OpenLMIS Sustainability Meeting - Resonance, Washington DC - Day 2

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Overview and Considerations:

Debrief/comments from yesterday:

- Clarity -- VillageReach wants a clear, sustainable, positive path forward for OpenLMIS. This does not mean they want "out." They want whatever is best for this solution moving forward.
- As we create more of a plan forward, let's call out trade-offs i.e. "we maintain control by going *this* way, the tradeoff to that is *this*" -- what tradeoffs can we be okay with
- Need to establish confidence enough in what we all want in order to move forward
- Can we explore further what we mean by these adjacent markets? When we say 'ag' is that more 'animal health' or 'fertilizer'... This is something we can table until we are further down the line, but something we should be intentional about.
- Something like ag is a lot easier to build a business model off of -- could make an income off that more easily and subsidize the health portions
- If we are thinking about revenue so much, we should also be thinking about how to make a bigger impact and that OpenLMIS talks easily with other sectors in health and we should have a full discussion on diversifying what we do in health.
- What are the pros and cons of OpenLMIS creating its own entity? Define why.
- Within 2 months we want a business plan… Important to think about what is the future financial model and vision? What is the revenue potential and where do we want it to go? We might need to explore these before we can really commit to one of the 5 paths.
- Seems difficult to rush forward with a business plan based off the information given and everyone's tentative stance for now -- we may need to exercise more due diligence and do more research beforehand
- Who's the customer, what's the product are the important questions, what the actual structure is doesn't seem quite as important as those things
- There are a # of things we haven't figured out about the product itself… where it can go, what all it can do, and the initial cost to do those things
- It's a big culture change for us to go into the operational side and start selling this.
- Current Trusted Partners were people who approached us, usually having similar expertise or a special interest in this… from there they present to the governance committee, governance committees votes, and then we do minimal training. We haven't rejected anyone yet. Moving forward in any of these directions we might need to be more intentional and selective in this process and either have them a lot more into doing implementations, or be based in the market we are in/entering and able to "sell" OpenLMIS. A runway of 1 new customer per year isn't sustainable.
- Trusted Partners could become (and grow) our channel network
- What's the mandate for the next 8 weeks?
- From the donor perspective, we have people who are still interested in doing/funding this -- do we necessarily need to give this away and lose that

Building Out The Path Forward

- Is there a model where the org isn't the one making the decisions about the direction, but instead others are able to take the code and

enter new markets… the Org being the maintainer, but others having autonomy to grow out of it… we'd have to look at how to still have revenue stream into the org. How could we open it up more and create more interest and vibrancy? What are the options with having partial control?

?: What kind of inquiries does OLMIS get?

A: Varies from a single clinic that is interested to a huge org from another sector. What would be helpful to know are: the resources we have, where our priorities should be, and where our energy should be spent

- We could continue to house the license etc at VillageReach (or any of the existing members of the community) and divvy out responsibilities from there. A lot of our image depends on what we want it to be… if OpenLMIS Inc becomes a thing, it might not be as attractive as it being an OpenLMIS Community model that includes VR, JSI, PATH, etc etc with responsibilities shared and a governance committee making decisions across the board.
- What is the long term strategy for Digital Square? Would they be willing to be the legal/fiscal sponsor once the OLMIS entity exists?
- More and integrated pieces of the product that align with other products or can be bundled would be beneficial for applying for RFPs and also for growing into new markets
    - The easiest way to make sure that customers are happy and things are consistent would be if the code does NOT fork… So the thesis seems to be that we need a steady revenue source but also to keep the code base somewhat reigned in
    - Fundamental question of control vs not control. A strong community keeps it accountable.
    - You can't build a community if everything's the same -- name is the same, control is housed in the same spot.
- Strengthened partnerships between the core community cores, and an official code of conduct within the community could help moving forward
    - Expand/Improve the training piece for partners/implementers -- this could also become a revenue stream
    - If we keep expanding, this becomes a bigger need -- it's already a huge need now… for us to have implementing partners ready to quickly be deployed and be effective when the opportunity comes
- We could focus more on the revenue building piece, or the community strengthening/structuring piece

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

1. ~~Release~~
2. ~~Handover/Acquisition~~
3. **Partner** merge with #4
4. **OpenLMIS ~~Inc.~~ .Org**
5. ~~Global Good Incubator~~ **maybe down the road**

Determine Transition Requirements

- Somebody should offer a stack of solutions to customer -- diminish the fragmentation of the health value chain
- Software Conservancy can house the code
- Set up the legal entities to be able to evolve into #5 down the road

Conversation with Jeff:

- Taking option 3 and merging into in option 4 in a way that makes sense… OpenLMIS being a .org and maintaining/strengthening/expanding its community, better defining each org's responsibility, and formalizing the governance committee
- The .org model is mostly important for avoiding perception of conflict of interest
- Any time someone on the board has a conflict of interest, the DS rep would have to leave the room (recuse themselves) and the conversation would continue. A conflict of interest could be many things (like making money off the decision, benefiting in some way by an implementation being here vs there)... This is okay, as long as your board is big enough that there are still enough voices when these reps are gone.
- If we later evolve from 4 into 5 and include other areas outside of health, we might have more than one governance committee and the board of directors would grow/evolve.
- Board of Directors would be the principal decision-maker for the body <broad>
    - Advisory body (currently the governance committee) would be defined in the bylaws <even broader>
    - Board membership is limited to a certain # of terms
    - Idea is that over time, you can new people/skills/networks
    - No such thing as proxies, subs who can use the board member's voice
- It wouldn't be 10-15 people making the big decision, it would be the community as a whole
- Compare/contract the Org owning the IP vs the Conservancy owning it
    - Conservancy Model seems like the best option -- keeps paying developers and make it better, everyone can contribute back
    - If the conservancy is sitting in a 501C3 it can take all the info and the codes coming back in and make informed decisions

- Maintain limited control by having board members who make the decision
- Correctly setting up the partner structure with the boards sets you up nicely to move towards #5 if that is desirable
- Lots of considerations as we move forward in different countries as far as how to have the board remain representative
  - You can define the balance here, as long as the board doesn't have total fiduciary responsibility -- those parts can also be *deleg ated* by the board, though
- Finite money, finite energy -- where should we expend these energies over the next 2 years?
  - Momentum is important, and if there is existing funding we should go full throttle with getting the entity formed and defining the board now. File the 1023 now.

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General consensus: We'll build a business plan based on pathway #4 "OpenLMIS .org" structure, with a long-term possibility to evolve into #5 "Global Goods Incubator".

Private Health Subscription Product	Public Health / MoH	Strategic Partnerships	Agriculture
Drill in deeper on **Top 10 Questions** so the Business Plan is compelling to investors and channel partners	Business Plan should address current implementations and future MoH implementations generating revenue	Explore revenue potential with IQVIA, Mezzanine as partners not an "acquisition"	Include 6-9 month 'Product Manager' engagement in Business Plan to explore further
Invest most time	Invest some time		Do not invest more research time now

Customer Considerations

- Who are the target customers?
  - Hospitals/clinics, distributors/pharmacies?… Network starts at the level of manufacturing/the warehouses... the network is large enough that there is a good ROI
    - Wholesale, retail/pharma
- We get 30-40 inquiries about OLMIS per month currently, though these span from individual/informal/spam, to serious inquiries from representatives from ministries of health
  - We don't get inquiries from hospitals/clinics
    - OpenLMIS is built for the countries, not really the hospital level. It works best at scale
  - We do get some from private sector pharma, tech, etc

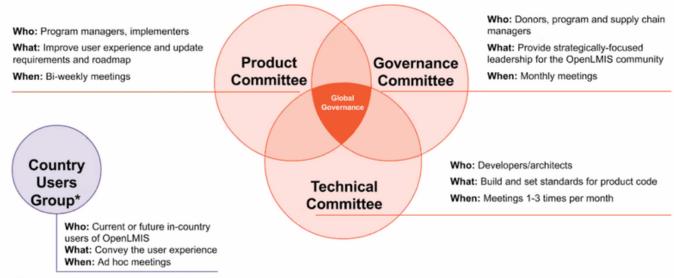**Questions about customers that need more research:**

- What is their willingness to pay?
- What is the profile of these target customers? (Generate a specific list of 10+ customers willing to "pilot" or test drive the new product offering)
- What other software do they use to run their business? (eg, POS, financial, patient/customer systems, hospital management platforms, etc)
- What integrations would be needed?
- Do we need to sell a broader package/suite?
- How hard or easy would each adoption/implementation be? (Would each one require significant customization, business analysis, or integration?)
- What are competitive products? What is our unique value proposition? (eg, Did Logistimo abandon this market in India, and if so why?)
- Which are the target countries? (Refine Emerging/Nascent/Maturing country mix.)

...Try to hit the sweet spot between nascent and emerging markets

Partners & Roles

Comments:

- Governance Committee could become the board, Tech Committee could become the advisory board
- Board: Time, Treasure, and Talent. There might be people from the trusted partners that could be part of the board
    - DS
    - Other members/voices?: CHA, APEX
    - Recruit the board over time, fill the gaps as it goes
- Advisory Board Counsel could consist of: Implementers, Thought Partners
    - VR
    - Chemonics
    - JSI
    - CHAI
    - PATH
    - DHIS2? Other similar orgs that have experience in this space that haven't been part of OLMIS - though, this does pose a risk since they may be competition. Test the temperature for competition vs collaboration.
    - Recruit the board over time, fill the gaps as it goes
- We have a need for people with skills in business/marketing

? - Where do we see the Trusted Partner model going?

A - More of an application process. More formal. We need to do mapping to figure out what skills we might want to/need to add into this or whatever this becomes. We've had a very open door policy and have been reactive until now.

- People currently join because there is some kind of value for them… whether that's a dollar sign, reputation, etc.

- Need to add parameters around what is means to be "trusted"
- Started as a need to be able to respond to more RFPs
- Do we grandfather them in? Add them into the board? Give them a free year/free trainings?

Table board selection conversation for another time

Finance & Funding Plan

- Who/what type of funders have been interested in OLMIS so far? (Foundations, impact investors, others?)
- Have there been any specific geographic regions that investors have expressed interest in?
- Do impact investors want to see that we have FTEs in this program ready to go, or are they okay with some vagueness and recruitment?
- Who's the current team, and what are the gaps on the current teams (i.e. the marketing skills)?
- We haven't figured out how to fully engage others in this space. It's difficult to discuss and get people to understand and be interested, so we would need to get better at this piece.
  - Oftentimes an entity wouldn't sole source… We'd be an option in their process, amongst our competition.
  - We do have foundations that consistently fund us that we've "sold" our product to, and we've been able to show that we have value in bringing pieces of the systems together and having a real impact. There is very little data, however, that we've collected and can share that provide truly concrete data around the impact.
    - This would be more work and more time and resource investment on our end, but it also might help us have the conversations that impact investors want us to be able to have.
    - We have narratives instead of quantitative data.
    - We have also put *systems* in place, and have built part of the necessary story and the constructs to tell the story
    - We can calculate the amount of $ saved in the supply chain from us, but the impact portion is more difficult and there are more variables to look at
    - Cost-benefit analysis would be better than looking at how "cheap" we can make it… preventing stock outs can sometimes even increase costs because of the additional effort that needs to happen when you are actually fully stocked, but there's the massive benefit of having medications that can reach everyone, which is a benefit that is hard to measure
  - Impact investors will likely find it more compelling that there are such strong partnerships around this, and see it as a wealth of skill and potential revenue, vs. an OpenLMIS Inc. that looks like it's a standalone
  - Most of the people we are pitching to might not need a ton of data
    - What's the value of this data?
  - Can we show that we have a pathway of solving the problems people have by using this tool?
  - GFF, Gavi, Global Fund don't seem like they'd invest here, at least not quickly… money is there, but not at this level.
  - Need concerted effort to bring together all the tools we are building/have built that can be bundled and made attractive to investors
  - Right now we're selling the *idea* which is a hard thing to sell

? - What if the board approached some of these orgs (IQVA etc) and instead of the pitch that we sold/gave OpenLMIS to them, we asked for partial investments? Can we do pieces? Supplement with funding from places like USAID… show the different markets that we are entering.

- Need to have conversations with the three sectors we were looking at: private sector, healthcare, and public sector... + creative licensing piece
- OpenLMIS isn't starting from scratch - some of these conversations have begun… It's probably not worth the time on small deals. 5 million $ deals, YES. Less than that, it might not be worth it when we are looking at all the legal and admin considerations *unless it has strategic value for our portfolio.*
- What are these sectors already investing in? Why? What do the portfolios of the orgs they are investing in look like? Look for synergies.

? - How do we allow freedom of building off the product and allow for differentiation but also keep the core product well-maintained?

- What are the costs moving forward?
  - 2 years = $x, 5 years = $xx, implementation at scale for one country is $xxx. Having these, along with the justifications for why each cost the amount they do, would be helpful when approaching investors.

Product & Product Development

Looking at the current model (v3) and its applicability to customers

Private + Dev

Donor Planning

Forecasting/Reporting

Supply Chain Metrics

USAID research looked at creating a new tool that could feed into country LMIS systems to fill a gap in forecasting/supply chain planning. Not

there yet, definitely a need, should have in 6-9 months

 Opp to look at revenue in online marketplace (not in the short term, something for the longterm)

- Pharmax (sp?) Looks at channel of suppliers for the regional pharma. Working down to the user level instead of up… OpenLMIS could use a similar model. HCW saying "Here is what I need" pushing a button, the info going to the suppliers.
- In the MOH world, this is 3 steps away. OpenLMIS operates down. "We're ordering from this central medical store, that got their drugs from a donor (PEPFAR), donor was the one that did the research on procurement and planning for how much to give the central medical store… the CMS didn't order these and do the procurement piece here (usually).
- The MOH is going to want to be able to get/move all their supplies in the same system. They aren't going to want one version of the system for immunizations, another for ARVs, etc.
- "Do what you do well"... Interoperate with other entities instead of trying to do it all.
- Do we add in mobile pieces in order to position ourselves for revenue? End-to-end visibility in the supply chain would help with the data piece
    - Security issue: patient names, data being used correctly, liability

? - What would it take, and how would the community feel, about a turnkey solution?

A - There's a cost associated with this. Anyone who could afford the solution that we currently have is probably already using another system in its place

- Historical data may be a good base for exploring out. They could provide insights from the years on what it really takes (might not be 100% accurate, but is a start)

Marketing & Go To Market Strategy

GTM Strategy

- How do we reach these customers? What methods of outreach do they respond to?
- How do they make purchasing decisions?

Marketing and Sales

- Ex: Microsoft breadth vs depth strategy. Do you broadly put the product out there for anyone, or do you have a few key stakeholders that you manage robustly

? - Think about who we might of advocated to and how… How do we currently do this in the public sector?

A - PH/MOH areas - if we see a different country might be interested, we do a demo… speak with counterparts in that country, learn the landscape. Also go to conferences in this space.

   RFPs - If an entity/nation is interested in having what this can do, they will send out an RFP. We complete the RFP, and that's our sales pitch essentially

? - Who are we marketing to? The customer or the channel partners or both?

Channel Partners

- Channel partners (external function) - system integrator, IT consultant, etc can become partners who are out there "selling" this as well
    - Jembi?
    - Softworks?
    - Infinity Systems?
- We need to ensure that there is space for these potential channel partners to engage… Carve out these spaces and better define them
- There may be a need to incent partners at the beginning
    - Lots of calculation goes into this (they want to know how you're going to bring them a pipeline so that they have income coming to them -- a big project on the horizon, a new skill they can learn that is marketable, etc)

We had 6 different areas within health - should we further segment these?

? - Do we market differently for each of these?

A - Yes. This is based off their motivations and what message would really speak to them.

Presumably, the private sector would actually move much faster than the lengthy RFP process

Closing Thoughts:

- Still not sure our expectations and next steps are realistic. Not yet seeing the path the sustainability
- We do still have the "break the glass" option… If we don't end up seeing a market (which Resonance does) we still can give it away.
- Individual studies moving forward will inform the sustainability plan -- organic process