

Simplifica

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The Care Economy
Knowledge Hub

Profiling Businesses in the Care Economy

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between three to five times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household's total hours devoted to unpaid care work.

Care economy businesses can help recognize, redistribute, reduce and reward – also known as the 4 Rs – unpaid and paid care and domestic work in the following ways:



Recognize: Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as "productive" work that creates real value and contributes to economies and societies.



Redistribute: Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.



Reduce: Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.



Reward: Products, services and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

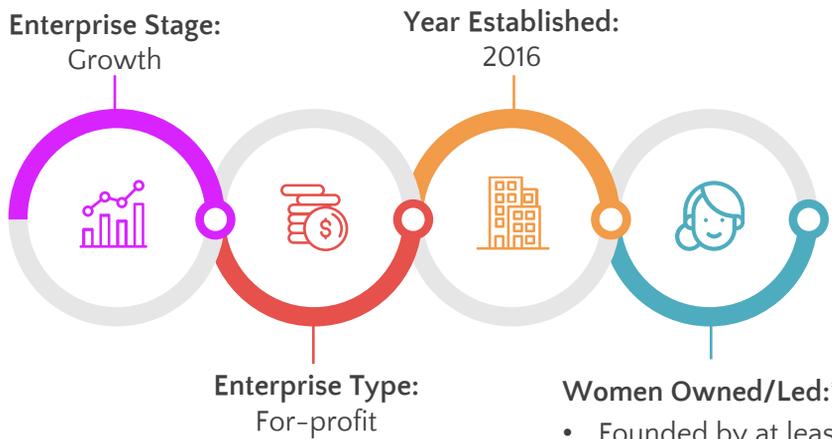
The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities. These business profiles are intended to showcase said potential investment opportunities. They have been created from information and data provided by the business itself.

This project is supported by Canada's International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they have jointly launched this action research program to help transform the care economy through impact business and investment.

Executive Summary



Simplifica is a for-profit enterprise that seeks to streamline the job formalization process for domestic workers in Colombia and Mexico.¹ Its objective is to enable employers to sign contracts with their domestic workers and enroll them in national social security systems so they can access those benefits. In addition, Simplifica recently launched an app that offers educational services, housing subsidies, and job search assistance for domestic workers and their families. Since 2016, Simplifica has served 15,000 employers and 18,000 domestic workers, including nannies, nurses, elderly caregivers, drivers, farm stewards, and gardeners.² It has generated more than US\$ 14 million in social security system contributions in Colombia. Simplifica generated a revenue of US\$ 803,504 in 2021 and currently employs 112 individuals.



- Founded by at least one woman
- At least 50% of the board of directors is composed of women

*According to 2X “women entrepreneurship” and “women leadership” criteria; [2X Challenge Criteria](#)

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¹ According to Colombian Law 100 of 1993, formalization, besides signing a contract, implies enrollment in the social security system enabling employees to access the pension, health, and occupational risks systems and complementary social services like the Family Compensation Funds. Depending on the type of contract, employers or employees are responsible for all contributions or part of it to the social security system. It is similar in Mexico. Signing contracts that formalize employment relationships allows employees and employers to contribute to a pension and access contributory health services, subsidies, insurance, and other economic support. Retrieved from: <https://www.dnp.gov.co/programas/desarrollo-social/subdireccion-de-empleo-y-seguridad-social/Paginas/Seguridad-Social-Integral.aspx#:~:text=El%20Sistema%20de%20Seguridad%20Social,que%20est%C3%A9%20acorde%20con%20la> and <http://www.imss.gob.mx/personas-trabajadoras-hogar>

² According to Colombian and Mexican laws, a domestic worker is any person that offers domestic services to households performing tasks such as cleaning, cooking, laundering, ironing, gardening, childcare, driving, among others.

1. About The Enterprise

1.1 Problem

Before the 2011 Domestic Workers Convention (No. 189), which was adopted in Colombia in 2014 and in Mexico in 2020, domestic workers in both countries were exposed to precarious working conditions. They worked without contracts, received no healthcare, occupational hazard insurance, or pension benefits.³ They earned less than minimum wage, and often worked more than eight hours per day.

Historically, domestic workers have largely been women who have undertaken care and household tasks in the form of unpaid work.⁴ 91% of domestic workers in Latin America and the Caribbean, who tend to be from disadvantaged social groups, are vulnerable to labor exploitation.⁵ Frequently, when households choose to redistribute domestic work by employing someone, they do so informally through references from acquaintances, without signing a work contract and without enrolling staff in social security systems. Informality increases domestic workers' vulnerability to job and financial insecurity, which has worsened in the wake of the COVID-19 pandemic.⁶

In Colombia and Mexico, law mandates employers formalize their domestic workers by registering their employment contracts and enrolling them into social security systems, which enables domestic workers to access pensions, health benefits, and other social security programs.⁷ However, complex and often lengthy processes and paperwork discourage formalization. Data suggests that in Colombia 80% of domestic workers are informal⁸ and in Mexico 96.7% are informal.⁹

³ ILO. (2021). Making decent work a reality for domestic workers. Progress and prospects ten years after the adoption of the Domestic Workers Convention, 2011 (No. 189). P. 151. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_802551.pdf

⁴ ILO. (2015). Domestic work, wages, and gender equality: lessons from developing countries. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_430902.pdf

⁵ IDEM. P. 29

⁶ ILO. (2021). Making decent work a reality for domestic workers. Progress and prospects ten years after the adoption of the Domestic Workers Convention, 2011 (No. 189). P. 232. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_802551.pdf

⁷ According to Colombian Law 100 of 1993, formalization, besides signing a contract, implies enrollment in the social security system enables employees to access the pension, health, and occupational risks systems and complementary social services like the Family Compensation Funds. It is similar in Mexico. Signing contracts that formalize employment relationships allows employees and employers to contribute to a pension and access contributory health services, subsidies, insurance, and other economic support. Retrieved from:

<https://www.dnp.gov.co/programas/desarrollo-social/subdireccion-de-empleo-y-seguridad-social/Paginas/Seguridad-Social-Integral.aspx#:~:text=El%20Sistema%20de%20Seguridad%20Social,que%20est%C3%A9%20acorde%20con%20la> and <http://www.imss.gob.mx/personas-trabajadoras-hogar>

⁸ El trabajo doméstico informal preocupa en Colombia y Bogotá. (2021) Retrieved from: <https://www.serv.com.co/post/escrbe-en-tu-blog-desde-tu-sitio-web-o-m%C3%B3vil#:~:text=El%2080%20%25%20de%20las%20trabajadoras,aportes%20al%20sistema%20de%20pensiones>.

⁹ En la informalidad, 96.7 % de trabajadores domésticos: Inegi. Retrieved from <https://www.jornada.com.mx/ultimas/economia/2020/07/21/ubicacion-la-informalidad-a-96-7-de-trabajadores-domesticos-inegi-6905.html>

1.2 Solution

Simplifica created a digital platform with a broad portfolio of services for employers and domestic workers¹⁰ that promotes their formalization. The company currently operates in Colombia and will launch operations in Mexico by October 2022.

Simplifica assists employers to enroll domestic workers into social security systems, formalize written contracts, and administer monthly payments to pension, health, occupational hazard insurance, and family subsidy systems through the same platform. The company offers flexible plans to both households and domestic workers depending on the number of working hours. Plans provide the employer: a) assistance with the hiring processes; b) contract templates; c) assisted social security systems registration, which requires separate procedures to enroll in each benefit (pension, health, and other social systems according to national law); d) online payments channel for employers to pay salary, contributions, and benefits that provides transparency and on-time disbursements as well as payment tracking; e) a digital folder for employment relationship documentation; and f) 24/7 customer service. As part of its portfolio, Simplifica also offers basic medical examinations, background checks, COVID-19 tests, uniforms, and legal and psychological counseling for employers and domestic workers.

Simplifica makes it easier and faster for employers, primarily women, to formalize and enroll domestic workers into national social security systems. Through Simplifica's services, domestic workers, mainly women, are more likely to access decent and legal employment opportunities and other social benefits, receive fair remuneration, access formal financial services, and gain knowledge about their labor rights.

In addition, the company recently launched a new app called *Simplifica Trabajador@s* in alliance with Kuepa, an organization that offers online and affordable education programs.¹¹ The app aims to provide educational services to enable domestic workers and their families to complete their high school studies, attend virtual English classes for a reduced price, and access a free financial education course. Other benefits for domestic workers include job search assistance and government subsidies for education and housing.

¹⁰ Domestic workers include nannies, nurses, elderly caregivers, aides, family drivers, farm stewards, and gardeners according to the Colombian and Mexican Law.

¹¹ Kuepa Edutech is an organization that offers online and affordable education programs. Taken from: <https://www.kuepa.com/>

1.3 Customer Segment

Customer Segment	Product / Service Provided	Paid / Unpaid
Households	<p>Employee formalization process: Households are provided with technology and assistance to enroll their domestic workers into social security systems and manage their payments faster and more easily. Symplifica offers flexible plans to cover household needs.</p> <p>Simplifica’s main customers in the household segment are middle income to high-income households; 62% of its registered employers are women.</p>	<p>Paid</p> <p>Households pay a monthly subscription fee for the affiliation process, social security systems payments, and salaries.</p>
Households and domestic workers	<p>Online store: Employers can purchase products and services for their employees. Items include uniforms and shoes, medical examination packages, COVID-19 tests and background security checks.</p>	<p>Paid</p> <p>Households pay for all items and services.</p>
Domestic workers and their families	<p>Simplifica Trabajador@s (recently released): This is an additional service for domestic workers and families that include educational services, housing allowances, job search assistance, and entertainment.</p> <p>95% of domestic workers registered with Symplifica are women, and 56% of them are heads of household.</p>	<p>Unpaid</p> <p>Domestic workers get access to these services as part of the fee paid by households.</p>

1.4 Team And Governance Structure

Simplifica’s team includes 112 people, 57% of whom are women. 30% of employees work in product and IT services, 30% in sales and client services, 10% in marketing, and 10% in operations. 16% are freelancers supporting various activities. There are four C-level roles in the leadership team and a board of directors comprised of six people, of which three are women.

1.5 Enterprise Policies

Policy	Yes / No
Overall HR Policy	No
Equal pay for equivalent work policy	Yes
Non-discrimination / Equal employment opportunity / Diversity and inclusion policy (gender, LGBTQ, PWD, etc.)	Yes
Anti bullying and sexual harassment policy / Respectful workplaces	No
Whistleblower policy / Employee grievance mechanism	No
Maternity / Paternity leave policy	Yes
Safeguarding policies for vulnerable groups (children, elderly, PWDs)	No
Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)	No

2. Impact

2.1 Mission Statement

Symplifica's mission is to promote the formalization of domestic workers¹² and allow them to enroll in social security systems to access these benefits, thus contributing to more equal societies.

¹² Domestic workers include nannies, nurses, elderly caregivers, aides, family drivers, farm stewards, and gardeners.

2.2 Intended Impact

Through its services, Symplicifica:

- **Recognizes** that domestic workers need support to demand their labor rights and that employers need assistance to enroll them in the social security system and formalize their employment relationship.
- **Rewards** domestic workers by streamlining the process to access formal employment and its benefits, including government support and subsidies for education and housing that improve quality of life for them and their families.
- **Redistributes** unpaid care and domestic work to a third party.
- **Reduces** the time spent by women (primarily) on unpaid care and domestic activities.

2.3 Monitoring And Measurement

In order to monitor their products and services quality, Symplicifica measures:

- Net promoter score¹³ to rate the customer's experience, which is captured each time a contract is terminated or when a customer leaves the platform.
- Customer satisfaction through surveys administered by Hotjar and Hotspot upon service completion.
- Platform interaction index that measures how easy it is to use and interact with the platform at the end of every interaction.
- Domestic workers' quality of life through a survey performed annually by an impact measurement company.
- Weekly usage of its digital platforms (website and app).

Internally, the organization measures the following:

- Employees' perception of the company's working environment and culture, captured twice a year.
- Employee satisfaction surveys with a gender-based approach.
- Ranking Par for Gender Equality,¹⁴ which measures gender equality within the organization.

¹³ The Net Promoter Score is an indicator used by customer's experience programs that estimates the level of customer loyalty by asking them only one question. Definition taken from: <https://www.qualtrics.com/es-la/gestion-de-la-experiencia/cliente/net-promoter-score/>

¹⁴ The Ranking Par for Gender Equality is a tool that measures the conditions of Latin American organizations' gender equality, annually, confidentially, and for free. Taken from: <https://par.aequales.com/>

2.4 Results To Date

Since 2016, Symplifica has served:

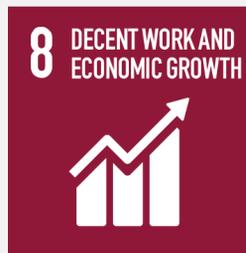
- Over 15,000 employers; 60% of whom are women and 40% men.
- 22,000 domestic workers, 95% of whom are women, including nannies, nurses, elderly care workers, drivers, farm stewards, and gardeners.

According to Symplifica's monitoring data:

- 65% of domestic workers claim to have improved their quality of life,
- 61% gained knowledge about their labor rights,
- 48% gained confidence in their abilities,
- 46% had employment benefits for the first time in their lives,
- 42% designated an additional beneficiary to access social security benefits.

Regarding the indirect benefits, the organization has mapped all subsidies domestic workers can receive through the national social security systems. Symplifica has also contributed to collecting US\$ 14 million in social security payments, which helps governments and social welfare institutions to guarantee adequate service provision.

Symplifica's work is aligned with the following Sustainable Development Goals (SDGs):



3. Financials

3.1 Financial Status¹⁵

Simplifica aims to be self-sustaining in the next five years. Simplifica can be contacted directly for further information on its financial status.

3.1.1 Revenue Streams

Until the end of 2021, most of Simplifica's revenue came from its commercial operations, and less than 1% came from donations and grants. Simplifica's revenue grew in 2020 from 2019, and in 2021 from 2020. Simplifica can be contacted directly for further information on its revenue streams.

3.1.2 Expenses

Simplifica can be contacted directly for further information on its expenses.

3.2 External Funding Sources (Past and Current)

Simplifica has received external funding from angel investors, venture capital funds, and impact investors in the last three years. In January 2022, Simplifica completed a Series A investment fund for US\$ 3 million, led by the Soros Economic Development Fund, which announced a US\$ 1.75 million investment. The round was completed by Acumen LatAm Impact Ventures (ALIVE) and InQLab to support the company's growth in Colombia and across Latin America.¹⁶ Such investments are part of a broader effort to create awareness around the investment potential of the care economy, draw more capital and attention to the field, and promote better working conditions for care workers worldwide.¹⁷

¹⁵ In this and the following section, the closing exchange rate of each year was used for conversion to USD.

¹⁶ *How Impact Investment in a Digital Platform Can Advance Labor Rights for Domestic Workers in Latin America* (2022) Retrieved from: <https://www.opensocietyfoundations.org/voices/how-impact-investment-in-a-digital-platform-can-advance-labor-rights-for-domestic-workers-in-latin-america>

¹⁷ Robino, C., et. al. (2021). Solutions to the Care Crisis: How Social Enterprises and Impact Investing Can Transform the Care Economy. *Next Billion*. Retrieved from <https://nextbillion.net/social-enterprises-impact-investing-care-economy/>

3.3 Challenges Faced In Accessing Capital

Due to the nature of the business and operation model, Symplifica has struggled to attract mainstream investors to invest in the past. Mainstream investors tend to prioritize early financial returns over longer term social impact. Companies like Symplifica are not always able to raise venture capital and have to focus on impact driven investors.

4. Path To Scalability

4.1 Potential Avenues For Growth

Symplifica has identified the following avenues for growth:

- **Geographic expansion:** Symplifica's strategic plan is to increase operations in other small and medium-sized cities in Colombia,¹⁸ such as Barranquilla and Medellin and, in the next five years, have a presence in four countries in Latin America. Symplifica officially launched operations in Mexico in October 2022, after which it aims to expand to Peru and Ecuador.
- **Broaden the customer target market:** By 2024, Symplifica plans to expand its operations to small- and medium-sized businesses in Colombia by offering a similar service to reduce informality in smaller production units.

4.2 Risks And Challenges

Symplifica has identified the following challenges:

- **Operational:** Other digital platforms in Colombia offer similar services, but instead a third party subcontracts domestic workers. This approach is favored by households who prefer to avoid the responsibility of the contractual relationship with the domestic worker; such competitors may represent a hurdle for Symplifica's expansion and scalability.
- **Social norms:** The biggest challenge for Symplifica has been to create a shift in mindset around domestic workers' rights to fair payment, formal employment, and access to benefits since, historically, domestic work has been underpaid and informal.

¹⁸ In Colombia, Symplifica is currently operating in Cali, Medellin, Barranquilla, and Bucaramanga.

4.3 COVID-19 Impact On The Enterprise

Due to COVID-19, Symplifica reduced operations during the first two quarters of 2020, losing 5% of its clients. However, by the third quarter of 2020, operations stabilized, and the company experienced growth again. To avoid domestic worker layoffs and guarantee adequate living conditions, Symplifica implemented the campaign "*Cuida a quien te cuida*" meaning "take care of those who take care of you". The company also introduced new preventive actions to protect employees from COVID-19, like private transportation services and biosecurity protocols. It also created an alliance with a foundation to provide workers with food coupons.

4.4 Support Received To Date

Symplifica has received technical assistance support from the following organizations:

- Ventures Accelerators, powered by Google Developers Launchpad, offered Symplifica a three-month program aimed to enhance its growth in 2018.¹⁹
- MassChallenge Mexico, Acceleration Program in 2019.²⁰
- Apps.Co from Colombia's Ministry of Information Technologies and Communications, with its digital entrepreneurship program in 2020.²¹
- Endeavor, 2022 ScaleUp Program.²²
- UNDP, 2022 Growth Stage Impact Ventures Program.²³
- Innpulsa, Symplifica was part of the Startup Team during 2020.

Further support was provided by the National Labor Formalization Network, The Bogota Chamber of Commerce, and Skylab.

¹⁹ Los 9 emprendimientos que seleccionó Google y Ventures para acelerar en Colombia. Retrieved from: <https://www.pulzo.com/economia/google-ayudara-9-startups-colombianas-PP528590>

²⁰ El MassChallenge México 2019 seleccionó emprendimiento colombiano para su programa de aceleración. Retrieved from: <https://www.latinpymes.com/el-masschallenge-mexico-2019-selecciono-emprendimiento-colombiano-para-su-programa-de-aceleracion/>

²¹ APPS.CO Programa Del Ministerio TIC Finalizó Con Éxito La Fase Team Startup Colombia 2020. Retrieved from: <https://www.mintic.gov.co/portal/inicio/Sala-de-prensa/MinTIC-en-los-medios/161106:APPS-CO-Programa-Del-Ministerio-TIC-Finalizo-Con-Exito-La-Fase-Team-Startup-Colombia-2020>

²² Estas son las empresas que participarán en la segunda fase del programa ScaleUp Endeavor. Retrieved from:

<https://www.endeavor.org.co/novedades/programas/estas-son-las-empresas-que-participaran-del-programa-de-scaleup-endeavor/>

²³ Siete empresas de impacto presentaron sus soluciones para los ODS en Colombia. Retrieved from:

<https://www.innpuolcolombia.com/en/node/3038>

4.5 Inputs Required For Growth

- **Financial support:** Symplifica is looking for US\$ 3 million to accomplish three main objectives: 1) to strengthen its newest platform, Symplifica Trabajador@s'; 2) to boost the organization's promotion and marketing strategy in Mexico; and 3) to expand its operations to small- and medium-sized businesses. Symplifica is seeking either private equity or debt, or a blend of both.
- **Non-financial support:** In Mexico, Symplifica is looking to form alliances with enterprises interested in their services. And in general, Symplifica is looking for partnerships with private companies that can offer Symplifica's plans to their employees. The company could offer discounted memberships for corporate employees who formalize their domestic employees with Symplifica.