

Hipocampus



hipocampus.mx



The Care Economy
Knowledge Hub

the-care-economy-knowledge-hub.org

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.

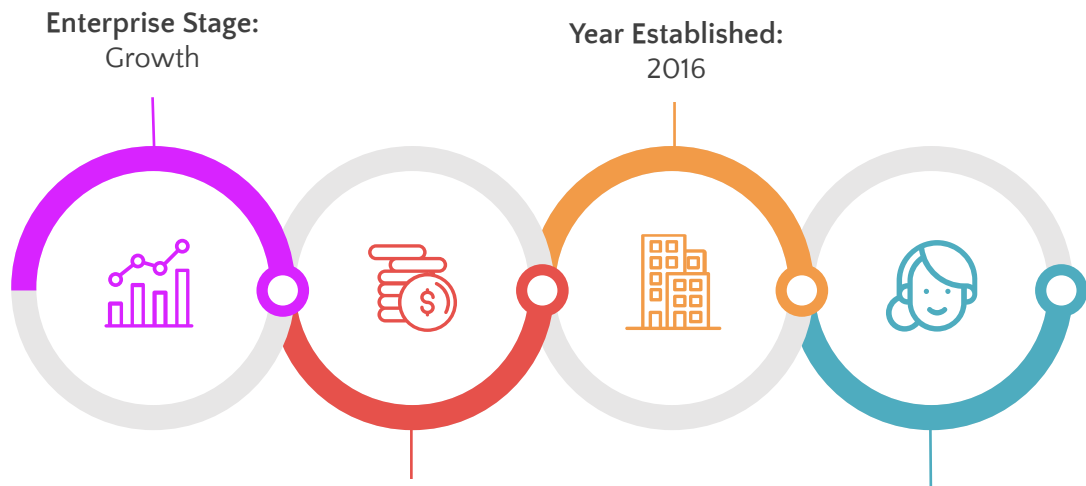
The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract 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



Hipocampus is a Mexican Certified B Corporation¹ that provides high-quality and affordable childcare, as well as early childhood education services. It targets low to middle-income households, as well as businesses that offer family-friendly benefits to their employees. The company likewise provides employment opportunities to women within communities where centers operate, allowing them to pursue careers in childcare and education. Hipocampus currently operates 8 childcare and early childhood education centers (in five major cities² in Mexico) and has reached over 900 children. There are currently 65 local women trained and employed by Hipocampus. In 2021, it generated US\$ 485,000 in revenue.



Enterprise Type:
For-profit

Women Owned/Led:*

- Founded by at least one woman
- At least 30% of the senior leadership are women (executive level/C-suite positions)
- At least 30% of the board of directors are women

Company Contact

Germán Zubía, Co-Founder and CEO

german@hipocampus.mx; german.zubia@connovo.org

[LinkedIn Profile](#)

¹ B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. Retrieved from: <https://www.bcorporation.net>

² Currently, Hipocampus operates in Veracruz, Estado de México, Durango, Guanajuato and Michoacán.

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

1. About The Enterprise

1.1 Problem

Evidence suggests that if businesses wish to increase female talent acquisition and retention, as well as reduce their attrition levels, they must invest in childcare and early childhood education solutions.³ In Mexico, many private companies struggle to hire new talent and retain employees,⁴ as well as experience high resignation rates associated with caregiving responsibilities.⁵ In 2019, Mexican women bore 77% of unpaid housework, spending an average of six hours per day on domestic tasks. This was compared to an average of two hours for men.⁶ In 2019, the Mexican Government ended a subsidized childcare centers program called *Estancias Infantiles (EIs)*⁷. The program launched in 2007 with the aim to facilitate women's access to work by covering 90% of childcare costs for families with a female head of household who was working or studying.⁸ Upon its cancellation, the program was replaced with direct monetary transfers to households (to spend as they saw fit)⁹. Studies show that the program's end has led to the closing of the majority of affordable childcare services in the country.¹⁰ In turn, this has forced some households to leave their children home alone,¹¹ or to enroll them into non-certified childcare centers that are not equipped to guarantee children's safety and appropriate learning. Consequently, many women made the decision to drop out of the labor market¹² to avoid the costly prices of private childcare alternatives.

³ ILO. (2022). Care at work Investing in care leave and services for a more gender equal world of work. P. 218. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_838653.pdf

⁴ Mexico Business News. (2021). Talent Attraction, Retention Become Top Priorities. Retrieved from: <https://mexicobusinessnews.com/news/talent-attraction-retention-become-top-priorities>

⁵ IFC. (2022). Spotlight on Grupo Altex, Mexico. Supporting Employees through Childcare. Retrieved from: <https://www.ifc.org/wps/wcm/connect/759e55ec-e270-42f4-8889-1758b78dc2db/202206-IFC-Grupo-Altex-Mexico-+Childcare.pdf?MOD=AJPERE&CVID=o5KhzRWV>

⁶ IFC. (2022). Spotlight on Grupo Altex, Mexico. Supporting Employees through Childcare. Retrieved from: <https://www.ifc.org/wps/wcm/connect/759e55ec-e270-42f4-8889-1758b78dc2db/202206-IFC-Grupo-Altex-Mexico-+Childcare.pdf?MOD=AJPERE&CVID=o5KhzRWV>; Business Insider Mexico. (2021). 1 de cada 4 padres de familia renunciaron o recortaron sus horas laborales en la pandemia —este fenómeno afectó desproporcionadamente a las mujeres. Retrieved from: https://businessinsider.mx/mujeres-renunciar-trabajo-cuidar-hijos-pandemia_economia/

⁷ The program aimed to increase women's labor participation and decrease the burden of care borne by working women, students with children, and single parents. Evidence showed that as a consequence of the program, women increased their access to and permanence in employment and improved their income. Banco de México (2014). The Effects of Child Care Provision in Mexico. Retrieved from:

<https://www.banxico.org.mx/publications-and-press/banco-de-mexico-working-papers/%7B7D832060-28E6-FEB5-DB81-3F10617035C9%7D.pdf>

⁸ Evidence showed that the program led to an increase in women's access to and permanence in employment, and improved their income. Banco de México (2014). The Effects of Child Care Provision in Mexico. Retrieved from:

<https://www.banxico.org.mx/publications-and-press/banco-de-mexico-working-papers/%7B7D832060-28E6-FEB5-DB81-3F10617035C9%7D.pdf>

⁹ Diaz, A. (2019). Entre las estancias infantiles y el bienestar. Retrieved from:

<https://economia.nexos.com.mx/entre-las-estancias-infantiles-y-el-bienestar/>

¹⁰ The abolition of the program resulted in the closure of 85% of the EIs centers due to a lack of financing by 2019. It is estimated that as of 2022 only 5% of the EIs are still operating.

¹¹ Pérez, P. (2019). Pago de guardería, un golpe a la economía. Retrieved from:

<https://www.pressreader.com/mexico/el-sol-de-puebla/20190216/281629601538519>

¹² Business Insider Mexico. (2021). 1 de cada 4 padres de familia renunciaron o recortaron sus horas laborales en la pandemia —este fenómeno afectó desproporcionadamente a las mujeres. Retrieved from: https://businessinsider.mx/mujeres-renunciar-trabajo-cuidar-hijos-pandemia_economia/

According to the most recent records, 96% of children aged 0–6 years old in Mexico either: stayed at home alone without any caregiver support, were cared for by relatives, neighbors or friends, or attended work with their mothers.¹³ Several parallel studies¹⁴ have reported that the previous subsidies for childcare and early childhood education services increased women's participation in the labor force. However, the new direct cash allowance model has led to women choosing to stay at home. As a result, female labor inactivity has increased. Hipocampus aims to address these issues.

1.2 Solution

Hipocampus offers high-quality and strategically located childcare and early childhood education services in Mexico. The company focuses on low to middle-income households, as well as medium to large businesses that provide family-friendly benefits. Hipocampus's high-quality childcare and early education services are guaranteed through the Montessori educational approach. Montessori models enable children to learn through play, foster children's curiosity, encourage them to ask questions and interact with the world, as well as adapt to individuals' learning paces.¹⁵ Hipocampus's approach also promotes parental engagement in their children's upbringing and learning processes, specifically by promoting male family members to take on a more active role in educating and caring for children.

Childcare and early childhood education services not only reduce employee turnover and retention, but also help to attract prospective workers, reduce absenteeism, increase productivity and focus, and enhance employees' motivation and job satisfaction.¹⁶ Business partners of Hipocampus develop and operate child care and early childhood education centers strategically located near the workplace. This allows employees to enroll their children in a convenient location. The businesses commit to providing the spaces, while Hipocampus adapts them to accommodate childcare and early childhood education solutions. Through these partnerships, businesses can customize opening hours and length of services, in order to fit their employees' schedules. Partnerships between businesses and Hipocampus vary, but often the business absorbs part of the operational costs by subsidizing childcare services for its employees. Monthly payments start at US\$62 per child, which is 25% of the Minimum National Wage.¹⁷

¹³ Retrieved from the *Encuesta Nacional de Empleo y Seguridad Social* (2017).

<https://www.inegi.org.mx/programas/eness/2017/#Tabulados>

¹⁴ López, S. (2020). Hacia la privatización del cuidado infantil en México. Las modificaciones al Programa de Estancias Infantiles Sedesol. *Revista interdisciplinaria de estudios de género de El Colegio de México*, Retrieved from: https://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S2395-91852020000100103

¹⁵ Retrieved from: <https://montessorifortoday.com/the-5-montessori-principles-what-they-are-and-how-to-apply-them/>

¹⁶ ILO. (2022). Care at work Investing in care leave and services for a more gender equal world of work. P. 207. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_838653.pdf

¹⁷ Mexico's Minimum National Wage is estimated around US\$250. Retrieved from:

<https://es.statista.com/estadisticas/1077860/america-latina-salario-minimo-mensual-por-pais/>

Businesses typically cover up to 85% of this cost, leaving households the remaining 15%.¹⁸ Anecdotal evidence suggests that employees find this contribution very affordable.¹⁹

As a response to the limited public childcare and early childhood education offerings,²⁰ as well as the inadequate private supply,²¹ Hipocampus also offers services to Mexican low to middle-income households. The company currently operates 8 centers in 5 Mexican cities. Alongside childcare services, Hipocampus provides professional employment opportunities to women within communities where the centers operate. These educators and childcare workers are hired and regularly trained to deliver high-quality childcare and early childhood education.

1.3 Customer Segment

Hipocampus operates under a B2B and B2C²² model. Its main customers are medium to large sized-businesses, with whom the company has commercial partnerships. Second are middle to low-income households.

Customer Segment	Product / Service Provided	Paid / Unpaid
Businesses	Corporate childcare and early childhood education centers: These services are geared toward medium to large businesses that partner with Hipocampus. Services are offered to their employees' children between the ages of 1–6.	Paid Businesses subscribe to contracts with Hipocampus in order to operate childcare and early childhood education centers (near business' locations and only for employees). ²³

¹⁸ Monthly payments are around US \$62 per child per month, which is 25% of the Minimum National Wage. Mexico's Minimum National Wage is estimated around US\$250. Retrieved from: <https://es.statista.com/estadisticas/1077860/america-latina-salario-minimo-mensual-por-pais/>

¹⁹ IFC. (2022). Spotlight on Grupo Altex, Mexico. Supporting Employees through Childcare. P. 10 Retrieved from: <https://www.ifc.org/wps/wcm/connect/759e555ec-e270-42f4-8889-1758b78dc2db/202206-IFC-Grupo-Altex-Mexico--Childcare.pdf?MOD=AJPERE&CVID=o5KhzRWV>

²⁰ As stated before, this makes reference to the government measures that ended with the public childcare program *Estancias Infantiles*, which served over 315,000 children nationwide within 9,200 childcare centers. The measure considerably limited the supply of childcare services and forced parents to reduce their working hours, particularly mothers, or to enroll their children into non-registered centers. Retrieved from: <https://www.elsoldemexico.com.mx/republica/sociedad/estados-abandonan-estancias-infantiles-cierran-por-falta-de-fondos-8018607.html>

²¹ IFC. (2022) Spotlight on Grupo Altex, Mexico. Supporting Employees through Childcare. P. 10 Retrieved from: <https://www.ifc.org/wps/wcm/connect/759e555ec-e270-42f4-8889-1758b78dc2db/202206-IFC-Grupo-Altex-Mexico--Childcare.pdf?MOD=AJPERE&CVID=o5KhzRWV>

²² B2B stands for Business to Business model, while B2C stands for Business to Consumer model.

²³ Sometimes businesses' venues cannot be adequately equipped; hence, Hipocampus rents and arranges a place close to the working place, making it suitable for children learning.

Customer Segment	Product / Service Provided	Paid / Unpaid
Households	<ul style="list-style-type: none"> • Childcare and early childhood education centers: Hipocampus offers this service to all households with children from 1–6 years old. This service is primarily aimed at households that lack access to affordable and high-quality childcare alternatives near their home. In general, these households have used subsidies from the government to afford these services in the past. • After-school program: Hipocampus is currently piloting this initiative to offer additional childcare and accompaniment services to households needing after school assistance for children aged 4–8 years old. 	<p>Paid</p> <p>Households pay a reduced monthly fee to enroll their children in Hipocampus private childcare and early childhood education centers.</p>
Educators and childcare workers	<p>Training: Hipocampus offers its educators and caregivers formal training in early childhood education methodologies, using the Montessori approach. The company regularly evaluates their performance to guarantee caring and teaching quality.</p>	<p>Unpaid</p> <p>Free for educators and childcare workers hired by Hipocampus.</p>
Educators, childcare workers, and caregivers	<p>Digital Support Program: Hipocampus currently provides free digital/remote assistance and training to 100 educators, childcare workers, and caregivers. Assistance includes theoretical and practical tools on early childhood education and personal growth. In addition, the platform enables the creation of digital communities to share experiences and knowledge.</p>	<p>Unpaid</p> <p>This service is currently being piloted with the Nuevo León Government. It will be available to any educator, childcare worker, or caregiver.</p>
Other childcare centers and educational institutions	<p>Consultancy projects: Hipocampus is currently piloting this service, which offers advisory services to other childcare and educational institutions interested in integrating Hipocampus knowledge and experience into their operations.</p>	<p>Paid</p> <p>Fee for services based on call for proposals.</p>

1.4 Team And Governance Structure

There are currently 65 local women trained and hired by Hipocampus as educators and childcare workers. Its board of directors is composed of 7 individuals (4 of whom are women), the 2 co-founders (a male and a female), 4 investor representatives, and an independent adviser.

1.5 Enterprise Policies

Policy	Yes / No
Overall HR Policy	Yes
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	Yes
Whistleblower policy / Employee grievance mechanism	Yes
Maternity / Paternity leave policy	Yes
Safeguarding policies for vulnerable groups (children, elderly, PWDs)	Yes
Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)	No ²⁴

2. Impact

2.1 Mission Statement

Hipocampus's mission is to increase access to quality childcare services at a price that is affordable to most families in Mexico. Its solutions are aimed to adapt to children's learning processes and households' specific needs and obligations.

²⁴ Hipocampus is currently piloting the use of Goodwings in order to reduce carbon footprint travel expenses.

2.2 Intended Impact

Hipocampus currently impacts the following Rs:

- **Redistributes** unpaid childcare work and early childhood education to a private third party that provides these services with high-quality standards and affordable fees.
- **Reduces** the time households, particularly mothers, spend on childcare and early childhood education. This frees up their time to engage in the labor market, or to perform other activities.

2.3 Monitoring And Measurement

Hipocampus measures the following indicators for service outreach on a monthly basis:

- Number of centers in operation
- Number of children served
- Number of women with access to childcare
- Number of women with access to decent work employment opportunities
- Number of parents attending workshops
- Number of parents registered on the Hipocampus digital program
- Number of capacity strengthening programs for care workers, educators, and caregivers

In addition, it also measures the following performance indicators:

- Percentage of children with high grades on the CEDI test²⁵ (captured twice a year)
- Percentage of children with at least 85% of the graduation profile (captured monthly)
- Percentage of educators with an evaluation of at least 3.5/4 on a standardized test

To track the quality of its services the company uses:

- Customer satisfaction surveys (parents and private companies)
- Evaluations of interactions between educators and students
- Short and medium term changes in performance of children

²⁵ Cédula de Evaluación del Desarrollo Infantil (CEDI) is a standardized test for children under 5 years old that is carried out twice a year.

2.4 Results To Date

Since it started operations in 2016, Hipocampus has reached over 900 children and has served 1,550 parents. 100% of the parents who have attended Hipocampus's workshops have improved their parenting skills, which are measured through a standardized test. 100% of the evaluated children with developmental delays showed improvement in the first six months and sustained progress over time. The company has trained and currently employs 65 women as educators and childcare workers.

The four businesses that have partnered with Hipocampus report that 87% of their employees believe they are more productive as a result of their access to childcare facilities and 95% state that childcare services being in close proximity to their places of employment has improved their work-life balance.²⁶

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



²⁶ Taken from the company's website: <https://www.hipocampus.mx/empresas>

3. Financials

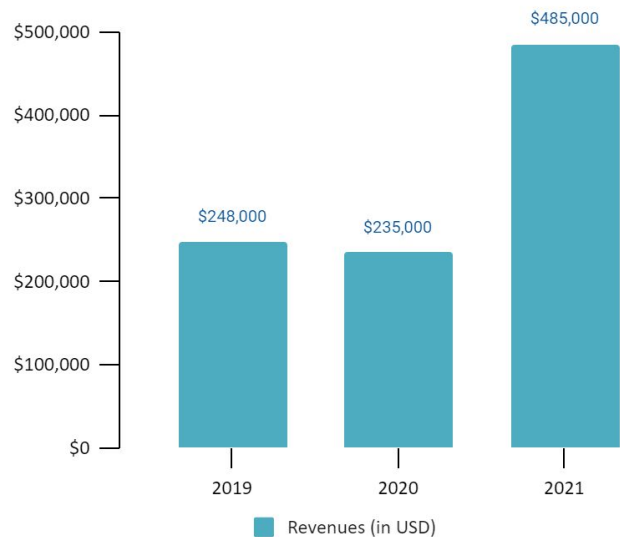
3.1 Financial Status

Hipocampus aims to be financially profitable in the next year.

(Amounts in US\$)	FY2019	FY2020	FY2021
Total Revenue	248,000	235,000	485,000
Total Expenses	406,000	335,000	315,000
EBITDA OR Profit/Loss	-158,000	-100,000	170,000
EBITDA Margin	-63.7%	-42.6%	35.1%

3.1.1 Revenue Streams

The graph below depicts Hipocampus's past revenue. It is estimated that 95% of Hipocampus's business revenue comes from sales: 92% from businesses and 8% from households. Currently, 5% of business revenue comes from grants and external investments. In the last 3 years, Hipocampus has received grants from foundations such as: UBS Visionaris, Ikea Social Entrepreneurship, Facebook, *Fundación Femsa*, *Fundación Compartamos*, *Fundación Frisa* and Open Road Alliance. It has also received funds from the Acumen Fund and Grey Matters Capital to support the creation of more centers in Mexico.²⁷



²⁷ Retrieved from: <https://graymatterscap.com/portfolio/>

3.1.2 Expenses

A breakdown of expenses is currently unavailable. Hipocampus may be contacted directly for further information on its expenses.

3.2 External Funding Sources (Past and Current)

External funding has mainly come from family offices, angel investors, foundations, and impact investors. The organizations that have provided funds for Hipocampus are: *Promotora Social México*, CO Capital, Connovo, and Grey Matters Capital.

3.3 Challenges Faced In Accessing Capital

Creating awareness around investing in high-quality, affordable, childcare and early childhood education services in Mexico has been difficult. This is partly due to discriminatory gender norms which dictate that childcare is the responsibility of women. Hipocampus acknowledges that venture philanthropy tends to align more with the company's mission (among all available capital sources). However, this is often limited. Investors willing to fund projects that primarily generate social impact and long-term revenue are scarce.

4. Path To Scalability

4.1 Potential Avenues For Growth

In order to strengthen and consolidate its operations in Mexico, Hipocampus has identified the following avenues for growth:

- **Increase the number of childcare and early childhood education centers:** Hipocampus's strategic plan includes operating a total of 25 childcare and early childhood centers within the next 3 years in the Mexican states of Guanajuato, Michoacán, Veracruz, Durango, Nuevo León, Jalisco and Estado de México.
- **Expansion of services:** As of 2025, Hipocampus plans to launch 12 capacity-strengthening programs as a part of its consultancy services to other childcare centers and educational institutions. This will allow the company to reach over 6,000 educators and childcare workers, mainly through its digital platform. It also plans to introduce 7 after-school programs.

4.2 Risks And Challenges

Hipocampus has identified the following challenges:

- **Operational challenges:** Hipocampus requires regular and intensive investments in human and physical resources in order to ensure high-quality services and guarantee children's safety. This limits its opportunities to scale.
- **Government support:** Childcare and early childhood education services are mainly provided by private entities which lack financial support from the government, specifically after the closure of the *Estancias Infantiles* program.²⁸
- **Social norms:** Hipocampus notes that social and cultural norms in Mexico place responsibility for childcare primarily on mothers. This creates tensions within households and resistance to enrolling children in childcare and early childhood education centers, limiting the demand for services.

4.3 COVID-19 Impact On The Enterprise

According to Hipocampus, the outbreak of COVID-19 created major challenges and revealed several shortcomings in its operational model and services offered. However, the company survived and implemented the following strategies:

- Improved its value proposition for customers by launching new products, such as its digital platform for educators, childcare workers, and caregivers.
- Requested and received philanthropic funding from private parties in order to maintain its operations.
- Reinforced its operational efficiency through the automation of certain processes and the implementation of new digital tools.

4.4 Support Received To Date

Technical assistance has been crucial for Hipocampus to develop and improve its project structure, as well as its operational and technological efficiency. Hipocampus has received training support and advice from the *Enlace+* program from the *Tecnológico de Monterrey* and the Impact Venture Studio Connovo. It participated in the accelerator programs from the Global Social Benefit Institute from the University of Santa Clara in California, Ikea and New Ventures. It has also received advisory from the company Bain to strengthen its market and growth strategy.

²⁸The *Estancias Infantiles para Apoyar a Madres Trabajadoras* program targeted low-income women aged 15 and older with children between one and four years old. It covered about 90% of childcare costs and served over 315,000 children nationwide within 9,200 childcare centers. Retrieved from:

<https://www.ifc.org/wps/wcm/connect/759e55ec-e270-42f4-8889-1758b78dc2db/202206-IFC-Grupo-Altex-Mexico-+Childcare.pdf?MOD=AJPERES&CVID=o5KhzRW>

4.5 Inputs Required For Growth

Hipocampus is currently seeking US\$100,000 to increase the number of childcare and early childhood centers it operates and scale up its advisory program for other childcare centers and education institutions. It will also reinforce and develop its marketing and communications strategies and improve its operational and technological efficiency. The company is open to any sources of capital funding and/or technical assistance.