

# Business Case

## PEG Africa - repayment

*\*The data used in this presentation is made up for this Business Case and doesn't represent the current business state of PEG Ghana .*

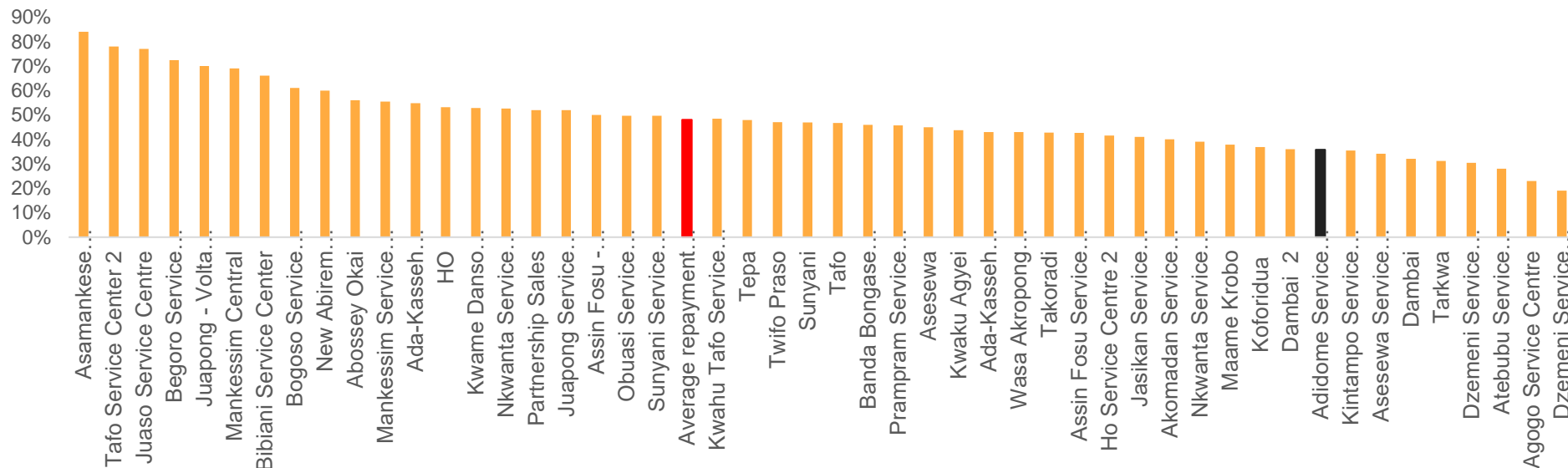
- ❑ PEG delivers Pay-As-You-Go (PAYG) asset-based financing to consumers who lack both access to reliable electricity and formal banking services. PEG's anchor product, a basic solar home system that includes three lights, a phone charger, and a radio, allows consumers living on \$5-10 per day to access clean light for working and studying after hours, avoid harmful air pollution from kerosene based lighting solutions, and also build credit for additional products and services over time. To date, PEG has raised \$50 million and has 400 full time staff and over 500 field staff across Ghana, Ivory Coast and Senegal.
- ❑ PEG Ghana, one of the companies under the group owns 35 Service Centers spread into 7 regions accross the country. Each region is managed by an ASM (area sales manager) who covers about 5 Service Centers. In each of those Service Centers, there is a team of 4-6 DSRs (direct sales representatives) managed by a SFM (sales field manager).

- ❑ PEG Ghana has steadily increased sales in the past 3 years, reaching 42000 customers across Ghana. Behind an innovative Pay-as-you-go model, the company has managed to attract customers interested in putting solar energy on their roof.
- ❑ However, 30% of our customers don't fully repay the solar device. This bad payer behaviour has a huge cost for the company who needs either to chase bad payers or repossess solar devices.

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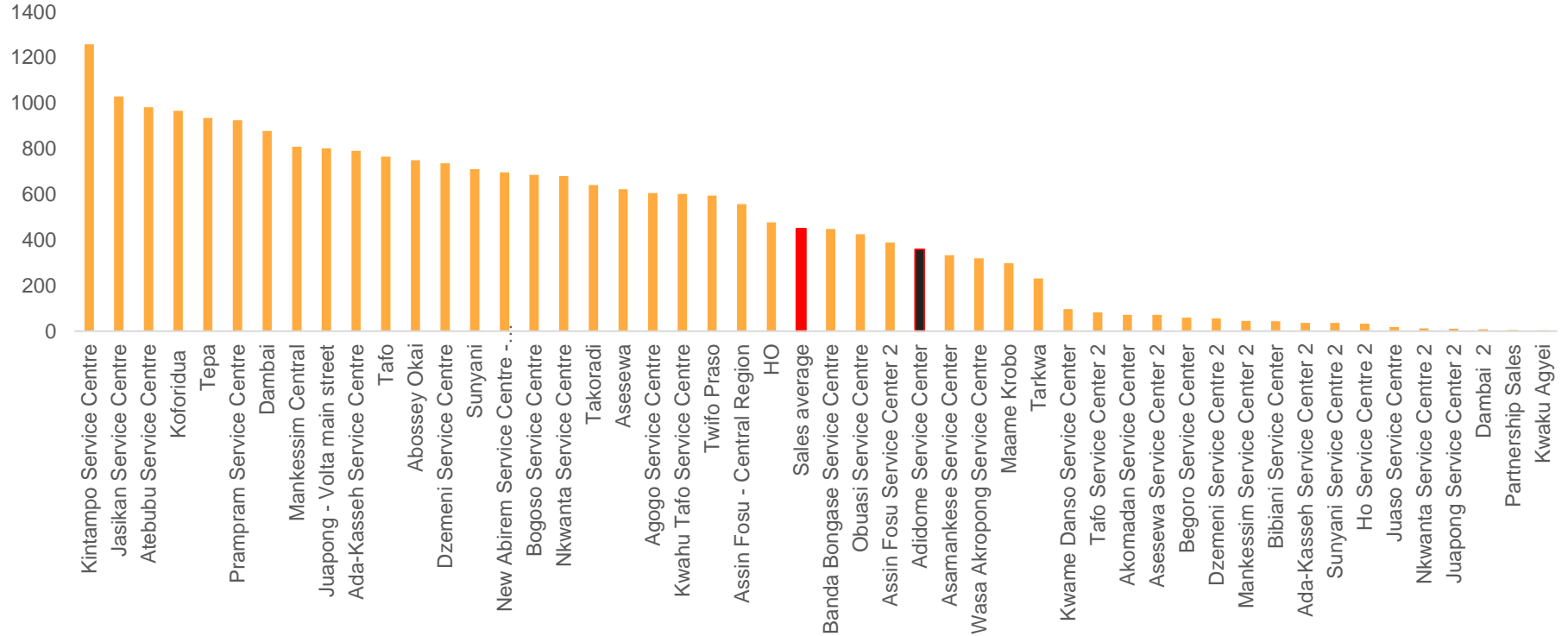
- Adidome is a Service Center in Volta region open in 2015.
- Over 2 years of activity, Adidome has managed to acquire a portfolio of 198 customers. However, the average repayment rate of the Adidome customers portfolio is 36%, which ranks among the worst Service Center at PEG Ghana for repayment rate.

Service Center - repayment rate after 6 months



# Business case

## Service Center - Sales



# Task



- ❑ Leveraging on your datasource, we would like to get a clear understanding of the external drivers which could explain such a low repayment rate at Adidome compared to the average repayment rate.
- ❑ For this case, let's assume that the following internal sales driver remained constant through time and service center:
  - Number of DSRs
  - Type of product sold
  - Price of product