IMPACT REVIEW: Sustaining a Good Idea Without a Stand-Alone Business Model

THE PROBLEM/SOLUTION SPACE
The healthcare industry at large is notorious for its lack of transparency; but this problem is particularly acute in developing countries where patients and providers routinely must make decisions about medical products and services based on little or no information. This lack of available data leaves patients and healthcare providers without a reliable mechanism for evaluating and comparing the cost and quality of available medical products. In budget-constrained environments, where every dollar counts, the situation too often results in suboptimal resource utilization.
ABOUT IMPACT REVIEW

Mid-way through an MBA program at the Stanford Graduate School of Business (GSB), Nupur Srivastava completed an internship in India for D-Rev (Design Revolution)—a nonprofit technology company whose mission is to improve the health and incomes of people living on less than $4 per day. While investigating the market for a high-quality, low-cost medical product in the infant care space, Srivastava became aware of the information gap faced by healthcare providers and their patients. The market was crowded with competing products, which varied dramatically in their price and quality. Yet, users had no way to effectively evaluate one option against another. “They would take everything at face value,” she recalled. “When you said something, they would believe it. And it was really frustrating because there was no good way to help them save money by directing them to less expensive, higher-quality products.”

Srivastava’s classmate, Robyn Calder, discovered the same dilemma while interning for the Clinton Health Access Initiative in Ethiopia. After witnessing the failure of kerosene-based refrigerators (due to kerosene stock-outs) that were used to maintain the potency of vaccines in rural health centers, she began researching solar refrigerator options. However, she had no way to recognize the differences in product value based on the limited information available to her.

When Srivastava and Calder returned to the GSB, they both enrolled in a project-based course called Evaluating Entrepreneurial Opportunities. Along with two other colleagues, David Chanin and Rosa Wu, they discussed the lack of product and service information available in developing countries. The four of them were passionate about healthcare and felt particularly troubled by the effects of this problem on stakeholders in this field. They started to research the situation as a potential class project. Further investigation confirmed that no portals existed where patients and healthcare workers could efficiently and reliably gather product/service information, voice concerns, or make endorsements based on their experiences.

Working as a team, they set out to create a platform for developing-world healthcare providers that would facilitate improved information sharing about high-impact, affordable solutions in the maternal and infant health space. The result was Impact Review, an online knowledgebase with a user rating system to aid the target audience in making more informed purchasing decisions based on user-generated commentary.

Impact Review’s online community allowed users to search or browse (by product category) for relevant product information. They could narrow their results by sorting products into subcategories such as “Recently Added,” “Most Reviewed,” or “Highest Rated.” Visitors to Impact Review were also encouraged to add products and write reviews based on their field experience with specific solutions to help expand the knowledgebase. Similar to Yelp (which the team used as a benchmark), the rating system was designed to be simple and democratic, with just one score and one comment per person. To ensure credibility, contributors were required to log in with their name and organization.
With the databases constantly growing and changing, the team hoped that visitors would use it to search for information about known products, but also to discover new products that could have an impact in their environments.

Once the site was up and running, Srivastava and her teammates reached out to personal contacts within the target audience to test the site and write a set of initial reviews. Healthcare providers in rural areas in India and other developing countries contributed, and Impact Review was launched with 25 product reviews just as the team prepared to graduate from the GSB. “It was slightly bare bones, so after we graduated we spent more time fine-tuning the site through several iterations,” Srivastava said. Overall, the portal elicited positive feedback from its preliminary users.

ONE CHALLENGE: SUSTAINING A GOOD IDEA WITHOUT A STAND-ALONE BUSINESS MODEL

When Srivastava, Calder, Chanin, and Wu left the GSB, they had to determine what was next for Impact Review. The team considered whether Impact Review could become a sustainable (although socially-minded) business. The primary model they explored was to generate revenue by posting advertisements on the site. However, in order to appeal to advertisers, the site would need to generate a high volume of regular traffic. Attracting and retaining such a large number of visitors during the company’s early stages did not seem feasible. It was also unclear exactly what types of advertisers would be drawn to Impact Review, and whether those organizations would have adequate funding to purchase ad space on a continual basis.

The team members contemplated the idea of establishing Impact Review as a nonprofit and using donations to underwrite the organization’s ongoing operations. However, because all four teammates had accepted full-time jobs upon graduation, they worried about their ability to raise adequate contributions over the long term.
Another option was to find one or more established entities that could benefit from Impact Review’s technology and get them interested in acquiring the technology. Not only would this ensure that the mission of Impact Review was carried forward, but it could help the platform take a giant leap forward if it was acquired by a company with a large established base of users in the target market. Although it did not have any immediate leads for potential acquirers, the team felt certain that others would understand the value of filling the information gap in the global maternal and infant health field.

THE SOLUTION: IDENTIFYING THE BEST FIT FOR AN ACQUISITION

After further evaluation of for-profit and nonprofit business models, the Impact Review team became convinced that it should seek an acquisition of its technology. “Nobody on the team could take on Impact Review as a full-time job,” recalled Srivastava, “but we were very committed to making sure that our effort found a home where it could actually reach a wide user base.” The key was to identify a partner that would appreciate and sustain the Impact Review mission.

The first step was to figure out who might be interested in acquiring the site. The team conducted extensive online research to identify a shortlist of potential targets. They also tapped into their personal networks for ideas about individuals and groups that might realize synergies by incorporating the technology into their existing offerings. While investigating leads in their network, Krista Donaldson, CEO of D-Rev, introduced the team to several candidates. Among them was Meg Wirth, founder of Maternova, Inc.—a women-owned start-up focused on solutions for reducing maternal and infant mortality in the developing world. Maternova had created a first-of-its-kind marketplace for ideas and technologies that could save mothers and newborns in low-resource settings. The company described itself as a mission-driven for-profit. “Because Maternova was similar to us in their passion for maternal and infant health, we felt it was a perfect match,” Srivastava explained. “They already had a large user base and many products on their site. The component that was clearly missing on the Maternova website was the rating piece.”

As a next step, the team engaged Wirth in a dialog about Impact Review and the benefits that its technology could offer to Maternova. In particular, they discussed how user reviews could enhance Maternova’s Innovation Index, which tracked relevant products through the inception phase to market.

Recognizing that its model would add value to Maternova but not help the company directly generate revenue, the Impact Review team worked collaboratively with Maternova to reach an agreement that suited both parties. The team’s primary concern was to ensure the technology would be used in a credible and transparent manner to benefit its intended audience. As part of the agreement, Srivastava also took a seat on Maternova’s board to help integrate and guide the expansion of Impact Review’s technology, as well as to advise Maternova on its future direction.

Looking back on her experience, Srivastava acknowledged that sometimes a good idea that addresses an important unmet need cannot support a stand-alone business plan,
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Julie Manriquez and Lyn Denend prepared this vignette with Professor Stefanos Zenios as the basis for discussion rather than to illustrate either effective or ineffective handling of a management situation. Copyright © 2012 by the Board of Trustees of the Leland Stanford Junior University. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Stanford Graduate School of Business.

particularly in global health. In these cases, teams must get creative if they want the idea to flourish. “The most important thing was to make sure Impact Review was carried forward,” she commented. “Through the Maternova deal, I’m confident we’ll make a real difference.”

NOTES
2 All quotations are from an interview with Nupur Srivastava conducted by the authors, unless otherwise cited.