Frontier Markets

Jaipur and Rajasthan, India

Established in 2011, Frontier Markets aims to broaden rural communities’ access clean energy, digital, financial and high impact solutions using an entrepreneurial model. The company trains and empowers women through e-commerce and distribution to sell and service solar power solutions and other appliances to rural communities.

SUMMARY

Frontier Markets (FM) 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, by providing them 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 3,500 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 off-grid solar provides a much-needed answer. Rural areas lack access to quality economic empowering service in clean energy, digital infrastructure, finance, and agri-based solutions. FM’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 strengthen access to consumer durables, agriculture tools, digital solutions, and financial services directly linking to economic empowerment to and energy efficient appliances to ultimately promote productivity and safety solutions for rural families.

SOLUTION

FM builds a supply chain integrating local community members, especially women, through local skill-building, and partnerships which has allowed them to touch the deepest point of contact, on a household level.

Leveraging their mobile app and e-commerce technology solution, FM enables women to collect robust local insights ranging from solar lighting to off-grid solar appliances, working with their women entrepreneurs to introduce the right product at the right time with the right value proposition.

Frontier Markets has been in operations for 8 years, building a deep understanding of rural households. They have built their own understanding of customised clean energy, digital, and other high impact solutions, communications, localised delivery strategy, on-going engagement with rural households, and developing a targeted approach to address rural customers’ connection to electrification, lighting, cooking, and productive needs. They have partnered with corporate leaders like Unilever, Samsung, and others to design go-to-market strategies for other innovative solutions to be introduced in their markets as well.

IMPACT

To date, FM has developed a network of 5,000 rural entrepreneurs (3,000 of whom are women) who have reached 700,000 households in Rajasthan, UP and Bihar. FM’s rural entrepreneurs have impacted 4.9 million lives with clean and stable energy through the sale of 860,000 domestic solar-lighting systems, clean cookstoves, mobile phones, internet, and other appliances, cutting down the use of fossil fuel and GHG emissions by 1.5 MN tons of carbon.

COMPETITIVE ADVANTAGE

FM 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. FM’s unique attributes include 100% retention rate of its network of entrepreneurs with 4X growth in income.
since inception, a loyal customer base with repeat sales, and referrals to scale.

SCALABILITY

In the next 2 years, Frontier Markets will deepen its expansion 4 states of India by leveraging its product basket, recruitment, training, sales and marketing processes, and managing it through its technology platform. In partnership with IFC, FM will be leveraging their Lighting Consumer Awareness Campaign which will be showcasing FM’s Solar Torch as the first “Made in India” solar torch in a 30-district campaign from October 2019 to October 2020.

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

EXPANSION PLAN 2020-2025

- Increase digital inclusion of women in energy, finance, digital, FMCG access – both as consumers, work force, and entrepreneurs.
- Increase access to additional products and services in finance, agriculture, and hygiene.
- Raise a bridge to Series B round by October 2020 of USD 6 million of equity to invest in field level staff for 250 new branches, add fintech to their technology software, invest in 100,000 new Sahelis, and achieve EBITDA growth of 26%.
- FM has generated USD 6.8 million in revenue, 5,000 Solar Sahelis, 300,000 new households, and expanded into UP, Bihar, and Odisha region.

INVESTMENTS

FM has been achieving consistent profitability for the last 3 years, leveraging its revenue and growing at 1.3X. In 2018, Frontier Markets raised a small series A of USD 1.45 million to invest in its processes, technology, and expansion into three new states. Moving forward, FM will be leveraging USD 1 million in bridge financing to continue investing in technology, expansion, and product diversification. This bridge will also allow FM to shift its value from revenue to assets, showcasing its database of 1 million rural households, data-based insights on impact, its network of entrepreneurs, to be valued at 4 times that of 2019-2020 financials.

ANNUAL REVENUE

- 2019: USD 6.8 million
- 2018: USD 2.4 million
- 2017: USD 1.6 million
- 2016: USD 0.7 million

PARTNERSHIPS

- 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.
- Through successful partnerships with Ibtada, Grameen Evam Samajik Vikas Sanstha (GSVS), Manjari Foundation, and Spectra, FM can 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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