



Working with Mobile Network Operators

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GBI TECHTalk Series

Presentation by
Abt Associates



Overview

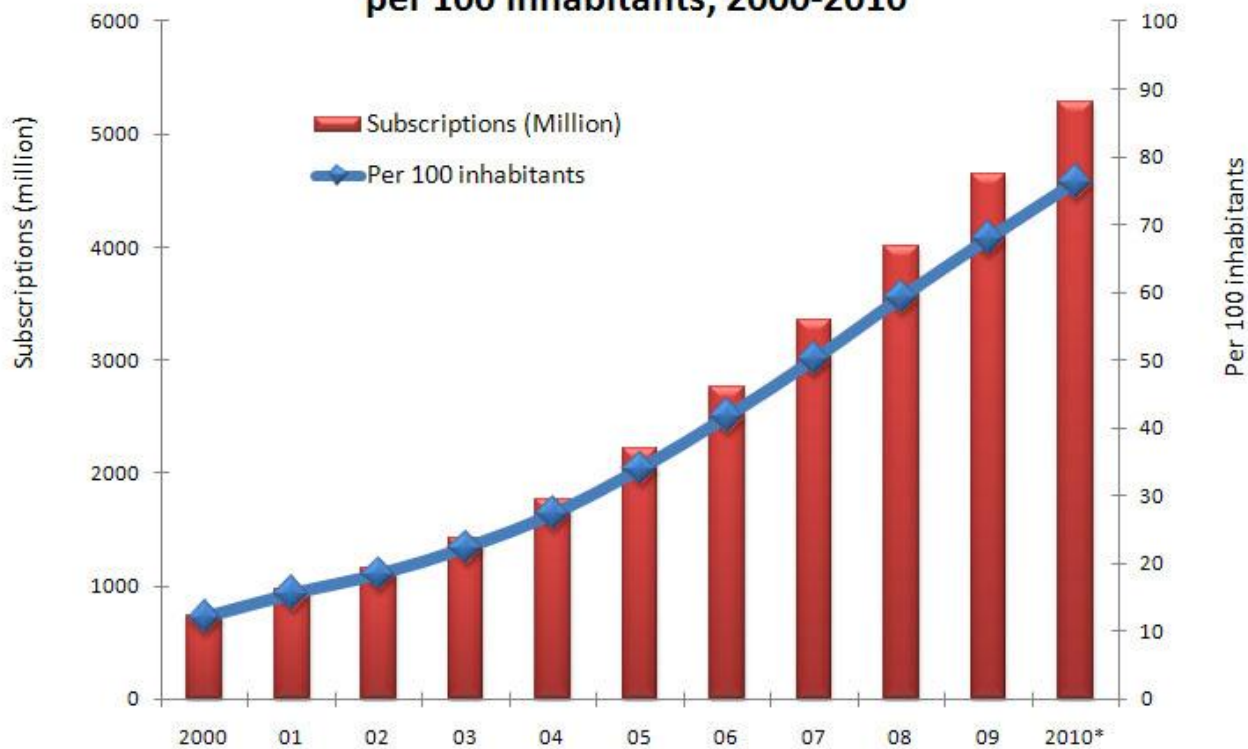


- Purpose of presentation
- Mobile industry snapshot
- Case studies
 - Pakistan: SMS awareness campaign
 - Bangladesh: National health information service
 - Nicaragua: Test platform to improve patient tracking
 - Uganda: Mobile payments
- Wrap-up

The Mobile Growth Story



Global mobile cellular subscriptions, total and per 100 inhabitants, 2000-2010

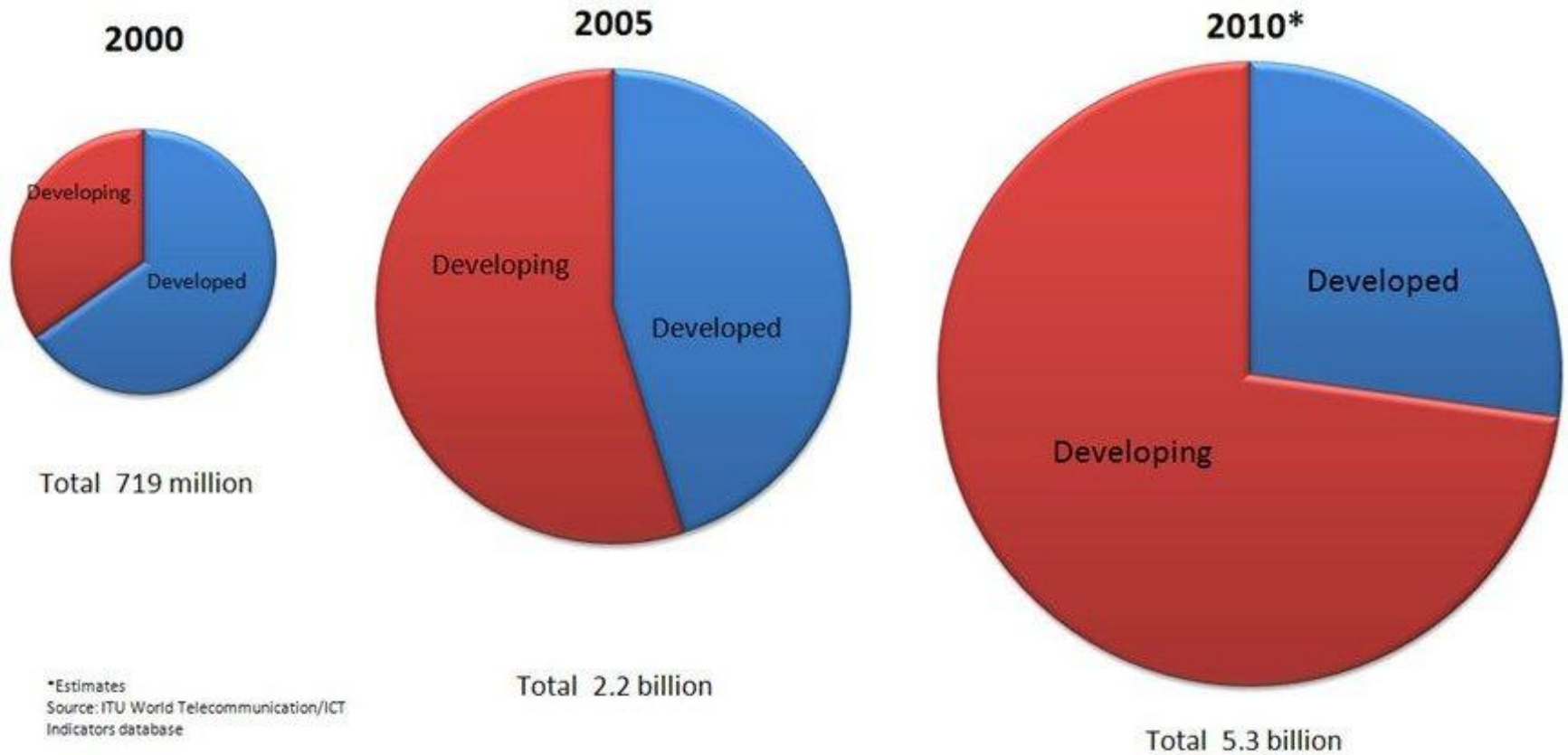


*Estimates
Source: ITU World Telecommunication /ICT Indicators database

Why Mobile is Important to USAID



Mobile cellular subscriptions, by level of development



Explosion in Development Uses



Beneficiaries	Workforce	Project Management
Market pricing	Training	Supply chain
Health information	Remote supervision	Data collection
mBanking	Peer support	Mapping
Election monitoring	Resource access	Emergency response

Value Proposition for MNOs in mDevelopment Programs



- Brokered partnerships
- Reputational capital with regulators
- Risk protection
- Services to enhance their brand
- Evaluation research
- Demand generation, aggregation, user preferences






Value proposition for USAID in MNO partnerships



- Reach into mass market through distribution channels, market research
- Brand-building skills and advertising budgets
- Consumer trust as transaction partner
- Rapid development and deployment of value-added services
- Incubation platform to leverage technology for social good

Linking MNO and Development Partner Needs



Characteristics that drive MNOs		Implications for Development Programs
<ul style="list-style-type: none">• Urgency to recoup upfront investments		<ul style="list-style-type: none">• Demonstrate link to growth in subscribers, network usage, loyalty
<ul style="list-style-type: none">• Highly competitive		<ul style="list-style-type: none">• Address the different motives of market leaders and newer entrants
<ul style="list-style-type: none">• Pressure to differentiate, product cycle 3-6 months		<ul style="list-style-type: none">• Offer unique services, fail fast
<ul style="list-style-type: none">• Closely regulated		<ul style="list-style-type: none">• Provide evidence of good citizenship
<ul style="list-style-type: none">• Segment markets by age and gender		<ul style="list-style-type: none">• Continue move toward integrated services, away from disease-specific programs

Case Studies: Mobile interventions to improve health outcomes



Pakistan: Free SMS campaign to promote hygienic behaviors

Bangladesh: National health message service for pregnant women

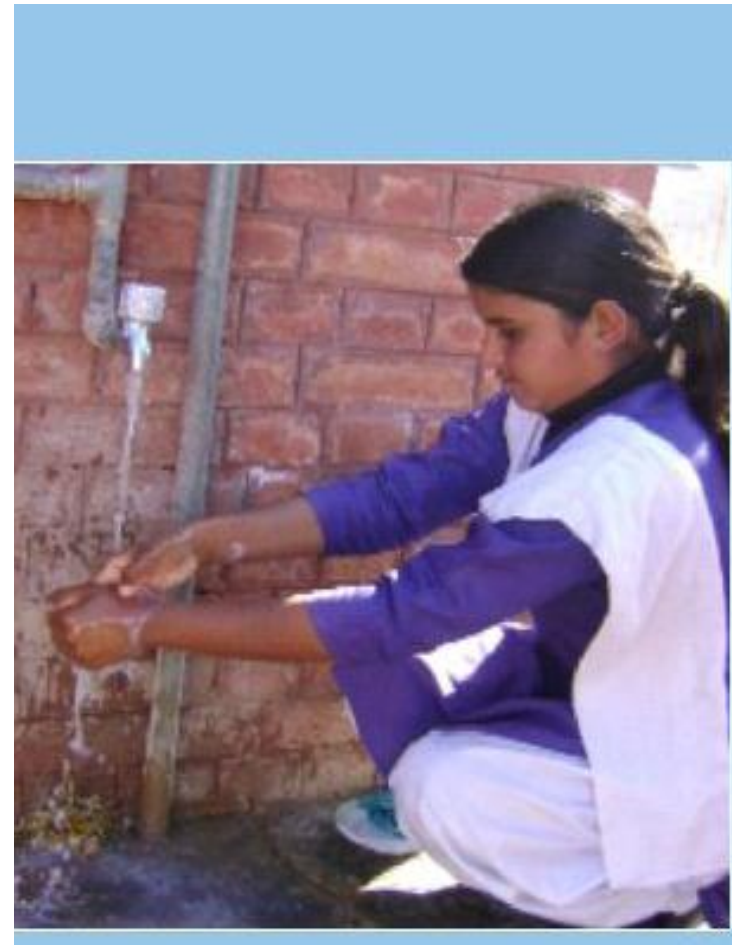
Uganda: Facilitating mobile payments to malaria sprayers

Nicaragua: Enhancing health infrastructure with data tracking platform for maternal care

Pakistan: SMS messages to reinforce hygiene promotion program



- Pakistan Safe Drinking Water and Hygiene Promotion Project (PSDW-HPP) 2006-2010
- Behavior change communications (BCC)
 - Hygiene activities through community partners in 5 districts with population 50m



Provision of mass market SMS to build hygiene awareness



- Project sought PPPs for mass media campaigns, and provision of water treatment technologies.
- Conducted roundtables with 17 cross-sector corporations: educate them on needs, leverage their expertise
 - Partners included Unilever, Merck, Greenstar, Medentech
- Pakistan leading MNO Mobilink (31% market share) expressed strong interest, aligned with CSR objectives, signed MOU

RESULTS: 3m free SMS across 15 districts during 6 month period, provided extensive reach and exposure in rural areas

Mobilink lessons learned



- Specificity re: timelines, deliverables in MOU language
 - Early on lack of follow-through
- Continuous and ongoing communications is necessary
 - MOUs not legally enforceable, need to demonstrate high expectation, clear directives
- Clarity of roles is critical
 - Companies must assign human resources to implement, a focal point for internal planning and coordination
- Long planning periods needed, ideally one year ahead
 - Messages sent during project extension period

MAMA Bangladesh: National Health Information Service



Mobile Alliance for Maternal Action

Provide vital behavior change messages to new and expectant mothers through mobile phones

- Initiated by USAID, White House OTP in 2010, launched as global alliance with J&J in 2011
- Bangladesh first country to launch, South Africa and India in development
- SHOPS project provided assistance in coalition formation



MAMA Bangladesh: *Aponjon*

Overview



- **Catalytic funding** to attract national leadership, cross-sector partners
- **Locally owned**, designed, implemented, co-funded, championed
- **Sustainable business model** combines user fees, message advertising, corporate sponsorships

Lead Partners



Johnson & Johnson

Implementing Partners

Supporting Partners

TECHNOLOGY



ssc-tech

COORDINATION

D.Net

Development Research Network



Multimode

CORPORATE SPONSORS

CONTENT



MOBILE OPERATORS

OUTREACH - NGO



Smiling Sun

OUTREACH - GOVERNMENT



BRAND FORUM
Inspiring Brands in Bangladesh

MEDIA

ICDDR, B

RESEARCH



Ministry of Health and Family Welfare
Government of the People's Republic of Bangladesh

Aponjon Service Description

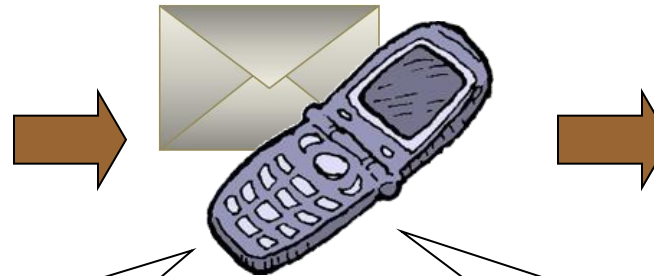
17



**Expectant women/
new mothers sign
up for service**



**Users receive 2
health-related
messages weekly**

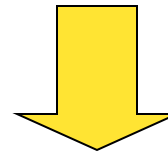


**Partner advertising and
advocacy will drive
subscription levels**



*"If you have any
bleeding during this
month, seek medical
attention right away"*

*"Your baby needs an
immunization this week
to stay healthy,
available free at all
clinics"*



Messages will provide critical life-saving information, leading to improved in health knowledge, behaviors and outcomes

MAMA Bangladesh: MNO Outreach



- Process initiation
 - Conducted active outreach: Ambassador reception, pitch meetings, government briefings
- Articulating the benefits of novel service
 - Broad alliance with international and local partners
 - Extensive outreach through health partners and mass media, opportunity to integrate with other services

Key focus on potential for revenue generation

MAMA Bangladesh: Phase 1 MNO Negotiations



- GrameenPhone reception was warmest
 - CSR department history with health initiatives, MAMA partners
 - Had already developed a similar concept (stage-based pregnancy messages) but it had not gotten it off the ground
 - Most attractive partner because dominant MNO (46% market share)
- Other operators had limited interest without offer of long-term exclusivity

MAMA Bangladesh: Phase 1 MNO Negotiation Results



- Coalition proposal
 - Asked for large contribution (\$250K cash/in-kind) in exchange for time-bound exclusivity and high visibility in national media
- Initial response to proposal took months
 - Initiative was still in conceptual stage: no design documents, MOUs, platform specifics
 - Selling internally took time: both to top management, across affected departments
- Ultimately Grameenphone offered Design Phase support only, contribution of free pilot airtime (~ \$2K value)
 - Connectivity through standard commercial revenue sharing terms
 - Exclusivity offer withdrawn by Coalition

Lesson 1: Balancing CSR versus Business Unit Opportunities



- CSR departments generally have limited money, power, influence over decision-makers
- CSR team was not in a position to value and deliver marketing commitments
- MAMA coalition was not part of internal Grameenphone deliberations
 - Ability to emphasize revenue projections, integration with other Grameenphone services

Negotiation Trade-offs



BUSINESS UNITS: Needed for mainstreaming	CSR: To prove the business case
<ul style="list-style-type: none">• Faster to market, decentralized decision making• Offers highly valuable non-cash resources<ul style="list-style-type: none">➤ Technical➤ Marketing➤ Distribution	<ul style="list-style-type: none">• More amendable to programming objectives focused on needs of beneficiaries<ul style="list-style-type: none">➤ Build relationships➤ Incubator for new ideas➤ Tax incentives for MNOs if pilot is loss leader
<ul style="list-style-type: none">• Requires more rigorous business case<ul style="list-style-type: none">➤ Metrics driven• Brand –building advertising will be linked to revenue generation	<ul style="list-style-type: none">• Priorities and budgets often set at regional level: long lead times• Focus is short-term marketing and PR benefits<ul style="list-style-type: none">➤ Favors events, tangible goods• May not speak for relevant implementing departments

Lesson 2: Exclusivity problematic in platform design



- Exclusive partnership agreements serve MNO need for competitive advantage
 - Assumed MNO would make greater investments in exchange for rights to be sole operator associated with MAMA
- Coalition intended for exclusivity to be short-term, opening service to all operators within a year
 - Consistent with guiding MAMA principles of broad public access
- In parallel with operator negotiations, began design and development of software platform
 - Interactive voice response (IVR) complex, raised concerns about future scale up with all operators

Exclusivity Barriers and Considerations



- Unexpected limits on access
 - E.g. MAMA pilot location in Chittagong were predominantly Robi subscribers, not Grameenphone
- National services need to accommodate different charging capabilities
 - E.g. three of six operators in Bangladesh could not provide reverse billing for mobile terminated calls
- Design of scaled mobile interventions requires inputs from all the operators
 - E.g., variations in operator policies on remote platform connectivity may require decentralized design

MAMA Bangladesh: MNO Negotiations Phase 2 Strategy



- Nonexclusive agreements with all operators
- Develop customized marketing, distribution activities
 - Complementary applications: co-branding SIM cards, linkages to MNO branded services such as health hotlines
 - More targeted segmentation: e.g. Banglalink focus on women; Robi focus on rural, indigenous culture
 - Pilot technical innovations, such as voiceSMS, VOIP

Ultimately MNO financial support will be tied to documented MNO benefits

- New subscribers
- Less churn
- Higher revenue per MAMA user

Nicaragua mhealth demonstration platform



- Objective to develop and test mhealth platform
 - To improve tracking and case management for pregnancy and birth
- USAID 4th Sector project brokered agreement with Ericsson, MNO Enitel, NGOs



MNO role in Nicaragua project



- Enitel is largest operator in a two player market, owned by large regional carrier American Mobile
 - Eager to build relationship with MOH, particularly for data services
 - Wanted platform to test voice data transmission
- Enitel commitments in signed MOU
 - Subsidize service and equipment charges
 - Optimize communication protocols to support the applications
 - Expand mobile coverage to rural areas still without service

Nicaragua MNO Lesson 1



- Progress flagged when key internal champion promoted regionally, left Nicaragua
 - Movement of senior management very common in dynamic industry
 - Project commitments were not broadly institutionalized
- Solutions
 - To build internal visibility & buy-in, need comprehensive stakeholder communications, prepare regular updates for MNO management
 - Engage partners with scheduled site visits, frequent partner meetings

Nicaragua Lesson 2



- Business case for build out to new rural locations weak
 - Objective to convince MOH of value in infrastructure development for health improvement
 - Project data alone does not secure long-term government support, or address tensions such as tax policy
- Solutions
 - Change pilot locations: To maintain flexibility, adjusted terms to test platform where mobile infrastructure already in place
 - Identify new partnership benefits: e.g. convene workshops on regulatory barriers, advocacy for policy change
 - Independent evaluation on costs and benefits

Nicaragua Lesson 3



- Project had retail needs not controlled by department (interconnection) negotiating the MOU
 - Enitel's national structure decentralized into retail outlets
 - Purchase of handsets delayed by lack of internal coordination, disagreements over subsidy total value
 - No process in place to authorize topping up airtime in locations where phones used

- Solutions
 - Longer timeframes in workplan during deployment phase to establish processes
 - Specificity in MOU critical

Uganda: Payments for household sprayers to combat malaria



President's Malaria Initiative

- Program overview
- Approach to the MNOs
- What we learned



Uganda IRS Overview



- Indoor Residual Spraying (IRS) is a cornerstone of President's Malaria Initiative program to reduce malaria-related mortality
 - 3 year program (2009-2012), spray 80% dwellings with insecticide in NorthWest Uganda
 - Twice per year, each campaign last 20-25 days
- Challenge: total 3500 field workers to be paid each spray cycle
 - Most no bank accounts, those that did had to travel long distances
- Initial solution: drive truck with cash from village to village
 - Safety and cost concerns

Uganda IRS challenge



Cash dispensed from
“teller trucks”

- Interim solution to contract with PostBank
 - No requirement for sprayers to have accounts
- Travels from village to village
- Charged \$1 per transaction

**Objective: Switch to more
cost effective phone-based
payment process**

Uganda IRS: Approach to the MNOs



- Mobile money utilizes mobile network for financial transactions:
 - Distribution structure is well positioned for high-volume, low value transaction processes
 - Spray operators all owned phones
- Successes in Kenya (mPesa) and Philippines not yet replicated in other countries
 - Policy, infrastructure, regulatory hurdles
- In Uganda, only MTN offered mobile money at that time (June 2010)

Uganda IRS Lessons Learned



- Critical mass needed for cost recovery in rural trading centers for agent overhead
 - Too early in the MTN product roll-out period: focus was still in urban centers
 - Would expect different result in 2012 as competitors begin to saturate dense areas
- Minimum per transaction mbanking pricing is costly for low value payments
 - Project pays to transfer, sprayers pay to cash out
 - “Mobile teller” was more cost-effective for predictable pay schedule

Wrap-Up



- MNO partnership challenges and success factors not unique
 - Relationships must be nurtured, expectations clearly stated, terms flexible
 - Setbacks are universal, adaptability is essential
- Case studies highlight early stage of mobile partnerships
 - Ambiguity regarding how to maximize benefits for end users and implementers
 - Requires field-testing range of approaches, text cases
 - Many additional examples from which to learn



Thank you!

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