

Conference: May 31, 2011 at Beurs van Berlage (Social Capital Markets)

Panel Topic: SMS to Save the World – Mobile Making Impact

Panel Description: Hear from investors and entrepreneurs about the opportunity worldwide in mobile banking solutions.

Moderator & Panelists: Arun Gore (Moderator), Managing Director of *Gray Ghost Ventures*, www.grayghostventures.com; Dennis Dijkstra, COO of *Movirtu*, www.movirtu.com; Femi Akinde, Director of *Slim Trader*, www.slimtrader.com; Jessie Moore, Managing Director of Signal Point Partners, www.signalpointpartners.com/home.html

Design, Methodology, Approach: This session was designed to highlight perspectives in the mobile space across different technologies and the diverse uses of innovative mobile solutions. The approach was oriented towards reports and expert opinions from panelists engaged in the mobile space.

Main Panel Discussion Points: The opportunity in mobile commerce is exploding. Femi Akinde highlighted his company, Slim Trader, as a platform that allows customers in Africa to buy goods and services using SMS. As an example, clients in Africa (Kenya, Uganda, Nigeria) can not just buy products like fertilizer, but also search for types locally available – locating real time information to aid in purchasing decisions.

The benefit of such platforms extends a convenience to its remote customers, but offers financial benefits as well. Platforms like Slim Trader are able to leverage mobile money networks like those of mPaisa and Airtel. In so doing, there are huge savings generated in the transactional costs of travel and time lost. For the service providers, the emerging revenue model revolves around payment per transaction. Their clients are businesses seeking the platform to promote their products. When SMS competes with physical commuting, that's a winning model.

Dennis Dijkstra highlighted a slightly different challenge in the mobile space. With Movirtu, remote rural customers often do not have access or the ability to afford the handset to access such information. Their technology innovation is linked to the idea that customers can access their mobile identity without requiring a phone or a SIM card.

Aptly, Jessie Moore noted that in all of this, "it's becoming clear that mobile phones are no longer just mobile phones." He described his company as accidentally bumping into mobile payment, by way of setting up communication towers. He charts what he views as the progression of the mobile space: from being used by techies to communicate via handsets to a base station, from individuals using it to communicate in short-form (via sms) and now the creation of applications, and its adoption into payment gateways.

Outcomes & Analysis: The conversion of such a diverse range of applications means that mobile is changing the way consumers relate to their friends, and behave in their local markets. Real time information is tying together distribution networks that have been previously fragmented.

Femi Akinde chimed in on this point, asking what the impact of SMS is on the BoP (bottom of the pyramid). In many ways, the dynamic is shifting away from person-to-person, towards person-machine communication. He notes that these platforms are “taking what has been utilized as the web in the West, and moving it into sms.”

There are some barriers, however. The panelists issued cautions around how to manage security – observing that hacking remains a problem faced by service providers. The nature of security challenges in the mobile space are varied; they are either process-oriented, or relate to technical gaps -- and that it’s important to know which one is manifesting itself.

For the future, the consensus of the panel seemed to advise new entrants aiming to get into the mobile space that it’s critical to build a company that is not reliant on mobile operators. Beyond that, Jessie Moore noted important and nascent industry shifts: that phone companies have started seeing themselves as billing providers, not just content providers. He recommends paying attention to the *ABCD*’s of mobile and how they affect consumer behavior: *agents, brand, cost structures* and *data*.

Overall, SMS is changing the way information is available – and ultimately, bringing transparency into formerly invisible markets. That will radically change the way business is being done in emerging markets.

Keywords: mobile, banking, sms, communication tools, BoP

Paper type: Review of conference panel.

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