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## **Introducing Embrace's New Organizational Structure**

Dear Embrace Supporters,

Happy New Year! We hope you enjoyed a wonderful holiday season and that 2012 is off to a terrific start. 2011 was a tremendous year for Embrace and we're excited about the year ahead.

It's been nearly two years since we met Sujatha – a poor woman in a south Indian village who endured a grave tragedy: losing all three of her newborns because she lacked access to healthcare. When one of her infants was born prematurely, she attempted to keep him warm by holding a light bulb over his body, but he died just a few days later despite her desperate efforts. When we showed her the Embrace Infant Warmer, she wept and said, "Maybe I could have saved my babies if I had this."

We will never forget her story, and the Embrace team is working tirelessly so that one day, our Infant Warmer will be in the hands of every mother who needs it, and newborns will no longer suffer because they lack access to lifesaving warmth.

### **Our Milestones in 2011**

In the past year alone, Embrace is proud to have achieved critical milestones, including:

- Launching our first product – the Embrace Infant Warmer – and providing medical support to more than 300 babies in rural India.
- Successfully completing a rigorous multi-center clinical study and receiving our International Standards Organization (ISO) 13485 certification.
- Placing first in the McKinsey Social Innovation Video Contest and winning the People's Choice Award for the INDEX competition, the world's most prestigious design contest.
- Generating international media coverage, from CNN to Forbes to ABC's 20/20.

Embrace is building on this momentum in 2012, during which we plan to scale up the distribution of our Infant Warmers to serve 100,000 newborns and their families in impoverished communities.

### **Embrace's new organizational structure in 2012**

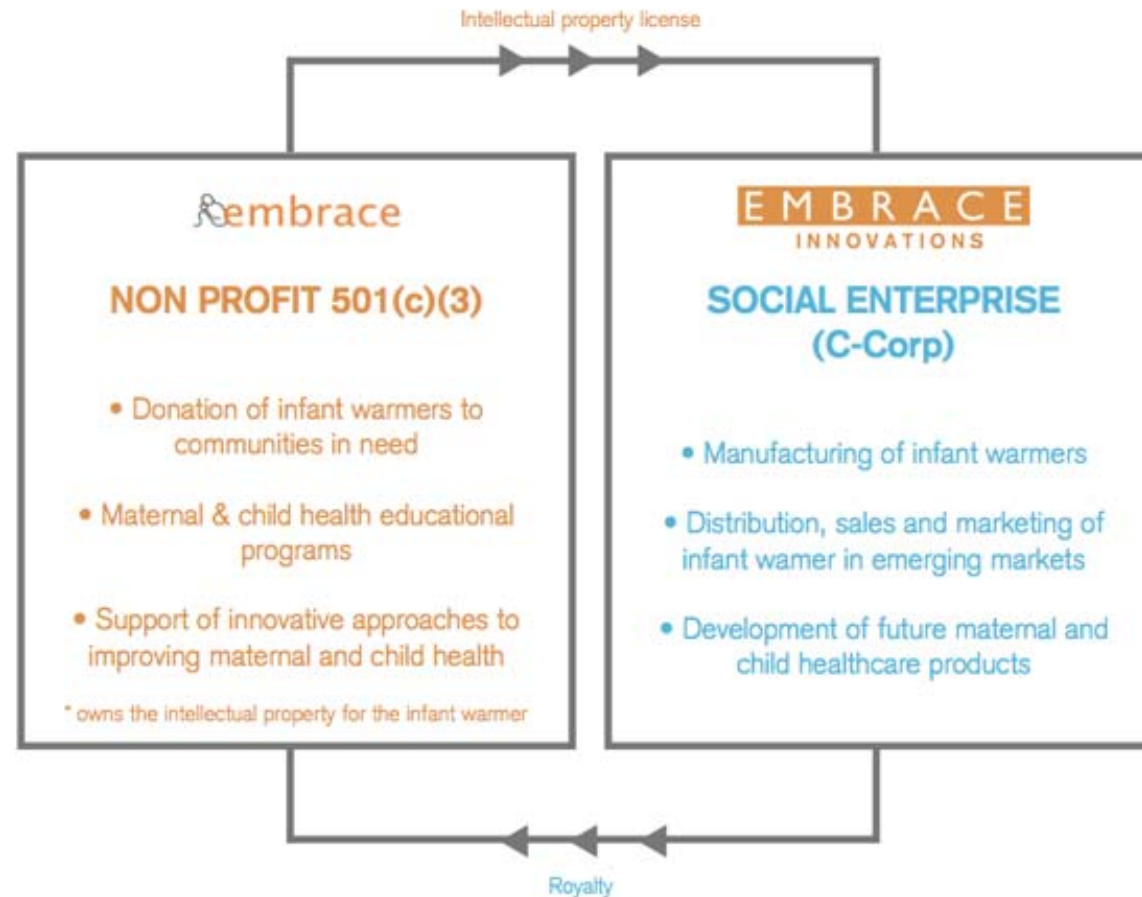
Additionally, we are excited to announce the roll-out of Embrace's new organizational structure which will enable us to more effectively advance our objectives: rapidly scale the global distribution of life-saving infant warmers, develop new low-cost healthcare technologies for the world's poor, and provide health education to accompany our healthcare technologies.

To this end, in addition to our existing 501(c)(3) nonprofit, Embrace is launching a separate, for-profit social enterprise – Embrace Innovations (a C Corporation), which will be responsible for the manufacture, distribution and sales of our Infant Warmer. Embrace Innovations will also conduct research and development to create new low-cost maternal and child health innovations for the developing world.

Our new structure will enable us to more rapidly access the capital needed to achieve our overall core objective: saving the lives of babies. Over the past three years, our team has become well acquainted with the challenges and costs of developing and manufacturing affordable medical devices. In addition, we have been faced with conducting comprehensive clinical trials, and creating a distribution system that reaches clinics in impoverished communities.

By securing new sources of investment funding from private investors and socially-minded venture capital firms, Embrace Innovations will be able to more quickly and effectively accomplish these activities, and bring our lifesaving healthcare technologies to those who most need them. We are thrilled that our inaugural investors include Khosla Impact, founded by Vinod Khosla, and Jeff Skoll's Capricorn Investment Group.

"Embrace is confounding conventional wisdom and out-innovating traditional healthcare companies," said Khosla. "They have produced a product that is world-class, at 1/100th of the price of existing solutions." Dipender Saluja, Partner at Capricorn Investment Group, noted, "As has happened in telecommunications, education and other sectors, innovating to service hundreds of millions in the emerging world at extraordinarily low cost points drives superior technology and business models, which can in turn be re-applied globally. Embrace has demonstrated the ability to be at the nexus of this trend in healthcare." At the same time, Embrace's nonprofit 501(c)(3) will continue to raise philanthropic contributions from individuals and foundations, and work in partnership with local NGOs and governments to provide free Infant Warmers and easy-to-use, locally adapted health education materials to doctors, families, and resource-constrained health clinics. Embrace's 501(c)(3) will also generate royalties from the sale of our Infant Warmers and will receive an equity stake in Embrace Innovations, thus diversifying the funding base of the non-profit. The diagram below illustrates this new organizational structure. Click [here](#) for further details on how it will work.



### Introducing Our New Executive Director

As part of this new organizational structure, we're delighted to introduce you to Erin O'Donohue, who will serve as the new Executive Director of Embrace's 501(c)(3). Erin brings over 18 years of experience designing, implementing, and managing projects at a range of domestic and international nonprofit organizations that empower women and children. She was formerly the Associate Executive Director and Chief Operating Officer of the International Child Resource Institute, and was also previously Senior Staff Attorney at Legal Services for Children in San Francisco. Erin holds a Bachelor of Science degree from Northwestern University and a law degree from Yale Law School. We are pleased to welcome her to our team.

Erin has the ideal set of experiences and background to lead Embrace's 501(c)(3) to achieve its goals in product dissemination and education to the neediest areas through NGO partnerships. Erin noted, "After many years of working in child advocacy, I am increasingly drawn to programs

that focus on early intervention. It is hard to imagine having an earlier impact on a child's life than Embrace does-- while also serving women and caretakers in challenging environments. I am thrilled to join Embrace, particularly at this exciting moment in the organization's history."

Jane Chen will become CEO of Embrace Innovations and will serve as an Observer on Embrace's Board of Directors. Rounding out the leadership team, Rahul Panicker will serve as President of Products and Nag Murthy will serve as President of Technology for Embrace Innovations. Linus Liang will continue to work with Embrace as a Special Advisor, helping to build our new NGO partnerships and programs.

With our new leadership and organizational structure, we are extremely optimistic about the year ahead. We are confident that together, Embrace and Embrace Innovations can achieve our goal of creating and disseminating affordable and disruptive healthcare technologies for the world's poor. We were gratified by the confidence Stanford Graduate School of Business Lecturer in Management and Co-Director of the Stanford Institute for Innovation in Developing Economies (SEED), Bill Meehan, expressed when he recently noted: "How rare to find a real example of true success-- of genuine impact on less fortunate lives, with a sustainable business model. Embrace is one of the bare handful of attempts that is genuinely demonstrating it can be done. Embrace is setting the standard."

On behalf of the entire Embrace team, thank you very much for your continued support and we greatly look forward to working with you and sharing news and updates on our continued progress this year!

**Events on January 19th and 20th**

Lastly, I'd like to remind you of our event in Mountain View on Thursday, January 19th, at which we'll be sharing more details about our progress in 2011 and plans for 2012, including success stories from the field and our new organizational structure. I hope you can join us, and have included the details in the invitation below. For those of you who can't join in person, we'll be hosting a webinar on January 20th at 11 am PST / 2 pm EST. Please click [here](#) to register.

Onward,

Jane Chen, Rahul Panicker, Nag Murthy & Linus Liang  
Co-founders, Embrace & Embrace Innovations