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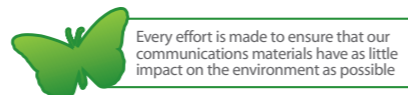
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Online shopping reaches remote rural regions in pioneering project



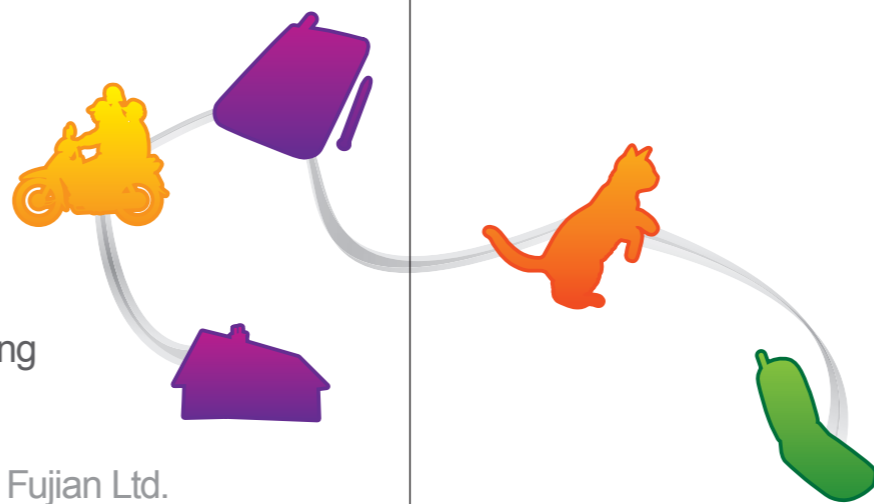
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A highly innovative concept that brings the advantages of online shopping to the remotest rural regions and creates a solid business model for communications service providers is being piloted in China.

Nokia Siemens Networks and China Mobile Group Fujian Ltd. (Fujian Mobile) have collaborated closely to prove an innovative eCommerce platform that is a significant step towards providing the Internet for the next billions of users.



Three billion people – about half of the world’s population – live and work in the rural areas of emerging markets like Africa, Asia and Latin America. But providing Information and Communications Technology (ICT) services to the base of the world’s income pyramid demands new thinking to develop affordable, relevant services and creating realistic business models.

Although the business case for the rural Internet has proved to be challenging for traditional communications service providers, it can become a sustainable business if it creates value for rural consumers and empowers local business networks.

A sustainable rural Internet business model

This is the underlying principle behind an innovative eCommerce business model developed by Nokia Siemens Networks. The integrated solution enables businesses to reach rural consumers via their local village shops. The project delivers greater choice for consumers and the chance for rural shops to offer a bigger product range. It can also help communications service providers (CSP) to increase revenues and raise their profile locally.

The solution is proven in action in a joint project between Nokia Siemens Networks and Fujian Mobile in Fujian Province in China.

Reaching out to rural customers

A key challenge experienced in many remote rural regions is the inability of businesses to reach consumers owing to insufficient distribution and information systems. Many rural small and medium retail/distribution players cannot afford to be online, so their business remains rooted in the traditional form of local village shops with limited goods to sell. However, rural consumers have sufficiently high spending power to demand a wider choice of rich information and high quality products at good prices.

The new eCommerce business model enables a bigger business (product supplier) to use small local businesses (village retail shops) to promote and sell its products to rural consumers. It also offers CSPs the opportunity to tap into the potentially powerful new business model of Business to Business to Consumer (B2B2C) services.

Online shopping comes to rural consumers

The model is built on an integrated eCommerce platform, which helps rural stores to enrich their offering and improve their sales. It also introduces a sales model to local shops, enabling villagers to access online shopping services. The solution provides a flow of up-to-date and accurate product information via a Catalog Sales Platform, a mobile means of cash payment on delivery, and cost-effective, reliable product delivery based on the existing rural logistics system.

Mobile phones are an essential part of the Catalog Sales Platform service logic, even when only simple SMS notifications are used. Everyone (supplier, retail-point owners, and rural consumers) has a phone and can be contacted instantly.

Benefits for everyone

The Catalog Sales Platform business model delivers benefits to all stakeholders:

- Rural consumers gain access to a wider range of reliable and quality consumer products, at better prices close to home.
- Catalog Sales Platform retailers benefit from a wide selection of reliable products at good prices. Shop owners can expand their range of services to the local community, increasing their business.
- The Catalog Sales Platform operates like a new TaoBao (China’s own successful version of eBay) that is adapted to the rural environment in which the traditional first mile business interface to consumers is a critical success factor. This is a win-win situation for both product suppliers and village retail points because the market channel is expanded at almost zero cost.
- The main driver for communications service providers is that the Catalog Sales Platform strengthens their sales channel management and improves their local presence in rural areas. It also offers innovative revenue potential from business-to-business transactions, rather than simply business-to-consumer.

Low cost access for local businesses

The Nokia Siemens Networks eCommerce model uses a new Internet service delivery approach with three key characteristics:

1. An end-to-end, integrated ICT business solution based on shared Internet access cuts the cost of using ICT by aggregating the needs and spending power of the local community.
2. ICT empowerment of local entrepreneurs links their existing local businesses into a new value creation ecosystem.
3. A sustainable business model for traditional operators helps them to explore new revenue potential from business-to-business-to-consumer (B2b2C) services.

