Planning for Sustainability:

Lessons for Global Goods from the OpenLMIS Sustainability Journey

November 2022

Summary

OpenLMIS - a powerful open-source logistics management information system designed to support public health supply chains in low- and middle-income countries (LMICs) – recently undertook a transition to move from donor funding to a more sustainable business model. As OpenLMIS is one of the first global goods to undertake such a transition, VillageReach, on behalf of the OpenLMIS Community, hired an independent consultant to gather insights and lessons learned from the transition.

The lessons learned assessment raised a number of questions for the OpenLMIS community to address on its continued journey to sustainability. While some of the challenges may be specific to OpenLMIS and/or the approach of transitioning to a private-sector partner, there are several key take aways that can inform other global goods' approach and efforts to become more sustainable:

- Plan for Sustainability from the Start
- Set Explicit Goals & Reaffirm Throughout the Process
- Conduct a Sustainability Exploration Process, Led by a Third-Party
- Consider When to Pursue a Partnership
- Collaborate with Other Global Goods

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1   Introduction & Context

The maturity and sustainability of global goods is an important area of concern across the international health and development sector as stakeholders recognize the need for digital health tools to support health systems strengthening, resiliency, equity, and local ownership. The focus and emphasis on global goods – digital health tools that are reusable and adaptable to different contexts - is a response to the proliferation of proprietary, bespoke, and duplicative tools that led to siloed, fragmented digital health landscapes in many countries[i].

OpenLMIS is one of the first global goods to undertake a transition to a more sustainable business model raising notable questions about how to plan for sustainability, goal setting in the context of market gaps and failures, and when to pursue private sector partnership.

1.1   Background

OpenLMIS is a powerful open-source logistics management information system that strengthens public health supply chains and helps hospitals and clinics manage their inventory of lifesaving products in low- and middle-income countries (LMICs). As an open-source platform, OpenLMIS was developed and maintained by a group of implementing partners, donors, and technology partners working collaboratively to share requirements, enhancements, and make decisions. VillageReach served as the steward of the OpenLMIS Community (also referred to as "the Community") starting in 2015. This stewardship responsibility included maintenance of and updates to the global OpenLMIS codebase (referred to as "OpenLMIS Core"), managing the OpenLMIS Community, designing the OpenLMIS strategy, planning software enhancements, promoting global awareness of OpenLMIS, and managing a pipeline of new opportunities.

In 2018 the OpenLMIS Community began an effort to pursue sustainability beyond donor funding for the OpenLMIS Core platform, recognizing that continuation of core activities - outside of individual country implementations - was essential for OpenLMIS to remain a relevant and valuable tool for countries to manage their public health supply chains. Following an extensive process to explore different sustainability options, the Community decided to transition the stewardship of OpenLMIS to a private sector partner to manage, scale, and sustain the Core platform. The stewardship of OpenLMIS was formally transitioned from VillageReach to Vitalliance, the selected private sector partner, between March 2021 and June 2022.

Unsurprisingly, given that the sustainability process was charting new ground, OpenLMIS faced various challenges in its journey to sustainability. VillageReach commissioned an assessment to document lessons learned from the transition to inform future efforts and other digital health "global goods" grappling with similar, complex questions around future sustainability.

1.2   Methodology & Scope

The lessons learned assessment was conducted by an independent consultant hired by VillageReach between May and July 2022. This section provides additional details about the methodology and scope of the assessment and this report.

1.2.1 Methodology

The evaluation gathered insights from a range of Community members involved in the OpenLMIS transition. Participants included partners and donors representing several organizations: VillageReach, Vitalliance, USAID, Bill & Melinda Gates Foundation, One Network, PATH, JSI, CHAI, Imperial, Chemonics, and Accenture.

The evaluation aimed to understand the factors and processes involved in the transition of OpenLMIS and gather stakeholders' reflections on what had been achieved, what worked well, and what could have been done differently. The evaluation consisted of a document review, an online survey, in-depth key informant interviews, and a group retrospective session with selected participants most deeply involved in the transition process.

1.2.2 Scope

The lessons learned assessment looked at the decisions, processes, operations, and outcomes of the transition process, covering the timeframe from the sustainability exploration through the conclusion of the transition year (June 2022) in which VillageReach handed over the stewardship and all related activities and operations for OpenLMIS Core to Vitalliance. The evaluation did consider expectations in relation to the actual situation at the conclusion of the transition year. It did not, however, constitute an in-depth evaluation of specific new business models or aim to evaluate the overall success of OpenLMIS' sustainability. VillageReach, Vitalliance, and the OpenLMIS Community did not feel that it was feasible or reasonable to evaluate the sustainability outcomes at this stage, as new business models are in early testing stages and will be refined and adapted. This report provides a summary of the key findings - based on the detailed findings from the independent consultant - regarding lessons learned from the transition process.

2 Lessons Learned

The assessment identified things that went well during the transition as well as challenges faced and their underlying causes.

2.1 What Went Well

2.1.1 Sustainability Exploration & Partner Selection Process

Once the decision was made to shift the Core platform's funding model to increase sustainability, the OpenLMIS Community had to determine the most appropriate sustainability approach. The Community governance structure meant that this decision needed to be made collectively. To manage the Community members' various perspectives and priorities throughout the exploration process, an external consulting organization was hired to guide the sustainability exploration: analyzing opportunities, identifying potential business models, conducting market research, and making recommendations for the potential paths forward and next steps.

While the exploration process was not without its challenges, Community members agreed that engaging an external organization to lead the process was beneficial and helped ensure a collaborative, participatory process that the Community was engaged with. The exploration led to a final decision to pursue a private sector partnership, and the consultants were also

engaged to support the partner selection process. Participants in the evaluation commented on the systematic, professional way in which the selection process was carried out and highlighted the way the Community was involved and throughout the process. Overall, the Community felt that the exploration and ensuing partner selection benefited significantly from the use of an external consultant to drive the process and manage the various perspectives and priorities that could present complex Community dynamics.

2.1.2 Collaboration Between Transition Partners

Stakeholders felt that VillageReach and Vitalliance – the previous and current steward of the OpenLMIS Core platform, respectively - worked together effectively during the transition year. The majority reported satisfaction with the communication they received about the transition of OpenLMIS during the process. To ensure effective collaboration and a smooth transition, VillageReach and Vitalliance established a steering committee to oversee the transition. The transition process also had designated check points over the year and specific indicators and milestones that were identified to track progress. Additionally, the transition included supportive funding, a budget available for VillageReach and Vitalliance to ensure continuity of basic operations and enable in-depth collaboration and knowledge transfer between staff.

2.2 Areas for Improvement

2.2.1 Alignment of Expectations & Assumptions

An overall insight from this research was that there were some areas of misaligned expectations or assumptions between the Community and the private sector partner that created challenges during the transition. Some of the misalignment related to the differences in each sector. The private sector partner, for example, felt that the OpenLMIS Community members did not always fully appreciate all aspects of operating in a commercial sector: focusing primarily on costs and revenue without adequate consideration of cash flow, return on investment, and opportunity costs. On the other hand, Community members noted that the private sector partner had limited understanding of and experience with the time and engagement required preceding a new public sector implementation. Each side assumed the other had more knowledge of the other's sector, which influenced each side's expectations.

Another key area of misalignment related to enterprise support subscriptions. The subscriptions were suggested by donors and included in the business model resources provided by the Community to the private sector partner. Though the subscriptions had been discussed by the Community and agreed to in principle, they had not been implemented and work was required to get country implementations to subscribe to enterprise support. This effort was not expected by the private sector partner, who had viewed subscriptions from all implementations as a set commitment. Had the expectations and assumptions for enterprise support been more clearly shared and interrogated from both sides during the implementation of the subscription offering could have been smoother.

2.2.2 Separating Core Sustainability from Implementations

The discussions about sustainability for OpenLMIS followed the indication that the major donors would discontinue direct funding for OpenLMIS Core operations. As such, the

sustainability effort focused primarily on financial sustainability for the Core platform – versus sustainability for any specific implementations – to address the impending funding gap.

As OpenLMIS implementations are also currently donor funded, however, some stakeholders felt that merely shifting the channels of donor funding to flow through implementations was insufficient to address sustainability with OpenLMIS still primarily dependent on donor funding. Interestingly, the donors involved did not prioritize a need to move away from donor funding entirely, feeling that more diverse donor funding or channels was a viable way to achieve sustainability goals. Separating sustainability of the Core platform from implementations created some confusion and divided thinking about the primary objectives.

These wider sustainability considerations and options have implications for financial sustainability of the Core platform in the short term (e.g., determining what functionality is added, how OpenLMIS is positioned in the market, and what funding sources to pursue.) Although donor funding for the country implementations is secure for the foreseeable future there is a strong argument for using that funding to make gradual progress towards long-term sustainability goals now, rather than waiting until that funding is no longer available.

2.2.3 Distinction Between the Users & the Payers

The distinction between who uses and benefits from and who pays for OpenLMIS - i.e., who is the "true" customer - is currently blurry, which created challenges in defining and implementing new business models. Governments and their public health workforces are the users of OpenLMIS and OpenLMIS, in principle, was designed to address the needs of government. Its development, however, was funded by donors and implementations are supported by donor programs as well. Further, as a global good OpenLMIS, like any information system, has ongoing costs for hosting and support in implementations, as well as the ongoing costs for the operations of the Core team to continue developing and improving the software. It could be expected that countries would recognize the value and benefits OpenLMIS provides and would be committed to sustaining it in the future, even without donor funding. Several respondents, however, did not feel that governments are a viable payer in the short-medium term, partly due to governments' limited resources. Longer term, OpenLMIS needs governments to value and see it as a strong operational tool that enables them to achieve their objectives in order to pay for it. The question of who benefits from and who pays for the system, and ensuring they understand the ongoing costs for the systems ongoing maintenance and development, are important factors in designing and marketing OpenLMIS and any additional add-on products or services that the private sector partner would want to explore as part of the new business model

2.2.4 Change Management & Navigating Diverse Perspectives

The OpenLMIS Community needed to determine how to pursue sustainability, but Community members had diverse perspectives on whether sustainability should be pursued and what the priorities should be. The third-party led sustainability exploration process was praised by many stakeholders for successfully navigating this challenging dynamic and allowing the Community reach a final decision on how to move forward as well as the priorities. Over time as the process progressed, however, many of the questions and differing opinions rearose. While the Community initially successfully set priorities and made decisions on the direction of the sustainability process, the understanding and acceptance or commitment to those

decisions drifted over time. As the status quo changed - sometimes in uncomfortable ways - with the progress of the transition, the reservations and/or different interests and priorities of individual partners contributed re-emerged. This contributed to an inconsistent understanding of the goal or acceptance of the direction of the sustainability process. Given the dynamics and changes that were happening, it is not surprising that some of the initial concerns would come up again. What the Community lacked, however, was sufficient change management to reiterate the decisions and priorities that had been agreed upon and keep itself accountable despite the changes and discomfort that may result.

3   Next Steps & Recommendations for Other Global Goods

The lessons learned assessment raised a number of items for the OpenLMIS community to address on its continued journey to sustainability:

- Reaffirm the priorities and goals for the sustainability
- Re-examine expectations and assumptions to resolve (or identify future) areas of misalignment
- Identify the parameters for financial sustainability and determine if and/or how the approach should be adjusted based on a long-term goal of government ownership

While some of the challenges may be specific to OpenLMIS and/or the approach of transitioning to a private-sector partner, there are several key take aways that can inform other global goods' approach and efforts to become more sustainable.

3.1   Plan for Sustainability

Many of the challenges for OpenLMIS stem from the fact that sustainability was not an explicit goal during the initial development, so certain aspects of its design and advocacy in the past created challenges such as expectations about open-source software being "free". Other global goods should therefore start to plan for sustainability as early as possible and have a clearer understanding of the eventual business model, as would be expected in commercial software start-ups or as is common in market shaping projects for pharmaceutical products. Specific ideas of how sustainability could be considered during the initial design and development phase include:

- Put in place a strong user community (including real end users rather than just implementing partners)
- Design as a market shaping project (e.g., engage private sector to develop low-cost solution, consider suitable market price point)
- Design initial technology/software with sustainability in mind (e.g., to make it easy to transition from one version to next)
- Set expectations that open source requires ongoing maintenance and support, which have associated costs
- Flow donor funds/fees through country implementations from outset
- Engage Ministries of Health from the start for support and maintenance, to ensure ownership, capacity, and budgets are in place for the MOH to maintain the system beyond the initial implementation

3.2   Set Explicit Goals & Reaffirm Throughout the Process

Many global goods were developed with donor funding in response to a market gap that may (or likely will) still exist and, in many cases, there may not be an obvious path to sustainability. Most likely, there will be multiple potential options, each with its own advantages and trade-offs. It is important, therefore, to clearly and explicitly define the goals for sustainability: what it means, what it will achieve, and what changes or implications it may take to get there. It is key to ensure all stakeholders have a common understanding of the objectives and the changes that may be required to the status-quo. Achieving the sustainability objectives may be difficult, and will likely require some uncomfortable and complicated decisions or trade-offs. It is critical, therefore, not just to set the objectives in the beginning, but ensure that sufficient effort is put into change management and reaffirming those objectives throughout the process.

3.3   Conduct a Sustainability Exploration Process, Led by a Third-Party

There is no one-size-fits-all for sustainable global goods and the sustainability model that is right for each will depend on the particular product, potential business models, governance, stakeholders, and financing mechanisms. OpenLMIS stakeholders reflected very positively about the externally-led process as a way to navigate and explore the complex interactions between these different factors and recommended it would be particularly important for other global goods where there are some competitive dynamics between community members. Global goods and donors should recognize the importance of this process, and be prepared to invest the time and resources required for it to be carried out effectively.

A sustainability exploration process should allow critical reflection on potential challenges, opportunities, strengths, and weaknesses for consideration when planning or making decisions. It is critical that these reflections are honest and that assumptions and expectations are challenged and clearly defined, so potential issues or misalignment are identified and mitigated early on in the process. Some of the lessons learned for OpenLMIS are the importance of challenging assumptions, particularly where there may be misaligned assumptions or expectations, and making decisions that will best achieve the ultimate goals. A third-party led process can facilitate these conversations to ensure this process gets into sufficient detail on difficult areas and ensure alignment on these expectations upfront.

3.4   Consider When to Pursue a Partnership

If working with a private sector partner is a central component of the sustainability model for a global good, it is critical to consider when is the right time to pursue the partnership. In OpenLMIS' case, the partnership was sought before testing a business model, with the expectation that the private sector organization would define and adapt a business model. If this is the selected approach, global goods should ensure these expectations are clearly set during partner selection, including clear understanding of the investment that will be required while a business model is refined.

An alternative approach would be to aim to prove the business model prior to seeking commercial adoption, to demonstrate impact and profitability. This is an approach outlined in Gugelev and Stern's paper[ii] on different 'end games' for social impact organizations, where an organization supports a product or service with profit potential that solves a market failure, focusing on demonstrating the impact and profitability of this, and reducing risks,

prior to adoption by the private sector. Gugelev and Stern quote microfinance pioneers as an example of this, who played the role of showing it is possible to provide financial services to the poor profitably, which encouraged commercial banks to move into this market. In global health a similar approach is used in social marketing of health commodities, investing to grow and prove a particular product market segment prior to future commercial adoption. Global goods should carefully consider which option will best achieve their goals and ensure that the role, expectations, and requirements from the partner are clearly defined.

3.5 Collaborate with Other Global Goods

Many global goods face common questions and challenges related to sustainability, and achieving sustainability may require broader changes than one organization can achieve alone. For example, setting donor expectations about the support required to pursue sustainable business models or ensuring a consistent understanding of what 'sustainability' means for global goods. This would require collaborative network working across different organizations/actors and global goods to explore and work towards sustainability. Existing organizations like Digital Square are well placed to lead this work.

A broader examination of sustainability for global goods, could, for instance, reframe the question from 'how to sustain this global good' to 'how can the impact be sustained'. Using OpenLMIS as an example, a broader, impact-focused question may have framed the sustainability as "how do we ensure an entry level tool continues to be available for governments in LMICs to manage their supply chains as they transition from paper-based systems?" This approach may have uncovered other sustainability options for exploration, such as assessing the current market and incentivizing proprietary systems to start to meet that need and/or focusing on how to support existing implementations in maturing their supply chain practices. This impact led approach requires the timeframe for sustainability to be set by when this sustained impact can be achieved, rather than be dictated by other factors, which would make it difficult for many global goods to achieve alone. It could be beneficial, however, to explore these questions and other alternative approaches at a network level across multiple global goods platforms.

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[i] PATH, Digital Square. What are Global Goods.; 2021. https://wiki.digitalsquare.io/index.php/What_are_Global_Goods
[ii] Gugelev & Stern, 'What's your Endgame?', Stanford Social Innovation Review, 2015
https://www.philanthropy.org.au/images/site/misc/Tools__Resources/Publications/2015/Winter_2015_Whats_Your_Endgame.pdf