Frontier Markets

Jaipur and Rajasthan, India

Established in 2011, Frontier Markets aims to broaden rural communities’ access to clean sources of energy using an entrepreneurial model. The company trains and empowers women to sell and service solar power solutions and other appliances to rural communities.

SUMMARY

Frontier Markets is a rural distribution company with a mission to create ‘Saral Jeevan’ or an ‘Easy Life’ for rural customers who do not have affordable electricity. The company aims to achieve this by providing customers with access to quality clean energy solutions through their network of digitised rural entrepreneurs, with women at the centre of the value chain.

Frontier Markets has built a proven and scalable model with a network of 3,000 entrepreneurs that are trained in marketing, sales, data collection, and technical repair, to provide innovative solutions to sell to rural households using smart phones and internet connectivity.

CHALLENGE

In India, 100 million rural households do not have affordable electricity, and rural areas lack access to quality clean energy solutions. Off-grid solar provides a much-needed answer. Frontier Market’s objectives are to distribute their offering to the most rural areas to reduce greenhouse gas (GHG) and carbon emissions, to provide light to households after nightfall, and to install water filtration solutions and energy efficient appliances to ultimately promote productivity and safety solutions for rural families.

SOLUTION

Frontier Markets builds a supply chain integrating local community members, especially women, through local skill-building and partnerships, which has allowed them to connect profoundly with the communities on a household level. Leveraging their mobile app and e-commerce technology solution, Frontier Markets enables women to collect robust local insights ranging from solar lighting to off-grid solar appliances. The company works with women entrepreneurs to introduce the right product at the right time with the right value proposition.

Frontier Markets has been in operations for 7 years, building a deep understanding of rural households. They have built their own understanding of customised clean energy solutions, communications, localised delivery strategy, ongoing engagement with rural households, and how to develop a targeted approach to address rural customers’ connection to electrification, lighting, cooking, and productive needs. The company has partnered with corporate leaders like Unilever and Philips to design go-to-market strategies for other innovative solutions to be introduced in their markets as well.

IMPACT

To date, Frontier Markets has developed a network of 5,000 rural entrepreneurs – 3,000 of whom are women – who have reached 600,000 households in Rajasthan. The company’s team of rural entrepreneurs has impacted 3.5 million lives with clean and stable energy through the sale of 700,000 domestic solar-lighting systems, clean cookstoves, mobile phones, and other appliances, cutting down the use of fossil fuel and GHG emissions by 750,000 tons of carbon.

COMPETITIVE ADVANTAGE

Frontier Markets partners with many organisations that work in access, including NGOs and microfinance organisations that work to empower rural women, elevating their potential through the Solar Saheli program. While many companies are trying to operate in this area, few are taking a balanced commercial and social approach, delivering profitability and impact equally. Frontier Market’s unique attributes include 100% retention rate of its network of entrepreneurs with quadruple growth in income since inception, a loyal customer base with repeat sales, and referrals to scale-up.

SCALABILITY

In the next two years, Frontier Markets will expand its operations into three new states in India by leveraging its product basket, recruitment, training, sales and marketing processes, and managing it through its technology platform.
In partnership with IFC, the company will leverage their Lighting Consumer Awareness Campaign which will be showcasing their Solar Torch as the first “Made in India” solar torch in a 30-district campaign from October 2019 to October 2020.

Frontier Markets has invested in developing its own e-commerce distribution management software to manage scale and respond effectively.

**EXPANSION PLAN 2019-2023**
- Increase inclusion of women in energy access, as consumers, work force, and entrepreneurs.
- Increase access to additional products and services in finance, agriculture, and water.
- Raise a bridge to Series B round by March 2020 of USD 4 million of debt / equity to invest in field level staff for 30 new branches, add fintech to existing technology software, invest in 10,000 new Solar Sahelis, and achieve EBITDA growth of 26%.
- Generate USD 7 million in revenue, 5,000 Solar Sahelis, 300,000 new households, and start expanding into UP, Bihar, and Odisha region by the end of 2020.

**INVESTMENTS**
Frontier Markets has achieved consistent profitability for the last 3 years, leveraging its revenue and growing at a rate of 1.3-fold. In 2018, the company raised a small series A of USD 1.45 million to invest in its processes, technology, and expansion into three new states.

Moving forward, Frontier Markets will be leveraging 10% of its revenue to access USD 1 million in debt from OPIC-Citi to continue investing in working capital to support its Saheli network.

This bridge will also allow the company to shift its value from revenue to assets, showcasing its database of 1 million rural households, data-based insights on impact, and its network of entrepreneurs. The expectation is to be valued at 4x the 2019-2020 financials.

**ANNUAL REVENUE**
- 2018: USD 2.4 million
- 2017: USD 1.6 million
- 2016: USD 0.7 million

**PARTNERSHIPS**
- The Rajasthan government's E-Mitra network to digitise orders, build local stock points, and rapidly scale operations in new areas.
- The National Rural Livelihood Mission (NRLM) initiative to develop a network of women’s livelihood enhancement groups.
- Niti Aayog to convert Solar Sahelis into recognised business owners.
- Barefoot College, Ibtada, Grameen Evam Samajik Vikas Sanstha (GSVS), Manjari Foundation, and Spectra, to rapidly expand into new areas and reach more villages.

**AWARDS**
- CNBC-AWAAZ Rajasthan Ratna Awards (2019)
- Top 35 Under 35 Entrepreneur.Com Award (2019)
- Sankalp Awards Winner (2018)
- Women Transforming India Award Winner (2018)
- Digital Women Award Winner (2018)

**FOUNDER**
Ajaita Shah, India, Founder & CEO

After completing her degree in international relations from Tufts University at the age of 21, Ajaita chose to embrace risk by taking a different path. From 2005 to 2011, she worked with leading microfinance organisations such as Ujjivan Financial Services, Bharat Financial Inclusion, Consultative Group to Assist the Poor (CGAP), and through that, Bandhan. She was exposed to more than 5,000 villages and 300 slums as she strove to understand communities’ perspectives and design solutions that would create long-term value.

**CONTACT**
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