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# 03 Partnership Structures 101

A short guide to understanding the potential pros and cons of different partnership models.

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MSF SWEDEN INNOVATION UNIT

## 01

# Introduction

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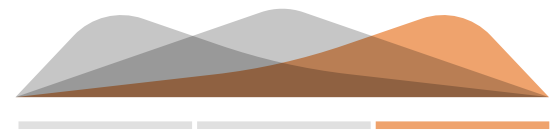
There are **many types of possible partnerships** available when working within humanitarian innovation. It is important to fully understand what these options are and their strengths and weaknesses in order to make an informed decision for your project. There are trade-offs depending on which model you choose to go with, and it is suggested you look over the other tools within the IPP Toolbox in order to ensure any decisions you do make do not overlook other questions.

Such partnerships — whether corporate, academic or NGO — can play a role at all stages of MSF's innovation process. However, we perceive the **real value to be during the development and implementation phases**. For example, although MSF does have experience in developing innovative solutions to field problems, turning these into finalised products and services has proven harder — we do not have manufacturing or distribution (as a vendor) expertise. Developing these capacities to serve MSF at scale would require huge investment, and would be a potentially dubious use of our resources. However, there are many organisations, keen to work with MSF, for whom this is core business.

In the following pages, we have laid out some of the key themes and questions that have come up when discussing the potential setups.



Development  
Phase



Implementation  
Phase

# 02 Initial considerations

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## ■ Distrust versus tangible risk

The barrier to meaningful partnerships often comes down to a lack of trust. MSF tends to distance itself from organisations who have profit or reputation motivations, because we perceive ourselves as being above these (or, at least, outside of them). For the same reasons, we struggle with the idea of intellectual property (IP) ownership, licensing, and financial gain as an organisation. These instincts, rather than a pragmatic assessment of cost, benefit and risk in any given situation, can end up guiding our actions.

## ■ Empathy leads to mutual benefit

MSF pursuing efficient innovation projects based on a patient-centred, ethical approach can and does lead to collaborations with organisations that are profit-driven. Based on the recurrent problems that seem to arise when doing so, we would argue that increased empathy will not only strengthen potential collaborative relationships, but also MSF's own hand in understanding the world in which it operates.

One such example of this would be how an increased understanding of market dynamics gives MSF a stronger grasp of how and when to approach potential partners (and with what aim). During the internal research phase of the IPP, we saw that thinking about the wider market potential (outside MSF) of innovative products is rarely done. This in turn makes it much harder for MSF to engage companies with a for-profit motive seriously, rather than just a corporate social responsibility exercise (which rarely prove fruitful due to the lack of incentive).

In fact, we would suggest that IP is something of a red herring in MSF's discussions on partnerships, as we tend to associate it with teams of lawyers and litigation. In fact, there are a multitude of business models for products and services, which can be leveraged to scale their impact. MSFers should be aware of the opportunities and risks associated with these models in order to achieve the greatest benefit to our patients.

Taking the example of an organisation like PATH, which focuses a large proportion of resources towards understanding the market-dynamics around a particular topic, we can see how this can enable humanitarian actors to engage more directly and efficiently.

By calculating what the potential value of an innovation will be — both within the MSF 'market' and outside (including other NGOs, Ministries of Health and wider sectors) — we can approach potential manufacturers or partners in a way that makes it clear that engaging with MSF will be of mutual benefit by showing that X amount of units can lead to Y amount of profit at a price we consider reasonable in terms of ensuring access. That is not to say that MSF should adopt an exclusively business-type approach to achieving its aims, but it is important to better understand what might incentivise potential partners in order to gain better leverage in such interactions.

# 03 Types of partnership structures

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## Transactional Partnerships

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## Transformational Partnerships

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## Bilateral & Multilateral Partnerships

### 01. Transactional Partnerships

Transactional partnerships are often not labelled as ‘partnerships’ as they are so ubiquitous. These can be summarised as an exchange of products/services for money or other products/services. The obvious advantages to these relations is their speed and clear-cut nature. The terms are laid out and both parties know what is required for delivery. This can also be considered straight-forward procurement and is often less relevant for innovation projects as, by some definitions, innovation seeks to develop new technologies. Even in cases where a procurement can be made for an innovation project, it will often sit within a wider context, e.g. a firm providing a service to deliver a particular phase of the project.

The question of where innovation (often transformational partnerships) ends and where procurement (transactional partnerships) begins is an interesting one. In terms of ensuring continued good terms for MSF on a large scale, an open procurement process later on is essential. However, for the initiation and development stages, this may actually harm MSF’s interests in terms of undervaluing MSF’s input into products or services developed.

#### ■ Pros

- They will often be the fastest partnerships to deliver.
- It is easy to set goals.
- You know exactly what you are getting.

#### ■ Cons

- They are often the most expensive type of partnership in monetary value.
- There is often less opportunity to develop or change a product/service after the transaction has taken place.
- They often will fail to take into account any value being added by the paying party, i.e. MSF’s expertise in a particular topic when helping modify medical equipment.

## 02. Transformational Partnerships

At the other end of the spectrum, transformational partnerships take on a longer-term approach to issues that are often more complex and don't have an obvious solution available. The mutually beneficial nature of these partnerships relies on an agreed understanding of value, which MSF must often explain as this value can be less conventional. In much the same way as how military-inspired products now dominate the high-end outdoor market, the strenuous requirements of the MSF hospital and specialised expertise of our staff can be incredibly valuable to the wider health or devel-

opment (and in some cases, developed) sector. We would argue that, as a general trend, MSF and other NGOs tend to undervalue their input and therefore fail to obtain the best deal with potential partners. In order to improve this, the IPP provides guidance and tools on how to conduct market assessments that will consider any potential solution in a wider context. With this in mind, the strengths and weaknesses of transformational partnerships are summarised on the following page.

### ■ Pros

- Lower immediate monetary investment required.
- Higher chance of a sustainable outcome if successful.
- Mutually beneficial approach — more likely to lead to ongoing collaborations.
- Preferential pricing opportunities/repayment of NGO investment.

### ■ Cons

- More preparatory work required to set up including early stage market assessments and an understanding of the value of specialised expertise.
- Unusual partnership structures can require longer contractual negotiations.
- Does not fit with the conventional view that humanitarian requirements are hyper context-specific.
- May require some generalisation of needs towards the 'average' user rather than towards specialists (this can also be seen as a positive, as it can make innovations more sustainable).
- Conflicts of interest are more likely to be perceived based on ongoing relationships.

Each project will require a tailored approach and weighing up of these pros and cons. However, it would seem that there is a tendency for NGOs to lean toward the transactional form mostly for the reason that they're not well-acquainted with the other options. We would therefore encourage those starting new projects to thoroughly consider the different partnership models before choosing.

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### 03. Bilateral & Multilateral Partnerships

Many of MSF's partnerships are bilateral. Truly transformational partnerships that deliver sustainable and scalable patient value are often multi-lateral. Such partnerships require significant levels of compromise, and often take more time to establish. An example of such a partnership is the Missing Maps project, where multiple stakeholders (NGO, academic and, to a lesser extent, civil society and corporate) collaborate on a single project with shared objectives and principles. Each organisation brings something different to the table (for example, tech development expertise, field experience, volunteer bases) and the value of these contributions is shared.

Choosing wisely during the partner selection phase of a project is therefore essential. The factors to consider are laid out in overview terms within other tools in the IPP Toolbox.