



## ***Village Phone Microfranchising Program and Application Laboratory*** **Case Study** **Qualcomm's Wireless Reach Initiative**

### **Introduction**

Qualcomm, through its Wireless Reach™ initiative, has worked with Grameen Foundation and Bakrie Telecom to evaluate, test and build the foundation for a *Village Phone Microfranchising Program* in Indonesia. The project demonstrates an innovative solution through a microfranchise model that is market-oriented and builds on the strength of microfinance, a leading poverty alleviation strategy. The core concept is simple, effective and sustainable: a local small-business entrepreneur purchases a pre-packaged kit that includes a mobile phone with a microfinance loan and then re-sells the “airtime minutes” to neighbors. The mobile phone then serves as a platform to provide additional applications and services to further increase their revenues and margins.

### **Company Information**

Qualcomm Incorporated (NASDAQ: QCOM) is the world leader in 3G and next-generation mobile technologies. For 25 years, Qualcomm ideas and inventions have driven the evolution of wireless communications, connecting people more closely to information, entertainment and each other. Today, Qualcomm technologies are powering the convergence of mobile communications and consumer electronics, making wireless devices and services more personal, affordable and accessible to people everywhere. For more information, visit Qualcomm around the Web:

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### **Motivation/Issue Identified**

Qualcomm believes access to 3G and next-generation mobile technologies can improve people's lives. Qualcomm's Wireless Reach™ initiative is a strategic program that brings wireless technology to underserved communities globally. By working with partners, Wireless Reach invests in projects that foster entrepreneurship, aid in public safety, enhance the delivery of health care, enrich teaching and learning and improve environmental sustainability.





The *Village Phone Microfranchising Program* fosters a culture of entrepreneurship and potentially lifts hundreds of thousands of women and their families out of the deepest poverty. The program enables Indonesian entrepreneurs to become self-sufficient through the scaling of a high return-on-capital microfranchise, leveraging mobile technology and a market-based approach.

### **Description of Initiative**

The *Village Phone Microfranchising Program* combines the power of microfinance with the benefits of expanding access to communications, generating broad positive economic and social returns that can bolster an entire community. Village Phone helps Indonesians by extending affordable telecommunication access to people who cannot afford a mobile device; and by offering a profitable business opportunity to the base of the pyramid.

AppLab Indonesia is an extension of the Village Phone initiative that was launched in Indonesia in 2008. At that time, Grameen Foundation and Qualcomm incubated RUMA, an Indonesian social enterprise that translates to “your micro-business partner.” RUMA operates as an implementing partner to help poor micro-entrepreneurs become electronic airtime resellers and expand their businesses with new AppLab products and services that will further increase their income.

One example of these services is “Kerjalokal,” or “Day Job Search,” which connects the poor in Indonesia to informal sector job opportunities, increasing the chances of stable income for the household. Through subscription services offered by RUMA, job seekers pay less than thirty cents per week in order to receive a daily SMS with a job listing that meets three criteria: location, specified job category and preferred salary range.

### **Impact/Results (as of March 2011)**

As of March 2011, the *Village Phone Microfranchising Program* has recruited 6,876 VPOs and serves more than 575,000 unique customers. An estimated 47 percent of the micro-entrepreneurs who stay in the portfolio for more than four months have moved above the poverty line, which the World Bank defines as US \$2.50 per day. More than 85 percent of the businesses are owned by women and 100 percent of VPOs are profitable. This project is another example wireless technology can enhance the livelihoods of people in underserved communities.

