

FEATURED CASE STUDY

# LEAPFROG INVESTMENTS

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INVESTMENT:

## REDCLIFFE LABS

*Digitally-driven healthcare diagnostic service provider prioritizing affordable and accessible early diagnostic screening for non-communicable diseases in India.*

## CASE STUDY

**LEAPFROG INVESTMENTS****REDCLIFFE LABS**

INVESTMENT STRATEGY	LEAPFROG INVESTMENTS FUND IV	INVESTMENT TYPE	SERIES B
SECTOR	HEALTHCARE DIAGNOSTICS	OWNERSHIP STAKE	MINORITY
INVESTMENT DATE	JUNE 2022	IMPACT VALUE CREATION MODALITY	GROWTH
GEOGRAPHY	INDIA		

**INVESTOR & COMPANY OVERVIEW**

LEAPFROG INVESTMENTS specializes in investing in purpose-driven financial services and healthcare businesses in Africa and Asia to empower underserved populations. In addition to its seasoned investment team, LeapFrog has dedicated value creation specialists to support company growth.

Founded in 2017, REDCLIFFE LABS is a digitally led omni-channel healthcare diagnostic service provider. Operating in more than 200 cities and towns with 72 labs and 2,000+ walk-in collection centers across India, Redcliffe's affordable and convenient early diagnostic screening and preventative care help combat non-communicable diseases (NCDs) such as heart disease and cancer, which account for 63% of deaths in India.

**INVESTMENT THESIS**

LeapFrog seeks to shift the healthcare treatment paradigm from addressing illness to prevention and early diagnosis. In 2022, LeapFrog invested in Redcliffe to support expansion of its healthcare diagnostic services to address India's NCD epidemic. Redcliffe's footprint, efficient pricing, and direct-to-customer model attracted LeapFrog's interest. Additionally, about 65% of Redcliffe's customers are low-income earners

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## FINANCIAL MATERIALITY OF IMPACT

LeapFrog aims to help scale high-growth, purpose-driven businesses for emerging consumers in underserved markets, demonstrating alignment with the GROWTH modality:

IMPACT VALUE CREATION MODALITY	VALUE CREATION ACTIVITY	FINANCIAL VALUE DRIVER	VISIBILITY OF FMI
 GROWTH	Facilitated strategic acquisitions and bolstered governance to expand footprint and scale of impact in previously underserved areas	<ul style="list-style-type: none"> <li>• <b>Revenue growth</b> through market expansion via hands-on M&amp;A support in high-impact regions</li> </ul>	Targeted growth and strategic acquisitions were informed by LeapFrog's impact analysis of the markets and services most in need.
	Facilitated customer experience and product enhancements, including digitalization	<ul style="list-style-type: none"> <li>• <b>Revenue growth</b> and <b>cost savings</b> through product development improvements that enhanced market share and reduced customer acquisition costs</li> </ul>	LeapFrog's focus on customer experience enabled the investor to readily identify opportunities to enhance Redcliffe's service offering.

## VALUE CREATION

## SCALING IMPACT WITH INTEGRITY

Strategic M&A was identified early by LeapFrog as a critical driver of Redcliffe's growth. The LeapFrog team worked closely with management to identify M&A priorities, helping scale the business's reach through inorganic expansion. LeapFrog collaborates closely with Redcliffe throughout the lifecycle of each acquisition, spanning from diligence through closure and subsequent integration. As a result of this coordinated effort, Redcliffe has successfully executed and integrated two strategic acquisitions which generated \$2.2 million of revenue and a 22.7% EBITDA margin for the six-month period ending September 30, 2023.

As Redcliffe's footprint has grown, embedding impact into the company's foundations has been a priority. LeapFrog sponsored a social outcome assessment study to evaluate the health and economic effects of Redcliffe's services. Findings, presented at the UN General Assembly, reported that Redcliffe's tests were

up to eight times more cost effective than national treatment in India. These results validate Redcliffe's efficacy and help differentiate the company in a crowded market. Going forward, this study will further assist Redcliffe in strategically leveraging its product portfolio to enhance both its financial performance and social impact.

Similarly, governance improvements such as monthly reporting of financial and product results, formulating essential board committees, and outlining key member responsibilities are helping to improve the recognition of impact across all levels of the business. LeapFrog has also been instrumental in onboarding an independent director to improve financial controls and company governance.

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## VALUE CREATION

## CUSTOMER-FOCUSED EXPERIENCE ENHANCEMENTS

LeapFrog offers deep operational support through its experience in Asia and Africa's financial services and healthcare sectors. Informed by extensive consumer research data, LeapFrog provides specialized expertise in designing products based on its intimate understanding of emerging consumers' needs.

LeapFrog supported Redcliffe in elevating its product and consumer experience through initiatives including workshops led by LeapFrog's CX experts and leveraging social listening analytics to understand customer pain points. Based on user feedback, the team revamped Redcliffe's web user experience and introduced a new online app, enhancing customer reten-

tion. Feedback from these sessions also improved in-house call center conversions, facilitated by software upgrades accommodating diverse local languages. As a result, Redcliffe increased organic growth among repeat users from 9% to 45% in just over a year, with customer acquisition costs reduced from \$12.50 at the time of investment to \$3 in September 2023.

Furthermore, the LeapFrog team played a key role in implementing a new customer acquisition channel through WhatsApp, anticipated to be a key differentiator. This not only facilitates long-term customer retention but also enhances reach, operational efficiency, grievance redressal, and cross-selling opportunities.

## LESSONS LEARNED

- **Stakeholder engagement expertise:** LeapFrog's expertise in emerging markets, underserved populations, and focused consumer-centric initiatives facilitated a deep understanding of the stakeholder perspective. This was crucial to scaling and product design initiatives, which helped to grow revenue, attract and retain customers, and advance positive health outcomes.
- **Value creation playbooks:** The disciplined execution by LeapFrog's dedicated value creation specialists enabled the team to identify and implement a strategic plan for enhancing Redcliffe's impact and financial performance.

