Fostering Social Development Through Commercial Solutions

Presented by: Ganesh Jayadevan, Bharti Telesoft
(formerly, Jataayu Software)
Another point of view

- This presentation may be a bit different from what we have seen earlier

- What I am about to present is *not so much the truth but maybe a place to stand*

- So, hold those pieces of chalk, rotten tomatoes, and whatever else 😊
Impact of commercial drivers in development

- Mobile technology promises to cause a huge paradigm shift in the economic and social transformation.

- We have seen evidence of that already world over.

- Not only the world is more connected but the value subscribers get from of the mobile is clear.

- What has not been distinguished so far is the projects or product with commercial intent rather than social drivers that have made an impact economically and socially.

- We would like to make a case for commercial drivers and present the resulting positive side-effects.
Explaining the lack of focus on commercial drivers

- When we think of social and economic development the approach is usually of direct action to impact health, wealth, livelihood (**immediate concerns**) of the rural population. This is seen as maximizing impact as it addresses directly the issues in the **foreground**, addressed mainly by voice and voice applications.

- The reasons for these are the following:
  - Mobile facilitates quick and easy communication via voice that will impact immediate concern. Mobile provide much quicker access and a shorter reach. With this focus, the commercially driven, value-added services (or VAS) has received less attention on what’s possible.
  - Mobile commercial projects are also considered unimportant due to direct focus on immediate concerns. The commercial viability and profit concerns are considered as issues for later.
  - The services addressing socially relevant concerns are also perceived as being in conflict with revenue or profit motives of the operators.
Looking through the commercial lens

- We at Bharti believe a commercial approach to developing markets catering to low-income populations is very much possible and could also result in a positive effect.
- We also believe there is actually a strong business case that can be built around value-added services, here and now.
- i.e, a notion that socially and economic issues should be first dealt with and commercial considerations can follow later is not really necessary.
- We will show in the following slides that pure commercial efforts have resulted in the following benefits:
  - Creating of small-value retain chain, resulting in employment and a catalyst for growth
  - Reaching personalized entertainment to the masses in an affordable way
  - Personal branding, social upwards mobility
  - Easier access to the vast world of the internet
Anywhere, Anytime, Anyvalue Recharge

- Even 3-4 years ago pre-paid for mobile was done via scratch cards

- Subscribers purchased talk-time and recharged their mobile by entering the number in the scratch card.

- The advent of over-the-air (OTA) recharge was purely to address the hurdles of the scratch-card scheme:
  - It had a rather expensive supply chain that involved physical movement of scratch cards that needed to get delivered.
  - Recharge had certain minimum currency below which it became economically unviable.
  - Stock taking was cumbersome as many points had to be measured.
  - Recharge is much easier, taken up as supplemental income, new business
Anywhere, Anytime, Anyvalue Recharge

- With OTA:
  - Recharge became electronic. Only physical money changed hands. The last-mile dealer (or a petty shopkeeper) could instruct recharge over the air.
  - Reach became much wider.
  - Eliminate wasteful use of movement of plastic scratch cards.
  - Scale that were not possible earlier was now possible.

- There were obviously large monetary savings to the operator with the OTA scheme and very interestingly not only was the cost savings passed on to the customers, but also mobile adoption has exploded. (>>300 million) due to this.

- With such far-reaching impact it has allowed small merchants to sell minutes in the remotest corners of India

- In places like the Philippines, talk-time is also used as form of currency.
Music on Demand

- Harry Davis, in 1904, created a blue ocean by starting a Nickelodeon theatre in Pennsylvania, USA as a way to take entertainment to the masses.
- Until then the only form on entertainment available was the Opera ($2/ticket), the vaudeville (travelling performers at 50 cents).
- With weekly incomes at $12/week, a family of 4 could not afford regular entertainment.
- Davis lifted the spirit of a huge untapped segment of the population by creating this blue ocean.
- We think that music IVR is like that – it opens the doors of 24x7 entertainment to those who don’t have access to it today.
Cross Country FM, Anyone?

- Music via IVR (Music on Demand) has become an affordable and a means of easy access to music via voice.
- Subscriber calls into an IVR system and selects a song of his or her choice.
- The reasons of success can be attributed to the following:
  - In India, FM radio is a largely urban phenomenon.
  - AM programming, which is mostly government controlled, is a largely unappetizing.
  - Given that gadgets such as CD, mp3 players, or even cable television are not possible with smaller budgets in the rural areas there existed a vacuum for entertainment.
  - Given India is a place of rich and colorful entertainment (with the likes of Bollywood) the need to deliver affordable entertainment was very strong.
Caller Ring back tone

- Caller ring-back tone (CRBT) is a service where a subscriber can choose to a ringtone of his or her choice be played when called. The ringtone is played to the caller.

- CRBT has become extremely popular in India and is based on a one-time and monthly charge.

- It has become a fashion-statement, status symbol, or a means of self-expression – essentially defines their personality to the rest of the world.

- What this helps do is to trigger individual aspiration as the basic driver for social and economic upward mobility.
Internet for the masses

- The internet explosion is not fully accessible from the mobile handset.

- Internet access is still slow due to lack of good 3G infrastructure in most parts of the developing world.

- Content adaptation does not fully address the challenge of access.

- As a result internet browsing is not an easy activity that one looks forward to repeat as and when needed.

- A more applicable means to address this problem is in use of widgets. Widgets are small applications that are meant for specific a purpose and removes the need to navigate and also addresses bandwidth issues.

- Widgets easily lend themselves be designed for specific purposes such as: weather, commodity prices, banking, etc.
Macro-level correlation


- Indian states with 10% higher mobile phone penetration will enjoy 1.2% higher annual average growth rate than those with a lower teledensity.

- The real benefits of telecommunications only start when a region passes a threshold penetration rate of about 25%. Many areas have still not attained that level.

- Delhi’s penetration rate is in excess of 100% but states such as Bihar, Orissa, Assam and Madhya Pradesh have not yet reached the critical 25% threshold.
Macro-level correlation

- In another study, London School of Economics professor Leonard Waverman had found that 10% extra mobile penetration may result in as much as 0.6% of additional GDP growth.
In Summary

1. Pure commercial ventures which can alter the context in the background can have a stimulating effect towards social and economic development.

2. They can work on triggering people’s aspiration for self development, provide a means to prosperity.

3. Creates a blue ocean in terms of opportunity for a community (ies)