Linking up buyers and sellers in urban spaces: a 2016 Hult Prize Challenge proposal

Author: Arjuna Mohottala
Date: April 29, 2016

As urbanisation gathers pace, more and more individuals are attracted to larger cities in search of greener pastures. Given this unprecedented migration of individuals, many find themselves in crowded urban spaces, slums and refugee camps. It is estimated that almost 1.5 billion people who are living in crowded urban spaces are struggling because they are unable to generate enough income. With limited access to economic opportunities, their income generation capabilities are greatly curtailed. As such, these individuals living in crowded urban spaces do not have enough money to pay for their basic needs. Although living in cities offers opportunities that rural areas don’t have, it comes at a cost. People living in crowded urban spaces pay for things that cost less or are free in the countryside.

The 2016 Hult Prize Challenge aims to address this problem by challenging teams of university students to build sustainable, scalable, and fast-growing social enterprises that can double the income of 10 million people residing in crowded urban spaces by better connecting people, goods, services, and capital – a challenge personally selected by President Bill Clinton.

Our team of Crawford School of Public Policy postgraduate students took on the challenge. As well as our academic training in economics, finance and public policy, we have firsthand experience of living or working within communities in such diverse locations as Australia, Bangladesh, Ecuador, India, Mexico, Sri Lanka, Nepal, United Kingdom and the United States.

Our focus is on connectivity. Connectivity is key in getting individual goods and services providers living in crowded urban spaces to the wider market. With barely enough income to afford basic necessities, these enterprising individuals do not have the resources to invest in connectivity, promote their goods and services to the wider market and attract new customers.

In fact, in a few examples we looked at, searching for and securing customers or logistical overheads in service delivery nearly took 50–70 per cent of an individual’s working time. Reduced time to engage in productive work results in an individual having fewer billable hours and thus earning less income. What if there was a mechanism by which the time spent on non-productive activities could be lessened?

Our team, now named LINKUP, proposes to meet the challenge head-on. To this end, we have looked at existing technologies and systems that have worked well in bringing consumers and suppliers together in other markets. What we discovered was a promising opportunity to raise the income of entrepreneurs and service providers in crowded urban spaces.
LINKUP proposes to implement the world’s first micro-business trading platform. We will partner with leading m-commerce provider(s) to develop this platform to provide people in crowded urban spaces with a mobile-accessible marketplace: a mechanism to secure goods, services and capital that is quick, secure and offers good value for money. We will assist individual service providers to advertise their services and find prospective clients online, rather than roaming around densely populated areas in search of individuals requiring the services those providers are offering. For consumers, the LINKUP platform will enable faster access to goods and services that otherwise may not be accessible or would be time-consuming, at a more competitive price than what the current market alternatives provide.

All the systems and technologies needed are already present and have been tested in a number of markets and platforms. These systems have never been linked together in a manner to cater to those enterprising individuals who are living in crowded urban spaces. Why? The technologies and systems have been designed by institutions that cater to a different market. They are primarily focused on the top three billion individuals who have over US $4,000 annual income. Given the high upfront costs, it is impossible for an individual living in a crowded urban space to acquire these technologies.

There is another growing challenge. There are some entrepreneurs who employ these service providers and target middle-income consumers with goods and services through their web and mobile apps. Though these organisations make good profits, they are seldom passed on to the individual as higher wages, and as a result the individuals are left in a perpetual state of poverty.

What will LINKUP do differently?

The truly disruptive nature of LINKUP lies in its ability to be easily adopted into a number of services provided by individual suppliers in crowded urban spaces, allowing LINKUP to be scalable and replicable. Furthermore, the lean structure of LINKUP allows for much of the revenue to be transferred to the supplier, thus enabling the enterprising individuals to earn more revenue from the first transaction onwards.

Our proposal was a runner-up in the Shanghai Regional Final of the Hult Challenge earlier this year. But we’re not giving up. We are hoping to raise $25,000 to fund the prototype and to win a place at the 2016 Hult Prize Regional Finals. We really want to have the chance to test our ideas. To donate to our crowdfunding initiative, go to https://igg.me/at/L2Zaji3bDF8.

Arjuna Mohottala is a PhD Candidate in Economics at the Centre for Applied Macroeconomic Analysis, Crawford School of Public Policy, The Australian National University. He is a Senior Economist at the Central Bank of Sri Lanka and the Team Leader of the ANU LINKUP team competing at the Shanghai Regional Finals of the 2016 Hult Prize Challenge. Other team members include Bishal Chalise and MD Tariq Hassan from Crawford School of Public Policy and Diego Puente Moncayo from the ANU College of Business and Economics. Support for LINKUP came from the ANU College of Business and Economics, the ANU College of Asia and the Pacific, and the Development Policy Centre.