

BOMPOD SOLUTIONS

WHO WE ARE

We found a way, for any demographic, to be able to sell the **most** amount of fresh produce in the **least** amount of time. The way to do it, the only way to do it, the way we did it, was by networking and optimising the entire fresh produce supply chain.

6 MONTHS - the average time required to grow and harvest the fresh produce.

6 Days - the time it takes to get the produce to retail points

6 Hours - the time the produce should be sold in

The supply chain, from soil to soil, requires care and patience (to grow), efficiency and accuracy (to store and transport) and an aggressive capacity to sell - to be able to serve the best quality fairly priced fresh produce for our customers to consume.



CURRENT SCENARIO

The entire market is subjected to supply oriented pricing and leads to high wastage and unnecessary speculation countering margins. There are at least 5 transactions before a produce reaches the customer. Each transaction has margins which account for profits, wastage and speculation, which leads to increased cost and fluctuating prices.



Farmer

Usually uneducated with poor storage facilities - makes him desperate and susceptible to aggregator/market influence. Once harvested, there is no buffer period to wait and sell at the optimum price.

The Bompod way : Providing pre-harvest rates and directing supplies to cold storage.

Aggregator (rich farmer/local representative)

Access to transportation, and sometimes scarce storage facilities. Usually desperate and susceptible to hoarding and unfair practices by market contacts.

The Bompod way : The aggregator is ousted, amongst other mediators, dealings are only directly made with the first producer.

State/City wide market(Jamalpur, Ahmedabad)

Very poor storage and heavily susceptible to speculation (8-40% commissions , not all are legal). Almost all the produce in the market is meant to be retailed or sold for final consumption, the volumes of produce entering the market directly affects the price and is solely supply oriented. Prices of daily commodities can have variations of up to 75% in a 24 hour cycle.

The Bompod way : Transactions won't be conducted in these markets and produce will be sourced from a host of networked storage facilities, the release of which will be demand oriented. This stabilises the prices while maintaining open access to supply oriented markets in case of reduced prices.

Retailer | Hawker

Retailer : Low stocking capacity with no scope for storage (produce at the retail level can have shelf life ranging from 1-6 days) . Heavy retail overheads and almost no access to crash sales cause margins to compensate for risk of sale, high costs and profitability.

Hawker : Poor purchasing power with very limited retail and storage capacity. Generally incapable of investing and scaling due to irregular income and debt cycles. Procurement debts, due to uncertainty, can lead to heavy losses.

The Bompod Way : To network both Hawkers and Retails on to a network to maximize profits and minimize wastage.

Scaling Up

Scaling within the given constraints can be very difficult. There are two very important factors to consider, one being stability which gives access to better margins and the other being agility which provides for increased sales by way of convenient services. Traditionally two kinds of models exist, we like to call them the herbivorous (stability focused) and carnivorous (agility focused) models respectively.

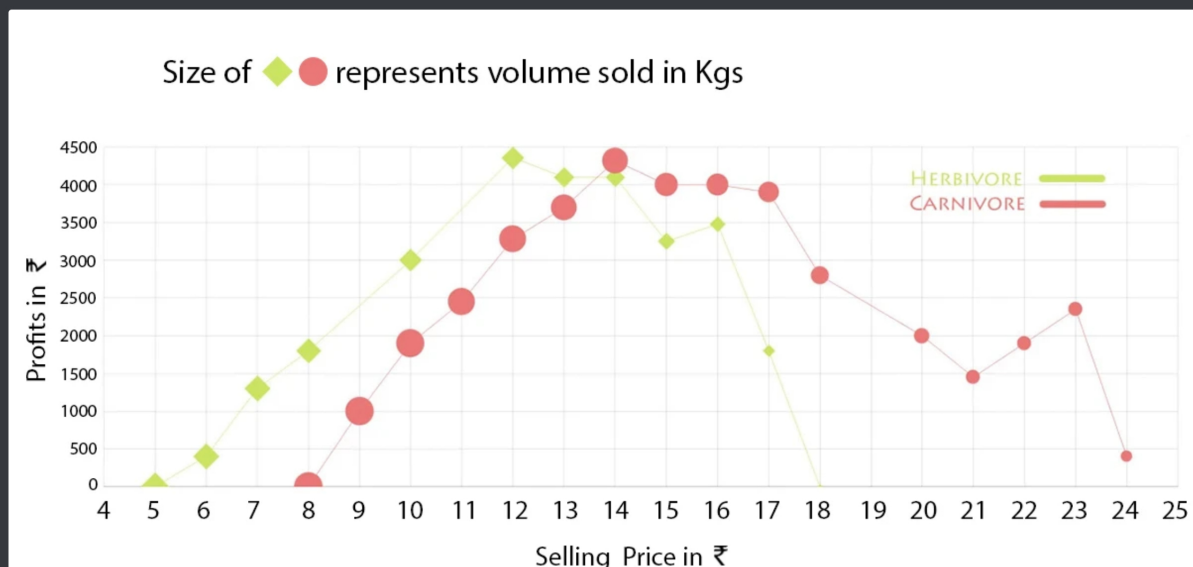
The Herbivores

Characterized by elaborate infrastructure for storage, procurement and sorting which supplies retailable produce to large retail outlets. Direct dealing and large procurement strength gives scope for higher margins which can either be used to generate lower selling price or higher profits. They are however restricted by their fixed physical presence and must use stable low prices to assure sales. These models require large investments while also having tremendous overheads.

The Carnivores

Characterized by small and versatile retail outlets. Hawkers, laarees and seasonal shops can be classified into these models. They use collective buying to gain access to higher margins and strategically place themselves at high demand points which can be spontaneously determined by the retail response. Low retail overheads and convenient positioning gives scope for flexibility in pricing. There is lack of stability, procurement can only be sourced from open markets which creates hurdles in running an organized enterprise.

The following chart explains how herbivorous (represented in green) and carnivorous (represented in red) retail outlets function. The x-axis shows different selling prices and y-axis shows the profits it creates. The volume of sale (in Kgs) is represented by the size of the diamonds/balloons. Sample Data Set - 1000Kg procured at 5 rs/Kg (green) and 8rs/Kg (red)



The greens have less flexibility in setting prices as they have to attract customers while the reds have a higher cost price but a larger range to sell over. For both, maximum profitability does not occur at maximum volume sold which leads to scope for the entire market to be optimized. It must be remembered that all stock that is not sold directly leads to wastage.

It all adds up !

**based on actual operational data, March 2016*

Traditional model

transactions	quantity (Kg)	Price (Inr)	wastage	margins	Price per kg	total sales (Inr)
Farmer	1,000	6,000	5%		6.00	6,000
Aggregator	950	6,000	10%	10%	6.32	6,000
City mandi (e.g. Jamalpur, Ahmedabad)	855	6,600	40%	20%	7.72	6,600
City wholesale mandi (e.g. Khamasa, Ahmedabad)	513	7,920	10%	40%	15.44	7,920
Retailer	461.70	11,088	20%	50%	24.02	11,088
Customer	369.36	16,632			45.02	16,632

VS

Bompod Networked Model

transactions	quantity (Kg)	Price (Inr)	wastage	margins	Price per kg	total sales (Inr)
Farmer	1,000	6,000	5%		6.00	6,000
Bompod	950	6,000	40%	0%	6.31	6,000
Independent Retailer	570	6,000	10%	60%	10.52	6,000
Customer	513	9,600			18.71	9,600

The Difference

For every ton of produce which the farmer sells (at Rs 6/Kg) -

Traditionally

Final retail-able amount : 369.36 KG
 Final selling price : 45.02 Rs/Kg
 Retail Margins : 50% gross

Bompod Optimized

Final retail-able amount : 513 KG
 Final selling price : 18.7 Rs/Kg
 Business margins : 60% gross

Solution - The Bompod Way

We are creating a pre-retail storage, sorting and procurement facility directly connected to independently networked retailers, bringing down the number of transactions to 2 in the entire supply chain.

💡 THINK ABOUT IT

2 is the magic number, even 3 transactions would ruin the game

This includes a hybrid network of large and versatile retailers which are centrally connected to a stable procurement, storage and sorting facility. Sales, revenues and prices are optimized across the entire network to ensure maximum profits and minimum wastage.

Traditional

- High Wastage even in cases of maximum profitability(flawed system)
- Inability to scale up
- Inability to pass on benefits to final customer

Bompod

- Designed to eliminate wastage, and consequently creating sustainable and higher profits
- Built to scale up, unlike traditional models which become either riskier or bloated, Bompod only gets better with scale
- Final benefit, both in terms of volume and price, passes on to the final customer

The Unsung Hero - Tech

At Bompod, we strongly believe in function over form. The success of any network depends on the people using it and the platform that enables them. We built our own custom tech, using the incredibly scalable dev-ops platform Hasura, in three distinct congruous modules.

Retail Module - All for POS and POS for all

We created a versatile point of sale system, well "versatile" would be underplaying it. It has been seamlessly deployed in a large 3000 sq ft retail location, while simultaneously being used by traditional hawkers on the street. The POS is platform-independent and can be loaded on any mobile device.

Inventory Module

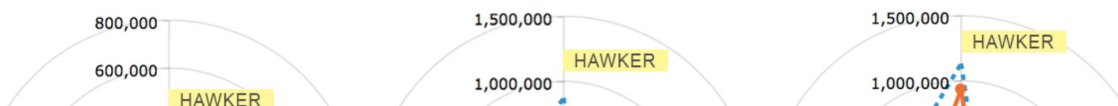
Behind every successful fresh produce transaction, there is a prudent veteran with years of traditional knowledge and experience - or - a tech engine that is modelled of his/her actions with the ability to optimize stock realtime while running 150+ calculations at any given instant. We went for the latter, obviously inspired by the former. Making consistent profits across 50 fresh variants with unique perishability and differing demands has never been easier. The system inputs all operationally relevant information and helps in providing insightful predictions.

Operations Module

This is the backbone of the home delivery service that everybody loves. The order is taken via whatsapp or calls (operators receive and regulate orders), is then picked by a ground ME(micro-entrepreneur) and finally delivered by a field ME. Ground and Field MEs work on a profit sharing model. They use custom built android applications for managing their orders, even the stores are arranged to facilitate fast and effect deliveries. This enables us to provide a within-1-hour delivery service, with no minimum ticket size or additional delivery charges with the added option to talk to your picker in order to convey any personal preferences("kaccha-pakka tomatoes" or "extra malai coconuts") - while obviously maintaining profitable per-unit-economics.

MARKET SHARE CAPTURE BY BOMPOD NETWORK

..... INELASTIC DEMAND
—— COMPETITION SALES
—— BOMPOD SALES





Mission Report

Phase I -

To prove demand of preferentially selected and delivered fresh produce

We started off by first understanding what the customer needs, and being able to create a service which truly attends to a problem they face. This involved finding a retailer who had a complete range of products and shared the quality preferences of our customers.

Execution

- 1 moto-e smart phone
- 1 delivery boy
- 1 operator (takes & manages order)
- 10% margin deal from retailer

Observation

- Exceptional customer response, gratitude towards service and concept
- Constraints of pure delivery model - not scalable

PHASE II -

To understand retail benefits & constraints. Target 15% gross margins.

After successfully creating a service that customers valued, we wished to integrate it to a scalable model. We set up our own retail location with only functional furnishing. The aim was to provide properly priced best quality fresh products, while seamlessly blending the retail to a home delivery service.

Execution

- 500 sq.ft. retail location on rent (₹ 24,000 rent, ₹ 1,50,000 furnishing)
- 5 delivery boys, 1 picker, 3 operators, 2 managers.
- 5 moto-e, 3 laptops.
- Manual order taking and processing systems
- Set up system for ordering beyond capacity for climbing supply chain(hedging to canteens and restaurants in vicinity)

Observations

- Achieved higher than **20% gross margins**
- Reached **150 orders a day** in delivery while hyperlocal giant could only achieve 12 - found the service sweet point.
- Understood retail pain points : -
 1. Subjected to high risk of stock management
 2. Not able to pass bulk price benefit to customers due to high overheads and wastage
 3. Entered vicious cycle : Increased waste > Increased prices > Lesser Customers > Decreased margins > Bulk purchases > Increased waste > Repeat

PHASE - III

To establish strong and versatile retail network, integrating retail locations, delivery services and hawkers - target 25% gross margins.

With the experience of running a retail location and understanding the huge potential to be optimized, we set off to establish the founding pillars of a strongly networked retail chain involving independent retailers. To do so, we created a massive facility which can engage in bulk procurement and have 24/7 sorting. Technology to facilitate the same was created.

Execution

- Fabricating & furnishing hybrid retail location over 3000 sq.ft. area - 10,00,000 rupees
- 6 laptops, 17 smart phones, 3 pos machines
- Mobile control unit of 320 sq.ft. - 5,00,000 rupees
- 16 sorting staff, 5 retail staff, 6 operators, 10 delivery boys, 3 pickers, 3 general managers
- Microsoft dynamics ERP implementation and customization - 7,00,000 rupees
- In-house developed technology - 3,00,000 rupees

Observations

- 36% gross margins due to procurement and sorting strength
- Optimized delivery operations with real time tracking and operational data - exponentially increased delivery boy capacity while reducing human management.
- Built capacity to rotate 3,00,000 rupees worth fresh produce while actively cycling 50,000 worth stock within 10 days of inauguration.
- Immediately ready to connect 5 independent retail locations.
- Technology for optimizing stock by combining latest tech built on traditional know how.

Contact Us

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SUBMIT