

SCALING SOCIAL BUSINESSES THROUGH DESIGN THINKING

SPRING

SPRING

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INTRODUCTION

DESIGNING FOR SCALE IN EMERGING MARKETS

Five years ago, SPRING began as a collective experiment driven by the United Kingdom's Department for International Development (DFID), who came together with other visionary donors, including the United States Agency for International Development (USAID) and the Australian Department of Foreign Affairs and Trade (DFAT) to find a more effective and sustainable way to improve the lives of underserved adolescent girls in the developing world. The premise was as ambitious as it was simple: that by bringing together public sector experience with private sector expertise to support the growth of socially-oriented commercial enterprises, we could create not just social impact, but a market-driven ecosystem to sustain it.

With the SPRING accelerator, working with 75 businesses across nine countries in East Africa and South Asia, we have seen that when commercial success and social impact are inextricably linked – when purpose and profit converge – the potential is limitless.

The challenges of developing scalable impactful businesses in developing markets are broadly understood and well socialized: limited infrastructure, inefficient distribution, ineffective government systems, unreliable supply chains, and unpredictable regulatory environments all make it difficult to unlock growth. But, there is an inherent tension in addressing these challenges: thoughtful solutions require targeted interventions, while scale requires mass adoption.

We believe that the key to unlocking meaningful scale is a hyperlocal understanding of market contexts at both a systems (regulatory, infrastructure, and fiscal) and human level. Easier said than done, when the tools we rely on as investors, development actors, and corporations are generally limited to do both.



With the SPRING accelerator, working with 75 businesses across nine countries in East Africa and South Asia, we have seen that when commercial success and social impact are inextricably linked – when purpose and profit converge – the potential is limitless.

A new approach was needed and SPRING accelerator set out to do just that, combining human-centred research with an intensive operational focus to design products, services, and business models that work for people in a developing world context. In partnership with our businesses, we set out to understand consumer behaviours they are trying to change, the user experiences they are trying to create, stakeholder relationships they rely on, and the competitive and legal contexts in which they operate, all for the end goal of a better product-people fit.

The accelerator program was as human-centred in its design as it was in its content. Our teams travelled to East Africa and South Asia to gain an intimate understanding of the market context and the challenges that entrepreneurs were facing on the ground. From there, the SPRING team developed a program that provided local businesses with potential for scale and impact with the prototyping, capacity building, mentorship, peer-to-peer collaboration, visual design, and investment support they needed to succeed.

Very deliberately, we set out to use our own operational capacity and the curriculum portion of the program to combat the inherent power dynamics of a team heavy on advisers from high-income countries working with entrepreneurs in a developing context. We flattened the cultural dynamics by shifting the focus from teaching to partnered learning, with modules interspersed with side-by-side collaboration.

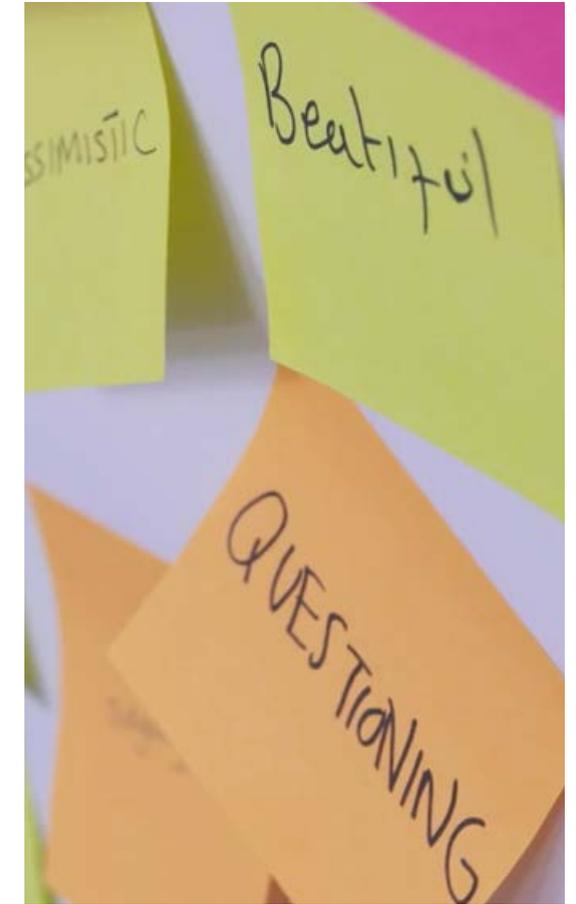
Further inspired by human-centred design principles, we built the program with a flexible and iterative model. SPRING recruited a cohort of businesses for an initial bootcamp to develop a business prototype; a low-risk real world experiment allowing entrepreneurs to test, refine and validate new product or service concepts. The curriculum focused on service, business modelling, and brand design of the business prototype, allowing entrepreneurs to test their business prototypes in the local context.

THE HUMAN-CENTERED DESIGN PROCESS



The program closed with a second bootcamp that allowed for further refinement based on learnings from the field. In the spirit of human-centred design, we continued to iterate and improve the program over the course of the four cohorts, allowing us to more successfully partner with our start-ups to scale their social enterprises.

Each of the following insights highlights a market-driven solution that we have seen businesses adopt during the course of the SPRING accelerator to overcome barriers to scale. We are not suggesting that these are universally applicable; market contexts and environmental factors are always unique. Ranging in the challenges addressed, conditions leveraged, and tactics employed, what our insights have in common is their reliance on developing a deep understanding of the people involved. This is why we treat design as an approach rather than a discipline, because we believe that when it puts people at the centre, this approach is capable of creating products, services, and businesses that change the world.

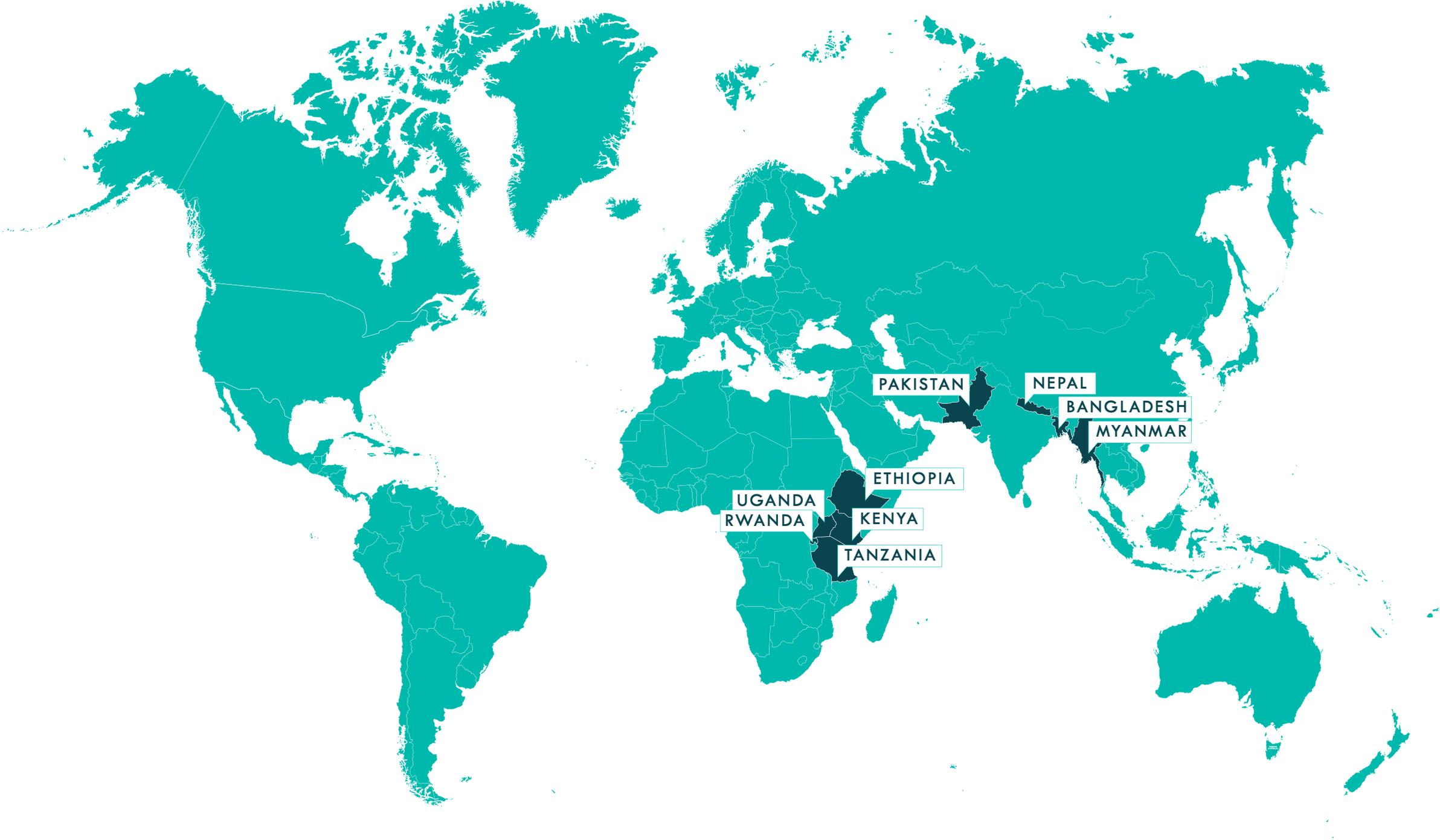


OUR MISSION

BY 2019, SPRING AIMS TO REACH 200,000 GIRLS IN 9 COUNTRIES.

THROUGH CUSTOMIZED SUPPORT TO 75 BUSINESSES

HELPING GIRLS EARN, LEARN, SAVE, STAY SAFE, AND BE HEALTHY



INSIGHT

01

—
USE TECHNOLOGY
TO FORMALISE THE
INFORMAL SECTOR





CONTEXT

In developed markets, the dominant paradigm of commerce has long been the corporation and the formalised economies built around it. But in many markets – both emerging and developed – the reach of these formalised economies is more limited than we might assume. Two billion people constituting more than 60% of the global labour force work in the informal economy, a full 93%¹ of whom are in emerging and developing countries. In places like these, informal work by street sellers, home-based workers, and daily labourers defines daily commerce for billions of people.

Informal markets are at heart of emerging market economies. By tapping these networks, businesses gain immediate access to customers and can leverage established distribution channels.



PROBLEM

Informal economies are both symptoms of the challenges plaguing developing markets and a contributor to the macroeconomic problem. At the heart of informal economies is tremendous entrepreneurialism and inventiveness – organic responses to a lack of infrastructure. For example, in Bangladesh where there is only 1 doctor per 10,000 people, pharmacists - many of whom have no medical training - fill the void, providing direct healthcare services to their customers.

On the other hand, because the revenue of informal workers goes untaxed, there's limited resources for governments to invest in their economic foundation: infrastructure, healthcare, and education. At its most extreme – operating without basic protection or social safety nets – livelihoods hang in the balance. And, because their ability to largely avoid taxation and regulation gives them an “unfair” advantage, informal

economies can distort traditional competitive forces, allowing them to persist (and proliferate) in the face of circumstances that might otherwise help consolidate and formalize the market. While they lack the infrastructure, capacity, and potential economies of scale that help spur exponential growth, they remain a constant in the market.

SOLUTION

What we've found through SPRING is that business models that consolidate existing informal operators and empower them to better serve their networks are both viable and scalable. By leveraging existing informal networks, businesses can tap into fully-formed markets, access distribution points, and drive rapid adoption. Businesses aspiring to tap into these markets can provide value to informal operators with a supportive reliable supply chain and access to a broader range of products.

At SPRING, we have seen that rather than trying to get consumers to change deeply ingrained behaviours, successful businesses enable them. Rather than competing with informal operators, these businesses leverage their ubiquity to drive customer acquisition. It's the reason Kenya-based SPRING business, PayGo Energy, began scaling its operations by mapping their distribution to road-side liquefied petroleum gas distributions (as opposed to a complex partnership with an international energy firm) in order to reach millions with clean fuel. And, it is how Jeeon, working across Bangladesh, bypassed large international non-governmental organizations

(INGOs) and traditional healthcare operators, opting instead to bring more than 500 rural pharmacies and their thousands of patients across Bangladesh into the formal economy. By turning unaffiliated agents into cohesive networks and developing the structures to support their scale, businesses can create for end consumers, operators, and markets alike.

Here, technology plays a crucial role. Over 40% of SPRING businesses have a digital service element to their prototype - from dashboards that allow agents to track customers, to platforms that create the potential for virtual payment, and systems that directly connect suppliers and distributors - these are just some of the tools that companies are using to formalize previously informal networks. These tools provide the accountability and transparency that, by nature, informal sectors lack. By applying new technologies to the most rudimentary commercial interactions and existing informal relationships, businesses deliver services more efficiently, more effectively, and with greater humanity.



PayGo Energy is a metering solution and distribution system that enables customers to access clean and efficient fuel at a low price.

KEY RECOMMENDATION

Look for investment opportunities that leverage the strength of consolidating an informal market.

CASE STUDY | JEEON

USE TECHNOLOGY TO FORMALISE THE INFORMAL SECTOR

THE CHALLENGE

Formal Healthcare Is Inaccessible to Millions

Rural Bangladesh has a quality healthcare supply problem: for every 10,000 rural Bangladeshis, there is only one doctor². Filling the void are pharmacies and their staff of Rural Medical Practitioners (RMPs), only 30% of which have any medical training. Given the limited access to the formal healthcare system, 80% of rural people turn to pharmacies as their first point of care. That's up to 5 million patients, making out-of-pocket health payments amounting to nearly two-thirds of total health spending³.

For every 10,000 rural Bangladeshis, there is only one doctor.



Country | Bangladesh
Website | www.jeeon.co/
Year Founded | 2014



ENTER: JEEON

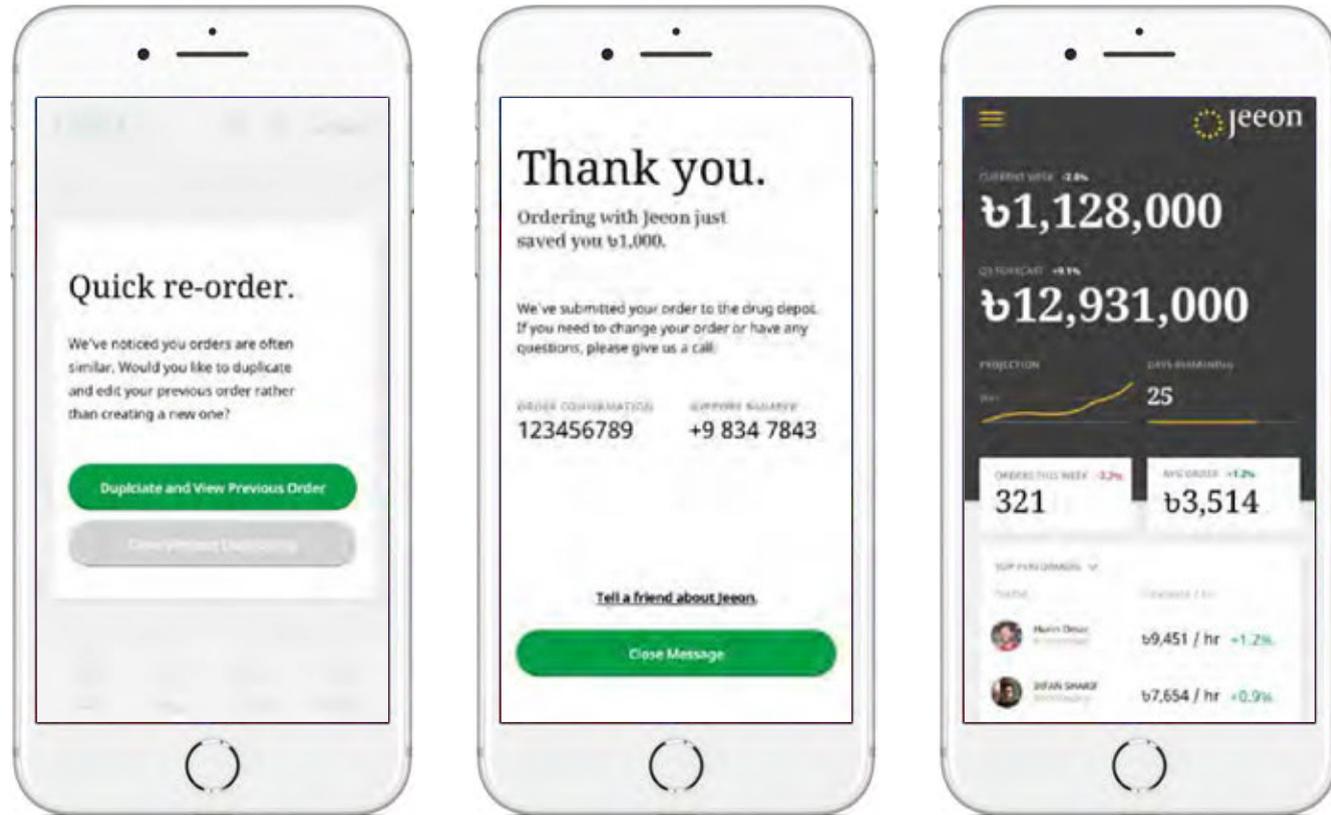
Connecting the Dots for Better Rural Health Care

Jeeon upgrades rural pharmacies with a simple app that builds capacity and connects them to companies selling quality services, drugs, and products, improving the quality of care for their patients.

THE BUSINESS OPPORTUNITY

From User Acquisition to Long-Term Retention

Jeeon's approach to creating consistent, high quality care starts with RMPs. The company initially launched with an e-learning app which sought to upskill RMPs through gamification that progressively unlocked additional products, services, and branding that Jeeon believed would attract them to the platform. The first generation of the app failed to retain the number of RMPs needed for the company's viability. With SPRING's help, Jeeon set out to identify the right mix of information, services, and support to incentivize user acquisition and retention on the platform.



JEEON APP
 Jeeon upgrades rural pharmacies with a simple app that builds capacity and connects them to quality services, drugs, and products, improving the quality of care for their patients.

THE HCD DIFFERENCE

Understanding Priorities and Stakeholder Incentives

Through immersive, in-depth user interviews designed in partnership with SPRING, Jeeon discovered a simple yet pivotal insight calling their existing approach into question: the needs of each community of RMPs and patients varies. Understanding this variability led Jeeon to hypothesize that users would be better retained through an a la carte offering of products and services as opposed to a singular gamified path to unlocking levels of access. Additionally, Jeeon's research guided by SPRING revealed that for many RMPs, a significant pain point was consistent and reliable access to the pharma supply chain – with drugs often sourced from informal middlemen or sales agents.

THE SPRING OUTCOME

A B2B Model Connecting RMPs to the Distribution Chain

In uncovering the needs of RMP users, Jeeon unearthed an entirely new business opportunity in connecting pharma companies with the informal RMP healthcare sector. Projonto, the new pharma-facing offering designed and branded in partnership with SPRING, supports pharma companies to scale their distribution with better management of sales agents. In addition to uncovering a more sustainable and stable source of profit, the resulting service ultimately provides rural patients with higher quality drugs and healthcare.

INSIGHT

02

LEVERAGE TECHNOLOGY
TO GO DOWNMARKET
WHILE UPHOLDING QUALITY



CONTEXT

Many of the most promising businesses we have worked with at SPRING began as what we call enrichment services, delivering personalized, time-intensive, high impact interventions to small groups of patients, students, or consumers. We saw this with Pakistan's RobotWala offering high cost afternoon STEM (Science, Technology, Engineering and Maths) classes and Nepal's Fightback offering one-on-one physical and mental training to combat sexual violence.

These services – often focused on the critical categories of food, transport, housing, utilities, education, and health, where 80% of individual spending occurs for low income individuals⁴ – have potential for transformative impact. An enrichment service in a high-end market becomes an essential one downmarket where there are fewer resources and offerings.

Top-of-the-pyramid services are costly to maintain resulting in price points that are inaccessible for the overwhelming majority in developing markets. Technology is the key to sustainable scale.



PROBLEM

The success of these businesses often relies on tailored, time-intensive service models carried out by employees with specialized skill sets. Before SPRING, STEM classes offered by Pakistan's RobotWala were taught by engineers and Nepal's Fightback provided one-on-one training with top tier trainers.

These models are costly to maintain, and require an amount of human capital investment that constrains scale. The result is often a price point that is out of reach of the serviceable available market in developing countries. While there may be an obtainable market in high-income purchases, these models resist sustainable scale.

Social franchising and Training-of-Trainer models are popular in developing markets, but they lack the ability to control quality through oversight, reporting, and evaluation. Operational confusion, brand diffusion, and overall product degradation undermine not only a company's impact, but its commercial viability. How then can quality be maintained with a replicable service model that allows for the possibility of viable scale?





RobotWala

Robotwala is an Educational Technology Initiative with an aim of developing technology-based products and services that will enable creative and hands-on learning in school going children especially at the Base Of the Pyramid (BOP).



SOLUTION

The solution to scaling successfully down-market is twofold. First, we have seen a number of companies have great success integrating digital products into their service model, using them for everything from reporting to direct delivery. In Pakistan, Cohort 4 business RobotWala removed the need to have professional engineers lead their STEM classes by equipping existing teachers with a software tool and platform that allowed them to guide students through the robotics lessons regardless of their expertise (or lack thereof). In Nepal, Cohort 2's Fightback added a video-based curriculum to their personal safety and self-defense training for adolescent girls, increasing the capacity of sessions and reducing the number of instructors needed. In each of these scenarios the technology is supplementary, never fully replacing human interaction; rather it is designed into the service, alleviating the burden on the implementer and reducing the reliance on a highly specialized individual. The result is a broader pool of potential employees, simplified operational models, and significant cost savings.

Second, we encourage a broad approach to considering target consumer segments. It is certainly true that the base of the pyramid (BOP) consumers—those with incomes below \$3,000 in local purchasing power—spend nearly \$5 trillion a year⁵ and should be considered a viable market both in terms of commercial potential and social impact. With that said, the “fragile middle”—those living just above the poverty line and earning \$2-\$10 a day—represent roughly 40% of the world's population and naturally have greater amounts of disposable income and price elasticity, making them a more sustainable and profitable user base. When Dot & Line, a Pakistani after-school math program, expanded their offering beyond their two Karachi centres, they found middle-income consumers both willing and able to pay. While their blended learning model, pairing a proprietary software with their experiential curriculum remains too expensive for low-income consumers, the franchise model offering, developed in partnership with SPRING, allows Dot & Line to offer reduced prices and set up for scale.

KEY RECOMMENDATION

When working with businesses with premium high-touch offerings, look for digital solutions to streamline operations and retain quality, enabling downmarket scale.

CASE STUDY | FIGHTBACK

LEVERAGE TECHNOLOGY TO GO DOWNMARKET WHILE UPHOLDING QUALITY

THE CHALLENGE

Raising a New Generation of Girls

In Nepal, a country that ranks 149th on the United Nations' (UN) Gender Inequality Index⁶, one in four women are victim to physical or sexual violence from a partner in their lifetime⁷. Through Girl Landscaping research conducted by SPRING, parents cited that violence against girls is a major concern making safety education a priority for their daughters.

In Nepal, one in four women are victim to physical or sexual violence from a partner in their lifetime.



Country | Nepal
Website | fightbacknepal.com
Year Founded | 2010



ENTER: FIGHTBACK

Building Mental, Vocal, and Physical Skills to Empower Women and Girls

Fightback is a sexual violence risk-reduction education program for women and girls. The sensitively-designed intervention uses vocal, mental, and physical training to empower women and girls to identify risks, de-escalate situations, and proactively protect themselves. The program is especially impactful for adolescent girls who are particularly vulnerable and often unaccustomed to asserting themselves using the full strength of their voice or physical power.

THE BUSINESS OPPORTUNITY

A Resource-Intensive Delivery Model with Limited Scalability

Fightback's training model incorporated both physical and mental/emotional techniques for addressing and avoiding dangerous and uncomfortable situations. In Bootcamp, we looked under the hood of their business and identified a bottleneck. With only a handful of employed trainers to carry out their proprietary curriculum, it limited their ability to scale and subsequently their impact on women and girls.



THE HCD DIFFERENCE

Iterative Testing to Uncover User Needs

Fightback's model assumed that their program's effectiveness relied on private settings with personal attention from trainers. In a rapid prototyping feedback loop guided by SPRING, Fightback made a critical discovery: for their target girl audience, there is in fact power in numbers. The energy and camaraderie of large sessions creates a sense of community, an unexpectedly profound additional benefit that came at no cost to the effective absorption of the curriculum. Furthermore, research proved that en masse trainings in schools was a viable model, with parents and schools willing to split the cost.

THE SPRING OUTCOME

A New Distributed Service Model

With these insights and a clear understanding of human resourcing constraints, SPRING helped Fightback leverage technology through a video-based curriculum, that aimed to compliment the human trainer and build soft skills such as situational awareness. The new curriculum supported en masse training programs for schools, ultimately reducing operational costs, lowering costs for customers, and allowing Fightback's executive team to focus resources on strategic business development. This ultimately opened the door to partnerships with large private school networks that increased scale tenfold. Upon deployment of their new service model developed with SPRING, Fightback generated as much income in one month as they had in the previous 12 months. While unlocking exponential profits, Fightback has been able to empower more girls with life-saving self-defense skills. Meanwhile, the business continues to evolve its offering; this year, in response to feedback from girls and parents, Fightback launched a programme to engage boys and men as allies in the fight against sexual violence and harassment. Today, with the new model in place and operations streamlined, Fightback is looking to expand into India and beyond.



INSIGHT

03

BUT DO NOT ASK
TECHNOLOGY
TO DO TOO MUCH



CONTEXT

Through SPRING we've found a simple path to scale in emerging markets leverages technology in places where the proliferation of mobile technology is helping to significantly close the tech gap, sparking the imaginations of entrepreneurs and investors alike. In the ed tech category alone, SPRING businesses Accelerated, RobotWala, EdKasa and Muse have all used technology to scale quality education.

By any metric, developing and emerging economies are becoming better equipped to capitalize on the promise of a technologically-driven future, with populations increasingly connected to the broader digital world. Driven by prices that have dropped by as much as 50% in some markets due to increased supply and new financing models, smartphone adoption has nearly doubled in emerging and developing economies over the past five years⁸. Even in the least-developed nations, average mobile penetration has surpassed 70% and continues to rise⁹.

The infrastructure necessary to support continued growth continues to develop, and widespread regulatory reform is opening up new markets that in the past have been largely state-run. At the same time government-led initiatives like Rwanda's Digital Ambassador Programme and Kenya's push for electricity and internet in rural schools are putting significant resources behind increasing tech literacy.

While smartphone and internet access is exploding in developing markets, large swaths of people remain disconnected and digital literacy remains limited.

PROBLEM

But even the smartest technologies have their limitations, and understanding those constraints when building service-based business models is an essential consideration in designing for scale.

Despite the headlines about a burgeoning Silicon Savannah, the promise of technological adoption – and diffusion – has yet to be fully realized. At the heart of this challenge are two underlying trends. First, access to technology is unequally distributed: women in South Asia are 26% less likely than men to own a phone, and in sub-Saharan Africa, they are 34% less likely to be online¹⁰. Second, lagging digital literacy rates fed by pervasive mistrust, due in part to deeply ingrained analogue habits mean that large-scale behaviour change is necessary to move the needle, not just greater customer acquisition.

These facts led us to an important finding: developing markets are better at adopting new technology than diffusing it. The result is tremendous disparities in access and acceptance, not just from market to market (smartphone ownership in Tanzania is less than half that in neighbouring Kenya¹¹), but between subcommunities in a single market.

As a result, building a scalable business on the back of new technology is a challenge. What doesn't work is assuming, as often happens, that developing economies – and the consumers in them – each have the same market challenges and user behaviours when it comes to tech adoption. Understanding the context-specific ways in which users access and interact with technology is key to being able to design offerings that can move from initial adoption to broader diffusion.





SafeBoda is a community of entrepreneurs and boda drivers working together to improve professional standards across the urban transportation industry in Africa.



SOLUTION

Digital diversity is why we believe that business models that complement digital products with analogue services are best positioned to scale in developing countries. In Uganda, Safeboda, a company that's formalizing the informal boda motorcycle transport into a rideshare platform, found just that. Although its app allowed riders to remotely hail a motorcycle taxi anywhere in the city, they didn't gain significant traction until they created a 'hop on' feature allowing users to flag down a passing driver, more closely mirroring existing customer behaviour. In Rwanda, Kasha, a digital marketplace for feminine care products, discovered that despite the fact that customers claimed interest in the wide range of options on their e-commerce platform and the discreet delivery system, their lack of familiarity with e-commerce meant that the best user acquisition tool remained individual agents equipped with a sales catalogue. And in Ethiopia, AcceleratEd, a personalized

coaching system for teachers, learned that the country's limited internet infrastructure meant that their learning management software required in-person administration.

In each case, businesses found success in designing for human interactions rather than bypassing them. Learning from their prototypes, these businesses complemented tech with analogue interactions that met the context-specific needs of their users, allowing them to build products and services that were more approachable, more relevant, and, ultimately, more scalable.

KEY RECOMMENDATION

When working with companies launching new digital products and services, be sure to consider the diversity of how target users access and interact with technology. Use these insights to inform human-centred, needs-driven and potentially hybrid tech-analogue solutions to ensure successful adoption and use.

CASE STUDY | KASHA

BUT DO NOT ASK TECHNOLOGY TO DO TOO MUCH

THE CHALLENGE

Limited Access to Women's Health Products and Education

In Rwanda, stigma around menstrual hygiene management and the use of contraceptives can make it challenging for women to obtain and use products such as emergency contraceptives and sanitary pads. Making these products available at the right price and ensuring a positive purchasing experience for women and girls are key to improving access. This is particularly important in the case of sanitary pads because when girls are not able to access them, it can result in missed school days and negatively impact their education as indicated in a recent report by the government of Rwanda and UNICEF ¹².

In Rwanda, stigma around menstrual hygiene management can make it challenging for women to obtain menstrual hygiene products.



Country | Rwanda
Website | www.kasha.rw/
Year Founded | 2016



ENTER: KASHA

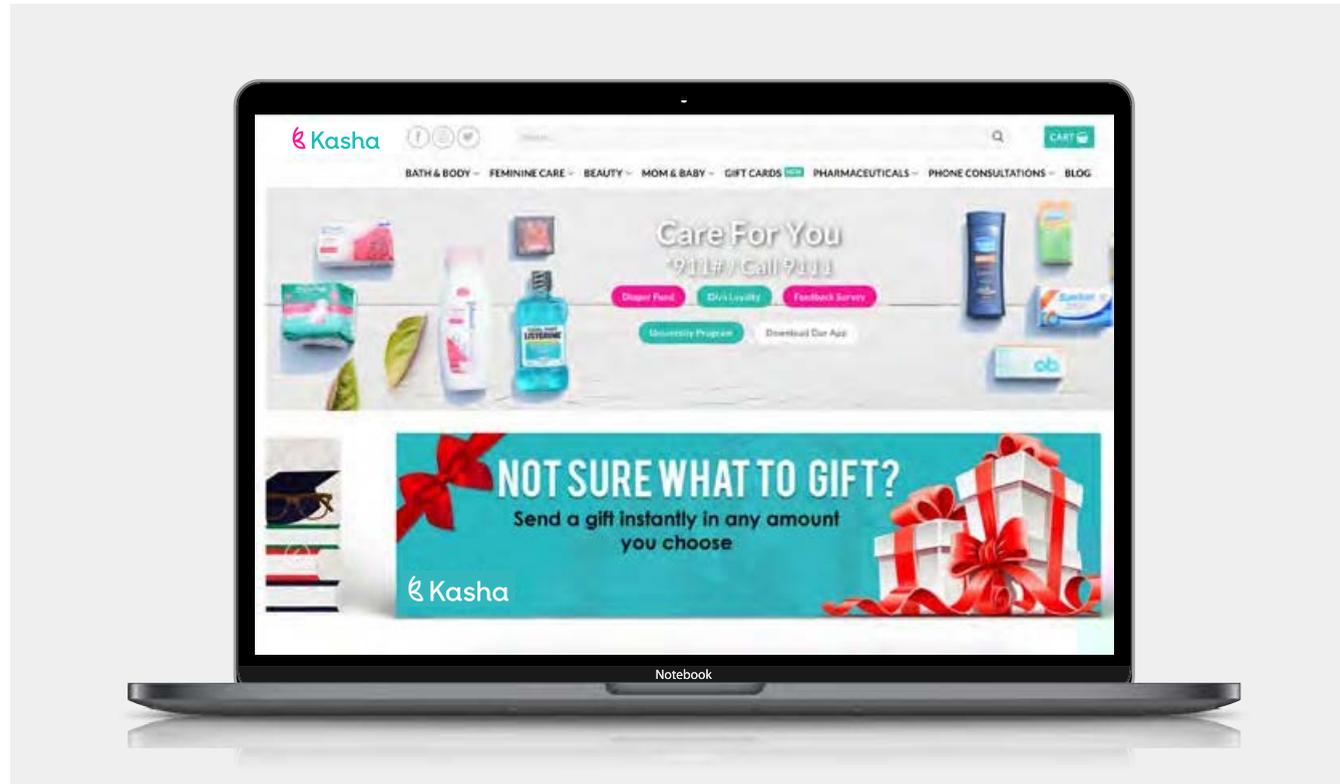
Securing Every Woman's Right to the Necessities of Personal Health

Kasha strives to be Africa's largest and most accessible e-commerce platform for women, offering high quality women's health and personal care products including menstrual care items and contraceptives with discrete ordering, affordable prices, and convenient delivery options. Through their website, smartphone app, and text ordering options, customers can order, pay and have products delivered, all via mobile phone with no internet connectivity required.

THE BUSINESS OPPORTUNITY

Customer Interest Did Not Translate into Purchases

Despite the tremendous need for the service in Rwanda, Kasha was not seeing the sales to match. They had more than 50,000 visitors to the platform who had gone through the USSD flow (a mechanism for communication between customers and their mobile payments platform) without making a purchase. Exploring customer needs more deeply during Bootcamp, Kasha hypothesized that the disappointing number of visits, conversions, and returns was due to a combination of the sole focus on sexual health-related products and the unfamiliarity of making purchases online.



THE HCD DIFFERENCE

Rapid Prototyping to Identify Best Practices

In partnership with SPRING, Kasha ran a series of focus groups with girls and mothers of girls to test site usability, an expanded health and beauty product mix, and a new monthly subscription box targeted at higher-income families. While demand for variety and quality products not available through local kiosks was there, research uncovered that easier search functions and better customer communications simply was not enough to translate that demand into sales. A key insight emerged: many consumers were unfamiliar with — and untrusting of — e-commerce. Customers needed to interact with the products, the brand, and trusted salespeople to feel confident and secure in their purchases. They could not ask technology to do too much.

THE SPRING OUTCOME

A Repositioned Venture

Taking a service design approach with SPRING, Kasha solved the lack of confidence in e-commerce by integrating sales agents into their delivery model. The result was an offline channel to complement e-commerce, providing consumers with a more familiar, accessible shopping experience to get them comfortable with the Kasha brand, their products, and the uncharted territory of online shopping. This enabled a new offering developed at Bootcamp based on group orders, turning shopping for women's health and beauty products into something safe and social, with peer-to-peer education. Since launching their newly designed Kasha Agent distribution model, Kasha has seen impressive customer growth in both online and offline sales including significant headway with low-income customers. As trust was built with the Kasha brand, they have seen an uplift in sales of sexual and reproductive health products on and offline - coming full circle on their original mission.





INSIGHT

04

TAP INTO LATENT POOLS
OF HUMAN CAPITAL

CONTEXT

All nine of the markets we worked with throughout SPRING are in the bottom half of the global human capital index¹³. What this really looks like varies from country to country. In Kenya, the problem manifests itself in double digit unemployment, with rates of youth unemployment topping 26%¹⁴. And although Rwanda had the world's second highest labour force participation rate in 2017¹⁵, it also had a staggeringly high 52% labour underutilization rate¹⁶. The economic implications of these discrepancies impact not just individual workers, but undermine the health and potential of entire markets.

More than a market challenge, at SPRING we found – unsurprisingly – that there are always broader social and cultural factors at play. As is often the case with issues of access to opportunity, women are disproportionately impacted. Globally, women are twice as likely to be inactive in the workforce¹⁷. In Pakistan, where conservative cultural factors limit mobility, women have a labour participation rate that is roughly half that of the global average¹⁸ despite relatively high levels of academic achievement. These factors further distort the labour market, disenfranchising the most marginalized.

Qualified talent to fuel growth is hard to come by in developing markets. Entrepreneurs can fill the void by turning to populations that are currently inactive in the workforce.



PROBLEM

For any business – from Denver to Dhaka – one of the primary barriers to building for scale is finding the right people. In the developing markets where we have worked, limited resources, the absence of a supporting start-up ecosystem, and highly localized business contexts only increase the reliance on the human capital that fuel a company. At the same time, a host of socioeconomic, geopolitical, and cultural factors have led to labour pools that are inadequate for the needs of many companies, especially those with ambitious, tech-driven visions for growth. Coming into SPRING, RobotWala, a STEM education company based in Pakistan, had limited scale because of the lack of access to qualified engineers. While the question of what to do when supply does not meet demand is not in of itself unique to developing market contexts, the potential solutions require a deep understanding of their unique markets – and their users.

The challenge of human capital utilization is two-sided; incorporating both the development of the labour force and the deployment of its capabilities. And, while many emerging and developing countries have taken steps to address both elements of the equation, there still remains a fundamental misalignment between the needs of a modern economy and the output of often antiquated and underdeveloped education systems. In India and the world's younger developing countries, the result is a workforce unprepared for the realities of the future, over-indexed towards jobs that no longer exist; by 2020, these countries could have as many 95 million surplus low-skill workers, and a deficit of 45 million medium-skilled workers¹⁹.



SOLUTION

At SPRING, we have seen a number of businesses tackle this challenge head-on, creating continuing education or vocational programs meant to directly address the underskilled portion of the labour market. But those businesses not directly engaged in this work are still very much impacted by the skill, employment, and opportunity gaps in their countries, and we have seen a number of SPRING businesses respond successfully to the challenge by reframing the misalignment of labour markets into opportunities. When Dot & Line was looking to expand their educational enrichment program throughout Pakistan, they found a deep pool of potential franchise partners in educated women who were either self-employed at home or out of the workforce entirely. In order to fit the needs of these women, the team designed a franchise business model with trained tutors offering courses out of their own homes. At launch, they received over 1500 applications for just 50 places, helping them scale beyond their pilot phase to three new cities.

While developing a network of female-focused peri-urban and rural medical clinics, Sehat Kahani realized that there are nearly 70,000 female doctors across the country who – because they are discouraged from working outside the home – are unemployed. In response, they turned these women into employees, using telemedicine technology to allow female doctors to see patients from their own homes. As a result, they were able to empower female patients with access to more gender-sensitive care and unlock scale for their business, while lowering costs of healthcare for low-income families.

While the composition of each country's labour force is different, we believe that businesses that develop an understanding of the specific nature of their market's unique challenges can identify opportunities to build a competitive advantage and the resources necessary to catalyse scale. The results are enterprises that are not only commercially scalable and economically viable, but that bridge cultural gaps and have the potential to empower an entire class of marginalized stakeholders.

KEY RECOMMENDATION

Look for businesses that tap into latent pools of talent, potentially with an emphasis on upskilling labour. A strong addition to an impact investment portfolio, these businesses fuel new economic opportunity for underutilized populations, with the potential for broad social impact.



DOT & LINE

Dot & Line offers quality-assured, after-school learning environments in Pakistan. Critical thinking and individualised learning lie at the heart of its curriculum.

CASE STUDY | SEHAT KAHANI

TAP INTO LATENT POOLS OF HUMAN CAPITAL



THE CHALLENGE

A Wealth of Human Expertise Left Out of a Health Infrastructure Marginalizing Millions from Access to Healthcare

In Pakistan, only 23% of the total number of registered female physicians are still practicing. Many stop practicing medicine in adherence with social expectations following marriage and childbirth²⁰. The impact of this inequity is felt disproportionately by rural women and children. Ranking 149th in the UN's assessment of countries' progress towards health-related Sustainable Development Goals (SDGs)²¹, Pakistan has a maternal mortality rate of 178 deaths per 100,000 lives, an infant mortality rate of 62 deaths per 1000 lives, and an under-5 mortality rate of 74 per 1000²².

In Pakistan, more than 70% of its medical students are women, yet only 23% of registered doctors are female.



Country | Pakistan
Website | www.sehatkahani.com/
Year Founded | 2015

ENTER: SEHAT KAHANI

Tech-Led Solutions to Affordable Healthcare for Women and Their Families

Sehat Kahani aims to democratize healthcare by building an all-female health provider network to deliver quality healthcare solutions using telemedicine. The key innovation for Sehat Kahani is bringing non-practicing, yet qualified, female physicians back into the health workforce. By providing an online platform for female physicians to practice medicine from home, they unlocked access to affordable, high-quality healthcare to millions of deprived women in rural areas and urban slums, while providing a socially-acceptable pathway for married and mothering physicians to re-enter the economy.

THE BUSINESS OPPORTUNITY

Providing Healthcare to Women and Girls Who Are Often Tied to the Home

When Sehat Kahani started with SPRING, they were offering telemedicine through in-clinic services. They recognized, however, that women and girls – Pakistan's most underserved and at-risk population – faced significant constraints on their mobility. Many women and girls continue to be tied to the home as a result of social norms, such as women not being permitted to travel unaccompanied to health clinics or unable to leave the home in cases where women are the sole caregivers. In addition, the low incomes of many households limit funds available for travel. This meant that while many felt the clinic was easily accessible, women were unable to access it unaccompanied as the area was frequented by young men, and family members feared the risk of harassment.



THE HCD DIFFERENCE

Expanding Access Through Alternative Service-Delivery Models

In close partnership with the team at SPRING, Sehat Kahani uncovered two opportunities to expand access to low-mobility women: in-home services and telemedicine. Through focus groups and prototype testing of the in-home format, Sehat Kahani confirmed a market demand for female doctors while uncovering significant barriers that would limit the viability of the alternative service delivery. The in-home service was new and as such, there was some initial scepticism about the efficacy of the approach. Similarly, telemedicine was uncharted territory, and many simply did not understand how it worked. Armed with these insights, SPRING and Sehat Kahani designed a hub-and-spoke model that relieved patients from having to directly access health clinics with at-home female doctors accessed digitally through a network of on-the-ground community health workers.

THE SPRING OUTCOME

A New Hub-and-Spoke Model

As a result of the insights gathered over the course of SPRING, Sehat Kahani launched their new hub-and-spoke model that successfully expanded access to healthcare services for women and girls. Given the limited familiarity with online services, telemedicine was delivered through the clinics, virtually connecting patients to an untapped network of qualified female physicians that now had a platform to work from home. Clinics also had community mobilizers that were deployed into homes to expand the clinics' reach. This new model reduced operational costs associated with in-clinic services, enabling scale for Sehat Kahani while lowering costs for low-income families. In July 2017, Sehat Kahani successfully launched five telemedicine clinics offering home visits and a range of new female-oriented services while upgrading their existing eight clinics with the new hub-and-spoke model.

INSIGHT

05

ENGAGE THE ENABLING
ECOSYSTEM



CONTEXT

Rapid urbanisation is changing the way that economies operate and markets develop. Countries that have seized upon these massive demographic shifts have played a major role in lowering global levels of extreme poverty and are surging ahead in their ability to meet the Sustainable Development Goals. Mass urbanisation is contributing to better educated populations, more inclusive economies, and increasingly connected markets; all forces that SPRING businesses have leveraged to drive scale across a number of industries, from education and health to finance and transportation.

As global urbanisation accelerates (49% of people in developing countries now live in urban areas, more than double the rate of 60 years ago²³), South Asia and Sub-Saharan Africa remain the least urbanised, with all 9 of the countries where SPRING operates falling in the bottom 25% of countries ranked by urbanisation²⁴.

In rural areas, fundamental gaps in infrastructure are often the biggest barrier to business viability. Leveraging context-specific ecosystems of resources, partnerships, and stakeholder networks can unlock sustainable scale.





PROBLEM

Increased urbanisation only compounds the challenge of addressing remote and rural communities as the financial incentive to invest in them dissipates. In these fragile economies, a basic infrastructure needed to serve as the foundation for development will never produce a positive return on investment, leaving underfunded, inefficient, and often ineffective government agencies responsible for footing the bill.

The result is a vicious, compounding cycle in which homes, schools, roads, and electric grids do not get built, leaving remote populations to languish. While studies in India have shown that roads alone account for 7% of the economic growth in rural areas²⁵, one billion people in the developing world continue to live out of reach at more than two kilometres from an all-weather road²⁶. A common way to address a value chain set back by inefficiencies is to develop vertically. This requires significant investment and operational complexity either unsustainable for early stage companies or, if passed on in costs to the end-consumer, prices out the market.

For SPRING companies in places where urbanisation has not yet taken hold, underdeveloped infrastructure has often been the biggest barrier to their business viability. With those that moved past existing barriers to launch, the challenges to scale remained considerable; deficiencies in the supply chain make it hard to capture economies of scale and the industries that do exist are often a fragmented collection of individual contractors and informal entrepreneurs.

SOLUTION

SPRING has worked with businesses to reframe infrastructure barriers as business opportunities by specifically addressing their gaps and impacts. Many of our businesses found initial success in providing services in isolation of the broader ecosystem in order to meet the most obvious and pressing consumer needs. In Bangladesh, Drinkwell offers innovative turnkey solutions to provide rural communities with clean water in the absence of any alternatives. Build Up Nepal reached remote earthquake affected areas with its 'Interlocking Bricks' technology and training program, enabling communities to produce their own bricks with locally sourced materials in order to build resilient homes and schools more efficiently and cheaply.

SPRING has come to believe that the key to unlocking growth and scale in remote markets lies in a business's ability to deeply understand and design for the context-specific ecosystem of resources, capabilities, partnerships, and stakeholder networks.

KEY RECOMMENDATION

When working with entrepreneurs in remote or rural contexts where infrastructure may be limited, tap into capabilities, resources, and stakeholder networks in the surrounding ecosystem.



Build Up Nepal is an organisation which aims to find cheap and easy ways to build high-quality houses from local materials by local people.

CASE STUDY | DRINKWELL

ENGAGE THE ENABLING ECOSYSTEM



THE CHALLENGE

Clean Water Is Largely Inaccessible to Millions

The global water crisis affects over 844 million people or 1 in 9 people worldwide²⁷. Despite millions of dollars being spent²⁸, over 97 million people in India and Bangladesh are affected due to drinking water drawn from contaminated groundwater sources²⁹. In Bangladesh, 20% of deaths occur due to water-related diseases³⁰.

In Bangladesh, one in every five deaths occurs due to water-related diseases.

ENTER: DRINKWELL

The Market Leader in Water Purification Technology

Drinkwell is a market-leading water technology company operating in India and Bangladesh that provides turnkey water solutions. Their technology removes contaminants from water using a gravity-fed process that reduces energy costs and wasted water by more than 95% versus competing technologies. It has allowed companies to improve their profitability, countries to improve their environments, and families in developing nations around the world to have access to affordable and safe water for the first time.

THE BUSINESS OPPORTUNITY

Inefficient Operations and Underutilized Infrastructure

Drinkwell had a breakthrough water filtration technology with the potential to solve an urgent public health crisis. So why were they not seeing success in the market reflecting that need? During Bootcamp 1, we discovered that their business model was the limiting factor. Whether it was the seasonal fluctuations in demand that impacted utilization, or the inefficiencies of distribution that ate into already low margins, Drinkwell was struggling to identify any economies of scale, limiting their commercial viability.



Country | Bangladesh

Website | drinkwellsystems.com/

Year Founded | 2013



THE HCD DIFFERENCE

Identifying Opportunities in the Existing Ecosystem

During Bootcamp 1, in partnership with the SPRING team, Drinkwell developed a business prototype that connected their vendors more directly to the value chain. Rather than sell water filtration systems, they would instead offer water delivery directly to consumers and through existing retailers. However, during research, they gained insight into a previously untapped stakeholder in the water delivery ecosystem: the water utility. As it turned out, Dhaka WASA, the city's water utility, had the same purification challenge, along with a need to limit waste and standardize payment and distribution. This insight allowed Drinkwell to consider what it would mean to design a service with the utility not as a competitor, but as a user.

THE SPRING OUTCOME

Drinkwell Developed a B2B Business Model

Rather than focusing solely on individual distributors, SPRING helped Drinkwell design a new B2B model that leveraged the existing water delivery infrastructure and ecosystem to achieve scale. Drinkwell partnered with Dhaka WASA - which operates 850 pumps across the city, servicing nearly 20 million people - to design, install, operate and service filtration systems at 300 pumps across the city, giving Drinkwell a recurring revenue stream enabling the business to become sustainable while also reaching millions of consumers. They have since expanded to Chittagong as well, bringing clean water to millions more.

CONCLUSION

This brief reflects lessons learned on applying design thinking through our work with over 75 businesses and over four years of implementation. We have used these insights to inform practical recommendations in order for others to build on what we have learned about transforming businesses to deliver impact for girls. SPRING will end later this year but in the meantime we will continue to share these insights with our partners and help more social businesses to scale. We welcome all feedback and opportunities to collaborate.

We would like to take a moment to thank the SPRING consortium which is made up of; UK Aid, Australian Aid, USAID, Palladium, and fuseproject. Without you, the SPRING Accelerator would not have been possible. Finally, but by no means least, we would like to thank the businesses that have contributed to this brief, and whose commitment to SPRING has improved the lives of millions of underserved adolescent girls in the developing world and will continue to do so for years to come.

—SPRING Consortium

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