

## Transcript

Hi, I'm Bruno Holthof and you're listening to health, innovation and entrepreneurship. In our previous podcast, we discussed how investors can generate a return on private capital in resource constrained environments and the role government can play to attract private capital. Today we will be discussing how entrepreneurs can create sustainable for-profit business models in healthcare markets where many patients are still paying out of pocket for their healthcare services. So I'm very pleased to welcome Caitlin Dolkart as a guest today. Caitlin is the CEO of Flare. Flare is based in Kenya and offers a subscription-based emergency response service that centralizes ambulance dispatch and connects Kenyans to life saving services. It's called the Uber of ambulances. Or, as Caitlin has described it, the next generation 911. Welcome Caitlin to the program.

Thank you so much Bruno for having me today.

You started out in East Africa with the Clinton Health Initiative and then decided to start up a private for-profit company in Kenya. Why do you believe there's an opportunity for private healthcare initiatives in Kenya?

That's a great question, Bruno. I think that you know through my time and experience with the Clinton Health Access Initiative, I got to travel to over 20 different African countries working alongside government and oftentimes working alongside the private sector as well. I was working in malaria and we're trying to understand how a drug that was therapeutically superior still was not in the markets or in the retail shops and ultimately to cut to the chase, ended up requiring the use of the private sector to be able to distribute and access the medicines. I think that was really the starting point of some of my ideas around how you can build healthcare and systems leveraging the private sector while also working alongside the priorities of the government. And just seeing how quick, you know, the private sector can act and innovate to address local needs. It's not just private versus public. I have to say I come from the US, where healthcare is a heavily dominated by the private sector. I did have that kind of background and understanding of how healthcare operates which might be different or foreign to those who may be listening from other countries. During my time in Africa, I kept coming back to the fact that patients couldn't access healthcare, and access is a loaded word because it can mean physical access or financial access or even understanding how to navigate the system – so educational access. And growing up in the US, in Chicago, I have a memory ingrained in me of sirens in the background, hearing ambulances and it's surprising when you're in Kenya or across the region, you don't hear ambulances. It's not the soundtrack of the healthcare system here. And I wondered, 7-8 years ago, what would it take to build 911? It started as an open-ended

question. A recognition that building 911 is a massive system. It requires a lot of different components to be put in place and I wanted to figure out how we could implement 911. And so that's how it got started from my days at the Clinton Health Access Initiative. Seeing the value and the ability for the private sector to move quickly and then having this kind of open question of why does 911 only exist in the US and in Europe and in the minority of the world.

Yeah, a great story. And of course, when you talk about the United States, that is a high-income country and lots of money going to healthcare services. But in Kenya, how do you create a sustainable business model when a lot of patients or potential patients still must pay out of pocket and the insurance system is not as developed.

That's another great question. I think that's at the crux of our innovation. While we are a health tech company and a lot of what we've done, you know on the tech side is where we get our label of innovation. Operating in these markets requires innovation not just on technology, but also innovation on the operational model and business model. Once we figured out how we're going to work from a tech perspective, we needed to figure out how we're going to make it work operationally. The demographics are such that, if you charge a fee for the service, we will lock out the majority of people. Meaning that at the point of an emergency, if you were to call for our services, the average ambulance evacuation would cost anywhere from \$100 to several \$100. That is equivalent to 100% of someone's monthly salary if not even more so for some. I guess that's where the analogy of Uber for ambulances falls short. Yes, we aggregate all the available ambulances that exist within a market, and we standardize the services and allow for them to be accessible on one single platform and marketplace. But our business model is a subscription. We recognize that we had to lower the cost significantly to as low as even sometimes a few dollars per person per year to make it accessible. The way our service works is that for a few dollars a year you have access to ambulance services and up to \$100 per person per year for the most expensive service. This means at the point of needing ambulance services, you do not have to pay any bill out of pocket. You pay a very small portion of your salary each month, so you don't have to pay a month's salary or more when you need an ambulance. It works like an insurance, though it's not insurance, it's a subscription where it spreads the risk across an entire population. We distribute that product to corporates, we distribute it to individuals and we distribute it now to governments as well as NGO's who purchase the product to cover their constituents, beneficiaries, employees, households and all of those various groups, and that's also required a lot of innovation on how you actually distribute this product to the hands of farmers in remote corners of Kenya, but also to the business executives sitting in the skyscrapers of Nairobi.

Indeed, a very interesting business model, Caitlin. Why are people willing to pay even the small amounts of money per year you mentioned?

People willing to pay because every single Kenyan has a story. Everyone knows someone whether it's their parents, their grandparents or their friends, or sometimes themselves to be in a situation in which they were not able to get an ambulance, and how that impacted their lives and how their lives would have been different. You may stand back and think that you only need an ambulance once or twice in your lifetime. That is still significant. And when an ambulance can make the difference between someone surviving or not, it is an incredibly emotional and highly needed product. I think that this isn't a far-fetched idea, but a true need that people have. If it's incredibly affordable and a utility which you always have on your phone, you want a subscription to our service because you never know when you may require that service.

So and just so I understand, if I'm a farmer somewhere in a rural area in Kenya and I pay a couple of dollars a year and I need an ambulance, I call the equivalent of 911 and I don't have any out of pocket expenses associated with that transport. Or will I still be charged?

The former. You will not have any additional expenses. Once you're a paid member subscriber, there's no further payment required at the point of an emergency. That's the brilliant part if you are a member. The way that we distribute the product is quite unique as well. We're not having to go sign up every single farmer, but for that target group we are working through governments or large NGO's who already have networks and established relationships with rural communities.

That's a great example of how you use technology but adapt it to a local context. It really creates value for the population in Kenya. Can I just ask what you believe is the role of government or NGO's like the Clinton Health Initiative in making sure they create the right context for private enterprise?

Government and NGO's have a big role to play. I mean donors and NGOs, if you look at Kenya as an example, the US government has a larger budget in Kenya for healthcare than the Kenyan Government. So it's crazy, you know, they're spending more than \$600 million a year US aid in Kenya to deliver healthcare. So what roles do they have? They have a massive role. They have a massive role in shaping what is funded, what's invested in and what systems are required to scale. I think from a donor perspective, there's a huge need to align and ensure that they're investing in innovation, particularly in companies like us. NGOs are often very closely integrated and networked within the government system as well as supporting the agenda of the government. It is also important from a private company's perspective that we speak to the commonalities of the NGO's mission as well as our mission or that of the government. NGOs play a very important role in being the boots on the ground and working within the organs of the government as well as alongside the government to execute a lot of these critical and life changing health programs. I think of them as almost extensions of our company. When we work

together with the government, they can set the policies on when and where and how emergencies should be accessed. It is the role of government to set the right standards that promote the best possible care. For example, ensuring that the ambulances are staffed and equipped to the necessary standard set by the government and that the services are best in class compared to other countries. There's a big role that government must play. We have seen that there is often not enough capacity for governments to own and operate, run and build their own technology for emergency services. That's why countries don't have it in place. And that's where we fit in and become really a close partner to the government because we offer an alternative option. Governments don't have to purchase hundreds or thousands of ambulances, which cost 10s or hundreds of millions of dollars, once you start to consider the number of ambulances required to operate in the country. They don't have to build the technology but they must create the policies and the guardrails, define the level of care that should be provided by the providers of emergency services.

That's a good point. The role of government is policy setting and regulation but leaving the operation of a provider system to private initiative. Thank you very much for sharing your story, Caitlin. It was a great example of how you've created a sustainable business model in Kenya. If you also liked this podcast, don't forget to subscribe to this series and I want to thank Caitlin for joining and wishing you all the best.

Thank you so much. Enjoyed speaking with you as well.