Global Distributors Collective

Digital solutions for last mile distributors

Experiences from the GDC Innovation Challenge pilots

Webinar: 27th January 2022

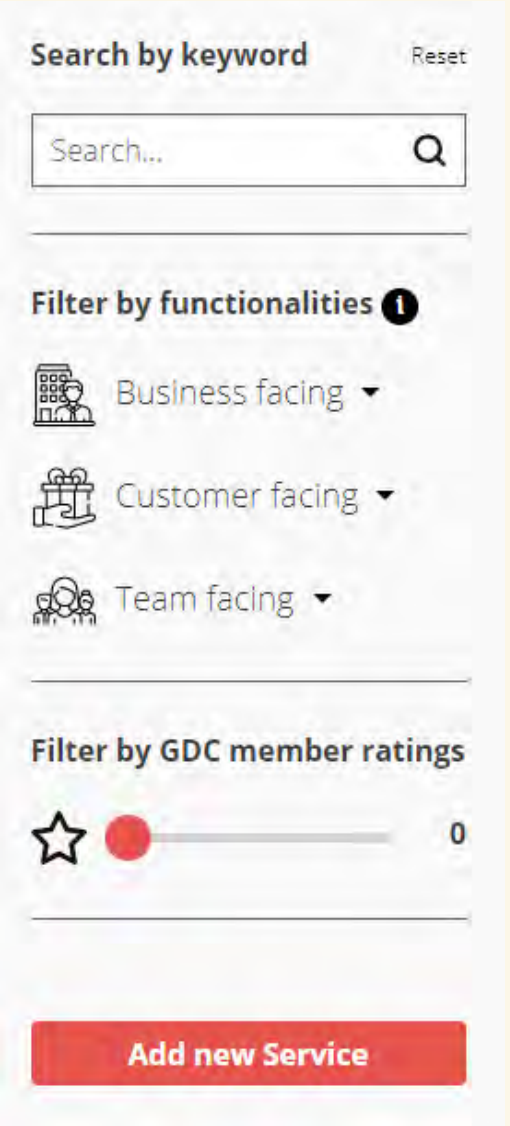
Practical ACTION | HYSTRA hybrid strategies consulting | bop inc

The GDC is hosted by Practical Action, alongside implementing partners Hystra and Bopinc

GDC Digital Service Catalogue

- Launch of new platform for distributors
- 70+ digital services, used and reviewed by GDC members
- Find a solution to suit your needs, leave a review, or suggest other services

Supported by:



Today's agenda

GDC scene-setting

- **Econome and Sevi pilot**
  - Pilot overview
  - Live demo of e-commerce app
  - **Q&A**
- **Kambasco and Upya pilot**
  - Pilot overview
  - Live demo of credit risk assessment tool
  - **Q&A**

Wrap up and close

Speakers

Pilot 1 team

Sevi
(Service provider)

Walter aan der Wiel
Founder

Econome
(GDC member)

Linda Wamune
Founder and CEO

Pilot 2 team

Upya
(Service provider)

Emilie Cohen-Boulakia
Impact Lead
Charlie Kellagher
Operations Lead

Kambasco
(GDC member)

Kalyango Mohammad Kintu
Director

Pilot 1:
Econome and Sevi

DIGITALLY **CONNECTING RURAL CONSUMERS TO MODERN GOODS**

January 2022

ECONOME

A Better Home, A Better Life

Econome makes daily life better for rural consumers

We offer affordable financing for a range of product solutions that increase productivity and savings for rural consumers in Kenya.

Challenge addressed

Easy access to modern goods and to create sustainable last mile businesses

Rural consumers lack access due to:

- **Low incomes**
- **Lack of convenient access to finance**
- **Lack of locally trusted distributors**

- **85%** businesses struggled to survive Covid-19
- **81%** LMDs use agent model; expensive and time consuming
- LMDs lack capacity to develop proprietary digital platforms
- Digital selling presents an opportunity

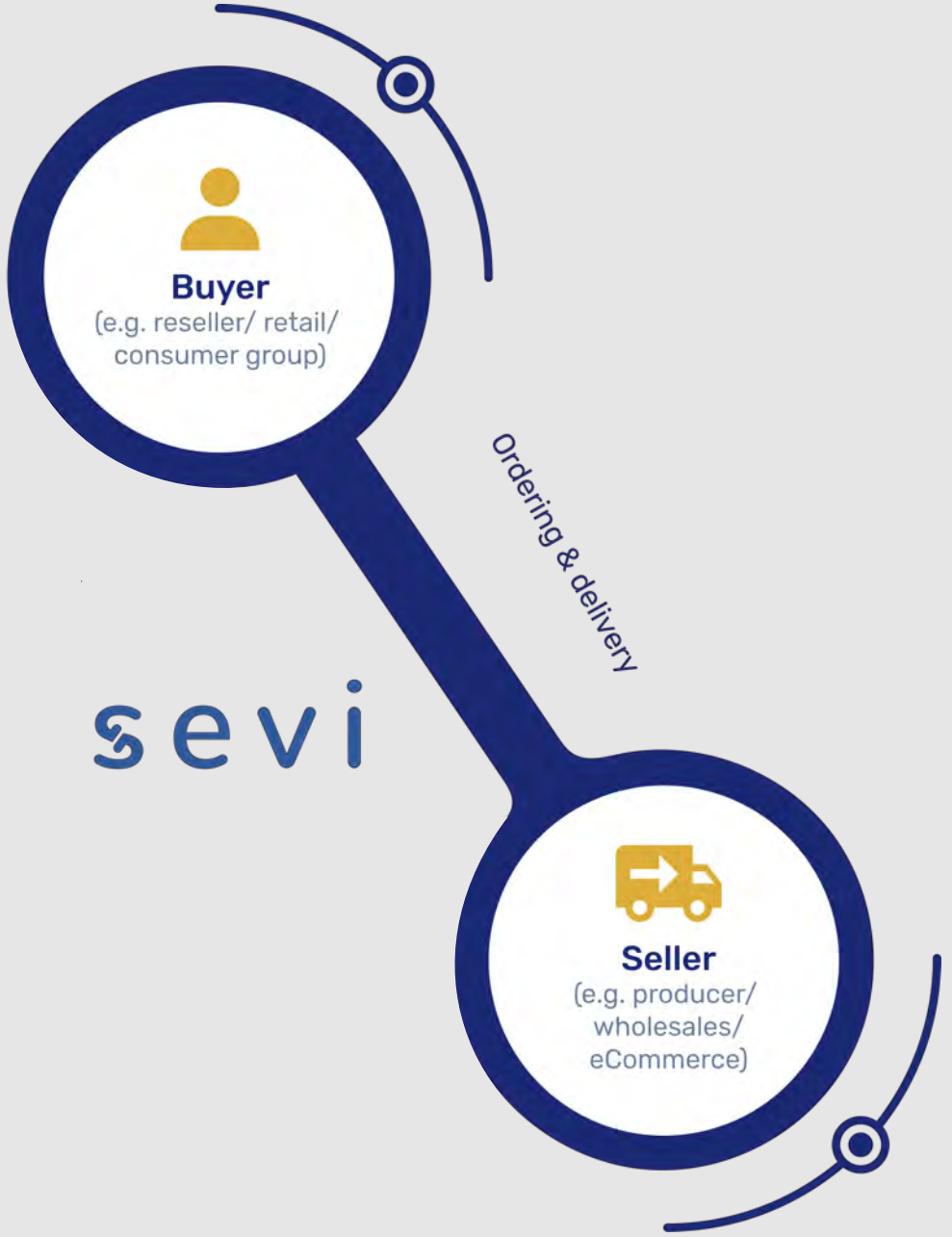
ECONOME

sevi

Order now, Pay later

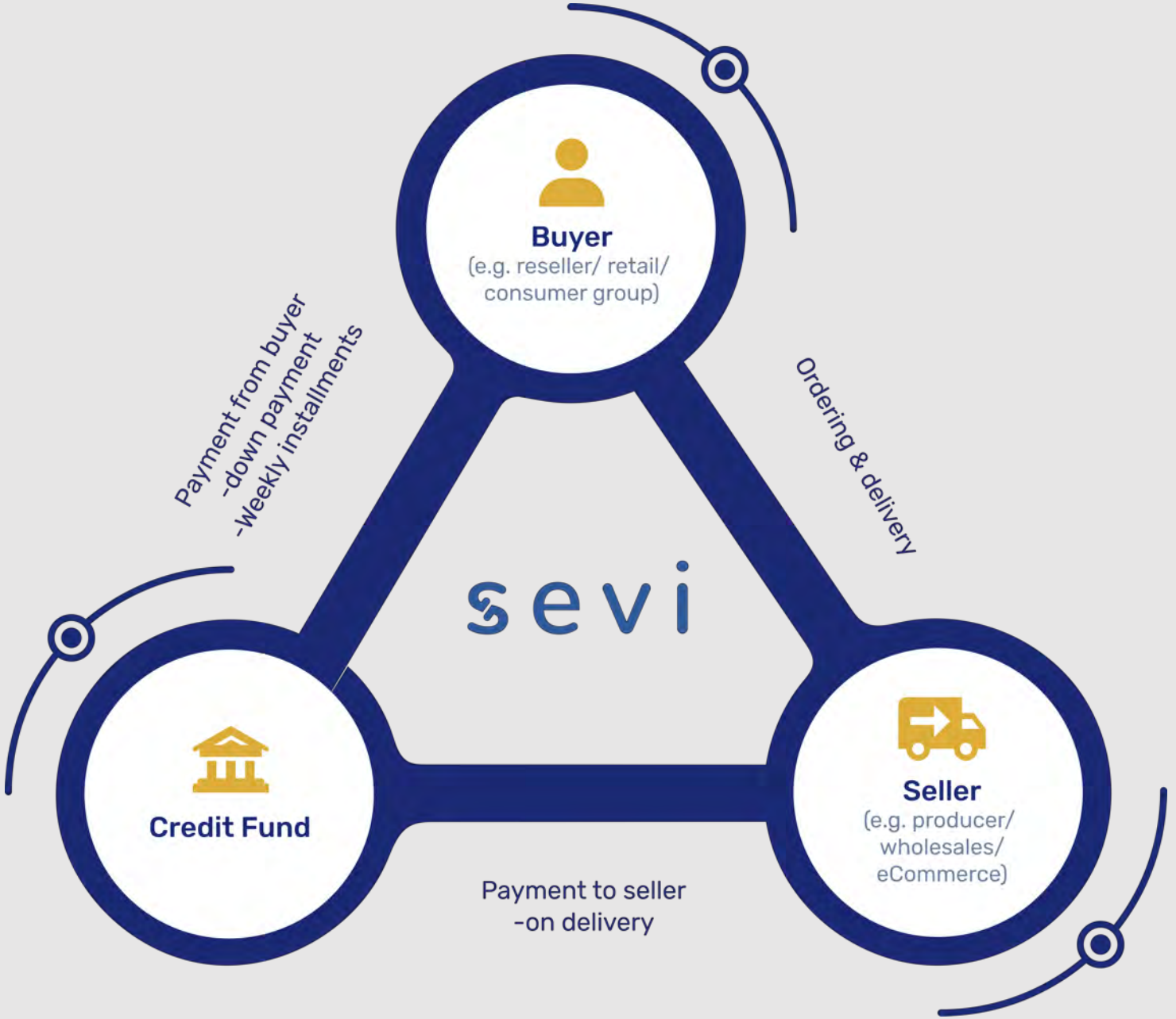
www.sevi.io

sevi



Started as an IT infrastructure for groups to buy products on credit

sevi


Buyer
(e.g. reseller/ retail/ consumer group)
Payment from buyer
-down payment
-Weekly installments
Ordering & delivery
sevi
Credit Fund
Seller
(e.g. producer/ wholesales/ eCommerce)
Payment to seller
-on delivery

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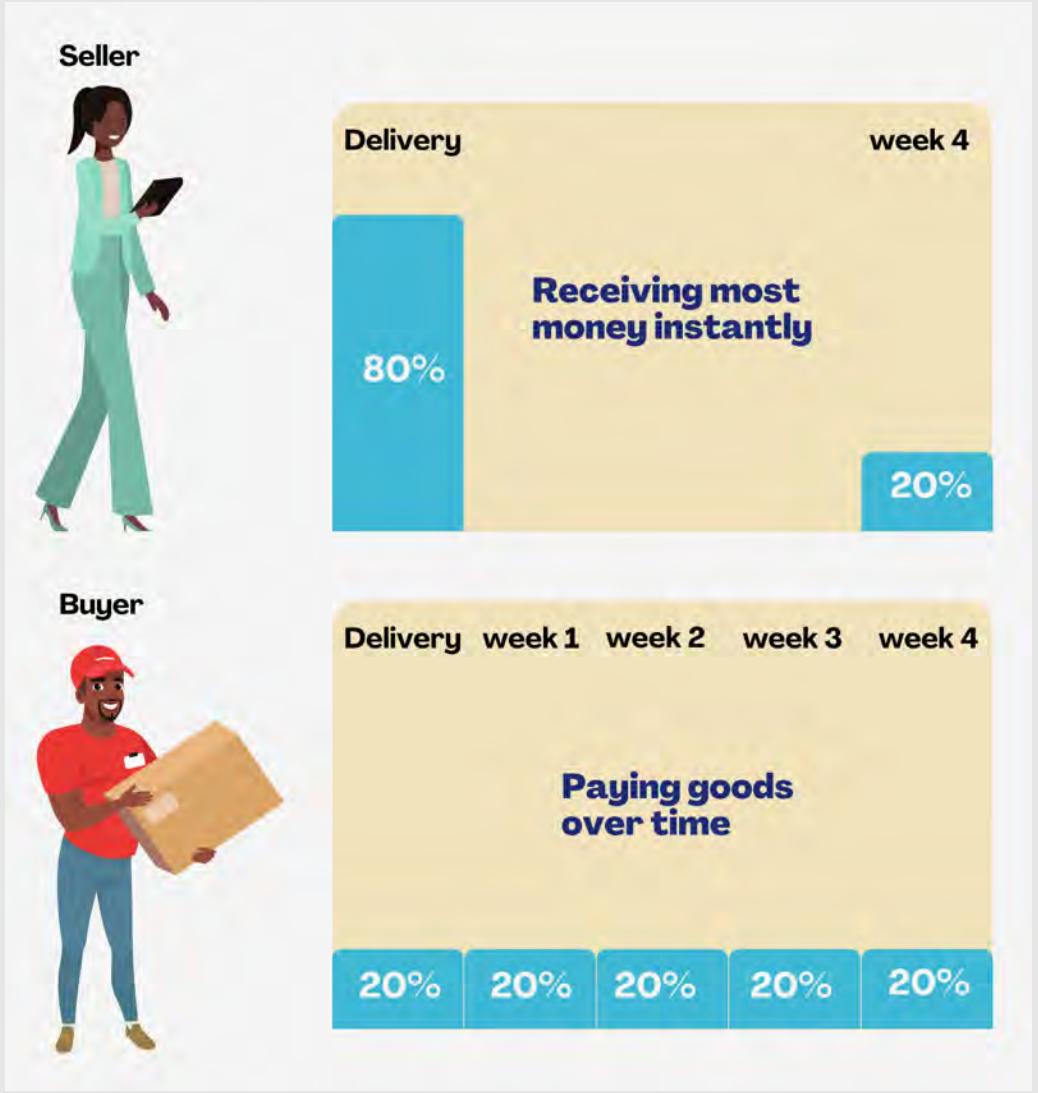
We offer Order now, Pay later

Seller
Get 80% on delivery
Get 20% on final repayment

Buyer
Pay deposit
Pay in instalments



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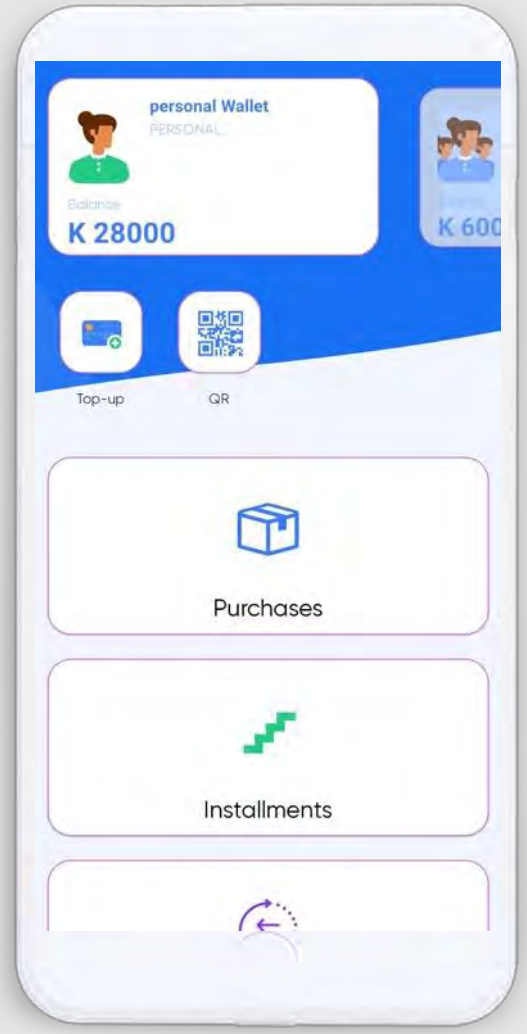
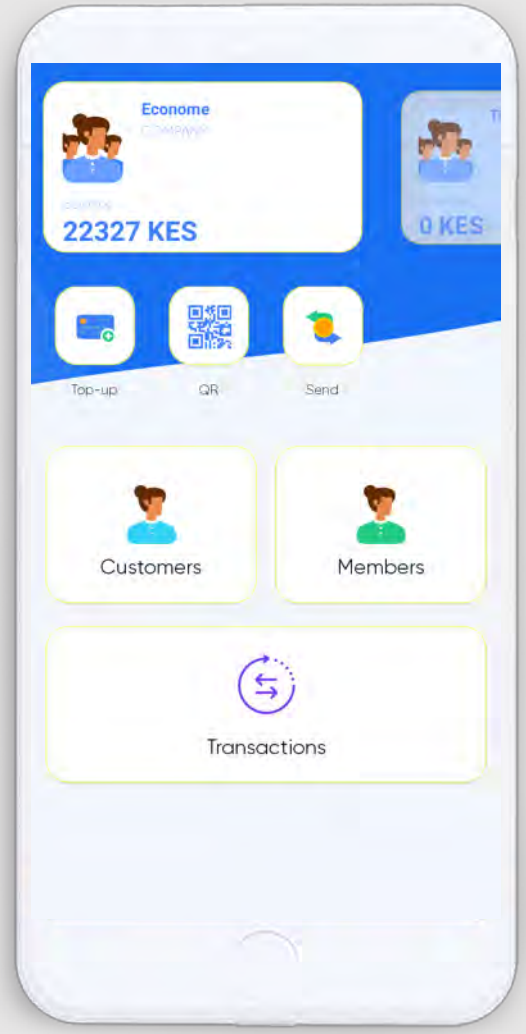
How it works – Buyer

Started as full **customer interface**



Through GDC innovation project added an **agent interface**



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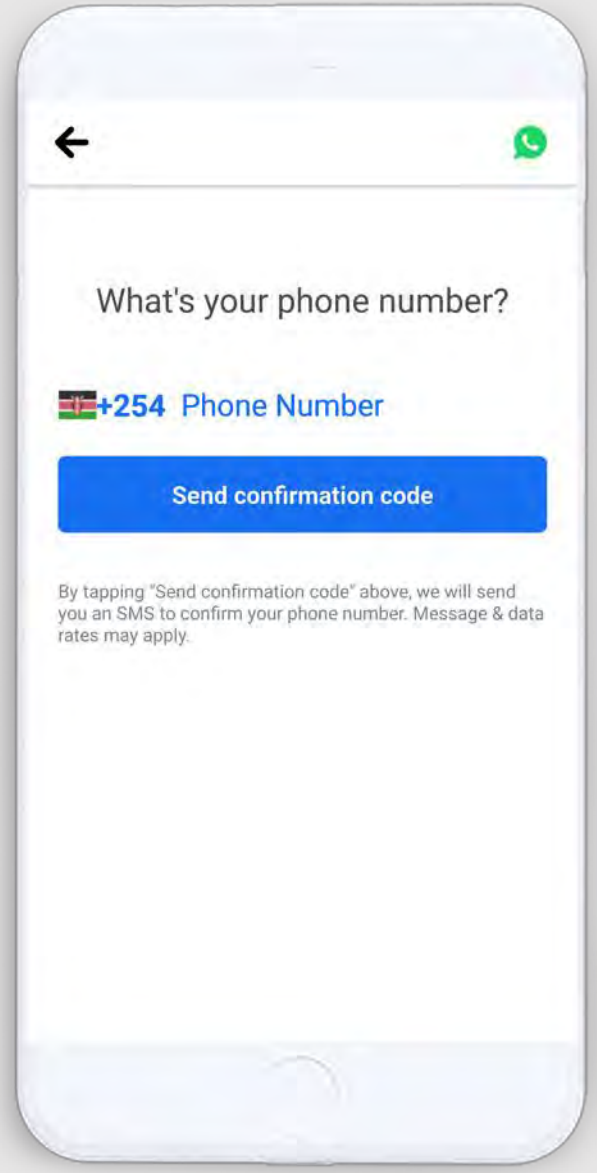
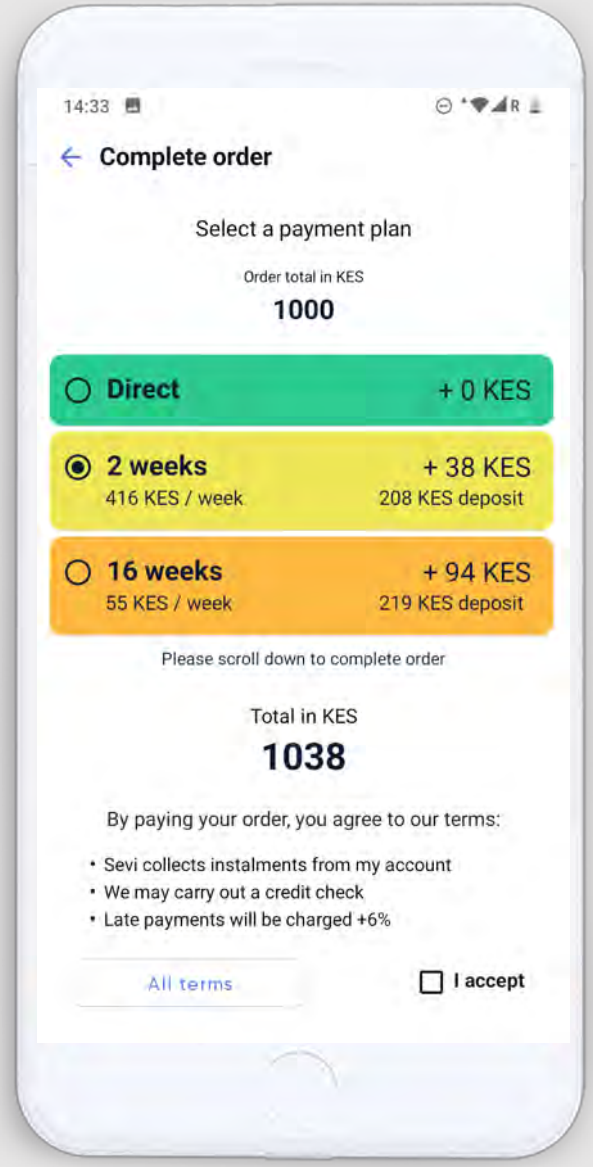
Step 1: create profile

- Create profile by entering
  - Phone number
  - Photo of yourself (liveliness detection)
  - Scan of your ID
  - Set PIN
- Automate KYC



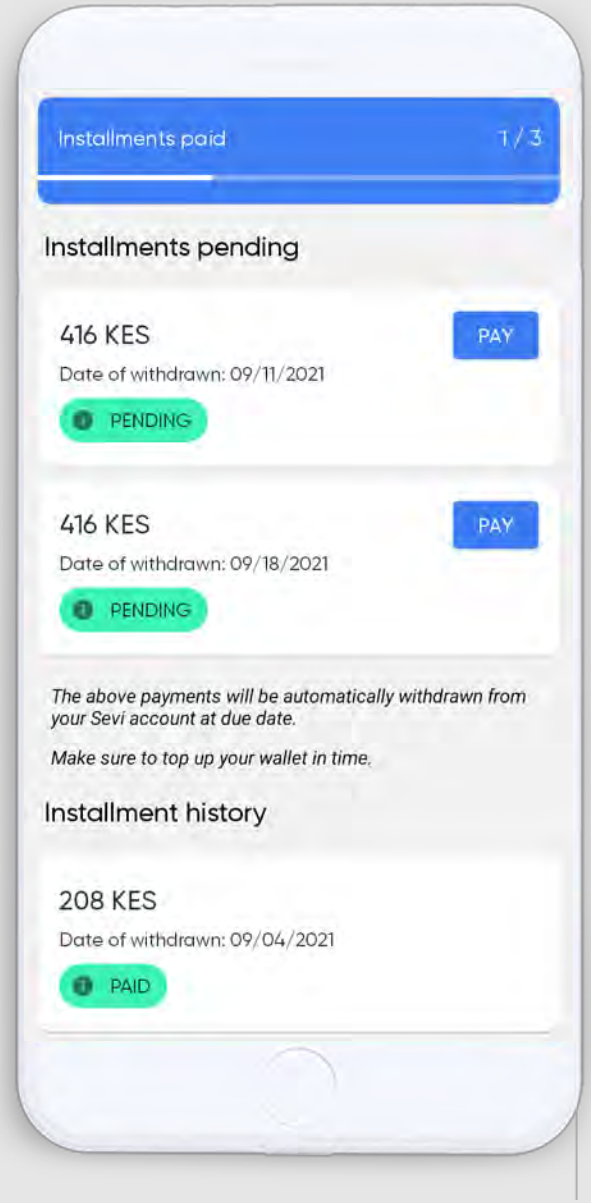
Step 2: credit plan

- Customer selects preferred credit plan, e.g.
  - weekly/monthly repayments
  - duration
- The total fee per instalment plan is shown transparently, no hidden fees



Step 3: payment

- Easy payment and reminders to never miss an instalment due date.
- Pay straight from bank or M-Pesa.
- Clear overview of instalments paid and scheduled instalments.



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How it works - Seller

Step 1: integrate with Sevi

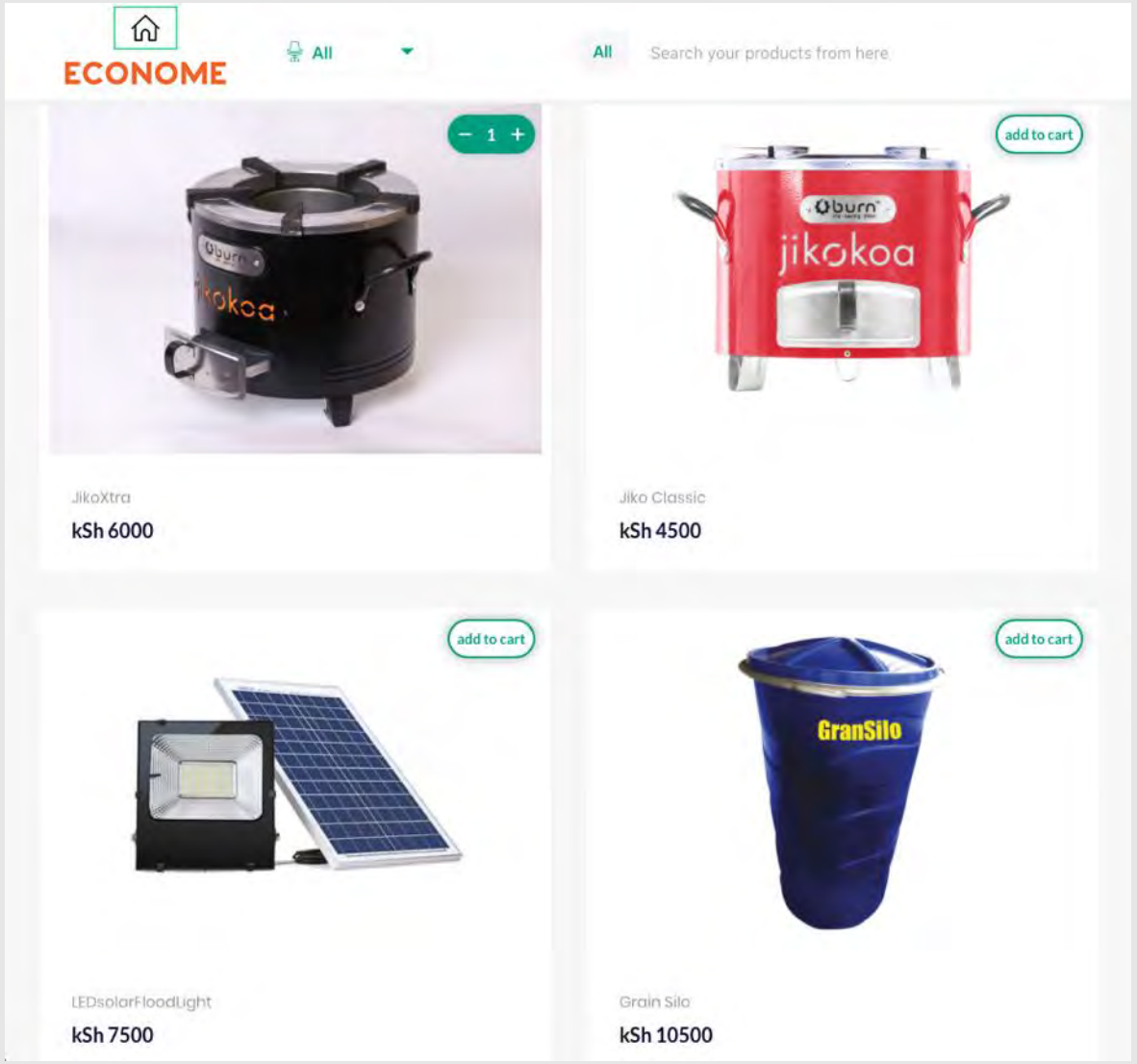
Option 1: ERP integration

Option 2: Web shop integration

WooCommerce payment plugin, which enables:

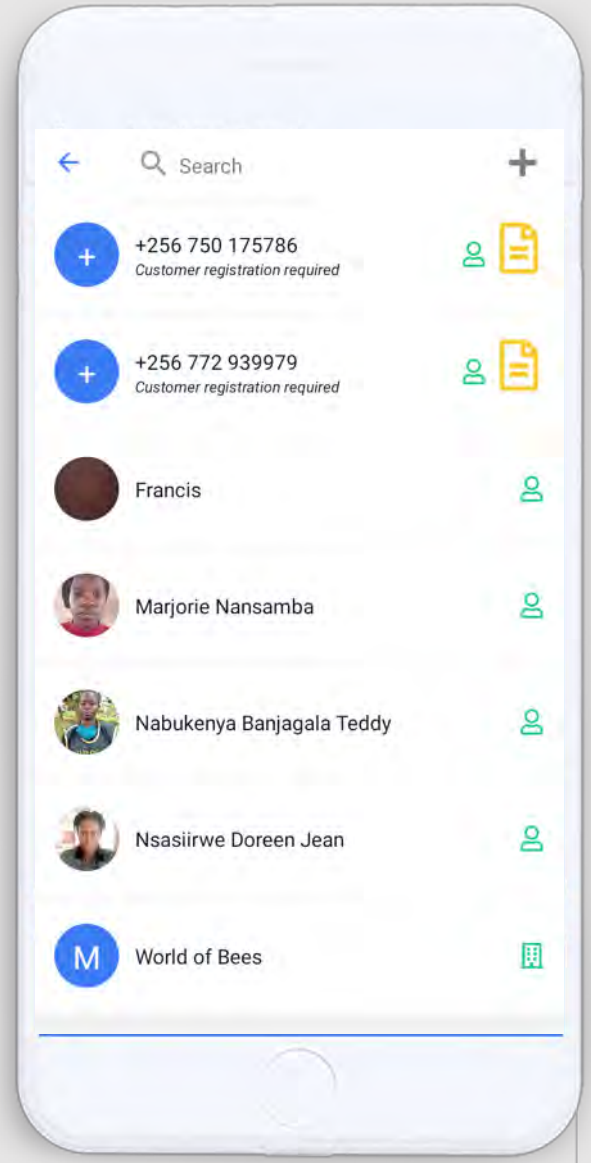
1) Sevi as payment option at check-out
2) Product sync to Sevi app for agent ordering

Option 3: In-app order creation



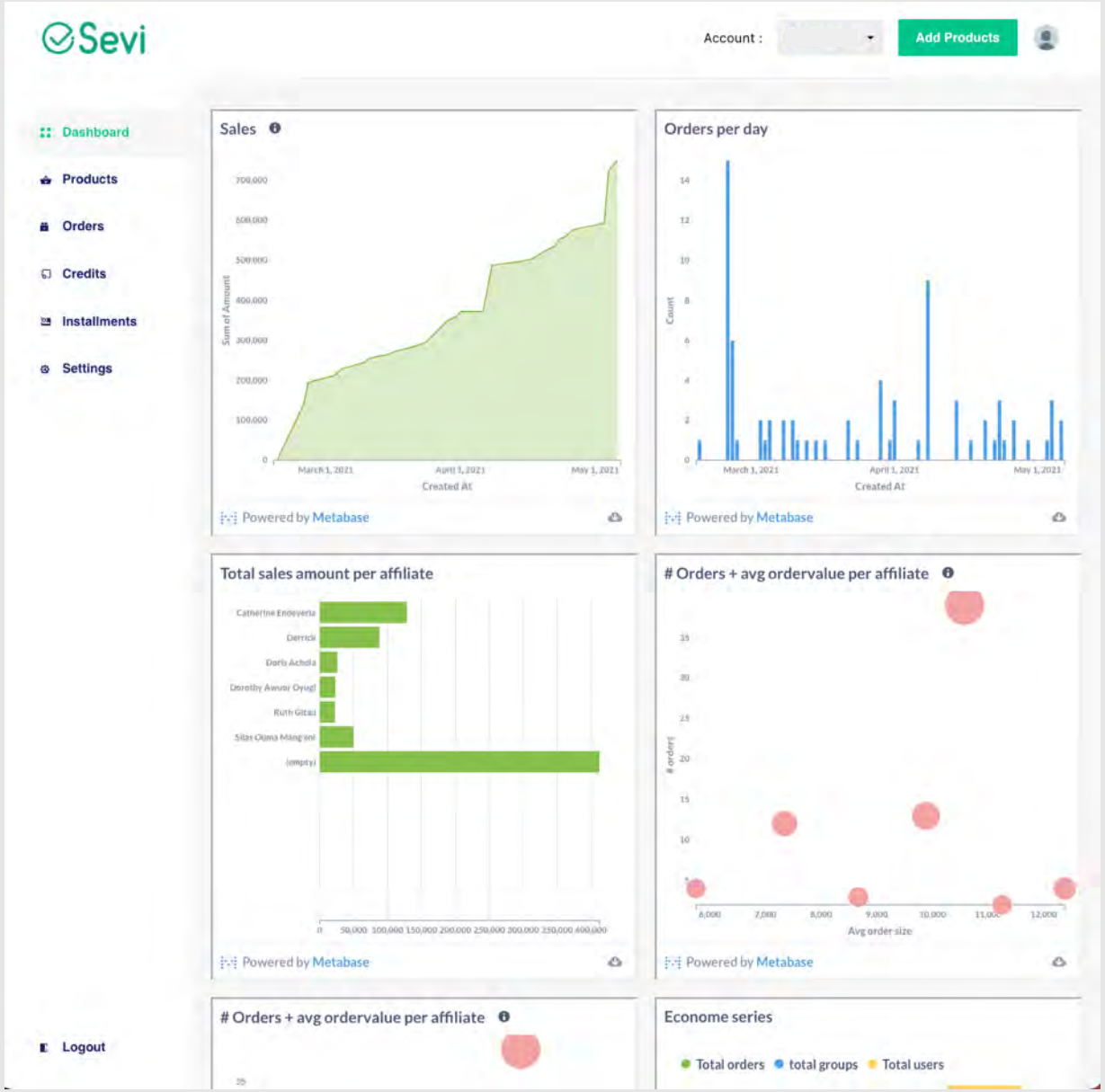
Step 2: onboard your customers

- Invite and KYC customers
- Offer ‘Order now, Pay later’



Step 3: track your KPIs

- Through your Sevi portal track e.g. orders, sales, sales per agent, status of the credit, etc.
- Agent reminders to follow-up with your customer



sevi

Contact

- www.sevi.io
- Demo: youtu.be/bbF-tMpLY60
- walter@sevi.io

Sevi App experience:

- Quality products and financing for consumers
- ‘BUY NOW, PAY LATER’ model
- Only works with smartphones
- Accommodates flexible repayment
- Integration with WooCommerce

Challenges:

- Phase 1: Redesign based on feedback
- Phase 2: End user challenges, guarantorship of loans, mobile money charges
- Phase 3: Delayed payments, default rate 4.2%

Lessons Learned

Customer Lessons

- Potential for sales growth
- New funding opportunity
- Need for consumer financing
- Hard to offer credit for lower value products
- Rural consumers' digital literacy

Partnership lessons

- Focus on core competencies
- Communication is key
- Potential access to more funding
- Full post-pilot implementation underway

Source: **Africa's consumer market potential** *Trends, drivers, opportunities, and strategies. 2018 :* **Landry Signé (ic.** *Chelsea Johnson)*

Pilot 2: Kambasco and Upya

Equity bank

Charm

Credit risk Assessment made easier

(Off grid Entreprenuers choice)

KAMBASCO

Technologies Ltd

bbw

Partnership With
UPYA Technologies Ltd

BRIDGE to Finance for Productive use Solar PV Solutions to create sustainable off grid communities

GDC

SCC

USEA

Challenge we wanted to address and why partner with DSP

Challenge and solution

- Increase sales while reducing default rate and lower value of pay go financing during covid 19 pandemic period.

Why partner with DSP

- Deliver the tool to many LMD members online
- Support on soft ware writing

Performance

Planned

a) At least 90% of customers pay as planned (base-77%)

b) 7 agents completed credit risk assessment training (base-0)

c) 3 GDC members (use excel tool or Improved Upya App) (base -0)

Actual

On Time	>30 days late	>60days late	>90 days late	Total
(34) 81%	(5) 12%	0 0%	3 7%	42 100%
8 Agents Trained				
No GDC member has adopted the tools yet.				

Continuation

Planned

c) At least 30 out of 50 customers report positive experience (base 0)

d) 10% cost reduction in financing late or default receivables (base-30%)

e) 13% default rate reduction (From high loan burden) (base 26%)

Actual

c) 42 customers are positive about the system.

d) Financing of default is currently 21% (a 9% reduction on costs)

e) Default rate now at 19% (a reduction of 7%) still reducing

System architecture

Upya CRM:

- Track Repayments from members and disconnect use.
- Upgrade functionalities for GDC members further adoption
- Upload /collect key data from VSLA use app

API?

YO Mobile Wallet:

- Enable on line /quick repayments of loans both to Bank and KAMBASCO.
- Out bound payments to members /customers:
- Connection point to UPYA pay go solution for PV kits
- Connected to KAMBASCO Navision ERP

Sharing and receiving instant Mobile money transactions from YO to Accounting system

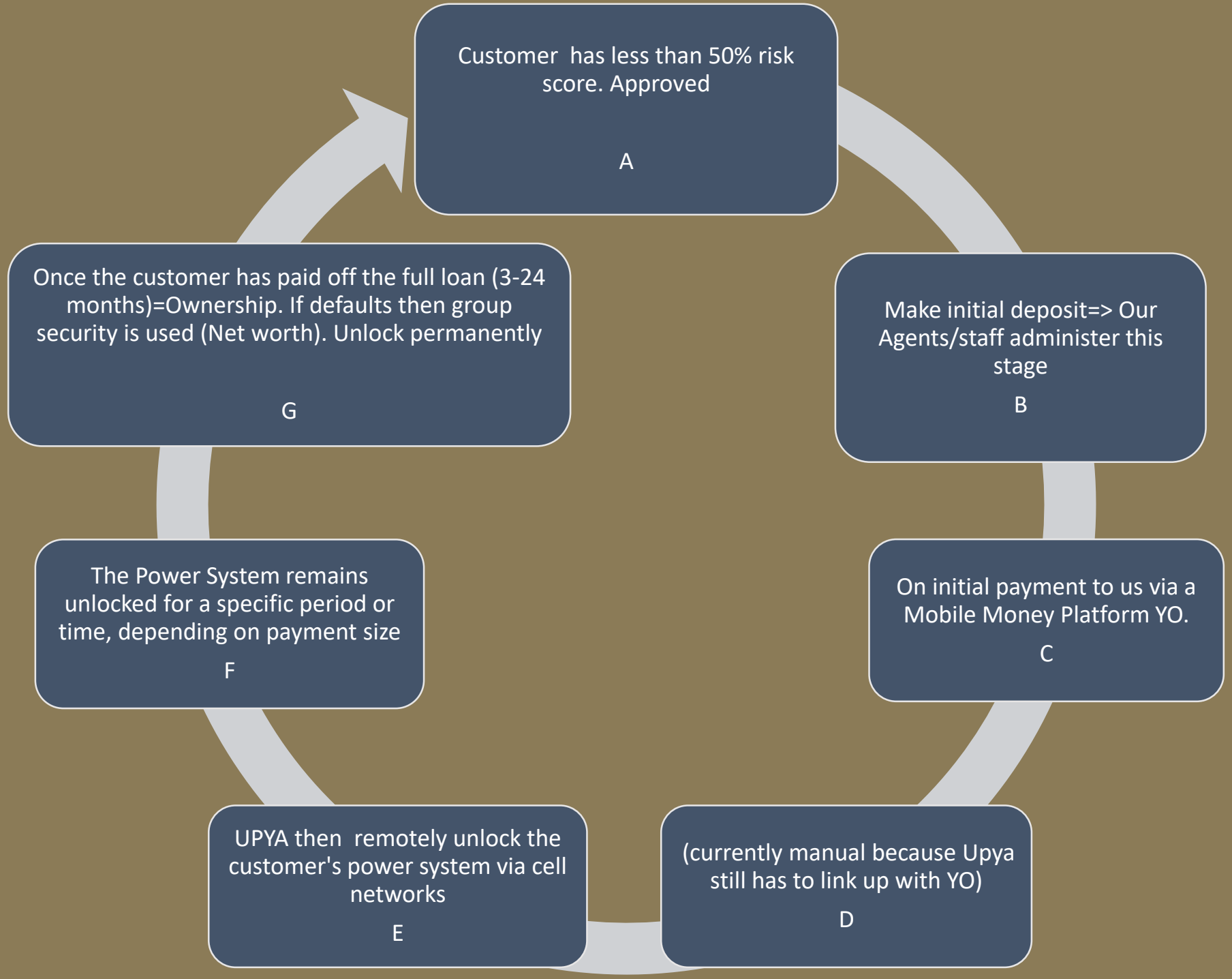
Excel Risk Tool:

- Based on VSLA data assess worthiness to borrow
- VSLA financial statements
- History will be CRB
- Both excel and App

Experience /Using Upya

Positives:

- Cheaper solution
- Has off line availability
- PAY-go –enabled (Omni Voltaic, Schneider, AMPD)
- App accessible on android phones
- Tracks contracts (modifications)
- Now has a credit risk assessment form
- GPS -maps


Customer has less than 50% risk score. Approved
A
Make initial deposit=> Our Agents/staff administer this stage
B
On initial payment to us via a Mobile Money Platform YO.
C
(currently manual because Upya still has to link up with YO)
D
UPYA then remotely unlock the customer's power system via cell networks
E
The Power System remains unlocked for a specific period or time, depending on payment size
F
Once the customer has paid off the full loan (3-24 months)=Ownership. If defaults then group security is used (Net worth). Unlock permanently
G

Take away tips /collaborations

- Regular communications necessary
- Tasks sharing needs to be adequately documented and agreed
- Test/trial runs jointly operated
- Agents trainings key
- Exchange gains and losses must be shared
- Data protections laws require adequate analysis
- Local IT resource support is key
- May require gadgets to test solution developed

Wrap-up and close

- Interested? Poll
- Digital Service Catalogue
- Webinar follow-up and recording
- 2022 webinars: let us know what you want to learn more about!

Get in touch: **GDC@practicalaction.org.uk**