



The GSMA AgriTech Webinar: Collaborating for success in the agri e-commerce sector

17 October 2019



Agenda

- 1.** The AgriTech Programme
- 2.** GSMA's overview of Agri e-commerce
- 3.** Level 2 Model: Lima Links
- 4.** Level 5 Model: TaniHub
- 5.** Investor Perspective: GreenTec Capital
- 6.** Mobile Money Perspective: GSMA
Mobile Money
- 7.** Q&A



Introductions



Amol Jadhav - Moderator
GSMA AgriTech



Natalia
Pshenichnaya
GSMA AgriTech



Melanie Wilkinson
Lima Links



Pamitra Wineka
TaniHubgroup



Peter Grouev
GreenTec Capital



Nika Naghavi
GSMA Mobile Money



THE GSMA



Has represented the interests of mobile operators worldwide for more than

30 YEARS

Unites more than **750** mobile operators



with almost **400** companies in the broader mobile ecosystem



Convenes more than **200,000** people annually from across the globe to **industry-leading** events



Focuses on activities where collective action can deliver significant benefits



Led the mobile industry to formally commit to the Sustainable Development Goals



Mobile for Development



58 million lives impacted to date



We drive innovation in digital technology to reduce inequalities in our world



SUSTAINABLE DEVELOPMENT GOALS



Reducing inequalities in our world

CLEANTECH

Leveraging digital technology as an enabler for the world's transition towards sustainability

ASSISTIVE TECH

Improving the accessibility and affordability of mobile services for persons with disabilities

M4D UTILITIES

Unlocking access to affordable and improved energy, water and sanitation services

MOBILE FOR HUMANITARIAN INNOVATION

Accelerating the delivery and impact of digital humanitarian assistance



MOBILE MONEY

Accelerating the digital financial ecosystem for the underserved

CONNECTED SOCIETY

Addressing access and usage barriers to increase mobile internet adoption

CONNECTED WOMEN

Reducing the gender gap to increase digital and financial inclusion for women

DIGITAL IDENTITY

Enabling robust and unique digital identity for greater inclusion

ECOSYSTEM ACCELERATOR

Delivering social impact and scale through mobile innovation

AGRITECH

Digitising the agri value chain to drive mobile financial inclusion for small holder farmers



The GSMA AgriTech Programme

Vision

Equitable and sustainable food chains that empower farmers and strengthen local economies.

Mission

We bring together and support the mobile industry, agricultural sector stakeholders, innovators and investors in AgriTech space to launch, improve and scale impactful and commercially viable digital solutions for farmers in the developing world.





Breaking down our focus areas



Digitisation of procurement

Facilitate transition of agribusinesses to digital technologies in the food chain, with focus on procurement from smallholders:

- Real-time communication
- Digital payments and records
- Transparency



Climate resilience

Test and scale models for using mobile for climate resilience in agricultural sector, especially solutions for smallholders, such as:

- Weather services
- Climate-smart agriculture
- Climate finance



Financial inclusion

Develop farmer economic identity that allows access to financial instruments and income generating assets:

- Digitisation of smallholder farmer records and profiles
- Customised financial services



E-commerce in agriculture

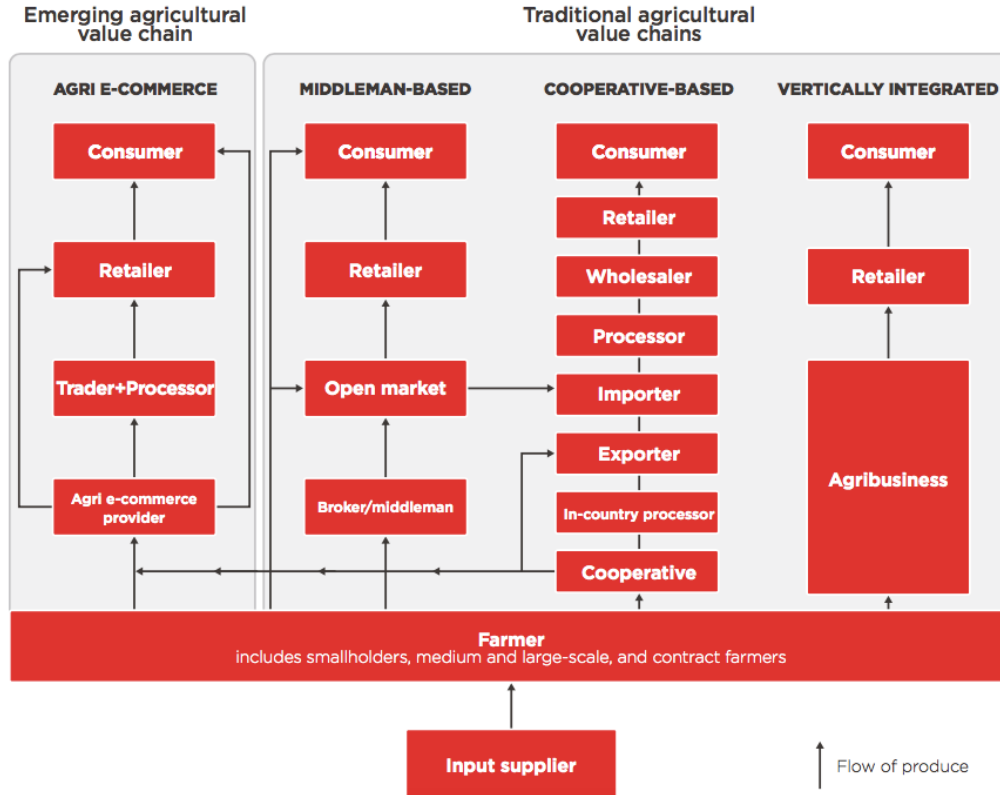


What's new?

- Definition of agri e-commerce
- Market attractiveness index
- Business model framework
- Disrupted value chain diagram
- 20+ companies surveyed
- Selected case-studies
- Recommendations, including for MNO



Value Chain Disruption

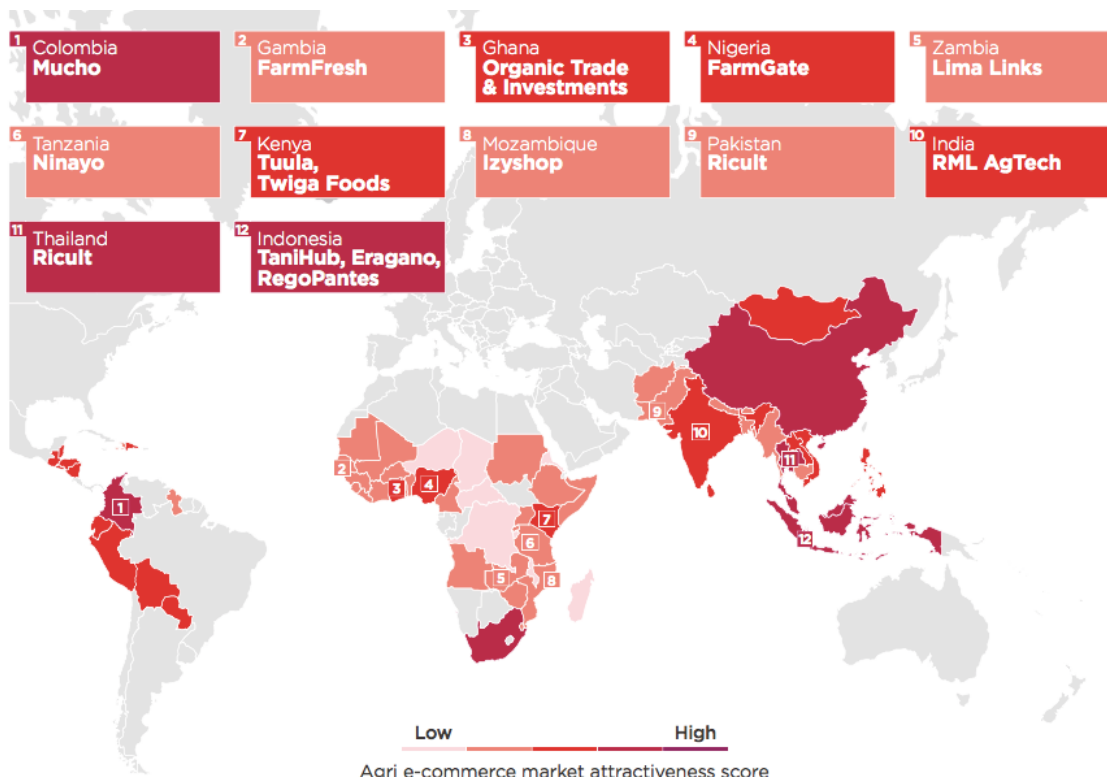


Agri e-commerce:

- online-only services that connect farmers to consumers
- Agricultural producers can also sell produce to third-party merchants who, in turn, sell through e-commerce platforms to end users.

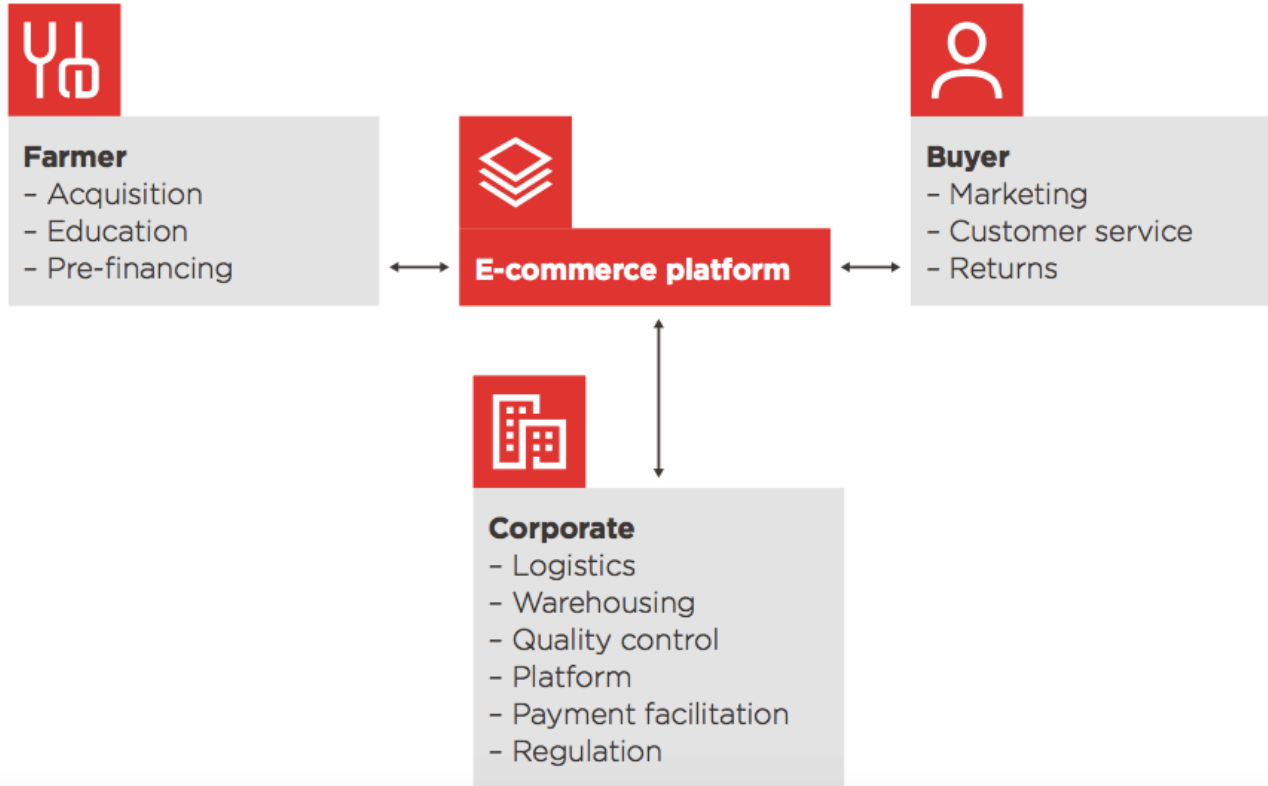


Market attractiveness index



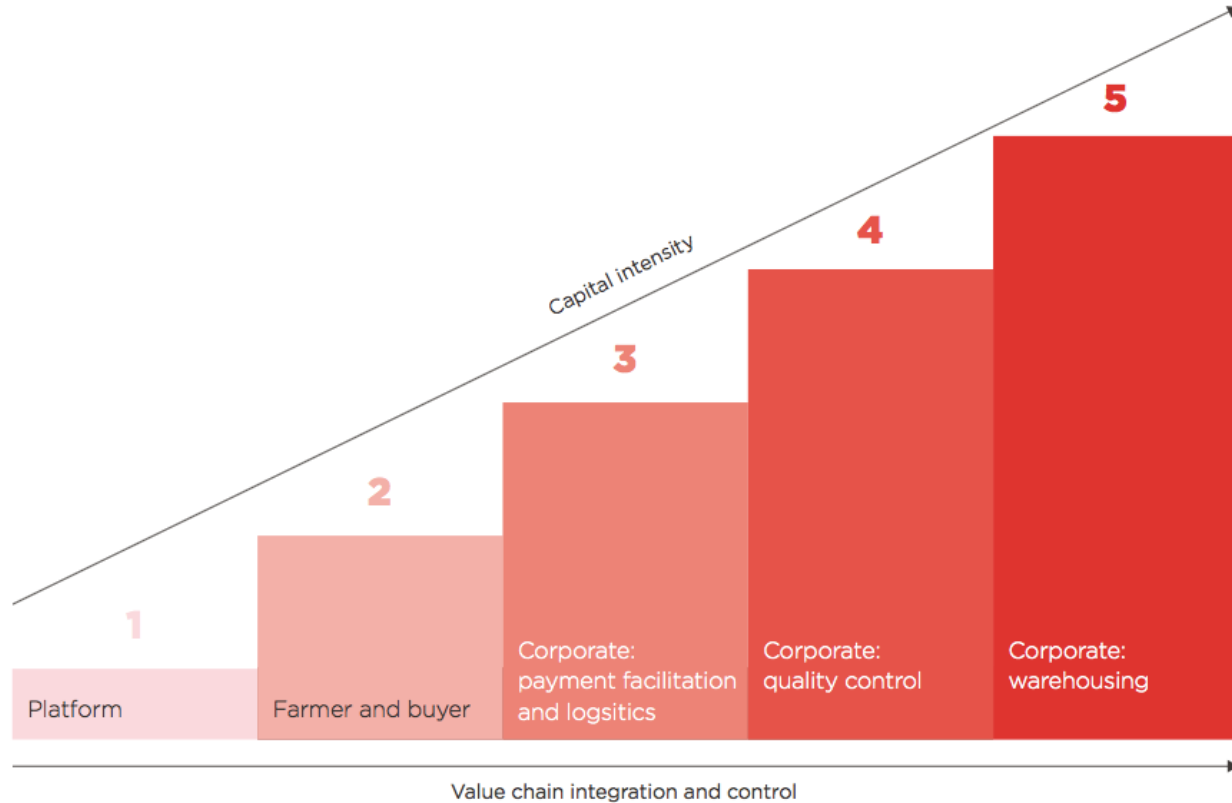


Agri e-commerce operational functions





Business Model Levels





Strategies for MNOs & mobile money providers

A. Launch MNO-led agri e-commerce business

Pros	Cons
Capture the full value of agri e-commerce revenues	Significant capital requirements to introduce new service
Full control over key elements, including the business model and revenue streams	Lack of organisational experience and knowledge in the agriculture and e-commerce sectors

B. Form a strategic relationship with an existing agri e-commerce business

Pros	Cons
Lower costs for the MNO compared with launching own agri e-commerce service	Partnering with a single agri e-commerce business could limit the pursuit of more attractive investments
Differentiates the MNO's preferred agri e-commerce partner as the only provider with access to the operator's assets	Limits the opportunity to grow mobile money usage if the service is integrated with only one agri e-commerce platform

C. Enable existing agri e-commerce businesses

Pros	Cons
Reduces operator expenditures compared to launching an operator-led service	Additional legal and due diligence work required to enable the right partners and terms
Enables the mobile operator to work with agri-e-commerce business that sells different produce and targets a separate segment	Working with several agri e-commerce businesses poses a risk to the operator's brand as two businesses might not share the same values



Melanie Wilkinson – Lima Links



Melanie Wilkinson
@limalinkszambia



E-commerce in Agri Tech:
designing for success

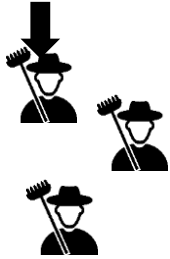
October 2019





Lima supplies: user model

START: Farmers dial *789# on a basic mobile phone.



Order - Farmers make a **group order** and pay for agricultural inputs.

- Farmers select Product, Quantity, Pick up Location.
- Selects Buy Now.
- Presented with choice of Payment Options.
- **Pay Lima Links with Mobile Money.**

2



Order received on our Platform.

- Lima Links receives payment **less Mobile Money Fee.**

3



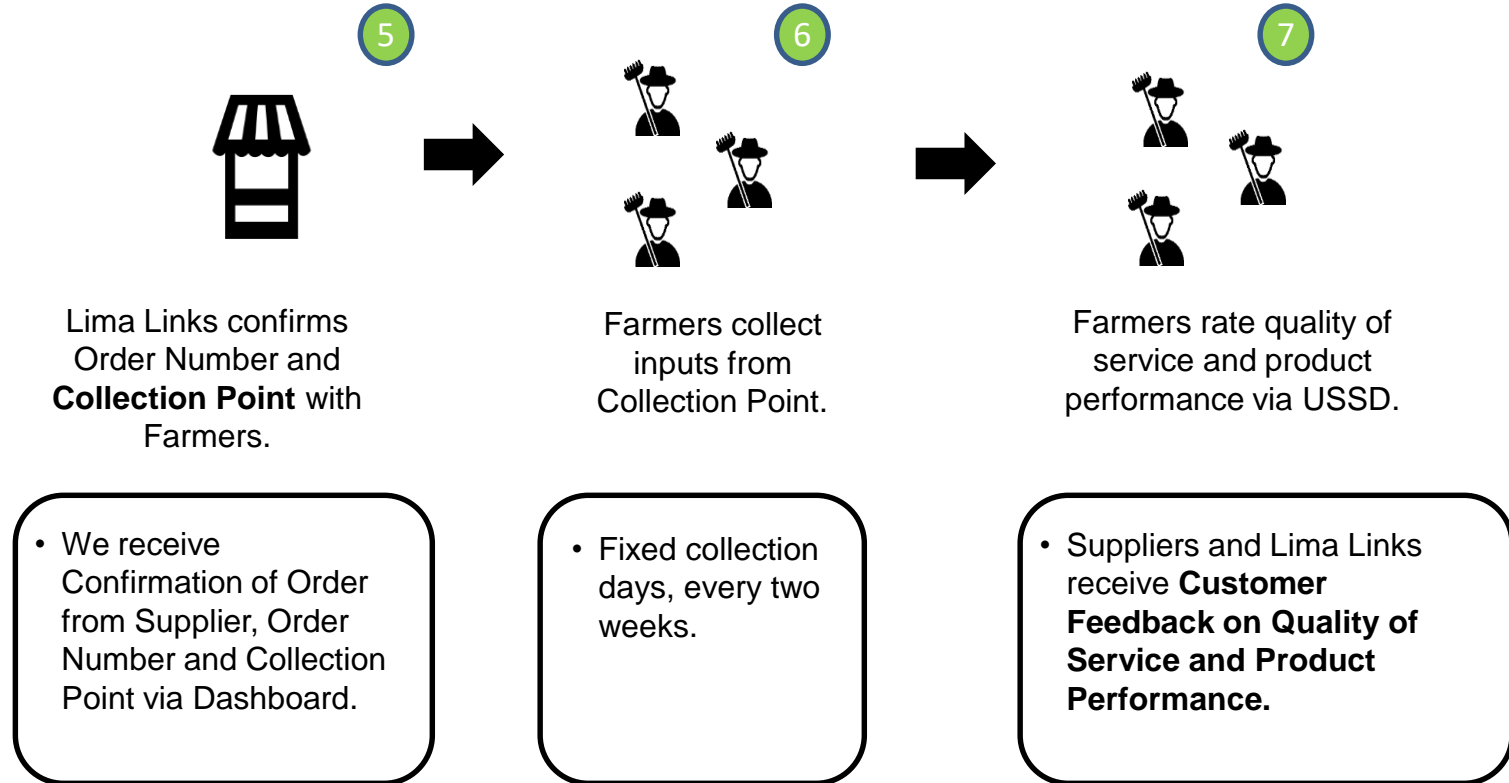
Farmers receive agreed quotation order via Lima Links SMS. **Farmers respond to Lima Links SMS to confirm order.**

- We confirm Order with Supplier via Dashboard.
- **Lima Links pays Supplier less Commission.**
- **We Confirm Payment via Dashboard.**

4



Once Payment is done Lima Links advises Farmers 'Payment received Order being processed'.





Learning, Pros and Cons

Farmer Benefits

- **Discounted prices;**
- Greater **transparency;**
- More product options;
- **More power** in the supply chain;

Learning

- Farmer profiling;
- Order confirmation;
- Price sensitivity;
- **Hands-on support;**

Collection Point Benefits

- Earns fee or commission;
- Empowered as customer service points;
- Investment in **last mile;**

Learning

- Important for CRM;
- Investment opportunity;

Supplier Benefits

- Customer **outreach;**
- Brand **awareness, market share, revenues;**
- Informed **business decisions;**

Learning

- No supply chain management;
- Weak CRM capabilities;
- Cost analysis and **pricing**
- **implications;**

Mobile Money Operator Benefits

- New client base;
- Scale mobile money usage;
- New product potential;

Learning

- New proposition to MMOs;
- Steps in payment chain;
- USSD APIs;



Thank You.

The market is always there.

All you need is access.



**Lima
Links**

live markets. real prices.

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Pamitra Wineka – TaniHub Group



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October 17th 2019



WHAT DO WE DO?

Simplifying the agriculture supply chain for F&B businesses

- ✓ Post-harvest market Certainty
- ✓ Faster payment
- ✓ Fair prices

Farmer groups



Farmer groups



Farmer groups



Farmer groups



TaniHub



Super market



Hotel, Restaurant, Caterings



SMEs



Individuals

- ✓ Simple and transparent purchase process
- ✓ Delivered to destination
- ✓ Better prices



Sourcing and Operations

We operate in 5 major cities and partner with farmers from almost all the major farming regions



926

Product SKUs



1751

Vendors (Farmer Groups and Cooperatives)



803
Fruit



276
Vegetable



197
Poultry



178
Freshwater Fish



174
Spices



123
Dairy and Dry Goods



TaniHub Additional Services

TaniFund

P2P Lending

- Provides capital for unbanked farmers
- Credit Scoring from farmers reputation on TaniHub
- Min \$2,200 max \$180,000
- Profit sharing scheme with 40% (lenders), 40% (Farmers), and 20% (TaniFund)
- Credit insurance (crop insurance coming soon)

Upto **120%**

Overall income increase

100%

Harvest absorption

<30days

To get funds

TaniGrower

Cultivation Assistance

- Provides knowledge on best practice for cultivation
- Data provided from Bogor Agriculture University and other farmer members
- Simple click-only usage

Upto **80%**

Increase of yields

76

Varieties of crops



Lessons Learned Through Our 3 Year Journey



Onboarding farmers through communities is the best way to partner and onboard in large scale



Warehouse and packing house must have the right infrastructure, cold chain and IT system to avoid high waste



Certainty of market + payment > high prices

The background of the slide is a dark gray color with a subtle, light gray topographic map pattern. The map lines are irregular and wavy, creating a textured effect across the entire surface.

Thank You

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Peter Grouev – GreenTec Capital Partners

GSMA AgriTech Webinar



October 17th 2019



Peter Grouev
@GreenTecCapital





Who are we

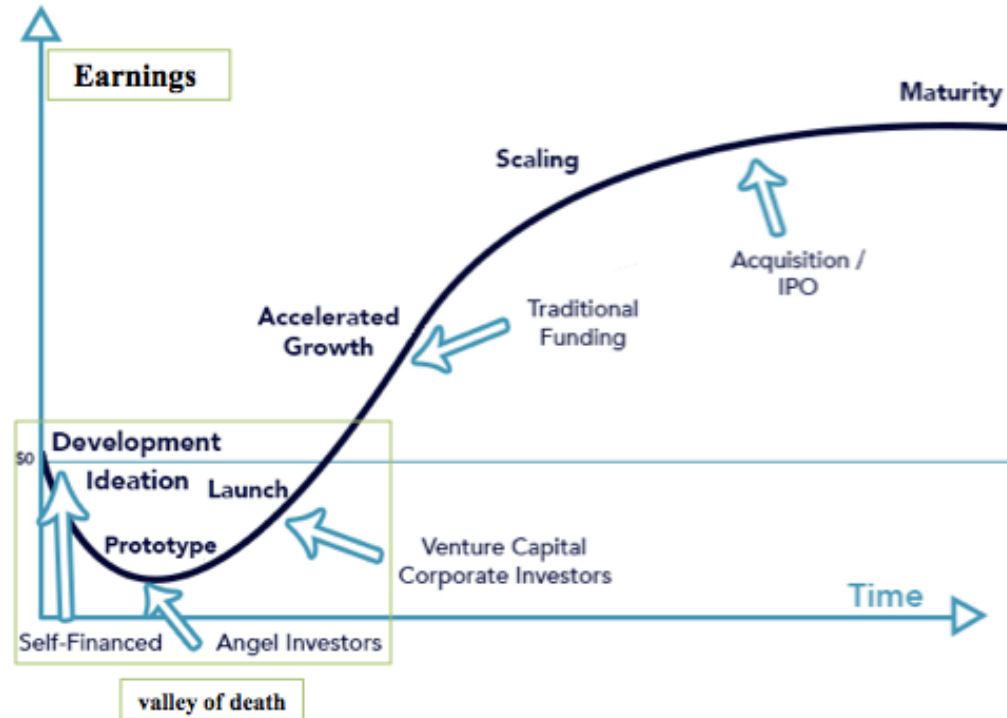
Greentec Capital: Premier German Investor in African Startups



PROFIT WITH PURPOSE

- Germany-based Africa startup investor and venture builder
- Early stage VC, Impact-sector focused
- Current portfolio includes 18+ companies across Nigeria, Ghana, Uganda, Kenya, Rwanda, Tanzania, Cot d'Ivoire
- Sector focus on Agriculture, Clean resources and Digital Economy

We help companies escape the « Valey of Death »





THE MACRO PICTURE

- Vastly growing population and potential for local demand for agriculture goods
- Shifting local politics towards import-substitution & focus on local agri production
- Africa agriculture is extremely under-resourced, with low productivity. This presents a huge upside for early investors willing to invest in increasing yields from modernising agriculture practices
- The digitalization of agriculture presents a leap-frogging potential to scale quickly

THE UPSIDE IN AGRI-TECH

- Agriculture technologies present a quick, scalable opportunity to access the growing market, at a fraction of the typical capital investments required to build agri infrastructure
- High Mobile phone penetration allows for inexpensive reach to millions of end-users, both suppliers (smallholder farmers) and buyers (off-takers), bridging market gaps
- Digital payments and mobile wallets allow for greatly improved value chains and Financial inclusion of market participants



The experience

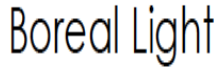
Our investees, historical engagements and market lessons



Platforms



Supply Chain, Traders, Logistics



Analytics, Microfinance

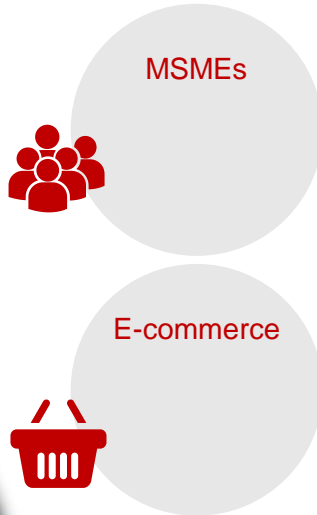


Lessons and Recommendations

- Digital interface can only go so far, you need to build-out infrastructure, supply chains, logistics and off-taker networks to proof your model
- Focus early on understanding your **Unit Economics**, developing a clear connection between Unit Sales (LTV) and Client Acquisition Cost (CAC)
- If your path to operating profitability is not visible, it will be very hard to scale
- Setup, track and visualize your business metrics – both operational and financial
- **Don't chase valuations, work on the execution, get traction and investors will find you**



Sectors on the cusp of transformation: MSMEs and e-commerce



- **MSMEs play a major role in economic development of developing countries**
 - Formal SMEs contribute up to **60% of total employment** and up to **40% of national income (GDP)** in emerging economies
 - Despite this, the majority of MSMEs' **financial needs** across developing countries **are not currently being met**
- **A growing number of MSMEs across developing countries are moving towards marketing and selling their products across digital channels, social networks and e-commerce platforms**
 - In 2018, e-commerce transactions facilitated by mobile money grew 79% in value
 - Most of these channels do not have an integrated payment mechanism

However, there are still gaps in **payments, logistics and infrastructure**. To reap the benefit of e-commerce, the right strategies need to be implemented to bring the offline transactions to the online world.



Nika Naghavi



MNOs have a number of assets and capabilities that can be leveraged for e-commerce



Customer base

- 5.1bn mobile phone subscribers and 9.3 SIM connections globally
- 866 m registered mobile money accounts globally. Of these, 299m were active on a 90-day basis and 198m were active on a monthly basis (Dec 2018)



Distribution network

- 6.6m registered agents globally, on-boarding, supporting and educating millions of customers on a daily basis
- In 2018, \$136 billion (the total value of cash-in transactions) were digitised by mobile money agents globally



Channel

- Basic and feature phone technologies enable all mobile users to access “low-tech” offline channels, such as voice, IVR, SMS, USSD and mobile money services
- USSD channel is still the dominant for accessing mobile money services



Brand

- There are a total of 10 mobile operators in the Top 100
- For instance, MTN (#6), Airtel (#14) and Vodafone/Safaricom (#17) are all in the Top 20 most admired brands in Africa.



Local market knowledge

- Mobile operators have been active in emerging markets for many years and have close relationships with various key stakeholders (e.g. government entities, regulatory bodies).
- Also have good knowledge of new market entrants (e.g. FinTech) and other market initiatives



Collaborations/ partnerships

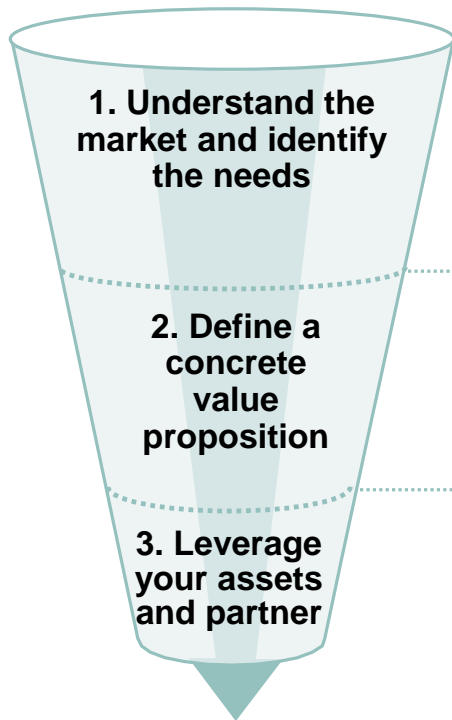
- Mobile operators are involved in a broad range of collaborations and partnerships with FinTechs, banks, local government and other key players, helping them expand the range of services offered
- For example, MTN, Millicom, Vodafone / Safaricom and Airtel have partnerships with WorldRemit to allow customers easy access to international money transfers



Customer / transaction data

- Customer and transaction data is a key asset for operators as they can leverage this data for a variety of use cases, such as tracking spending patterns and identifying fraudulent behavior

The key is to first understand the market dynamics...






















- **Who** could be the **potential customers** (merchants or buyers)?
 - What are their **spending/ buying habits**?
 - How are e-commerce and social commerce already developed in the country?
 - What kind of products could be currently sold online?
 - What are the **main challenges/ pain points/ frictions** in an online customer experience?
-
- **What** pain points/ frictions do I want to resolve?
 - What do I want to offer?
 - **Who** do I want to target?
 - **How** do I create a USP?
 - Which **features/ solutions** do I want to prioritise?
-
- What is my **operational model**?
 - Which **assets** can I already leverage (e.g. payment with mobile money, marketing through brand, agent network distribution)?
 - Who can I **partner** with to offer missing blocks?



Prioritise offering one solution/feature at a time, MNOs, should focus on building partnerships with third party providers where possible

1. Prioritize features and solutions

2. Partner with relevant third parties

	Ease of implementation	Impact	Explanation	Priority	Already in place at MNO?
 <i>Feature 1</i>			■		✓
 <i>Feature 2</i>			■		X Need to partner with xxx
 <i>Feature 3</i>			■		✓
 <i>Feature 4</i>			■		■
 <i>Feature 5</i>			■		■
 <i>Feature 6</i>			■		■



Q&A

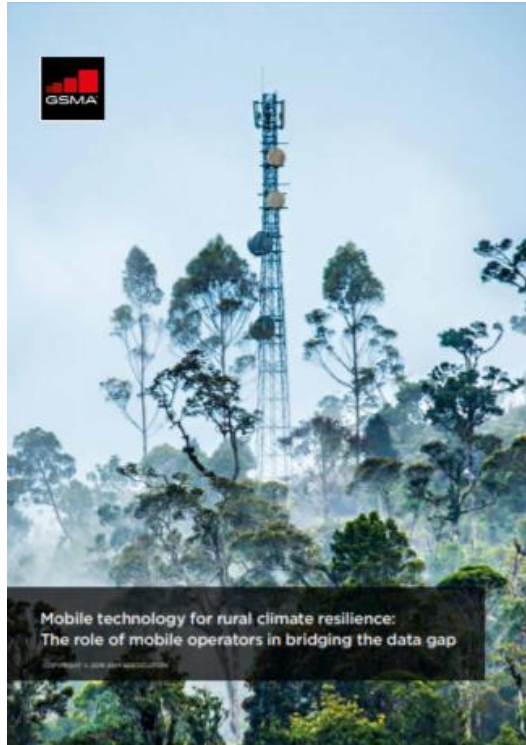


Any questions?



Next steps

Latest resources:



Sign up for the quarterly newsletter at:

<https://www.gsma.com/mobilefordevelopment/subscribe/>



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