



Challenges for Small, Medium & Micro Enterprises

Internet Centres run by Young Entrepreneurs

GSMA Development Fund
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The GSMA Development Fund



MTN South Africa Data
Centre in Alexandra Township



Grameenphone CIC in
Bangladesh

- Established in October 2005 to catalyse the uptake of initiatives that use GSM technology for social and economic development
- To date the Fund has been funded by proceeds from the Emerging Markets Handsets Programme.
- We identify and deliver pilot projects aimed to bring social and economic development to a local community
- All projects must be scalable and sustainable, and delivered with commercial rigour and discipline
- To date we have projects in Algeria, Bangladesh, India, Kenya, Namibia, Nigeria, Pakistan, Rwanda, South Africa and Uganda



Where we work today

Algeria - Djezzy Shared Voice

Pilot live with 12 sites and operator committed to commercial rollout

Nigeria – MTN Shared Voice & Biofuels

2,000 unit SATV Pilot
Biofuels pilot live in Lagos

Rwanda – MTN Rwanda HIV Surveillance with Voxiva

HIV/AIDS tracking pilot live

Kenya – Safaricom Shared Voice and Shared Data

SATV pilot live with 100 units
SATD pilot rolling out with 10 schools
Wheelchair SATV to go live Q4 '06

Uganda - MTN Uganda Shared Voice

10,000 unit roll-out in development

South Africa - MTN Shared Data

8 container shop pilots live, including one connected by HSDPA



**India – Idea, Airtel, Hutch
Shared Voice, Shared Data, Biofuels**
Airtel voice pilot live
Idea voice pilot due to launch November
Hutch data pilot in development
Idea Digital Village in development
Idea Biofuels in development

**Bangladesh – GrameenPhone
Shared Data**
550 Community Information Centre

**Pakistan - Telenor Pakistan
Shared Voice**
500 unit pilot commences Q4 '06

**Namibia
Wind and Solar Powered Base station**
Pilot now live with MTC and Motorola

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3



Shared Access to Data

The Challenge:

- To foster economic development
- To bridge the digital divide
- To provide affordable access to ICT
- To Improve connectivity, education and content
- To develop a cost effective and sustainable model

The Solution – Shared Access to Data – Internet Centres

- To establish Shared Access to Data sites - internet terminals utilising a range of cost-effective technologies with data connectivity provided by GSM.
- To create solutions which are affordable, scalable and sustainable.
- To create business opportunities

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4



What is an Internet Centre?

A shared premises where the public can access services such as internet, voice communications, video conferencing and information based services

Established as a local business

Owned and managed by a local entrepreneur

Start-up Cost of between US\$ 700 - 1200

Revenue target market dependant

South Africa – US \$12 – 20 per day

Bangladesh - US\$ 5 – 7 per day

Break-even target < 1 year

If required, supported by micro finance

“Entrepreneur model”



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What services are on offer?

Online Services

- Email
- Instant Messaging
- Voice and video services
- Web conferencing
- Content including education, news and market prices

Offline Services

- Information (agriculture, health, government forms)
- Services (printing, CD-burning, document composition, scanning, photocopies and photography)

Other valued services

- Air time (top up cards)
- Community notices and events



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6

Case Study, Alexandra, South Africa

- Eight “Data Centres” opened in June 2006 in South Africa with MTN called MTN@caccess

Case Study, Alexandra

Services offered:

- Internet connectivity, via HSDPA. Internet browsing, email, CD writing, photocopy, scanning, web camera.
- Mobile PayPhone services

Usage and Revenue

Average 20 terminal users per day

Total Profit US\$ 390 / month



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7

Data Centre: GrameenPhone, Bangladesh

- 550 CIC's rolled out across rural Bangladesh connected via EDGE.

Case Study

Services offered:

- Internet connectivity, via EDGE. Internet browsing, email, CD writing, photocopy, scanning, web camera.
- Computer training
 - 20 students
 - Offers courses with or without certificates

Revenue

- CIC US\$125 / month
- Training US\$ 10 / student
- Total revenue US\$ 250 / month



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8

Challenges Faced by Entrepreneurs in Africa

- Regulatory burdens
 - Force entrepreneurs into the informal sector
 - Prevent investment
 - Increase consumer prices
 - Increase administrative costs
 - Result in slow bureaucratic procedures
- Weak property rights
 - Difficult entry regulations to business – few businesses bother to register
 - High transaction costs for property, no formal assets – referred to as “dead capital”
- Lack of access to capital and credit
 - Unable to borrow and therefore invest in businesses

FACTS*

- 2 days to start a business in Australia, 54 days in Kenya and 155 in the DR Congo
- 2 business procedures in Australia, 13 in Kenya and 19 in Chad

*2005 The International Bank for Reconstruction and Development / The World Bank



Challenges Faced by Case Study Entrepreneurs

- Training
 - Assessments indicated inadequate PC and Business knowledge of entrepreneurs
- ICT Knowledge
 - Lack of ICT knowledge within local communities. A fear of using the internet
- Low Data Penetration
 - Lack of knowledge surrounding data services
- Equipment
 - Unreliable hardware and expensive software
- Power
 - Off-grid locations and power-shedding
- Security
 - Risk of threat and robbery
- Funding
 - Very few formal financing options available in these markets for entrepreneurs
- Technical Support
 - Lack of reliable and affordable technical support
- Government regulations
 - Government regulations restricting entry



Solutions

- Regulation Address the issues surrounding regulation
- Training Increase in-depth business education and ICT training
- Marketing Increase local and national marketing to meet community needs relating to data services
- Local Web Portal Design and provide easy to use & relevant information in native languages
- Equipment Develop Private Partnerships to purchase or on-loan hardware and software
- Power Invest in alternative power solutions like solar
- Credit Improve access to credit
- Property Rights Reduce entry and transaction costs



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