



# Financing mHealth for the Long-term

GFMER Online Training Course

Mobile Phones for Sexual and Reproductive Health

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# Contents

- Problem statement: Who Pays After Donor Funding Ends?
- Summary of best practices for sustainable mhealth
- Emerging approaches for long-term mhealth financing
  - Local government funding
  - Mobile operator support
  - User fees
  - Service bundling
  - Others
- Bringing the pieces together: MAMA Bangladesh
- Wrap-up: Aligning partner interests with mhealth benefits
- Final tips
- References

# Problem Statement: Who Pays After Donor Funding Ends?

- Lack of long-term financing is a key barrier to mhealth impact
- Current model relies too heavily on short-term donor grants and private philanthropies
  - The “aid” model good for early stage development and demonstration, not self-sustaining business case
  - Uncertainty limits investments: what happens when the donation ends?
- New financial models needed to fund mhealth at scale



# Summary of Best Practices for Sustaining mHealth Applications

- Align with local and national health priorities
- Secure buy-in from key stakeholders
- Integrate into local health care structures
- Ensure that services are interoperable and multi-purpose
- Leverage existing investments: build on what is already there
- Control costs: keep solution simple and locally appropriate
- Build for scale from the beginning, not after the pilot

# Emerging Approaches for Financing mHealth for the Long-term

- Local government funding
- Mobile operator support
- User fees
- Service bundling
- Others

For each approach, will look at case studies, success factors, and limitations

# 1. Local Government Funding

## **Likely applications**

Interventions intended to strengthen health systems, manage supply chain, improve surveillance, data collection and accountability

## **Success factors**

Cost data demonstrating efficiencies gained

## **Limitations**

Internal champions may leave, political will needs nurturing & advocacy, competing priorities

# Case Study Tanzania: SMS for Life

**SMS for Life Description:** Uses SMS to track availability of malaria medicines, prevent stockouts



**Results:** Stockouts fell from 78% to 26% over life of pilot

**Funding:** Initially through catalytic grants from Novartis and other donors, government acquired full ownership in Jan, 2013

*“SMS for Life has motivated health workers to report stocks because they see their actions result in stocks being replenished”*  
**Minister of Health & Social Welfare**

# Role of Government Not Limited to Direct Funding

- Government leadership is critical
  - Will attract other partners, ensure best chance for meaningful integration with broader health system
- Government mhealth partnerships can take a variety of guises
  - Adoption of enabling policies such as national ehealth strategy and privacy regulations, build confidence of private sector investors
  - Tax incentives and license mandates can free up funds for mhealth investments
  - Government service delivery channels can promote trust in and use of mhealth
- Even where applications are funded by private sector, government support contributes to sustainability



## 2. Mobile operator funding

### **Likely applications**

Significant revenue generation opportunities, reduce churn (network switching), differentiate brand

### **Success factors**

Exclusivity agreements, potential for scale

### **Limitations**

Exclusive agreements may limit access, will require opportunity for near-term return on investment

# Case Study Ghana: Switchboard

**Switchboard Description:** Medical staff in country get free professional calls within closed user group, normal charges for personal calls

**Results:** 4 million free calls since 2008 to improve knowledge sharing, increase referrals and collaboration

**Funding:** Mobile operator Vodacom subsidizes in-network, earns revenues from calls to family/friends



*Isolated rural health workers now have ability to consult urban doctors and access resources for advice and remote diagnoses.*  
**--Switchboard website**

# Trade-offs between Operator Philanthropic Discounts and Business Investments

## Business Units

Needed for mainstreaming

- Faster to market, decentralized decision making
- Offers highly valuable non-cash resources
  - Technical
  - Marketing
  - Distribution
- Requires more rigorous business case
  - Metrics driven
- Brand –building advertising will be linked to revenue generation

## Corporate Social Responsibility

To prove the business case

- More amendable to programming objectives focused on needs of beneficiaries
  - Build relationships
  - Incubator for new ideas
- Tax incentives for operators if pilot is loss leader
- Priorities and budgets often set at regional level: long lead times
- Focus is short-term marketing and PR benefits
  - Favors events, tangible goods
- Limited influence over relevant implementing departments

# 3. User Fees

## **Likely applications**

Consumer information services and applications, games, hotlines

## **Success factors**

Based on commercial mobile service model, satisfies demand for content not otherwise easily available

## **Limitations**

Limited ability to pay by those at the bottom of the economic pyramid, complex mobile billing systems

# Case Study India: mDhil

**mDhil Description:** Text and web content, topics include diabetes, H1N1, maternal health, male and female reproduction



**Results:** More than 150,000 paid SMS subscribers, now transitioning to online portal with more than 30,000 web users per day

**Funding:** Seed funding from venture capital, challenge grants. Users pay fees to receive several text messages per day, revenue is shared with mobile operators.

mDhil research in the field confirmed there was unmet demand for information on topics not readily discussed in India, especially sexual health topics.

# User Fee Considerations

- Sliding scale can protect most vulnerable while charging those with ability to pay
- Key benefit of user fees is ability to share revenue with mobile operators
  - Provides incentive for mobile companies to market mhealth services, stimulate demand
- Mobile operator billing systems vary
  - This can make user fees complex, costly and inflexible to implement

## 4. Service Bundling

### **Likely applications**

Health transactions with possible linkage to other development sectors such as agriculture, finance, energy

### **Success factors**

Leveraging existing platforms such as market information for farmers, mobile money for microfinance, with benefits for both parties.

### **Limitations**

Intangible health information may prove difficult to package with more concrete products and non-health services.

# Case Study Kenya: Changamka

**Changamka Description:** Innovative m-saving account, users can safely store money on phone for maternity care. Expanded to link to health insurance, voucher voucher management

**Results:** Initial pilot with Pumwani Hospital registered 3,800 women, designed to pay for antenatal care and facility based births. Available in 9 hospitals in 3 cities

**Funding:** Partnership with insurance company to manage funds, Safaricom to leverage mPesa, hospitals cover transaction fees, Changamka earns commissions



By moving from a single vertical service (mhealth savings) to a suite of services, Changamka expands its opportunities for revenue and reach.



# Additional Potential Revenue Sources



## Message advertising

- “This message brought to you by Company XYZ.”
- Potentially for hotlines, recorded audio messages
- Programs currently exploring: [MoTech](#) Ghana



## Monitizing data

- mHealth transactions generate volumes of data of interest to research companies, marketers, aid organizations
- Example: [Jana](#) offers ability to survey consumers via mobiles



## Health company investment

- Health companies such as pharmaceuticals, hospitals have interest in strengthening supply chain, expanding access
- Examples: [Sproxil](#) drug authentication, [Linda Jamii](#) insurance

# Bringing the Pieces Together: MAMA Bangladesh

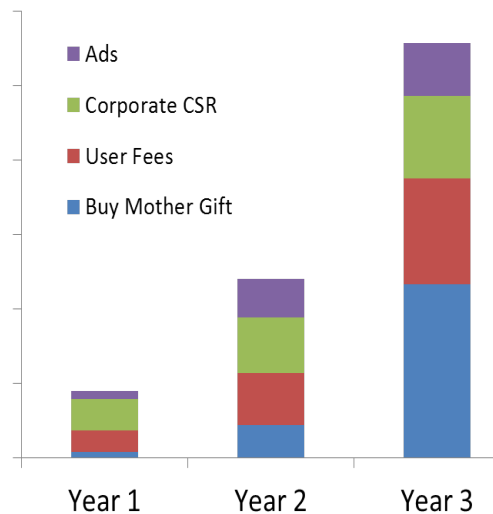


*Aponjon* is a national mobile health information service providing staged-based messages to new and expectant mothers

- **Global MAMA coalition provided catalytic funding** to attract national buy-in, cross-sector partners
- **Government leadership** through chairmanship of MAMA Bangladesh Health Advisory Board
- **Locally owned**, designed, implemented, championed

# MAMA Bangladesh is Testing Alternative Approaches to Achieve Financial Viability

Aponjon Non-Donor Revenue



Financing designed to be self-sustaining within three years with declining donor support

- **Sustainable business model:**  
combines user fees, message advertising, corporate sponsorships, individual philanthropy
- **Key resource partners:**
  - **Media advisors:** Communications strategy
  - **Outreach:** Health NGOs register women for service
  - **Technology:** Software platform
  - **Mobile operators:** Connectivity

# Wrap-up: Aligning Partner Interests with mHealth Benefits

- Societal benefits
  - Public sector, NGOs, and donors are focused on health outcomes and welfare gains
- Financial benefits
  - Corporate sector requires return on investment through more customers, increased brand loyalty, high revenues, lower costs
- Personal benefits
  - End users will pay out-of-pocket if they perceive value for the cost

**M&E is critical: Partners require data to evaluate their investment, impact, and cost benefit compared to alternatives**

# Final Tips

- Be opportunistic when exploring funding partners
  - If one mobile operator says no, another may be interested; identifying corporate sponsors may take some door-knocking
  - Small business incubators and venture capital funds for social enterprises may also be options
- Once funding partners are identified, communicate, communicate, communicate
  - mHealth champions within partner institutions need frequent updates and promotional materials to keep their management engaged
- Document your successes and failures
  - There is high demand for replicable funding approaches



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