OpenLMIS Business Modeling Workshop
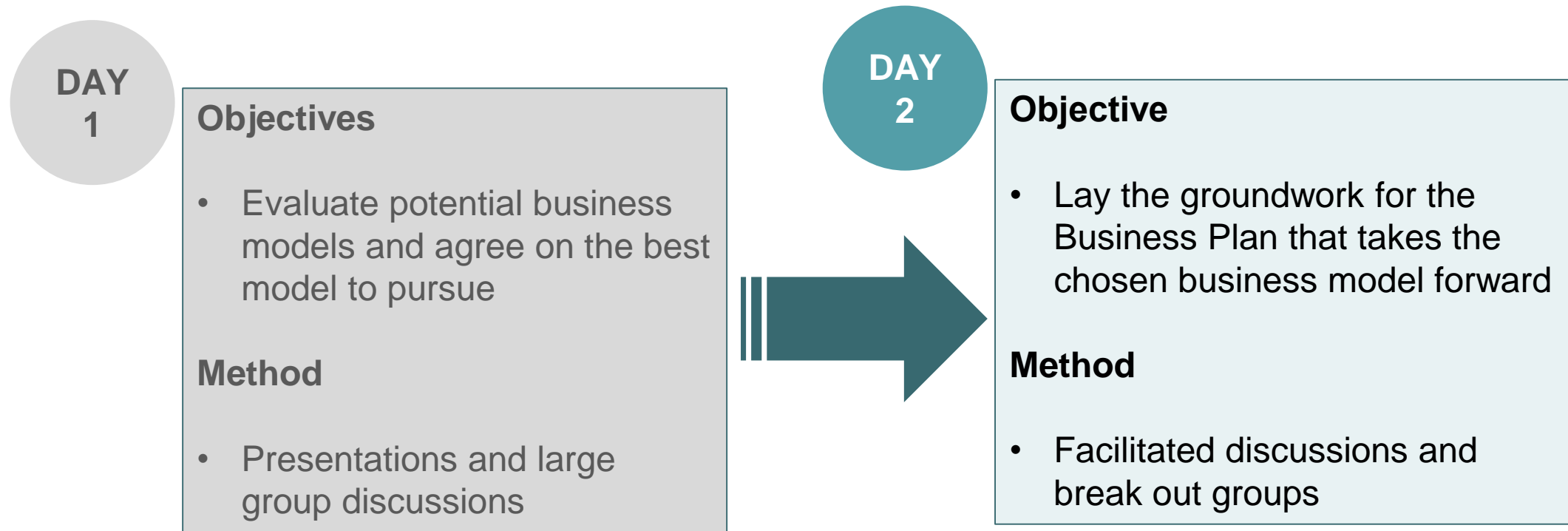**June 25 & 26, 2019 - Day 2**

Checking In 🌡️

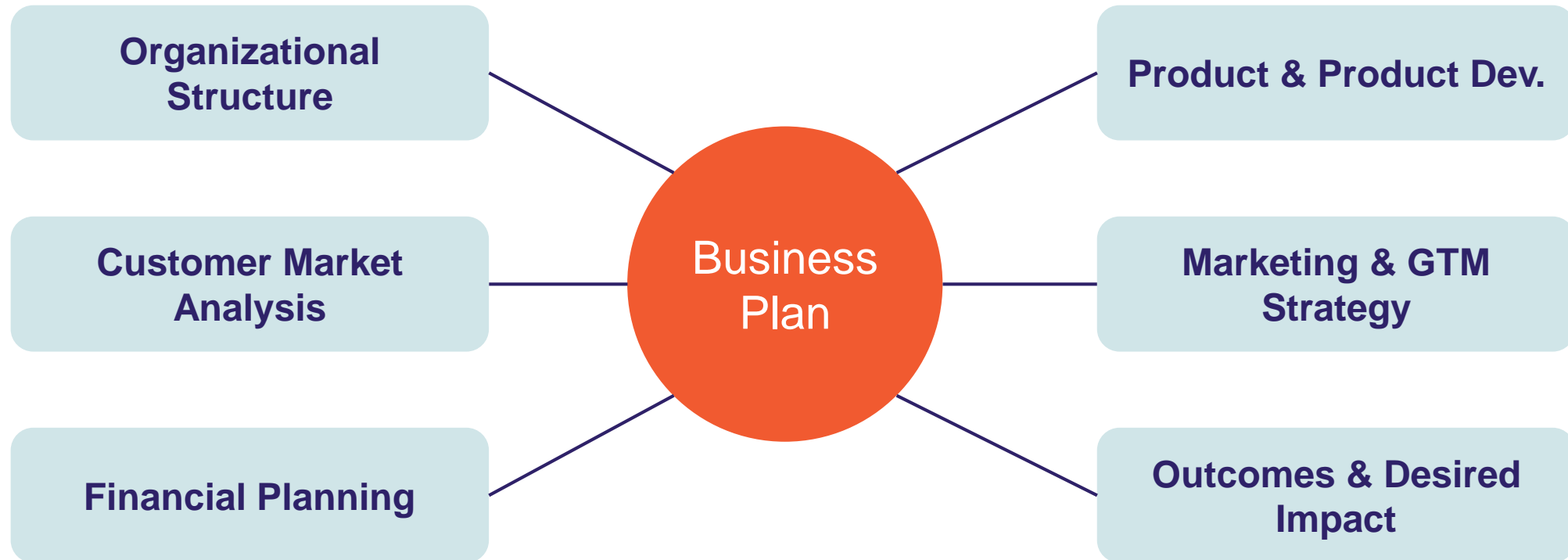*How do you feel after yesterday?*

Recap: Workshop Objectives

Develop a sustainable future-state business model for OpenLMIS to decrease its reliance on donor funding and secure a viable roadmap for the product that meets its core attributes.

DAY 1

Objectives

- Evaluate potential business models and agree on the best model to pursue

Method

- Presentations and large group discussions

DAY 2

Objective

- Lay the groundwork for the Business Plan that takes the chosen business model forward

Method

- Facilitated discussions and break out groups

What Comes Next: The Business Plan

Making the case to investors, funders, and/or buyers.

Organizational Structure

Product & Product Dev.

Customer Market Analysis

Business Plan

Marketing & GTM Strategy

Financial Planning

Outcomes & Desired Impact

Day 1: Recap

9:00 – 9:30 AM:	Introduction & Project Overview
9:30 – 10:00 AM:	Business Models: First Look
10:00 – 11:00 AM:	5 Ways to Take OpenLMIS Forward
11:00 – 11:15 AM:	Break
11:15 AM – 12:15 PM:	Creating an Independent Entity
12:15 – 1:00 PM:	Lunch
1:00 – 2:30 PM:	Future-State Research & Analysis
2:30 –2:45 PM:	Break
3:15 – 4:45 PM:	Evaluate Business Models
4:45 – 5:00 PM:	Reflections & Close
5:30 – 7:30 PM:	Global Health Happy Hour

Day 2: Agenda

9:00 – 9:30 AM:	Day 2 Overview & Considerations
9:30 – 11:00 AM:	Building Out the Path Forward
11:00 – 11:15 AM:	Break
11:15 AM – 12:15 PM:	Determine Transition Requirements
12:15 – 1:00 PM:	Lunch
1:00 – 1:45 PM:	Organizational Structure
1:45 – 2:30 PM:	Partners & Roles
2:30 – 2:45 PM:	Break
2:45 – 3:30 PM:	Finance & Funding Plan
3:30 – 4:15 PM:	Product & Product Development
4:15 – 4:45 PM:	Marketing & GTM
4:45 – 5:00 PM:	Close & Next Steps

Building Out the Path Forward

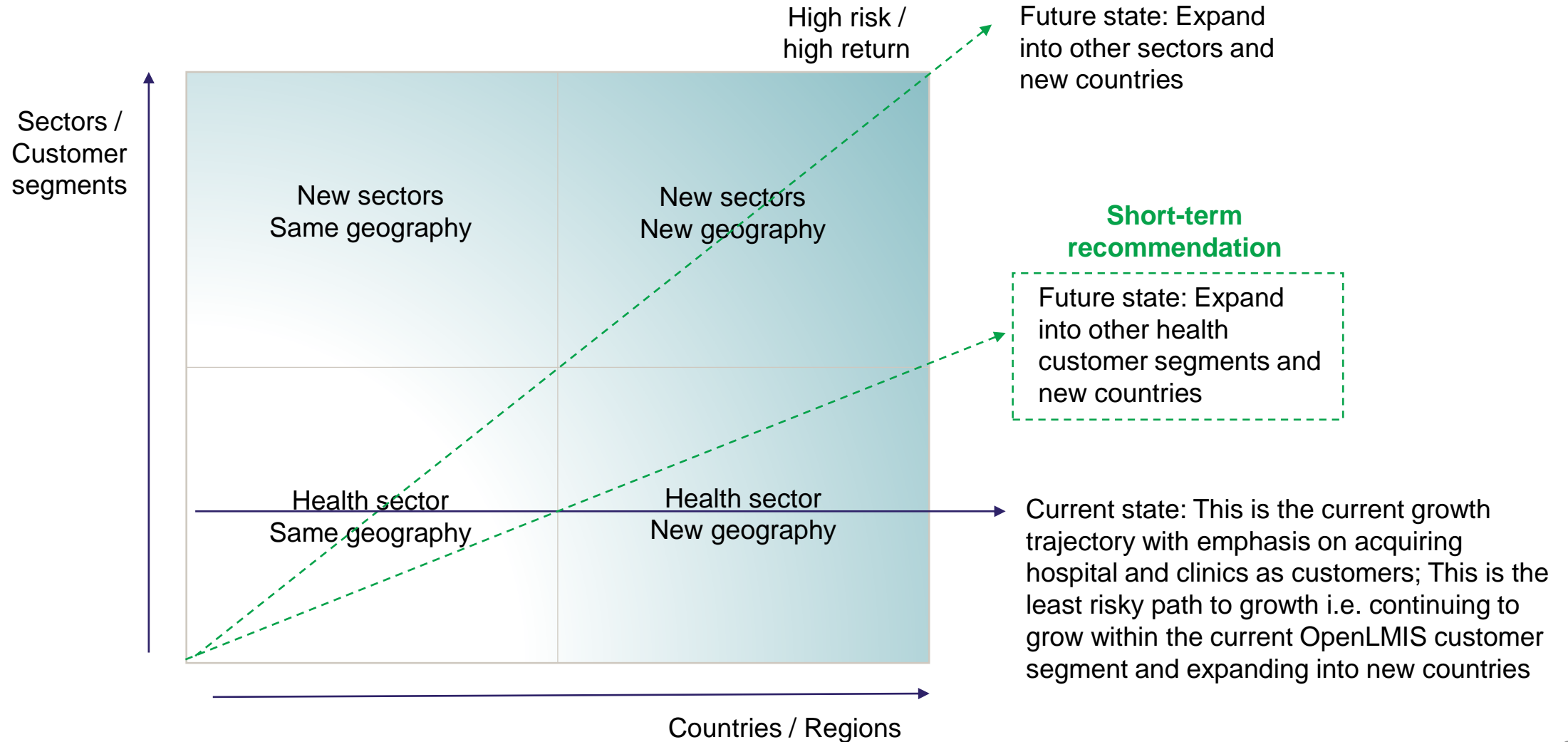*OpenLMIS decision making around governance and legal considerations*

OpenLMIS Core Attributes

Based on feedback collected at the January Workshop

Customer	Product	Partners	Pricing Model
• Remain a solution for low- and middle-income countries • Focus on public health first, then adjacent markets • Be available to humanitarian, agriculture, or other sectors	• Open-source • Automate paper systems • Improve delivery of vaccines and medicines	• Strengthen the capacity of local and regional partners	• Free to governments • Have a model for paying customers

Growth Strategies

Sectors / Customer segments (vertical axis)

Countries / Regions (horizontal axis)

New sectors
Same geography

New sectors
New geography

Health sector
Same geography

Health sector
New geography

High risk /
high return

Future state: Expand into other sectors and new countries

Short-term recommendation

Future state: Expand into other health customer segments and new countries

Current state: This is the current growth trajectory with emphasis on acquiring hospital and clinics as customers; This is the least risky path to growth i.e. continuing to grow within the current OpenLMIS customer segment and expanding into new countries

Structural Pathways

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

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

3. **Partner**
   Lean on the mandate of other organizations and nest OpenLMIS within their structure.
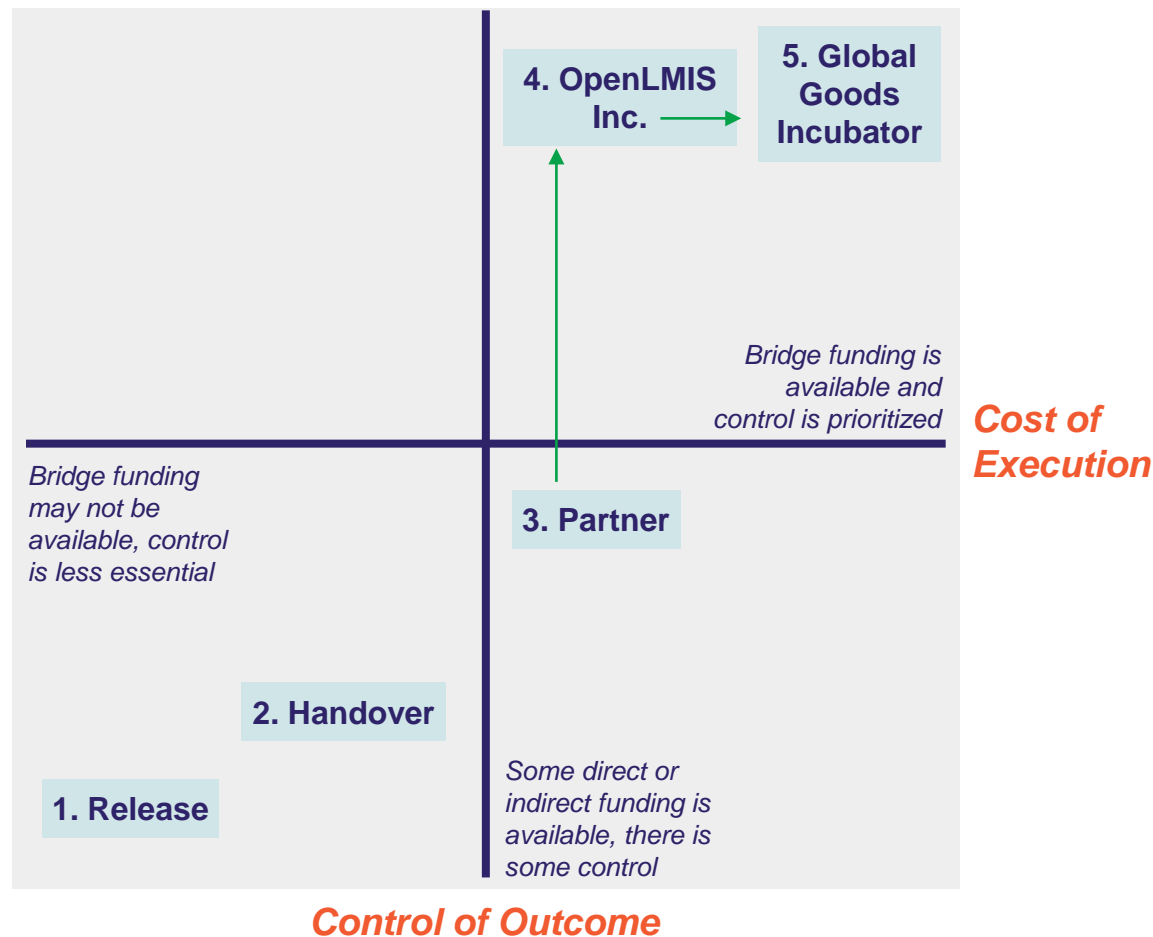
4. **OpenLMIS Inc.**
   Create an independent entity where OpenLMIS is able to continue its operations and pursue additional revenue generating-mechanisms.

5. **Global 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.

As indicated by the green arrows, hybrid models and/or bridge relationships may also exist, where the model shifts over time.

4. OpenLMIS Inc.

5. Global Goods Incubator

Bridge funding is available and control is prioritized

Cost of Execution

Bridge funding may not be available, control is less essential

3. Partner

2. Handover

Some direct or indirect funding is available, there is some control

1. Release

Control of Outcome

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Note: To some extent, control ensures impact and alignment to OpenLMIS' core attributes; but chiefly under the Release model, this is an unknown.

Cross-Pathway Comparison

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	● Unknown	● High	● High	● High	● High
Capacity to strengthen local and regional partners	● Unknown	● High	● High	● Medium	● High
Level of control and risk management to ensure a positive impact and outcome	● Low	● Medium	● Medium	● High	● High
Capability to transition to this business model without donor funding	● High	● Medium	● Medium	● Medium	● Medium
Ability to reduce reliance on donor funding and achieve long-term sustainability	● Unknown	● High	● Low	● High	● High

Heath's Examples: Assigning Critical Responsibilities for OSPGs

	Legal Fiscal Sponsor	Primary Maintainer	Operational Activities
	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.
Mifos	software freedom conservancy → THE APACHE SOFTWARE FOUNDATION	GRAMEEN FOUNDATION → Mifos	Mifos
OpenMRS	Regenstrief Institute → OpenMRS Inc.	OpenMRS Community	OpenMRS Community + Implementers
OPEN CRVS	PLAN INTERNATIONAL → ?	PLAN INTERNATIONAL → ?	PLAN INTERNATIONAL → ?
OpenLMIS	VILLAGEREACH → ?	VILLAGEREACH → ?	VILLAGEREACH → ?

Country Segmentation Takeaways
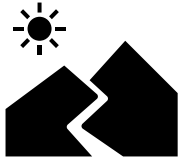
	Institutions	**Infrastructure**	**Private Sector**	**Business ICT**	**OpenLMIS Implications**
Maturing	Functional	Mostly complete, reliable	Established, competitive	Medium	+ Higher revenue potential
Emerging	Functional	Somewhat complete, reliable	Burgeoning	Low to medium	- Lesser known markets - Advanced customers - Tough competition
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**

Return Estimates

- Assuming that costs are incurred the year before the revenues for that segment are received
- This is just one revenue estimate based on growth path laid out in previous slide – there are many pathways that we can explore
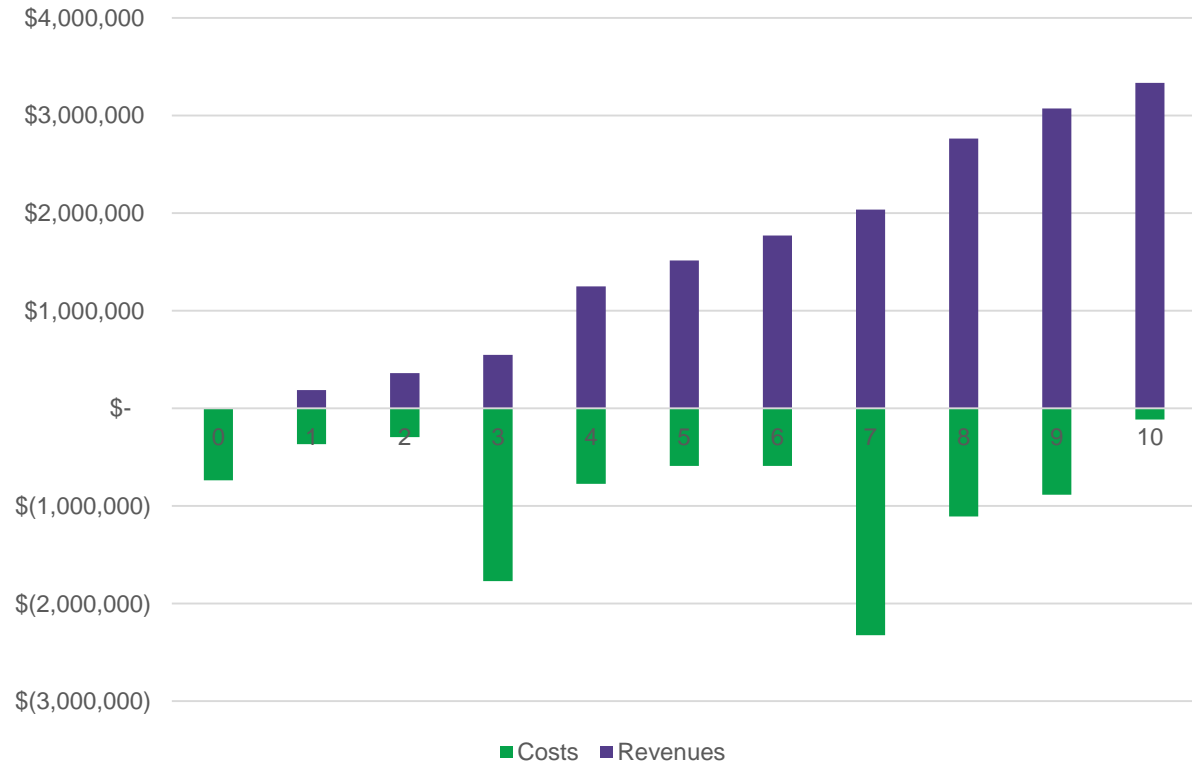
Average cost per year	$ 955,305
Average revenue per year	$ 1,682,640
NPV	$ 4,179,028
Break-even (years)	4.72

Business Model Prioritization Framework

Business Model Considerations	Attributes
Customers	• Customers would be interested in this product • Customers are ready for and need this product • Customers are likely to pay for a product like this
Product	• The current features and workflows could be used in this model (front end) • The current technical architecture could support this model (back end) • With this business model, the product has a lifespan of more than 5 years
Competition	• OpenLMIS is well differentiated in this space compared to competitors • Barriers to entry are navigable
Structural Pathways	• The level of control and risk are manageable to ensure a positive impact and outcome • The pathway includes the right partners and mix of partners
Sustainability	• The revenue model enables a reduced reliance on donor funding • Revenue is generated and allows for a reasonable break even
Impact	• The model meets the OpenLMIS core attributes (i.e., Improves delivery of key commodities, offers solutions for low- and middle-income countries, strengthens the capacity of local and regional partners)

Session Break

⏱ 15 Minutes

Determine Transition Requirements

Q&A, and facilitated discussion on the legal side of transitioning OpenLMIS, led by Jeff Tenenbaum

Lunch Break

⏱ 45 Minutes

Business Planning Sessions

Confirming Organizational Structure

- What is the right makeup of operations management, and decision-making / oversight (e.g., Governance Committee, Board of Directors, technical groups)?

- What can we learn from the current structure? Why has a change in leadership been challenging and what can we do about that?

- Is stronger community involvement needed? How do we attain this?

- Essential organizational functions will include product, sales, operations, and finance. Are there others? What other functions and considerations do we need?

- What resources are needed?

A Creative, Mixed Landscape

MODEL

Social Enterprise

Non-profit → For-profit

University of Oslo → dhis2

OPENSRP ← ONA

odoo

University of Washington I-TECH/ University of Iowa → OpenELIS

OpenMRS

dimagi

CommCare

logistimo

Open Data Kit

mSupply

Swiss & German Agencies for Development Cooperation → openIMIS

moz://a

mozilla CORPORATION

THE LINUX FOUNDATION

WORDPRESS FOUNDATION

AUTOMATTIC

Red Hat

Mission-driven

APPROACH

Market-driven

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Future-Looking Questions: Customers & Countries

Key Questions: Customers & Countries

- Who are the target customers? (Drill in much deeper on the Hospital Networks and Clinic Networks, table the pursuit of adjacent markets – inc. agriculture, for now)
- 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)

Current OpenLMIS Ecosystem*

The OpenLMIS ecosystem is a collaboration of funders, distribution mechanisms, implementers, and tech partners.

Donors:

BILL & MELINDA GATES foundation

USAID FROM THE AMERICAN PEOPLE

Other implementation-specific funders (e.g. Gavi)

Previous:
- *PEPFAR*
- *Life-Saving Commodities*
- *The Rockefeller Foundation*

Funds Distribution Mechanisms:

digital square

USAID GLOBAL HEALTH SUPPLY CHAIN PROGRAM PROCUREMENT AND SUPPLY MANAGEMENT

Other mechanisms (e.g. USAID MEASURE Evaluation Project)

Implementers:

VILLAGEREACH Starting at the Last Mile

Chemonics

JSI

CLINTON HEALTH ACCESS INITIATIVE

PATH

Technology Partners:

SolDevelo solutions development

ONA   JSI

VILLAGEREACH Starting at the Last Mile

SOFTWORKS

Integrations

OPENSRP   NEXLEAF ANALYTICS
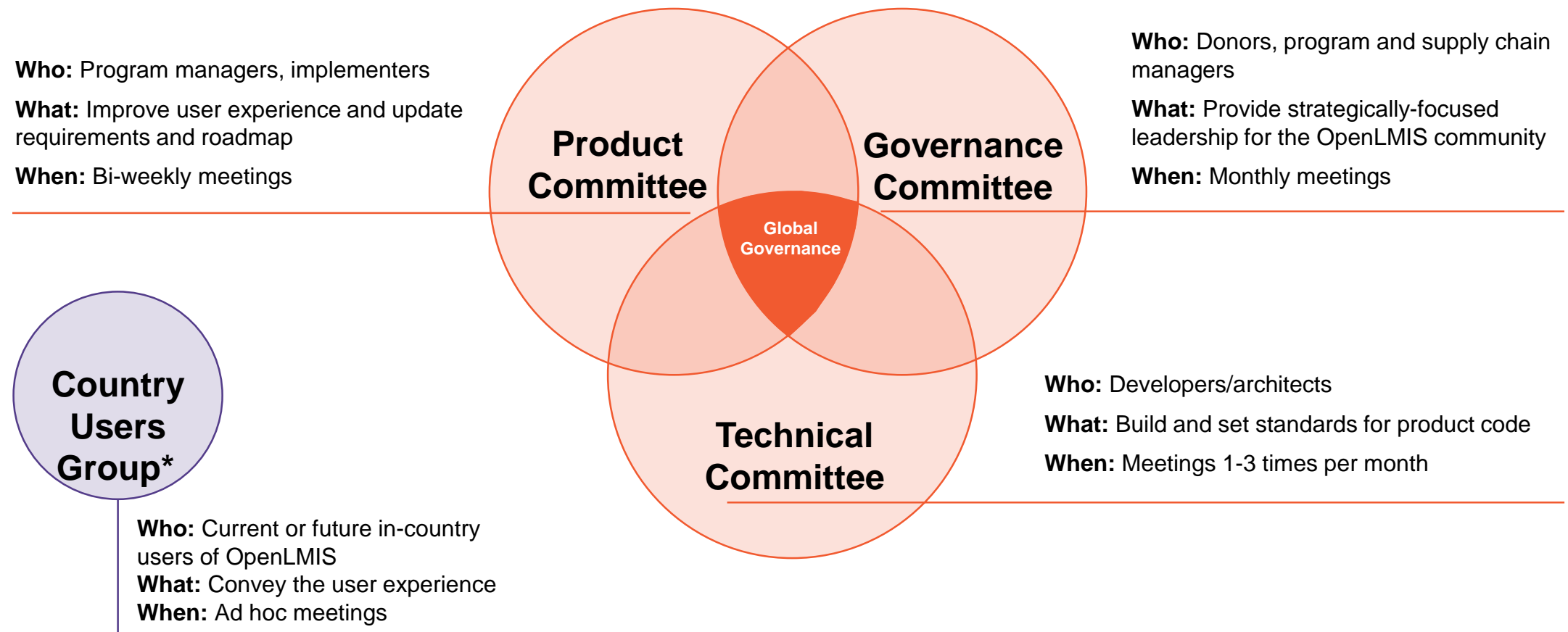
Previous:
- *ThoughtWorks*

Other partners include: BAO Systems, BrowserStack, UNFPA, AMP.

OpenLMIS Community

The community includes three committees and a country users group.

Who: Program managers, implementers

What: Improve user experience and update requirements and roadmap

When: Bi-weekly meetings

Who: Donors, program and supply chain managers

What: Provide strategically-focused leadership for the OpenLMIS community

When: Monthly meetings

Product Committee

Governance Committee

Global Governance

Technical Committee

Country Users Group*

Who: Developers/architects

What: Build and set standards for product code

When: Meetings 1-3 times per month

Who: Current or future in-country users of OpenLMIS
What: Convey the user experience
When: Ad hoc meetings

The user perspective is extremely important, and the community has not yet found the right forum for consistent engagement.

Key Questions: Partners & Roles

- What are the pros/cons of different types of partner engagement strategies?
- How integral are certain partner groups to the day-to-day?
- What types of partners should have decision-making authority?
- What touch points should global governance (core funded) have with implementations?
- What role(s) do you see for your organization?
- What role(s) do you see for other organizations?

Questions to answer:

- Who are the channel partners? (What are the sales teams that sell this subscription product in Emerging/Maturing/Nascent markets?)
- What would they need/want to be an OpenLMIS channel partner?
- Would they be willing to pay to be certified as a channel partner?

Key Questions: Finance & Funding Plan

- Who / what type of funders have been interested in OpenLMIS so far? (foundations? impact investors? others?)
- Have there been any specific impact metrics (or outputs) that the funders expressed interest in?
  - If so, have these metrics been tracked?
  - If not, are there any impact metrics that are currently being tracked?
  - What data has been tracked so far?
- Have there been any specific geographic regions that funders have expressed interest in?
- Are funders that we've talked to interested in providing TA, bridge funding, working capital needs, etc?
  - i.e. What has been the general preference?
- Are there partners currently in our ecosystem that have funding sources that could be of interest to OpenLMIS?
- "Conservancy" option can receive grants. What about investment capital?

Session Break

⏱ 15 Minutes

Key Questions: Product & Development

- What will it take to properly map workflow and feature set development?
- What are the top considerations when scoping workflows?
- Off the shelf v. bespoke options – what types of customers (if any) would you customize the product for?
- What can we learn from other global goods? What is the desired interaction with other global goods?

Questions we need to answer:

- What set of features are needed?
- What are the workflows/processes used by our target customers that the product will support?
- How does the current OpenLMIS product need to change? (What is the cost of that development?)
- Use Rapid Prototyping to show potential customers a 3-minute video demo or a slide deck using mockups/prototypes of the product and refine it based on feedback. Approximate LOE to do this.
- How will local support compare to global support?
- What are the licensing implications?
- How can analytics be used to advance OpenLMIS' objectives?

Key Questions: Marketing & GTM

GTM Strategy

- What key messages will resonate with different customer segments?
- How do we reach these customers? What methods of outreach do they respond to? Content?
- How do they make purchasing decisions?

Marketing and Sales Functions

- Marketing. How do marketing efforts change? What marketing and communications collateral/plans are necessary to reach customers and channel partners?
- Sales. How do we find new customers? Which entities execute sales?

Channel Partners

- Among the current implementers, "channel partners," which do you see having the capacity and willingness to be a future channel partner?
  - Are there any strategic objectives that current channel partners have to be aware of?
  - Are there other potential channel partners under consideration? Other 'required' partners?
- What is the timeline for a) transition current channel partners; b) adding new ones?

Reflections

Next Steps

- Develop and share our action plan

- Compile and share notes / workshop recap

- Work with key stakeholders to pressure test ideas and build out answers the questions outlined today

- Determine prioritization of efforts and continue to build components of the business plan

Thank You!

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