

# Serving Base of the Pyramid Markets and Customers: From Pilot to Scale

Side Event hosted by Swiss Water Partnership, Swiss Bluetec Bridge, and Swiss Federal Institute of Aquatic Science (EAWAG)

<b>When</b>	➤ Monday 2 May 2016
<b>Location</b>	➤ EPFL, SwissTech Convention Centre, Room 1A and B, Level Garden
<b>Co-conveners</b>	
➤ <b>Swiss Water Partnership</b>	The Swiss Water Partnership is a multi-stakeholder platform bringing Swiss organisations from the academic, civil society, public and private sectors together to find innovative solutions for water security.
➤ <b>Swiss Bluetec Bridge</b>	The Swiss Bluetec Bridge provides financial and technical support to Swiss start-ups and SMEs to adapt their innovative technologies and/or business models to the specific needs of under- or unserved customers in developing and emerging countries. It is funded by the Swiss Agency for Development and Cooperation.
➤ <b>EAWAG: Swiss Federal Institute of Aquatic Science, Business Innovation Group</b>	In general, Eawag is concerned with concepts and technologies for dealing sustainably with water bodies and with water as a resource. The research group on business innovations explores how organization can tap into the base-of-the-pyramid markets. We invest how organization can design promising business models and how these business models need to be reconfigured in the scaling process.

Base-of-the-Pyramid (BoP) strategies have become increasingly popular among private companies, social businesses, and even non-profit organizations in recent years. BoP refers to the approximately 3.3 billion people living in extreme poverty, subsistence, and low-income segments, whose daily income ranges from 3 to 12 USD. As market-based solutions to alleviate poverty, BoP strategies consider the BoP population as consumers, who have unmet needs, and not as beneficiaries of aid programs. BoP strategies focus on charging for goods, which changes the awareness from getting something for “free” to paying for something “valuable”. When BoP consumers can afford something themselves, they become more self-confident.

Few companies have so far addressed the opportunities in designing and delivering goods and services to BoP customers. However this might change in the near future: interest for these customers is growing, on the one hand, because of its purchasing power as a group, and on the other driven by the new demanding Sustainable Development Goals.

Reasons why you should attend this side even event:

- ✚ **Get to know the specificities of the BoP market:** for some criteria, BoP markets are surprisingly similar to affluent markets – for example product desirability – but different for others – for example willingness to pay for (affordable) services.
- ✚ **Discuss the roles of private and public sector in service delivery:** public entities have a key role to play in supporting private companies to deliver services, through framework conditions that are conducive and active support measures (awareness raising, demand creation, education).
- ✚ **Discover innovative business solutions for BoP markets:** relevant business experiences from around the world will be showcased, highlighting opportunities and challenges for business solutions for BoP markets and customers. Also best practices for market entry, piloting and scale-up will be scaled-up.
- ✚ **Exchange cross-sector insights and network:** There will be participants and showcases from the agriculture, energy, sanitation, and water sectors, representing start-ups, SMEs, social entrepreneurs, the finance, and non-profit world. This means a unique chance for you to talk, learn from others, share insights, look for partners, and meet people who face similar challenges.

Join this interactive session on the essential characteristics of BoP markets and customers and how your organization can succeed in such a context.

**2016 International UNESCO Conference on  
Technologies for Development: From Innovation to Social Impact**  
2-4 May 2016 | EPFL, Lausanne, Switzerland

<http://cooperation.epfl.ch/2016Tech4Dev>

## Side Event: Serving BoP Markets and Customers

PROGRAM - DAY 1 – Monday 2 May 2016				
Time	What	Topics	Speakers	Location
08:00-09:00	Tech4Dev Conference Registration Welcome Coffee			Hall Level Campus SwissTech
09:30-10:30	Welcome & Introduction	<p>Welcome</p> <p>Decoding the DNA of BoP Markets</p> <p>The Role of Public and Private Sectors for Service Delivery in the Framework of the SDGs</p> <p>Addressing BoP Markets: Key Issues Map</p>	<p>Thomas Zeller, Swiss Water Partnership</p> <p>Heiko Gebauer, EAWAG</p> <p>Markus Bürli, Swiss Agency for Development and Cooperation</p> <p>Violette Rupanner, Strategos/ Swiss Bluetec Bridge</p>	Room 1A Level Garden SwissTech
10:30-12:30	<b>Tech4Dev Official Conference Opening</b> <ul style="list-style-type: none"> <li>Patrick Aebischer, Ecole Polytechnique Fédérale de Lausanne</li> <li>Flavia Schlegel, United Nations Educational, Scientific and Cultural Organization</li> </ul> <b>Keynote Address</b> <ul style="list-style-type: none"> <li>Yves Daccord, International Committee of the Red Cross</li> </ul> <b>Q&amp;A with the Speakers</b>			Auditorium B Level Campus SwissTech
12:30-14:00	Buffet Lunch			Level Garden SwissTech
14:00-15:00	Case Study Presentations [see abstracts below]	<p>Innovative Off Grid Water and Energy Hub: Everybody Profits, Sustainably</p> <p>Creating Income with a Solar Pump</p> <p>Scaling-up Safe Water: Overcoming the Pioneering Gap</p> <p>Meeting the Basic Needs of the Urban BoP Customers</p> <p>Financing Water and Sanitation in Developing Countries</p>	<p>Lars Willi, weconnex</p> <p>Karin Jeanneret Wezzini, ennos</p> <p>Urs Heierli, Antenna Technologies Foundation</p> <p>Jessica Altenburger, x-runner venture</p> <p>Gaëlle Bonnieux, responsAbility</p>	Room 1A Level Garden SwissTech
15:00-15:30	Coffee Break			Level Garden SwissTech
15:30-17:00	Workshop 1	Business Innovations for Scaling-up Businesses	Caroline Saul, EAWAG [Moderator]	Room 1A Level Garden SwissTech
	Workshop 2	What's your Promise to your Customers? Introducing the Value Proposition Canvas	Violette Rupanner, Strategos/ Swiss Bluetec Bridge [Moderator]	Room 1A Level Garden SwissTech
17:30-19:00	Welcome Aperitif			Hall Level Campus SwissTech

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## Side Event: Serving BoP Markets and Customers

### ABSTRACTS OF CASE STUDY PRESENTATIONS

14:00-15:00

#### **Innovative Off Grid Water and Energy Hub: Everybody Profits, Sustainably**

Lars Willi, weconnex, lars.willi@weconnex.org

WECONNEX wants to prove, that an innovative, entrepreneurial and sustainable approach for decentralized infrastructure development can be a valid alternative to government projects or non-governmental activities. Everybody profits, sustainably. We have started our activities with 6 Watershops in August 2014 in Nepal and Madagascar. Together with our partners NEXUS Technology P. Ltd. Nepal, and WWF Madagascar, we manage these shops and plan to implement up to 100 NEXUS Centers in Southern Nepal and around 50 NEXUS Centers in Madagascar. In early 2016 we will take the next 9 NEXUS Centers in Nepal and Madagascar in operation. More countries in Asia and Africa shall follow soon.

A NEXUS Center is an “off grid” water & energy hub, with a drinking water treatment system and solar power center at its core in remote rural villages, hospitals and schools. Due to a wide range of possible additional revenue generation possibilities beyond safe drinking water and electricity, the NEXUS Center is a true “one-stop” retail and infrastructure facility that aggregates community members, helps to promote local development and creates employment opportunities

#### **Creating Income with a Solar Pump**

Karin Jeanneret Wezzini, ennos, karin.jeanneret@ennos.ch

The sunlight pump is a portable, solar-powered water pump for smallholder irrigation and drinking water supply in developing countries. It was developed at the Institute for Energy and Mobility Research at Bern University of Applied Sciences (BFH) in Biel, Switzerland. During the past few years and in the course of an iterative, human-centered design process, the technology was refined and is now market-ready. The sunlight pump is manufactured in India and distributed by the Swiss company ennos gmbh, a spin-off of BFH. The vision of ennos is to supply a high quality product and make it accessible and affordable for BoP clients. ennos is currently trying to grow beyond the initial blueprint phase during which it has executed successful field tests, refined the technology and elaborated a business plan. One of the major challenges that ennos is facing at this point, is to find applications for this technology that are feasible and profitable. The key task is to find attractive value propositions that are scalable and to answer one important question: how can the customer make money by using the sunlight pump? During its presentation, ennos would like to elaborate how it wants to address these challenges and how it plans to go to scale by entering into strategic joint ventures.

#### **Scaling-up Safe Water: Overcoming the Pioneering Gap**

Urs Heierli, Antenna Technologies Foundation, uheierli@antenna.ch

Scaling up safe water at scale needs viable enterprises that can grow. Such business models lead to job creation and have an impact on health, time saving and economic growth in the country. But being profitable is the pre-condition for scale (losing money undermines any effort to scaling sustainably). The last years have shown some promising examples of social enterprises in safe water and sanitation, but almost all are still trapped in the so-called pioneering gap (in terms of the terminology “Beyond the Pioneers”), and are still confronted to daily challenges of scaling barriers at the enterprise level (from firm to value chain), cumulated with little support from the public sector (Public good and government).

Marketing safe water at the base of the pyramid is therefore a challenging task from a business perspective, but promising and ready to scale-up examples exist. This case study will overlook at 3 transversal themes and provide insight of the barriers for providing a sustainable long term access to safe water to the most vulnerable population: 1) the **profitability** of social enterprises, 2) their **aspirational sales and marketing strategy** and 3) the conducive framework conditions of the government (smart subsidies).

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## Side Event: Serving BoP Markets and Customers

### ABSTRACTS OF CASE STUDY PRESENTATIONS (Cont.)

#### Meeting the Basic Needs of the Urban BoP Customers

Jessica Altenburger, x-runner venture, j.altenburger@xrunner-venture.com

X-runner is a social enterprise providing a sustainable sanitation system to low-income families in urban Peru. Lima, Peru's capital has been struggling with a growing water shortage and extending its water-based sewer network to reach all families with sanitation has become a dubious and short-sighted approach.

Therefore, x-runner provides a waterless toilet for families that don't have access to a safe toilet facility nor public infrastructure. The x-runner toilet is linked with a weekly feces pick-up service and an ecological treatment process by composting the waste.

As an initially unknown company in Lima, marketing such a novel service and product to families with limited spending capacities proved to be difficult in the first years of x-runner's operations. The challenge to win the trust of their customers led the young team on an interesting journey to build a deep understanding of the investment behaviours and decision making of their customers. Their research and trial and error approach has proven many of their initial assumptions based on literature to be wrong, it helped identifying a key driver in their customers spending behaviour, and it highlighted the fine line among cultures of various socio-economic groups.

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SwissTech

#### Financing Water and Sanitation in Developing Countries

Gaëlle Bonnieux, responsAbility Investments AG, gaelle.bonnieux@responsAbility.com

Access to clean water saves lives. One way to provide this is via oxo-biodegradable water sachets, as demonstrated by one Burkina Faso-based responsAbility investee. The company manufactures and sells over 100 million drinks per year at affordable prices and is now aiming to increase its outreach and expand into other West African countries.

By installing portable toilets at construction sites and large events, another responsAbility investee is addressing the lack of proper sanitation in India. The fact that people with low incomes are prepared to spend money on clean sanitation facilities forms the basis for its successful business model. The company now plans to expand its offering geographically as well as targeting new customer groups such as schools and providing public toilets for people living in slums.

In both cases, access to financing is a prerequisite for the companies' growth. This financing is provided by investment vehicles managed by responsAbility Investments, one of the world's leading asset managers in the field of development investments. Through their inclusive business models, the financed companies help to meet the basic needs of broad sections of the population and to drive economic development – leading to greater prosperity in the long term.



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