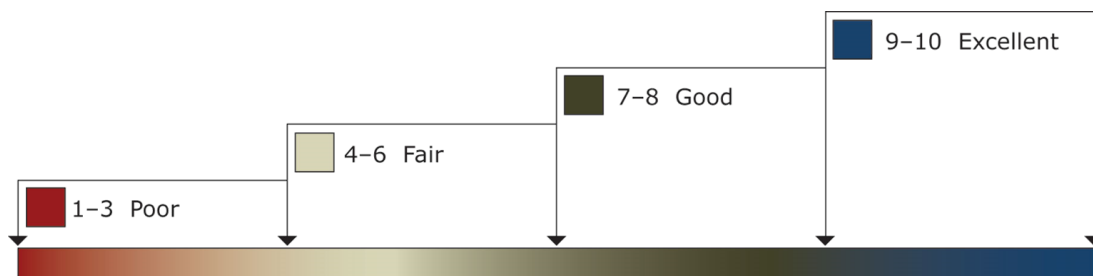
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for American Oncology Institute

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard considers Strategy Innovation and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Competitive Strategy Innovation and Leadership	Strategy Innovation	Customer Impact	Average Rating
American Oncology Institute	9	8	9
Competitor 1	7	8	7
Competitor 2	6	6	6

Strategy Innovation

Criterion 1: Strategy Effectiveness

Requirement: Strategy effectively balances short-term performance needs with long-term aspirations and vision for the company.

Criterion 2: Strategy Execution

Requirement: Adoption of best-in-class processes supports the efficient and consistent implementation of business strategy.

Criterion 3: Competitive Differentiation

Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted in the industry.

Criterion 4: Executive Team Alignment

Requirement: The executive team is aligned with the organization’s mission, vision, strategy, and execution.

Criterion 5: Stakeholder Integration

Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

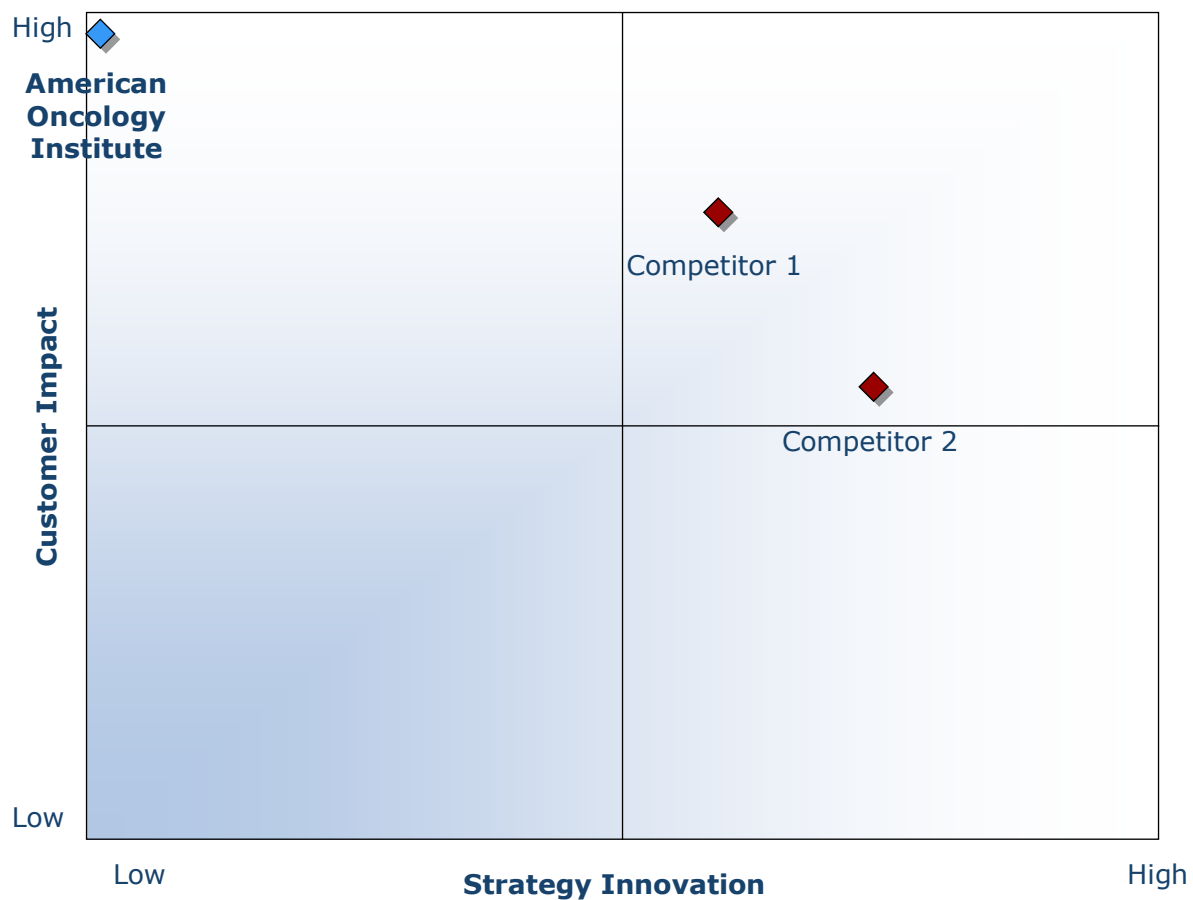
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the world	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging industries • Scan multiple regions 	Pipeline of candidates that potentially meet all best practices criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates 	Matrix positioning all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best practices positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized award candidates
6 Conduct global industry review	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible award candidates, representing success stories worldwide
7 Perform quality check	Develop official award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best practices award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select recipient 	Decision on which company performs best against all best practices criteria
9 Communicate recognition	Inform award recipient of recognition	<ul style="list-style-type: none"> • Announce award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of award and plan for how recipient can use the award to enhance the brand
10 Take strategic action	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit <http://www.frost.com>.