

# SMEs in the inclusive information society

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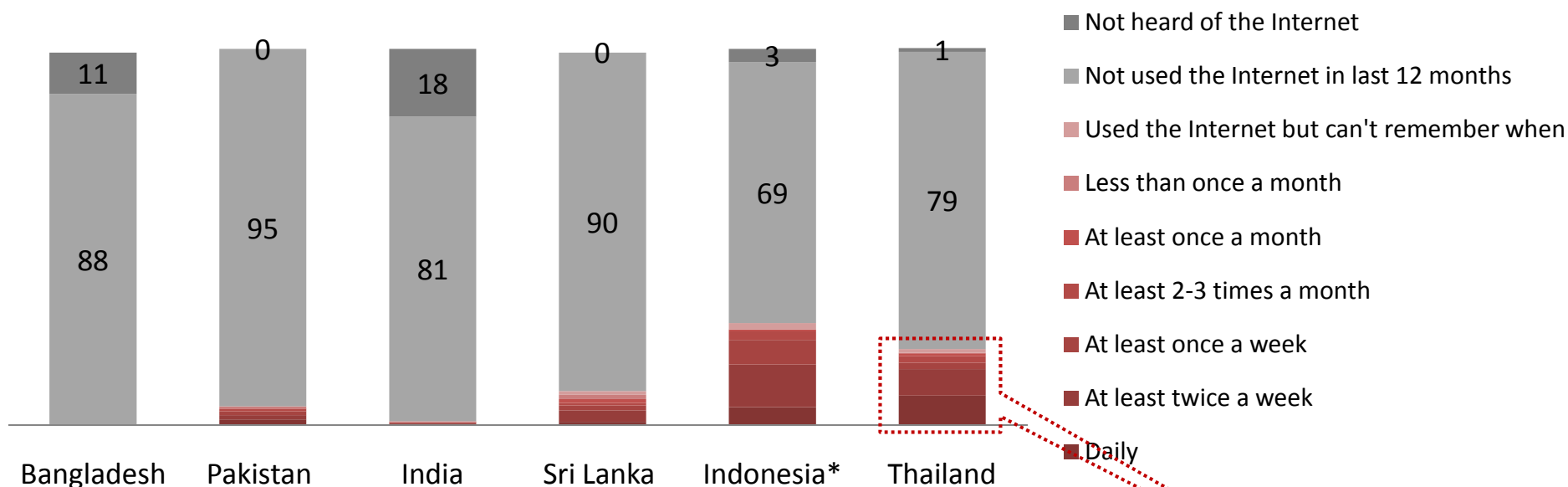
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**WHAT IS THE “2<sup>ND</sup> INFORMATION  
REVOLUTION” IN EMERGING ASIA?**

# Internet use at the BOP (2011)

preliminary findings

Internet use (% of BOP teleusers)



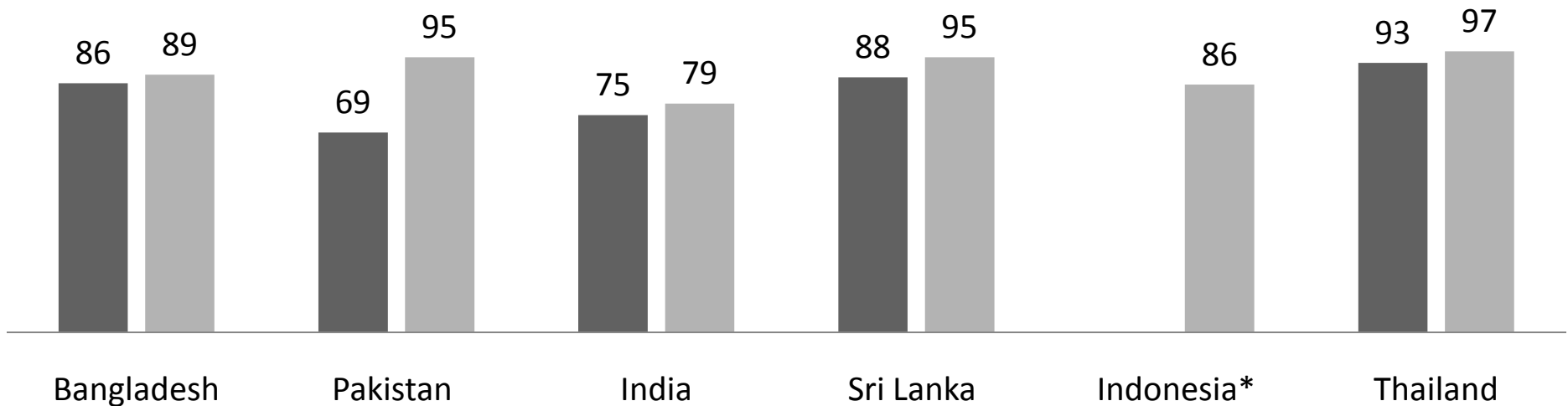
	Bangladesh	Pakistan	India	Sri Lanka	Indonesia*	Thailand
Use the Internet (%)	..	5.0	1.0	9.0	27.1	20.2

# In stark contrast: Most at the BOP had *used* a phone in the past week

preliminary findings

### Use of the phone (% of BOP teleusers)

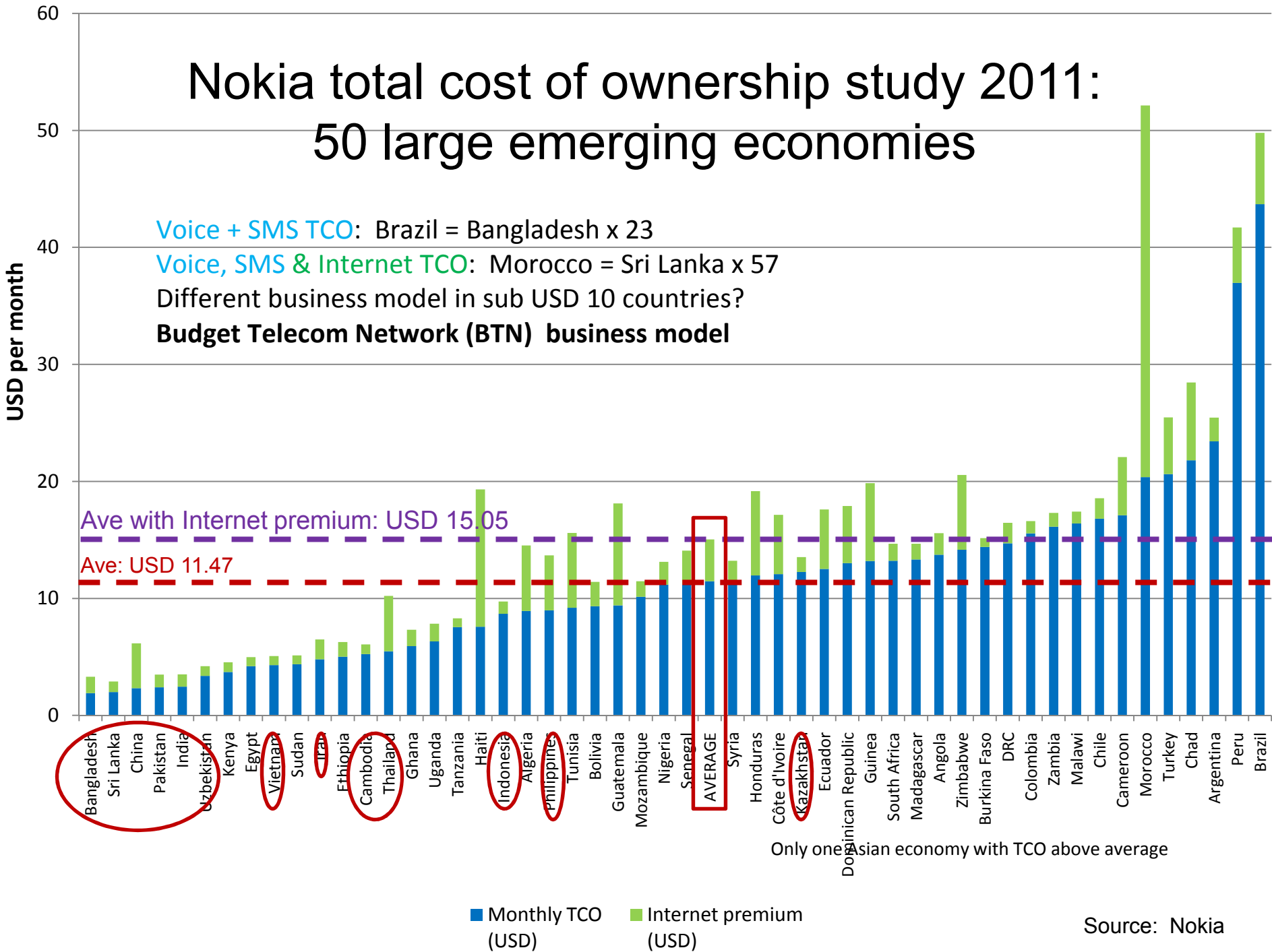
■ 2008 ■ 2011



# The 2<sup>nd</sup> IT revolution in Asia

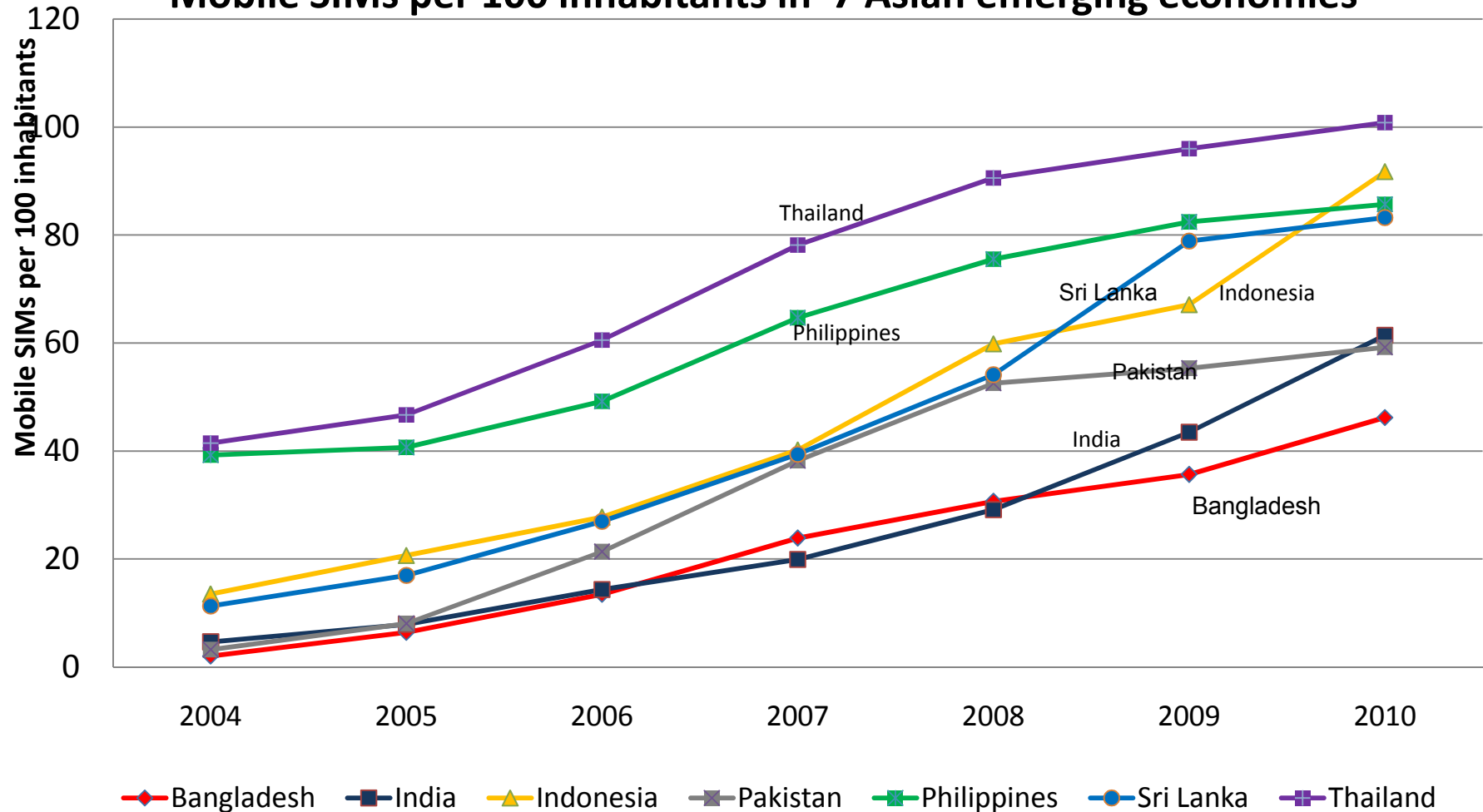
- Will take multiple forms
  - One anchored on cloud computing and smartphones for the those at the Top of the Pyramid (TOP)
    - Credit cards can be assumed
  - Another anchored on ubiquitous voice connectivity and use of “more-than-voice” services for those at the BOP
    - M-money will be central to transactions in this segment
    - Broadband will most likely be prepaid and anchored to use/time

# Nokia total cost of ownership study 2011: 50 large emerging economies



# Results of the “1<sup>st</sup> IT revolution”


## Mobile SIMs per 100 inhabitants in 7 Asian emerging economies



Source: ITU

**WHAT DOES THIS MEAN FOR  
MICRO ENTERPRISES?**





**Zayed Khan | Shopkeeper**  
21 years | 5<sup>th</sup> class  
Sonargaon

Zayed takes care of the shop that his father started ten years back when his eldest brother was joining farming. The current shop was half its size then and Zayed has expanded it by renting another space next to it. Zayed has been working around the shop since he left school at class five. He was not good in his studies and so his father set up the shop as a way for him to fend for himself. He has been looking after the shop for the past 7 years.

# Growth through mobile

- Zayed first used a mobile phone in 2002 at a friend's place and bought himself a mobile 18 months back (late 2007). He along with his uncle's son went to Dhaka to buy the phone.
- He used Grameen network for the first 1 year and later changed to Banglalink because of Grameen's higher tariff.
- He feels that owning a mobile phone has eased his work schedule which used to require constant presence at the shop. Now he can take a break, stay at home on Friday evenings or meet others to explore new opportunities. His younger brother looks after the shop and coordinates with him via mobile.
- Since he took the mobile, more vendors contact him when a new product is launched. He does not know how they get his number but it makes him feel good that he can have a lot more products at no extra effort.
- In his attempt to develop his business, Zayed has applied to Banglalink to obtain a reload SIM. He would like to sell reloads. Since this process was taking more than 2 months, he had tried to purchase a SIM from another vendor who was shifting professions for 20,000 taka but it turned out that there were a lot of dues on that SIM, so he did not take it. He found this by going to the Banglalink office in Narayanganj. He is now waiting to get an official SIM .



Zayed previously had to travel to Dhaka almost every 2 weeks to get his supplies. These were not on Fridays so he had to close his shop , thus losing business. Now the vendors send him stocks from Dhaka based on his calls . Zayed has now started a chicken selling business. He buys the chicken from a farmer who guides him about the right time to purchase and sells them to buyers who come to his shop. He sells live chickens and buys a hundred chicken at a time.



- Once facilitated money “transfer” through mobile for the village “maulavi” who was away in Dhaka; the maulavi sent BDT1,000 in load to Zayed’s mobile; once the load was received, Zayed then paid the same in cash to the maulavi’s family in the village

- Transactions of up to BDT5,000 (USD70) can be made, however this is dependent upon the shopkeeper having cash available to give the intended recipient in one go

- Commissions can be as high as 20%; the shopkeeper also makes commission on reselling the load

## What services he wants: Voice & SMS

- Zayed's literacy is recognized is a major drawback to his seeking any kind of information.
- Although he sends messages, they are almost always forwards. He is keen on song and ringtone downloads but he knows these are frivolities which he can do without.
- His interest is education. If he could learn something while sitting at the shop, it would be best. English and Math are his major interests.
- His sisters are highly interested in astrology but such entertainment related services should not be encouraged as this will increase expenditures. He would prefer to limited their phone use so that it is mostly for necessary purposes.
- He has heard of a health centre finding service. He wants to use the service to book his number at hospitals.
- He has seen how mobile companies send advertisements to his phone. He would like to know how he could also advertise his own products. This is where he feels his low education is a hindrance. This is why he wants the brother to study well to be able to help him in such functions.

## More-than-voice service

- Zayed's interest in finding new opportunities for expansion is noteworthy. He requires reliable information assistance on how he can do better.
- He is a potential tax payer in the future. He knows nothing about taxes. Such assessments and information spread are crucial for the rise of the BOP user to higher socio-economic classes.
- Zayed needs reliable manpower. The village has plenty of unemployed youth. Through training and hierarchical understandings, mutual needs can be solved.
- He will also benefit from livestock pricing, maintenance and care updates since he plans to sell chickens to larger firms in Dhaka and Narayanganj.
- There is a need for adult education services that are not highly time consuming, are practical in nature and add value to existing skills.
- Reliable finance schemes with easy terms will further help Zayed expand his entrepreneurial spirit.

# Will the 2<sup>nd</sup> revolution include Zayed and the SME eco-system he belongs to?

- Only if
  - Governments and stakeholders succeed in extending the BTN model to “more-than-voice”
  - Services of value to him and his economic eco-system are offered on the existing and emerging electronic platforms