




# BukuWarung

Business Case Study

# Challenges faced by SMEs



01	Daily Business Issues	<ul style="list-style-type: none"><li>Record keeping and Managing daily ledger and bill of payments</li><li>Keeping Track of Inventory</li><li>Difficulty predicting future cash flow</li></ul>
02	Credit Challenges	<ul style="list-style-type: none"><li>Access to credit and credit worthiness</li><li>Credit capacity and capability to repay</li><li>Lack of collateral capability and stringent lending criteria</li><li>High interest rates in some cases and impact of past loan repayments</li></ul>
03	Market Access and Expansion	<ul style="list-style-type: none"><li>Access to other geographies even in the same jurisdiction is a challenge owing to less budget for promotion for customer reach</li><li>Branding constraints are great product or services gets localized</li><li>Expansion challenges owing to low manpower and money power</li></ul>
04	Customer	<ul style="list-style-type: none"><li>No access to user data as well as information on user preferences</li><li>Regular improvement in product catalogue based on change in customer behavior and subsequent to customers are limited</li><li>No mechanism to get customer feedback or tap customers through various social media channels</li></ul>
05	Supply Chain Problems	<ul style="list-style-type: none"><li>Logistics issues as volume is low and hence high rate per piece</li><li>Managing delays returns complaints and high customer service expectation</li><li>Visibility of supply chain with expansion of markets</li></ul>
06	Regulatory and Government Issues	<ul style="list-style-type: none"><li>Biased rating models shutting them out of many Govt schemes</li><li>Less adherence to regulatory requirements owing to cumbersome processes and lack of education</li></ul>

# Empowering SMEs

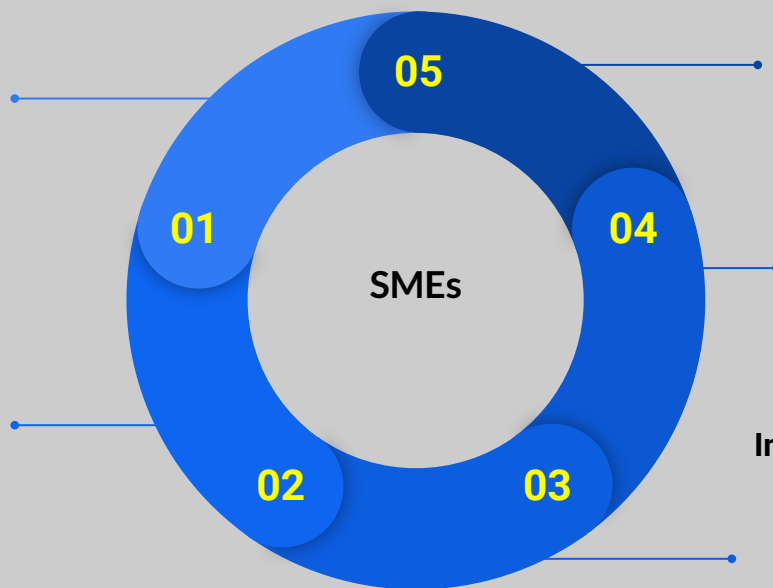
Let's understand how BukuWarung and Tokoko can empower SMEs

## Increasing Reach

- Building an web presence which can allow them to reach more customers
- Integration with social platforms to promote product catalogue to various customers
- Faster reach of updated catalogue
- Share industry insight based on same or relevant industries

## Enhancing Financial Visibility

- Daily easy record keeping. Use image recognition etc to update manual or hand written bills.
- Predict cash flows and inventory tracking using historical data
- Manage account receivables and settle them inside the app with other SMEs of the network
- Manage even salaries of employees or other contractors giving visibility towards expenses
- If direct debit is a thing in the market can set that up in the platform or integrate similar tools in the platform



## Easier Access to Credit

- With a fair understanding of business performance, transaction patterns, peer level data and credibility metrics, can assess their capacity of credit, capability of credit and chance of repayment which can help them get money through the platform easily
- If larger credit is needed their historical data, tax filing, peer information can be shared with big financial institutions and they can access credit easily

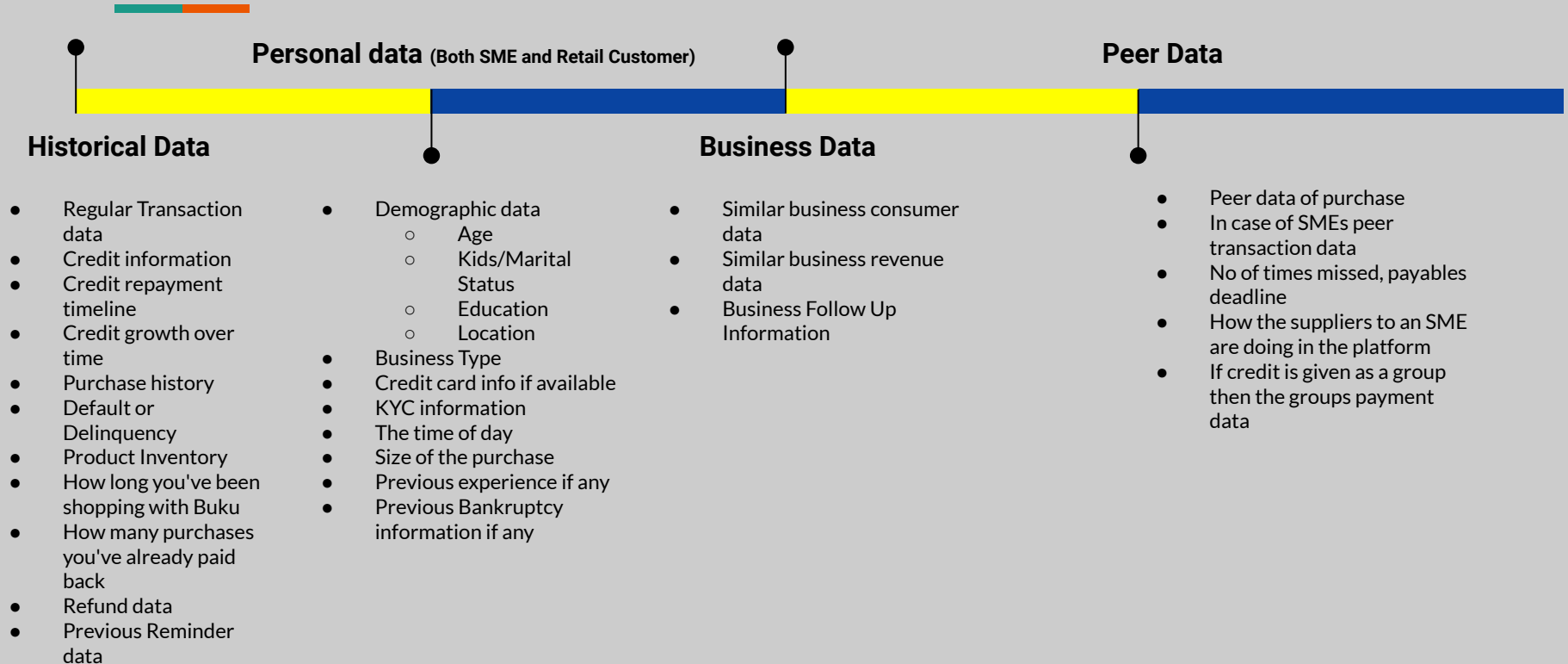
## Improve credibility and trust

- With transaction data can aid tax filing and adherence to regulatory compliance increasing business credibility
- With historical data, similar business information can build credibility which can be shared to other organisation
- Use transaction network data to identify good businesses and create metric for measuring their credibility

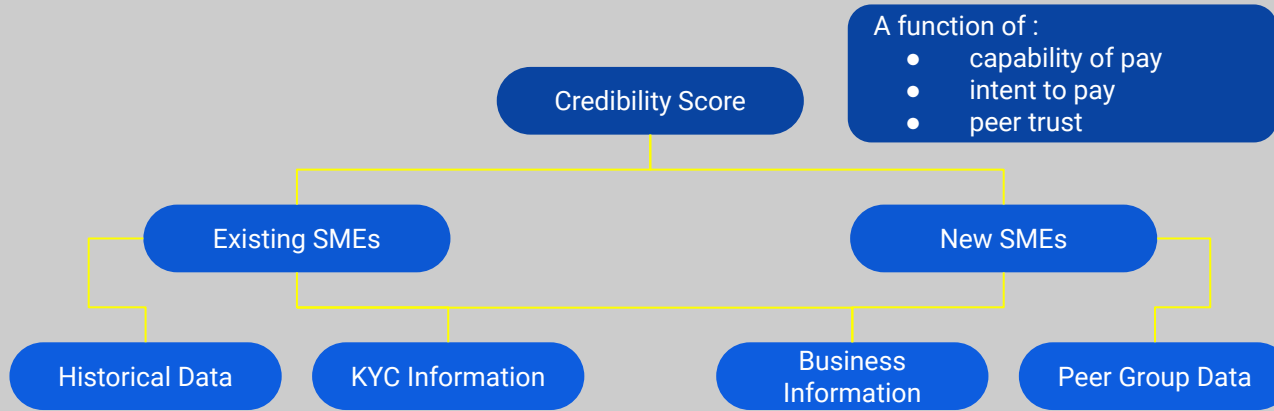
## Informed Decision Making

- Update SMEs on stocks, order booking etc.
- Use the recommendation system on Tokoko to show customer related products which in turn increases purchases for respective SMEs
- Show user buying behaviour pattern, if more users are engaging through instagram maybe promotions are to be directed there.
- Can build integration to 3rd party tools to the platform
- Build communities on the platform for collaboration among SMEs

# Data for SME Evaluation

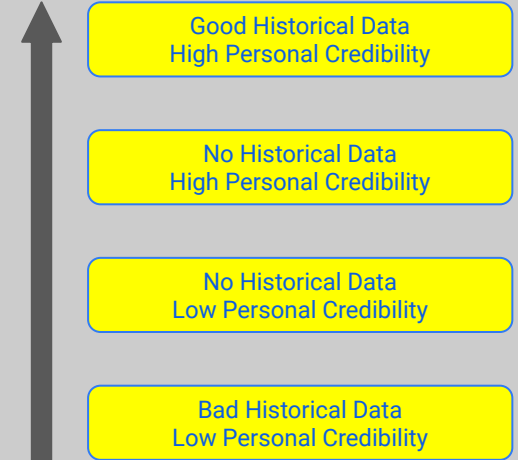


# Building SME credibility score



1. Use information for creating credibility score by using the importance of various variables to default rate (\*Can be the North Star Metric)
2. Validate them with previous data of credit and payment history of SMEs
3. For new user the score should focus on SMEs with similar demographics and peer network data

## SMEs Hierarchy by Credibility Score



# Difference between SME & Consumer Lending

For SME vs Consumer lending the difference lies mostly in the size of the loan, loan terms and the way capability to repay is ascertained. The pointers below highlights the major differences to be considered while lending to SMEs vs Consumers

