KIWANJA.NET
MINDFUL SOCIAL CHANGE

MOBILE DATABASE · ARTICLE

CELLPHONE COW

Author / organisation	The Financial Express
Year recorded	2007
Region	Asia-Pacific · Bangladesh
Category	Economic
Original source	financialexpress.com
Archive page	kiwanja.net/mobile-database/cellphone-cow/

This document is part of the kiwanja.net Mobile Database, an archive of more than 700 articles, reports and projects on mobile technology for development, collected between 2003 and 2010. It is reproduced here for reference; the original author's rights are retained.

Explore more. Browse the full archive at kiwanja.net/mobile-database.
Looking for support with your own social change work? See kiwanja.net/work-with-me.
Ken Banks offers coaching, mentoring and strategy support.

THE FINANCIAL EXPRESS

India Inc

When a cell phone is like a cow

You Can Hear Me Now shows how connectivity increases GDP in poor countries and eradicates poverty

Rajiv Tikoo

Grameen Bank has an impact on the poor, GrameenPhone on the entire economy," says Muhammad Yunus. The idea of GrameenPhone was conceived by 36-year-old Manhattan-based venture capitalist Iqbal Quadir in 1993. It was triggered when his computer network crashed, leaving him unproductive.

Concluding that connectivity is productivity, the Wharton business graduate returned soon after to Bangladesh to launch a phone service. At that moment the country had one of the lowest teledensities in the world with one phone for every 500 people.

What followed were years of struggle, frustration and failures. Anything that could go wrong went wrong. The government, funding agencies and investors were not easy to convince. He himself worked out of his home and car without any salary for years.

The Grameen Bank, too, took its own time to get on board. Why cannot a cellular phone be like a cow? A business plan built on this argument managed to convince Yunus finally. Then there was no looking back.The next crucial step was negotiating a partnership between nonprofit Grameen Bank and Norway-based for-profit Telenor and the service was up and running in 1997.

Today GrameenPhone has 10 million subscribers, connects 100 million people through 2,50,000 phone ladies, who buy phones on microloans from the Grameen Bank and lease air time to villagers to make a living after paying off

their loans. Today a phone lady earns on an average $750 a year, which is double the average annual income of a Bangladeshi. GrameenPhone has revenues of $1 billion and annual profits of $200 million.

In 1999, Quadir left GrameenPhone and Bangladesh for the US to teach what he had succeeded in doing at the grassroots back home. He has also come up with the concept of 'invisible leg' to explain how technological innovations influence economies. GrameenPhone's success in bridging digital divide and generating profits is not an exception, though. It has been demonstrated earlier also that connectivity increases GDP in poor countries and eradicates poverty.

While econometric research by the London School of Business has shown that 10 phones per 100 people add 0.6% to the GDP of a country, the United Nations estimates that 0.6% growth cuts poverty by 1.2%.

Author Nicholas P Sullivan embellishes the unusual Bangladeshi success story with such facts and figures in You Can Hear Me Now, which pans out not only vertically, but also horizontally to capture the big story with its smaller sub-plots.The GrameenPhone story is located on the larger global telecom map dotted by other profitable digital divide bridging initiatives like Celtel in Africa, MTN and Vodacon in South Africa, Orascom in the Middle East and South Asia, and Smart Communications and Globe Telecom in the Philippines.

Last year's Nobel Peace Prize winner Muhammad Yunus, India's telecom ambassador Sam Pitroda, Celtel chairman Mohamed Ibrahim Mo and social venture capitalist Joshua Mailman also keep on walking in and out of the story, offering their insight on the initiative.

Concluding that an external combustion engine can catalyse bottom-up development to fuel economic growth, the author elaborates, "The engine comprises three forces: information technology, imported by native entrepreneurs trained in the west, (and) backed by foreign investors."

Emphasising that information technology and private investment are better than ineffective foreign aid to corrupt regimes, the author makes a case for out-of-the box thinking by the private sector to tap business opportunities in developing countries, provided by four billion people living on less than $2 at the bottom of the pyramid.

Another more recently released report estimates that these four billion people in relative poverty are a $5-trillion market. The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid has been published by the

International Finance Corporation and World Resource Institute.

You Can Hear Me Now is rich in terms of its insight, graphic details, research and latest data. The number crunching gets at times a bit too much to comprehend, though. There is a problem of plenty. In fact, at times, one gets the impression that it's hurriedly written for the information and knowledge packed in it. Nevertheless, it's an important resource for all times to come and will be a good accompaniment to Banker to the Poor: The Autobiography of Muhammad Yunus and Quadir's in-the-pipeline book.

Only somebody like Sullivan could have written it. He has the right credentials, having written extensively on technology, enterprise and development. He has been able to reach out to all the key players. He has the domain knowledge, resource base and commitment to recapture a nation changing story in all its nuances. And he has done it in a compelling way. We have even the word of C K of Prahalad of The Fortune at the Bottom of the Pyramid fame for it.

—***You Can Hear Me Now***
By Nicholas P Sullivan
Publisher: Josey-Bass
ISBN: 978-0-7879-8609-4
Pages: 232 :Price: $29.95

EXCERPT

"Quadir quit his job in New York and moved to Bangladesh, ready todive into the project. He had no background in telecommunications anda limited background in development, and he hadn't lived in Bangladeshfor nearly twenty years. But he had been building a core philosophyabout the role of business in development, and this was as good anopportunity to test his ideas as he was likely to see. If you wantedto measure the impact of phones in society, the rural areas ofBangladesh were a tabula rasa.
Cellular operators were making good money everywhere, so Quadirfigured he would eventually convince one to take a shot at Bangladesh.The digital revolution was in full swing, with Moore's law probably aswell known to American teenagers as the Pythagorean theorem. Thenumber of transistors, and thus the data density, on a microchip weredoubling every eighteen months. That was a given. So was Quadir'stheory that connectivity is productivity. Pitroda had proved it inIndia. The flow was going in his direction."

URL: http://www.financialexpress.com/fe_full_story.php?content_id=160339

Print this Story

Ads By Google

Alternative Telecom & Net
Phones Systems, Computers & Cabling for non-profits in the SF Bay Area
www.alttelnet.com

Telecom Expense Mgmt.
Automated telecom expense management. Permanent Control.
www.asentinel.com

Canada Telecommunications
Call for Your Telecommunications. Home/Business Structured Cabling.
www.newworldtelecom.com

© 2005: Indian Express Newspapers (Bombay) Ltd. All rights reserved throughout the world.