



EGG-energy connects low-income customers in Sub-Saharan Africa to clean and affordable power through a battery subscription service

Challenge: Over 500 million people in Sub-Saharan Africa lack the electricity services that would enable them to live healthier and more productive lives¹. For many, the weak link is last-mile distribution. In Tanzania, 80% of the population lives within five kilometers of a transmission line but only 10% has access to electricity. This results in a heavy reliance on polluting, expensive, and unsafe energy alternatives.

Solution: EGG-energy offers a battery subscription service that connects low-income households and small enterprises to electricity.

Company Information

EGG-energy
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Funding Sought

Total sought: \$1.5M
\$700k now for initial expansion and \$800k in 2012 (year 3) for growth stage funding

Use of funds:

Expansion: Operations refinement, hiring of executive with local distribution and scaling expertise, 24 sites by 2012 (year 3)
Growth: 280 sites by end of 2014 (year 5)

Financials

Cumulative Revenue: approximately \$5.4M for 3 yrs
Cash Flow Positive in year 4

3-Year Revenue Forecast

Year 1: \$0.2 M
Year 2: \$1.1 M
Year 3: \$4.1 M

Team

EGG-energy was founded by a group of Engineering PhDs and MBAs from MIT and Harvard. CEO Jamie Yang has been in Tanzania full time since June 2009 and is supported by a team of six local employees, our COO Rhonda Jordan, and an operations manager in Tanzania. A US-based advisory team handles fundraising, publicity, and investor relations.

The team has 30 years of combined experience in investment and retail banking, management and small and medium enterprise (SME) consulting, international development, and project management. Among us is the founder of an Africa-based non-profit, four MIT engineers, the author of a book on renewable energy, a former Swaziland-focused business plan competition manager, and a Peace Corps volunteer. Every team member has work experience in Africa.

Service

We take power at its source – a grid connection or a renewable electricity generation plant – and package it in small, rechargeable batteries. EGG-Energy uses a 12V 12Ah deep-cycle sealed lead acid battery (absorbed glass mat) that can power lights, a radio, and mobile phones for a household for three nights. Batteries are owned and maintained by EGG-energy. At the end of their useful life, batteries are removed from circulation and recycled.

Value Proposition

Current expenditures on non-grid energy solutions in Tanzania are surprisingly high - \$715 million per year for lighting alone. A typical Tanzanian household spends over \$10 per month on kerosene, disposable batteries to power small devices, and mobile phone charging. These options are expensive (10% of income), inconvenient, and hazardous. EGG-energy offers customers a clean and convenient alternative at significant savings from current expenditures.

Competition

EGG-energy faces the challenge of displacing current energy usage habits. Small kerosene distributors, solar lamp vendors, and car battery chargers all serve basic energy needs in the same market. Each of these competitors also represents a partnership opportunity: We plan to utilize the distribution chains of kerosene suppliers and battery distributors to deliver batteries. Scaling quickly, we will leverage our customer knowledge, extensive network of sites, and technical expertise to quickly evolve with our customers' growing electricity demands.

Business Model

EGG-energy offers comprehensive electricity services to its customers: electricity, appliances, and installation services. Revenues are derived from battery subscription fees, battery swapping fees, and the installation of EGG-approved appliances. We plan rapid expansion throughout Tanzania, and will position ourselves to address growing electricity demand as an independent power distributor.

Milestones

EGG-energy arrived in Tanzania in June 2009, ran a feasibility study from August through October 2009, and opened its pilot site in November 2009. As of April 2010, EGG-energy is serving 220 customers from our charging center 40km outside of Dar es Salaam. The company has hired 6 local employees and recruited 3 interns. To date, we have raised \$60k from a private investor, \$67k from winning business plan competitions and \$75k in pro bono business and legal services.