The Base of the Pyramid: Land of Opportunities for the New Technologies
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Technological development usually implies huge investments and, as we all know, money is very impatient. Because of this, the logical route for the commercial development of a new technology seems to necessarily start at the top of the socioeconomic pyramid and then, little by little, widen its base of users. “We start with the most capricious (excuse me, I mean the most advanced) and as costs decrease and the possibilities of forgers increase, we widen our market”. Perhaps this is the logic of money and perhaps it is helpful for technologies to create necessities. But the logic of money may be short-sighted and the technological advances can satisfy needs instead of creating them.

On the contrary of what common sense seems to indicate, the best cradle for new technologies may be found far from the comforts of the developed countries. Two thirds of the world’s population subsist on less than four dollars a day. This is the so-called “base of the pyramid”, and its four thousand million people have real and multiple needs. Accustomed as we are to turning on the light with the flick of a switch and making a phone call from anywhere, we take for granted just how much those everyday acts multiply the possibilities of our lives. We do not realise that there are two thousand million people who have never used a phone and a similar number do not have electric light. Well, in this distressing scenario the new technologies can develop and even go from being mere ideas to becoming realities.

Bangla Desh is one of the poorest countries in the world. Its almost one hundred and fifty million people have an income per capita of just over a dollar a day. Who could identify a business opportunity for a mobile phone company in that country? Well, after setting up in 1997, Grameen Phone grossed one hundred million dollars in 2004, not in income but in profit.

The reasons behind this must be sought in its mother company, Grameen Bank, set up by Muhammad Yunus, the inventor of micro-credits. His aim was to provide a high value service for the people of Bangla Desh and in so doing contribute to the social development of the country. His
business model is as follows: in every village the company sells on credit a phone
terminal and the rest of the necessary equipment to a woman who is trained and
provided with continuous support. These women rent out the phone to their neighbours,
getting enough money to pay back the loan and, at the same time, to increase the
household income. In this way, Grameen Phone and those female entrepreneurs have
literally opened a window to the world and a world of possibilities to the inhabitants of
Bangla Desh. According to a study by the Canadian Agency for International
Development, the possibility of making a call to Dhaka, the capital, instead of travelling
there means a saving of between 9.8% and 264% of an average monthly income. Apart
from helping to improve their income, it increases their self-esteem and the social
consideration of the female entrepreneurs in a country where there is easily room to
improve the situation of women.
The case proves that, in countries where setting up a fixed phone network was
unthinkable, a disruptive technology like mobile telephony, that satisfies a real need,
can be commercially successful.

In developed countries, disruptive technologies can find tremendous difficulties to
mature. Among the many reasons for this are vested interests or satisfied customers.
Solar energy is a good example. Unlike mobile telephony, this alternative technology is
growing at a snail’s pace in developed countries. And this in spite of the subsidies it
gets. However, in countries like Tanzania, Uganda, Kenya, Mongolia, China, Sri Lanka,
Honduras or Guatemala it is thriving. Once again the reason here is the satisfaction of a
real need.

In the best of cases, homes without access to electricity have a kerosene lamp as the
only source of light. This is expensive, unhealthy and dangerous. For this, the sale of
solar panels of between 5 and 40 watts, that generates enough energy for a few light
bulbs and a TV in black and white for a five or six hours, has become a viable,
economical and satisfactory alternative. In addition to light, the buyers get time,
comfort, health and security.

On the other hand, apart from environmental reasons, undoubtedly worth consideration,
what can bring the inhabitants of developed countries to substitute the safety, comfort
and power of what they enjoy for the promises of solar energy?
Unquestionably, the possibility of solar energy taking off and some day substituting the
present generation technologies in developed countries is much greater than in the past.
Its penetration in the base of the pyramid will allow solar energy to achieve all sorts of
improvements necessary to displace, in the near future, the present sources of energy
used in developed countries. In spite of what most managers think, the base of the
pyramid is a huge market for disruptive technologies. Because of their capacity to
satisfy the needs of the base of the pyramid and, in short, create value, many
technologies can find fertile ground that will enable them to overcome the deficiencies
inherent in any new technology.

All things considered, companies must increase their scope beyond the markets where
they have traditionally focussed their attention, that is, on those markets where the
population of the world with the most buying power is concentrated. It is time to
recognise the wide range of opportunities that exist in the markets made up from the
population with least resources. What is even more important, given the power of
transformation of companies, is the fact that it is time to change the perspectives of the
poor and to construct the foundations of a more just and global development.