

Case Study 2

JooNaak: Helping small merchants navigate logistics challenges and benefit from e-commerce in Cambodia





Founding year 2015

Geography Cambodia

Founding team and GSMA grant manager Soliya Kong – CEO
Leakhena Long – COO

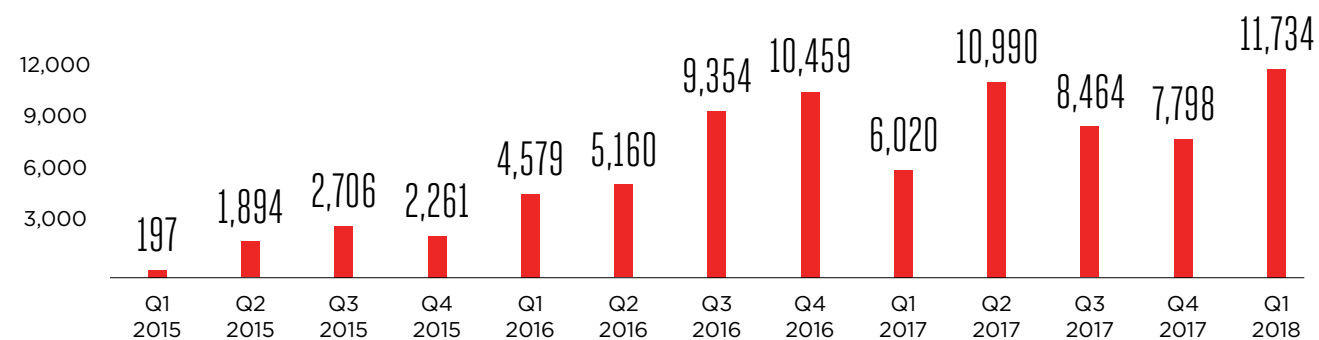
Tweet pitch JooNaak is a last-mile delivery solution for SMEs and e-commerce merchants.
www.joonaak.com

E-commerce in Cambodia has experienced serious growth over the last few years, due in large part to growing smartphone penetration, which currently stands at 43 per cent, up from 13 per cent just five years ago.¹ Despite this progress, Cambodia ranked just 115 out of 144 in the UNCTAD B2C E-commerce Index 2017, lagging behind other countries in the region, such as Indonesia (49), Vietnam (74) and Thailand (101).² Meanwhile, microbusinesses (those with under 10 employees, mainly small merchants) account for almost 97 per cent of businesses in Cambodia.³ One of the most significant bottlenecks these small merchants face in Cambodia is 'last-mile' logistics, due to the lack of an established postal service and an inconsistent address system.

To tackle this problem, JooNaak launched a web-based last-mile delivery service for small merchants in March 2015. The start-up uses web and mobile technology, a fleet of motorcycles and warehousing facilities to help small merchants solve their logistics issues. JooNaak's solution allows merchants to track sales and generate reports through a web-based order management system. JooNaak also provides a holistic logistics solution to merchants through packaging and warehousing services. As of June 2018, JooNaak had 12 drivers, 167 active small merchants on its platform and was delivering more than 3,000 packages per month.

FIGURE 2

JooNaak: Delivery packages per quarter



¹ GSMA Intelligence data, <https://www.gsmaintelligence.com/>
² UNCTAD B2C E-commerce Index 2017
³ EMC (March 2017) "Unlocking the Potential of the Cambodian Private Sector", <http://www.mekongbiz.org/wp-content/uploads/2017/07/Cambodia-private-sector-assessment-report.pdf>

How the service works

JooNaak has developed a mobile service for small merchants and their customers to request and track deliveries. This is JooNaak's user journey:



Working with mobile operators

In 2017, Joonak raised an undisclosed amount of equity funding from the [Smart Axiata Digital Innovation Fund](#) (SADIF), a \$5 million venture capital fund of Smart Axiata in partnership with investment consultancy Mekong Strategic Partners, to expand into new cities across Cambodia.

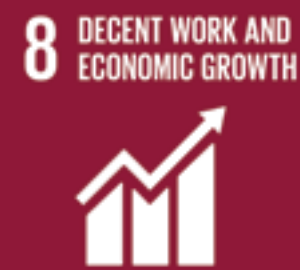
In addition to this investment, Joonak has a delivery contract with Smart Axiata. The start-up is one of the mobile operator's delivery service providers for its monthly post-pay bills and express documents. As of June 2018, Joonak had made approximately 600 deliveries for Smart Axiata.



“As Cambodia’s leading mobile operator, our goal of providing our subscribers with more innovative products and lifestyle solutions makes partnering with a ‘last mile’ delivery service provider like Joonak a natural fit. Joonak offers an important service to the country’s growing e-commerce sector that is unmatched by any other player. The founders’ energy and drive is truly inspiring for many young start-ups! I can’t wait to see SADIF’s investment in Joonak taking shape and bringing this impressive start-up to the next level.”

— **Thomas Hundt**
CEO of Smart Axiata

Changing lives



Given that last-mile delivery is the most challenging and expensive component of Cambodia’s e-commerce value chain, Joonak’s mobile solution allows merchants to focus on their core business, leaving Joonak to handle their delivery and logistics needs. On average, small merchants have seen a drop in cancelled orders and an increase in sales of about 30 per cent a year after signing up for Joonak’s service. By eliminating logistics worries, Joonak empowers and supports these small merchants to scale faster. On the delivery side, Joonak offers its drivers stable jobs in the formal sector as well as training opportunities.

“Joonak helps me a lot in my business. I can now focus more on my product quality and most importantly our marketing strategy. I don’t have to deal with complex requests, such as time or delivery location changes. Joonak sorts out most of my customer concerns and addresses most of the issues that arise without needing too much direction, which is a huge cost and time saver for me.”

Sodalis Phin, Owner of Jong-Sart Shop, beauty products and accessories shop

“I previously worked as a night security guard. It was a tough job and there was no room for me to grow, but after joining Joonak, I’ve grown in many areas. My life has changed. I am earning a good living while progressing in my career. I now specialise in corporate delivery for Joonak.”

Seyha Sorn, Joonak Driver



Working with the GSMA Ecosystem Accelerator

In February 2018, Joonak received a grant from the [Ecosystem Accelerator](#) Innovation Fund to expand its operations and customer base, as well as to design and launch a mobile app version of their web based application. The mobile app allows Joonak, merchants and their end-users to monitor and track orders more seamlessly.

By the end of the grant in April 2019, the project aims to deliver direct economic benefits to about 650 merchants and their families, in addition to around 100,000 e-commerce shoppers. Beyond the funding, GSMA will also support Joonak in strengthening relationships with mobile operators in Cambodia.