



Health Care

Education

Entrepreneurship

Public Safety

Environment

Indonesia
Entrepreneurship



Partners

- Grameen Foundation
- Ruma

2011 Statistics

- Life expectancy: 71.6 years
- Population: 248,216,193
- GDP per capita: US\$4,700
- Internet penetration: 22.4% (estimated)
- Mobile penetration: 110%

Sources: CIA World Factbook (<https://www.cia.gov/library/publications/the-worldfactbook>); internet penetration data provided by www.internetworldstats.com; mobile penetration data provided by Paul Budde Communication Pty Ltd.

Case Study

Mobile Microfranchise and Application Laboratory Initiatives Give Entrepreneurs New Tools for Success

In Jakarta, the capital city of the world's fourth most populous nation,¹ underserved residents, most of whom are women, are using mobile technology to access unique business opportunities and gain the skills needed to lift themselves out of poverty. Implementing partner Grameen Foundation, through its Application Laboratory (AppLab) initiative, is working to establish a multi-tier suite of data services that can be accessed via two distribution channels: (1) via Ruma Entrepreneurs, a human network of women who own and operate mobile microfranchise businesses, and (2) through commercially available phones and the mass market. These services use existing SMS technology and increasingly available 3G CDMA technologies built on the Brew® mobile platform.

Challenge

- Although more than 75 percent of Indonesians live below the \$2.50/day poverty line and 20 percent live below the \$1.25/day absolute poverty line,² Indonesia has one of the highest rates of mobile penetration in the developing world.³ The Ruma Entrepreneur microfranchise initiative creates a foundation for grassroots entrepreneurship and a channel for the rural poor to access affordable communications. The AppLab initiative develops and launches high-value social applications that entrepreneurs can provide to their communities via their mobile phones to close information gaps and reduce market inefficiencies — all while earning an income for themselves.
- Indonesia offers a significant opportunity to spur economic empowerment through the use of mobile technologies. This is particularly significant as one of many obstacles to economic development is the lack of universal access to telecommunications and thus information.
- The cost and time required to deploy each mobile service is significantly affected by the fact that these are not standalone mobile applications. Instead, each application is supported by an entire line of business and a business model that must be designed, tested, modified and scaled across a broadly distributed network of entrepreneurs. The process of building these services takes significantly more time and resources than building a more traditional mobile application. However, the potential for impact and alleviation of poverty is much higher.

Solution

- To ensure long-term support for the expanding network of entrepreneurs, Grameen Foundation and Qualcomm's Wireless Reach™ initiative incubated Ruma, an Indonesian social enterprise whose name translates to mean "your micro-business partner." Ruma operates as an implementing partner to help poor micro-entrepreneurs to first become electronic airtime resellers, and then to expand their businesses with new AppLab products and services that will further increase their income. The project demonstrates an innovative microfranchise model that is market-oriented and builds on the strength of microfinance, a leading poverty alleviation strategy.
- The core concept of the program is simple, effective and sustainable: a local small-business entrepreneur uses a microfinance loan to purchase a pre-packaged kit that includes a mobile phone and then re-sells the "airtime minutes" to neighbors. The mobile phone then serves as a platform for providing additional applications and services to further increase their revenues and profits. New applications and services are also being launched directly for the poor through a mass-market channel, which directly supports the poorest entrepreneurs.



A Ruma entrepreneur operates her own mobile microfranchise business.

- AppLab delivers new and innovative products, information services and business opportunities tailored to the needs of the poor and poorest with the objective of increasing their incomes. This is important because the poorest are often overlooked by economic development programs that perceive them as being too difficult and costly to serve in a sustainable way. Grameen Foundation and Wireless Reach believe that this is not the case and have worked to develop projects that provide business and learning opportunities that increase bargaining power and income for the poorest entrepreneurs.

AppLab Suite

- The *Jual Pulsa* or *Top Up* application is a service that allows the poor and poorest to become entrepreneurs by selling airtime from all operators to customers. How it works: Through a very simple interface, the user is able to sell airtime credit from all operators in a wide variety of denominations and product formats. Operators are able to make 20 percent profit from each transaction.
- The *Kerja Lokal* or *Local Work* application is a service that connects the poor to informal sector job opportunities, thus increasing the chances of stable income for families. How it works: *Kerja Lokal* is deployed over a data connection (i.e. Twitter, Facebook and/or a mobile website). Customers who use this service are often factory workers, drivers, maids, security personnel and others who currently have no central source for aggregated job information. They are now able to receive a daily message with job listings that meet their location preference and their specified job category.
- The *Market Intelligence* application enables businesses to better understand the needs and interests of low income consumers, while providing additional income for some of the world's poorest people. How it works: Companies and organizations can use the *Market Intelligence* technology to survey Ruma's network of microentrepreneurs, including low income consumers and retailers – a traditionally challenging demographic to reach and study.

Results

- As of May 2012, the Mobile Microfranchise Program recruited over 15,000 Ruma Entrepreneurs.
- The Ruma Entrepreneur network has served over 1.5 million unique customers.
- More than 82 percent of the businesses are owned by women.
- An estimated 47 percent of the entrepreneurs who stay in the portfolio for more than four months are able to nearly double their incomes, effectively moving them over the World Bank poverty line of \$2.50/day.

Project Partners

- **Grameen Foundation**, an organization dedicated to helping poor people access information, appropriate financial services and income-generating opportunities that can help them move out of poverty, provides on the ground facilitation and implementation. Grameen Foundation's project goal is to increase participants' incomes and improve their families' lives, using mobile technology as the backbone for building the solutions.
- **Qualcomm's Wireless Reach initiative** is a project funder providing project management, engineering and business development support since 2007.
- **Ruma**, the Indonesian social enterprise capitalized and incubated for this specific initiative by Qualcomm and Grameen Foundation, is an implementing partner that recruits, trains and mentors entrepreneurs to enable them to maximize their potential.

¹ Schreiner, Mark and Chen, Siyuan. Progress out of Poverty Index®: A Simple Poverty Scorecard for Indonesia, April 2009.

² Ibid.

³ <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2151rank.html?countryName=Indonesia&countryCode=id®ionCode=eas&rank=6#id>

Qualcomm's Wireless Reach™ Initiative

Qualcomm believes access to 3G and next-generation mobile technologies can improve people's lives. Qualcomm's Wireless Reach initiative is a strategic program that brings wireless technology to underserved communities globally. By working with partners, Wireless Reach invests in projects that foster entrepreneurship, aid in public safety, enhance the delivery of health care, enrich teaching and learning and improve environmental sustainability. For more information, please visit www.qualcomm.com/wirelessreach.