



GLOBAL LEADERS PROGRAMME
NEW MODELS FOR SKILL DEVELOPMENT AND ENABLING LIVELIHOODS

February – March 2018

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Executive Summary (1/2)

Global View

There are 3.45 billion people in the world's labour force. Impacted by both international and domestic economic and labour market conditions, they all face an array of pressing challenges. The number of workers in 'vulnerable forms of employment' (own-account workers, informal/temporary workers) contributed 42% of total employment in 2017, accounting for 1.4 billion people worldwide, and more than 300 million workers have a per capita household income of less than US\$1.90 (PPP) per day. In 2018, the pace of labour force growth will outstrip job creation, and the total number of unemployed is projected to be 192 million.

India's Labour Market and Skill Development

Despite India's ascending status on the global stage, 220 million people continue to live below the poverty line. Inequality, low educational levels and lack of skills training represent significant obstacles to development. Within the coming decade, India is expected to become the world's most populous nation and the youngest country with an average age of 29 years. The demographic transition makes it imperative to ensure employment opportunities for the more than 12 million youth joining the workforce every year. Skill development and an employment-ready workforce is critical for India's economic growth and social development, which will determine whether it can take advantage of its "demographic dividend".

Only about 5% of India's workforce undergoes any form of skill development. The country faces a dual challenge – severe shortage of highly-trained labour as well as the non-employability of large sections of the educated workforce that possess little or no job skills. Skill development is thus imperative at both the demand level (expansion of economic activities and job creation) and the supply level (employability of workforce entrants to meet industry requirements).

Current Business Model

LabourNet is a social enterprise focused on improving quality of life for individuals and communities in India's informal workforce – workers who typically do not earn regular wages recognised for the purpose of income tax, and lack employment and social security benefits provided by employers. As one of India's largest skill development providers, LabourNet recognises the need to support the increasing number of unskilled informal workers, which make up over 90% of India's working population. Through a combination of School, Individual and Enterprise Learning Solutions it provides basic skills training and certification, with the end goal to improve the real earning power of graduates.

With the support from enabling government policies, LabourNet has established strong relationships with the government and partner corporations, receiving government and CSR funding to develop and implement its training programmes and skill development centres.

Despite these accomplishments, LabourNet recognises the potential to further expand its impact. For this to happen, LabourNet has to leverage its core expertise in skill development and its strong network to explore new product and service offerings and revenue streams. Reducing the dependence on government and CSR funding and exploring alternate revenue streams through complementary businesses will allow LabourNet to further its impact and improve the livelihoods of more people.

Executive Summary (2/2)

Business Proposal

The proposed business model, developed by 25 business leaders who participated in GIFT's Global Leaders Programme, supports LabourNet's vision to skill and enable livelihoods. It proposes expanding LabourNet's current business model while capturing new revenue streams to reduce exposure to government and CSR funding, which currently constitutes the majority of its revenue sources.

The model is divided into two broad sections:

- 1) The **expansion** of LabourNet's existing skilling and placement services in order to reach more potential students through three main business units:
 - LabourJobs – support the placement of LabourNet graduates and those looking for jobs as well as set up an international placement arm
 - LabourSkills – continue government and CSR funded programmes, provide skilling services to corporate clients, and introduce advanced skills and International Migrant Skilling services
 - LabourFranchise – scale up its skilling and job placement services
- 2) Establish a new wholly owned subsidiary, **LabourGift**, to aid, support and better monetise LabourNet's target market:
 - LabourSave – a savings scheme to help LabourNet's customers save for future hardships
 - LabourBiz – a service provided in partnership with micro-finance institutions (MFIs) to the underserved to access education or business loans
 - LabourFoods – skilling farmers to grow healthier, higher-value crops and facilitating the sale of the produce

To support LabourNet's expansion and streamline its operations, a **LabourNet Mobile App** will be developed, and through partnership with a telecom company (telco) reach untapped segments, disseminate training and support savings and borrowing through integration with MFIs and banks.

Establishing strong relationships with the government, corporate partners and investors will be imperative to the success of the business model to reach more people and create the impact sought.

Financial Highlights

Given the market potential, LabourNet represents an excellent opportunity for investors who wish to create significant social impact. Financial projections were developed for LabourNet's upcoming 5 years of operations based on the proposals in this report.

With the expansion of the current services and the introduction of new services, additional revenue will be driven primarily from LabourJobs, LabourSkills and LabourFoods. Profits will be recorded from Year 3 onwards and would more than double by Year 5. The most significant contributor to gross profits is LabourJobs, followed by LabourBiz/Save.



Introduction & Background

Global Leaders Programme



Founded in 2004, the **Global Institute For Tomorrow (GIFT)** is an independent and internationally recognized think tank and provider of executive education.

The **Global Leaders Programme (GLP)** is GIFT's flagship leadership programme. It combines classroom and field-based learning in a two-week programme. The GLP provides professionals with a platform to build an acute awareness about the key drivers of global change shaping the business landscape and why the 21st century will be different.

Project Team

- 25 participants from 9 countries and 12 companies joined the GLP in Hong Kong and India in February and March 2018.
- In partnership with LabourNet, India's leading livelihood enabler and skilling provider, participants worked to produce business recommendations that assist the social enterprise to become a more commercially viable organisation and increasing its outreach to India's unskilled workforce.



Introducing new pathways to workforce skilling and livelihood improvement in India

Experiential Methodology

The GLP is an internationally-recognised two-week experiential leadership programme combining classroom and field-based learning.

Objectives of Field Project

- Explore and gain insight into India's labour market and challenges of skilling the workforce and identify new opportunities for LabourNet to enhance profitability while delivering on its social mission.
- Propose financially viable business model for LabourNet that is attractive for prospective investors and takes into account the country context, including the social, economic and policy factors that impact skilling in India; the needs of their target market, ie. the unskilled workforce; and the potential for wider adaptation/replication and scalability across India.

Methodology for Field Project

- Gain insights from LabourNet management team, key stakeholders from the private and civil sectors as well as existing and potential end users in rural and urban areas.
- Understand the challenges and opportunities faced in the skill development sector through household visits, focus groups and interviews.
- Information gathering and analysis, business model generation and business planning sessions in-country.



Outcome

- Development of a business plan with analysis of key areas:
 - Product development
 - Sales & marketing
 - Organisational structure
 - Financial analysis
 - Governance
 - Partnerships
 - Operations
 - Social impact analysis
 - Enabling policies
 - Risk management
- Presentation at a public forum in Bangalore of business plan highlights to LabourNet team, investors, stakeholders, university students, professionals from local and international NGOs, representatives from local businesses, and the media.

India



Background Information (2016)

Population	1.32 billion
Urban Population	31.2%
GDP	US\$ 2.26 trillion
Per capital income (PPP)	US\$6,490
GDP growth rate	7.1%
GDP composition by sector	Agriculture: 17.3% Industry: 29.1% Services: 53.7%
Inflation Rate (2018 estimate)	4.88%

India's Labour Market:

- India is poised to become the world's most populous country by 2025 and account for roughly 28% of the world's workforce.
- Over 90% of the population are employed in the informal sector.
- 42% of the workforce earns ₹ 129 (US\$2) per day.
- As industrialisation boosts the demand for workers with secondary education and vocational training, there remain serious gaps between the output of skill development institutes and industry requirements.
- 347 million personnel will be required in 21 high-growth sectors by 2022, therefore raising the skills and employability of labour is critical for India.

Significant opportunities to create social and financial value in the skill development sector in India

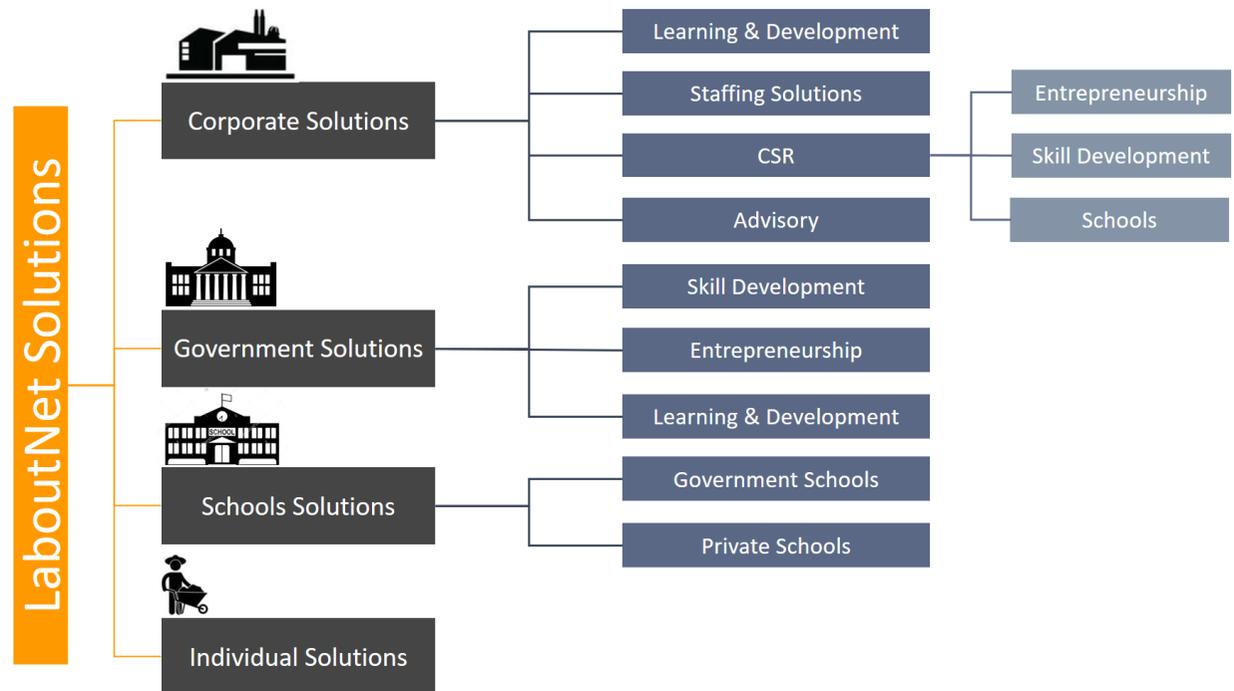
Project Partner - LabourNet



Founded in 2008, LabourNet is a social enterprise focused on improving quality of life for individuals and communities in the informal workforce. With a focus on Education, Employability and Entrepreneurship, their skill development programmes are aimed at improving worker skill and productivity, thereby enabling livelihoods and improving real income wages of the informal sector.

LabourNet focuses on providing varied training programmes for different individuals across a wide range of sectors. Since their establishment, they have impacted the livelihoods of 550,000 people across 25 states and over 20 sectors, including construction, beauty and wellness, leather, agriculture and automotive industries.

LabourNet offers a wide range of outcome-based solutions to corporates, educational institutions, government and Individuals that generate social and business impact.





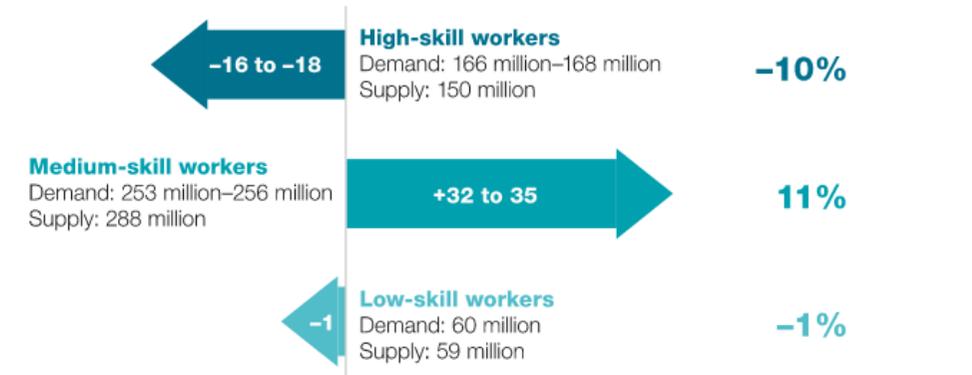
Current Situation & Challenges

Labour Market Participation: A Global Challenge

Overview

- Global workforce participation rate stands at 62.7%.
- 60% of the world's population live in countries with stagnant or shrinking workforces indicating that the days of abundant labour are drawing to an end in much of the world¹
- Global unemployment levels rose modestly in 2017 to 5.8%, bringing total unemployment to just over 201 million in 2017.
- In 2018, the pace of labour force growth (ie. those in search of employment) will outstrip job creation, resulting in an additional 2.7 million unemployed globally.
- Chronic poor-quality employment – as represented by high shares of own-account workers and contributing family workers (collectively classified as workers in vulnerable forms of employment) account for 1.4 billion people worldwide or 42% of total employment in 2017.
 - Almost four in five workers in developing countries are in vulnerable forms of employment, with Southern Asia and sub-Saharan Africa most affected.
- According to Mckinsey Report “Talent Tension Ahead”, by 2020 the world could have 40 million too few college-educated workers and developing economies may face a shortfall of 45 million workers with secondary-school education and vocational training.

Projected 2020 labor demand and supply by skill level,¹
millions of workers

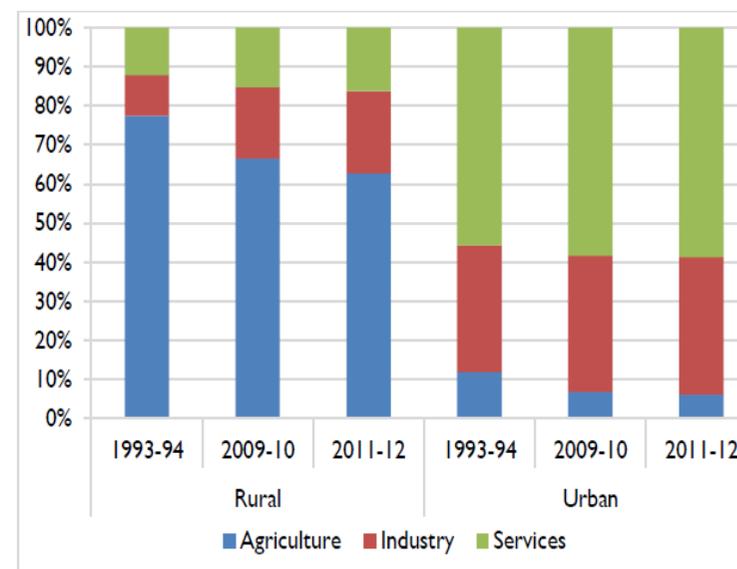


Global labour market is suffering from shortage of skilled manpower

The India Context

Key labour market indicators (2016-17)	
Employment (million)	472.9
Unemployment (million)	10.8
Labour force participation rate (%)	
Male	55.9
Female	79.8
Unemployment rate (%)	
Male	2.1
Female	2.3
Share of regular wage and salaried workers (%)	
Male	17.9
Female	19.9
	12.8
Working poverty rate (%)	
<US\$1.90 per day	17.9
>=US\$1.90 & <US\$3.10 per day	35.0

Share of employment by sector (%), 1993-94 – 2011-12



Source: National Sample Survey, various rounds.

Agriculture still dominates employment across most of the country even though its share in Gross Value Added has fallen to 15.2%.

- India is expected to become the world's most populous nation by 2025, with a headcount of 1.4 billion. The country's working age population is expected to increase from approximately 761 million in 2011 to 869 million in 2020.
- In the agricultural sector – the main contributor of employment – nearly 97% of employment is informal in nature. However, the share of agriculture in total employment has decreased from 58.5% 2004-05 to 48.9% in 2011-12, reflecting structural transformation of the economy.
- The country faces a dual challenge – a severe shortage of highly-trained quality labour as well as the non-employability of large sections of the educated workforce that possess little or no job skills.

Formally skilled workforce is less than 3 percent of the total workforce in India

Skill Development in India



- Skill development in India is critical for economic growth and social development. 12 million youth will be entering working age every year, and the industries will need a combined 119 million more skilled workers by 2022.
- The Indian government has made skill development one of its main policy priorities and has created a positive ecosystem for skill development
 - Allocation of funds toward skill development & entrepreneurship : ₹ 34 billion (US\$521 million) in 2018
 - 1500 Multi-skilling Training Institutes to be set up
 - Entrepreneurship, Education & Training to be conducted through massive open online courses

Major opportunities for skill development and training

The Challenges of Skill Development in India

Large number of unskilled labour in the market

- Only 6.8% of the workforce is skilled
- More than 50% of Indian Workforce lack basic employability skills
- 1,000,000 people will join the labour force every month without training

Low literacy Level

- Among informal labourers, 78% of the workforce have maximum qualifications up to middle school level
- The education level required to enter the current skilling ecosystem makes it difficult for workers with minimal education to access formal skills training
- Lack of education also impedes the ability to absorb higher level of skills

Limited wage employment

- Considering the low skill and low literacy level it is difficult to expect the majority of informal workers to have wage employment
- Generating wage employment is an enormous challenge given the number of people joining the workforce each year
- Need to create enablers to support entrepreneurship in India to ensure more employment creation

There is need to create an ecosystem for industry based skill development, provide employment and promote entrepreneurship

LabourNet – Current Situation

- LabourNet’s revenues have grown 20-times over the 5 years from 2012-13 to 2016-17, largely due to the increase in government and corporate CSR funding. However, their costs have also grown alongside its revenues and as of the last fiscal year the company recorded a marginal profit.
- Currently a significant portion of LabourNet’s revenue comes from CSR and government funding and very little from student-funded programmes and commercial activities.
- Income-generating activities enhance financial sustainability by reducing dependence on the generosity of donors or budgets of grant-giving foundations, CSR programmes and government agencies. These types of subsidies are difficult to guarantee indefinitely and limit the ability of LabourNet to expand beyond the sectors or projects that donors consider important.
- LabourNet’s mission is to skill and improve the livelihoods of as many people as possible. Without more significant profits, there are limits to the scale and impact they can achieve. They will also not be able to invest meaningfully in infrastructure or technology to facilitate their outreach.



LabourNet – SWOT Analysis

- Skills expertise across 28 sectors
- Geographic reach of 6,000 pin codes in India
- Impacted 500,000 lives since 2011
- Working with 500+ higher secondary schools
- Making a positive impact to 1500+ enterprises
- Trusted brand (demand side): Best Training Partner Fee-Based Scheme by the Ministry of Skills Development & Entrepreneurship



- Insufficient market awareness
- Absence of digital presence and capabilities
- The target population paying capacity is low
- Business is largely dependent on Government and CSR funds
- Lack of focus on white-collar workers

- Susceptible to changing government policies on CSR funding & attitude towards skills development
- Main competitors: Manipal Global Education Services, Eduquest India Institute, City & Guilds and ILFS
- Low awareness of skilling programs from general public

- Large critical mass of unorganized workers in line to benefit from LabourNet services
- Demand of skilled labour in countries such as Japan, Middle East and Europe etc. due to the ageing population and other labour requirements

Established strengths and significant opportunities must be leveraged by LabourNet



Business Model

Summary

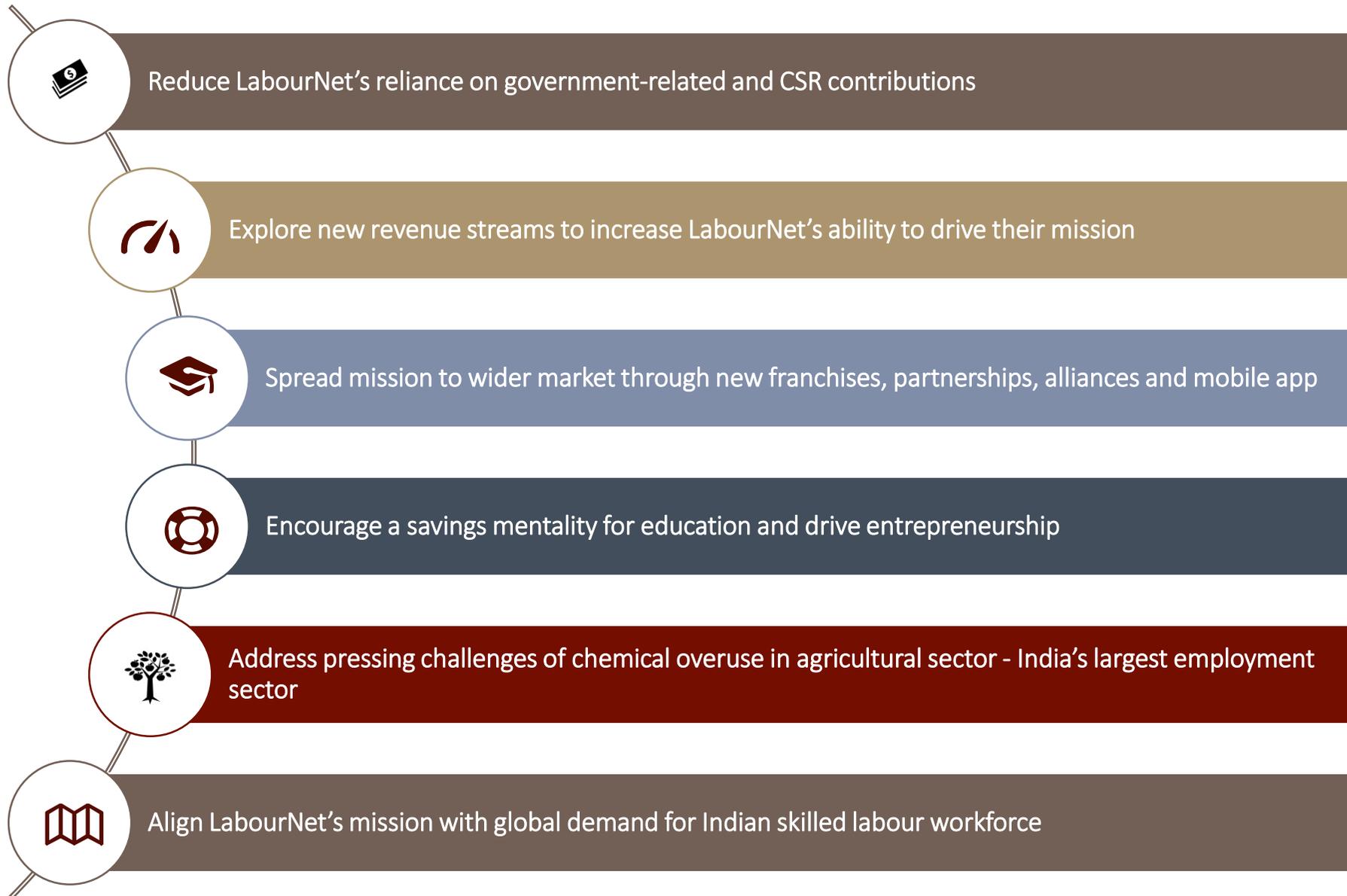
The proposed business model supports LabourNet's vision to skill and enable livelihoods for the unskilled section of the population. It proposes expanding LabourNet's current business model while exploring new revenue streams to reduce exposure to government and CSR funding, which currently constitutes over 90% of revenue sources.

The model is divided into two broad sections:

- 1) The **expansion of its existing skilling and placement services** in order to reach more potential students through three main business units:
 - LabourJobs – support the placement of LabourNet graduates and those looking for jobs as well as set up an international placement arm
 - LabourSkills – continue government and CSR funded programmes, provide skilling services to corporate clients, and introduce advanced skills and International Migrant Skilling services
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- To support LabourNet's expansion and streamline its operations, a **LabourNet Mobile App** will be developed, and through partnership with a telecom company (telco) reach untapped segments, disseminate training and support savings and borrowing through integration with MFIs and banks.



Business Model Objectives



Rationale for Business Model

- LabourNet is well placed to leverage its experience and the opportunities for expansion of its business. However, its existing business model and revenue structure hinder its ability to scale, be selective about the projects it pursues and fully monetise its services.
- With the immense need to skill India's workforce, LabourNet's success in skilling and job placements needs to be replicated on a large scale in order to achieve its goal of enabling the livelihoods of 10 million by 2022. This can be achieved through replicating its skilling and placement model through franchising and the use of technology to disseminate training content to an audience in more remote locations as mobile penetration increases.
- One major finding from meetings with current and potential students is that LabourNet's target market – those at the bottom of the socio-economic ladder – are unable to pay for entry-level training that forms the foundation for future upskilling. Therefore it is imperative that LabourNet develops additional business streams to generate sufficient revenue to support its continued focus on the unskilled workforce.

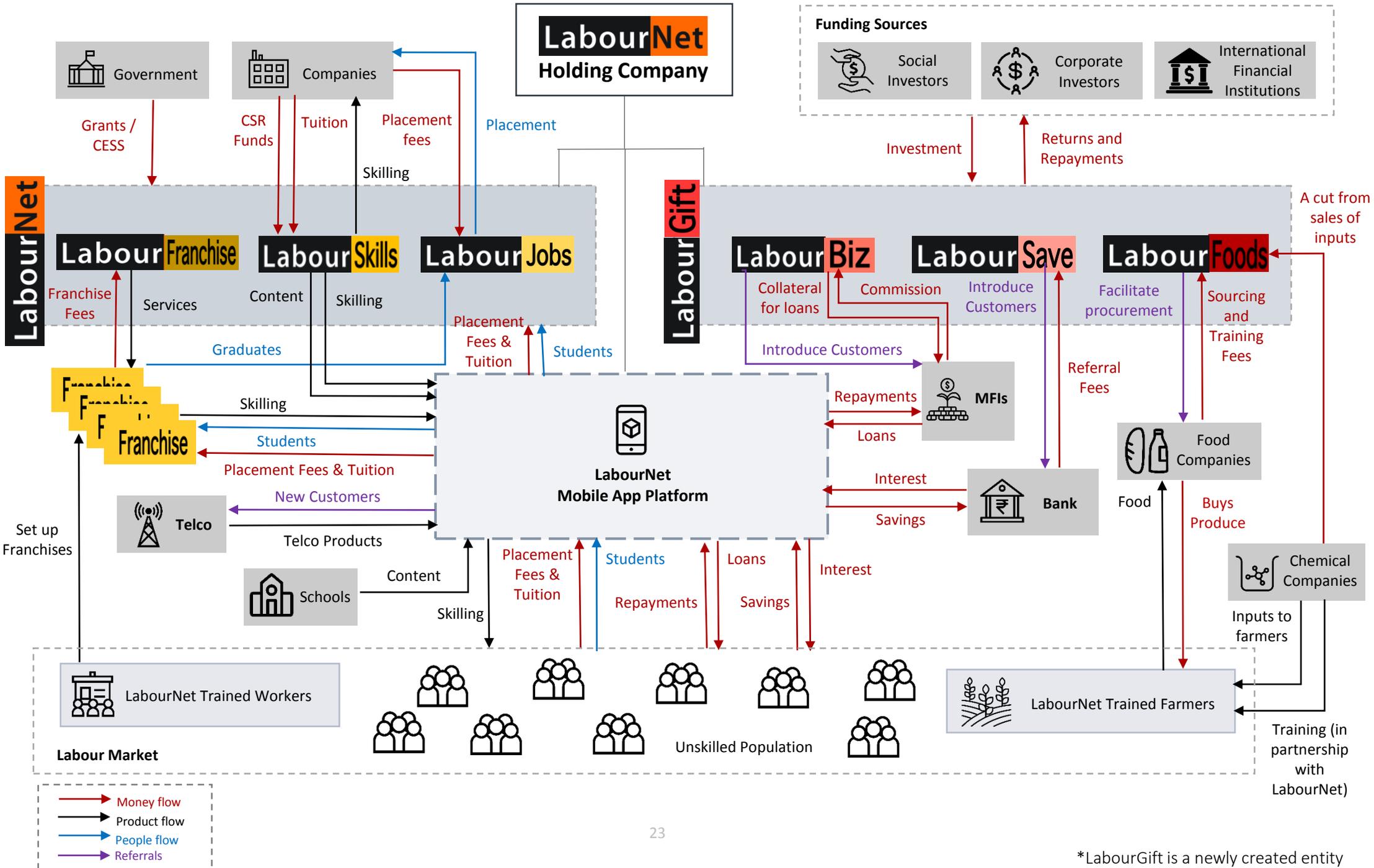


Rationale for Business Model

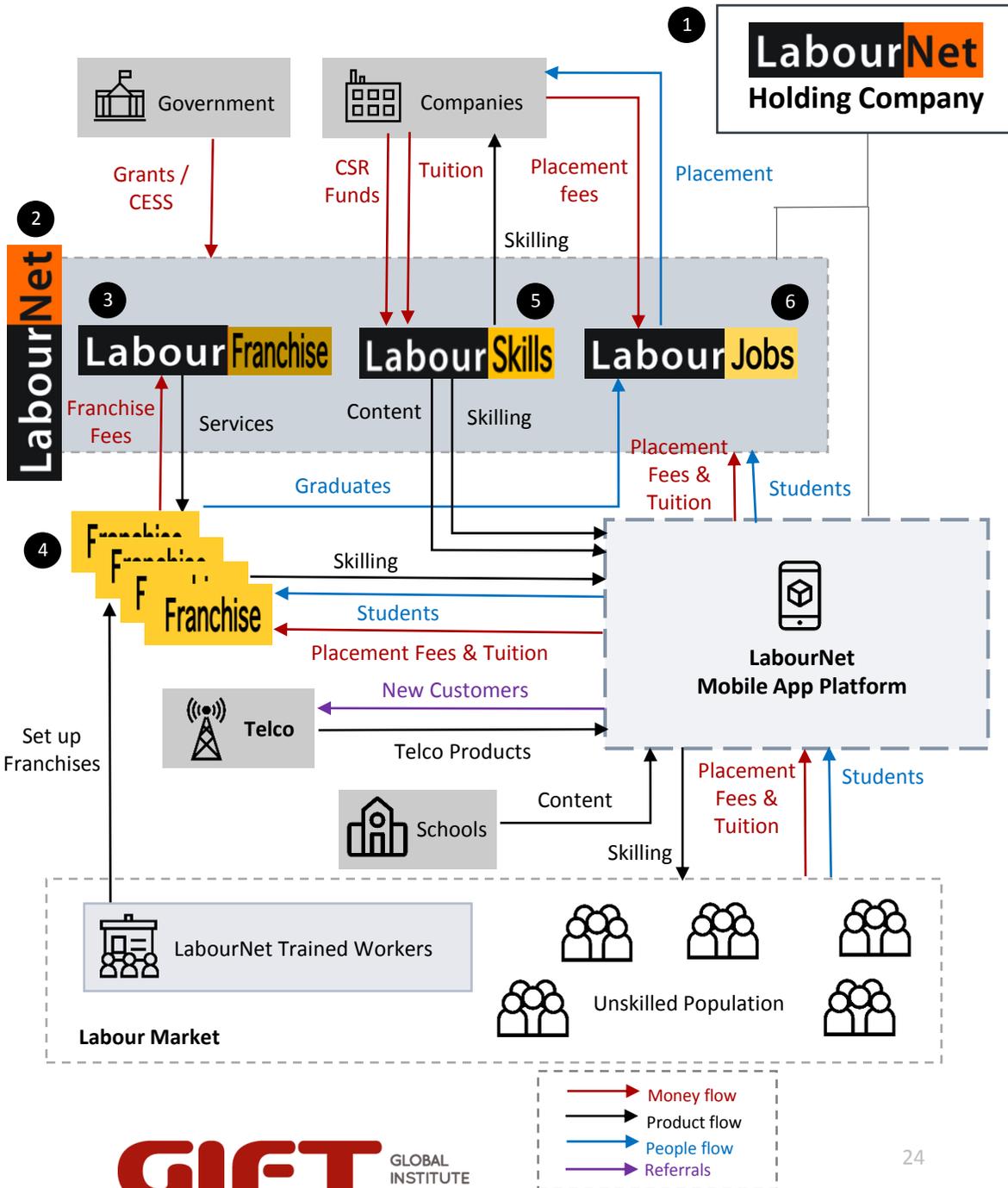
- **Supporting the low-income sector** through savings plans and micro-financing through partnerships with banks, payment banks and MFIs not only enhances the livelihoods of this sector but allows LabourNet to generate alternate revenue.
- The **agriculture sector** employs the most people in India (nearly 50% of the population) and presents a major prospect for LabourNet. The opportunity to partner with corporations such as chemical companies to train farmers to grow healthier, higher-value crops has great benefits both for the farmers and the ecosystem, especially as demand for safe food grows in the country.
- An estimated 65% of India's population will have internet access by 2020, with half of them from rural areas. Mobile phone internet user penetration is expected to reach 35% by 2022. **Digital technology is an essential conduit for LabourNet** to access both potential students and beneficiaries of its savings and micro-loan plans.
- The use of technology will help to increase the efficiency of LabourNet's operations and sales & marketing efforts as it expands its outreach.



Proposed Business Model



Expansion of LabourNet

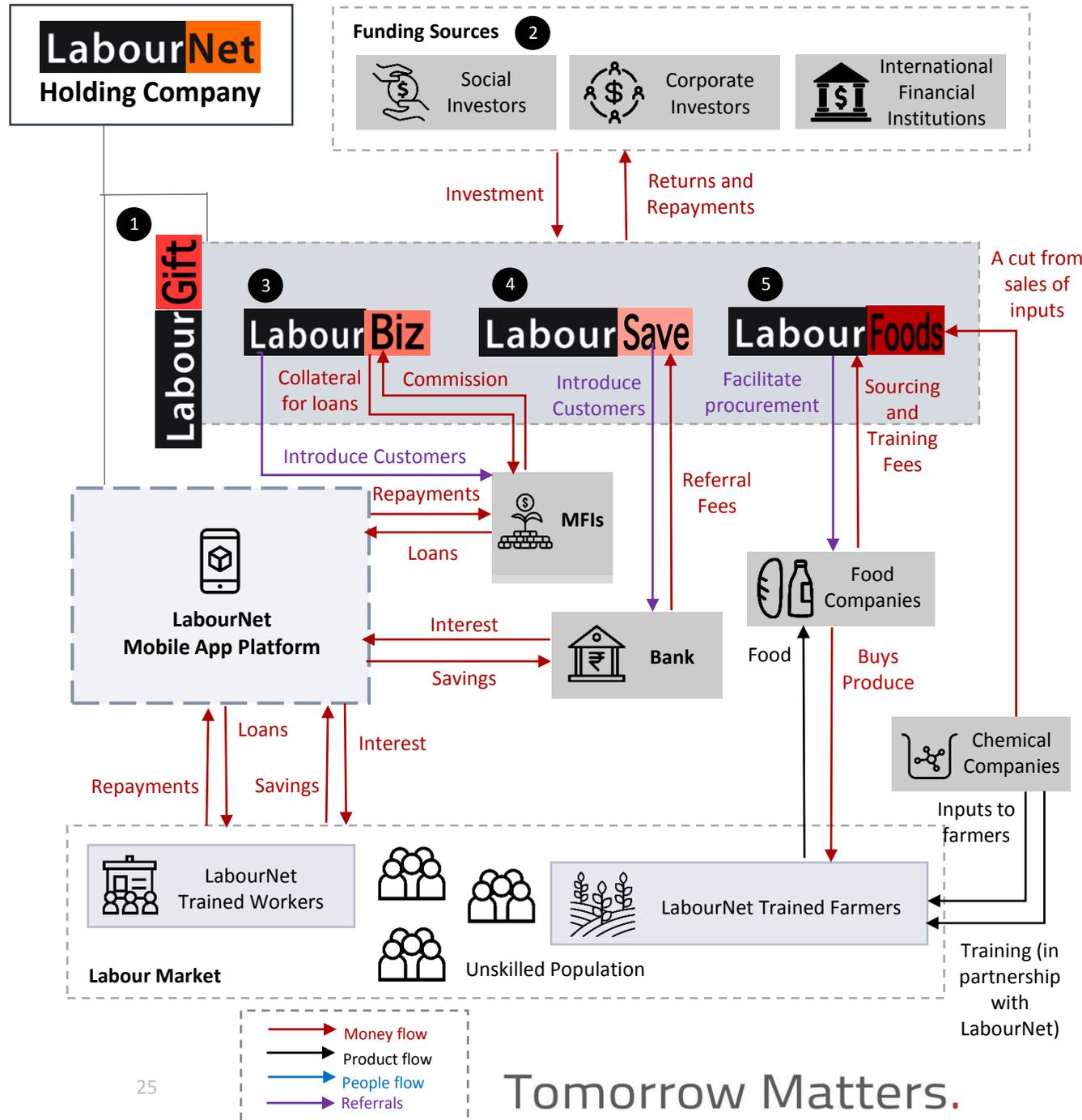


- LabourNet Holding Company** is proposed to be set up to manage the two new subsidiary companies with different business focuses, LabourNet and LabourGift (details of LabourGift in the following page).
- LabourNet** consists of three business units, LabourFranchise, LabourSkills and LabourJobs, with a focus on its existing business of skilling and job placements.
- LabourFranchise** is established for both staffing (LabourJobs) and training (LabourSkills) models. The goal of LabourFranchise is to maximise LabourNet's outreach to skill and place more people, especially in areas where LabourNet has less coverage.
- The Franchisees will set up franchises with support from LabourNet and pay franchisee fees. LabourNet will encourage their graduates to consider setting up franchises if appropriate.
- LabourSkills** continues the current skilling and placement work LabourNet carries out supported by the government and CSR funds. It will also develop more advanced programmes and international labour migrant training that are student paid and be the hub for training content development. Training will be delivered both in person, on the job and through LabourNet's Mobile App.
- LabourJobs** is responsible for all placement activities, including its current placement services for the funded schemes and for corporates, as well as setting up a new international placement practice to tap into growing overseas labour demand. A new Jobs Marketplace will aggregate LabourNet graduate supply and job demand opportunities.

Tomorrow Matters.

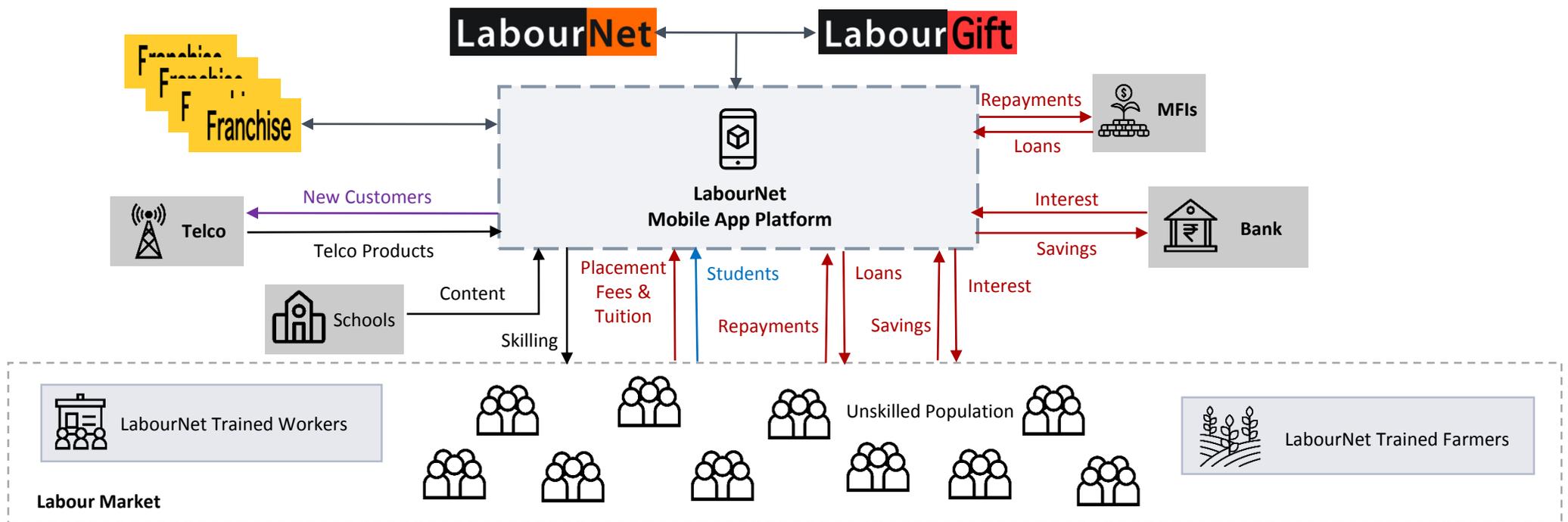
New Company – LabourGift

- LabourGift** is a new company set up as a subsidiary of LabourNet Holding Company to manage, administer and grow the services of **LabourBiz**, **LabourSave** and **LabourFoods**. LabourGift will be set up as a limited liability company.
- The investment for **LabourGift** will be sourced from social impact investors, corporate institutional investors and international financial institutions.
- LabourBiz** is a service that enables the underserved to access financing for education, training and entrepreneurship. LabourBiz partners with an MFI, introduces potential clients, provides funds for partial collateral as guarantee for the loans and receives a commission for introducing new clients.
- LabourSave** is a savings deposit programme. It acts as a facilitator to enable target clients to save at a partner bank and receive a favourable interest rate for future needs such as education or setting up a business. Revenue for LabourSave is derived from referral fees.
- LabourFoods** focuses on skilling farmers on greener farming methods and facilitating the selling of their healthier, high-value produce. LabourFood's revenue comes from sourcing and training fees paid by large food companies who need to meet the growing demand for clean and safe food. LabourFoods will also partner with chemical companies to train farmers on the safe use of chemical inputs in farming. The partner company has a new channel to sell farming inputs, of which LabourFoods can receive a cut of the sales.



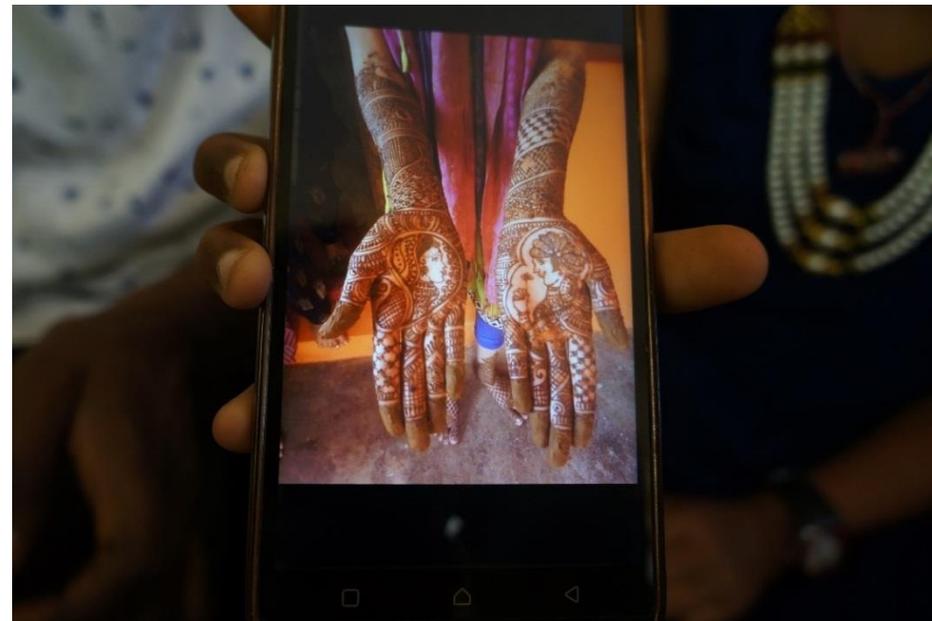
LabourNet Mobile App (1/2)

- The **LabourNet Mobile App** is a one-stop shop that aims to spread LabourNet’s educational content to the untapped labour market and accelerate the reach of LabourGift’s new offerings. The app will be developed and owned by LabourNet Holding Company and used for both LabourNet and LabourGift products.
- The app is an opportunity for LabourNet to reach the untapped urban and rural segments and connect them with basic skilling content. They can also access LabourSave and LabourBiz savings and loan services.
- It is proposed that LabourNet **partners with a telecommunications company** (Telco) to pre-load the app into sim cards sold by the Telco so that training content can be easily shared with the mobile user and they can have ready access to LabourGift’s suite of products. From the Telco’s perspective, this will
 - Tap into the 550,000 population that LabourNet currently reaches and the wider, unserved populace that they have potential access to via LabourNet’s continued outreach
 - Create stickiness by using SIM card credits as currency
 - Contribute to their social impact commitment to the country



LabourNet Mobile App (2/2)

- It is proposed to leverage the government's **Digital Literacy Scheme** to fund the development of the App.
- The App will be **integrated with partner MFIs, banks and payment banks** to provide banking services after customers have set up savings accounts or taken loans.
- Digital payments systems such as National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Unified Payments Interface (UPI) and Aadhaar Enabled Payment System (AEPS) can also be integrated into the app as a value-added service. These payment mechanisms need to be certified by the respective entities in order to be integrated with the Mobile App.
- If LabourNet plans to store financial data in the backend of the Mobile App, which may be useful for data analytics and assessment of client preferences in the future, then the data centre where the Mobile App Platform is hosted requires a PCI DSS certification (the payment card industry data security standards).
- LabourNet can **partner with schools** to produce new “edutainment” content such as games, graphics or short stories that are educational and entertaining, designed to provide continued training or post-training advisory support to LabourNet students.
- **Longer-term monetisation opportunities** from the app include:
 - Direct purchasing of small-ticket products from LabourNet's corporate partners shown in edutainment content in the app (e.g. Godrej eyeshadow after an eye-shadow application training video), of which LabourNet earns a cut
 - Introduce add-on premium training content while charging a nominal fee for usage
 - Partner with additional services providers (e.g. insurance and medical) to provide further services to the app's customer base



Key Milestones of Business Plan

Year 1-2

- Form LabourNet Holdings Limited and LabourNet and LabourGift as wholly owned subsidiaries.
- Develop strategic partnerships with funding sources, banks, MFIs, and corporates to support the formation of LabourGift's businesses.
- Develop LabourNet Mobile App – to share basic content and introduction to services provided by LabourBiz and LabourSave. Begin talks with Telco for partnership.
- Expand use of LabourNet App – training content, banking, direct payment, etc available to users via prepaid sim cards. Partnership with schools to help develop the content for the app.
- Develop training content for LabourFoods, advanced level training and international labour training in LabourSkills.
- Begin training of farmers under LabourFoods, develop partnerships with food companies to introduce farmers selling green produce.
- LabourFranchise set up to begin franchisee model.

Year 3 – 5

- LabourFoods to expand its sourcing of green/healthy produce for large food producers from LabourNet trained farmers.
- LabourFranchise model expansion as more LabourNet graduates encouraged to set up franchises.
- Build up LabourBiz and LabourSave loan and savings models.

Year 5 – 7

- Focus efforts on scale and outreach through mobile app and franchises.
- Explore monetisation opportunities via mobile app through premium content, partnering with value-adding service providers and selling products directly.
- Expand funding sources to increase investment pool into LabourGift and expand the loan collateral available.

Business expansion strategy focuses on developing strategic partnerships and business units sustainably over the long term



Products, Services & Partnerships

Product Summary

This section will explain each of the proposed LabourNet business units and their products in more detail.

LabourNet

LabourSkills



Skilling solutions
Basic + Advanced
International Migrant Skilling

LabourSkills

LabourJobs



Job exchange e-marketplace
International Migrant Placements
Domestic placements

LabourJobs

LabourFranchise



Franchise Network Solutions
Business support services
Quality control and certification

LabourFranchise

LabourGift

LabourBiz



Micro lending to entrepreneurs
Education loans

LabourBiz

LabourSave



Savings with preferential
interest rates for future needs
Collect deposits for banks

LabourSave

LabourFoods



Farmer training and
education for safer crops
Green food sourcing

LabourFoods

LabourNet Mobile App (Platform)

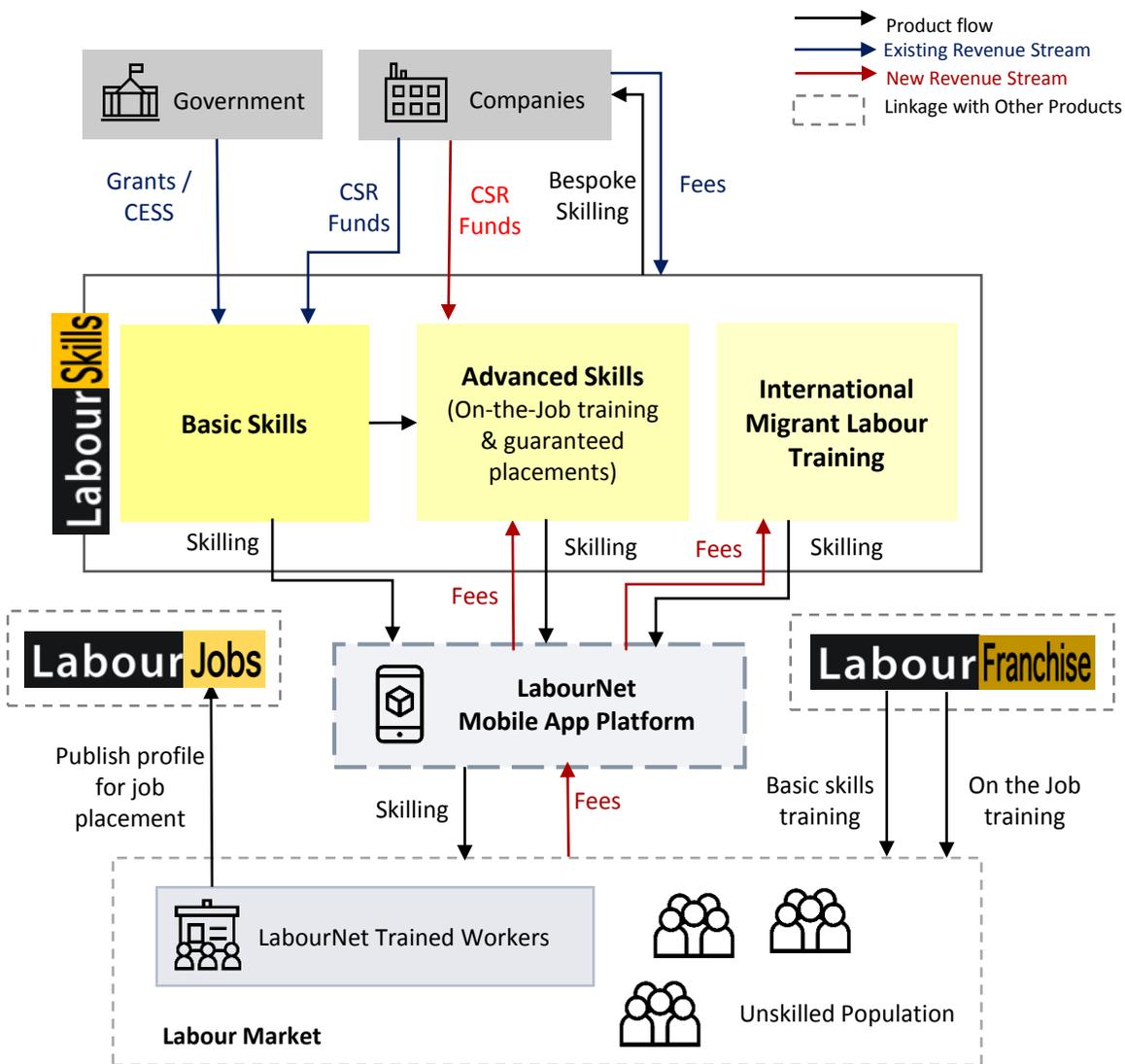
One-stop shop application to support all LabourNet offerings



- LabourBiz App
- LabourFranchise App
- LabourSave App
- LabourJobs App
- LabourSkills App

Diversification of LabourNet's services increases its opportunities to enhance revenues and the sustainability of the business

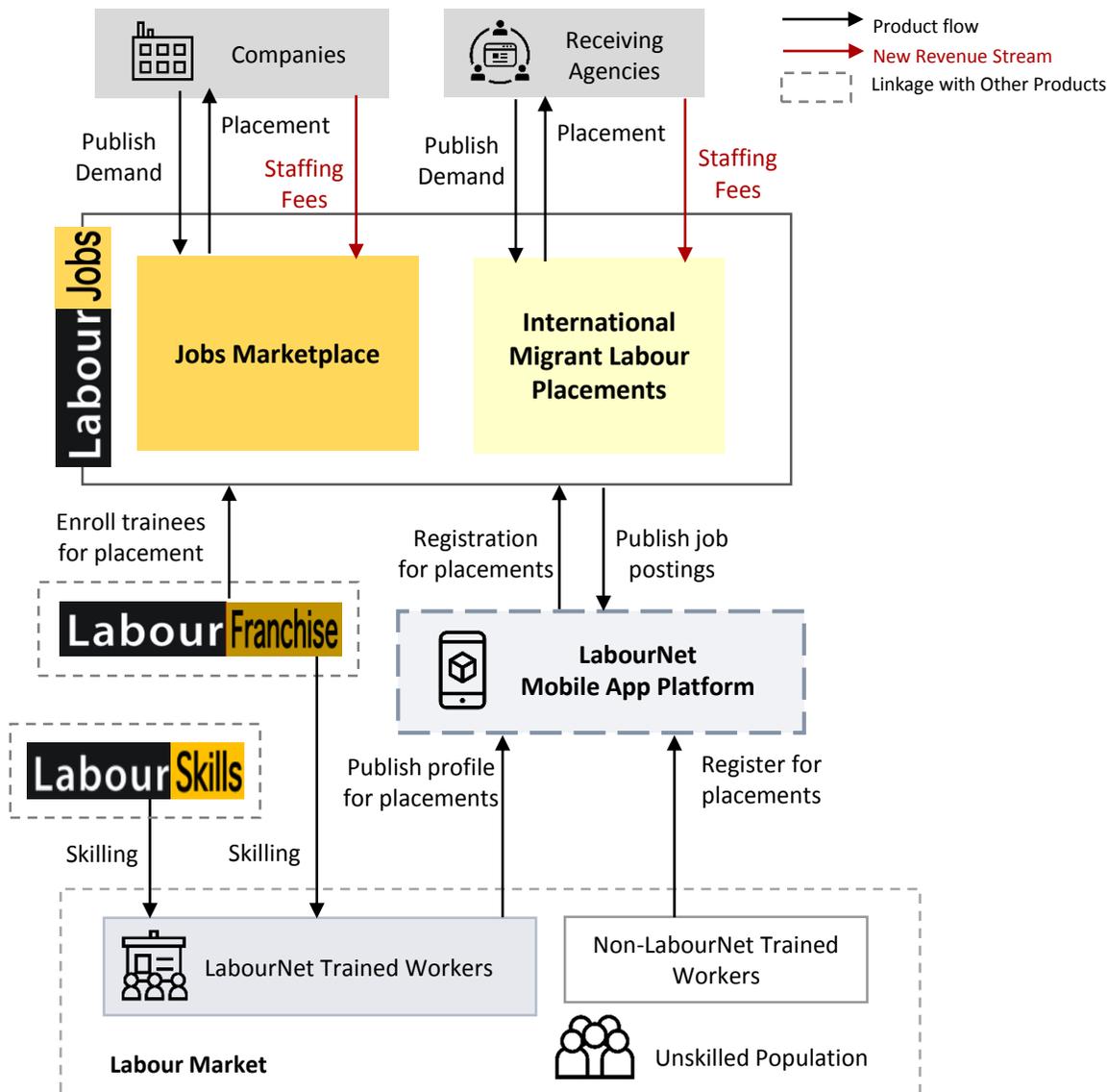
LabourSkills – Expanded Skilling Solutions



- LabourNet continues to carry out the existing basic skills trainings through Corporate CSR funding, Government Grants and CESS Funds.
- LabourNet will also continue to provide bespoke skilling services to corporate clients at a fee.
- Advanced Skills training is offered to Basic Skills training alumni and to those looking to upgrade their skills. Corporate CSR funding will be tapped to create advanced training centres.
- The Advanced Skills training will be a fee paying programme, requiring trainees to pay an affordable fee. In return, the enhanced proposition of On-the-Job training and guaranteed job placements will be offered to the trainees through LabourJobs.
- International Migrant Labour training is a major business opportunity and it is proposed that LabourNet will tie up with receiving agencies in destination countries to aggregate demand across sectors and train people as per the requirements.
- To maximize outreach, LabourFranchise will also provide Basic Skills training and On-the-Job training.
- The trained workforce from both LabourSkills and LabourFranchise is added to the LabourJobs portal for placements.
- Training will be delivered as required in person, on the job or through the Mobile App. The Mobile App will be the source of all training content and allow users to streamline payments and access other services.

Expanding the existing skilling offerings to increase touchpoints and revenue generating opportunities

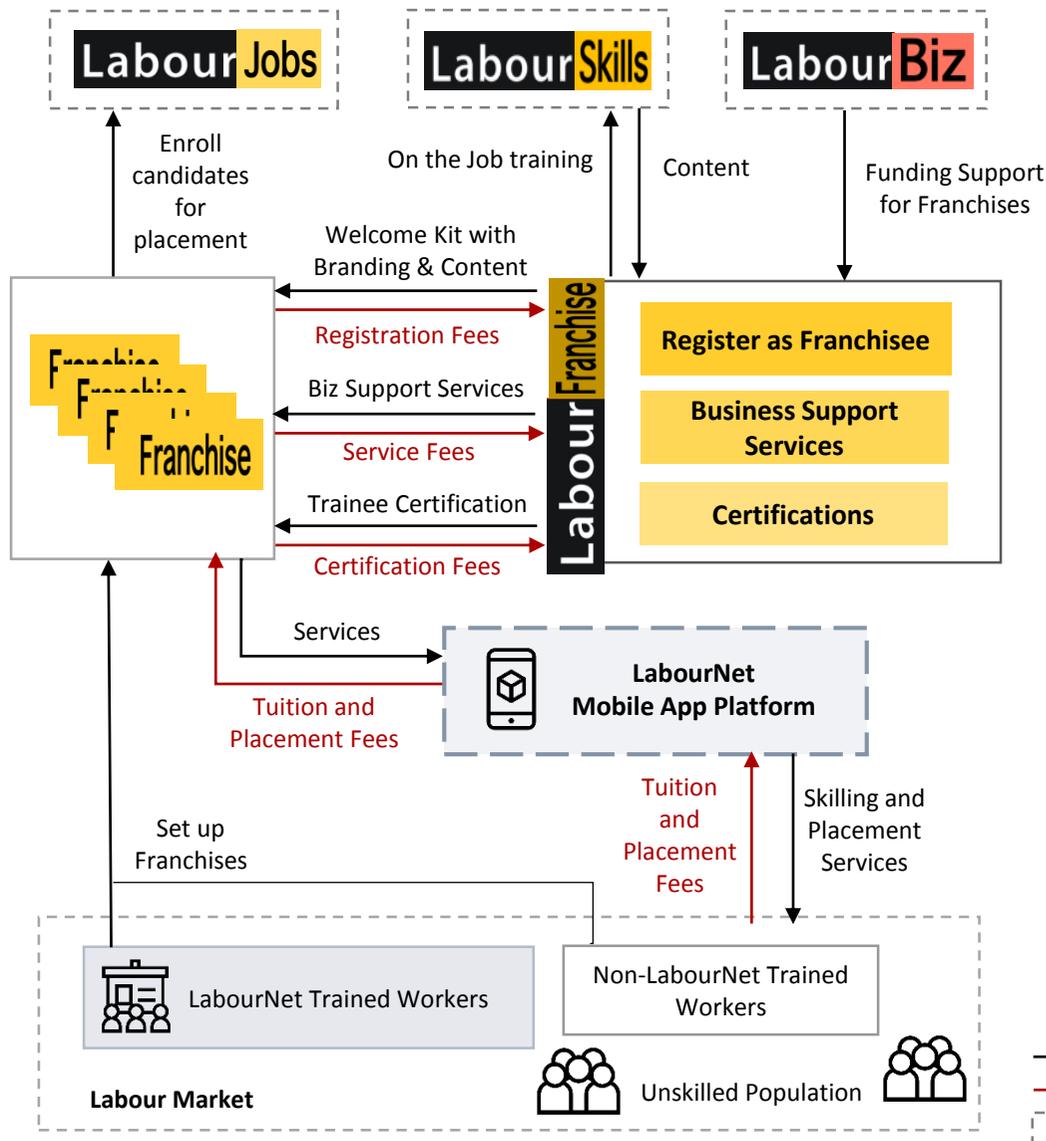
LabourJobs – A Marketplace for Employment



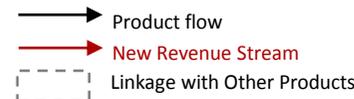
- LabourJobs will create a Jobs Marketplace that aggregates the demand and supply for job placements. Notifications and updates for job opportunities will be shared with candidates via LabourNet’s Mobile App.
- All graduates of LaborSkills and LabourFranchise are automatically enrolled to the Jobs Marketplace with a priority listing and LabourNet identification for employers to see.
- Skilled workers that are not trained by LabourNet can also register for the LabourJobs service to look for job placements.
- To develop partnerships with companies to create more placement opportunities, LabourNet can leverage its existing relationships with the CSR contacts of corporations for cross selling and to learn more about company demand in order to create an up-to-date database.
- Trainees from LabourSkills’ International Migrant Labour Training programme will be placed into international jobs through receiving agencies overseas. LabourNet will need to develop relationships with these receiving agencies and governments and sign agreements with these nations. The receiving agency will be responsible for compiling hiring requirements and sector demand to LabourJobs to share with candidates for placements and provide assured placements.

Bringing the demand and supply together on a single platform to increase employment opportunities

LabourFranchise – Scaling Outreach and Opportunities for Entrepreneurship



- LabourNet’s large network of graduates and beneficiaries can be tapped as potential franchisees of LabourNet’s skilling and placement model. Potential franchise operators can include:
 - Graduates of LabourNet’s Advanced Skills training programmes
 - Candidates in the LabourJobs Jobs Marketplace pool
 - Entrepreneur customers of LabourBiz
 - Other non-LabourNet network individuals
- Upon enrolment, the franchisees will receive introductory training together with a Welcome Kit, LabourNet branding guidelines, standardised content for train the trainer modules as well as trainee content.
- LabourFranchise will provide a suite of Business Support Services to registered Franchisees against a service fee.
- The LabourFranchise network is an added resource to also be able to provide On the Job training to the trainees in LabourSkills’ Advanced Skills programmes.
- LabourFranchise will also assess and provide certification to the trainees trained by the franchisees in return for a small certification fee.
- LabourBiz is available to provide loans to entrepreneurs who require capital to start their own franchise.
- The graduates of the franchisees will have the same access to LabourNet services such as job placement via LabourJobs.



LabourNet reaches more students while supporting skilled workforce to become entrepreneurs

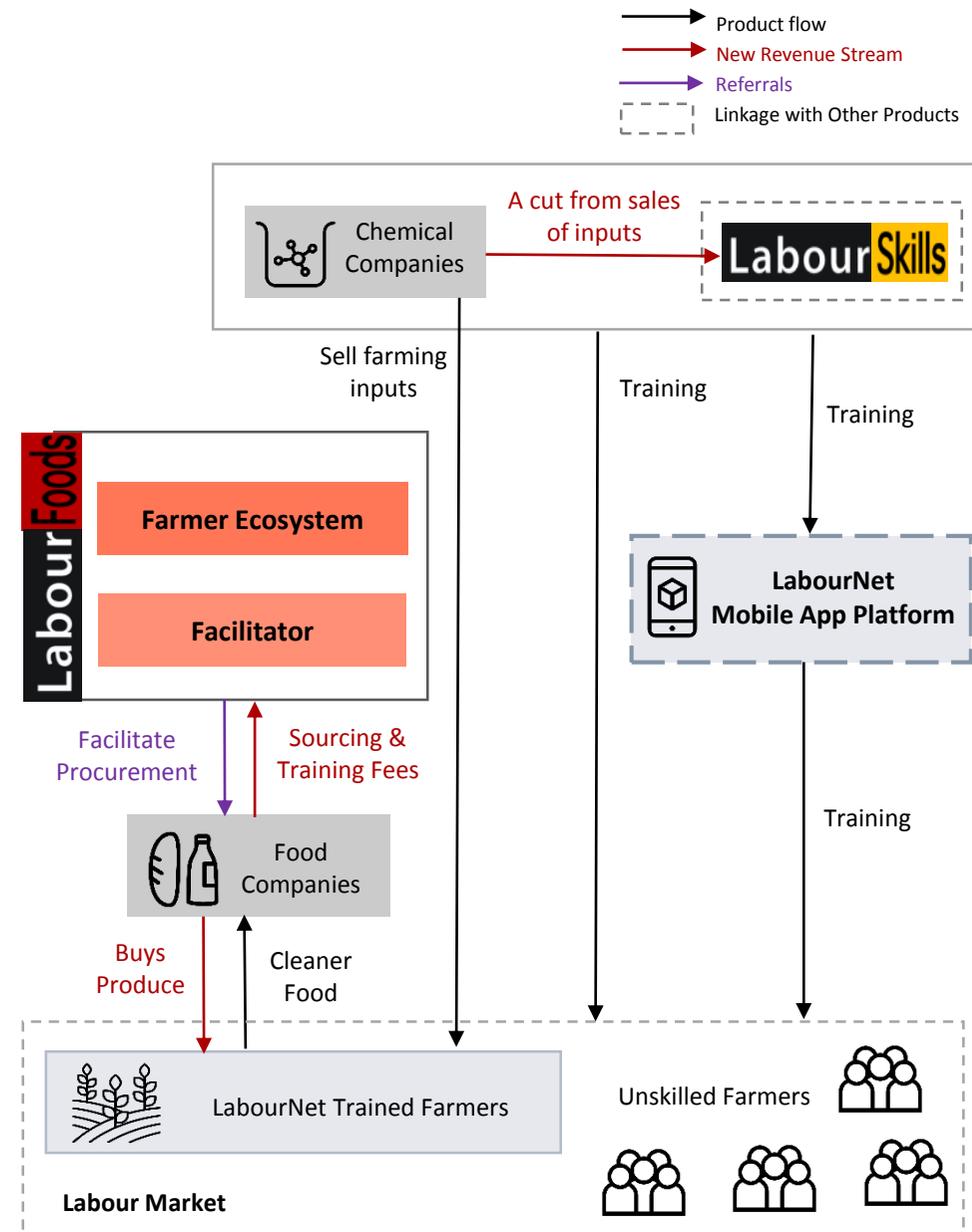
LabourFoods – Towards a Cleaner Tomorrow

Toxic chemical poisoning as a result of the misuse and overuse of pesticides by farmers in India have been on the rise over recent years, with 7,672 cases of accidental intake of pesticides and 5,915 deaths in 2015, according to the National Crime Records Bureau.

In addition to the harmful effects on farmer health, the environmental consequences of the overuse of chemical pesticides and fertilisers strips the soil of nutrients, destroys critical soil microbes, leads to biodiversity loss, and saturates the land with toxic chemicals that run-off into ground water, rivers, lakes and oceans.

There is an urgent need to train and educate farmers on proper use of chemicals in agriculture and LabourNet is well-placed to positively influence the lives of farmers and the food supply chain.

- LabourNet’s initiative seeks to partner with chemical companies to educate farmers on appropriate use of chemicals, reduce accidental poisoning and minimise environmental degradation.
- Training would be conducted by LabourSkills on the use of proper safety gear and farming methods to produce greener food and better protect the environment and their health. The chemical companies will benefit from the sale of their farming inputs to the LabourSkills trained farmers and LabourFoods has the opportunity to receive a cut from the sales.
- The demand for clean food in India is growing and the food industry has to respond to provide options to its customers. Cleaner food is also of higher value and producing clean crops will improve the earning power of farmers.
- LabourFoods will act as a facilitator to help large food companies source clean produce from their network of farmers and in turn take a sourcing and training fee from the food companies. It is in the interest of these companies that LabourNet continues to train more farmers to grow cleaner produce both for positive business opportunities and company branding.

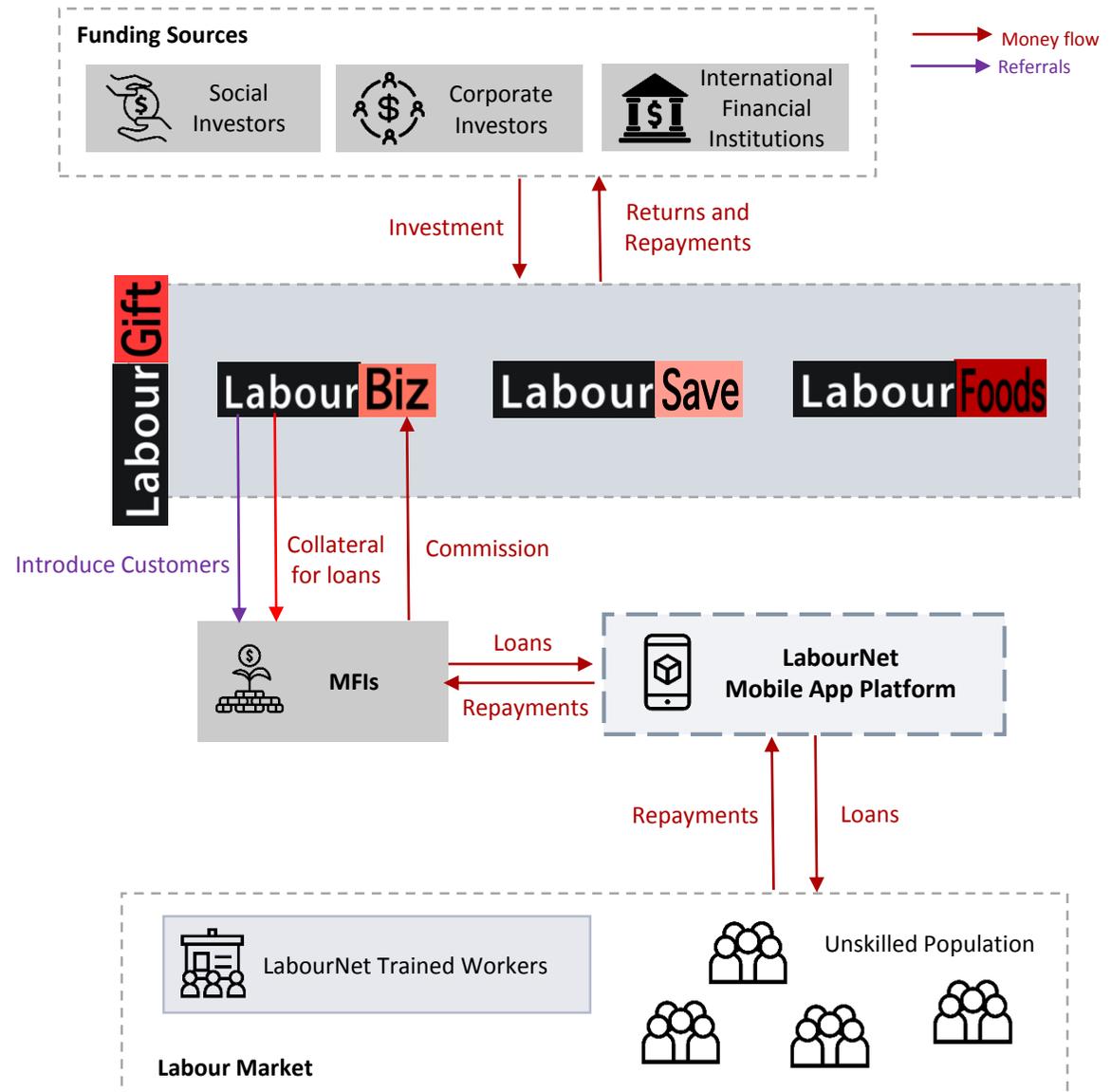


LabourBiz- Greater Access to Financing

In India, unsecured debt (such as unsecured loans from money lenders, loans from family and friends) accounts for two-thirds of total liabilities for the very poor. This deep-rooted problem leads to households becoming trapped in a long cycle of interest repayments. Moving to more formal sources of credit such as banks and secured debt has been shown to help households move up the wealth distribution according to the Reserve Bank of India.

LabourBiz as a service will enable micro-financing for the underserved with a focus on education loans to achieving more advanced levels of education/skilling or entrepreneurship.

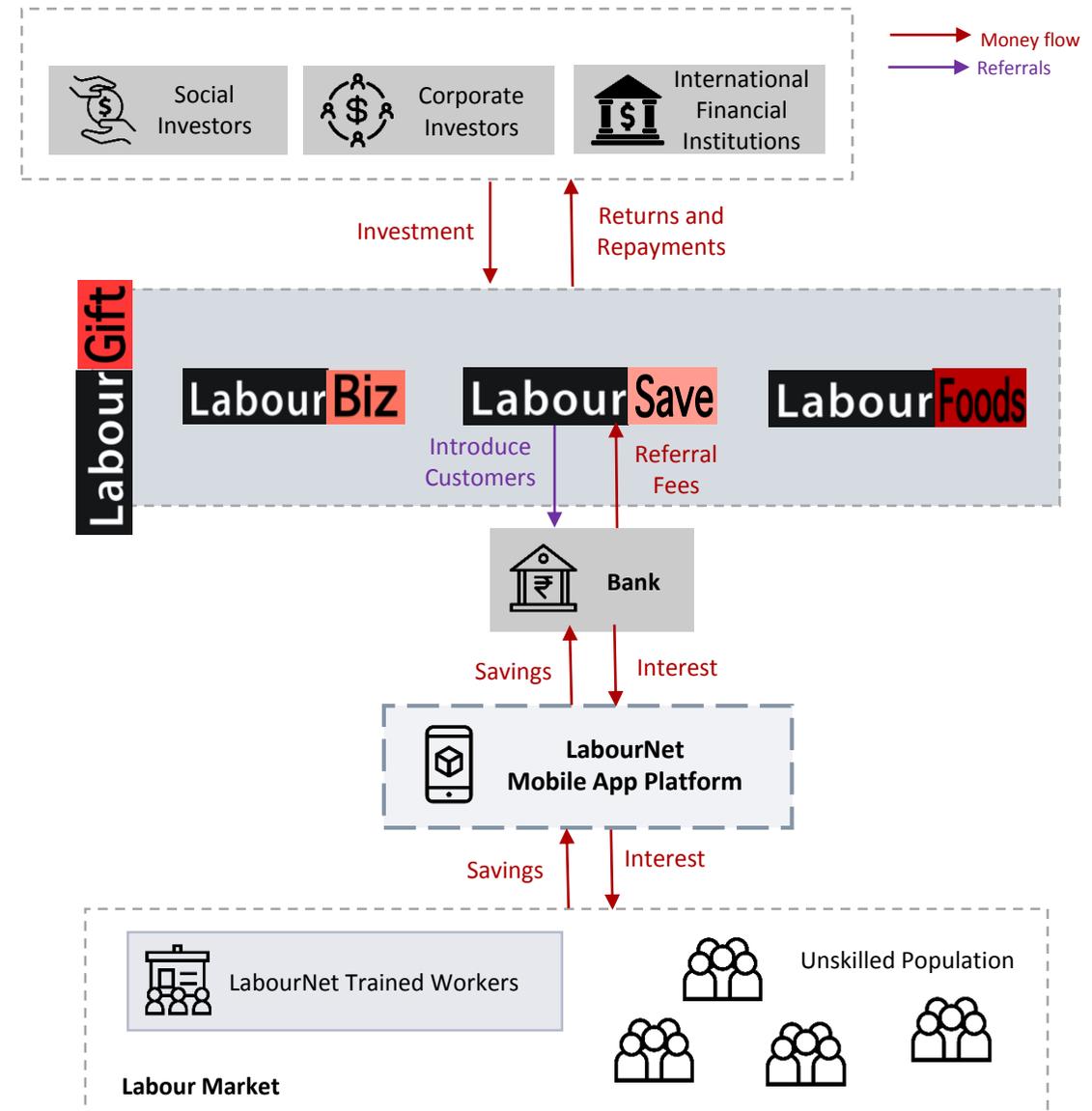
- Under LabourBiz, the funds sourced by LabourGift will act as collateral for a partner MFI to enable credit lending (e.g. 5 times credit line) for micro-business and education loans. Collateralised loans ensure loan recipients incur better interest rates.
- The focus of the loans will be on LabourNet trained graduates, however may be extended to the non-LabourNet trained workforce.
- Revenue for LabourBiz will be derived from fixed and/or recurring commissions from the successful loans introduced to the MFIs.
- The services of LabourBiz would not expose LabourBiz to the risk of defaults from non-performing loans as the losses would be offset by the collateral from the fund and assumed by the MFI.



LabourNet's new revenue sources from micro-lending also provides added social benefits to the underserved population

LabourSave – Inculcating Savings for a Brighter Future

- LabourSave as a service will make it easier for those not served by traditional banking institutions to open savings accounts for future needs such as children’s education, setting up a business or unexpected incidents.
- In order to encourage more people to save money, the interest rate for these deposits will be negotiated at more favourable rates.
- LabourSave benefits its partner banks as it collects deposits in areas where the bank does not have physical branches or a presence.
- The sourcing for deposits can be done by door to door collection (similar to LabourNet’s current mobilisation model) and through the Mobile App to reach LabourNet’s large network. LabourSave can be built into the pre-paid sim cards as part of its partnership with select telcos.
- Pre-paid sim card credits could also be used as currency for savings deposits.
- Revenue for LabourSave will be from referral fees.
- In the future LabourSave may consider establishing an education fund, where participants save money to be used for future upskilling in LabourNet’s advanced skilling programmes.



Promoting savings as a viable safety net for the most vulnerable segments of the population

Strategic Partnerships



GOVERNMENT

Explore risk-sharing scheme for LabourBiz. Leverage government Digital Literacy Scheme to fund the development of LabourNet mobile app to spread educational content and services



COMPANIES

Partnerships for job placements and encourage employees to enrol for relevant advanced courses and LabourSave.



MICRO-FINANCING INSTITUTIONS (MFIs) / BANKS / PAYMENT BANKS

Offer higher interest for LabourSave under the Jan Dhan Yojana savings scheme. Create a special loans programme using LabourGift investment funds as collateral for LabourBiz.



TELCO

Pre-load LabourNet mobile app into phones. Use pre-paid SIM card credits as currency to deposit into LabourSave savings account. Onboard all recharge shops as intermediaries to sell LabourSave and LabourBiz.



FARMING CHEMICAL COMPANIES, FOOD IMPORT COMPANIES & FARMERS

Farming chemical companies to sponsor training for farmers and supply inputs. LabourFoods helps food importers to source these better quality crops from the farmers.



SOCIAL INVESTORS, CORPORATE INVESTORS, INTERNATIONAL FINANCIAL INSTITUTIONS

Investment in LabourGift to be used as collateral to secure a 5x credit line and lower than market interest rate from MFIs to provide micro loans under LabourBiz



Organisational Structure and Governance Framework

Summary

- It is important to have an organisational structure that is suited to the needs and functions of a company and supports decision making. LabourNet's current organisational structure is fit for purpose and is able to support its current responsibilities.
- It is also important to maintain the separation of LabourNet and LabourGift due to the differences in the sources of funding for both entities. LabourNet depends largely on government and CSR funds, whereas LabourGift will seek investment from corporate, financial and social impact investors.
- This section highlights the change in organisation structure and governance structure necessary to incorporate the newly formed Holding Company and LabourGift.
- While much of the structure of LabourNet will remain the same, save some enhancements to accommodate the new Holding Company and sister company, a new structure needs to be set up for LabourGift.



Organisational Structure (1/2)

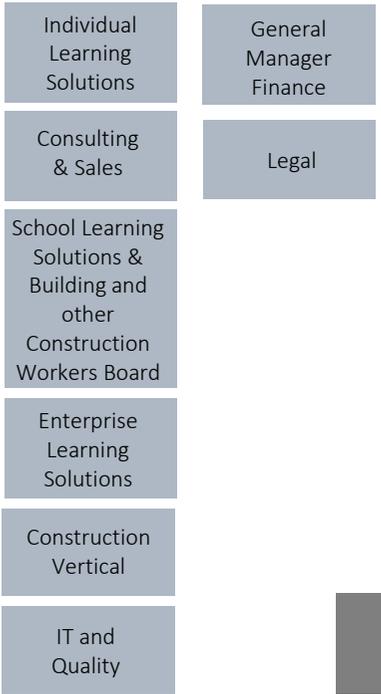
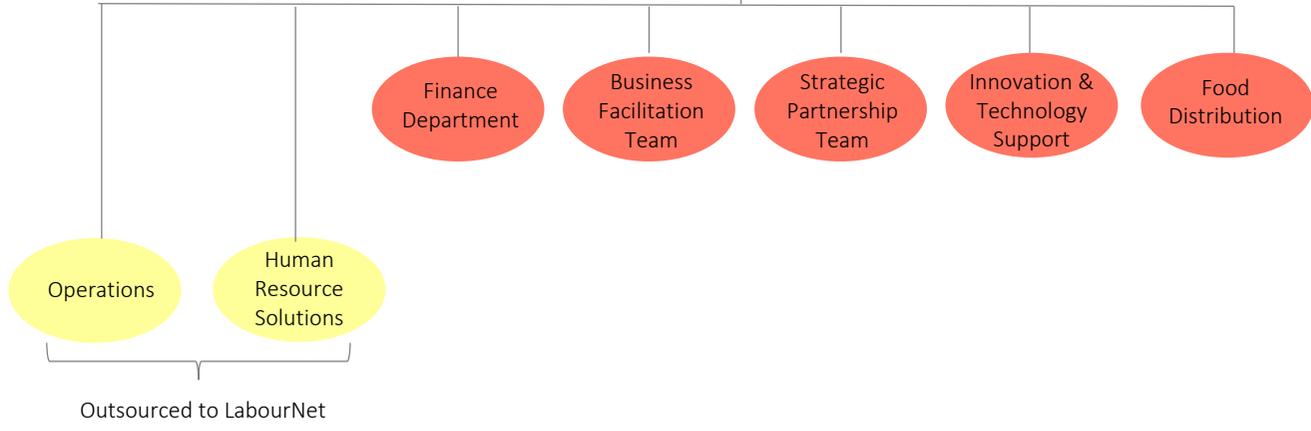
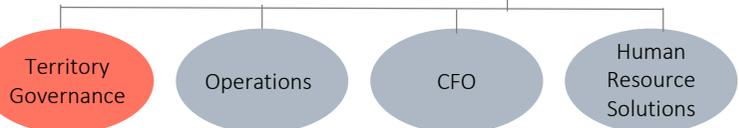
- The proposed business model will incorporate new business streams that are unique in nature and require its own supporting structure. The new entity LabourGift will be established to support the new business streams.
- The enhanced portions of the proposed business model will be absorbed and supported by the current organisational structure.
- A holding entity will be set up to act as a controlling vehicle for LabourNet and LabourGift, the net entities will explained further below.
- A territory governance unit will be added to the current structure to oversee the operation of the regional offices and to act as a central reporting point. It will ensure appropriate governance, quality and consistency of operations and processes.

LABOURNET HOLDING COMPANY	LABOURGIFT
<ul style="list-style-type: none">• The new holding entity will act as a controlling vehicle for its two subsidiaries, namely:<ul style="list-style-type: none">• LabourNet, and• LabourGift• The current shareholder's of LabourNet will own both entities through LabourNet Holding.• The distinction between LabourNet and LabourGift is important as LabourNet is funded largely by CSR and government funds. LabourGIFT's funding will come from financial institution partners, social investors and corporate investors, therefore it is necessary to separate the two entities in order to avoid the risk of mixing of funds.	<ul style="list-style-type: none">• The new entity will manage the new portions of the proposed business model (i.e. LabourBiz, LabourSave, LabourFoods).• The additional functions and responsibilities that need to be set up as a result of the newly established LabourGift are as follows:<ul style="list-style-type: none">• Board of Directors• Managing Director• Finance Department• Business Facilitation Team• Strategic Partnership Team• Innovation and Technology Support• Learning Content Development and Management• Food Distribution

Organisational Structure (2/2)



- New
- Current
- Enhancements



New organisational structure is better suited to governing and supporting the new business streams

Roles and Responsibilities within LabourGift

Managing Director

- The Managing Director's responsibility will be to ensure the entity's day to day activities and operations are supporting and meeting its objectives.
- The entity will have 3 product offerings in the short term. The Managing Director will be responsible for ensuring:
 - The right partnerships are being established with financial institutions, social & corporate investors, and food corporations.
 - Relationships are being facilitated between the strategic partners and the target market.
 - The funds received from stakeholders will be managed and monitored by the Finance Department.

Business Facilitation Team

- The team's main role is to facilitate the relationship between the target market and the strategic partners to optimise the product offerings for the market.
- The Business Facilitation Team will:
 - Match financial institution partners with individuals from the target market that are interested in utilising lending and saving options.
 - Converge food corporation partners with green farmers from the target market that are interested in wholesaling.

Strategic Partnership Team

- The team's main responsibility is business development. They will identify, engage and develop relationships with partners and investors. The partners they pursue will include:
 - Financial Institutions;
 - Food Companies and chemical companies;
 - Social & Corporate Investors; and
 - Telecommunication corporations.

Innovation and Technology Support

- The team is responsible for considering opportunities for seeking companies that can develop the LabourNet App, identifying technology improvements, and providing support for the LabourNet App.

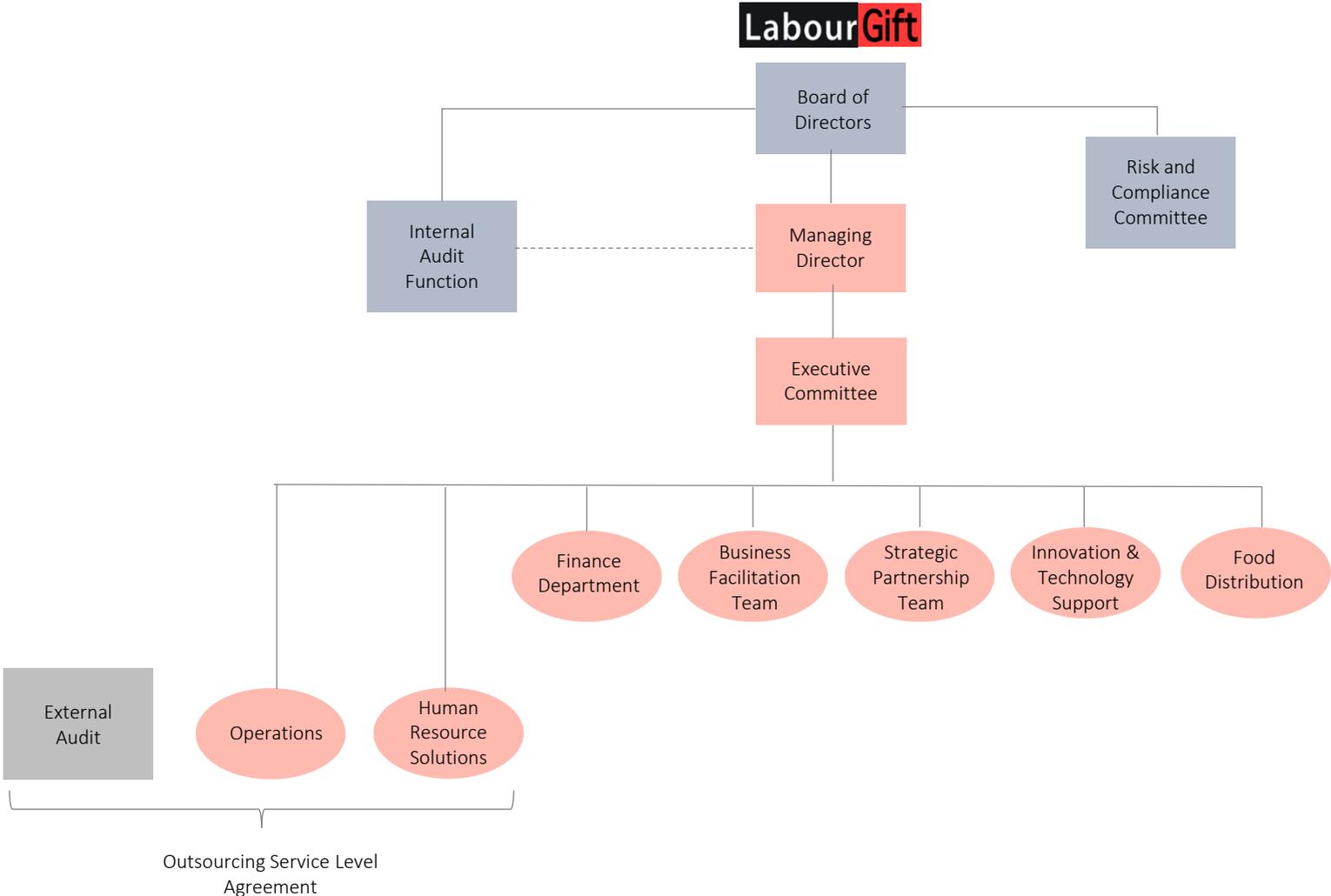
Food Distribution

- The team's main role will be to identify farmers willing to produce green foods and facilitate their wholesale distribution to the food companies. The value generated forms the basis of the sourcing and training fees from food companies.

Division of roles and responsibilities ensures accountability

Governance Framework and Compliance (1/3)

LabourGift will require a governance framework to support its operations. The main parties forming the framework are depicted in the figure and detailed in the following pages.



Governance Framework and Compliance (2/3)

Board of Directors

- LaborGIFT's Board of Directors (BoD) will comprise the senior management team of LabourNet. Their experience is crucial to LabourGIFT's success.
- The BoD's main role and responsibility is to oversee LabourGIFT's operations and provide strategic guidance. It will oversee the operations of LabourGIFT in terms of meeting organizational objectives and will provide guidance on the strategic partners to approach and engage with.
- The BoD will meet on a quarterly basis.

Risk and Compliance Committee

- The Risk and Compliance Committee (RCC) will be a committee of the BoD and will be responsible for assessing and considering overall risks, specifically related to the operations of LabourGIFT. Examples of risks considered by the RCC include reputational, financial, business model, operational, legal, compliance and money laundering. Business model and operational risks are detailed further in later sections.
- The RCC will meet twice a year.



Governance framework ensures integrity and effectiveness of operations

Governance Framework and Compliance (3/3)

Internal Audit & External Audit

- The Internal Audit Function will independently assess the effectiveness of LabourGift's business operations. A review will be conducted at least once a year.
- The External Auditor will independently review the financial records of LabourGift. The review will be conducted once a year

Executive Committee

- The Executive Committee will comprise of the four functional heads.
- The committee's main role and responsibility is to ensure the business and operations are working effectively in meeting LabourGIFT's objectives.
- The committee will be a cross functional body that will have an overarching view of the operations and make decisions that include the type of strategic partners required to support the product offerings, expansion into particular geographic areas, change in strategy direction, etc.
- The meetings should be held on a weekly or bi-weekly weeks.



Strategic objectives are supported by an effective corporate governance structure



Operations

Summary

This section of the report will focus on several key operational elements for the LabourNet Holding Company as a whole. Specific operational processes and recommendations for individual units will need to be assessed and devised as the business structure, products and partnerships are created in a manner that is most flexible, lean and best suits the needs of the business.

In particular, the focus of this section is:

- Operations of LabourNet's **Mobile App Platform** – the back end functionality, the Data Management System and the user interface between the customer and the LabourNet and LabourGift businesses will be included.
- **Performance Management System** and expectations of the staff both at LabourNet and LabourGift, and also at the franchises established through LabourFranchise.
- **Quality assurance** – as LabourNet continues to expand its products and extend its outreach, the need to ensure consistent product and service quality will be imperative to its success.



Mobile App Platform : Back End

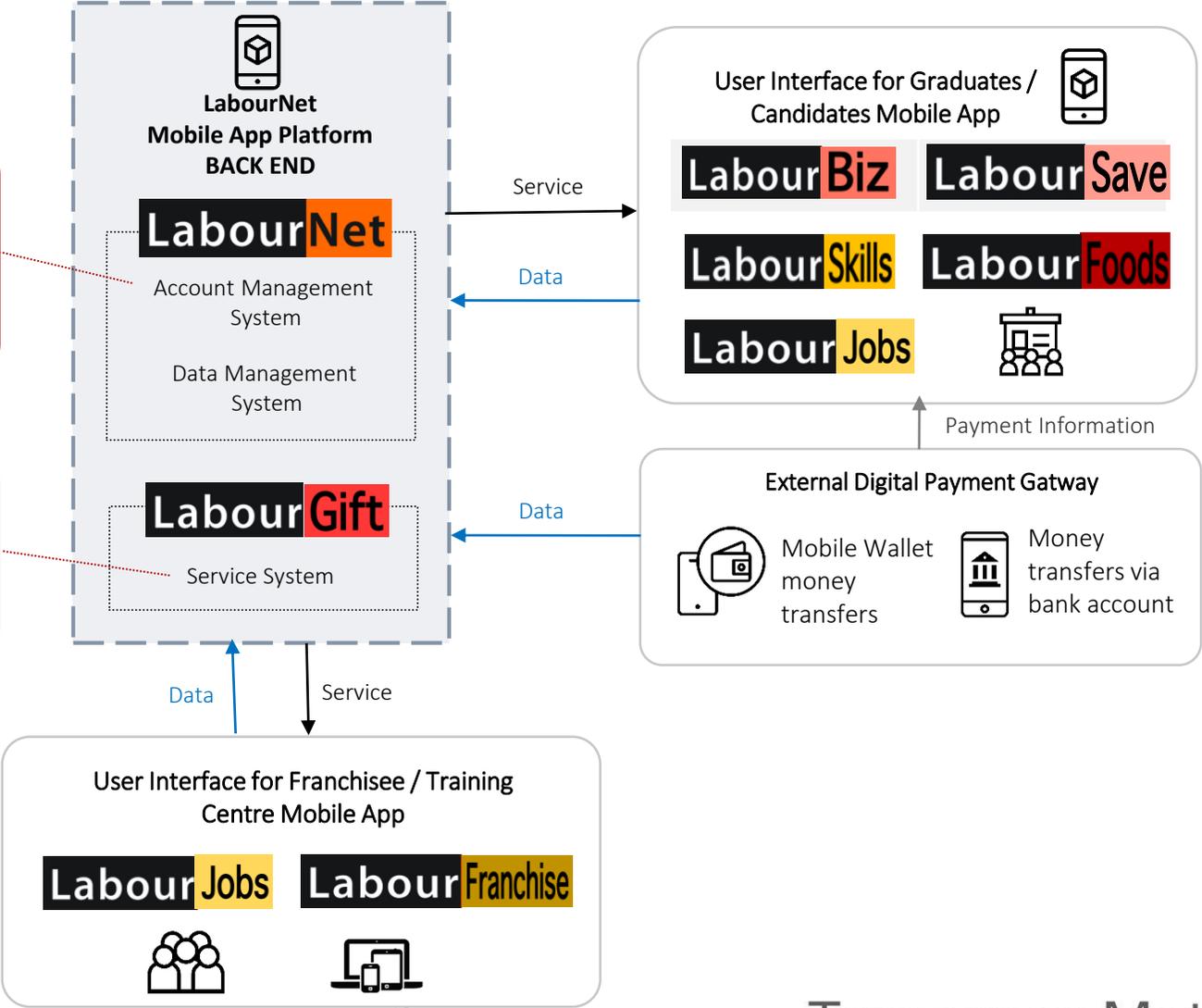
- The new Mobile App Platform will transform the way LabourNet operates, creating new value to customers and increasing the reach and touchpoints with customers.
- An in-house online technology platform will be developed with features to enhance/support operational efficiency for LabourNet, act as a channel for communication with their Graduates/Candidates as well as provide features that add value to customers directly, encouraging them to use the platform.

Account Management System:

- Efficiently manage all customer accounts and payments
- Interface with front end to push messaging
- Revised from IGS (current system)

Service System

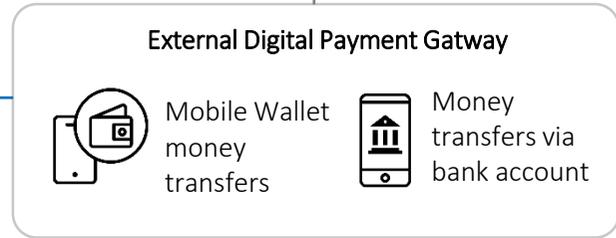
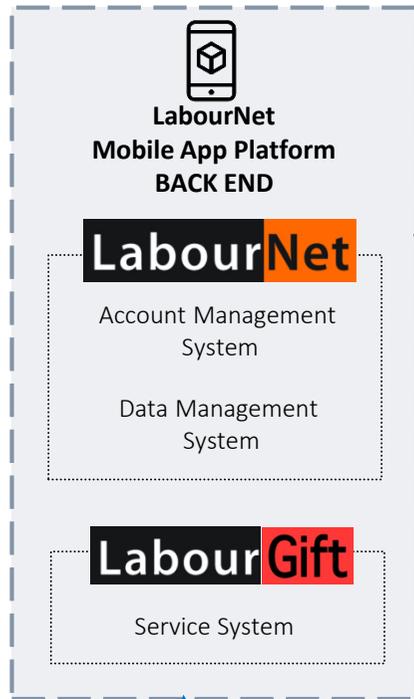
- Designed to service all the business units either through payment services or money transfers for savings and loans



Product flow
 Data flow

Mobile App Platform : User Interface

- The Mobile App Platform will revolutionise the way LabourNet interfaces with its customers. Instead of relying on in-person mobilisation, marketing, payment collection, and delivery of content material, LabourNet can use the Mobile App to share information and process transactions with customers directly, reducing reliance on physical branches and staff travelling to customers.
- The platform is expected to cost ₹ 9,749,250 (US\$150,000) to develop, with a recurring annual operation cost of ₹ 1,000 (US\$15) per user.



LabourBiz

- Customer self-service to access loan status, repayment information, personal details, contact customer service
- LabourGIFT can push account related notifications to customer

LabourSave

Provide Customer self-service to access account information

LabourSkills

Customer can access to Basic/Advanced Training contents

LabourFoods

Farmer can access education information services for safer food

LabourJobs

Jobs Marketplace for candidates and International Migrant Placements registration

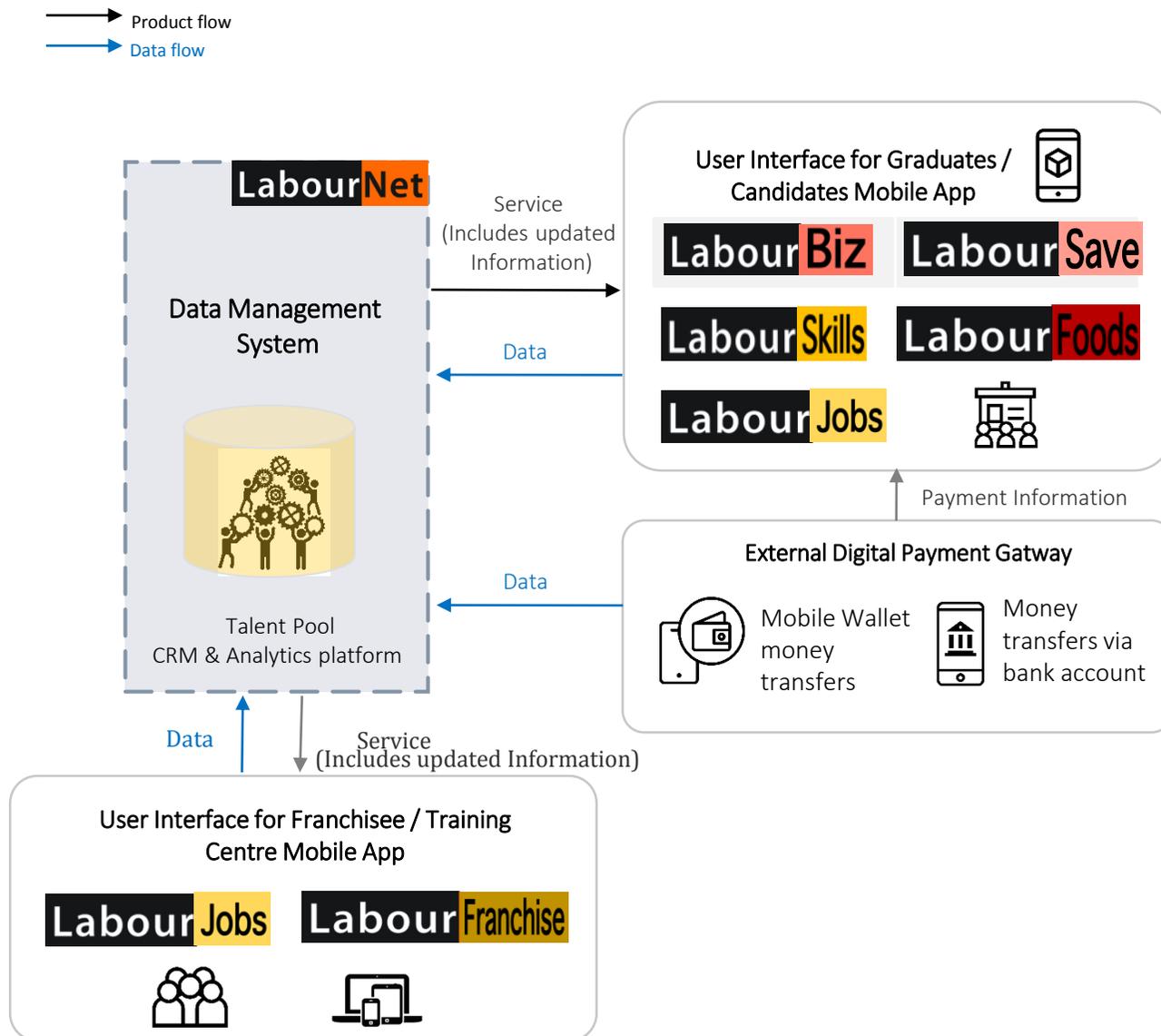
Digital Payment Gateway

- LabourGift would interface with different MFIs, Payment Banks and Mobile Wallet providers to set up direct deposit avenues, allowing customers to send repayments and make savings deposits digitally
- Data on the use of mobile payment will allow LabourNet to learn how to incentivise more customers to use digital payments to lower collection costs

LabourJobs & LabourFranchise

- Service Package for setting up centre / Franchisee can be downloaded
- Access to CRM & analytics information

Mobile App Platform : Data Management System



- The Data Management System allows LabourNet to receive timely feedback on customer needs and demands and create new business opportunities which can be channeled internally to other business units, or to franchisees and corporate partners.
- The Data Management System collects all user and transaction information related to procured products and services.
- Data analysis will help LabourNet compile customer profiles, loan statistics, product preferences, promotion click-through rates, etc and enable LabourNet to tailor different products to suit the needs of a range of market segments.
- The data collected will also be valuable for research and facilitate the development of government policies.
- For investors, the data collected allows results to be measured, which is important for assessing the market, determining further funding requirements and the impact of their investments.

*CRM: an approach to manage a company's interaction with current and potential customers

Operation – Performance Management System

- With the numerous partnerships, business units and franchises, as well as the increased number of staff under the new business model, LabourNet needs to design a system to manage the performance of all these groups.
- In the near term, KPIs, appraisal methods and incentive & compensation structures are recommended to manage franchisees, LabourJobs and LabourSave / LabourBiz teams. These are given emphasis as they are new business units and their functions are sourcing/recruitment focused. These higher level criteria can be reformulated to become performance targets for staff in each of these businesses.

	KPI	Appraisal	Compensation & Incentive
Franchisees	<u>Achieving Service Level Agreements (SLA)</u> <ul style="list-style-type: none"> • Output % Vs Target <u>Hygiene Factors</u> <ul style="list-style-type: none"> • Operations management • Quality delivery of training • Ownership & Responsiveness 	<ul style="list-style-type: none"> ✓ Appraisal Score Card ✓ Quarterly Internal Audit – by Franchisee Management Team ✓ Bi Annual Audit – by LabourFranchise / LabourNet headquarters 	<u>For LabourNet</u> <ul style="list-style-type: none"> • Franchisee Fees <u>For Franchisee</u> <ul style="list-style-type: none"> • Incentive – for sourcing candidates for LabourJobs, Out-Performing the SLA • Referral Bonus – for referrals to LabourSave and LabourBiz
LabourJobs	<u>Achieving KPI</u> <ul style="list-style-type: none"> • New Business Orders • Sourcing Targets • Placement Closures <u>Hygiene Factors</u> <ul style="list-style-type: none"> • Adherence to Timelines • Attendance & Behavior • Ownership & Responsiveness 	<ul style="list-style-type: none"> ✓ Appraisal Score Card ✓ Monthly Appraisal ✓ Quarterly Appraisal 	<u>Compensation</u> <ul style="list-style-type: none"> • Annual Increment based on Appraisal Score <u>Incentive</u> <ul style="list-style-type: none"> • Placement Closures • Referral for other businesses
LabourSave / LabourBiz	<u>Achieving KPI</u> <ul style="list-style-type: none"> • Enrollment Conversions • Collection • Revenue Target (Inflow & Outflow) <u>Hygiene Factors</u> <ul style="list-style-type: none"> • Ownership & Responsiveness • Mobilisation policies 	<ul style="list-style-type: none"> ✓ Appraisal Score Card ✓ Monthly Appraisal ✓ Quarterly Appraisal 	<u>Compensation</u> <ul style="list-style-type: none"> • Annual Increment based on Appraisal Score <u>Incentive</u> <ul style="list-style-type: none"> • Surpassing target • Referral for new businesses

Quality Assurance

- As LabourNet diversifies into various new businesses and services, it is critical to establish a robust Quality Assurance system and process to ensure an excellent experience for both individual customers (graduates/ food end-users) or corporates (franchisees / partnering companies).
- The due diligence process and selection criteria must be well-defined. A frequent and regular auditing process should be in place and carried out consistently. Feedback must be collected from end-users objectively in order to have continuous improvement. A prudent Quality Assurance structure can allow LabourNet to build a trusted brand at both individual and corporate levels, attracting further CSR and private investors.
- It is assumed that LabourSkills will follow the current quality assurance system in place for LabourNet’s skilling programmes.

QUALITY ASSURANCE STRUCTURES FOR LABOURNET’S NEW BUSINESSES

LabourFranchise	LabourJobs	LabourSave / Biz	LabourFoods
1. Franchisee selection criteria and due diligence	1. Labour skills tests before deployment	1. Joint committee with partnering MFI(s)	1. Due diligence and selection of farm partners
2. Minimum quality standard terms in franchising agreement	2. On-site investigation and monitoring of deployed labor performance	2. Quarterly review of return and loan services	2. Appoint independent company to inspect and ensure food quality
3. Franchisee training and certification	3. Feedback form for individual deployed labor from corporate	3. Standard service benchmark terms built into partnership agreement	3. Assist partnering farms to introduce ISO or other equivalent standards
4. Bi-annual quality audit from HQ	4. Regular review meeting between LabourJobs and corporate to review overall efficiency and performance of deployed labor	4. Regular market benchmark to ensure competitive terms	4. Annual end users satisfactory survey
5. Mystery shopper audit from HQ			
6. Graduates feedback survey			

Prudent Quality Assurance to ensure excellent customer experience



Sales and Marketing

Summary

LabourNet's Sales & Marketing strategy will leverage its existing positive brand reputation and partner network to reach more customers.

Branding

- LabourNet has built a very good reputation with its existing corporate and government partners and clients.
- The introduction of LabourGift may lead to an issue with brand identification for the LabourNet brand and thus must be managed well.
- Moving forward, LabourNet Holdings will be the representing brand to the public, and will house both the original LabourNet and LabourGift businesses as subsidiaries.

Strategic Partners Engagement

- Besides receiving strong support from the government, LabourNet also has a valuable network with different corporate partners.
- The sales team will leverage these connections to reach out to more corporations, multi-national companies and local financial institutions, and engage them to be strategic partners.

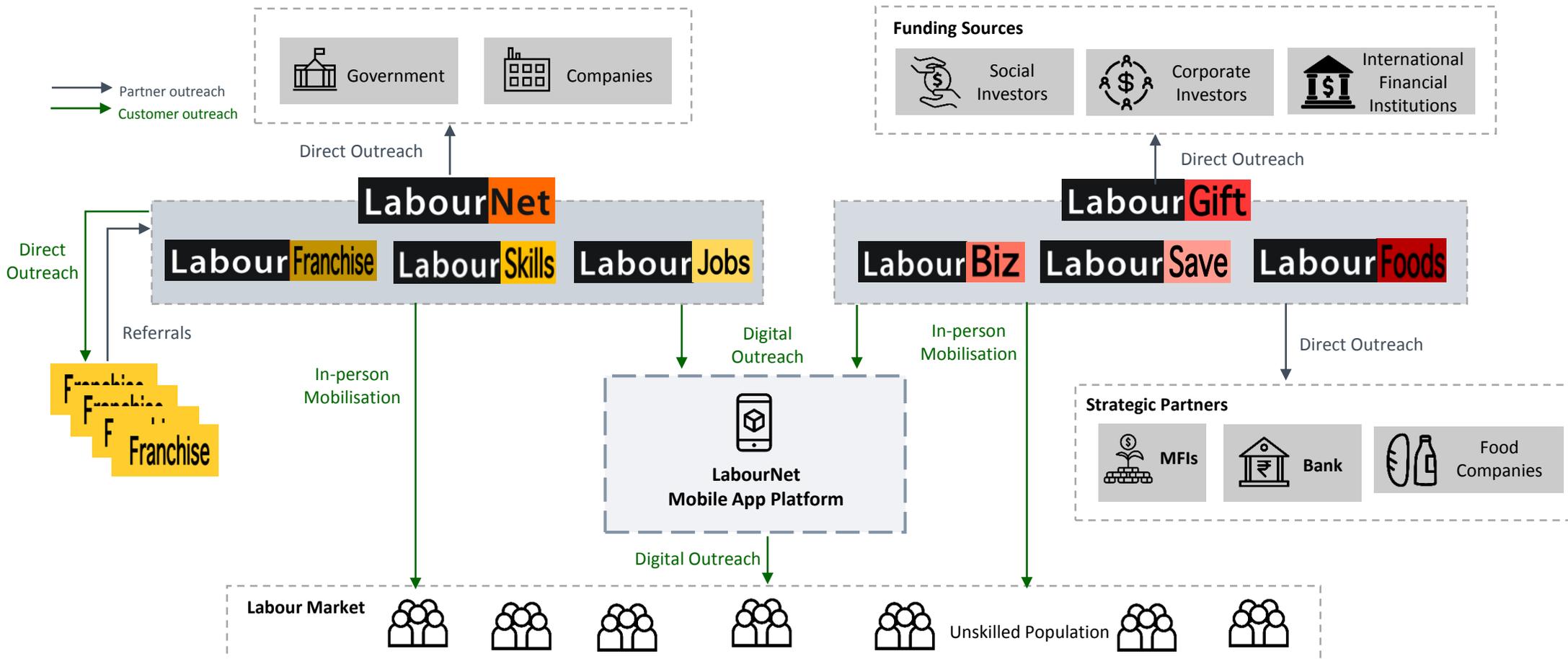
One Service Platform for Customers

- LabourNet's Mobile App bundles LabourNet and LabourGift services onto one single platform. With the App, customers will be able to access the full suite of services based on their needs.
- LabourNet Sales Tools – besides the Mobile App, a digital sales presentation tool will also be developed to facilitate all sales channels - including sales teams, centre staff, trainers, mobilisers and franchisees - to ensure quality and clarity of LabourNet's services and products.



Sales and Marketing Model

- LabourNet's Sales & Marketing strategy will leverage its existing brand equity to connect to more funding sources and strategic partners, as well as reach more unskilled urban and rural workforce. LabourNet will also run brand awareness campaigns to extend its brand outreach.
- With strategic partners, it is proposed to focus on direct outreach and leverage LabourNet's brand, experience and network to promote relationships. Potential students will be reached through digital channels and supported by in-person mobilisation carried out by existing mobilisers. The model below shows the partner and customer outreach channels for LabourNet.



Leverage brand equity to reach new partners and customers

Channels to Increase Customer Outreach (1/2)

- Increasing LabourNet's customer base across all its products offered requires an increase in the contact points to potential customers. In the near term, the following three strategies to increase its sales touchpoints are recommended.

Mobile Customer



LabourNet Mobile App for Telco customers

- New customers: pre-installed LabourNet Mobile App on SIM cards for all new subscriptions.
- Existing Customers: require installation of Mobile App on phone to receive updates. Invitation to download App will also be included in the Telco's monthly e-premium billing notice.

Recharge Centre



New touch points at Recharge Centres located all across India

- LabourNet can access customers at recharge centres through the Telco mobile networks through direct (mobilisers and centre owners) or indirect (flyers, posters) sales
- Deploying mobilisers to speak to Telco customers on site – a personal touchpoint – allows users to ask questions and determine the most suitable LabourNet services to use.

LabourNet Franchises



Improve customer outreach through franchise model

- The franchise model is one of LabourNet's key developments. They are key partners and distribution channels for LabourNet to reach more customers.
- A referral model and incentive structure can be established to enable and encourage franchisees to promote other suitable LabourNet products to further benefit their customers.

New partnerships help to increase access to target market

Channels to Increase Customer Outreach (2/2)

- LabourNet will need to ensure that its outreach and recruitment methods are conducted effectively and responsibly. This requires careful management of its mobilisers and new partners in a manner that is mutually beneficial, as well as ensure that its technology is used appropriately.

Outreach Channel	Key Success Factor	Why this works?	What it means to LabourNet
LabourNet Mobile App	Large scale and cost effective outreach to many potential customers	<ul style="list-style-type: none"> LabourNet can directly control the type and quality of content sent to App users, allowing most accurate control of its messaging Once users have developed trust in the App, barriers to accepting new products can be easily lowered Likely the most cost effective channel to disseminate information, especially in areas where LabourNet has less physical presence 	<ul style="list-style-type: none"> Clearly communicate products and promotional materials to customers Low cost method of disseminating information Faster customer outreach and acquisition
Recharge Centres	Word of mouth coupled with LabourNet mobilisers to maximise credibility via trusted local networks	<ul style="list-style-type: none"> Recharge centres likely to be local small business with personal ties to the community. Coupled with local mobilisers this is a powerful and effective way of advertising and outreach Recharge centre owners are incentivised to promote LabourNet products as mobile credits can be used as currency on the Mobile App, leading to recurring business 	<ul style="list-style-type: none"> Organic spread of brand awareness and customer outreach Engenders trust Frees up mobilisers to access more communities as they can use Recharge Centres as their hub of recruitment instead of going door-to-door
LabourNet Franchises	Larger networks to access more customers in need of LabourNet services	<ul style="list-style-type: none"> Promotes an entrenched partnership and long term ownership that ensures continuous recruitment Franchises share LabourNet's vision and franchisee agreements allow greater control of its messaging Compensation for successful referrals provides added incentive 	<ul style="list-style-type: none"> Encourages ownership by franchise partners Reliable method of sales and outreach Creates long term customer and community relationships

Branding Strategy

- As LabourNet changes its organization structure to include both LabourNet and LabourGift, and both entities and their business units grow over time, there may arise an issue around of brand identity. Customers and partners may confuse the products provided by each company.
- In the short term, the LabourNet brand will continue to be utilised and transitioned into the brand for the Holding Company. It is recommended to run branding campaigns to raise the awareness of this nationwide.
- In the long run, as each business unit grows and gains more brand awareness, it will be necessary to develop distinct identities for each. The following initiatives to engage customers can be adopted to engage customers directly:
 - **Physical marketing and promotional materials** that target relevant households, students and communities for each product. Printed posters, flyers, etc can be displayed at local shops and schools to increase awareness.
 - **Digital Advertising** can be pushed through LabourNet's Mobile App Platform and targeted online advertiseing can increase awareness in semi-urban and urban areas.
 - **Engaging partners** such as corporate clients, government, funding sources and corporate partners to explain directly the revised organization structure, rebranding and new products.
 - **Social campaigns and events** organised with partners to access LabourNet's target communities directly, such as events at schools promoting family saving schemes for higher education to encourage adoption of LabourSave.



Focus on brand building to enhance awareness and pave way for future



Financial Analysis & Investment

A detailed financial analysis for LabourNet's upcoming 5 years of operations was developed by participants. It has been kept confidential and may be made available upon request by interested investors.

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Risk Management & Mitigation

Risk Management & Mitigation (1/2)

- New product lines that have greater commercial focus will expose LabourNet to new business and operational challenges. LabourNet should conduct regular strategic reviews and identify key risks when building up the new business lines. An owner for each risk area should be identified and the risk owner should establish risk mitigation processes and procedures.
- A new Risk Governance Committee is recommended to be set up under LabourGift in order to manage the various risks related to LabourSave, LabourBiz and LabourFoods. In the long term, it is recommended to set up a Business Continuity Team to ensure a sustainable business and operations model.

Business Unit / Operational Area	Risk Assessment				Action Plan and Re-evaluation
	Risk Explanation	Risk Level			Mitigation Actions
		H	M	L	
LabourNet	1) Low awareness of LabourNet brand and products		X		Direct marketing campaigns to target customers, increase branding during mobiliser outreach and to strategic partners
Mobile App	2) Failure to develop strategic partnership with Telco	X			Attract telcos by promoting mobile service contracts with LabourNet existing and target communities
	3) Low adoption of Mobile App services by end-users		X		Education campaign to teach customers how to use it and the services available. Slowly push all services to the App so customers need to use it
	4) Data generated from Mobile App Platform creates issues related to user privacy			X	Ensure high degree of transparency on the type of data collected, usage and anonymity
Labour Skills	5) Lack of interest in the Advance Skills training		X		Strategic recruitment approach to target students with basic training to attend advanced training. Focus on LabourNet ex-students to attend and share programmes with others
LabourSkills	6) Difficulty attracting students to International Migrant Labour training		X		Focused approach to market training to a range of students – highly skilled and semi-skilled – in specific industries with overseas demand (working closely with overseas agencies).
LabourJobs	7) Economic downturn in India reducing placement demand		X		Develop opportunities in both local and overseas job market to balance out regional economic fluctuations

Risk Management & Mitigation (2/2)

Business Unit / Operational Area	Risk Assessment				Action Plan and Re-evaluation
	Risk Explanation	Risk Level			Mitigation Actions
		H	M	L	
LabourFranchise	8) Insufficient staff due to competition between franchisees and LabourSkills centres	X			Territory managers to determine franchisee locations and include non-compete clauses in franchising agreement
LabourFranchise	9) Reputation risk due to franchisees not delivering quality training		X		Include quality assurance mechanisms (eg. training and spot-checks) and include standard service and quality requirements in franchising agreement
LabourBiz	10) Unable to secure investor funds for loan collateral to MFIs	X			Operate LabourBiz under a smaller initial portfolio / investment amount to build up scale and confidence
LabourBiz	11) Difficulty in attracting MFI partner		X		Negotiate better partnership terms in the outset to attract MFI participation
LabourBiz	12) Risk of loan default by borrowers			X	Default risk secured by collateral and undertaken by MFI
LabourSave	13) Difficulty attracting bank / payment bank partner to provide higher interest rates on savings	X			Lobby government for policy support, establish contracts with banks to increase the savings rates over time and as LabourSave introduces more customers
LabourSave	14) Low adoption of savings services			X	Regular campaigns to raise awareness on the long-term benefits of savings plan and work with village heads / opinion leaders to champion the service
LabourFoods	15) Food companies cut out LabourFoods as sourcing agent and go straight to farmers to procure produce	X			Use term contracts and include protection clauses, expand to other areas/crops to establish new contracts with food companies
LabourFoods	16) Ensuring food quality and farmer safety		X		Continue following up on farmers process and procedures after training and conduct food quality inspections



Social Impact & Benefits

Social Impact & Benefits



- The social impact of the business model will help LabourNet to achieve scale, reach a larger pool of informal workers and achieve their mission of enabling livelihoods.
- The unskilled and semi-skilled workforce will have access to both basic skilling and affordable up-skilling opportunities in the short and long-term.
- Improving their skill levels and receiving accreditation will lead to wage improvement over the long term.
- LabourJobs provides a platform for unemployed youth and workers to seek employment and provides a larger labour pool for employers to find skilled employees. Services provided for individuals looking for employment overseas ensures they are matched with verified employers.
- The micro-finance loans service offered by LabourBiz will enable individuals to borrow money to set up their own businesses and for further skilling.
- LabourSave services will inculcate savings behavior among those at the bottom of the socio-economic ladder, removing them from prevalent cycles of debt.
- LabourFoods provides the training to improve the farmers' health and ensure safer work environments. It also provides a conduit for the green produce to be sold to food companies.

Enabling livelihoods to improve real income of 10 million individuals in the Indian informal sector by 2022

Monitoring And Measuring Social Impact

- Measuring the social impact of LabourNet's initiatives shows the value the organisation is delivering to its beneficiaries in real terms. In the long run, it will increase LabourNet's access to finance, helps tell a transparent narrative to all stakeholders and gives empirical feedback about whether LabourNet is successfully achieving its mission.
- Potential measurements include, but are not limited to, Sustainable Development Goals, and survey and data based indicators. Reporting social impact and performance (financial, operational and organisational) can serve as a powerful marketing tool and further contribute to LabourNet's efforts in enabling livelihoods. Below are some examples of indicators to monitor LabourNet's social impact.

Sustainable Development Goals

- #1: No Poverty
- #4: Quality Education
- #8: Decent Work and Economic Growth
- #10: Reduced Inequalities
- #12 Responsible Consumption and Production

Data based Indicators

- Increase in number of candidates skilled
- Increase in candidates placed in jobs
- Increase in number of entrepreneurs availing financial services
- Increase in the number of mobile platform users
- Increase in farmers trained in better agricultural practices
- Increase in mobile platform usage

Survey based indicators

- Regular tracking of candidates trained and placed by mobile survey
- Regular mobile survey after each loan instalment to assess level of satisfaction and impact of services provided by LabourSave
- Collect case studies to build LabourNet's knowledge bank on good practice and determine ability to improve social performance indicators

Measuring social impact to enable effective implementation



Policy Recommendations

Policy Recommendations



National Skill Development Corporation (NSDC) to extend training centre accreditation authority to Training Partners to enable quicker implementation of new training centres and the skilling of more students



India Centre for Migration to increase and focus on MOUs with more countries across more sectors to support global employment



Increase company CSR spending requirement under 2013 Companies Act from the current 2% of average net profits to 5%



Guideline allowing 5-10% of CSR programs to benefit only the employees of the company and their families who earn less than ₹ 200,000 (US\$3,070) annual income.



Higher Interest rates on deposits and investment funds for up-skilling and education of the informal sector (e.g. Amanah Saham Didik fund in Malaysia managed by a GLC pays dividends 2-times higher than deposit rates)

Enabling policies support the development of LabourNet's new business units



Implementation

Implementation Timeline

Focus Area	Phases	Year 0				Year 1				Year 2				Year 3				Year 4				Year 5			
		Q1	Q2	Q3	Q4																				
Governance	Establish new organization structure, appoint Board of Directors and implement management systems and procedures	█	█																						
	Review and optimise governance/organisation structure				█							█									█				
Products	LabourSkills – design and implement Advanced and International Migrant training courses	█	█																						
	LabourJobs – curate and roll out Jobs Marketplace (via the app in Year 3)													█	█	█	█								
	LabourFranchise – develop franchise service pack franchisees	█	█	█	█																				
	LabourFoods – design and implement training material for farmers	█	█	█	█																				
	LabourBiz / LabourSave – develop loan and saving models	█	█																						
Partnerships	Establish relationships with MFIs and banks	█	█	█	█									█	█	█	█					█	█	█	
	Develop close partnerships with food companies	█	█	█	█	█	█	█	█					█	█	█	█					█	█	█	
	Establish partnership with Telco for Mobile App	█	█	█	█																				
	Develop relationships with schools for App content development					█	█	█	█			█	█	█	█										
	Explore further job placement and partnership opportunities with Corporates			█	█	█	█					█				█			█			█			
	Develop relationships with investors	█	█	█	█						█	█			█	█			█	█			█	█	

Implementation Timeline

Focus Area	Phases	Year 0				Year 1				Year 2				Year 3				Year 4				Year 5			
		Q1	Q2	Q3	Q4																				
Operations	Develop Mobile App Platform (back end and user applications)																								
	Roll out Mobile App																								
	Process and manage customer data																								
	Establish quality assurance scheme across all business units																								
	Implement Performance Management systems																								
Sales & Marketing	Establish direct outreach channels with partners																								
	Set up touch points at via Telco Recharge Centres																								
	Build brand awareness around LabuorNet Holding Company																								
	Development and deployment of LabourGift and new business units branding and marketing campaign																								
	Development and deployment of marketing campaigns through Mobile App																								
Finance	Secure investment and necessary capital																								
	Annual financial reporting for investors and partners																								
Government Policy	Alliance with government for policy support & advocacy																								



Conclusion

Critical Drivers for Success

- LabourNet is well-placed to build on the successes it has achieved thus far in skilling and livelihood enablement, to pursue further opportunities to both ensure the sustainability of its organisation and provide life-changing services to the unskilled and those overlooked by traditional institutions.
- In order to continue skilling the informal sector, from which profits are very difficult to attain, it must expand and diversify its business to embrace new revenue streams, thereby reducing its exposure to government and CSR funding and becoming more commercially viable. This also allows LabourNet to scale its business and pursue projects that further expand its outreach to achieve its mission of enabling 10 million livelihoods by 2022.
- LabourNet has the potential to greatly deepen its impact on its target population. In addition to the expansion of its current model of improving livelihoods through skilling and job placements, LabourNet can also positively influence the lives of farmers and the food supply chain; promote viable savings opportunities for the poor; and encourage responsible lending and borrowing for education and entrepreneurship.

Key drivers for success include:

- Developing an integrated business that provides individuals with a comprehensive suite of products and services that improves their lives.
- Securing necessary funding to support the development of its business units and build the technology needed to scale the business.
- Establishing strong partnerships with corporate partners through showing the benefits of collaboration to their business.
- Creating a recognised and trusted brand for LabourNet, LabourGift and its business units.
- Setting up a sound performance management and quality assurance systems to ensure excellent service delivery across all products as LabourNet expands.
- Building a robust management team to oversee the development of the business lines, and hiring quality staff to execute the vision.
- Work closely with the government to advocate for more comprehensive policies favourable to LabourNet's business and become a strategic partner to implement its skilling and livelihood enabling policies.





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