

# Small Operators in Frontier Markets: A forgotten piece of the connectivity puzzle

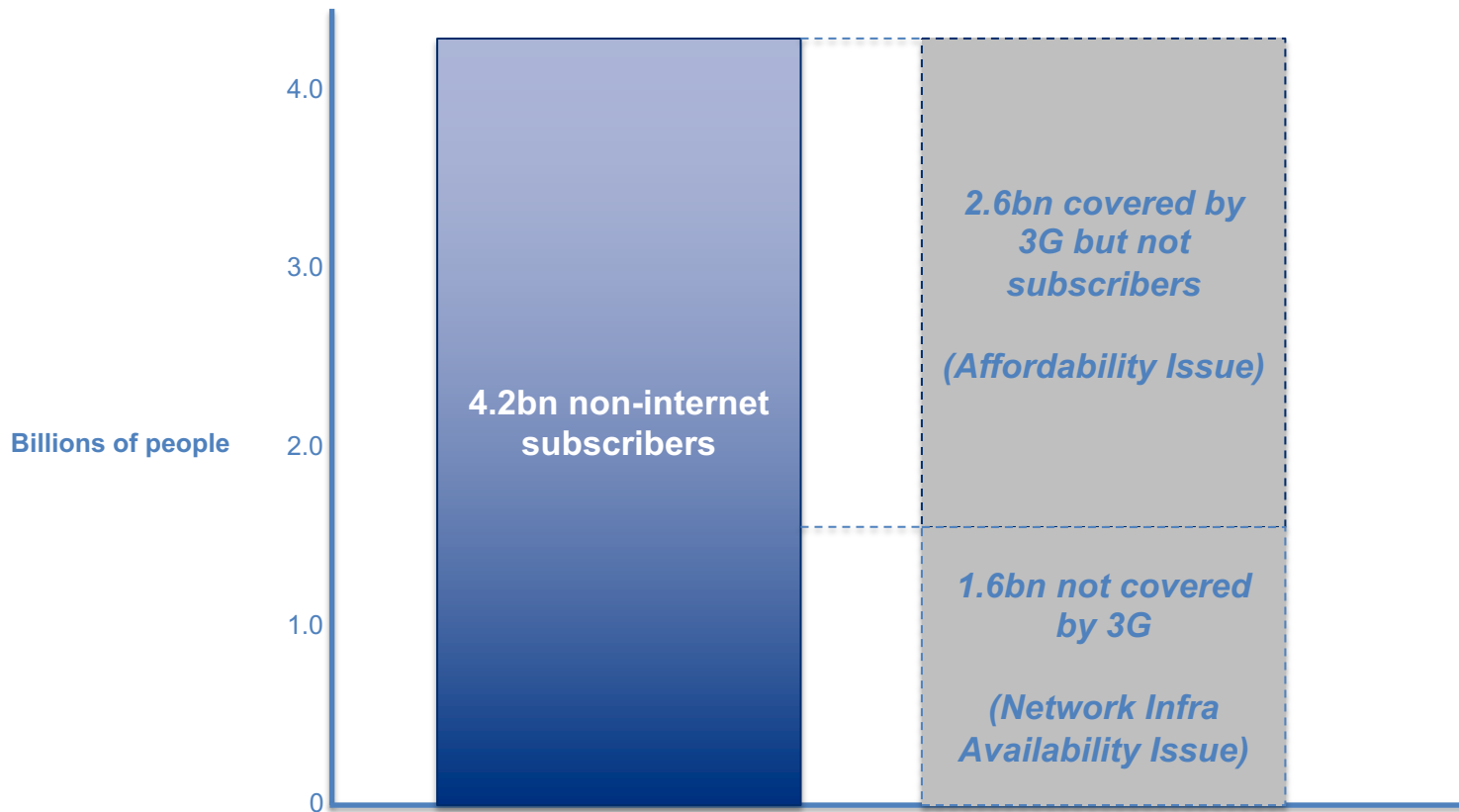
Connectivity  
Capital 

Connect the World Fund  
Secured Debt | Data Infrastructure | Frontier Markets

John Garrity, Advisor

# Major access gaps in the connectivity ecosystem especially outside of major urban markets

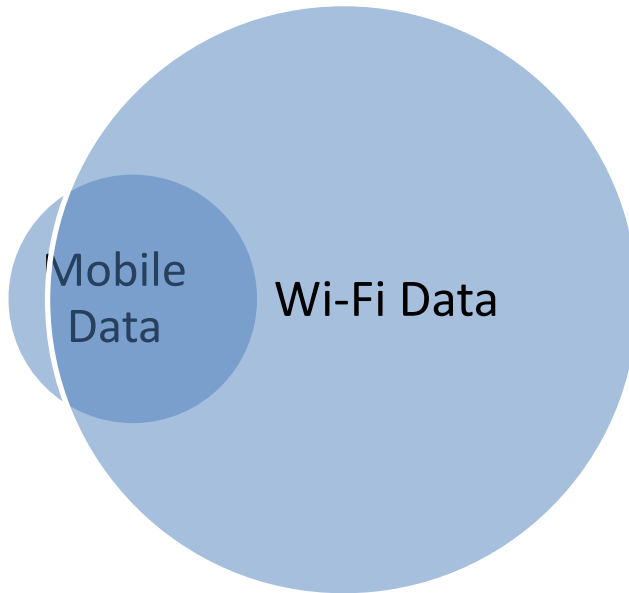
Despite the mobile 'miracles', affordability and network availability issues remain for billions of people



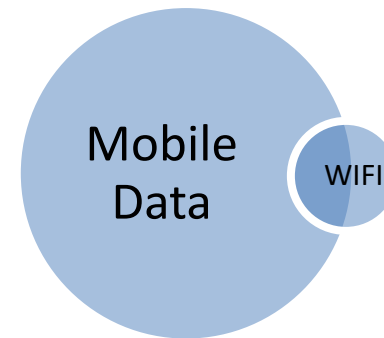
# In emerging markets, Wi-Fi (ISP) ecosystem still nascent

As a share of total data consumption, WiFi data is still emerging in frontier markets...  
but growing due to terrestrial fiber infrastructure buildout

## Developed Markets



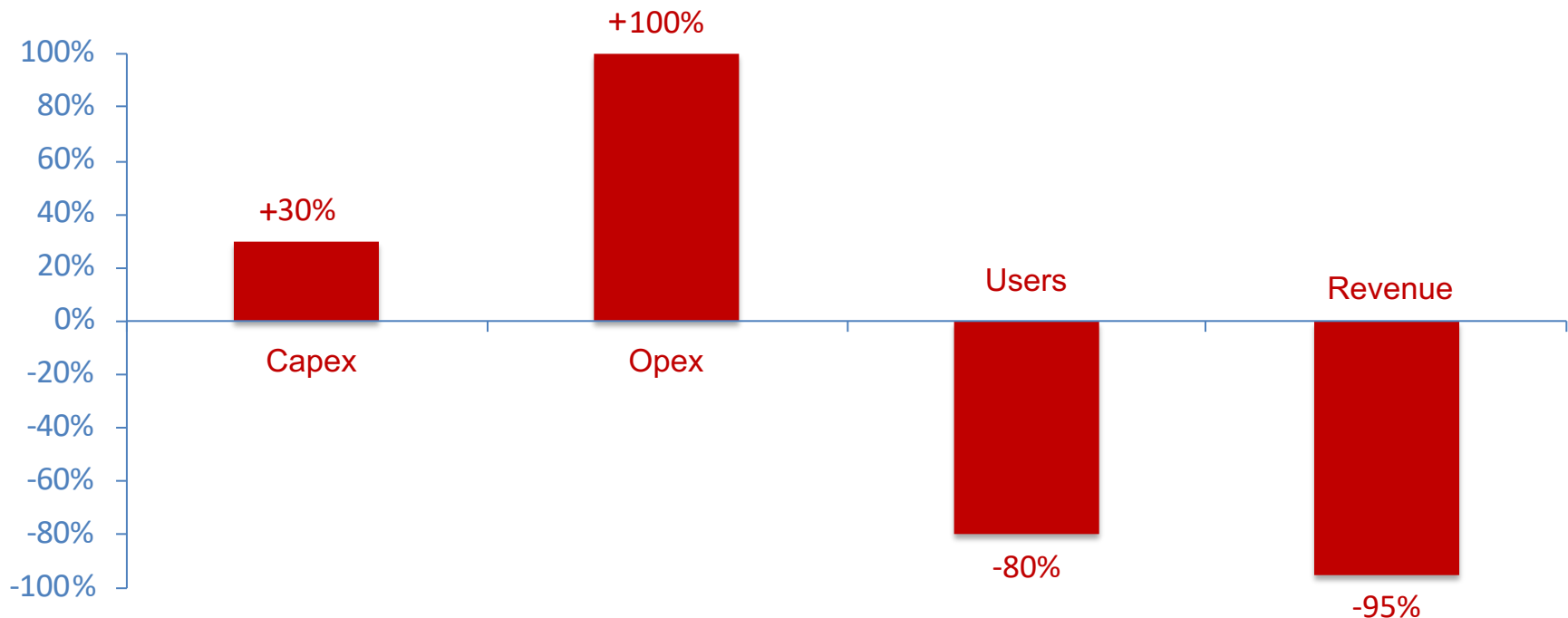
## Frontier Markets



Mobile Data and Wifi Data are *complementary* forms of connectivity. Users toggle to optimize for convenience and cost. However, in frontier markets, users are largely limited to only Mobile Data (along with the higher costs for connectivity).

# The financial disincentive for Telcos to deploy outside high ARPU (LTE & 5G) urban centers

Baseline Economic Differences per Site per Area, Remote Sites above/below Urban Deployments

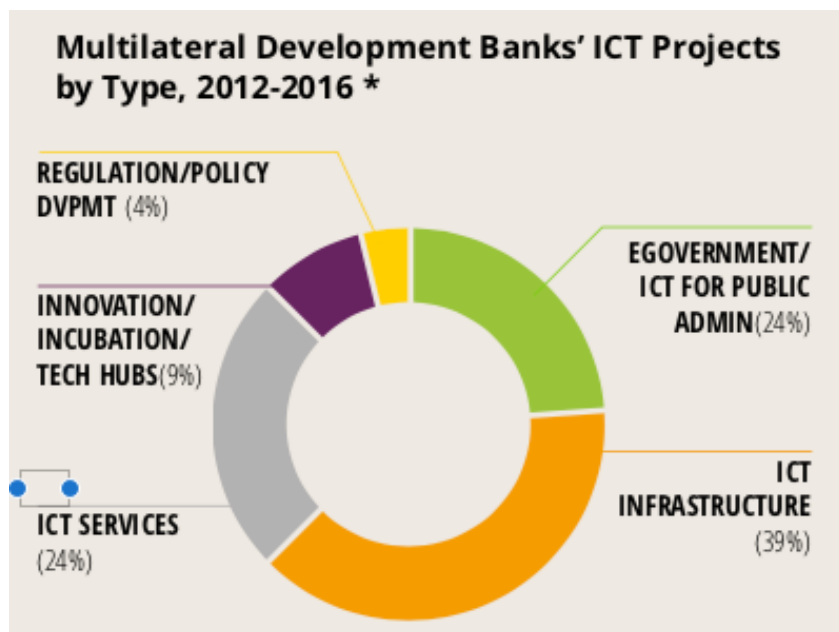




# DFI investments into ICT infrastructure are low, and the deal sizes are too big for small ISPs

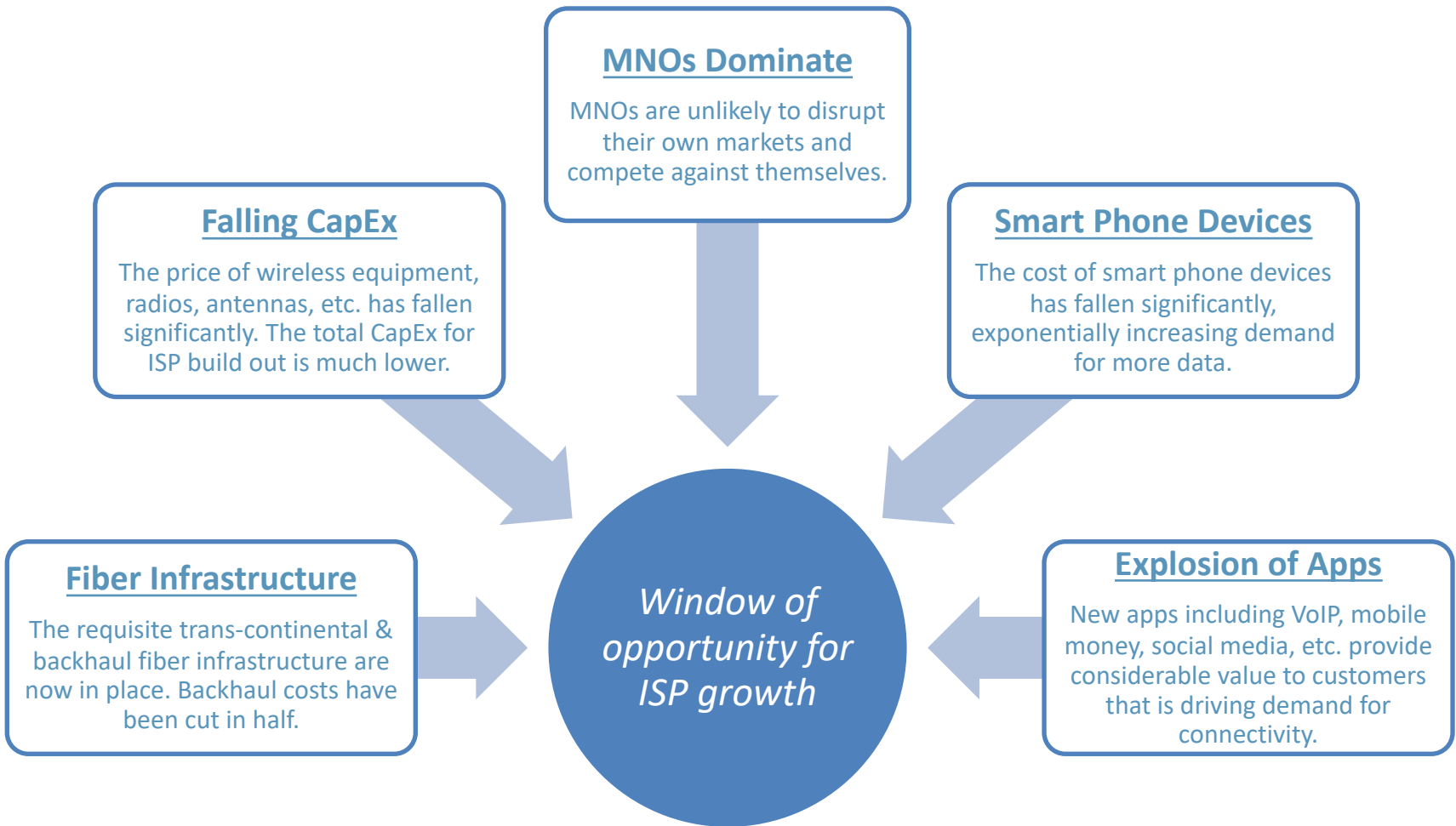
Of USD 525 billion from MDBs between 2012 to 2016, only 1% has gone to ICT.

\$5bn in ICT from 2013 - 2016



Average project commitment size is around **\$30 million**, with a median of around **\$20 million** over the 2012-2017 period

# Factors providing the foundation for ISPs to expand and provide complementary connectivity



# Connectivity Capital

## OUR INVESTMENT THESIS

### **I. ISPs complement MNOs.**

Users demand both affordability and convenience, and while some players may dominate, connectivity is not a winner-take-all market. Co-existence and thriving together is the global norm and will continue in frontier markets.

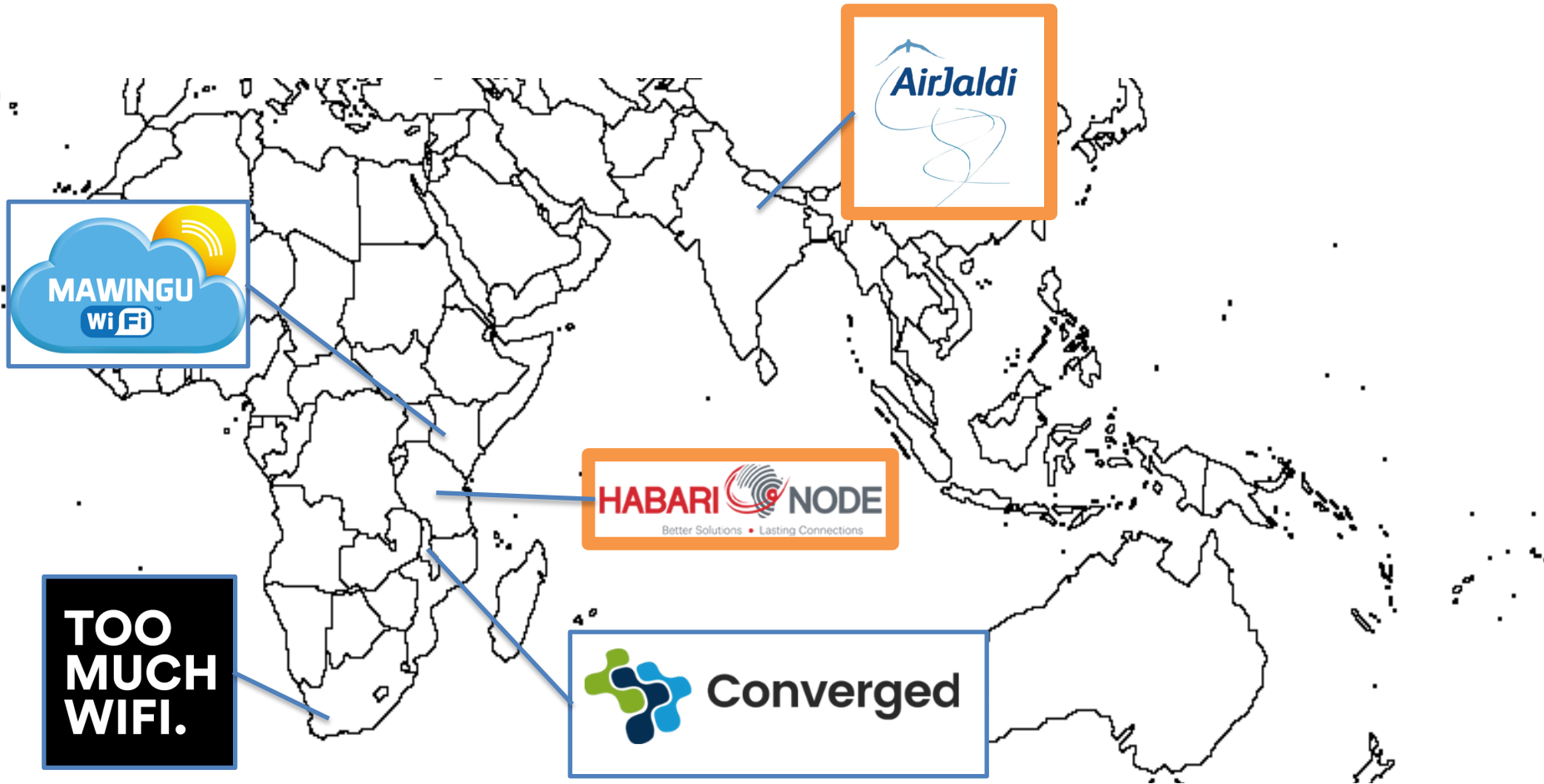
### **II. Lack of capital slows ISP growth and access to connectivity.**

ISPs in frontier markets exist, but often delay, forgo, or fail in their expansion plans because of the lack of appropriate capital. New and diversified forms of capital are needed to fund ISP growth.

### **III. A sector-specific debt fund allows for proprietary deal flow and better risk mitigation.**

A sector-focused fund allows for better understanding of mis-priced risk and appropriate mitigation structures to accelerate ISP growth. Debt allows for simpler, non-fiduciary Investee relationships, and is self-liquidating.

# Connectivity Capital & ISP Investments



# Connectivity Capital: Loan Criteria

**STAGE:** Established ISPs with expansion plans

**GEOGRAPHY:** Global, with near-term focus on Sub-Saharan Africa & Asia

## LOAN TERMS:

⇒ \$200K to \$2M USD loans

⇒ Term up to 36 months

⇒ Flexible ISP-specific collateral arrangements

## LOAN REQUIREMENTS:

- Over 2 years of operations
- Strong management team
- Minimum annual revenue of \$250,000
- Documentation:
  - Audited financials or management accounts
  - Identified use of funds and CapEx plan

**Connectivity Capital**  
Debt capital to connect the next half of the world

**PRODUCT:** Debt financing

**FOCUS:** Internet Service Providers (ISPs)

**STAGE:** Established ISPs with expansion plans

**USE OF FUNDS:**

- Working capital
- Equipment purchases &
- CapEx investments in network expansion

**GEOGRAPHY:** Global, with near-term focus on Sub-Saharan Africa & South Asia

**LOAN TERMS:**

- ⇒ \$200K to \$2M USD loans
- ⇒ Term up to 36 months
- ⇒ Flexible ISP-specific collateral arrangements

**LOAN REQUIREMENTS:**

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**CONTACT:**  
Ben Matrange  
Managing Partner  
[ben@connectivitycap.com](mailto:ben@connectivitycap.com)  
Main: +1.415.404.9297

### Debt capital to expand Internet access in frontier markets

**BACKGROUND**  
Connectivity Capital invests to expand access to the Internet in frontier markets. We are a sector-focused investment management firm providing debt capital to Internet Service Providers (ISPs) and communications technology companies. We identify, invest in, and partner with market leading ISPs and communications technology companies that share our passion for providing affordable, reliable, and high-speed connectivity.

**OUR PROCESS**  
As an entrepreneurial business, we know the potential frustrations of dealing with traditional financial institutions governed by inflexible rules and overly prescriptive terms. It's why we developed an innovative and tailored alternative finance solution specifically for ISPs; to better enable your company to grow and let you focus on your business:



**WHY WE'RE DIFFERENT?**

**Sector-Focused.** As a sector-focused investor, we understand the unique capital needs of ISPs and connectivity companies. Our sector-specific approach allows for better understanding of risk and enables us to work with companies to provide right-fit financing solutions.

**Expansion Capital.** We provide debt financing to companies with a proven track record. We look for ambitious teams that understand both the technical and commercial challenges of expanding a network. We work in partnership to develop unique CapEx plans and provide the necessary financing for growth.

**Impact-at-Scale.** We partner with like-minded companies that share our passion for expanding access, quality, and affordability of connectivity. We believe that a customer-centric approach is necessary to achieving impact at scale.

**READY TO GET STARTED?** Visit us at [ConnectivityCap.com/getstarted](http://ConnectivityCap.com/getstarted)



A person is silhouetted against a bright blue sky with scattered white clouds, climbing a tall, lattice-structured communication tower. The tower has several satellite dishes or antennas attached to it. The person is positioned on the right side of the frame, climbing upwards.

# Connectivity Capital: Connect the World Fund

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[john@connectivitycap.com](mailto:john@connectivitycap.com)  
[ConnectivityCap.com/Getstarted](https://ConnectivityCap.com/Getstarted)