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Acumen Fund Invests in AyurVAID Hospitals to Provide Affordable Treatment for Chronic Illnesses in India

Developing a Viable Business Model for Affordable Healthcare

Hyderabad, India, June 13, 2008 – Acumen Fund, a nonprofit venture philanthropy fund that invests in sustainable, scalable businesses that provide affordable water, housing, health care, and energy services to people who make less than \$4 per day in South Asia and Africa, announced today that it has invested Rs. 4.5 crore (USD 1.1 million) in AyurVAID Hospitals, promoted by Kochi-based Kerala First Health Services Pvt. Ltd (KFHS).

“AyurVAID’s business model has tremendous potential to scale, bringing critical healthcare services to underserved families and communities across India in a sustainable way,” said Jacqueline Novogratz, Chief Executive Officer of Acumen Fund. “Acumen Fund continues to work to improve the lives of 50 million of the world’s poorest people through business approaches, and AyurVAID Hospitals is a strong partner in helping us to realize our goal.”

Over the last two years, AyurVAID has successfully employed a unique medical services model that appropriately integrates classical Kerala Ayurveda medical practice with contemporary medical science to deliver healthcare to patients suffering from chronic ailments, ranging from diabetes to arthritis.

Acumen has invested in KFHS to use this model to pioneer the development of a low-cost health care delivery system that focuses on preventive and curative care, as an alternative to the highly capital intensive and curative system presently used to treat chronic ailments.

Acumen’s initial equity investment will support AyurVAID’s plan to open six more hospitals across the country in the next 12 months, including two ‘AyurVAID Seva’ (AV-Seva) hospitals that would exclusively focus on BoP patients. AyurVAID has set itself the goal of 60% of its bed capacity for patients from the middle and lower socio-economic classes.

“Acumen Fund’s investment will help to position AyurVAID’s healthcare delivery model for growth, which is necessary for us to build a viable and profitable business model that will allow us to provide on an ongoing basis critical healthcare services to the communities that we serve,” said Rajiv Vasudevan, Founder and Managing Director of AyurVAID.

In India, 12 million deaths a year are associated with chronic diseases. Low income families are heavily and disproportionately affected, owing to the lack of affordable options for frequent and consistent treatment and preventive care. A vicious cycle exists where treating chronic disease increasingly drains away resources, while also affecting the ability to earn a livelihood. This creates a downward spiral of worsening disease and poverty.

The Ayurveda system of traditional medicine is the first choice for a significant section of India's population for meeting healthcare needs. Ayurveda physicians undergo rigorous 5-year education programs that include detailed study of the classical Ayurveda medical science, as well as the essentials of modern medicine, surgery, and pharmacology. Despite demand for their services, however, the country's large reserve of qualified and government accredited Ayurveda physicians goes underutilized, due to the shortage of health infrastructure and the absence of an organized, professional support system.

To help solve this problem, Ayurveda has adopted a rigorous, standardized and documentation-driven approach, coupled with aggressive scale-up plans. Over the next 4 years, AyurVAID intends to set up at least 40 hospitals with in-patient facilities, of which 10 shall be AV-Seva. These will be supplemented by outpatient treatment points and consultation points in a hub & spoke model to enable country-wide access to medical care for chronic illnesses.

AyurVAID Hospitals is also accredited by 12 of India's leading medical insurance service providers facilitating cashless Ayurveda medical management, subject to the terms of the underlying insurance policy: a pioneering and unique achievement in the Ayurveda industry.

“In tying up with leading insurance players, and standardizing a low-cost and cross-subsidy model, AyurVAID and Acumen Fund are pioneering a way to bring affordable services to low income communities, increasing both the quality and the accessibility of treatment available,” said Acumen Fund Country Director Varun Sahni.

One of Acumen Fund’s central objectives is to prove by example that market-based approaches, such as AyurVAID, can play a significant role in unleashing the economic and social potential of people living in poverty. For more information on Acumen Fund’s investment in AyurVAID and to track its progress, visit www.acumenfund.org.

About Acumen Fund

Acumen Fund is a nonprofit venture fund that invests in market-oriented approaches for delivering critical, affordable goods and services to the world’s poor. Acumen Fund’s efforts focus on the convergence of philanthropic capital and business expertise to produce sustainable, scalable enterprises that reach underserved markets and open access to the opportunities of the global economy. For more information, visit www.acumenfund.org and www.acumenfundblog.org.

Acumen Fund in India

Acumen Fund has been investing in India since 2001, focusing on a wide range of sustainable, scalable businesses that use market-based approaches to deliver products and services to millions of rural and urban poor. Investments made by Acumen Fund India in local enterprises include high-quality maternal and pediatric healthcare services; safe water for consumption and livelihood; and clean energy. Leveraging strong relationships with local academic institutions and businesses as well as the global Acumen Fund network, Acumen Fund India is actively exploring further investments in healthcare services, as well as potential investments in housing and energy services.