

Mission vs. Margins: Sustainability Dilemma in Senior Mental Health Tech

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Abstract: A Bengaluru-based social enterprise founded in 2022 pioneered digital mental health solutions tailored for senior citizens in India. Operating in the burgeoning EdTech and healthtech intersection, the company developed user-friendly apps and platforms offering mental wellness exercises, stigma-reduction content, AI chatbots, and virtual support groups. These drew from research on digital tools' role in enhancing psychological well-being among the elderly. Amid India's rapidly aging population—projected to reach 340 million seniors by 2050—and rising mental health challenges post-COVID, the enterprise addressed critical gaps in accessible care, particularly for isolated rural and semi-urban elders facing stigma and mobility barriers. The enterprise scaled impressively, securing seed funding from impact investors and partnerships with NGOs, achieving 500,000 downloads by mid-2025. Its freemium model combined free basic content with premium subscriptions and B2B licensing to hospitals. However, by early 2026, it confronted a profound strategic dilemma: persistent operational losses despite revenue growth. High customer acquisition costs, low premium conversion rates (under 5%), dependency on volatile grants, and scalability hurdles in low-digital-literacy demographics eroded margins. Operational issues compounded the crisis, including tech adaptation challenges for seniors (e.g., poor eyesight, tech phobia), content localization for diverse languages, and data privacy concerns under India's DPDP Act. Financially, burn rate exceeded INR 2 crore monthly, with cash reserves dwindling to three months. Marketing efforts via social media yielded high awareness but shallow engagement, while HR struggles involved retaining mission-driven talent amid competitive salaries from Big Tech. The managerial dilemma centered on the CEO's pivotal choice: pivot to a profitable B2C model targeting urban youth, risking dilution of the social mission; seek a corporate acquisition, potentially compromising autonomy; or double down on impact by slashing costs and pursuing government subsidies, jeopardizing short-term survival? This case illuminates trade-offs in social entrepreneurship, where measuring dual bottom lines—social impact and financial health—demands nuanced decision-making. Suitable for MBA, Executive MBA, and Management Development Programs, the case fosters debate on sustainable business models in mission-driven ventures. It equips participants to navigate ambiguity in impact investing, blending strategic analysis with ethical considerations. Target audience includes future leaders in social enterprises, healthtech, and sustainability-focused firms, emphasizing real-world relevance in India's \$10 billion social enterprise ecosystem.

Learning Objectives

- Analyse the dual challenges of social impact and financial sustainability in social enterprises using frameworks like the Triple Bottom Line.
- Evaluate growth strategies and business model innovations for tech platforms targeting underserved demographics such as senior citizens.
- Assess operational and technological barriers in EdTech for low-digital-literacy users, applying tools like PESTLE and Value Chain Analysis.
- Recommend strategic alternatives balancing mission integrity with profitability, considering stakeholder trade-offs.
- Examine the role of impact measurement in securing funding and scaling social ventures.

Functional Area and Keywords

Functional Area: Sustainability and Social Entrepreneurship

Keywords: social enterprise, sustainability, mental health EdTech, senior citizens, business model innovation, impact investing, digital inclusion, triple bottom line, mission drift, scalability challenges.

Introduction

India's mental health crisis has intensified, with the WHO estimating 150 million sufferers, disproportionately

affecting seniors amid urbanization and family fragmentation. The EdTech sector, valued at \$4 billion in 2025, increasingly intersects with healthtech to deliver scalable interventions, yet accessibility for the 150 million+ seniors remains limited by digital divides and stigma. The enterprise emerged in this context, leveraging smartphones—penetration at 70% among urban seniors—to democratize mental health support. However, as economic pressures mount, social enterprises face emerging issues: reconciling profit motives with impact goals without "mission drift." This case probes these tensions without prescribing paths forward.

Company Background

The social enterprise was established in 2022 by a 38-year-old IIM Bangalore alumna with a background in healthtech consulting and a geriatric psychiatrist. Headquartered in Bengaluru, its mission is "Empowering India's elders with digital tools for mental resilience," while its vision envisions "a stigma-free, connected senior India." Core offerings include a mobile app (daily mindfulness exercises, mood trackers, AI chatbot for stigma-busting chats), web portals for family caregivers, and B2B modules for old-age homes.

The business model adopts a freemium structure: free access to basic content (80% usage), premium subscriptions (INR 99/month for personalized plans), and enterprise licensing. Customers span urban middle-class seniors (60% users), rural migrants via partnerships, and institutions. Positioned as "India's first senior-centric mental wellness platform," it serves the healthtech and EdTech industries, boasting tech capabilities like vernacular AI (Hindi, Tamil) and voice-based interfaces. Geographically, it covers 10 states, with 60% users from Karnataka, Maharashtra, and Tamil Nadu.

Growth Pathway and Business Model

Bootstrap-funded initially (INR 50 lakh personal investment), the enterprise raised INR 10 crore in seed funding in 2023 from impact VCs like Acumen India and Omidyar Network, followed by INR 15 crore Series A in 2024. Revenue grew from INR 2 crore (FY24) to INR 8 crore (FY25), driven by 40% YoY user growth to 500,000 active users. Expansion involved hiring 80 staff (from 15), launching 5 regional pilots, and forging 20 NGO ties for last-mile reach.

The hybrid model blends grants (30% revenue), subscriptions (40%), and B2B (30%). Scalability challenges emerged: CAC at INR 500/user versus LTV of INR 400, rural internet unreliability, and content moderation costs. Workforce scaled to 50 tech roles, emphasizing empathetic training. Customer strategy focused on viral referrals via family sharing, but operational model strained under high server costs and localization needs.

Organizational Structure and Management Practices

The enterprise employs a flat hierarchy with five departments: Product (20 staff), Operations (25), Marketing (15), Impact Measurement (10), and Finance/HR (10). The CEO leads with a transformational style, fostering a "mission-first" culture via weekly "Impact Huddles." Reporting flows directly to her, promoting agility. Workplace culture emphasizes work-life balance (4-day week) and equity (40% women), with open communication via Slack and all-hands meets.

Governance includes a board with 40% independent impact experts, quarterly ESG audits, and OKR-based performance. Operational practices feature lean Agile sprints for app updates, while marketing relies on influencer tie-ups with senior celebrities. Financial systems use zero-based budgeting, but HR faces 25% attrition from salary gaps.

Core Business Issues and Challenges

1. **Financial Unsustainability:** Despite 300% revenue growth, net losses hit INR 12 crore in FY25 due to 60% gross margins eroded by marketing (25% spend) and R&D (20%). Grant dependency exposed vulnerabilities amid investor scrutiny for profitability.
2. **User Engagement and Retention:** Seniors' low digital literacy led to 70% drop-off post-onboarding; stigma persisted, with only 15% using chatbots. Rural ops faced 40% lower retention from connectivity issues.
3. **Scalability and Tech Barriers:** Expanding to 20 languages ballooned costs; AI accuracy dipped to 75% in dialects. Regulatory hurdles under DPDP Act raised compliance expenses by 15%.
4. **Talent and Culture Strain:** Mission-driven hires clashed with profit pressures, causing key exits. Funding slowdowns (post-2025 VC winter) threatened payroll.
5. **Impact Measurement Gaps:** While 80% users reported reduced loneliness (internal surveys),

standardized metrics lagged, deterring Series B investors.

Managerial Dilemma

By March 2026, with runway at three months, the CEO stared at three offers: a INR 50 crore acquisition by a Big Tech firm (diluting mission), a pivot to youth-focused premium features (doubling revenue but alienating core users), or a lean impact-only model via government tenders (securing survival but capping growth). Choosing risked investor backlash, team morale, or mission erosion—what strategic path ensures long-term viability without compromising the enterprise's soul?

The strategic dilemma sharpened further when the board requested a clear recommendation within ten days, warning that the next funding tranche would depend on evidence of a viable path to profitability. At the same time, frontline employees argued that any move away from senior citizens would betray the enterprise's founding purpose, while investors increasingly questioned whether the organization was building a scalable business or merely subsidizing a social cause. The CEO now had to decide not only how to preserve cash, but also which stakeholders the organization was ultimately accountable to, and how much ambiguity it could tolerate before strategic drift became irreversible.

Conclusion

The case highlights the difficult balancing act faced by mission-driven enterprises that operate at the intersection of social impact and commercial viability. It shows how growth, when pursued without a sustainable economic logic, can intensify operational strain, deepen financial pressure, and force leadership to confront uncomfortable trade-offs between purpose and survival.

The unresolved nature of the dilemma is intentional, since the case is designed to help students practice judgment under uncertainty rather than search for a single correct answer. By the end of the discussion, participants should recognize that the central issue is not simply whether the enterprise should grow, cut costs, or pivot, but how it can remain credible to users, investors, employees, and society while making a defensible strategic choice.

This makes the case suitable for classroom debate in MBA, Executive MBA, and management development settings, where learners can apply strategy, sustainability, finance, and leadership frameworks to a complex real-world setting

Teaching Note

Synopsis of the Case

This case chronicles a social enterprise's journey tackling senior mental health via EdTech, culminating in a sustainability dilemma amid financial pressures and operational hurdles. It drives discussion on balancing profit and impact.

Target Learning Group

MBA/Executive MBA students in Social Entrepreneurship, Sustainability, Healthtech, or Strategy courses; 60–90 minute sessions for 40-60 participants.

Teaching Objectives

Aligns with learning objectives above, fostering application of theories to real dilemmas.

Suggested Teaching Strategy with Classroom Timing

- **Introduction (10 min):** Icebreaker poll on social enterprise challenges; present abstract.
- **Individual Analysis (10 min):** Read case; note key issues.
- **Group Discussion (20 min):** Assign groups Porter's Five Forces/SWOT.
- **Plenary Debate (20 min):** Dilemma alternatives.
- **Wrap-up (10 min):** Theories integration, Q&A.
- **Assignment (10 min):** Prep discussion questions.

Suggested Teaching Insights

- **SWOT Analysis:** Strengths (mission, tech); Weaknesses (losses, retention); Opportunities (aging India); Threats (regulation, competition).
- **PESTLE:** Political (DPDP Act); Economic (funding crunch); Social (stigma); Technological (AI limits); Legal (data privacy); Environmental (digital carbon footprint).
- **Porter's Five Forces:** High buyer power (free alternatives); intense rivalry (health apps); low supplier power.
- **Triple Bottom Line/Balanced Scorecard:** Measure people (impact surveys), planet (sustainable ops), profit (ratios).
- **Blue Ocean Strategy:** Create uncontested space in senior EdTech via voice-AI.

Suggested Strategic Alternatives

Alternative	Pros	Cons	Financial Implications	Operational Impact	Organizational Consequences	Implementation Challenges
Corporate Acquisition	Immediate INR 50 Cr liquidity; scale via parent tech.	Mission dilution; loss of autonomy.	High exit valuation; short-term gains.	Faster rollouts.	Culture clash.	Negotiation delays.
Youth Pivot	Revenue x2 (higher ARPU INR 300); broader market.	Alienates seniors (core 60%); drift.	Break-even in 12 months.	App redesign.	Morale drop (30% attrition).	User migration resistance.
Lean Impact Model	Retain mission; govt grants INR 20 Cr/year.	Stagnant growth; no profits.	Low burn; subsidies cover 50%.	Cost cuts (20% staff).	Motivation via purpose.	Tender bureaucracy.
Hybrid B2B Expansion	Steady revenue (hospitals); impact scale.	Slow sales cycles.	Margins to 40%; +INR 10 Cr.	Partnership ops.	Balanced culture.	Customization costs.

No optimal choice; debate trade-offs.

Discussion Questions

1. Conduct a SWOT/PESTLE on the enterprise—how do macro forces exacerbate sustainability issues?
2. Evaluate the freemium model using Business Model Canvas; propose innovations for seniors.

3. Apply Porter's Five Forces to EdTech mental health—where are threats greatest?
4. Assess mission drift risk in alternatives; use Triple Bottom Line to prioritize.
5. How can impact metrics (e.g., Balanced Scorecard) attract investors? Quantify ROI.
6. Examine HR challenges via McKinsey 7S—what alignments are misfiring?
7. Recommend a go-forward strategy, detailing implementation roadmap and risks.
8. Debate: Should social enterprises prioritize impact over profit? Use Blue Ocean examples.

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