

WOMAN'S HEALTH CENTER

THE STRATEGIC BUSINESS-PLAN

WOMAN'S HEALTH CENTER

SECTION 1

	Page
A. Preface	4
B. WHC Building and Its Location	6
C. WHC Programs	7
D. WHC Building Layout	8
E. WHC Clinical Capacity	10

SECTION 2

MARKET ANALYSIS

A. Market Segments	11
1. Physicians	
2. Patients	
B. Economic Trend Assessment	13
C. Competitors	13
D. Demand	13
E. Market Policy	14

SECTION 3

THE ADVISORY BOARD

16

SECTION 4

PERSPECTIVE

A. Advantages, Disadvantages and Problem Solution	19
1. Nurses	20
2. Physicians	21
3. Personnel Behavior	
4. Image Building	
B. Prospects	22

SECTION 5

FINANCIAL ACTIVITIES

A. Review of Anticipated Profit	23
B. Project Cost Estimate	23
1. Project	
2. Construction	24
3. Equipment	
4. Public Relations	

C. Expected Annual Revenues	24
D. Costs	26
E. Profits	27

SECTION 6

Rationale for Funding	28
Introduction	
Strategic Plan	29
Investment Guarantees	30
Quality Assurance	
Facilities Required	
Qualification of Physicians	31
Supplementary Information	

ATTACHMENT

Legal Documents

WOMAN'S HEALTH CENTER

Health Care for Russian Women in XXI

SECTION 1

A. Preface

The International Mother-and-Child Health Protection Fund and a group of prominent scientists cooperate with U.S. and Russian medical experts in establishment of a new private clinical center, WHC.

The Business-Plan is intended to demonstrate that a Moscow-based WHC will have many more opportunities in providing high quality health care, clinical personnel training and financial success as compared with other clinics.

To establish WHC, the Moscow government provided the former building of Maternity House 7 (named after Grauerman) located 7 Novy Arbat St. in the city center. At present, Alarco, a Turkish company, is renovating the building with the best construction and finishing materials available. The work is scheduled to be completed in December 1995.

WHC Advantages

1. WHC outbids its competitors in Russia in quality of the services offered.
2. Cost-to-profit ratio will be lower in Russia vs. western and U.S. clinics given low salaries in the country.
3. WHC managers, clinical personnel, lawyers and financial managers are highly qualified and have international experience.
4. WHC will provide paid services (screening, treatment, including surgical operations and training).
5. The demand for health care will grow for another 5 years to come and, accordingly, expand employment in this developing private sector.

B. WHC Building and Its Location

WHC is housed in a 4-storeyed building in the city center of Moscow, 7 Novy Arbat and occupies 1,200 sq m. It is a memorial building erected in 1913 at the expense of the richest Russian merchant as the first women's clinic, Grauerman's maternity.

Many famous Muscovites were born in this clinic. The clinic has always been and remains the best and oldest clinical facility under the 1st Moscow High Medical University named after Sechenov (now Moscow Medical Academy).

WHC is destined to maintain and augment the well-deserved glory and authority of this historical clinic.

WHC will represent both a health facility and a coordinating training center for similar medical centers of Russia.

C. WHC Programs

- I. Prenatal Diagnostics and Fetus Condition
- II. Obstetric-and-Gynecological Aspects of Family Planning
- III. Teenage Pregnancy

Implementation of these programs will allow to reduce child and mother mortality and improve their health status.

D. WHC Building Layout

- ground floor: pregnancy advice department
- 1st floor: laboratory
- 2nd floor: Embryogenesis Block

(Extracorporal fertilization)

Cryoconservation

Surgery Block (laparoscopic operation room and a small operating room, postoperation rooms)

Sanitation Block

X-Ray and Mammography rooms

- 43th floor:

Cardiography Room

Functional and Ultrasonic Diagnostics rooms

Dentistry

Andrology/Urology

Chiropraxis

Administrative Department

Relaxation Room for Personnel

Senior Nurse room

Pregnancy Advice Department will deliver services to women of all ages by internationally reputed specialists. Full set of screening services will be given in laboratories and WHC departments.

Both conservative treatment and minor obstetric-and-gynecological operations will be performed: celioscopy, hysteroscopy, chorion and endometrial biopsy, transvaginal puncture, cryotherapy, laser treatment, etc.

If required, gonadal biopsy and varicocele correction will be provided to sterile male patients.

E. WHC Clinical Capacity

WHC will work in two shifts (from 9 a.m. to 8 p.m.).
 Planned WHC capacity is 300 visits/day.
 Staff: 150 persons
 Funding (salary, furniture, 1st year operational costs) is put at 4.2 mln USD.

SECTION 2

MARKET ANALYSIS

Individuals, families and the whole collectives will receive services from WHC. Moscow population totals 9 million, of that 4 million women. About 1 million Muscovites are expected to be the potential patients of the Center, not to mention hundreds of thousands of tourists visiting Russia annually will also be an important market segment.

A. Market Segments

1. Physicians:

WHC will employ high-qualified medical workers (approximately 50 physicians) practicing in various fields of medicine.

The majority of the physicians and consultants (40) will be specialists in obstetrics and gynecology. Academicians, professors, doctors of medicine-specialists in the fields of prenatal medicine, embryology, endoscopy, ultrasonic and X-ray diagnosis, infant gynecology, and so on, and so forth. These doctors are known in Moscow, in Russia and abroad. They have experience in working and in on-the-job-training in the world's leading clinics. They will have schools related to their specialties, monographs and numerous publications.

WHC will establish and maintain close ties with many diagnostic clinics of Moscow.

In view of the low level of inpatient and outpatient care, many patients are not provided with necessary health care and the well-to-do patients prefer to undergo screening and get treatments abroad. WHC will not have to compete since no rivals are in view. WHC will be a source of fair business.

2. Patients:

WHC will provide service Muscovites, Russian citizens, patients from FSU, foreign tourists and those coming specially to get health care.

These patients will opt for effective medical services rather than resort to the public health care system with all its problems. Competition-free physicians will concentrate on medical treatment tasks.

B. Economic Trend Assessment

WHC managers observe that the current situation in Russia is favourable for development of a modern private medical center.

Moscow private health care sector is comprehensive:

- about 2000 private practice specialists
- about 50 small diagnostic clinics (mostly dentistry and drug and alcohol abuse treatment homes).

C. Competitors

Private obstetricians and gynecologists and 20 small private gynecological polyclinics are not serious competitors for the WHC.

D. Demand

It is anticipated that 300 patients will be cared for daily, or about 10 2000 patients/year. The overwhelming majority (98%) of the patients expected will need outpatient treatment. The average LOS for endoscopic operations and diagnostic curettages is put at one-two days-2 160 patients/year (2.0%), (eight beds in two postoperation rooms).

E. Market Policy

20 leading specialists (obstetrics and gynecology) will be invited to WHC as consultants. Among the experts to be involved in the process are academicians, professors, directors of institutes, heads of departments whose salaries being paid for account of the budget are low that will encourage them to cooperate with readiness with the private WHC as consultants provided with certain consulting reception hours.

20 obstetricians-gynecologists have been attracted on a competitive basis to the WHC main staff. These specialists will work in the WHC as full-time employees on a two-shift working schedule basis. WHC will work from 9 a.m to 8 p.m.

WHC patients will be rendered medical services on a contractual basis, including private contracts, those entered into with insurance companies, concluded with large-scale private commercial enterprises. At the same time, a great number of individuals who wish and have money enough to be observed by the leading qualified specialists of the country.

In view of the fact that the WHC will purchase the appropriate up-to-date laboratory equipment, it will make it possible to speed up the process of obtaining exact and reliable results of analyses and tests. As to conventional polyclinics, they are capable of delivering the results of blood assays, smears, etc., several days after performing.

It will take only one day to perform X-ray, ultrasonic and other types of examination and investigations and to receive the consultations required.

The WHC will publish advertising and promotion materials in "The Medical News" and "The Family Doctor" magazines sponsored by the The Mother-and-Child Health Protection International Fund, explain and promote its program by means of Radio, TV, newspapers, professional journals and other mass media.

With making use of the WHC services (subdivisions, physicians), it would be possible to purchase expensive medical equipment meeting the requirements of the current state of the art in the development of medical means and appropriate to the

present-day level of achievements in this field, resulting in gaining economic benefit and advantage.

SECTION 3

THE ADVISORY BOARD

Highly qualified specialists known not only in Russia but abroad as well will take part in the WHC activities. Given below are some of the experts being the members of the WHC Management Board:

N.P. Bochkov, Academician

Medical worker-the Chief Geneticist of Russia; Mr. Bochkov is an internationally known expert in genetics, Director of the Institute of Genetics, Vice-President of the Academy of Medical Sciences of Russia. Mr. Bochkov is the author of numerous monographs and publications. He is the Manager and Consultant of a number of the WHC programs.

V.N. Serov, Academician

Mr. Serov is the Chief obstetrician-gynecologist of Russia, the author of a large body of monographs and publications devoted to prenatal diagnosis, menopausal syndromes, pre-malignant tumors (early cervical neoplasia and other similar diseases), the manual on obstetrics and gynecology, etc. Mr. Serov has a good command of all types of operations associated with obstetrics and gynecology.

A.A. Baranov, Academician

Mr. Baranov is the President of the The Mother-and-Child Health Protection International Fund, the Deputy Chairman of the Commission on Affairs of Women, Family and Demography attached to the President of the Russian Federation, the Chairman of the Executive Committee of the Union of Pediatricians of Russia. Since 1991 and to the present day Mr. Baranov has been holding the post of the Head of the Childhood Diseases Department of the Moscow I.M. Sechenov Medical Academy.

A.D. Makatsariya, Professor

Mr. Makatsariya is the Member of the New-York Academy of Sciences, obstetrician-gynecologist, the author of many monographs and publications on the problems of prenatal diagnosis, coagulopathy, maternal mortality in Russia. He is the author of the Manual on Obstetrics and Gynecology. Mr. Makatsariya has a good command of all kinds of operations in the field of obstetrics and gynecology.

A.A. Popov, D.M.

Mr. Popov is the Candidate of Medical Sciences, Doctor of Medicine; Mr. Popov is expected to be the Physician-in-Chief of the Center of interest, he has a good command of all types of endoscopic surgery (operating peritoneoscopy and hysteroscopy). Mr. Popov worked on probation in a number of clinics in France (professor Brua), Germany (professor Semmon), Sweden, Israel, the USA. A.A. Popov is the author of a number of publications and the dissertation on endoscopic gynecology, known in Russia as one of the leading experts in the field of endoscopy.

T.V. Kuznetsova

Ms. Kuznetsova is the General Director of the Woman's Health Center. She is the Candidate of Medical Sciences, Doctor of Medicine. Ms. Kuznetsova is the author of scientific works and publications (including a monograph) on sterility and gynecological endoscopy problems. Over many years She worked as a lecturer in a Medical Institute and was the leading expert in the field of sterility problems. In the eighties Ms. Kuznetsova being supported by the former USSR Ministry of Public Health organized 20 branches of the "Reproduction and Medicine" Society in various regions of the country. For 10 years She managed the training course on sterility and gynecological endoscopy problems. She has a good command of all types of operations associated with obstetrics and gynecology, including gynecological endoscopy. Ms. Kuznetsova has undergone qualification apprenticeship in Germany (a monograph has been issued in co-authorship with professor Semmon), France, the USA (State Georgia).

The departments and scientific programs will be led and managed by the specialists well-known in Russia. These experts have a good record and excellent results in practical medicine. These are the leading medical workers and specialists in the fields of ultrasonic diagnosis, examination and treatment of mammary glands, fertilization "in vitro", genetics, andrology, etc.

SECTION 4

PERSPECTIVE

A. Advantages, Disadvantages and Problem Solution

Advantages

The duration of effective ambulant and indoor survey and treatment will be under control of the medical workers that will allow to reduce the length-of-stay as compared with other clinics and make it possible to provide more patients with the suitable medical services. The low-grade medical workers will be more qualified and experienced when compared to those operating in other Moscow polyclinics and hospitals. None of the patients will wait for the results of analyses and tests for a long period of time. The physicians and surgeons will be supplied with all necessary materials and stock sufficient for the entire period of examination and treatment.

Nobody of the WHC personnel (including physicians and nurses) will venture to admit tips "by way of gratuity" from the patients.

Taking into consideration the fact that disposable syringes, gloves, gynecological specula, and so on, will be used, the danger or possibility to be infected will be radically low as opposed to other clinics of Russia. The distinctive properties of the WHC will be the effectiveness, the professionalism, the friendliness, the WHC location, the comfort and other features.

The WHC will be the place where the patient would free to come with a confidential problem and where he will obtain the best examination and treatment one can attain in Russia when it comes to curing diseases associated with obstetrics, gynecology and andrology.

1. Nurses

As a whole, the training and management of nurses is in Russia at a low level. That is why the recruitment and education the nurses in the WHC will require special attention.

The actual problem the Russian providers are currently facing consists in that the nurse training schools need in special equipment, in correction of management system and so on, and so forth. The nurses bear no responsibility. The nurse status is not important or prestigious. Sometimes they fail to understand what they are wanted from and are not able to comprehend the essence of their job. In order for this problem to be tackled, the prolonged education, training and instructing on the part of specialists are required above all else (for one example, education with the help of the American Association of Nurses).

Skillful nurses having experience in working the WHC. These nurses will teach and train their younger colleagues, including matters concerning the procedures of work, rendering services and meeting the patients.

in foreign clinics are employed in

2. Physicians

The professional level and experience of the physicians that will work in the WHC is very high and this aspect casts no doubt upon their aptitude. The weak aspect resides in the fact that they are not familiar with the conception of the private practicing "privileges" and work in conventional institutes, hospitals and other medical institutions where taking care of the patients is insufficiently provided.

We will keep in touch with American medical experts which may help establish the foundation of and carry out the business health with the effective and profitable private practice.

3. Personnel Behavior

The WHC Management will provide the situation under which the WHC personnel would be on friendly terms with the patients and their visitors that is not always in inherent feature of many Russian polyclinics and hospitals.

Some of the Moscow institutions, establishments, firm's shops, restaurants (first and foremost McDonalds among them) where the majority of personnel are the Russians and only several foreign managers are working, feature excellent servicing and friendliness of their employees.

Russian employees especially ambitious young people having no "experience of working in the old system", are the best and painstaking workers, that is they know what they are expected from.

4. Image Building

The comprehensive and well-prepared publicity campaign to be run for the purpose of establishing and maintaining links with the public is to show the important role the services rendered by the WHC play. The patients will also be informed about the women and family health protection system differing from other existing similar

systems, about diagnosis and treatment methods and approaches used by the WHC, about the WHC's physicians and auxiliary medical and nursing personnel.

B. Prospects

The new Complex designed for the woman health protection will subsequently extend for account of the affiliated companies. As the WHC is developed, several companies amalgamated into a single common Holding Company will set up and open in the course of 5 following years a private lying-in hospital, a health complex for women, and establish an insurance company.

Next Steps

A similar system intended for protecting women health will be introduced in other Russian cities in which the branches of the Mother-and-Child Health Protection Fund are presently running (Nizhny Novgorod, Ivanovo, Tomsk). These cities are characterized by large number of city dwellers and fairly high level of business activity.

SECTION 5

FINANCIAL ACTIVITIES

A. Review of Anticipated Profit

The WHC development will require approximately 8 million US Dollars. The Project will be supported financially by construction firm "Alarko" (~\$4000000), the Mother-and-Child Health Protection Internation Fund (~\$500000), and the credit to be granted for purchasing the required equipment (3.5 million USD).

It is anticipated that the annual profit will average \$ 1.4 mln. (or 6 milliard and 459 million Roubles).

B. Project Cost Estimate

1. Project

The Project development, the alterations to be introduced in connection with the revision of the building architectural treatment by the Urban Development Board, the necessary approvals and permissions to be obtained round the departments and higher authorities will require \$60 000.

2. Construction

4 million US Dollars have been spent on the building reconstruction and adding two additional stories to the building. This sum is not subject to repayment as according to the decision made by the Moscow Government the above-said stories will be occupied by company "Alarko" for a period of 10 years, whereupon they shall be made available to the Woman's Health Center.

3. Equipment

The final price for the equipment: ~ 3.5 million US Dollars of which 3 million
 US Dollars shall be spent on the medical equipment required and ~ 500 000 US
 Dollars-on special medical and office furniture.

4. Public Relations

150 000 USD are required for the preliminary notification and information of
 the public, advance advertising, publicities and material support of the WHC
 physicians and other personnel.

C. Expected Annual Revenues

It is supposed that inpatients will constitute 85-90% of the WHC full capacity
 and 90-95% of its complete capacity will be represented by outpatients (300 patients
 per day).

In our case this level of "fullness" is stemming from and determined by the
 following reasons:

1. The absence of competition;
2. The availability of well-known and recognized specialists
3. The regular contacts and consultations concerning The WHC personnel
 training and management;
4. The intensive marketing and permanent and high-pressure advertising
 campaigns;
5. The patients coming from other private consulting rooms.

Total WHC Revenues Estimate Break-Down

1. The medical services: 1119 million Roubles estimated total (248.7 thousand
 US Dollars), including:

- a) The regular examinations and surveys: 300 persons x 25 working days
 x 75000 Roubles (the average cost of the consultations and services provided); 562
 million Roubles in all monthly (124.9 thousand US Dollars).
- b) The indoor endoscopic operations: 8 patients x 20 days x 1500000 (the
 average operation cost) = 240 million Roubles per month (53.3 thousand US Dollars).
- c) The Embryogenesis Laboratory's patients [artificial ("in vitro")
 conception]: 4 patients x 25 working days x 1.5 million Roubles (the average cost of
 the procedure) = 150 million Roubles (33.3 thousand US Dollars) monthly.
- d) Under the contracts entered into with insurance companies and
 enterprises: 1000 patients x 2 million Roubles annually (12 months).

The Total Sum: 167 million Roubles (37.1 thousand US Dollars).

2. The retailing/isolated sale of drug preparations, items of hygiene, and the
 like (at a minimum of 25% markup) = 45 million Roubles per month (\$10 000).

3. The training of special ists (the average statistical cost = 1 million Roubles
 for 1 person): 40 persons = 40 million Roubles monthly (\$ 9000).

4. The advertising activity (the provision of large foreign firms with the prospect of advertising their products through the WHC): 45 million Roubles monthly (\$10 000).

WHC's Total Income

The monthly incomings: 1 milliard and 249 million Roubles (277.5 thousand US Dollars)

The annual earnings: 14 milliard and 988 million Roubles (3331 thousand US Dollars)

The expected annual income : three million and three hundred and thirty one thousand US Dollars.

By the time of the WHC five-year activity the annual income is expected to amount to 5 million US Dollars.

D. Costs

1. The wages and salaries: 150 persons x 1800 thousand Roubles (the average salary in the WHC) x 1.41 = 380.7 million Roubles (84.6 thousand US Dollars) monthly.

2. The medicines: 50 million Roubles (12 thousand US Dollars) monthly.

3. Expenditures for the building operation: 200 million Roubles (44 thousand US Dollars) monthly.

4. Miscellaneous costs (transportation and telephone charges, remuneration for the guard and other expenses): 80 million Roubles (1.7 thousand US Dollars) monthly.

Total Costs:

Average Monthly Usage - 710.7 million Roubles (157.9 thousand US Dollars)

Average Yearly Consumption - 8 bln and 528.4 million Roubles (1 million and 895.2 thousand USD)

E. Profits

Monthly Gains: 538.3 million Roubles (119.6 thousand US Dollars)

Yearly Earnings: 6 bln and 459.6 million Roubles (1 million and 43

5 thousand

USD)

SECTION 6

Rationale for Funding

In order that the WHC prospects and potential could be evaluated, several pivotal assumptions had been made by the WHC management in collaboration with the American experts (Sante Strategy Group, Jakmes A. RICE, PIYKO, Jeffrey Sweetbaum, US Dental Care, A. White).

The first speculation is that only the upper class of the Moscow inhabitants will be able to afford to have recourse to and enjoy the medical services the WHC is expected to furnish when it is considered that the cost of staying here amounts to 400-500 US Dollars per day and that it is possible to make do with 50 US Dollars to be paid by an outpatient for one visit.

Secondly, the representatives of the WHC management are sure that the Center is capable of curing patients more effectively as compared to the Moscow conventional hospitals and polyclinics.

The WHC potential "market" represents 2160 bed days annually with the potential financially sound patients staying in the WHC for one day and a half in the average being taken into account, and 10200 visits of the outpatients yearly taken into consideration as well.

The WHC inpatients will contribute 2.0%;

The WHC outpatients will account for 98.0%.

An additional demand for the services that the WHC is expected to offer will be represented by other groups of the Moscow population. None of the ambulatory center existing in Moscow has the capability of providing medical care at the level close to that the WHC is capable to provide. The WHC will attract and involve foreign patients, the patients from the upper classes of other Russian cities and from the former USSR republics. The contribution into the demand for the WHC's medical services that could be made by these potential patients in the future is not taken into consideration. It is likely that several thousand insured Americans and those representing some West European countries which reside and work in Moscow will resort to the WHC medical services. In view of the fact that in Moslem countries the men in acyclic marriages are not subject to medical examination, they will also be involved in the WHC operation orbit on an international tourism basis.

This "profitable link" has not been included into the future demand either.

Strategic Plan

The first step of the new health protection system according to the American pattern is the new Woman's Health Center designed for 300 visits per day. The Center will provide medical services for the inhabitants of Moscow, those living in other Russian cities and foreign tourists. This Project of which the cost amounts to 8 million US Dollars will be financed by Turkish construction firm "Alarko" (the building reconstruction) and the Investor (the supply of special equipment). The WHC will launch its activity directly associated with rendering medical services in the second quarter, 1996.

Development Prospects

- Sales of drugs
- Sales of hygiene items for women and children
- Private maternity hospital in the central part of Moscow
- Insurance company
- Woman's Health-Improvement Complex

Investment Guarantees

The present Project guarantees the profits to the shareholders of Joint-Stock Company МЖЦ (WHC) both through the immovables and the company being the supplier of equipment. The shares of these companies are also represented in the Holding Company that will bear responsibility for the development and management of the eventually established and formed system called "XXI Century: Women and Children Health Protection in Moscow".

Quality Assurance

- The high level of services being rendered
- The modern building of WHC including:
 - The Advisory Center
 - The laboratory wing (hormonal laboratory, bacteriological instant diagnosis laboratory, genetic department, cytomorphologic department, ultrasonic department, X-Ray department, embryology department, cardiography department)
 - Operations block
 - Stomatology
 - Andrology

Facilities Required

- The WHC for 300 visits per day
- The surgery meant for 6 laparoscopies and hysteroscopies daily
- The rented treatment rooms
- Sales of drugs
- Seminars for patients and physicians.

Qualification of Physicians

Only the best specialists will be allowed to work in the WHC. The up-to-date medical equipment and processes and the well-trained personnel will support the physicians.

Supplementary Information

Our Address for purposes of coming into contacts with other companies and obtaining necessary information:

Moscow, 121019, ul. Novy Arbat, 7

Telephone: 203-6050

Fax: 290-3363

Медицинский Женский Центр