



# HealthCare

Engage the BOP as customers of healthcare services or products through affordable prices and increase access by engaging the BOP in distribution

## The Opportunity

In emerging economies, individuals making between \$2.97 and \$8.44 per **day invest \$158 billion in healthcare each year**.<sup>i</sup> The BOP is willing to pay for healthcare, spending surprisingly high shares of limited income on private health services.<sup>ii</sup> Providing healthcare products and services enables companies to serve BOP consumers who are willing to invest in healthcare.

At least 400 million people lack access to one or more essential health services including pregnancy care and infant vaccinations.<sup>iii</sup> Finding medicines and health-related consumer products (e.g., condoms, antimalarial bed nets) can be difficult for BOP consumers.<sup>iv</sup> Meeting the underserved healthcare needs of the BOP means reaching millions of potential new customers.

Approximately one third of all global health expenditures will occur in emerging economies by 2022.<sup>v</sup> Demand for healthcare in developing countries is rapidly increasing due to growing middle classes and lengthening life expectancy, presenting a significant and growing business opportunity.<sup>vi</sup>

## Primary Business Models Employed

(note that businesses may employ components from multiple models or entirely different models)

**Distribution through dedicated direct sales force:** The business recruits and trains local agents as a direct sales force to reach into communities to sell and distribute goods or services.<sup>vii</sup>

**Mobile-enabled non-financial services:** The business leverages low-income ownership of mobile devices to provide essential information or transactions.<sup>viii</sup>

**No frills:** The business delivers a simplified service or product at very low prices to meet the needs of the poor and still generate positive cash flow and profits for the company through high volume sales. The business may use “paraskilling” to deliver the service (see below)<sup>ix</sup>

**Paraskilling:** The business reengineers complex services and processes into disaggregated simple standardized tasks that can be completed by workers without specialized qualifications. These workers then deliver no-frills service to customers.<sup>x</sup>

**Shared channels:** The business bundles products and services through existing customer sales and distribution platforms.<sup>xi</sup>

## Company Examples

**ClickMedix:** Provides mobile-enabled healthcare services to the BOP through trained community-based health workers and the ClickMedix application.

**Novartis:** Offers affordable medications to the BOP through local pharmaceutical representatives, in cooperation with separate local health educators.

**Philips:** Sells micronutrient powder to BOP customers in affordable single-dose packets; adding the powder to food improves child nutrition.

## Key Considerations / Risks

For healthcare in particular, a cross-subsidization model can be effective, where a product is sold to the “whole pyramid” and the profit made from wealthier consumers subsidizes a less expensive product for the BOP.<sup>xii</sup>

Healthcare’s complex value chain and multitude of actors may pose challenges. However, companies may find other actors in the ecosystem (such as governments and foundations) willing to pay for part or all of the cost.

## Potential SDG Alignment



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- <sup>i</sup> The World Bank. Global Consumption Database: What the data tell us. Available from <http://datatopics.worldbank.org/consumption/market>
- <sup>ii</sup> Monitor Group (2009). *Emerging Markets, Emerging Models: Market-Based solutions to the Challenges of Global Poverty*. Available from [www.beyondthepioneer.org/wp-content/uploads/2014/04/emergingmarkets\\_full.pdf](http://www.beyondthepioneer.org/wp-content/uploads/2014/04/emergingmarkets_full.pdf)
- <sup>iii</sup> World Health Organization (2015). *Tracking Universal Health Coverage: First Global Monitoring Report*. Available from [http://apps.who.int/iris/bitstream/10665/174536/1/9789241564977\\_eng.pdf](http://apps.who.int/iris/bitstream/10665/174536/1/9789241564977_eng.pdf)
- <sup>iv</sup> World Resources Institute (2007). *The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid*. Available from [http://www.wri.org/sites/default/files/pdf/n4b\\_full\\_text\\_lowrez.pdf](http://www.wri.org/sites/default/files/pdf/n4b_full_text_lowrez.pdf)
- <sup>v</sup> [http://www3.weforum.org/docs/WEF\\_HealthSystem\\_LeapfroggingEmergingEconomies\\_ProjectPaper\\_2014.pdf](http://www3.weforum.org/docs/WEF_HealthSystem_LeapfroggingEmergingEconomies_ProjectPaper_2014.pdf)
- <sup>vi</sup> International Finance Corporation (2015). IFC's Priorities in Health. Available from [http://www.ifc.org/wps/wcm/connect/Industry\\_EXT\\_Content/IFC\\_External\\_Corporate\\_Site/Health+and+Education/Priorities+Health/](http://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Health+and+Education/Priorities+Health/)
- <sup>vii</sup> Monitor Group (2011). *Promise and Progress: Market-Based Solutions to Poverty in Africa*, May 2011. Available from <http://web.mit.edu/idi/idi/Africa-%20PromiseAndProgress-MIM.pdf>
- <sup>viii</sup> Ibid.
- <sup>ix</sup> Ibid.
- <sup>x</sup> Ibid.
- <sup>xi</sup> Ibid.
- <sup>xii</sup> Business Call to Action (2014). *Breaking Through: Inclusive Business and the Business Call to Action Today: Mapping Challenges, Progress and the Way Ahead*, September 2014. Available from [http://www.businesscalltoaction.org/wp-content/uploads/2014/09/BCtAImpactReport\\_BreakingThrough.pdf](http://www.businesscalltoaction.org/wp-content/uploads/2014/09/BCtAImpactReport_BreakingThrough.pdf)