

OpenLMIS Sustainability Meeting - Resonance, Washington DC - Day 1

Day 1

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Introduction & Project Overview

Objectives:

1. Evaluate potential business models and agree on the best model to pursue
2. Lay the groundwork for the business plan that takes the chosen business model forward

Business Models: First Look

Theoretical Constructs Model Narrowing Focus on Customer Customer Narrowing Pathway Approach Country Narrowing
These components, with ongoing research, engagement, and analysis, with the conversations over the next 2 days, will lead to the business plan

5 Ways to Take OpenLMIS Forward

Core attributes perceived by Resonance from the OLMIS Community:

- Remain open-source
- Focus on public health first, then adjacent markets
- Strengthen the capacity of local and regional partners.

Funding Trail A: Core Funding

Funding Trail B: Implementation Funding

Structural Pathways:

(These are not exclusive – we could come up with a blended model)

1. **Release** (relax IP rules so anyone can use the OpenLMIS code, but do not choose or fund another option)
2. **Handover** (Coordinate an acquisition-style of "sell" of OpenLMIS to an interested 3rd party)
3. **Partner** (Lean on the mandate of other orgs and nest OpenLMIS within their structure)
4. **OpenLMIS Inc.** (Create an independent entity where OpenLMIS is able to continue its operations and pursue additional revenue generating mechanisms)
5. **Global Good Incubator** (Create an independent entity that enables OpenLMIS to continue its operations, pursue new customers and revenue streams, and grows to create efficiencies between many global goods)

1. **Release**

Zoom Participant ID: 54 Meeting ID: 181-185-542 You are viewing Advisory and Policy PATH's screen View Options

Structural Pathway 1: Release

Relax IP rules so anyone can use the OpenLMIS code, but do not choose or fund any other option.

Key:
 ● = High ● = Low
 ● = Medium ● = Unknown

- Least proactive model; the code is released to the community with no other global support
- Existing implementations can continue to maintain the solution on their own accord; anyone (or no one) can choose to utilize or build upon the source code
- VillageReach maintains legal ownership of IP
- Global support through core funding trail would no longer exist (e.g. no website maintenance)

Key Considerations:

- Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution
- Capacity to strengthen local and regional partners
- Level of control and risk management to ensure a positive impact and outcome
- Capability to transition to this business model without donor funding
- Ability to reduce reliance on donor funding and achieve long-term sustainability

Next Steps Preview: Assess ownership of IP, copyrights, v3 code, previous code, trademark(s), and any other legal components. Determine the best path forward to maximize opportunities for the code to be carried on. Communicate changes, create a transition plan for implementations and staff.

Join Audio Start Video Invite Participants Share Chat Record Leave Meeting

Comments:

-ODK might be somewhat an example of this pathway.

-Next steps would be VR doing an analysis: Inventory of IP in former versions, make sure all potential pathways are known to the community, come up with a transition plan for staff.

-It would be unknown if there was sustainability based off if it was deemed necessary or desirable product from outside entities (for-profit or nonprofit)

2. Handover

Zoom

Structural Pathway 2: Handover

Coordinate an acquisition-style "sell" of OpenLMIS to an interested third party.

Key:
 ● = High ● = Low
 ● = Medium ● = Unknown

- A for-profit or non-profit entity takes ownership and control of (i.e. "acquires") OpenLMIS, though funds may not be exchanged
- Enables a continuation of OpenLMIS' services through a third party, which would expand and/or complement what the community has built
- While control after the "sale" will be limited, put into place transactional requirements to make sure there is alignment with OpenLMIS' core attributes and mission

Key Considerations:

- Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution
- Capacity to strengthen local and regional partners
- Level of control and risk management to ensure a positive impact and outcome
- Capability to transition to this business model without donor funding
- Ability to reduce reliance on donor funding and achieve long-term sustainability

Next Steps Preview: Determine timeline, establish process for seeking out partners (e.g., RFP, existing partners, roadshow), develop requirements for the "purchaser," understand legalities, explore, evaluate, and pursue opportunities, potentially secure transition funding.

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Next Steps would depend on interest and transition funding availability

Comments:

-This would have parties looking at investment vs return, would likely have to be profit-neutral or profit-building for someone. Unclear if it's a given that implementations/capacity building would be included. A lot less control on our side – only control is the transaction and trying to choose the right partner.

-This one is mostly focused on the core funding trail, not the implementations or thinking about that component.

-As an open-source product it's hard to fully do a handover here (and option #1 always has to be a part) since the basic code has to be available to anyone... Copyright vs. Open-source code

-There could be a community version that everyone has access to, but it is officially parked with another organization.

-Commcare might be a good example of this one, Odo,

-We'd have to get more precise about the value of OpenLMIS before we can move forward here (or on any of these).

-The value of what we've done here is goodwill, which might be hard to put a value to.

-The greens/yellow/reds aren't set in stone, and they could all technically be unknown

2 examples of where this could go:

Mezzanine

Comments:

-Understanding is that Mezzanine would only be interested in OpenLMIS if it became cross-sectoral

- Because they have staff, "boots on the ground," already, and the other partners that they have, OLMIS could expand quickly and tap into new/more places
- Part of the next steps with Pathway 2 are fully understanding what things we would be looking for in a partner and doing a deeper analysis
- Confirmation that this model would remain open-source
- What is the best thing to do for a Global Good when determining what kind of entity to transfer this to?
- Under the partner model, you have a little more control moving forward than handing it over completely

IQVIA

Comments:

- They have seen a gap in accessibility of products, and OLMIS could help them fill the gaps, while collecting data that they then could sell back
- This model flips the open-source a bit by people using this free software with the understanding that their data will be used down the line
- This company collects and sells data, so we'd have to look more at what this model would look like for them and what the countries are getting out of it vs getting
- Opinion that this one feels like less of a fit than Mezzanine or something else – on the flip side, Mezzanine would be looking at solutions more outside of health, and IQVIA would be looking more within health

3. Partner

The slide is titled "Structural Pathway 3: Partner" and includes a key, bullet points, key considerations, and next steps.

Key:
 ● = High ● = Low
 ● = Medium ● = Unknown

Structural Pathway 3: Partner
Lean on the mandate of other organizations and nest OpenLMIS within their structure.

- Third-party partner organizations (e.g. DIAL, Digital Square) split the current operational and fiscal responsibilities of OpenLMIS, nesting OpenLMIS amongst other funded global goods
- Current IP ownership would be transitioned
- Partners work together to determine the most optimal distribution of tasks and how to operationalize OpenLMIS in a way that is in keeping with the vision of its new and current partners

Key Considerations:

- Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution
- Capacity to strengthen local and regional partners
- Level of control and risk management to ensure a positive impact and outcome
- Capability to transition to this business model without donor funding
- Ability to reduce reliance on donor funding and achieve long-term sustainability

Next Steps Preview: *Take an inventory of current tasks supported by the core funding trail and create a plan to transition those tasks to the right avenue(s) of partner organizations. Evaluate options for bridge funding. Execute a comms and change management strategy; determine long-term funding.*

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4. OpenLMIS Inc.

Structural Pathway 4: OpenLMIS Inc.

Create an independent entity where OpenLMIS is able to continue its operations and pursue additional revenue-generating mechanisms.

- Spin OpenLMIS off as its own independent entity, securing a legal structure that enables the pursuit of new customers while maintaining the inclusivity of its current offering
- Transition all tasks supported by core funding to a new, independent entity
- Empower entity to reach new customers and/or revenue streams for OpenLMIS and over time, replace donor-supported core funding

Key:
● = High ● = Low
● = Medium ● = Unknown

Key Considerations:

- Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution
- Capacity to strengthen local and regional partners
- Level of control and risk management to ensure a positive impact and outcome
- Capability to transition to this business model without donor funding
- Ability to reduce reliance on donor funding and achieve long-term sustainability

Next Steps Preview:

Select an appropriate legal entity or entities. Prioritize new customers and/or revenue generating mechanisms and secure transition funding. Communicate new model and conduct a roadshow as needed. Take an inventory of tasks supported by core funding and create a transition plan.

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5. Global Goods Incubator

Structural Pathway 5: Global Goods Incubator

Create an independent entity that enables OpenLMIS to continue its operations, pursue new customers and revenue streams, and grows to create efficiencies between many global goods.

- Create a new independent entity, or partner with an organization with a similar mission, to help promote sustainability across many global goods, starting with OpenLMIS
- Transition all core funding-supported tasks to a new, independent entity or partner
- Be empowered to create new customers and/or revenue streams for OpenLMIS and over time, efficiencies between digital global goods, and replace donor-supported core funding

Key:
● = High ● = Low
● = Medium ● = Unknown

Key Considerations:

- Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution
- Capacity to strengthen local and regional partners
- Level of control and risk management to ensure a positive impact and outcome
- Capability to transition to this business model without donor funding
- Ability to reduce reliance on donor funding and achieve long-term sustainability

Next Steps Preview:

Select an appropriate legal entity or entities, with other global goods in mind. Prioritize new customers and/or revenue generating mechanisms and secure transition funding. Partner as needed. Create communications and transition plan; and conduct a roadshow as needed.

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Cross-Pathway Comparison

Key:
 ● = High ● = Low
 ● = Medium ● = Unknown

Key Considerations	1. Release	2. Handover	3. Partner	4. OpenLMIS Inc.	5. Global Goods Incubator
Confidence in ability to improve the delivery of vaccines and medicines and remain an inclusive open source solution	●	●	●	●	●
Capacity to strengthen local and regional partners	●	●	●	●	●
Level of control and risk management to ensure a positive impact and outcome	●	●	●	●	●
Capability to transition to this business model without donor funding	●	●	●	●	●
Ability to reduce reliance on donor funding and achieve long-term sustainability	●	●	●	●	●

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Digital Public Goods Sustainability

"Successful stewardship requires a diverse set of stakeholders to coordinate responsibilities and contributions"
 DIAL Open Source Center has split the support of a public goods ecosystem into 4 categories:








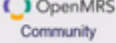







1. Maintainers: primarily responsible for open-source Project
2. Contributors: give time and resources
3. Sustainers: provide financial support to open-source project
4. Consumers: use the open-source project

What digital public goods need*:

1. Fiscal Sponsorship
2. An organization home
3. Advisory and technical assistance
4. Access to funding
5. Connection to a community practice

*These are not the OSC's service offerings – these are what we have identified as the real, felt needs of the programs. We currently do some of these

Examples: Assigning Critical Responsibilities for OSPGs

	Legal Fiscal Sponsor	Primary Maintainer	Operational Activities
Mifos	A legal entity that can hold trademarks and licenses while being able to accept funding on behalf of the project's contributors & governance body.  → 	The primary organizational owner of the project with a role in community management, product road map, community governance, etc.  → 	Operational Activities necessary to support the project including core development, partnership development, etc. Can be spread across multiple organizations in Community. 
OpenMRS	 → 		
OpenLMIS	 → ?	 → ?	 → ?
	 → ?	 → ?	 → ?

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One of the most important components of the above slide is the *maintainer* - without the maintainer a program tends to die. Mifos is a really good example of an org that started out with all these responsibilities and then was able to transfer these responsibilities

successfully. The legal/fiscal was moved from one entity and then landed with Apache. Mifos chose to take on the role of 'maintainer' and continue on operational activities. OpenCRVS and OpenLMIS are going through the phases now. It doesn't have to all-or-nothing. You can transfer some responsibilities and maintain others.

The case for a common organizational home for digital public goods:

1. Cost savings
2. Focused Team
3. Grant Audit Requirements (especially for small orgs/local software implementers)
4. Long term support capabilities
5. Facilitate synergies between projects

Comments:

-Lots of similar programs are housed at an educational institution before they are transitioned, so there is often high overhead and not a lot of structure that is ready for transfer. NGOs run into similar problems.

-We are seeing lots of small projects that could benefit from a larger community and sustainable funding mechanisms

-Thought that Digital Square was a good place for this to land as a home community (is there a gap with what they are currently doing for them to be this home?)

Response: DS is definitely not the maintainer, but they do support some ops and some fiscal

-Need to talk through who is doing each of those 3 critical responsibilities, and should/wants to

-Everyone has a hypothesis for how to do this, but we need to determine the need

-Community governance is a powerful thing – multiple orgs and entities can fit into one program. Share IP and assets without having to stand up a new standalone entity around the solution.

-Don't forget to identify the coders! We are looking a lot at grants and IP and governance, but coders are essential piece that these all do end up going back to

Creating an Independent Entity

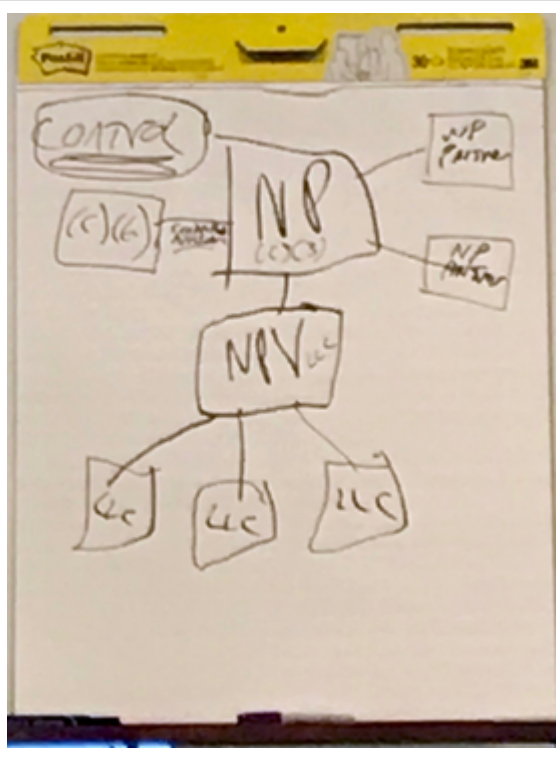
Non-profit attorney Jeff Tenenbaum

1. **Release** - Lowest amount of control.
2. **Handover** - Selling/giving OLMIS to another entity under whatever terms we/they lay out. This entity might have its own board of directors, etc, that make the decisions down the road. The initial contract would be important in laying the foundation, but the overall long term control lies with them.
3. **Partner** -
4. **OpenLMIS Inc.** - Setting this up as a non-profit mostly just requires set-up as a 501C-3, a mission, values, and a board of directors. You *can* set this up as a for-profit, which isn't common on these types of programs, but does happen. We couldn't get donor funding from USAID, etc without being a 501C-3, but could find other sources of revenue.

LLC example:

```

NP -- partner -- partner
|
MPV
/ | \
LLC1 LLC2 LLC3
  
```



5. Global Goods Incubator- Difference between 4 and 5 depends on the mission etc. and could look pretty different depending on the plan to

"expand the tent."

Comments: Option 2 offers little control, where Option 4 and 5 offer more.

OpenLMIS currently has an open-source license, which is housed under VR. This could be transferred fairly easily whichever of these 5 is chosen.

?- In Option 2, what level of control/limitations do we have of what they do with OpenLMIS?

A- It comes down to the contract. You can craft a contract between VillageReach and the new entity to. But we don't have control of how long that party will be willing to make commitments. Will they be willing to sign a contract to offer a certain level of service 5 years into the future?

?- What about 501c6 membership organization? (like the Linux Foundation) The members would pay in to receive a say in the product roadmap.

A- It's also an option. The difference is that the 501c3 has a broader social mission to benefit society. The 501c6 has a mission just to benefit its members.

?- What about B Corporations?

A- They are just another type of for-profit corporation that also has a social mission in addition to a charitable mission. B Corporations still have owners, and we would need to determine who the "owner" is.

?- Option 4, What about domicile of entity? Does it have to be in the U.S.?

A- You can consider all options. In Pact Global example, we ultimately decided on U.S. But an organization based/domiciled in a different country can still apply and gain tax-exempt status in the U.S.

?- Option 4, What is the benefit of creating the nonprofit instead of creating the partnership

A- You probably wouldn't jump to #5 without exploring those other options – but sometimes in time after the partnerships it makes sense to have it be a standalone entity. This doesn't mean, either, that the OpenLMIS org can't then be a part of other partnerships – again, these aren't always mutually exclusive, but they are contract-driven.

An LLC would have its own governance that would make core decisions every day, it wouldn't necessarily have to go to the top person each time. Business income would happen at the LLC level and go up to the MPV

?- Option 4, Who is the fiduciary and audit holder? EG, a grant comes to the Non-Profit (NP), how does it flow?

A- If the terms of the grants or cooperative agreements allow you to use money that way, you could flow it down. I just want to be clear that Option 4 does not foreclose any of the kinds of private or public activities and partnerships you want to pursue.

?- If \$10M goes to the NP, and they give \$1M to NPV and on to LLC to capitalize.

? - Option 4, How long does it take to set this up?

A- Depends. You can do the application in like a week, could take 2-6 weeks to make it through, and sometimes, due to redtape, can take up to a year. You can continue operating in the meantime, but wouldn't be a 501C-3 yet, which could delay funding during that time.

To stand up a new entity you first need: A name, statement, 3 board members. Then bi-laws, organizational resolution, tax-exempt application.

The IRS wants to see a detailed app of what you are going to do and how you are going to do it + a proposed 3 year budget. (This all isn't actually a very big deal – the main things we would have to think about are who are going to run us and who is going to fund us).

*Jeff's personal bias would be to lean towards 4 or 5, depending on if the \$\$ is there, due to the maintenance of control. Probably from there more towards 4, just because jumping to 5 might be too much too fast without outlined funding.

Clarification:

Trademarks: all about the brand. How the public sees/knows it. Best way to protect this is from a federal registration. A partner, business, or OpenLMIS Inc would own this and could license out. "If you don't enforce this, you could use it." You could have sub-brands under this.

Copyrights:

Patents:

Trade secrets: (we probably don't have any)

Comment: Technically nothing needs to change. VillageReach could keep ownership and keep going as is, keep up with (and further formalize) the governance committee etc. We need to look at what we want this to look at in 5 years, and then make decisions around these 5 options or a hybrid.

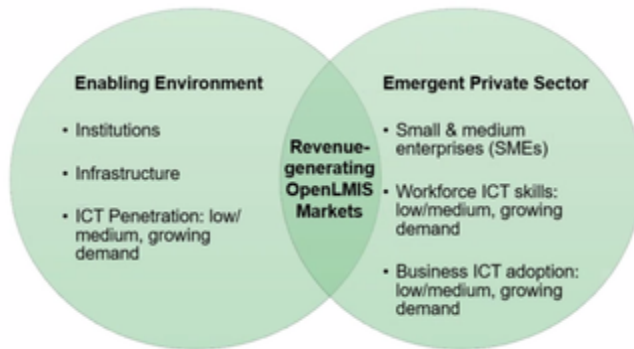
Future-State Research & Analysis

Assumptions for Model Prioritization

- 1. OpenLMIS landscape can shift to achieve sustainability.**
 - Potential markets:
 - Multiple regions
 - Multiple market types
 - Potential paying customers:
 - Private and public sector
 - Customer needs match OpenLMIS product(s) – current or future
- 2. OpenLMIS product(s) can shift to achieve sustainability.**
 - Products/features:
 - Fit customer needs or can be adapted, possibly for adjacent markets
 - Can be continuously maintained/ developed through a sustainable business model
- 3. These shifts may come in multiple stages.**

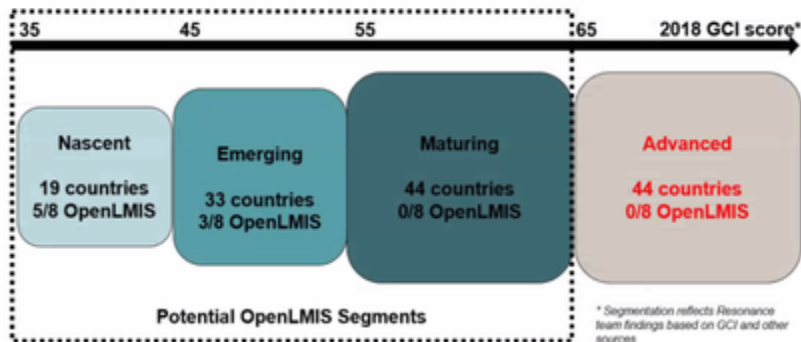
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OpenLMIS Target Markets



^Aren't excluding the private sector, just aren't emphasized in this section

Country Segmentation



^This is a mix of GCI scores and Resonance's own model
Income goes into this and tends to be on trend with GCI scores

Key Takeaways

	Institutions	Infrastructure	Private Sector	Business ICT	OpenLMIS Implications
Maturing	Functional	Mostly complete, reliable	Established, competitive	Medium	+ Higher revenue potential - Lesser known markets - Advanced customers - Tough competition
Emerging	Functional	Somewhat complete, reliable	Burgeoning	Low to medium	
Nascent	Limited	Incomplete, unreliable	Limited	Low	+ Known markets - Limited revenue potential

Recommendations:

- ⊗ Short-term: Focus on Nascent and Emerging countries with growing private sectors
- ⊗ Long-term: Explore expanding OpenLMIS to customers in all country segments

Product is suited for/built for **nascent** markets--There is some potential for profit here, but not super high.
Emerging/Maturing markets end up at about the same level according to this scale. There is more room for profit here, but there is also more

competition.

Where's the balance?: Recommendation is to focus on nascent and emerging markets for now. In the long term we could explore implementing it in all markets.

? - A lot of this is focused on revenue, but how do we look at value that is not in terms of actual \$\$?

A - It depends on the value proposition we put out there – *tabled for the next session*

"We are a little data-dark in how it is used in implementations, and if we had a little more info on its use that could steer us in where to invest these \$s and also where we might get them back"

**Firms that have an online presence already puts them at a certain level – there could be firms/partners that don't have websites that could be a perfectly could fit if we could find them

Customer Segments

	Customer Segment	LMIS Need*			
Health	Hospital Network	✓	✓	✓	<ul style="list-style-type: none"> Maturing Emerging Nascent
	Clinics Network	✓	✓	✓	
	Pharma Manufacturer	✓	✓	✓	
	Pharma Supplier/ Retailer network	✓	✓	✓	
	Diagnostics Lab	✓	✓	✓	
	Medical Device/ Tech Supplier	✓	✓	✓	
Education	K-12 Schools		✓	✓	
	University/ Technical & Vocational Education & Training (TVET) Institutions	✓	✓	✓	
	EdTech				
Logistics	3PL	✓	✓	✓	
	4PL				
Agriculture	Input Supplier	✓	✓	✓	
	Co-op	✓	✓	✓	
Humanitarian/ Disaster Relief	NGO, UN Organizations	✓	✓	✓	

*Segments that need a logistics management information system. Other factors will determine whether OpenLMIS is the right fit.

Customer Segment Scorecard

Score	Description	Indicators (Estimated)	Low	Medium	High
Market size	# of potential customers	• # of facilities per country	0-150	150-500	500+
Revenue	% of potential customers in the private sector	• % for-profit private facilities • % nonprofit private facilities (weighed at 50%)	0%-25%	25%-50%	50%-100%
Cost	Additional investment required vs. baseline implementation costs	• Customer research & analysis • Product development & adjustment • Marketing	0-1 true	2 true	All 3 true
Risk	# of potential competitors	• Weak/ absent OpenLMIS competitive advantage • Donors offering similar product at similar cost • Commercial enterprises offering similar product at similar cost	0-1 true	2 true	All 3 true
Impact	% of customers contributing to one or more OpenLMIS core attributes	• % customers improving delivery of key commodities, offering solutions for low- and middle-income countries, and/ or strengthening capacity of local and regional partners	0%-30%	30%-70%	70%-100%

The potential for revenue and risk balance out in these.

Health Customers- Nascent Countries

Customer Segment	Market Score	Revenue score	Cost Score	Risk Score	Impact Score	Recommendation
Hospitals Network	●	●	●	●	●	<ul style="list-style-type: none"> Hospital Networks Clinic Networks GO
Clinics Network	●	●	●	●	●	
Pharma Manufacturer	●	●	●	●	●	<ul style="list-style-type: none"> Other Health Customers WAIT
Pharma Supplier/ Retailer	●	●	●	●	●	
Diagnostics Lab	●	●	●	●	●	Advantages <ul style="list-style-type: none"> OpenLMIS competitive advantage Barriers <ul style="list-style-type: none"> Smaller markets with lower revenue potential Cost to analyze and adjust customer needs Competition from donors
Medical Device/ Tech Supplier	●	●	●	●	●	

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Because some of these countries are so data-dark, the cost of initially evaluating these can be high.

Health Customers- Emerging Countries

Customer Segment	Market Score	Revenue score	Cost Score	Risk Score	Impact Score	Recommendation
Hospitals Network	●	●	●	●	●	<ul style="list-style-type: none"> Hospital Networks Clinic Networks GO
Clinics Network	●	●	●	●	●	
Pharma Manufacturer	●	●	●	●	●	<ul style="list-style-type: none"> Other Health Customers WAIT
Pharma Supplier/ Retailer	●	●	●	●	●	
Diagnostics Lab	●	●	●	●	●	Advantages <ul style="list-style-type: none"> Larger markets with revenue potential OpenLMIS competitive advantage Barriers <ul style="list-style-type: none"> Substantial cost to analyze and adjust to diverse customer needs Competition from donors and commercial software enterprises
Medical Device/ Tech Supplier	●	●	●	●	●	

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There's always some kind of cost involved in these.

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Customer Segmentation

Adjacent Markets Customers

Adjacent Market	Customer Segment	Market Score	Revenue score	Cost Score	Risk Score	Impact Score
Education	K12 School Network	●	●	●	●	●
	University/ TVET	●	●	●	●	●
Logistics	3 PL	●	●	●	●	●
Agriculture	Inputs Supplier	●	●	●	●	●
	Co-op	●	●	●	●	●
Humanitarian/ Disaster Relief	NGO/ UN Org.	●	●	●	●	●

Overall Recommendation
WAIT

Barriers

- High cost to analyze and adjust to needs of advanced/ diverse customers
- Competition from donors and commercial software enterprises
- No OpenLMIS competitive advantage

Zoom Meeting Controls: Mute Audio, Start Video, Invite, Participants, Share, Chat, Record, Leave Meeting

Comments:

- For humanitarian/disaster relief there is not a lot of potential for income (that doesn't mean there isn't a need)
- This doesn't mean we shouldn't explore these adjacent markets down the line, just that we should explore those other markets first since there is more potential for revenue and that these markets weren't able to be further explored for now.
- We should establish our base market first. More research (or really good partnerships) are likely needed to successfully enter these spaces.
- Look at longterm money plans and also planning/readiness to enter any of these markets
- OpenLMIS Tanzania, for example, is fairly well-established, so if you built off a system like this that is using OLMIS the way it was built to be used, then you might be able to use that as a foothold for one of these other markets in that region, for example, ag.
- You could partner with the other ministries in the successful implementation countries and expand out that way.
- You could need to really test the waters with those first.
- DHIS2, for example, is extending their functionalities in countries that they already operate – this isn't even necessarily good, because sometimes these are outside of an org like that's expertise, but because the name and partners were there they are expanding.
- Even if we move into nascent and adjacent markets, we need to go back to looking at sustainable funding. This should be addressed before too many conversations about expanding out.
- These models are looking at revenue as a priority, but this doesn't mean that donor funding is completely nixed.
- With the current OLMIS countries/implementations: moving this to sustainable funding is a multi-year transition and we'd have to figure out how these still get served no matter the model we chose.
- Conversation tabled until the afternoon reflections

Customer Segmentation

Customer Segment Assessment*

Health Customer Segments

- Maturing
- Emerging
- Nascent

Adjacent Market Customer Segments

- Education
- Agriculture
- Logistics
- Humanitarian/ Disaster Relief

*Intend to be illustrative and as a guide for discussion, placement is not exact

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Pricing Options Currently in the Marketplace

- Prices for editions differ mainly based on increased features, increased customer service, or faster response times to customer requests
- Most companies such as Logistimo do not list their prices on their website and provide quotes upon request
- Other options to earn revenue include: fees from advertisements (e.g. Mozilla), enterprise software training fees (e.g. Red Hat)

	MySQL	Dynamics 365	Red Hat	Salesforce	SAP Business One
Description	MySQL is an open-source relational database management system	Dynamics 365 is a product line of enterprise resource planning and customer relationship management applications by Microsoft	Provides enterprise open source solutions, using a community-powered approach to deliver high-performing Linux, cloud, container, and Kubernetes technologies.	Salesforce is a cloud computing service as a software company that specializes in customer relationship management (CRM)	SAP Business One is a fully integrated ERP suite specifically designed for manufacturers and distributors, retailers and service companies
Free edition	Free downloadable version of open source database available	n/a	Offers some versions for free	n/a	Free trials available
Pricing model	Per server	Per user	Per subscription	Per user	Per user
Standard edition	\$2,000/yr	\$1,380/yr	\$2,499 (virtual datacenter version)	\$300/yr	\$1,168
Pro edition	n/a	\$2,280/yr	\$5,000 (standard developer support version)	\$900/yr	\$1,980
Enterprise edition	\$5,000/yr	\$2,520/yr	\$10,000/yr (developer support version)	\$1,800/yr	\$3,840
Other editions	"Cluster Edition": \$10,000 /yr Subscription, Support & Maintenance: \$60,000 for 3 years or \$20,000 / yr	\$18,000/yr for customer insights	They offer 8 core pricing options for linux platforms with additional variations within each of the core options, they also offer training for a fee	\$3,000/yr for unlimited support	\$3,213/user for a Professional license and \$1,066/user for a Limited license; They focus on small and medium sized businesses

Some of these are branded for a specific market and then have social responsibility arms that are or aren't related to what they do as a company. Looking at cost per 'customer.' Right now structured by 'per facility' but could instead be structured down to the individual user.

Comment: Gut feeling is that we would need 150 customers for this to be successful.

Pricing Tier Options (via benchmarking)

Annual revenue	<\$1MM	\$1MM to \$5MM	\$6MM to \$25MM	\$26MM to \$50MM	\$51MM to \$100MM
Features / product bundles					
Basic	\$4,000	\$8,000	\$12,000	TBD	TBD
Basic + additional customer service	\$5,000	\$10,000	\$15,000	TBD	TBD
Advanced bundle 1	TBD	TBD	TBD	TBD	TBD
Advanced bundle 2	TBD	TBD	TBD	TBD	TBD
Advanced bundle 3	TBD	TBD	TBD	TBD	TBD

- The annual revenue categories could be changed to # of users
- Please note that features to be included in "basic" or "advanced" bundles have to be determined
- "TBD" is laid out here to show that eventually OpenLMIS could offer more features and services and have more pricing options accordingly; It's also possible to target larger customers if moving into other industries

Comments:

-Frontloading might be something we should look at in our world, since donor dollars can come at the beginning

-Could break this down further by customer, regions, etc

-It could be pitched as "This LMIS will shave 5% off your waste. If we can successfully do that, can we have 1% of that?"

-Any time we enter a new country or customer segment there will be new marketing costs

-If we enter a new country in the same customer segment, we assume the cost is 50% less since we will not have to do as much research on the segment, design, etc

-Maintenance cost = 15% of total cost

-Marketing cost = 7% of total cost

-May need to clarify what we mean about "implementation costs" - these sometimes involve customization, trainings, etc, so these costs can be much higher than this

"Continue to invest in product features to keep it cutting-edge" vs. "keep the lights on"

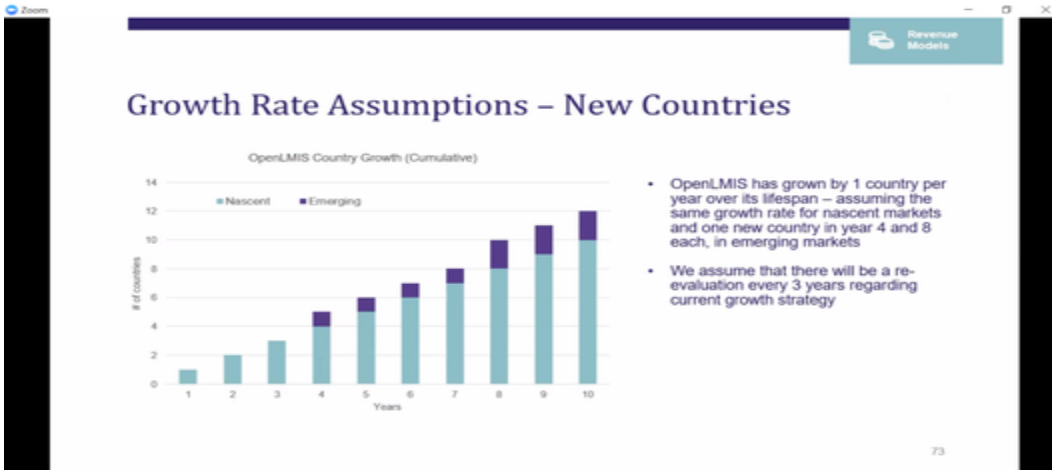
High/low models will be provided later that display these different realities

-\$50,000-1 million might be a more accurate range (this # even assumes that you have a base [people who have done this before, systems already in place] difficult to gauge how much it would be without these

-It might be helpful to split these into buckets: software, implementation

-There are upfront costs, then yearly subscriptions... "Professional services" cost higher in the first year.

-Need a bigger market test for this



- Again, focus is on nascent and emerging markets for now.
- This starts from scratch (doesn't include existing 'customers' in existing countries) because none of these are actually paying in the way that's being assumed in these models
- With additional investment, growth could happen faster
- One of the assumptions made is that the private market is more likely to pay
- This assumes that we won't enter an emerging market until Year 4 – this is based off risk/return balances. The nascent market has a better estimated return to start.
- The decision COULD be made for someone to invest more earlier on so we could enter more countries/more markets at the beginning and grow faster
- You have to further look at the region/language and build from there i.e. we have a francophone version for Cote d'Ivoire, how could we build off that. Similarly, we have many partners in Tanzania and could grow out quickly these. We should definitely look at our strengths and what we have already built, where, and with which partners.
- Initial investment amount in Year 1 is \$1,000,000. From there, the cost grows lower and the revenue higher every year. There would need to be investment for the first 4-5 years before breaking event and then beginning to make money. Investors would want to see these estimates before getting in.
- ? - Going forward, over the next few months, how much and what kind of data do you need from us?
- A -
- ? - Logistimo, CommCare haven't captured this market, why not? Did they try and fail or did they not try?
- ? - When Resonance traveled for this data collection, did they meet potential customers that are already engaged?
- A: Yes, Bangladesh comes to mind as a very interested party. Thailand was too difficult.

Evaluate Business Models

**When we look at our current product customer we would need a stepping up model, where customers come first, then adjacent markets, then new customers, then another adjacent market, etc. to get to its future state*

- We could also continue working in health only and not moving into adjacent markets.
- What would it look like to create a generic model and move from there?
- That means we have to know what model ~ generic for ag vs generic for pharmaceuticals etc look different. This amount of effort would not be trivial.
- We could decide as a community which market(s) to enter, and in parallel with that we could also *find* a partner who knows one of these other markets super well that could build out these other pieces.
- Some of it is just about getting the word out and getting strategic partners -- who are the community players that could build business off of this?
- Investors aren't used to building off of open-source programs

Exploring new markets: "If you don't do it now I don't think you're ever going to do it"

There could be a bridge factor where angel investors give \$ for the initial phase and/or exploring new markets. We don't necessarily need to make a decision on this now, but likely we should keep moving forward with health and explore the others down the line... This is especially true because we have those two paths (Core, and Implementation) so it's difficult to grab funding for both of these things in a new market vs in health.

-Going into adjacent markets could be additionally exciting because we are about to experience donor fatigue in our sector... There are other

investors out there that care about these other sectors

-Could look at a "road show for resources" where we identify the best second market to enter

	Legal Fiscal Sponsor	Maintainer	Operational
1	X	X	X
2	Org 1	Org 2	Org 1/2/3
3			
4			
5	Doesn't exist yet - could come after # 3 or 4		

1. **Release** - This option is considered the least desirable solution by the people in the room for now. This is a backup option.
2. **Handover/Acquisition** -
3. **Partner**
4. **OpenLMIS Inc.** - Could become #5 after a while.
5. **Global Good Incubator.** Are any of the existing entities set up to just be the NP in Jeff's model?

Remember that part of the core attributes included it remaining open-source, which would be included in any options we move forward with.

-#2 Handover almost seems like another version of #1, just with a specific entity. Though, this may include bridge funding. #2 is also one of the only options that really moves away from donor funding.

-Keeping in mind that we need to look at where the OLMIS Core Team would go --

-How much control do we want?

-How do we support the core? How can we generate enough revenue without donor \$\$