



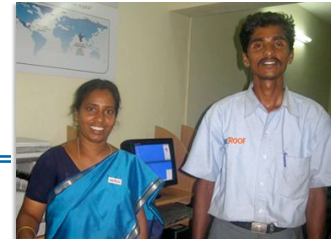
An Update: Vision, Progress, and Learnings from India and Mexico

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Our Aims



- Provide the world's rural poor with **access** to “essential services,” a broad range of tools—starting with ICT—that individuals can use to lift themselves and their communities out of poverty.
- Build a paradigm-shifting venture that harnesses the power of small business to assist the world's rural poor—and thus help change the way the world thinks and goes about the work of poverty elimination.
- Non-profit experience was one of successful local projects, limited by funding and scale. Both for **sustainability** and **scale**, a conscious choice was made to create and run a **for-profit** business.

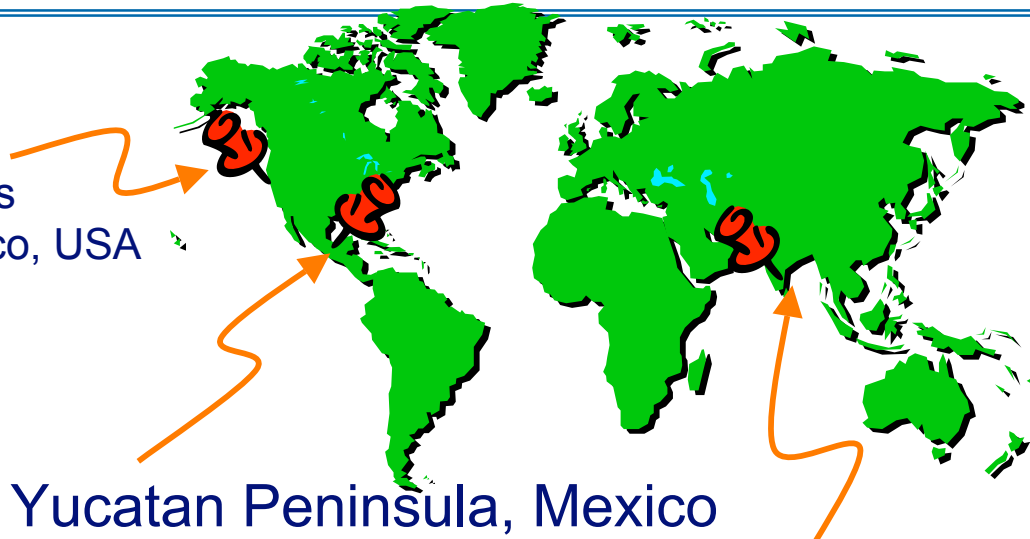






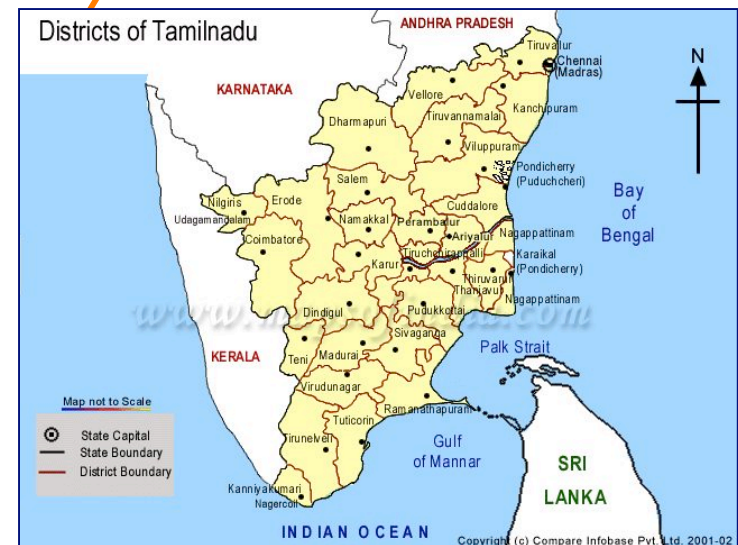
Where We are Now

Headquarters
San Francisco, USA



Veracruz and Yucatan Peninsula, Mexico

Tamil Nadu, India





The Challenge: Access

- The problem is **not** a lack of tools that the rural poor can use to lift themselves out of poverty.
- The problem is a lack of access to these tools.

Tools

ICT
(Communication
Technologies)

Education

Economic
Opportunity

Financial Services

Health Services

Energy Solutions

▼ **Gap** ▼

Rural Markets

For residents of rural areas in developing countries, improved services are likely to be

Unavailable
Unknown
Unaffordable

The Delivery Platform: The Honest Broker



- Leverage economies of scale to provide low-cost, high quality services where demand is unmet.
- Extend the reach of strategic partners to underserved communities.
- Use the ICT “core” to facilitate access to other essential services



Essential Services: 9 service areas envisioned with range of offerings

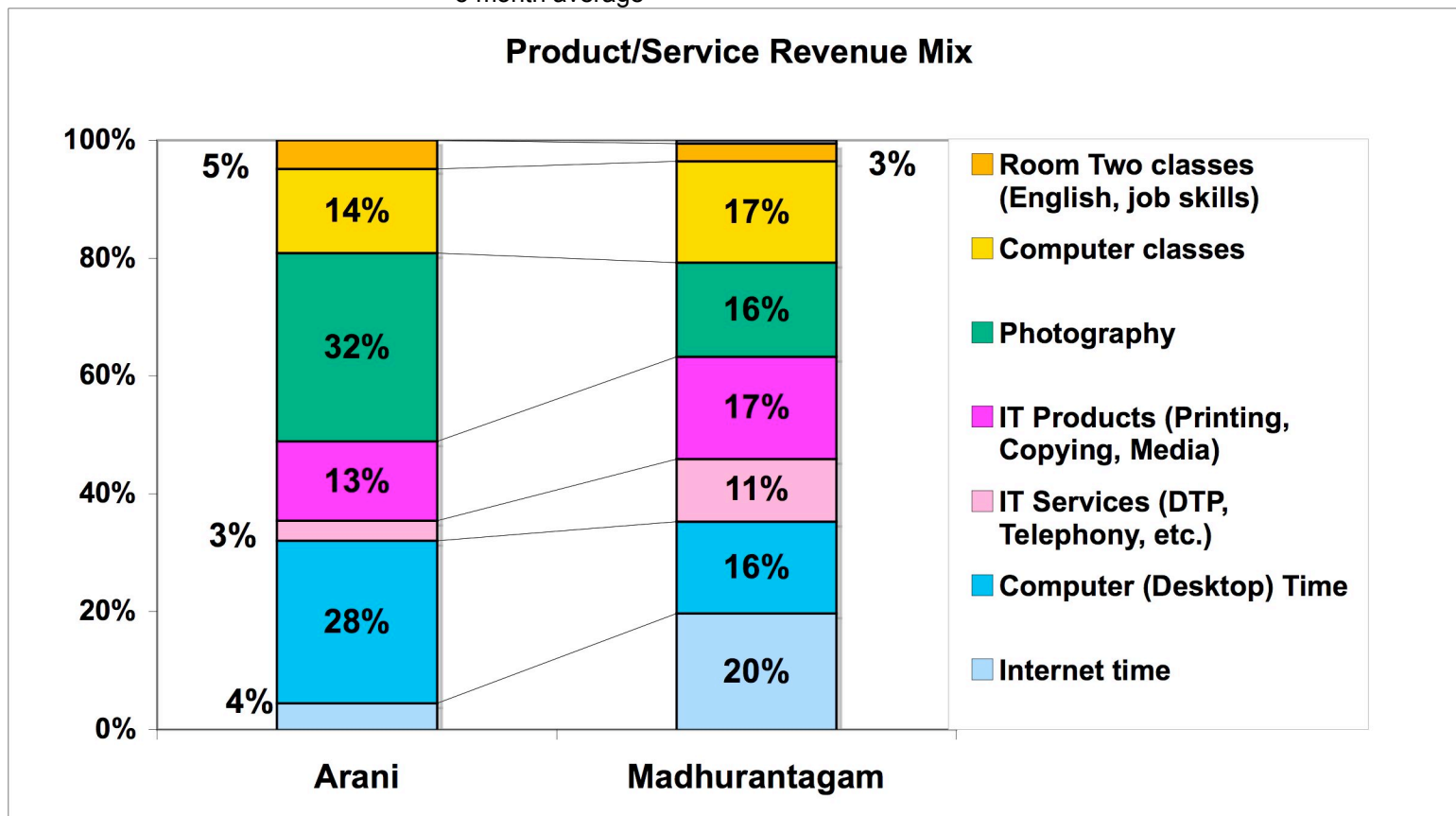
Essential Services

<p>INFORMATION AND COMMUNICATION TECHNOLOGIES (ICTs)</p> <ul style="list-style-type: none"> • Internet • Printing • Games / Movies • Desktop Publishing • CD Writing • e-Governance • Telephone • Digital Photography • Scanning • Copying • Faxing 	
<p>EDUCATION</p> <ul style="list-style-type: none"> • Computer Classes • English Language • Literacy • Job skills training 	<p>EMPLOYMENT GENERATION</p> <ul style="list-style-type: none"> • Career Counseling • Job-in-a-Box • Market Links • BPO
<p>FINANCIAL SERVICES</p> <ul style="list-style-type: none"> • Insurance • Current Accounts • Loans • Remittances 	<p>ENERGY</p> <ul style="list-style-type: none"> • Solar Lanterns • Solar Fans/Radios • Solar Home Systems • Solar Water Pumps
<p>HEALTH</p> <ul style="list-style-type: none"> • Herbal Medicine • Classes and Workshops • Telemedicine • Eye testing 	<p>SANITATION</p> <ul style="list-style-type: none"> • Latrines • Cleaning Products
<p>AGRICULTURAL TECHNOLOGY</p> <ul style="list-style-type: none"> • Farm Tool Rental • Water Pumps • Hydroponics 	<p>CLEAN WATER</p> <ul style="list-style-type: none"> • Water Filters • Oral Rehydration

Store Distribution and Revenue Mix



5 month average



OneRoof Stores Today

- First 22 company-owned stores opened since June 2006 (19 currently operational)
- India - Tamil Nadu state
- Mexico - Yucatan Peninsula & Veracruz
- Towns of 5,000 to 30,000
- Open 7 days per week, 12-15 hours per day
- 2 operators per store
- Franchises open in India starting December 2007



Benefits: Examples

- Students / Youth/ Families
 - Computer literacy - targeted to poor
 - Livelihood skills - employability
 - Current events and popular culture
 - Homework support - research, internet
- Farmers/Fishermen/Artisans/Merchants
 - Market and crop prices
 - Access to financial services - loans, grant applications
 - Facilitation of official business (ID's, taxes)
 - Communication with family and friends in cities or abroad

Increased Productivity



Competitive advantage: Professional management

- MIS (Management Information System)
- Reliable Systems & Quality Control
- Externally-recognized training
- Long term supervision, assistance by field staff
- Global Network



Competitive advantage: Customer service

- Still a novel concept in rural areas
- Intensive training emphasizes customer service
- Key is to find the right franchisees



“The future of the world lies in the hands of the market-based social entrepreneurs.”

**Dr. Muhammad Yunus, Grameen Bank
2006 Nobel Peace Prize recipient**



The OneRoof Experiences: India and Mexico



- Rapidly developing countries

- Vast rural-urban divide

- Strong growth in IT Sector



- Unit Economics

- Business Environment

- Culture and Norms

- Market size/Density

Learnings



- **Context is key** The model evolves differently in different markets, cultures, legal frameworks — adaptability is paramount
- **Embrace competition** Best real-time indicator of the value you are providing
- **We value what we pay for** Something-for-nothing does not create the essential buy-in for a successful, sustainable impact
- **Location, Location Basics still apply!**

Currently in India: Launching Franchise



- **Franchise circular released** in October 2007: 100+ enquiries to date, first franchises to open in December; 75 expected by September 2008
- **New revenue streams** include: Smart Ticket Agent, Alison.com literacy and skills training content
- In discussions with 3 providers on partnerships to extend rural satellite coverage where broadband is unavailable
- Exploring BPO partnerships to utilize OneRoof facilities/equipment in off-hours, providing rural employment and franchise revenue stream

Pool of potential franchisees

- Living in or with close ties to rural towns
- Access to capital or collateral - emerging middle class
- Business and social skills/ community-oriented
- Do not need to be tech wizards



New Look for India

Connect Here

ONEROOF

ஒன்றரூஃப் மையம்

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<p>அதிவேக இன்டர்நெட்</p>  <p>Internet E-mail & Chat</p>	<p>டிஜிட்டல் போட்டோ</p>  <p>Digital Photos</p>	<p>கம்ப்யூட்டர் கல்வி</p>  <p>Computer Courses</p>	<p>டி.டி.பி. மற்றும் ஜெராகல்</p>  <p>DTP & Photo Copy</p>	<p>கம்ப்யூட்டர் ஜாதகம்</p>  <p>Computer Horoscope</p>	<p>விளையாட்டு</p>  <p>Games</p>	<p>பேருந்து, விமானம் & இரயில் டிக்கட்</p>  <p>செல் போன் ரிசார்ச்</p>  <p>Tickets & Phone Recharge</p>
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Typical India Franchise



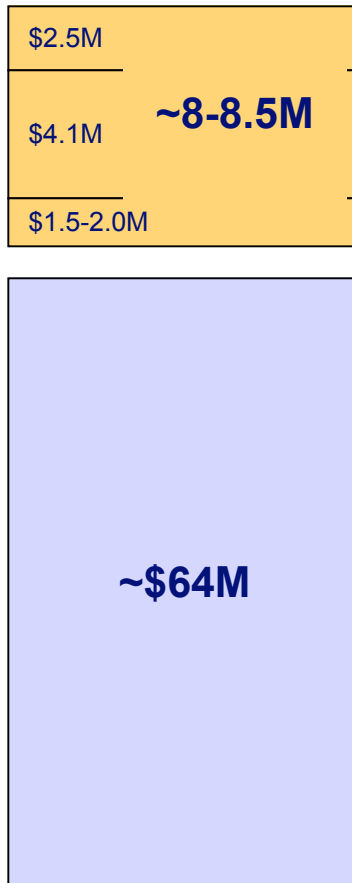
Investment of of \$9,850 (INR 3.94 lakh) includes:

- 6 Computers, 3 printers, software \$4,800
- Power equipment, furniture, wiring \$2,025
- Franchise fee, MIS \$1,750
- Deposits for Rent, Smart Ticket, and misc. \$1,275

Returns (free cash flow) ~ 20% in first year, 30-40% anticipated in following years

Variables include initial range of services, location, store management/employee structure, financing arrangements

Network-wide financing



OneRoof corporate funding

Equity investments

Franchisee funding

Local sources

- Private investment
- Personal financing
- National banks - i.e. ICICI bank ~ 16.5%, 4 years
- Microfinance groups

Currently in Mexico: Shifting Strategy



- **Yucatan:** Stores unprofitable over 18 months due largely to high overhead costs. 4 stores to be run independently by end of 2007.
- **Veracruz:** Promising results in 4 stores now open with minimal overhead. Growth potential is to market OneRoof modules to existing centers and networks.
- **eMéxico:** Strong interest from eMéxico in selecting OneRoof for Digital Cities contract (2+ years) TBD in January or February 2008. Building on established, ongoing training/consulting relationship.
- Franchising not currently being pursued.

The eMéxico opportunity



Ongoing Challenges being Newly Addressed

- Utilization rates extremely low
- Communities are not aware of services available
- Operators lack basic skills
- Uneven government support necessitates some income model for centers to provide adequate supplies and maintenance
- Most eMéxico centers do not have MIS or other control software

OneRoof has demonstrated the expertise, knowledge, and technology to address these problems and to enhance the sustainability of eMéxico's telecenter model

Similar training and consulting opportunities are being explored in Bolivia, Chile, Colombia, Ecuador

Competition is opportunity

- Local single-store cyber cafés
 - Market indicators, healthy competition

- India: Drishtee, n-Logue
 - Different focus, specializations
 - Co-branding opportunities, satellites

- Mexico: e-Mexico
 - Underutilized networks throughout Mexico present win-win opportunities to enhance sustainability of their investment on a consultancy basis
 - Other Latin American governments are seeking ways to enhance the impact of their IT programs: Bolivia, Chile, Colombia, Ecuador



2007 / 2008 priorities



**Phase 0:
Strategy**
Secure funding, transition from non-profit to for-profit structure

**Phase 1:
Operations**
Run 20 test stores in India and in Mexico
Pilot products and services, Ensure profitability

**Phase 2:
Franchises & Expansion Prep**

Focus / priorities

- Franchisee development & open ~125 franchises
- Growth of services
- Management of the network
- Technology - build system
- Expansion preparation

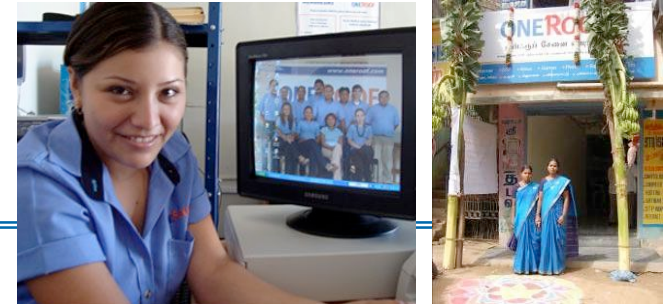
**Phase 3:
Scale**

Round One

Round Two

Round Three

Thank You



- We believe that our business model and delivery platform have the potential to revolutionize the way that the rural poor gain access to the essential services that can empower them to improve their lives.
- We are interested in opportunities to extend the reach of partners who share our vision.