

## OVERVIEW

**DloHaiti**<sup>1</sup> is a for-profit venture replacing expensive water distribution by trucks with a decentralized, local model of water treatment and distribution that is safer, cheaper, and more reliable. Hundreds of millions in developing countries get their drinking water from trucks that deliver it to them from distant treatment facilities, often with water storage kiosks as an intermediary.<sup>2</sup> This model is inefficient and leads to high-priced offerings, variable water quality, and limited availability outside of the main cities. In Haiti, for example, the lowest-cost option for safe, treated drinking water is US 12¢ per gallon, or 80 times that of safe drinking water in the US.<sup>3</sup>

**DloHaiti** improves this business model with a decentralized water treatment and distribution approach that reduces reliance on water transport by large trucks. This model lowers production and distribution costs as well as improves water quality and accessibility while reducing carbon emissions and local pollution. It means a reliable supply of cleaner, cheaper drinking water while providing a return to investors. An important goal is addressing a critical social need with a sustainable, market-based solution that can attract international investment to markets with underserved populations at the bottom of the pyramid. Haiti is the initial target market due to high demand and high prices in the sector.

DloHaiti's franchise distribution model is a key part of dloHaiti's value. DloHaiti provides local entrepreneurs with new opportunities for creating or expanding their businesses, such as the resale of dloHaiti water, delivery services, and wholesale distribution. This gives dloHaiti unprecedented reach into communities outside of urban centers; this reach and intelligence gathered from operations in those communities offers dloHaiti's partners unique insight and access into the Haitian market. Above all, it is the foundation for more efficient local distribution and supply chain networks that better serve consumers in the countryside.



**DloHaiti** has launched a 20-kiosk pilot in Haiti to last through 2015. A successful pilot will be the foundation for a Haiti-wide deployment. A scale-up in Haiti would establish a 300-kiosk Haiti-wide network that could reach 5-8% of the population of Haiti who are currently underserved or beyond the limits of public infrastructure or water trucking. This would create over 4000 jobs and save Haitian consumers an estimated \$2M/year in economic savings by consumers. DloHaiti intends to expand internationally to markets with similar market conditions, namely the lack of public infrastructure and reliance on water trucking.

**DloHaiti** is led by a team of Haitian and Silicon Valley entrepreneurs and investors with deep, first-hand experience of the water business and successful retail operations in Haiti. Jim Chu, the CEO, brings extensive experience with launching and growing innovative startups; and Ken Michel, the COO, is a seasoned Haitian businessman with over 20 years of first-hand experience managing front-line workforces and engaging Haitian communities.

**DloHaiti** secured \$2.77M of a targeted \$4.1M for the pilot phase. Investors include the International Finance Corporation (World Bank Group), FMO (Dutch Development Bank) and Leopard Capital (a venture fund in frontier markets such as Haiti), and Jim Chu, the founder/CEO. DloHaiti is seeking to close the remainder of the targeted \$4.1M in 2014.

<sup>1</sup> *dlo* is Haitian Kreyol for *l'eau* or water

<sup>2</sup> In Haiti, local providers include Eau Miracle, YoYo, Freché Lokal.

<sup>3</sup> Average cost of municipal water in the US is \$150 per 1000 gallons

## PROBLEMS AND OPPORTUNITIES IN HAITI

Despite a high awareness of the importance of drinking treated water, the Haitian government does not provide potable drinking water through its public infrastructure (which only serves a third of the population with untreated water). Private companies dominate the market for water and drinking water distribution. Most water businesses transport water from central sources to local markets by truck. Due to the reliance on this very inefficient model, it is unreliable, dirty and expensive for consumers, especially in regions further from the cities. The price charged by almost all commercial water trucks and kiosks throughout Haiti is suspiciously consistent at 5 HTG/gallon (US 12¢) or higher.

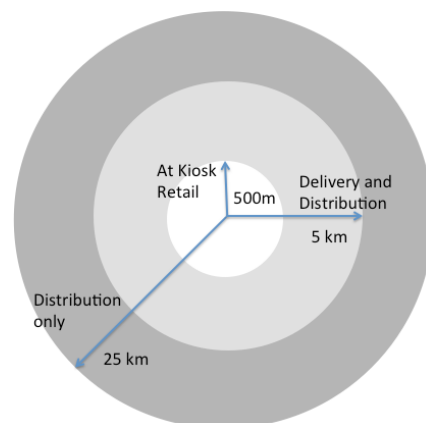
The market is ready for new market entrants to bring more a better business model, more cost-effective technology, scalable management practices, and reduced prices to better serve Haitian consumers.



## SOLUTION: LOCAL PRODUCTION & DISTRIBUTION NETWORKS IN UNDERSERVED AREAS

**dloHaiti** will employ local production, technology, operational standardization, and local distribution networks to lower the costs and improve the quality of water with a four-fold approach:

1. **Local Production → Lower Costs and Better Service.** Purifying water locally is more cost-effective than water trucking and can serve areas that are not economical or possible to reach by larger trucks.
2. **Energy Efficient Water Treatment Technology.** dloHaiti utilizes energy efficient technology to purify water and thus cost. The lower energy consumption requirements also allow dloHaiti be self-sufficient from the costly grid or generator power. It also allows dloHaiti to reduce marginal costs of goods sold and operate independent of the grid.
3. **Operational best practices and standardization → scalability and profitability.** dloHaiti applies best practices that promote transparency and accountability in operations through performance monitoring technologies and metric-based performance incentives. This allows dloHaiti to decentralize and scale operations to achieve profitability and impact while maintaining high levels of quality.
4. **Local Entrepreneur Distribution Networks → Expanded Customer Base for each Kiosk.** dloHaiti empowers entrepreneurs in the community to become distributors and delivery agents of dloHaiti's high quality, low-cost products. With dloHaiti, small entrepreneurs can better serve their community and grow their business. It also gives dloHaiti a much wider customer base than water kiosks.



Many areas lack clean drinking water. The two extremes of the spectrum – well-served urban areas and remote rural areas – are not the primary targets. Rather, the primary focus will be underserved areas where there is growing population density and high demand without sufficient public infrastructure or commercial offerings. These areas have ideal market conditions for a commercially viable water business serving a significant number of people.

dloHaiti's objective is to increase the availability of clean water, especially in areas where the price is high and/or supply low. Areas where there are already many well-run water kiosks will not be primary targets. However, dloHaiti will reduce the market price of drinking water by increasing competition as well as promoting more efficient practices and technology. All Haitians are better off with a greater supply of clean water at lower prices provided by a sustainable, scalable, and ecologically friendly business model that drives the growth of local entrepreneurs.