



# COVID-19 Update

May 5, 2020

# Our Core Strategy

1. **Building Brand Equity Through Consumer Partnerships:** We believe rural households are dignified customers who deserve quality access to goods and services
2. **Building Brand Ambassadors Through Women Salesforce:** We believe that rural women are strong, powerful, and worth investing in drive access to customer insights
3. **Building Strong Data Insights Through Local Tech Adoption:** We believe that digitizing the local rural market can drive unparalleled opportunities for next billion consumer market

# The Past 18 Months

Before COVID-19 arrived, Frontier Markets was already in the midst of an organization-wide transformation. After securing our pre-Series A raise, we began preparing the company to rapidly scale our operations.

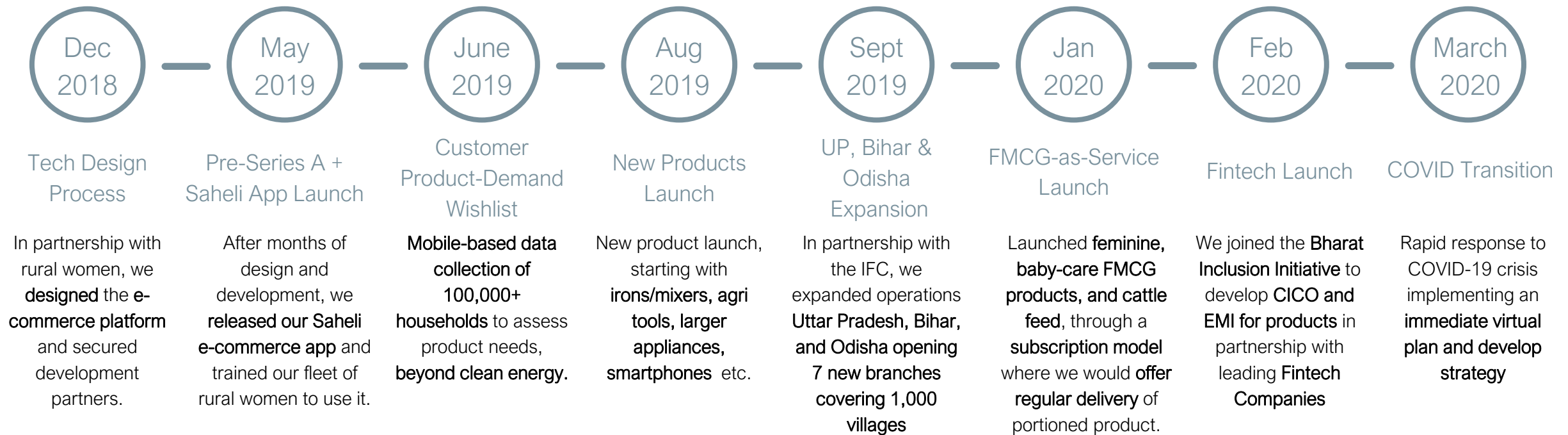
# The Past 18 Months: Key Targets

We entered this phase with a few key priorities:

1. Expand our product basket beyond clean energy to offer customers more life-improving product options;
2. Grow our footprint beyond our flagship state of Rajasthan to ensure that the model works in diverse locations; (UP, Bihar, Odisha)
3. Integrate e-commerce technology into our entire business process to maximize data collection, improve efficiency and increase overall transparency.

# Key Milestones

Below is a timeline of some of the major milestones from this period.



# E Commerce Technology Designed for Sahelis



A Helpline number that directly connects the Saheli with FM Call Centre

Product Categories: Torches & Lights, Agri Products, Food Essentials, Personal & Home Care, Mobile Phones & Accessories, Kitchen Appliances, Home Appliances, Combo Offers

Product Catalogue: All the products displayed on the home page

Home: To come to the home page

Cart: Where the Saheli can go and finish ordering the products

My Orders: Sahelis can track their orders (Received, Confirmed, Dispatched, Delivered)

Action: Add/View/Edit a Lead, Register/Update a Try N Buy, Place an order, View the status of an order, Lodge a Service complaint

# Data Collection, Lead Generation for Sahelis



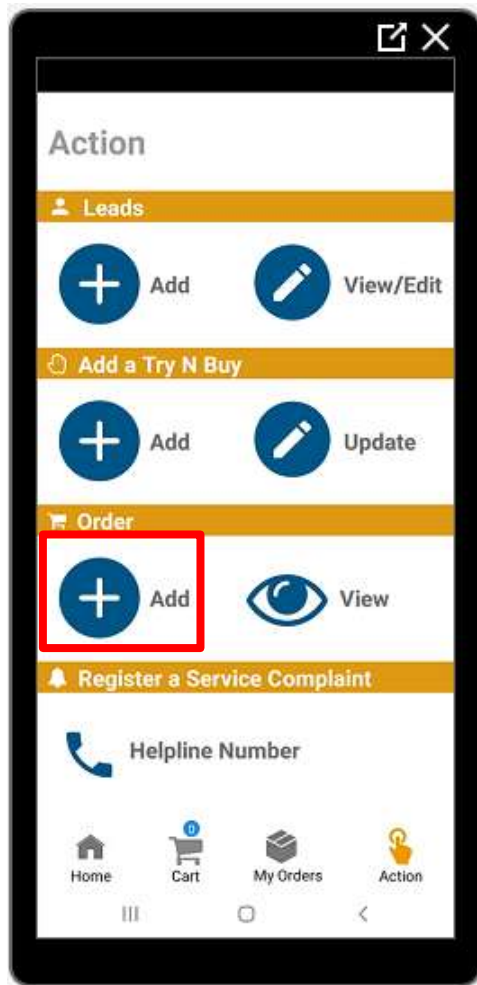
A Saheli can Add a new lead, view all her leads and can also edit her leads

A Saheli can register for a Try N Buy and can also update the status of Try N Buy

A Saheli can place an order as well as can view the status of her order

In case there is a service complaint, the Saheli can directly call the helpline number and leave the service complaint through FM's IVR service

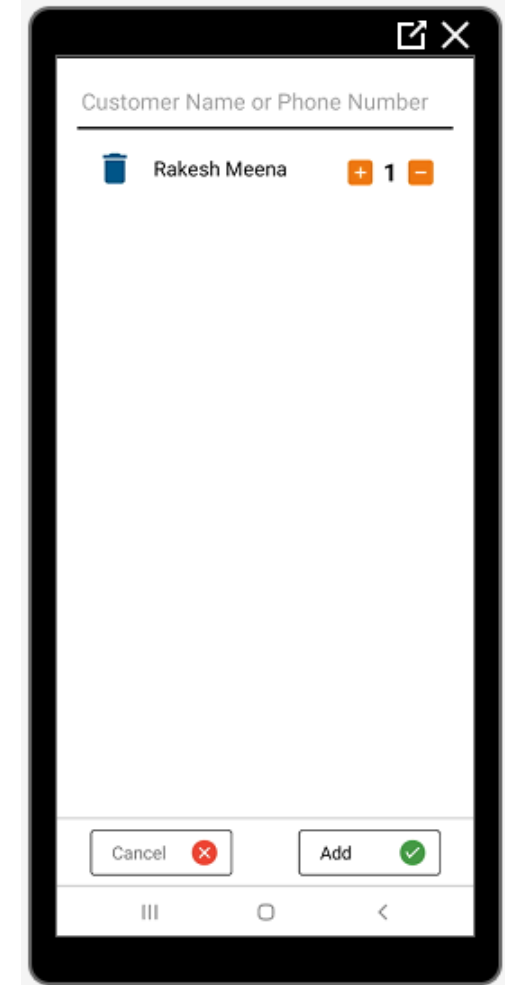
# Assisted E Commerce Ordering



Saheli then clicks on  
"Add" an order



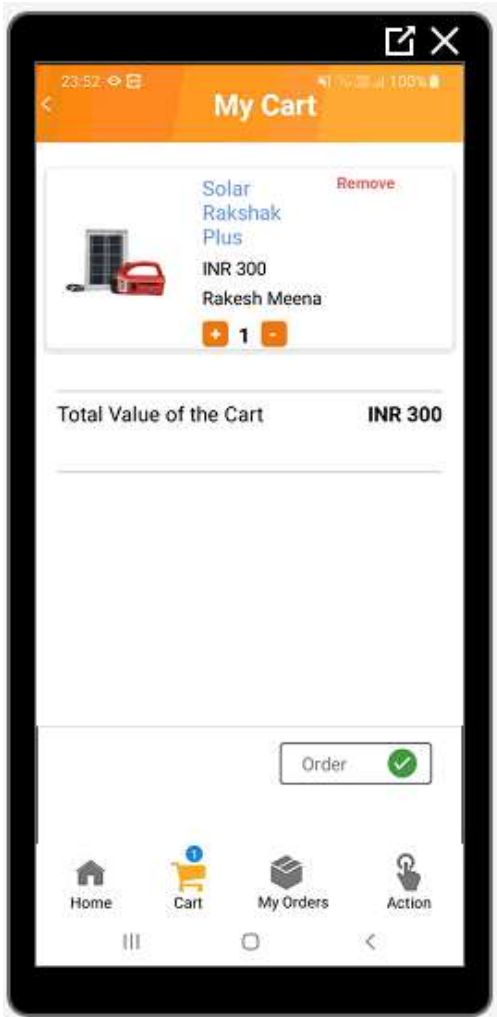
Selects "Solar  
Rakshak Plus"



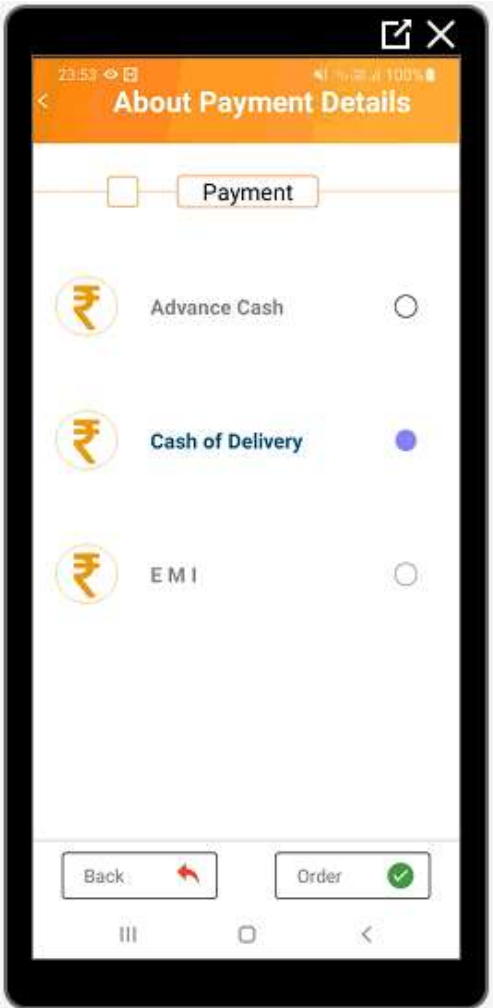
Selects the  
Customer



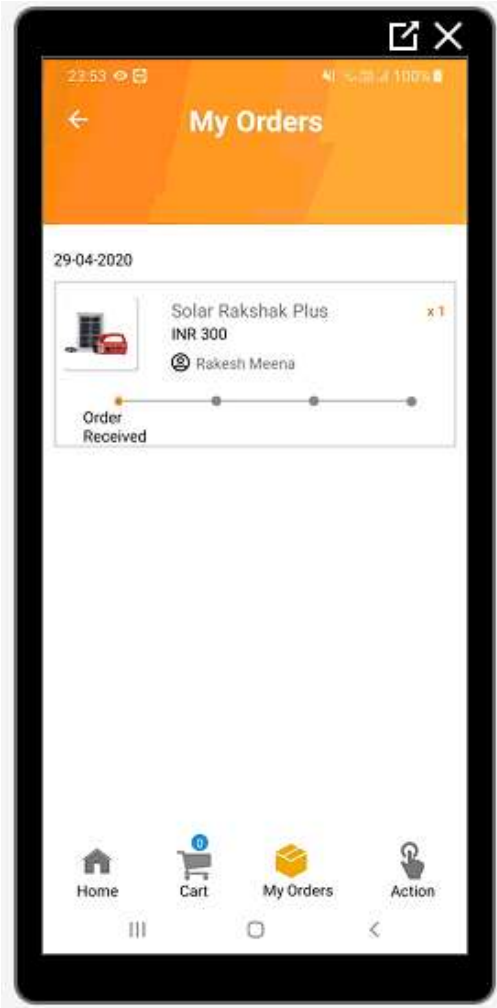
# Sahelis Placing Orders, Payment Coordination, and Delivery Management



Goes to the Cart to finish Order

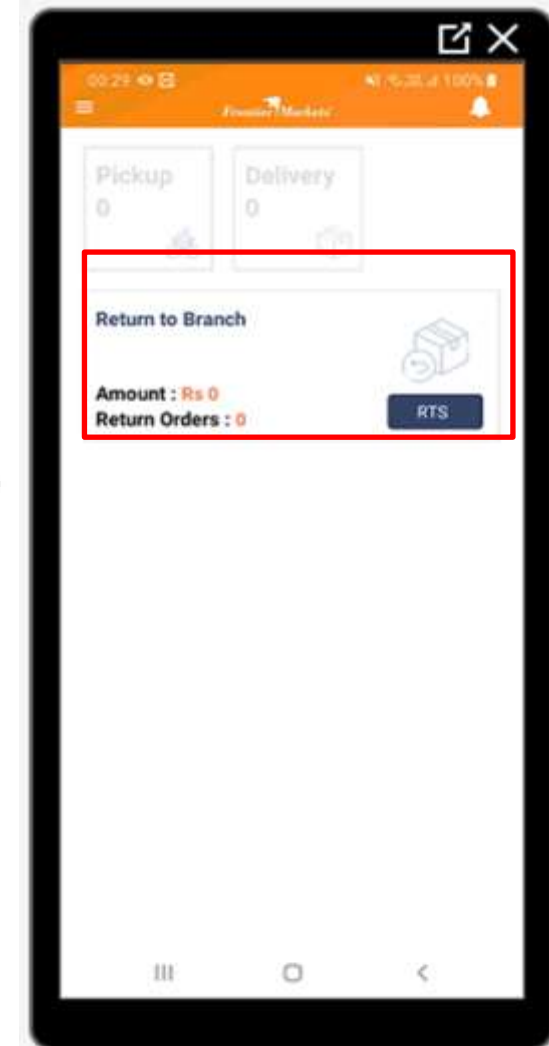
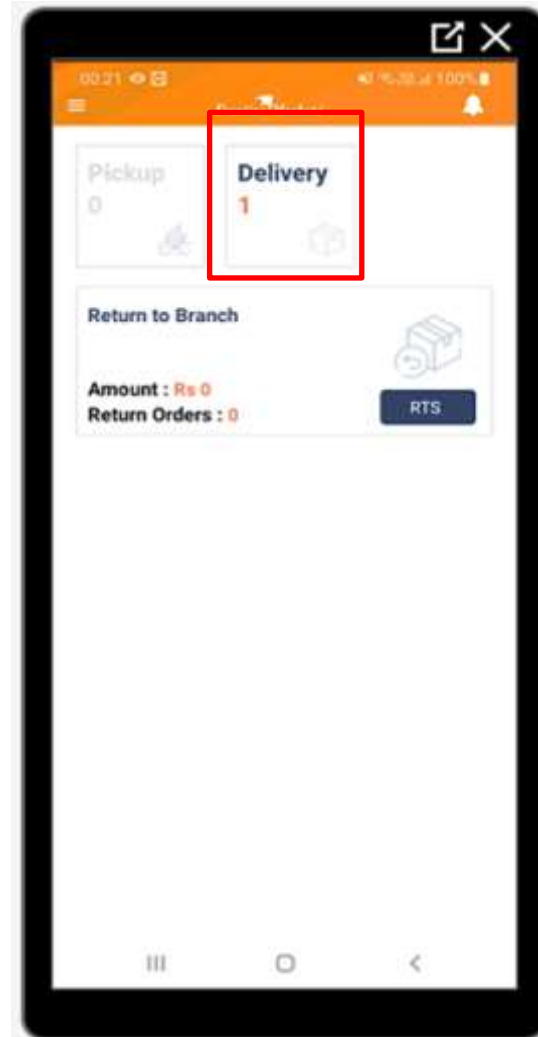


Selects the Payment Method & Orders



Gets re-directed to the Status Page

# Field Team Digital Orders, Delivery Coordination



The OE opens his App and he can see 1 pick up. He clicks on Pick up and scans the order

The order now gets into his "Delivery Tab"

As soon as the BOM collects the money, the RTS<sub>10</sub> amount in OE App becomes zero

# Virtual Call Center Back-End Order Management

User Management

Warehouse Management

Branch Management

Product Management

Stocks

Demo Management

Lead Management

Try & Buy

Order Management

Received Orders

All

Search VLE Name , VLE ID

ReceivedAssign to OEOngoingDispatchedDeliveredRTSCompletedRejectedReturnedHoldReceive Cash

Item Name	VLE ID	VLE Name	Saheli Coordinator	Warehouse Name	State	Customer Name	Customer Mobile No	Customer Village Name	Received Date	Quantity	Total Price	Action
Solar Rakshak Plus	1010009	Poonam	NA	Ramgarh	Rajasthan	Rakesh Meena	9856985236	Moonpur	Apr 29, 2020, 11:53:34 PM	1	300	ApproveReject

The moment the Saheli places an order, it gets registered under “Received” in FM’s Web App. Now the BOM confirms/Rejects the order.

- If ‘Approved’ and in stock, it goes to “Assign to OE” Tab for the Territory Manager to prepare for delivery
- If ‘Approved’ but not in stock, it goes to “Hold” Tab, for the Branch Manager to order stock, and Call center to call customer and inform them.
- If ‘Rejected’, it goes to “Rejected” Tab -

# Results to Date

Our metrics reflect strong execution against our strategy, overall and particularly since our pre-series A.

	In FY20	To Date*
<i># of Clean Energy Products Sold</i>	85K	715K
<i># of Home Appliances Sold</i>	30.1K	30.1K
<i># of Smartphones Sold</i>	9.2K	9.2K
<i># of Digital Services Sold</i>	75K	75K
<i># of FMCG Products Sold</i>	27.9K	40K
<b>Total Products</b>	<b>227.2K</b>	<b>869.3K</b>
<i>Revenue</i>	\$6.8 MM	\$14.5 MM
<i>EBDITA</i>	\$150K	

	To Date
<i># of Sahelis</i>	3,500
<i># of Branches</i>	20
<i># of States</i>	4
<i># of Employees</i>	125
<i># of Households Impacted</i>	700K

\*To Date = April 15 2020

# Key Success Factors:

- 1. Assisted E-Commerce is Needed for Rural Markets** – our hybrid offline-online access platform – branches, field staff and a fleet of digitized Sahelis- giving them demo smart phone units, and a 4G data package has optimized high touch, high tech foundations –for efficiency in service, and real-time data management.
- 2. Customer Insights Drive Successful Product Launches** - Rural customers trust FM's quality, delivery and service, and ready to share insights on their additional needs, clearly choosing to purchase from us over local markets; leveraging insights, we successfully introduced new products—through small pilots and collected direct customer data about the products they wanted to buy for themselves or as gifts during festival and wedding seasons.
- 3. Micro Markets and Infra Build New Value for Partners** - brands like USHA, Crompton, and Samsung recognized our value proposition of logistics, aftersales service, and new customer access, while they gave us competitive pricing.
- 4. Introducing Services Optimize Customer Connect** - We partnered with JIO for 4G data packages, as well as piloted EMI payment options for consumer durables creating a frequent connect with the customers, reinforcing brand recognition of FM's doorstep delivery services, as well as acquiring new customers in the same household.

# Key Opportunities:

1. **0% EMIs as Financial Instrument:** Rural customers were ready, and financially able, to invest in household appliances and smartphones. Only 5-7% were able to buy in cash or because they had savings, but generally, there was a much larger opportunity for conversion if there were financial options available.
2. **Leveraging SHG Network to Optimize 100% Access:** We realized that our most successful women were SHG leaders. Our Sahelis were earning income while only working with 20% of their village; there was an opportunity to leverage more women in the village without hurting their current income stream.
3. **Offline Infrastructure for Fintech Partnerships:** Fintech companies started reaching out to FM for partnerships because they needed access to consumers, and high touch reach that FM could offer. FM saw our e commerce tech as a great frontline product to manage financial services in the back end.

# COVID-19 Arrival and Triage

We opened 2020 prepared to act on our learnings and scale. We were ready to introduce fintech, and further deepen our product offerings. Then, COVID-19 hit, and the world at once froze and sped up. Business as we knew it was disrupted, and we needed to act swiftly and decisively.

# Our Triage Strategy

As COVID-19 hit, we went into triage mode. True to our values we committed to a **customer-centric adaptation strategy**—believing that solving urgent problems for our stakeholders today was the best way to set up our business to continue thriving and supporting them tomorrow.

1. Connected with 700,000 rural customers ASAP to learn about their experiences and needs;
2. Adapted our business according to what we learned—quickly implementing relevant changes we had identified prior and pausing ideas for the next phase that were not going to serve the current moment.
  - We recognized that social distancing required us to make technology and virtual systems key to our adaptation
  - We converted our entire operations on a digital platform – leveraging staff as call-center and customer service teams



# Customer Challenges COVID-19

1. **Essential Goods Supply Gap:** They were not getting access to essential goods (from food to cleaning supplies to PPE)—they were either unavailable or being sold at extreme prices.
2. **Employment and Income Challenges:** They were losing their jobs and livelihood opportunities as government put restrictions of agricultural practices and labor jobs were cancelled.
3. **Cash Access | Banking Gaps:** Despite schemes designed to help, the government was not able to get aid to them fast enough or at the scale required. They were offering cash transfers to rural households, but they were unable to access it through their bank accounts.
4. **Gender Empowerment Gaps:** Women were being asked to stay home, not participate in any work related activities outside of the house; rumors of women being more susceptible to COVID being spread preventing women from earning income in their normal employment activities. Seeking alternative income opportunities.

# Frontier Markets' Unique Value

We assessed opportunities for FM to contribute to and address a value proposition

	Most Likely Scenario	Frontier Markets' Unique Value
<i>Government Regulation</i>	<ul style="list-style-type: none"> <li>• Shutdowns in effect through summer</li> <li>• Targeted exceptions for essential goods delivery, rural distribution companies</li> </ul>	FM to play an essential deliveries partner helping bridge the last mile gap; help ensure that govt's policies for rural households are completed;
<i>Product Demand</i>	<ul style="list-style-type: none"> <li>• Essential goods (agri, FMCG, solar) demand increases significantly; Non-essential goods will not be prioritized until Q4</li> </ul>	FM to build supply and access to all types of essential goods, leverage data to understand other essential goods gaps including feminine hygiene, food, hygiene, childcare, agri, solar, financial services etc.
<i>Product Availability</i>	<ul style="list-style-type: none"> <li>• Suppliers strained with high demand at urban and town level, continued blockage in reaching rural</li> </ul>	FM to partner with product companies and bridge the supply gaps as a wholesale solution. optimizing manufacturer's reach from towns and fulfill last mile in rural areas.
<i>Capital Availability</i>	<ul style="list-style-type: none"> <li>• Bridge financing comes in ASAP, Series A closing delayed until April 2021</li> </ul>	Leveraging existing investor confidence and continue investing in our capabilities, while also retaining 100% of employees and add value to the rural ecosystem and support rural families during crisis
<i>Consumer Capital Availability</i>	<ul style="list-style-type: none"> <li>• Government increase subsidies, increase bailout capital for rural consumers, 50% decrease in discretionary spent</li> </ul>	FM to ensure that consumers can access grants and subsidies through digital solutions; FM to partner with fintech companies to offer direct-to-consumer financial services for the long-term

# Our Strengthened Value Proposition

This challenging moment for our customers and our country put Frontier Markets' value proposition into even starker relief. At this moment we have been able to assess value and take action:

1. **Value:** Help the government serve rural communities by delivering essential goods and providing income opportunities to rural women;
  - a. **Result:** Government gave us permits to re-open as essential service provider, and are selling essential products to rural households in Rajasthan.
2. **Value:** Help overburdened suppliers get their products to rural communities;
  - a. **Result:** We partnered with several major suppliers (Nestle, Marico, HUL, Colgate, Agri, local food suppliers) to sell/deliver their products.
3. **Value:** Help customers get access to government subsidies, cash, and income at their door;
  - a. **Result:** We are offering mobile, doorstep, cash withdrawal.
4. **Value:** Help rural women get income opportunities as Sahelis;
  - a. **Result:** Hundreds of Sahelis are back to work, and thousands more are being recruited.

# How We Adapted

1. Added new essential products to sell using government permits.
2. Digitized all marketing and sales activities—focusing on phone calls and app.
3. Removed any/all CAPEX investments from the field.
4. Partnered with fintech companies to become Banking Correspondents for Cash In, Cash Out digital facilities for rural customers.
5. Restaffed Head Office staff to remotely manage Sahelis or to call customers.

# Key Investment Areas

Based on our analysis, we identified three areas where, despite the current moment, we believe continued investment will yield better impact and stronger business growth going forward.

Investment Area	Rationale	Planned Activities
Tech Development	Lets us get to know our customer better, and serve them more effectively; reduces need for in-person support, enabling scale	<ul style="list-style-type: none"> <li>● Build a direct to customer chatbox</li> <li>● Strengthen CRM/back end analytics</li> <li>● Integrate fintech/cash digitization</li> </ul>
Saheli Recruitment and Training	Lets us grow our network and customer base, reduce Saheli to customer ratio for deeper touch, increases overall productivity	<ul style="list-style-type: none"> <li>● Contact SHG groups in current villages</li> <li>● Onboard SHG leaders, saturate villages</li> <li>● Package/digitize Saheli training process</li> </ul>
Product Curation & Diversification	Lets us act on our data and be responsive to customer needs, keeps Frontier Markets relevant because we can move nimbly	<ul style="list-style-type: none"> <li>● Continue daily customer calling</li> <li>● Form partnerships with major suppliers</li> <li>● Showcase more products on app</li> </ul>

# Our 2.0 Model

We quickly designed version 2.0 of our model—accelerating the changes we were planning to make, and integrating new insight gained from this unique moment.

1.0 Model Feature	2.0 Model Feature
1 Saheli Per Village	8 Sahelis per Village
20-25% Village Reach by One Saheli	100% Village Reach by Multiple Sahelis
High Demo Unit/CAPEX Investment	No Demo Units/Low CAPEX Investment
On-the-Ground, Local Saheli Management	Virtual, Distributed Saheli Management
E-Commerce App for Saheli Only	Addition of Customer-Facing App (In development)
Product Basket of Durables, Phones, Solar	Addition of FMCG, Essential Products as needed
Exploring EMI Financing for Products	Acting as Digital Banking Solutions for households

# New FinTech Investments

We opened 2020 prepared to act on our learnings and scale. We were ready to introduce fintech, and further deepen our product offerings. Then, COVID-19 hit, and the world at once froze and sped up. Business as we knew it was disrupted, and we needed to act swiftly and decisively.

# Fintech Launch to help facilitate doorstep financial services

**Add a New Lead**

Customer Profile

Rakesh Meena

Near the temple

Rajasthan

Ramgarh

Alwar

Moonpur

9856985236

Status  
Want to buy

Cancel Add

Adding a Lead



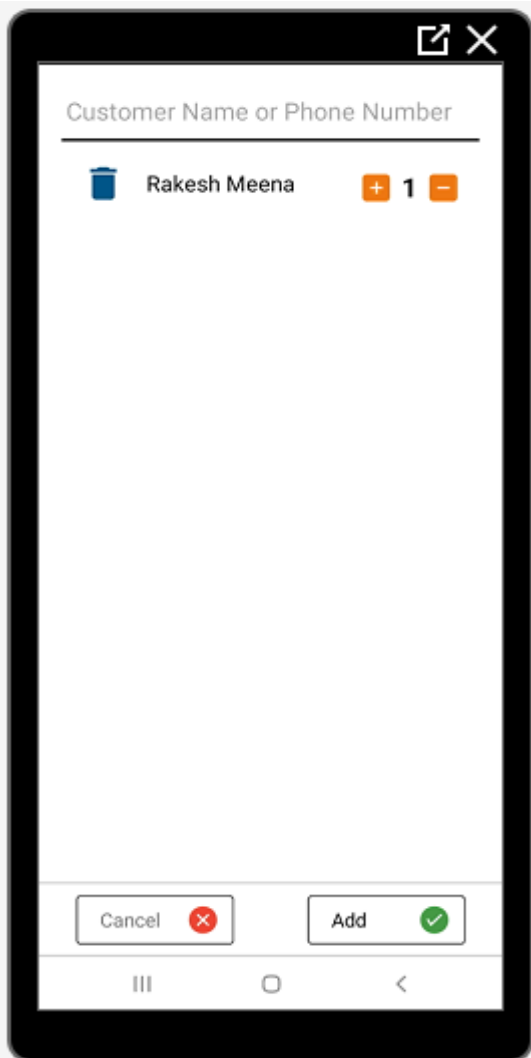
Selecting a Product



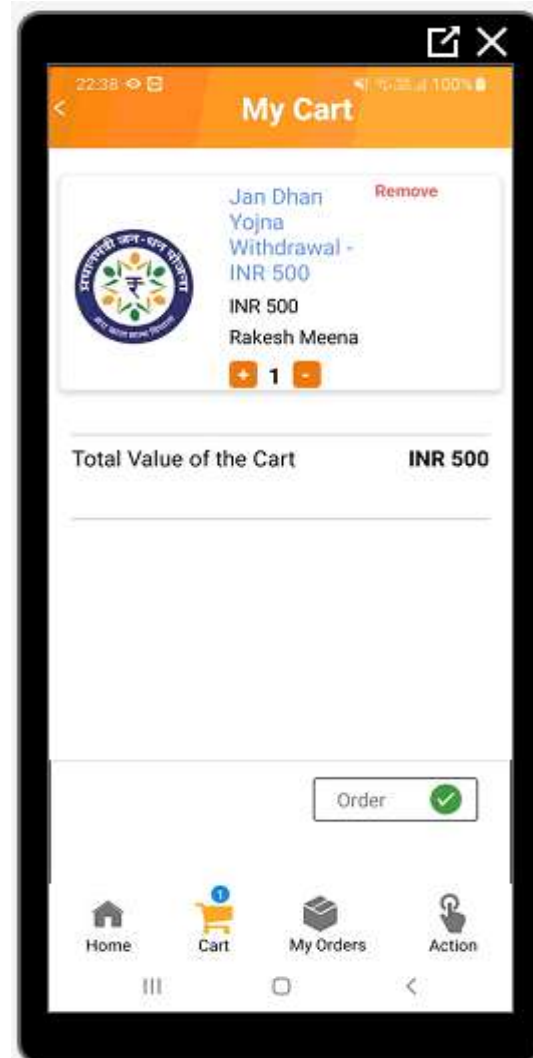
Details of the Product



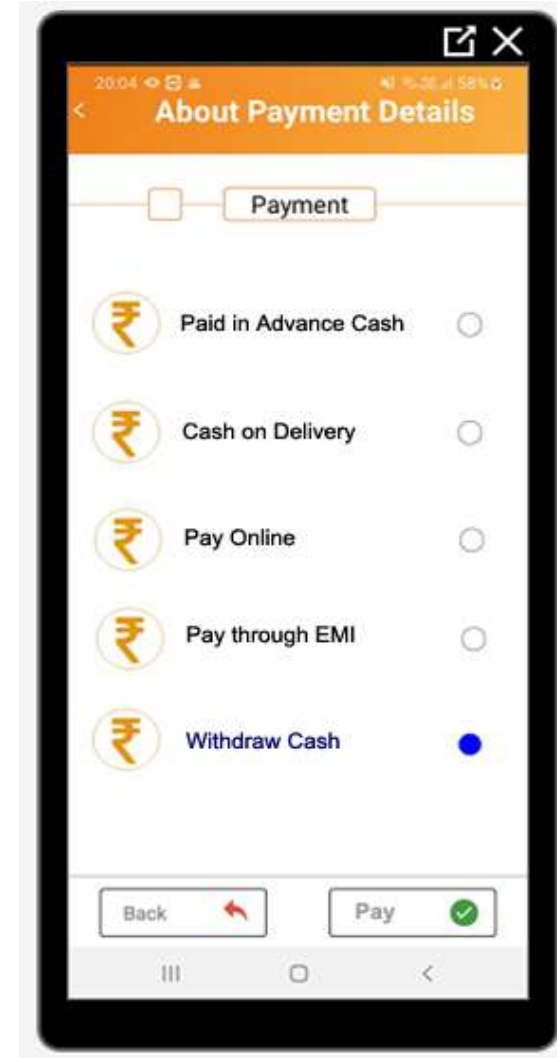
# Doorstep Mobile ATM - Cash Withdrawal



Selecting the Customer

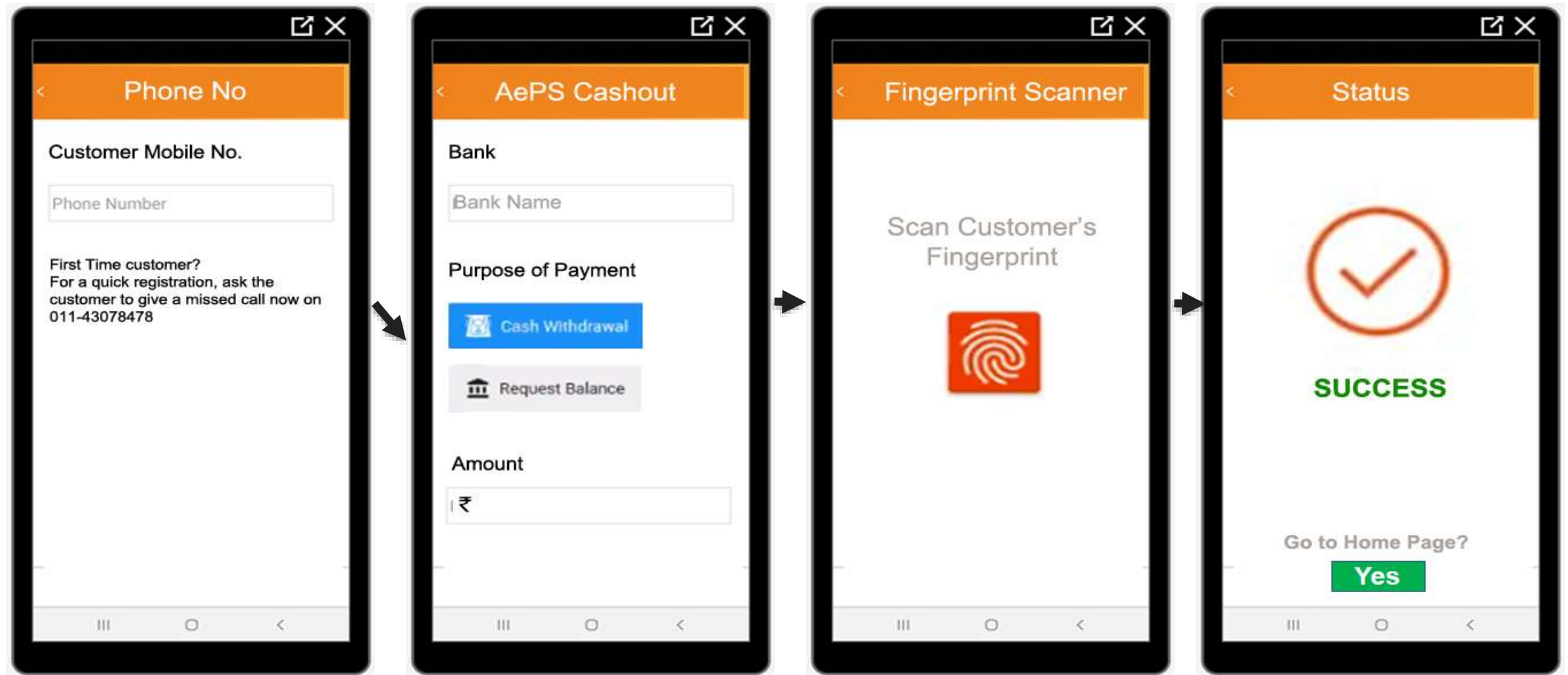


Adding to the Cart



Choosing Payment Option

# Leveraging Adhaar and Biometrics for Smooth Transactions



Selecting Phone No  
associated with the Bank

Selecting Bank  
& Amount

Scanning Fingerprint for  
Verification

Success  
Page

# New Direct to Consumer Investments

We opened 2020 prepared to act on our learnings and scale. We were ready to introduce fintech, and further deepen our product offerings. Then, COVID-19 hit, and the world at once froze and sped up. Business as we knew it was disrupted, and we needed to act swiftly and decisively.

17:01 100%

फ्रंटियर मार्केट्स का ऑर्डर फॉर्म

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फ्रंटियर मार्केट्स की तरफ से आपको नमस्कार।

---

घर बैठे कोई भी प्रोडक्ट ऑर्डर कर सकते हैं

---

आप तक ऑर्डर पहुंचवाने के लिए हम आपके गांव की सहेली के साथ काम करेंगे

17:02 100%

आप तक ऑर्डर पहुंचवाने के लिए हम आपके गांव की सहेली के साथ काम करेंगे

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आपके घर तक आपका ऑर्डर हम पहुंचवायेंगे

17:02 100%

इस लिंक के जरिये आप अब फ्रंटियर मार्केट्स के उत्पाद चुन पाएंगे। हर पेज पर आपको अलग अलग कैटेगरी के उत्पाद दिखेंगे। जो उत्पाद आप खरीदना चाहते हैं उस पर टिक कर दें। उसके पहले हम आपसे कुछ जानकारी लेना चाहेंगे।

\*आपका नाम बतायें / Your Name



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\*आपका फ़ोन नंबर / Phone Number



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आपका व्हाट्सएप नंबर / Whatsapp Number



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हम आपको व्हाट्सएप के जरिये उपडेट्स प्रोडक्ट्स पर छूट और रेफरल स्कीम जैसे मोके भेजते रहेंगे।

आप फ्रंटियर मार्केट्स को सहायता दें रहें हैं की वो आपको व्हाट्सएप पर मैसेज भेज सकें और प्रोडक्ट की जानकारी देने के लिए आपको फॉलॉ कर सकें।

\*किस जिले में आपका गांव है? / District

चुनें

अगले पेज पर जाएं / Next

हम आपको व्हाट्सएप के जरिये उपडेट्स प्रोडक्ट्स

17:03 100%

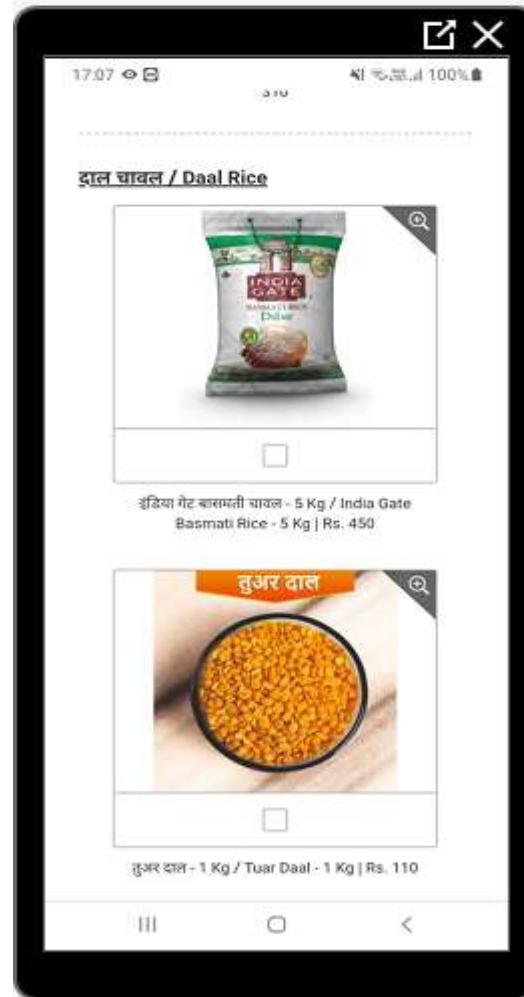
FM's Value Proposition

Recording of Customer Details including WhatsApp Number

# Food Essential Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order



At the Bottom: Tells the customer what's to come

# Personal & Home Care Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order



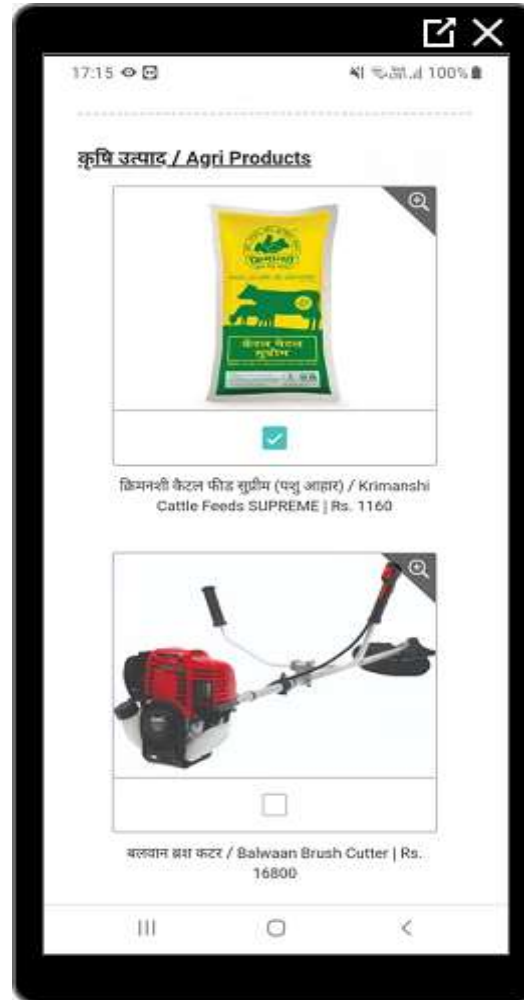
At the Bottom: Tells the customer what's to come



# Agri Products Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order

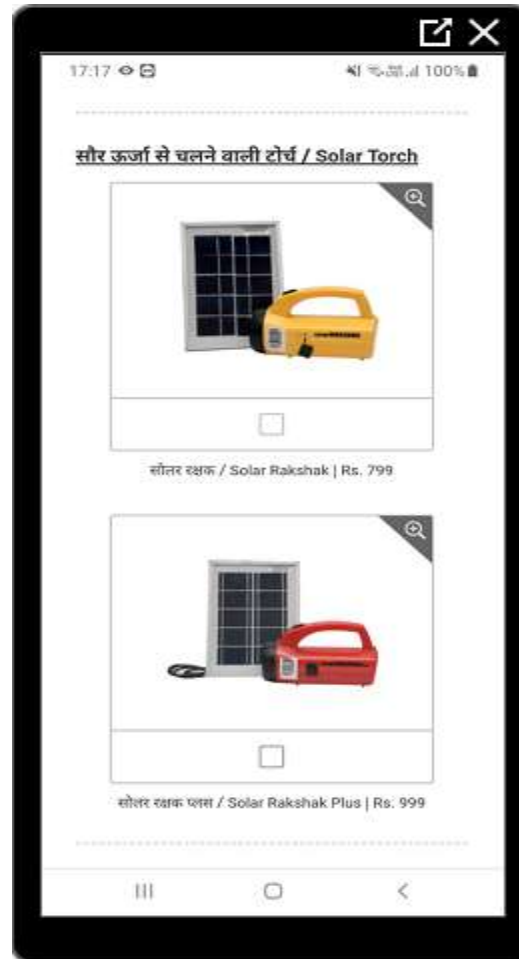


At the Bottom: Tells the customer what's to come

# Torch & Lights Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order



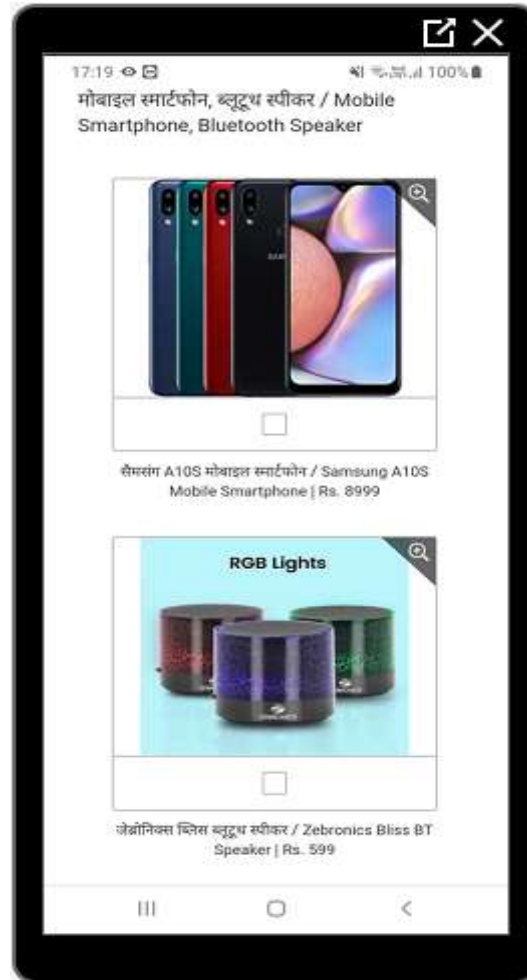
At the Bottom: Tells the customer what's to come



# Mobile & Bluetooth Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order

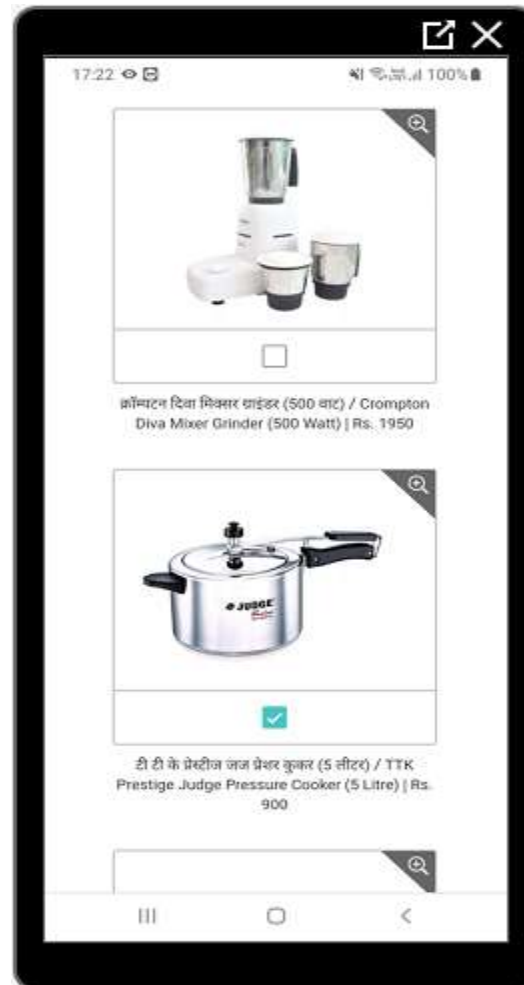


At the Bottom: Tells the customer what's to come

# Kitchen Appliances Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order



At the Bottom: Tells the customer what's to come

# Home Appliances Product Page



At the Top: Shows the products in this category



The Customer needs to just tick on the product if they wish to order



At the Bottom: Tells the customer what's to come

# Confirmation Page



Frontier Markets™

- User Management
- Warehouse Management
- Branch Management
- Product Management
- Stocks
- Demo Management
- Lead Management**
- Try & Buy
- Order Management

Leads

Lead Management

Lead From Date: Lead To Date: Status: Search VLE, VLE Code: Search Leads: Add Lead

Lead Name	Lead Date	Updated Date	Lead ID	Lead Status	Lead Tag	Interested Product	Other Product	VLE ID	VLE Name	Branch Name	State	Mobile Number	Village Name	Activity
Guddi	May 4, 2020	May 4, 2020	1060064-3	Buy now	Others			1060064	Ashan Del	Dhampur	Rajasthan	8058853675	Garhi Chatola	Delete Edit
Seema	May 4, 2020	May 4, 2020	1040139-8	Buy now	Others	Lal Mirch Powder,		1040139	Rama	Bari	Rajasthan	9772392041	Ratanpur	Delete Edit
Phulwa	May 4, 2020	May 4, 2020	1040139-7	Buy now	Others	Coconut Hair Oil,		1040139	Rama	Bari	Rajasthan	8875719612	Ratanpur	Delete Edit
Amity Kumar	May 4, 2020	May 4, 2020	1030030-21	Not interested	Others	Ghadi Detergent,		1030030	Meera Bairawa	Rajgarh	Rajasthan	8383846360	Gola Ka Bas	Delete Edit
meera	May 4, 2020	May 4, 2020	1020001-157	Buy later	Others	Anti Lice Shampoo,		1020001	Meera	Lachhmangarh	Rajasthan	8302895155	Ronpur	Delete Edit
Bhuri	May 4, 2020	May 4, 2020	1040139-6	Buy now	Others	Kasoori Methi Powder,		1040139	Rama	Bari	Rajasthan	9649846023	Ratanpur	Delete Edit
manish	May 4,	May 4,	1020001-	Buy later	Others	Anti Lice		1020001	Meera	Lachhman	Rajasthan	84408116	Ronpur	Delete Edit

1 4 5 6 4,329

# Early Results from COVID-19 Response

Total New Sahelis Onboarded	Total New SKUs Added	Total Orders Placed	Total Deliveries Done	Average Essential Goods Basket Value	Total Fintech Services Placed
4,000	145	10,500	10,000	Rs. 1164	12,754

*\*\*Completed in 14 days of operations – data as of April 20<sup>th</sup> \*\**  
*Onboarding an average of 1,000 new customers and repeat customers weekly*

# Series A Fundraise

We are still on track to bring in our Series A round in the around of \$6MN. We have extended the deadline to October 2020 and will be able to share updated projections in conversation.

We will be using this funding to:

1. Expand our footprint, adding more Sahelis and opening new branches across our existing states and several new states;
2. Further develop our technology, integrating AI and other capabilities to better optimize data to more effectively serve our customers.

# Our Competitive Advantage

As we work to continue serving our rural households at this trying time, we feel cautiously optimistic that we've built a company, over time, that is well set up to be market leaders with a promising future ahead of us.

<i><b>Competitive Factors</b></i>	<b>Frontier Markets</b>	<b>Large E-Commerce Companies (Amazon)</b>	<b>Meesho (Tech Startups in Delivery)</b>	<b>VLE Networks (DharmaLife)</b>
Rural Fulfillment Infrastructure	<b>X</b>			
Rural Customer Insight/Data	<b>X</b>			<b>X</b>
B2B2C E-Commerce Platform	<b>X</b>	<b>X</b>	<b>X</b>	
Gender Lens	<b>X</b>		<b>X</b>	<b>X</b>
Essential Product Basket	<b>X</b>	<b>X</b>		

# Five Year Projections (USD)

Given this, we can project strong growth over the next 5 years—engaging hundreds of thousands of rural women to bring live-improving products and services to tens of millions of households across India.

	<b>FY 20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
<i>States</i>	3	4	5	7	7	7
<i>Branches</i>	19	35	75	147	207	222
<i>Products Sold</i>	165,334	1,244,234	1,826,202	2,566,912	3,507,573	4,521,908
<i>Sahelis</i>	2,192	10,937	27,637	54,367	78,827	88,737
<i>Revenue</i>	\$6.8MN	\$11.02MN	\$34.75MN	\$78.28MN	\$133.6MN	\$185.03MN
<i>EBDITA %</i>	1.4%	-.1%	2%	12%	15%	17%



**Thank you.**