LEAPFROG
INVESTMENTS

Creating Impact with Customer Experience in Emerging Markets

Foreword

LeapFrog invests in ambitious, purpose-driven companies that have a profound impact on the lives of millions of emerging consumers. We create the essential tools they need to lift themselves into prosperity, while also delivering outsized returns.

Through our companies, we've reached 272 million people across 35 countries in Africa and emerging Asia. Of these, 205 million are emerging consumers, defined by the World Bank as living on less than $10 per day. This is a growing cohort of 4 billion people, accessing banking, insurance, savings and health services, often for the very first time.

At the heart of our challenge and our success is our deep insight into the needs of emerging consumers. We listen to and understand the challenges and realities of their lives. With these granular insights, we are able to design, iterate and scale disruptive technologies that solve affordability and access issues across healthcare and financial services.

Profit meets purpose at the customer. When our hyper-scalable companies serve the unmet needs of their customers in moments that matter, the result are staggering.

Last year, LeapFrog companies paid out $533 million in insurance claims, disbursed $16.4 billion in loans, provided more than 23 million high quality pharmaceutical products and delivered close to 700,000 medical services including tele-consultations.

Crucially, we tap into our deep experience with emerging consumers and partner with our companies to build capabilities that dramatically enhance the end-to-end customer experience (CX).

Our unique and highly successful CX Launchpad Program provides our companies with deep expertise, guidance, proprietary tools, and ongoing mentorship to become truly customer-centric organisations.

For instance, financial services group Dvara worked with LeapFrog to improve the accessibility of its microloans to India's financially excluded, mostly in rural areas, leading to a three-fold improvement in microloan disbursements.

Similarly, CX Launchpad applied its intensive customer focus to East African pharmacy chain Goodlife, resulting in a tremendous increase in customer loyalty and improved management of chronic conditions in a market where consumers faced critical health risks from counterfeit and substandard medications.

The opportunity for further large-scale impact is immense. Half of the world's population do not receive the health services they need. 100 million people are pushed into extreme poverty each year because of out-of-pocket spending on health[1]. 31% of the adult population do not have an account with a financial institution[2]. Two thirds of this group cite a lack of money as a key reason, which implies that financial services aren't yet affordable or designed to fit low-income users. Virtually all are in emerging economies[3].

By focusing on creating ever more exceptional experiences for the underserved and excluded, LeapFrog's goal is to reach a billion low-income consumers by 2030.

Here we share some inspiring stories of success from companies that place emerging consumers at their core and will help us reach our goal.

Andy

Dr Andy Kuper
Founder & CEO
LeapFrog Investments

[1] World Health Organisation: Universal Heath Coverage
[2] World Bank: Global Findex Database
[3] World Bank: Achieiving Universal Financial Access by 2020

Delivering Impact Through CX

Consumers in emerging markets experience financial services and healthcare in ways that can be radically divergent from customers in developed markets.

Shortfalls in physical infrastructure, literacy, digital connectivity, mobility, and financial inclusion can all impact emerging market customer experiences. These unique challenges require companies to reimagine and redesign products and services to deliver much needed essential services.

CX Launchpad is a LeapFrog initiative to help portfolio companies solve these challenges. The CX Launchpad Initiative has been made possible through financial support from DEG, one of the world's largest private-sector development financiers and a long-term partner of LeapFrog. Since the launch in 2019, 11 companies have participated in the program, 14 CX projects have been executed, and the LeapFrog team has provided over 140 advisory sessions.

CX includes all the touch points through which a customer interacts with the company throughout their journey, from the moment of purchase until renewal. It requires companies to thoughtfully orchestrate front-end processes across various functions such as marketing, products, digital, IT, operations, customer support, finance, retail business and others.

CX Launchpad dives into the daily lives and experiences of emerging consumers so companies can build, launch, and rapidly iterate products and services to meet essential needs. The critical skills for designing a good customer experience include customer research, human-centered design process, prototyping, rapid testing and data analytics.

Companies are encouraged to identify and implement short, focussed projects over 3-6 months to internalise learnings and demonstrate business results. The program is focussed on building internal capabilities within companies, to deliver sustainable cultures of continuous iteration, innovation, and improvement.

LeapFrog believes that customer experience embodied in both the accessibility and quality of products and services is ever more critical to impact the lives of low-income groups, alongside affordability. Best in class CX is also a significant driver of business performance and is a key lever in value creation.

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CX Toolkit

The LeapFrog team deploys a range of tools during various phases of the investment cycle and the value creation process. Here are a few examples.

1. CX Due Diligence

Before investing in portfolio companies, CX experts join the LeapFrog investment teams in meetings with management to understand the company's growth strategy, customer insights and segmentation, customer journeys, products road map, branding and marketing plans, digital experience design process, customer experience measurement and customer support function, among other areas. In addition, CX experts interview a diverse range of customers.

Social listening tools also provide insights about customer sentiment for companies that provide services either online or through apps. The data gathered from all these sources are used to identify the needs and pain points of customers, to better understand why they choose the company's products and their experience of the company throughout the journey. CX experts also identity any gaps in CX and potential opportunities for value creation.

2. CX Capability Maturity Assessment Tool

This is a proprietary assessment tool consisting of 80 questions across 10 areas such as CX function, digital marketing, CX measurement, new product development process and others. It is used to determine a company's existing CX capabilities, highlighting strengths and weaknesses. The questionnaire contains a series of 'yes' or 'no' answers, for example, 'Have you commissioned a brand research study within the last three years?', 'Do you develop prototypes of User Experience and test them with users?'. Based on the answers, each of the areas is scored as:

- 'red' (none or minimal),
- 'yellow' (in progress), or
- 'green' (in place, can be enhanced).

The tool is used periodically to assess changes in CX capabilities. A heat map is also used to track the portfolio view across the companies over time.

Example responses shown below:

3. Journey Mapping Tool

The LeapFrog CX team developed a custom journey mapping tool to identify friction points and opportunities for operational improvements in the end-to-end CX. The tool is typically used by cross-functional teams including marketing, operations, IT, finance and customer support in a workshop-style setting to map a customer's actions, step-by-step. Several sessions are held to map the complete end-to-end journey, covering product selection, purchasing, payments, customer support and renewals as applicable for the product. The customer pain points identified are captured in an 'Issue Tracker' which is used to prioritise initiatives to remove the friction.

4. CX Score Dashboard

On completion of journey mapping, a survey is designed to track customer experience at specific points of the journey. Responses are weighted and aggregated for each phase as well as the overall journey. Each month, at least 250 customers are surveyed. The results are compiled along with operational metrics into a CX Score Dashboard usually built in PowerBI. The CX score is a key KPI for leadership teams, empowering them to innovate operational changes to continuously improve the customer experience.

The following examples showcase the power of CX initiatives to enhance the lives of emerging consumers, while also delivering outsized returns to businesses.

Faster loans for rural micro enterprises in India

Dvara's mission is to broaden financial inclusion in India to low-income individuals in remote rural areas where access to banking and insurance remains low. Dvara believes micro loans are one of the key tools to help end the cycle of poverty as they empower small businesses to fund income-generating activities and become agents of their own futures.

With 85% of India's 460 million workforce engaged in the unorganised sector[4], access to formal credit is out of reach for many.

This issue is exacerbated in rural and remote areas where a significant number of micro and small businesses operate, including manufacturers, wholesalers, traders, and retailers. A lack of formal documentation, few or no bank branches and literacy issues constrict access to loans.

These businesses depend on local money lenders who often charge exorbitant interest rates in order to meet their needs for working capital.

One solution is well-designed, affordable micro loans tailored specifically for India's most vulnerable.

The customer problem

Dvara developed a new loan product for micro enterprises in rural India. Soon after launch, it became evident that the customer experience needed an overhaul for it to become successful.

The LeapFrog team provided advice and guidance to the Dvara product team in mapping the customer journey. Doing so revealed the stringent risk assessment process for unsecured loans required several visits to the customer's business premises by Dvara field officers to collect observational data. These visits were not only inconvenient to customers but also increased the turnaround time of loans and disbursement. These delays affected working capital requirements for customers.

"The 'Customer Mapping Experience' project really helped us understand where we were going wrong in terms of customer expectations and what we were providing or delivering.

"We learnt that due to the existing processes, the average time taken to disburse a loan was almost 12–14 days and this was the biggest obstacle for growth. The customer mapping exercise enabled us to understand how to reduce the fat in the process and become leaner and more agile."

– LVLN MURTY,
CEO DVARA KGFS

The CX initiative

Addressing the need to reduce visits, Dvara created an automated platform called KGFS Assist, which used digital credit templates for underwriting rather than conventional, manual methods. In doing so, loans for micro enterprises were approved much faster with less dependency on documents.

Now, the entire end-to-end process from lead generation to loan disbursement is digital, which has reduced operational costs. Businesses can access working capital within days and Dvara has broadened its reach and scaled-up its business. Micro enterprise loans have continued to grow over the last 1.5 years and are a big contributor to overall revenue.

Impact
Access to affordable, timely loans for micro enterprises in rural India with minimal documentation

Performance

2x loan volume growth over last year

+ Turn-around times for loan disbursement reduced from 10–12 days to 2 days

"I started a provision shop with a loan from a local moneylender. I had to pay very high-interest rates. I was getting into a debt trap because of the interest I was paying and was somehow managing to run the shop. It was during this time that I came to know about Dvara KGFS and had approached them for a loan. The loan enabled me to turn around the financial situation I found myself in and set me on a path to grow my business. I worked very hard to develop the shop, and within years, I became financially stable and ended up buying my own house as well."

– CUSTOMER, INDIA

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Peace of mind for online buyers in Indonesia

Innovative Indonesian insuretech company PasarPolis is on a mission to democratise insurance for all through accessible and affordable digital microinsurance products. Approximately 90% of PasarPolis' customers have never held insurance before.

PasarPolis

One of the key differences between developing and developed nations is insurance penetration. In most countries, insurance is considered a pillar of financial inclusion, as it helps create resilience, especially for the most vulnerable groups in a developing country. Microinsurance is designed to specifically address the risks faced by low-income emerging consumers by offering affordable protection.

Since inception in 2015, PasarPolis has developed a range of new offerings, including specific Covid-19 policies, that provide an enhanced safety net for consumers. These new products fit well with the company's mission to offer first-time insurance buyers a diversity of micro insurance products.

These products offer protection for a range of common activities like vehicle use, sending documents or packages, and illness, that can trigger loss of income or other liabilities for low-income consumers.

The aim is to present a worry-free and frictionless insurance experience covering a range of consumer needs.

Total Loss Damage Insurance

Online shopping carries unique risks in Indonesia as eCommerce platforms do not take responsibility for products arriving in good condition. High-end products such as expensive electronics often arrive damaged, which can be a huge financial blow to low-income consumers.

PasarPolis' Total Loss insurance product provides protection if an item is totally damaged within 90 days of being received. The insurance is provided through eCommerce platforms at the time of purchase.

By undertaking journey mapping of their Total Loss Damage insurance product, the Pasarpolis team together with support from LeapFrog were able to identify three customer pain points that needed resolving:

- Insurance product information was not clear
- Pricing was difficult to find
- Claims turnaround times were not fast enough

The CX initiative

The team made changes to the UX design as well the information content with great success. Small, simple tweaks to the digital experience led to a significant uptick in the number of policies. The claims process was simplified and unified with the eCommerce platform to enable customers to make claims easily.

Impact on policies issued and premiums collected
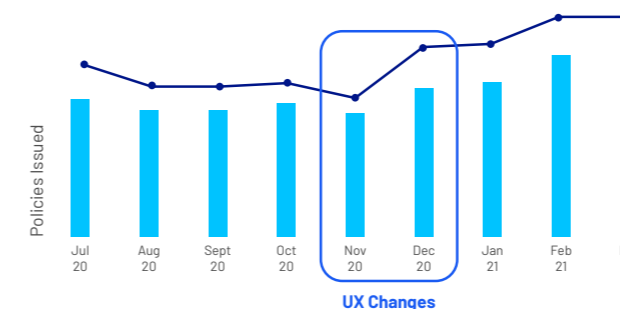
Impact
Democratising insurance for all through easy, affordable and innovative digital customer experiences

Performance

25% increase in Total Loss Damage Policies

+ Reduction in claims turnaround times from 10 days to less than 4 days

"Attention to detail is key in giving end customers the best, most optimal and delightful experience in using our products. And the numbers do not lie, a simple word change and visual change does bring positive impacts to the performance of the product in terms of revenue and the customers' satisfaction."

– CLEOSENT RANDING, FOUNDER & CEO OF PASARPOLIS

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Enhancing insurance customer experience in Nigeria

As a leading insurance provider in Nigeria, AIICO aims to provide affordable, quality life and general insurance products to Nigerians so they are less vulnerable to unexpected events. Recognising that financial inclusion benefits families, businesses and the economy, the company's goal is to broaden its reach through world-class digital experiences.
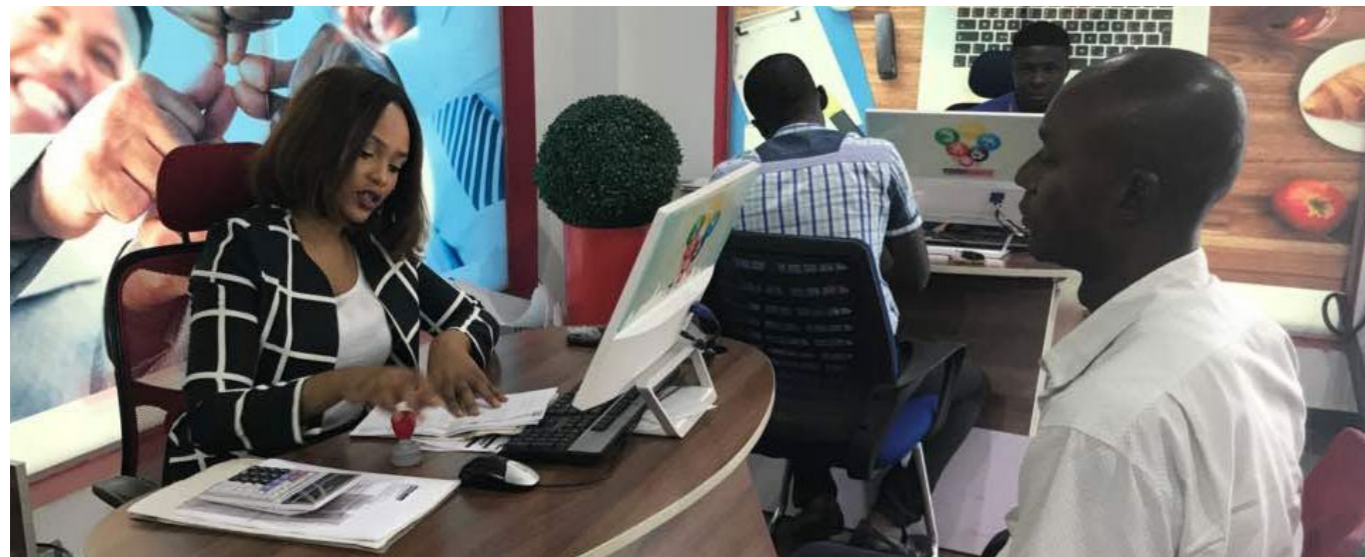
Low-income consumers across Africa are particularly vulnerable to financial shocks, for example, unplanned health expenses due to illness or accident, or the death of a family's breadwinner. These unexpected misfortunes, combined with exclusion from financial services such as insurance, can push people back into extreme poverty.

Nigeria is no exception. 34% of Nigerian adults are financially vulnerable, and only 2% are insured[5]. To combat this, a range of useful, affordable, and accessible financial services are needed to meet their needs. Insurance is a key piece of the puzzle, as it provides a safety net for emerging consumers in their most difficult moments and empowers them to take worthwhile risks to improve their lives.

"We have gained deeper insights about our customers, who they are, what they value, and how to measure the value we provide them. The transformation has given rise to a nimbler and more simplified operating model, the creation of best-fit products, digitization of our sales architecture and expanded channels for improved service delivery."

– BABATUNDE FAJEMIROKUN,
MANAGING DIRECTOR, AIICO INSURANCE

Life and non-life insurance

AIICO, a well-known insurance brand built over decades with a strong agency network, recognised that customer expectations were changing and they would need to sharpen their focus on embedding a customer-centric culture within the company.

The LeapFrog team worked closely with AIICO to undertake wide scale customer journey mapping for both its life insurance and general insurance products to identify customer pain points and operational challenges. A cross-functional team from various departments diligently mapped the journeys and prioritised interventions for process improvements. The pain points uncovered included:

- Agents unable to provide pricing or full product details at the time of sale
- Long and complicated onboarding
- No confirmation of cash or cheque payments
- Cumbersome claims process

The CX initiative

Several initiatives were undertaken in response to the insights collected, including back-end IT changes to improve turnaround times, which ultimately led to an increase in the CX Score. Also, changes to client communications and education through digital channels encouraged customers to move their payments online. Importantly, the process led to an overall shift in company culture to become more customer-centric in all aspects of operations.

Impact
Better service and protection for consumers in Nigeria

Performance

20% increase on payments made through online channels

+ CX Score jumped from 68% to 89%
+ Payments made through online channels increased from 39% to 59%
+ Turnaround time for claims payments reduced from more than 3 days to 24–48 hours

5. UK Government: Nigeria: New Data from EFInA Shows Financial Inclusion Growth

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Affordable mobile funeral insurance in Ghana

As a leading insurance provider in Ghana, miLife's mission is to help more Ghanaians achieve financial security by removing the complexity of purchasing and owning insurance. Through the use of technology and a focus on affordability, miLife is broadening its reach so more Ghanaians can benefit from insurance.

In Ghana, insurance penetration is less than 2%.6. The National Insurance Commission (NIC) of Ghana notes the majority of the country's workforce - the informal sector - is put off by expensive premiums and complex underwriting processes.

miWay Funeral Insurance

Funeral expenses can be a debilitating cost in Ghana where funerals are often large events and can cost as much or more than weddings. This makes funeral insurance an essential product. However, it is often beyond the reach of the informal sector. Insurer miLife offers a funeral insurance product miTribute, which can reach these consumers.

"In 2018 miLife took a deliberate decision to put customers first. This marked the beginning of our customer-centric journey. One of our microinsurance products miWay has benefited tremendously from our journey. Customers' input in product development, onboarding, customer communication and claims payment, all shaped decision-making significantly. This conscious action has translated in impacting more lives, with premium income growing significantly as well."

– KWAKU YEBOAH-ASUAMAH ,
CEO MILIFE INSURANCE

The CX initiative

miLife developed an affordable digital funeral insurance product branded as miWay offered in partnership with MTN, the largest mobile operator in Ghana. Customers purchase miWay directly using the USSD interface on a basic mobile phone with monthly premiums as low as 0.6 USD for a benefit of USD 160. Though customer registrations have shot up and premium income has grown since its launch in 2019, operational data revealed missed monthly payments and drop-offs during the registration process.

The LeapFrog team and a design consultant worked with miLife to conduct customer research, analyse the journey data and make further refinements in the USSD interface to make funeral insurance even more accessible and easier to pay for, including:

- Changing the billing cycle to coincide with when customers receive their pay, resulting in an 8% increase in premium income
- Using voice messages rather than SMS to reflect low literate user preferences
- Minimising the information required for new customers to register for miWay through their mobile phone

"We had a funeral and were considering going for a loan to offset the anticipated funeral costs– miWay saved us from going in for the loan.

I am grateful for this policy as it helped me at a time when we really needed financial help. When I was paid my claim benefit, I also learnt there was an option to save additional funds monthly– I have opted for that feature now. God bless the miWay family."

– CUSTOMER, GHANA

Impact

Affordable funeral insurance at scale using a feature phone

Performance

989% premium income growth since mobile launch

- **+ Premium income now contributes 17% of total revenue up from 3%**
- **+ Customers have grown by 453%**
- **+ miWay now contributes 59% of the total customer base, up from 28%**

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Improving value for chronic patients in Kenya

Goodlife Pharmacy is a leading pharmacy chain and healthcare provider in East Africa. Its mission is to increase access to authentic, quality medication at affordable prices for all, including low-income consumers in underserved areas. This is critical in a market where substandard and counterfeit medications pose a serious risk to consumers. Customers with chronic conditions are particularly vulnerable in this setting.

Pharmacies are often the first point of care in Kenya rather than hospitals or doctors. With this in mind, a core part of Goodlife's strategy is better management of chronic (lasting more than a year) and lifestyle (non-communicable) diseases such as diabetes[7], as they account for 39% of all deaths in Kenya in 2019. These diseases require ongoing medical attention which can be costly, and may force the patient and other family members to leave the workforce to be care givers.

Loyalty Program

Goodlife's loyalty program, which was meant to reduce the burden of regular expenses for patients, was not attracting many registrations.

The CX Initiative

As part of the CX Launchpad program, LeapFrog and a team of behavioural scientists helped the Goodlife team to redesign the loyalty program using deep insights into customer needs and behaviour. The aim was to create a clearer, highly valued benefits for customers that would help to improve their wellbeing and increase medication adherence.

The team conducted A/B testing on two customer propositions targeting chronic patients in stores to sign up to the loyalty program. The team also interviewed customers to gain a deeper understanding of how the program could best meet their needs.

Armed with this information, Goodlife rebranded the loyalty program as 'myGoodlife' and simplified the benefits so they were clear and easily understood by customers. They also rolled out staff training and incentives across the store network, made back-end IT changes, created highly visible window graphics and point of sale collateral, and provided a FAQ reference pack to keep on location.

The new program empowers customers to:

- Register for the program instantly using a mobile phone
- Receive instant discounts up to 15%
- Receive free home delivery
- Access a dedicated hotline for pharmaceutical questions

In addition, Goodlife launched an in-store medicine therapy service as part of the loyalty program called 'Wellness 360'. This service provides customer consultations on lifestyle diseases, improving health outcomes for customers while also increasing sales.

Impact

Quality, affordable health services and medications for the underserved

Performance

48% total sales contributed via loyalty program members online

+ Membership to the loyalty program grew by 500% in 12 months

+ 1 out of 3 transactions were from loyalty program members

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"The mind shift we are aiming for with our CX support is to regard the customer experience as the product offered to consumers, as opposed to the actual product or service they purchase from a company.

This means winning the hearts of customers, visible in how growth in customer numbers and revenues are sustained, how our companies win market share, improve their customer retention and customer share of wallet, thereby growing their inherent value as they deliver increased value to their customers."

– **RAIMUND SNYDERS**, PARTNER, LEAPFROG INVESTMENTS

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Creating value with customer experience

LeapFrog's CX Launchpad program has been successful in helping create a mind shift in the culture of portfolio companies from a product centric 'inside-out' view to a customer-centric 'outside-in' view. This means research to understand consumers unmet needs, aspirations and attitudes are the starting point for development of a new product. Continuous qualitative feedback from customers as well as insights from data analytics become the basis for refinements of existing products.

LeapFrog is a rare private equity firm to have distinctive expertise and focus on customer experience in emerging markets. Given the impact mandate of providing affordable essential products at scale to low-income consumers, it is only natural to shoot for best in class customer experiences much valued in emerging markets.

"When a customer earning less than $10 a day in Ghana makes a payment of $2 with a mobile phone towards insurance premium, she needs immediate assurance that the payment is received and she is protected for the next one month. LeapFrog equips the portfolio companies with state of art tools and best practices to deliver just that. A great customer experience not only contributes to profit but also impacts the daily life of people."

– RAGHU KOLLI, HEAD OF CUSTOMER CENTRICITY, LEAPFROG INVESTMENTS

CX LAUNCHPAD
A LEAPFROG INITIATIVE

Participating companies

DVARA KGFS   fincare Small Finance Bank   MEDGENOME   ASCENT

softlogic LiFE   PasarPolis   Goodlife Pharmacy Health Beauty   AIICO INSURANCE AMERICAN INTERNATIONAL

miLife INSURANCE   JUMO   ARM PENSIONS

With support from

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LeapFrog invests in exceptional businesses in Africa and Asia, partnering with their leaders to achieve leaps of growth, profitability and impact. Founded in 2007, LeapFrog's companies now reach 272 million people across 35 countries with healthcare or financial services. LeapFrog investee companies have also grown on average at 26 per cent annually from the time of investment. They now provide jobs and livelihoods to more than 140,000 people. Inspired by LeapFrog's strategy of Profit with Purpose, LeapFrog has raised over US $2bn from global institutional investors, including $500m recently committed by Temasek to LeapFrog and future funds. LeapFrog was ranked by Fortune as one of the top five Companies to Change the World, alongside Apple and Novartis, the first private investment firm ever listed.

More at **leapfroginvest.com** or
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