



OpenLMIS Sustainability

Framing for Day 2

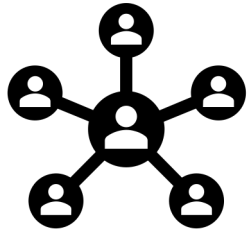
Community Meeting – November 19, 2019



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OpenLMIS Paths Forward



1 Independent Entity

- Create a new non-profit entity to manage software & stewardship
- Keep public health implementations active and pursue a parallel product in private health
- Transition public health to include routine contributions
- Seek initial seed stage funding followed by impact investor funding



2 Partnership to Handover

- Partner with a private organization and gradually transition software & stewardship over 1-2 years
- Keep public health implementations active and product open source
- Let partner drive which business opportunities to pursue
- Collaborate on contract terms
- Seek initial seed stage funding



3 Unsupported Release

- Release the IP and licensing
- Leave future software enhancements and stewardship up to the open source community
- No funding for core community, product management, or maintenance
- No mechanism for partners to guide the future of OpenLMIS

Yesterday's Feedback on Options 1 & 2

1 Independent Entity

Pros

- Vision and mission fits
- Builds on “onramp” and existing value

Cons

- The financials are unrealistic; too many customers are needed and there is a poor likelihood of success
- How to raise investor \$? Donors are only interested if getting impact investors is realistic
- High cost & lift from outside donors
- If it fails, learnings are less useful than #1
- No one has captured this market yet, which says something about its difficulty
- Concern about getting gov't support long-term

2 Partnership to Handover

Pros

- If we fail, we are where we are now but with scaled up code
- Investment in a private partnership is interesting to donors, especially BMGF as a learning organization
- Bringing a value add to new customers
- Improved software economies of scale
- Builds on “onramp” and existing value

Cons

- Unsure how to move forward beyond contract
- Gov't may be less likely to support private companies

Comments:

Need to manage open access requirements

Lots of unanswered questions

Private sector engagement is trending up

What We Heard from You

Priorities for today:

- Define next steps ++++
- Get organized and regroup +++
- Understand what we have to sell +++
- Consensus on needs/wants/must haves ++
- How conversations replace donor \$ +
- Understand if OpenLMIS is open or closed +
- Ask hard questions
- Short-term donor help
- How do current implementations stay in step?
- Revisit assumptions



Inviting Change

A Message from Our Donors

Kelly Hamblin | BMGF
Lindabeth Doby | USAID



Morning Priority

- Shift gears to make the most of our time together
- Capture your must haves, nice-to-haves, assumptions and beliefs
- Solve for solutions
- This information is necessary to have future conversations with partners and take next steps, regardless of the option



Use Your Crests!

- Check in with yourself on whether you're meeting your goals and personal mission
- Write ideas for your future engagement on the back
- Great opportunity to get to know the other community members during breaks



Customer & Revenue Model





Private Health Market Sizing

Assumptions	Clinics	Hospitals	Pharma Retailers
Customers			
% of private health facilities that operate as networks	20%	15%	5%
% of networks in need of a supply chain management solution	70%	30%	70%
Market Share			
% of potential customers that can be reached	100%	100%	100%
% of potential customers that will choose OpenLMIS	50%	50%	50%
% of potential customers that can afford OpenLMIS	95%	100%	95%
OpenLMIS Market Share (% private health facilities)	6.65%	2.25%	1.66%
Network Size (facilities per OpenLMIS customer)	10	4	10

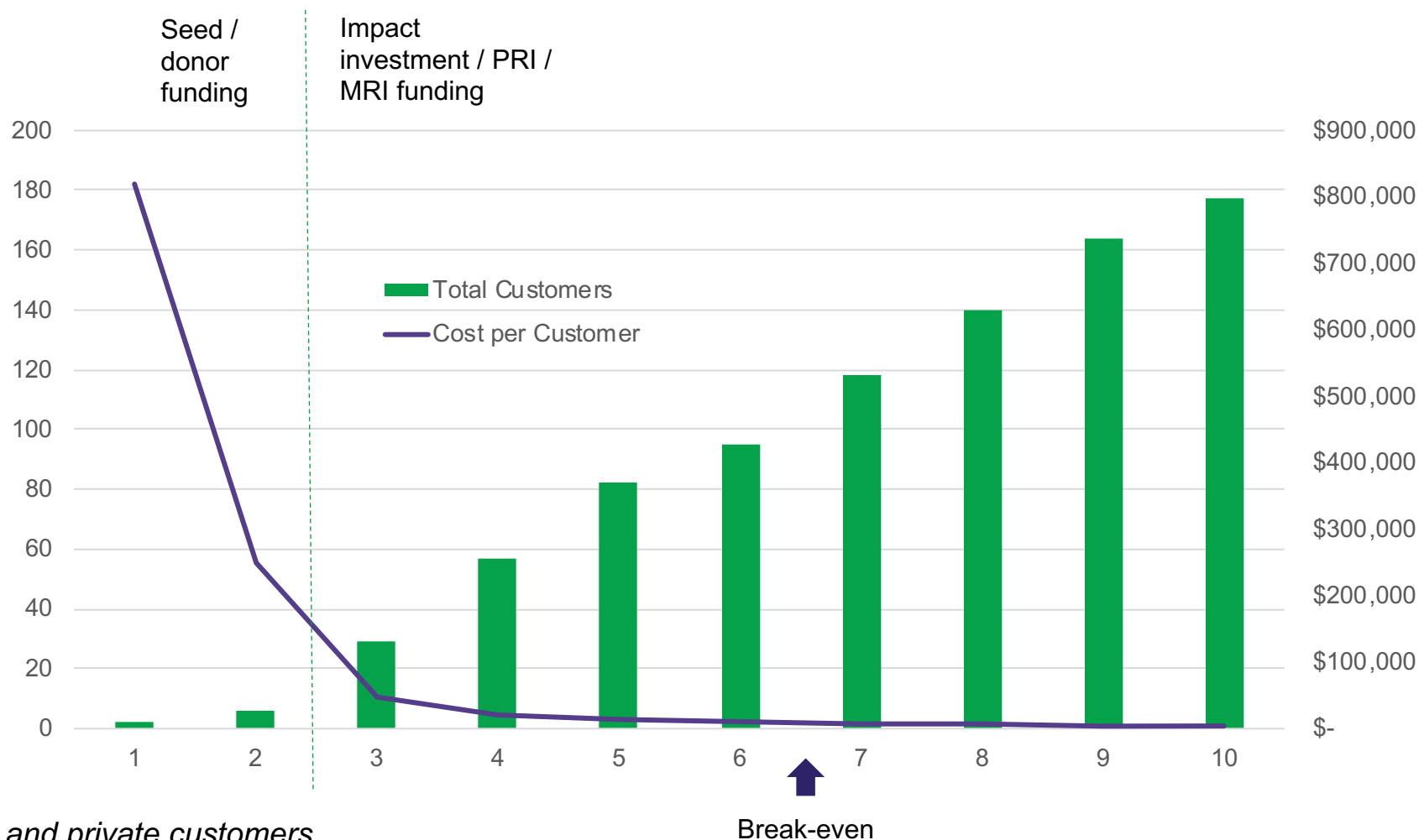


Private Health Market Snapshots

	Nigeria	Kenya
<u>Country Profile</u>		
Population	200 million	49 million
GDP/ Income Group	\$379 billion/ lower-middle	\$75 billion / lower-middle
<u>Health Sector</u>		
Total Health Expenditure	\$13.7 billion (77% private)	\$3.5 billion (39% private)
Private Health Facilities (% Total)	33%	52%
Private Clinics	3000	4201
Private Hospitals	2609	243
Private Pharma Retailers	4500	582
<u>OpenLMIS Customers</u>		
Clinics	200 (20 networks)	279 (28 networks)
Hospitals	59 (15 networks)	5 (1 network)
Pharma Retailers	75 (8 networks)	10 (1 network)



With projected growth rates of customers*, OpenLMIS could achieve break-even in less than 5 years (post-seed stage)



*Includes forecast of public and private customers.



Funding Overview

Seed Stage Funding

- Transitional funding for Options #1 & #2
- Uses would be to:
 - Enable sustainable business model
 - Develop software for private customers
 - Enact public health strategy
 - Build a foundation for future investment, which may include the very important role of de-risking for other investors, collecting impact data that aligns with SDGs, and/or pitching to impact investors or foundations with PRI / MRI*

Impact Investment Funding

- Funding necessary only with Option #1
- IQVIA would become the investor in #2
- Uses would be to:
 - Further build out business and development team
 - Diversify revenue streams
 - Drive growth in paying customers
 - Expand Channel Partner network



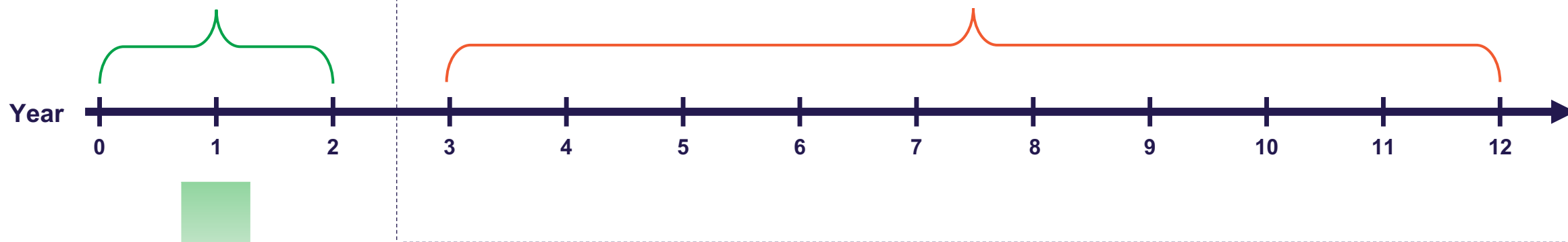
Types of Funding

Seed Stage Funding

Donor or philanthropic capital
Options for 12-24 months

Impact Investment Funding

Impact-first investors
7-10 year investment term



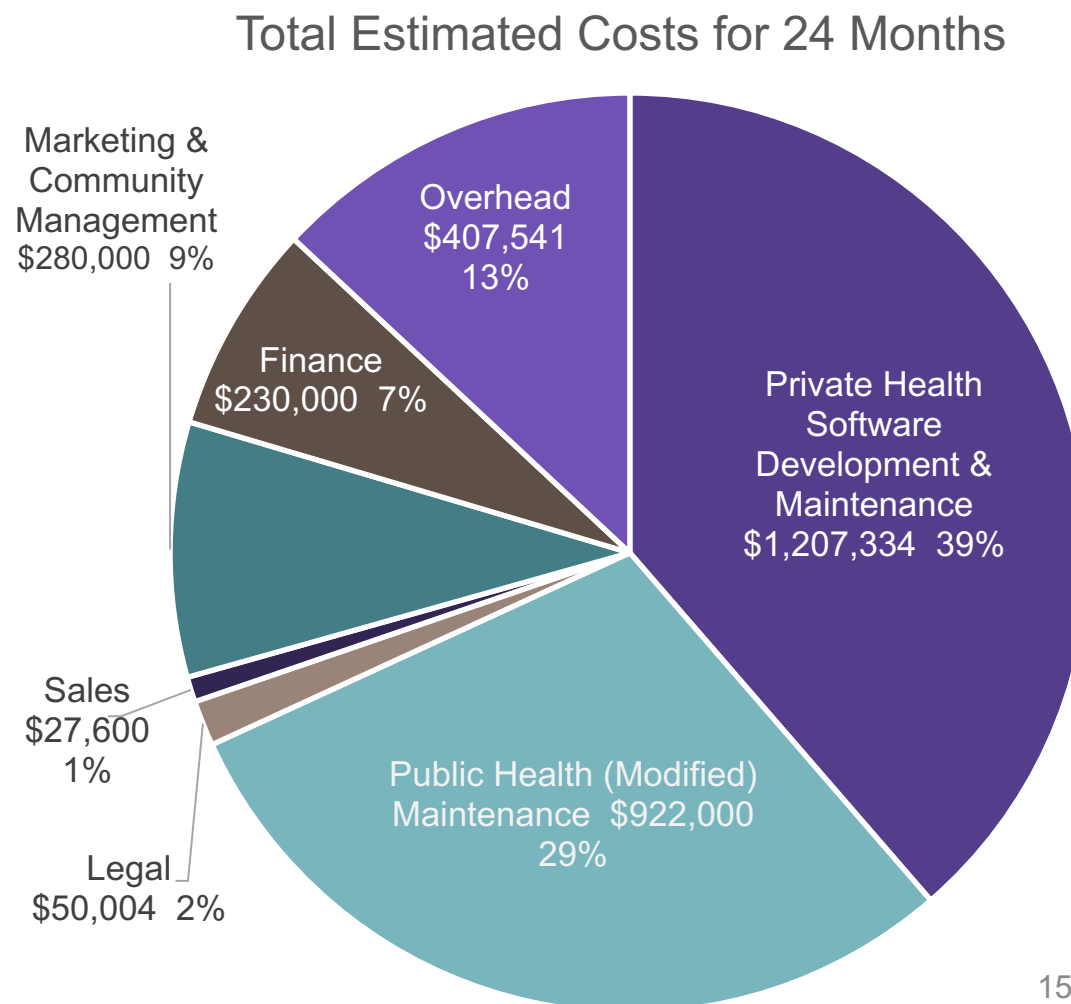
	12 months	18 months	24 months
OpenLMIS.Org	\$1.6 MM	\$2.4 MM	\$3.1 MM
IQVIA*	\$1.2 MM	\$1.8 MM	\$2.3 MM

*Based on assumptions that need to be further validated with IQVIA.



Independent Entity Costing

- Estimated cost for 24 months is \$3.1 MM inclusive of both public and private health
- Assumes 10 months of software development for the “OpenLMIS for Private Health” product as well as maintenance thereafter
- Software team is assumed to be primarily based in Kenya, with two US-based roles (product owner and transitional architect)
- Public health costs have been modified to reflect a hybrid product owner role and capture a lower run rate





IQVIA Costing Estimate

IQVIA still requires seed stage funding to prove the model but less than an Independent Entity option given their strong sales team and institutional efficiencies.

- Based on percentages of the Independent Entity costing estimates
- Estimate that a partner with IQVIA would require ~ 25% less donor / seed stage funding than #1
- There are additional areas that could further reduce this estimate (which have not been factored in), including faster time to market, quicker paying customers, lower risk, and other efficiencies

Function	% of OpenLMIS Estimate*
Private Health Software Development & Maintenance	100%
Public Health (Modified) Maintenance	100%
Legal	50%
Sales	10%
Marketing & Community Mangement	20%
Finance	20%
Overhead	20%



Brief Comments

Discussion & Parking Lot



Thank You!

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