Agenda:
• Intro to BFA and FIBR Project
• Overview of Technology Unbundling
• Unbundling in the PAYGo Sector
• FIBR’s PAYGo 2.0 Learnings

Jacob Winiecki
Senior Associate, BFA
• Consulting firm specializing in financial services for low-income people

• Offices in Boston, Medellín, New Delhi, Nairobi, New York

• Areas of expertise: customer insights, business insights, policy & ecosystem, inclusive fintech, finance for life

• Our clients are financial institutions, technology companies, donors, investors and policymakers

• **FIBR (Financial Inclusion on Business Runways)** is a BFA and Mastercard Foundation R&D project

• Seeks to demonstrate how smartphones and data can accelerate financial inclusion

• Focused on PAYGo and Small Merchant sectors

• Projects in Kenya, Tanzania, Uganda, Ghana

• Technical assistance to co-develop solutions with PAYGo operators and financial institutions over 6-8 month projects
FIBR’s focus in PAYGo Solar

**Digitization**
- Digitized field operations + smarter agent network management
- New agent models to solve last-mile customer payment frictions

**Credit Operations**
- Data-driven credit operations – KYC, portfolio analytics, churn prediction
- Product design and behavioral interventions to drive improved repayment

**Partnerships**
- PAYGo partnerships with financial service providers (FSPs)
- Design and pilot testing of PAYGo-to-FSP graduation products

**FIBR Projects (6-8 months)**

**Nano Projects (1-2 months)**
What is Technology Unbundling?

Unbundling is the disaggregation of a product or service into stand-alone offerings that were not previously viable to sell separately.

Technology unbundling makes it possible to decouple the PAYGo value chain, leading to business model innovation.
PAYGo Value Chain

### PAYGo Value Chain Points

**Digital Tools:**
- Credit scoring
- Mobile money
- Accounting/Finance
- Loan/Lease management
- Customer care ticketing
- CRM & Call Center
- SMS integration

**Value Chain Points:**
- Design/Manufacturing
- Shipping/Logistics
- Appliances
- Warranty
- Marketing
- Customer acquisition
- Delivery & installation
- Inventory & logistics
- Origination
- Underwriting
- Collections
- Portfolio management
- After-sales service/maintenance
- Warranty fulfilment
- Customer communication

**Remote lockout hardware**
- PAYGo token system
- Usage/Performance

**Inventory management**
- Smartphone apps

**Credit scoring**
- Mobile money
- Accounting/Finance
- Loan/Lease management

**Customer Support**
- After-sales service/maintenance
- Warranty fulfilment
- Customer communication
Vertically Integrated Example

Solar Hardware ➔ Sales & Distribution ➔ Consumer Finance ➔ Customer Support

FIRST GENERATION PAYGO COMPANY

FOCUS

PARTNER

• Technology IP across the value chain
• Digital tools designed 100% for own needs
• Strong control over execution

• Significant investment in tech development
• High ongoing tech maintenance costs
What tech is unbundling in PAYGo?

- Solar hardware
- Remote lockout
- PAYGo platform
- Smartphone apps
- CRM & Call Center
- Data analytics / Business intelligence
- Inventory Management
- Portfolio Management
Unbundled PAYGo 2.0 Example

- Faster to market with modular applications
- Lower ongoing tech management costs

• Integrations, workflow, data management requirements
• More partnerships = potential execution risk?
Unbundled PAYGo 2.0 Ecosystem

How do we integrate these tools, and extract and make use of data?
Managing Complexity

- Tailor an ecosystem of modular digital tools for your unique market constraints
- Connectivity is a challenge, design for offline first
- Keep in mind that it’s not yet plug and play, and somewhat tough to switch
- Need to build a software / data / insights team (minimal coding required to apply!)
- It’s important to gather robust data across all your digital tools, and centralize
- Diversity of business models = diversity of digital technology needs
- Seek support from specialized solution / service providers when needed
- Connect with other PAYGo 2.0 players to share challenges, advice, lessons learned
## PAYGo-focused business models

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar hardware focused</td>
<td>Omnivoltaic</td>
</tr>
<tr>
<td></td>
<td>renewit Solar solutions</td>
</tr>
<tr>
<td></td>
<td>AMPED</td>
</tr>
<tr>
<td></td>
<td>fosera</td>
</tr>
<tr>
<td>PAYGo software platform and/or remote lockout</td>
<td>angaza</td>
</tr>
<tr>
<td></td>
<td>Paygee</td>
</tr>
<tr>
<td></td>
<td>eeye</td>
</tr>
<tr>
<td></td>
<td>naefos</td>
</tr>
<tr>
<td>PAYGo solution for distributors and own B2C</td>
<td>b</td>
</tr>
<tr>
<td></td>
<td>d.light</td>
</tr>
<tr>
<td></td>
<td>greenlight planet</td>
</tr>
<tr>
<td></td>
<td>azuri</td>
</tr>
<tr>
<td>Distribution + Consumer Financing focused</td>
<td>BrightLife</td>
</tr>
<tr>
<td></td>
<td>OOLU</td>
</tr>
<tr>
<td></td>
<td>PEG</td>
</tr>
<tr>
<td></td>
<td>ECOENERGY</td>
</tr>
<tr>
<td>Vertically Integrated</td>
<td>ZOLA</td>
</tr>
<tr>
<td></td>
<td>fenix intl</td>
</tr>
<tr>
<td></td>
<td>M-KOPA Solar</td>
</tr>
<tr>
<td>Value Added Data Solutions</td>
<td>fraym</td>
</tr>
<tr>
<td></td>
<td>Arifu</td>
</tr>
<tr>
<td></td>
<td>Harvesting</td>
</tr>
<tr>
<td></td>
<td>EFL</td>
</tr>
<tr>
<td>Specialist solution / service providers</td>
<td>Catalyst.</td>
</tr>
<tr>
<td></td>
<td>OPEN CAPITAL ADVISORS</td>
</tr>
<tr>
<td></td>
<td>fibr</td>
</tr>
<tr>
<td></td>
<td>BFA</td>
</tr>
</tbody>
</table>
Impact on Market Expansion

- Increased number / range of PAYGo-ready products
- Reduced overall capital the sector has to spend on core tech
- Enables specialization -- Laser focus on a few things
- Gives on-the-ground operators technology flexibility
- Significant digital payment integration savings
- Faster to launch PAYGo distribution, lower funding required, faster to breakeven
- Diversity of businesses able to launch PAYGo offerings
- Brought PAYGo to markets vertically integrated players might not consider in near term

Photo Credit: BrightLife, Dawn Leeks
BFA

bfaglobal.com
medium.com/f4life

FIBR Project
fibrproject.org/paygo

Jacob Winiecki
jwiniecki@bfaglobal.com