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The Holy Grail of Mobile Application Development

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A while back, I posted my [impressions of being a mobile consumer](#) in East Africa, ranging from interactions with the woman who cleans my apartment to the varied uses of mobile telephony [Acumen Fund](#) sees among its portfolio companies. Things have evolved. Since then, my landlord fired her and the replacement cleaner, settling on a dynamic young woman named Juddy. She too communicates through mobiles, except in those instances where she runs out of prepaid phone credits and we resort to old-style human contact. My own account has been migrated to “postpaid,” meaning I receive a (outrageously high) bill at the end of the month instead of buying the prepaid credit that accounts for the majority of mobile usage here. Meanwhile, across the country, SMS short codes are becoming ubiquitous for radio show call-ins, university and government programs, health data collection and more, as mobile phones solidify their position as the connectivity platform of choice for the world’s majority.

Acumen Fund’s thinking on the potential for mobile phone applications in the developing world has moved forward as well. I finished the Nick Sullivan book — [You Can Hear Me Now](#) — that sketches out the birth of the Village Phone business in the late 90s. The original model allowed entrepreneurs in Bangladesh, primarily women, to buy \$420 phones with microcredit loans and then pay them off over time with revenues from selling calls at a markup. To Sullivan, two keys to that model’s success were the smart foreign capital coming into the sector and the dynamic local talent willing to take entrepreneurial risk in order to make something happen. Today, as the cost of phones drops steadily, many are betting on value-added services on mobiles as the next boom. I have seen three aspiring business plans along such lines in the past month alone. Mobile applications are inherently scalable since they are automated, available over a wide area, and there is virtually zero cost to add customers. And à la Sullivan, enterprising service providers are going way beyond ringtones and games to test these enterprise applications in developing countries.

Our Business Technology Solutions Team is studying the ongoing innovations in the mobile application space, particularly in the social enterprise arena, to analyze potential benefits to Acumen Fund’s low-income target market and the businesses that serve it.

From our early results, we see a few distinct usage patterns emerging among businesses with a social mission. A popular approach simply increases the efficiencies of markets by adding transparency. [Fishermen](#) in Senegal can get the price being paid for their catch at different market points before heading in from the water, thus maximizing their revenues and cutting out middlemen making margin on the lack of information. The [Kenya Agricultural Commodities Exchange](#) is doing something similar for agricultural commodities, as is [TradeNet](#) in Ghana. [DrumNet](#) is automating the end-to-end supply chain for agricultural production in order to increase transparency, bring down the costs of financing small producers, and ultimately improve farm incomes. [Cell Bazaar](#) in Bangladesh is implementing a type of eBay model for general goods and services trading. And [Kazi560](#) is supplying information via SMS about coveted jobs around Nairobi. These business models are based on advertising or SMS fees, transaction commissions, or just greater efficiency in a larger social goal

such as ensuring farmers receive the best available price opportunities and delivery options.

Another broad area of usage, especially among Acumen Fund's own portfolio investments, is the elusive automation of enterprise data collection and reporting. Many organizations function through a hub and spoke model, where a representative or branch operating in remote areas needs to regularly communicate critical data back to the head office. A drip irrigation company needs to store information about orders being placed by its dealers and stockists. A franchisor of health clinics wants to know about the health of its end customers and the real-time sales of its outlets. A clean water provider needs better information about how much volume has been pumped through each location, and a microfinance agency focused on housing needs to know each transaction its loan officer makes with a customer. In each case, the remote worker or branch can enter its data on mobile devices and have it tracked accurately and immediately at headquarters, with no need for paper processing and no lengthy delays.

A number of initiatives are emerging in this data collection space, including our own investment — [Voxiva](#) — that is focused on health delivery and reporting, helping to bring efficiency and viability to social enterprises. We are starting to see an opening here for savvy service providers who can deliver solutions that meet the needs of this market and leverage the local capacity that exists with the ubiquitous presence of mobile phones.

Financial services like mobile payments and banking remain the areas of biggest hype. In Kenya, for example, Safaricom's [M-Pesa](#) service — which gives users the ability to make simple and secure payments using their mobile phones — has recently expanded past 500 dealers and 200,000 users, and they have ambitions of going deep into the low-end market by adding a remittance product and business-to-consumer functionality. Mobile providers, banks and a few independent operators worldwide are latching onto this idea, as documented in [this recent report](#), and M-Pesa's next stop is in Tanzania. Our portfolio companies will no doubt need to integrate m-banking into their systems to minimize travel and transaction costs with the populations they serve, especially in the rural context.

But after all the flash is gone, standard voice and SMS service remain the killer apps, the main drivers propelling Africa's mobile subscriber growth of 30% last year and predicted half a billion subscriber base by 2012. There is a parallel in the evolution of Internet usage, where the first and simplest application, email, continues to be the killer application (though many of us are starting to fear its growing volumes may spell the end of us) but business and social tools are quickly emerging to complement it. The time and the environment is ripe for a host of mobile applications to go mainstream, and groups as diverse as [Google](#), [Grameen Foundation](#) and herds of small startups seek the same holy grail. Where will it emerge first?

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