MOBILE ACCOUNTING APPLICATION FOR SMES

NAME OF APP: TBA

STATEMENT OF THE PROBLEM

1. The existence of many SMEs in Kenya, or let me just say across the world. This is what gives me business.
2. Most of the SMEs have poor accounting practices. 'Hand to mouth' operations with no financial records are saddening. Ask a business about a sale they made two years ago, and they won't answer immediately. They will have to look for files and books, which could be torn or even misplaced.
3. Manual book-keeping processes in some SMEs
   (i)   This is slow and cumbersome
   (ii)   Some records are poorly done
   (iii)   Complexity of some operations makes it hard to account for them
4. Non-existence of book keeping processes
5. Non-preparation of financial reports
   (i)   This hinders accessibility to financial support
   (ii)   This hinders proper valuation in case of mergers/acquisitions/sales
   (iii)   This hinders forecasting and back shadowing
6. The belief that if SMEs had good recordings of transactions, good accounting books prepared and stored where they can be retrieved on demand immediately, good daily records then it will be possible to boost their operations. SMEs are the backbone of economic advancement in the developing world where agriculture is showing signs of fading.

VALUE OF THE PROJECT

1. Owners/Managers of SMEs
   (i)   Quick accounting of daily/weekly/monthly/annual transactions
   (ii)   Ease of predicting the direction of the business
   (iii)   Ease of identifying loopholes in the business and correcting at the touch of a button, anywhere in the world.
   (iv)   Ease of accessing financial support
2. The government
   (i)   Tax authorities can track the right payment of returns
   (ii)   County governments can monitor the performance of commerce sector
   (iii)   The CBK can understand the policies to put in place based on real figures
3. The Society
   (i)   Creation of employment to the field of consultancy
   (ii)   Booming businesses

STRUCTURE OF THE APP

1. Entry of a transaction by the user. This should provide for corrections only within one day, to avoid manipulations. The transaction should be in the form of a statement e.g. Sold 1 book at 50/- Cash. If the business has an ETR machine e.g. supermarkets, the app can be linked to it.
2. However, if we can just find segments called sales/Purchases/expenses/Other revenues, and we customize the app to businesses, it will be a great move.
3. Filing of source documents, if any, shall just be done. The app does not replace filing of source documents.
4. The App should present end of business totals. This is the desire of many business people. They are scared of unnecessary mathematics. Give them instant totals on demand if possible. They will appreciate and buy the idea.
5. The app should distinguish revenues/expenses/assets/liabilities/capital. This helps to present financial statements roughly. It doesn't eliminate the job of the accountant. In fact, when the businesses need their documents certified, the accountants will have easy time checking and applying IFRS/IAS.
6. The app should be able to generate reports monthly like M-Pesa. M-pesa already does this, and sends in table format which is downloadable. Understanding how they incorporated this feature can work well for this app.
7. Backing of the data in the cloud should be possible. Let's talk about e-mails as signatures. At least, an e-mail has become a common staff.
8. Users to be educated on how to use the app. Of course, before selling, while selling and even after selling.
9. App to be available on mobile devices
10. If possible, offline operations should be made possible
11. Authorization to use the app will be granted to a maximum of three people in a business
12. The App can be linked to M-pesa, if the clients so wish
13. The app should be able to run on simple android phones. These SMEs don't spend huge amounts on technology. They as well believe in the power of their minds but do have phones for making deals, sometimes checking on social media sites and making calls. In fact, the largest they spend is on buying the owner's phones. This will be easy to sell the app, since the SMEs need not spend on buying phones again, just internet. Just like Facebook, make the app easy to use on smaller screens. Back up over e-mails should be possible, e-mail is ones signature.
14. Partnership deals can be made with mobile payment providers/banks in case the businesses run on such terms. Partner with Phone companies in selling the app. Partner with internet providers. Partner with GMAIL/Social media.
15. I envision the cost of the app to be between Shs. 1,000 to 2,000 ($10 to $20). If these businesses pay their employees as low as 3,000/-, there is no way they will very willingly accept a cost that is more than 2500/-.

16. The app should be downloadable on google playstore or just google. Most of our people don't use playstore so much, they know google. Give them that!
17. If need be, provide the app in more than one language. But once the language is selected, let it be used consistently.
18. Make the government, County governments, financial institutions, mobile operators and SME traders approve of the idea.
19. Present the app in premium and basic versions and any other version you deem fit and let's see how this goes.
20. Patent this idea.
21. Any other idea that you see is possible to make the app better

POSSIBLE LIMITATIONS

1. Time wastage while recording the transaction in the app and at the same time making the sale. But unless one is a con person/with sharp brains, it is always good to record a transaction down even if it is on paper. I am replacing the paper hustle with a tap on the phone. If we don't take advantage of the smart phones we have now, when will we do it?
2. Manipulation of the accounts. Some con workers may enter wrong values. If they have been doing this in the normal book-and-paper process, what prevents them from doing it in the machine?
3. Some people may be less educated and find it hard to use the app. But then, people use mobile money and operate that without issue. People know what they selling and the expenses they are incurring. They can tell you this if you ask. What may make it difficult to input a one sentence transaction like "Purchased pencils on credit" and they even have receipts/invoices to confirm? We can embrace technology in business. At least, what other technological feature do you want to use in business?
4. The app may find it hard to differentiate expenses from revenues. But then provide a point where somebody uses words like 'sold' to mean sales, and 'bought' to mean purchases or the like. But then if this creativity cannot come from an IT guru, where else can we find it? Let them dig in to see how I can make it possible for businesses.
5. Inaccessibility to smart phone technology/proper networks. A majority of the businesses targeted have one/two employees with smart phones. They buy airtime and spend time on online social sites. If navigation through online social sites is possible, how can the process of recording a one statement transaction be complex?
6. The Cost of making and installing the app. I am still in communication with app developers to see the costs of production and how the payment can be structured. However, I do know that some businesses may be unwilling to incur costs on anything here in Africa. They'd rather spend that on more purchases.
7. Copying of the idea. Soon after implementing the project ER, I know there shall pop-up very many similar apps with even better qualities and some with cheaper price offerings.

Patenting and Lawyers can help me play around that, but the struggle may not end sooner than expected. This is Kenya, I know this very well. The can also be a situation of forced take-over of the project by an invisible hand.

8. The society may fail to embrace the idea. SME owners may be driven by fear of an unknown happening. Politics may play their part in discouraging the uptake of the product in the country. But then, I will use politics to drive the idea in the society if that proves to be the problem.

9. Very many risks surround the idea. It will be important to identify the risks, prepare a risk matrix and prepare necessary control measures.

SELLING THE PRODUCT IN THE MARKET

1. Start with market segmentation. I can split the market geographically (County), businesswise, or economically (this is a bad idea).

2. Train a team of expertise (who will also be marketers) on the use of the product. I have B.Commers in mind because they have finance and accounting knowledge.

3. The app does not need too much movements, it is downloadable on google playstore. References are important.

4. Influencers with businesses can take up the app first and then it can be driven further inwards.

5. Partner with mobile money providers, the government, banks and county governments in Kenya.

6. Intensive marketing on mass media and social media.