JIBU FAQ

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What is your mission?

Jibu's mission is to capitalize and equip emerging market entrepreneurs to create affordable access to drinking water and other necessities.

Who are your customers?

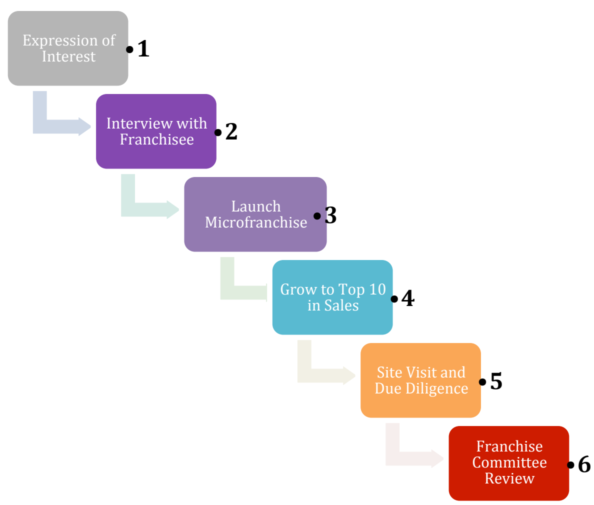
Our core market is all of the poor who cannot afford safe drinking water daily, not just the 'poorest of the poor.' Jibu entrepreneurs make drinking water and basic life necessities affordable to all underserved urban populations.

What is your core product?

We are a business model company. Our products include the training and suite of franchise tools that we provide entrepreneurs, as well as the water, dispensers, fortified porridge, and other products that our franchisees sell.

How do you **recruit and select** entrepreneurs?

We partner with numerous in-country educational and business organizations who refer franchisee candidates. We also have the respect and brand recognition to draw many unsolicited candidates. We have developed a strong pipeline of candidates who are vetted through our microfranchise process and selected through the following steps:



What is the difference between a **franchise** and a **microfranchise**?

A Jibu franchise has a retail space, as well as on-site water treatment, bottling, and sealing. Jibu franchises produce thousands of liters of bottled water each day. Microfranchises, in contrast, distribute water but do not produce it. Microfranchises buy bottled water in bulk from a franchise, and sell the water from a small retail space. Through this spoke-and-hub model, Jibu brings water to more neighborhoods, and is able to vet and train future franchisees. Aspiring entrepreneurs who approach Jibu requesting a franchise are required to first open a microfranchise and demonstrate high sales rates before applying for a full franchise.

How many of your entrepreneurs are **women**?

We are committed to ensuring that half of our entrepreneurs are women. To date, about one third of our franchises and 40% of the total jobs we have created are filled by women. We also have many female microfranchisees and employees and are developing better gender-driven recruitment processes and training programs to find and coach aspiring female entrepreneurs. We focus on providing adolescent young women with the business and life-skills to launch them into the work force.

How do you ensure that entrepreneurs **remain aligned** with the Jibu mission and brand?

The beauty of our revocable franchise agreement is that it enables full leveraging of powerfully motivated and innovative entrepreneurs while maintaining control mechanisms to protect the brand and company standards.

Control mechanisms are essential because if a franchisee produces a bad bottle of water, it could severely damage other franchisees and the Jibu brand as a whole. Also, if a franchisee doesn't focus on penetrating the needy market immediately around her storefront or fails to provide positive customer service, it subverts our mission. Our control mechanisms include recurrent training and audits of product quality, customer satisfaction, and financial reporting. In the rare case of ongoing violations of our franchise agreement despite written and verbal warnings, we will close a franchise and terminate the agreement.

What is the **start-up cost for franchisees**?

Franchisees co-invest a one-time upfront licensing fee of $1000 - $1500, depending on the country in which they operate. Our goal is for the licensing fee to be meaningful enough to prove skin in the game but not prohibitively expensive. In addition to the one-time licensing fee, franchisees will need $1000 in working capital for initial inventory. Our microfranchise program and partnerships with leading microfinance institutions help our franchisees attain the necessary capital. We have found that most franchisees generate enough profit to recover their initial investment within 3 months.

Are your stores **profitable**?

All Jibu franchises are on track to generate enough profit to not only recover invested CapEx but to fuel expansive growth. It is still early, but so far the franchises are outperforming our pro forma profit projections.

What **technology** do your franchises use to filter water?

We have tried a number of technologies and have opted for ultra-filtration (UF) as our preferred treatment method. We do not manufacture our own water filtration units. Instead we partner with Healing Waters International, who has designed and built a pressure-tested, custom-fit system for us – the SolarPure UF system. In addition to UF, the SolarPure uses a spin-down filter, a carbon filter, and a polishing filter. It operates on a Grundfos Renewable pump, which pushes 30 liters per minute and uses less energy than a standard toaster. As a safety against re-contamination after distribution, we inject chloramine to operate as an odorless, tasteless preservative. The SolarPure also includes a bottle washing and sanitizing component.

UF helpfully allows healthy, naturally-occurring minerals to pass through but filters harmful bacteria and parasites. As a result, UF makes the water safe but localizes the taste to each community.

We test source water at each location and then configure our system to properly filter that water. This sometimes requires us to adapt system components or incorporate other water filtration technologies. This custom-fit solution is provided to the local franchise owner on day one, along with the full suite of business systems including training, operating manuals, marketing materials, and assistance with store build-out.

What is your **water source**?

Whether it is contaminated tap water, a lake, a well, or a spring, we can filter water from almost any source. We locate our stores near one of the community's water sources and close to strategic, high population density areas. Our ultra-filtration system makes the water safe, while preserving the natural local flavor of the water. Our customers love the taste of Jibu water as much as they love the price!

In urban and peri-urban areas municipal water is sometimes available. However in all of our water testing we have rarely found a municipal water source that is safe to drink. Most locals know this, which is why they may boil water before drinking.

Municipal water is also not reliably available, sometimes cut off for many days. If our franchisees rely on municipal water, they keep large storage tanks onsite in order to ensure they always have a ready supply of raw water on hand to filter. In addition to raw water storage tanks, our franchisees stock at least 2-3 days of bottled Jibu water as an extra precaution against empty storage tanks or water treatment system failure.

How much does your **water cost for your customers**?

One of the pleasant surprises we have found is that the underserved population (the bottom 90%) appreciate our water as a fantastic value. Few people have refused to buy our water because of price. More often, consumers cannot believe how cheap Jibu water is, especially in comparison with other commercially bottled water.

The price per liter varies by country, but our baseline is approximately the cost of charcoal required to boil 20L of liter. This equals about 4-5 cents per liter on average, less than $1 for 20L, which lasts a family of five about 3 days. We are also rolling out a Water Club program for the neediest in the community who cannot afford our water. With the Water Club subsidy, the cost per liter is as low as 5 cents for 20 liters.

In addition to charcoal cost savings, customers also save time and medical expenses related to smoke inhalation and the unreliable results of boiling. Taken together, these expenses make the cost of Jibu drinking water significantly cheaper than the cost of boiling.

Our customer-designed bottles include a 20L dispenser with a tap, an attractive 7L and a foldable 1.5L bag bottle, all re-usable. The price per liter is cheaper for larger volumes, in line with our strategy to reach families and children.

How do you keep the cost **affordable** to your customers?

The secret to Jibu's prices is the efficiency of our decentralized, hyper-local business model that allows us to keep expenses low.

Because our focus is on the underserved living within close proximity of each Jibu storefront:

1. We virtually eliminate transportation costs by serving the immediate neighborhood within walking distance.
2. We sell wholesale/directly to consumers, avoiding middleman and retail markups.
3. All of our bottles are re-used. Jibu customers pay a one-time bottle deposit and then exchange empty bottles for full bottles, paying only for the water. Our new specially formulated poly-carbonate bottles are easy to carry, easy to dispense from, and are rated to last 10X as long as a standard glass Coke bottle.

The only way for a Jibu franchise to be profitable is to reach the mass market with high volumes of water at low margins. As an added measure to the incentives baked into the business model, a stipulation of our franchise agreement is that Jibu Corporate must authorize all price points and franchisees must focus on the bottom 90% within the ~1km territory around their storefront.

We had to remove a partner because he was focused on selling upscale to hotels and restaurants rather than to the underserved in the local community around his store. From a business and impact perspective, Jibu must reach the target market to work. There are simply not enough rich people in the emerging market to buy the volume of water needed to make our partners profitable. The only way a partner could make profit selling to the rich would be to significantly raise prices, which we prohibit and which has no long term viability given the market competition, such as Coke and Nestle, in the high-end space.

Do you **deliver**?

Many customers prefer that we deliver water to their doorstep and are willing to pay a small delivery charge. We use different delivery methods in each locale ranging from 'boys-on-bikes,' motorcycles with carrying saddles, 3-wheelers and small trucks. We don't view delivery as a profit center but rather as break-even to make it affordable so that we can leverage convenience into greater and more exclusive consumption of safe Jibu water.

How do you **measure impact**?

We measure impact by tracking the quantity and quality of safe water sold, number of jobs created, number of women and youth launched as entrepreneurs, amount of CO_2 saved, and the number of new business owners launched. The tools we use to measure this are surveys, interviews, water meters, and sales reports. Our metrics focus on performance that is as relevant to business growth as to social impact.

Is Jibu **sustainable**?

We think sustainability, making just enough to pay OpEx, is too low of a bar. What business in developed markets ever starts with the goal of being sustainable - making just enough money to get by? Why would we think that it would be any different in emerging markets?

Self-propagation and organic growth better capture Jibu's vision than sustainability, in line with the goals of any motivated business owner. Our franchise model ensures not only sustainability but also profitability, growth, and success.

Who are your **competitors**?

	Jibu	Boiled Water		Bottled Water	Home filter	Kiosk Model	Sachet Water	Tap Water	Well/ Bore hole	Water Trucks	Free-NGO
Affordable	√	√				√	√	√	√	√	√
Convenient	√				√		√	√		√	
Safe	√			√	√	√					
Good taste	√			√							
Profitable	√			√	√	√	√			√	
Locally owned	√	√				√	√		√	√	
Desirably bottled	√			√			√				
Quality	√			√							
Sustainable	√			√	√	√		√	√		
Energy-wise	√				√	√		√	√		√
SCORE /10	**10**	**2**		**6**	**5**	**5**	**5**	**4**	**4**	**4**	**2**

Bottled water competition (Coke, Nestle and local bottlers) focus almost exclusively on selling to the top 10% of the population and compete primarily on fringe price differentiation. They use a centralized water factory model, distributing throw-away plastic bottles via trucks to resellers. High sunk costs, high variable costs, and high middleman markups keep their prices such that only the rich can afford to buy safe water on a regular basis.

Our asymmetric, decentralized model allows us to sell water affordably but profitably to the neglected bottom 90%, for whom the primary alternatives to Jibu water are boiled water, untreated water, or point-of-use filtration, all of which are less convenient and less safe than Jibu water. We keep our costs low by avoiding transportation costs, middleman markups and expensive throw-away plastic. We have low variable costs and can relocate a storefront if needed. Our model enables us to stay nimble and innovative.

We also have a passionate owner leading each of our franchises with an ambition and drive to make his/her franchise a success – this is often lacking in other alternatives.

Are you a **for-profit or a nonprofit**?

We are a for-profit with a charitable mission. A true hybrid, Jibu has dual goals of making money and making charitable impact. These goals are enforced by law via our L^3C structure and the purpose statements of our Operating Agreement: "Establish a business in which profit, although of subordinate importance to our primary charitable purpose, is a key enabler of our ultimate mission to provide self-propagating solutions for those who most need it."

Overflow, Inc. is a partner 501c3 nonprofit whose purpose and charitable impact goals are well aligned with Jibu's. This gives investors a choice of vehicles in how they would prefer to participate.

What is an **L^3C**?

A "Limited Liability Low-profit Company" is a for-profit company similar to an LLC, but which by law must align its charitable impact with profit-making. It is a new type of hybrid entity designed to be a 'safe harbor' for nonprofit foundations who want to grant or invest in a for-profit social enterprise that is aligned with their charitable purposes. The phrase 'low-profit' is a misnomer; there is no limit to profit an L^3C can make as long as the profit is properly aligned with its charitable purpose.

Many investors have one pocket from which they invest and another pocket from which they donate. Jibu allows investors to do both from one pocket because we must always align our profit making with our charitable purpose. Profits enable and fuel our charitable purpose.

Why invest in Jibu?

Jibu has a proven model that builds sustainable businesses and supports communities across Africa. Our pro forma assumptions have been largely validated in terms of pricing, volume of water sold, expenses and other key drivers of profit.

Our goal is non-concessionary, risk-adjusted market returns for all stakeholders.

Because we have so tightly integrated making profit with making impact, we appeal to both the investor who prioritizes profit over impact and those who prioritize impact over profit. We also offer a charitable donation option through Overflow, a US public charity 501(c)3 fully aligned with Jibu's goals.

Jibu is an investment opportunity with incredible profit and growth potential for the patient investor. About 90% of the population of Africa alone - nearly 1 billion people – do not have affordable daily access to safe drinking water. This is an enormous market with a rapidly growing purchasing power and GDP. Jibu also intends to expand beyond Africa and the global emerging market is estimated to be about 2.5 billion.

How long until **breakeven**?

Break even is projected to be about 2.5 years for Jibu Corporate and about 3 months for the Franchisee.

Who are your **funders**?

Our budget from July 2012 (inception) until December 2014 was roughly $600,000. About half of that came indirectly from Catapult, L^3C, a wholly owned company of the Rockwise Foundation, which is Randy's private family foundation focused on leadership development. The other half has been self-funded by Randy and Galen. As part of that $600K we also received $12,000 from a donor who is a well-respected person in the impact space (who prefers to remain anonymous) and a few family and friends.

Most of this money has been spent on water filtration equipment, bottles, legal/accounting fees, and travel. Please see our other documentation for a detailed breakdown.

In December 2014 we closed our Series A round of external financing with ~$3M, which took us through 2016, and in 2016 we launched a Series B round to finance expansion through 2022, after which organic profit will fuel growth and make future capital infusions unlikely.

Aren't you **spread too thin** over three countries?

Conventional wisdom is to pick one country and perfect your business there before expanding to others. We chose the path less travelled and there is no question our small staff is spread thin, but the decision has paid off.

Our primary founding goal was to create a franchise cookie-cutter model that would enable us to scale as quickly as the burgeoning need for safe drinking water. We decided to work backwards from the end goal of proving a concept that could scale internationally and wanted to avoid two extremes:

1.) A 'false positive': success in one country that is not replicable in another country and,

2.) A 'false negative': failure in one country that would cause us to run out of money and quit without trying greener fields in another country.

The decision to choose multiple countries was based on a risk diversification approach inspired by a lean startup strategy of conducting small experiments and pivoting quickly to discover the Minimum Viable Product (MVP) - which in our case is a proven, internationally scalable franchise business-in-a-box.

We assumed from the beginning that at least one (and probably two) of our country pilots would fail and we would learn invaluable transferable lessons from the failures to enable us to more effectively double down where we were succeeding. However much to our surprise, all countries succeeded in terms of offering a great potential for expansion.

It became apparent, however, that DR Congo would not be ready to scale in 2015. Both Rwanda and Uganda were ready to scale so that is where we doubled down. We also have two franchises in Kenya with many more in the pipeline.

Isn't your **scaling plan** over-ambitious?

We planned to add one new business per month per country in 2015 and ended the year with 16 new franchises and over 50 new business owners as a result of our microfranchise initiative, as well as launching our pilot in Kenya. By the end of 2016, we had 38 franchises, over 100 microfranchises, and nearly 500 employees.

From inception, we have had a single focus on reaching the milestones necessary to prove a franchise cookie cutter model that could move as quickly as possible without sacrificing quality controls. The cross-pollination of lessons learned in three countries has greatly accelerated our readiness to scale. The effort required to operate in three countries at once has also developed a standard of efficiency and hustle among our team.

From a market perspective, we feel it would not be wise to go slower given our growing profile. Our piloting strategy was to stay below the radar screen in the market, perfect our franchise model, then quickly scale before the competition could figure out how to pivot. This strategy proved effective and we are now focused on growing our franchise and customer network within East Africa, and then expanding into neighboring countries.

We may or may not reach our scaling goal, but stress testing the limits of our growth potential is a very helpful thing to know. In any scenario we will not allow ourselves to 'outrun our headlights' and sacrifice quality of the water or customer experience in order to reach a scaling number. Ensuring quality control remains the potential throttle on all growth goals.

Over-ambitiousness is not a good thing. But we think if someone digs beneath the surface of what we have accomplished so far in such a short time they might come to the same conclusion we have: our plan is ambitious, but data-driven and more than within reach.

How do you handle **corruption**?

Our primary strategy is to build strong government relationships and partnerships but inefficient and broken government bureaucracy poses a challenge. We have operated above the line and put in the extra effort to comply with all local bureaucracy and to operate ethically. We have built in a 5% expense line to account for corruption we may not be able to mitigate.

What keeps you up at night (**risk**)?

Finding the right people and building the right relationships. Our business depends on finding strong partners and building relationships with governments and other stakeholders. We also need investors and mentors more experienced than us to help lead us to the next level.

Another challenge is navigating the regulatory and tax environments which are usually not straight-forward and often subject to change in the countries where we operate.

Unknown risks in the business are also a primary stressor. We have experienced unusual favor and success so far and are trying to leverage this to build a foundation that will withstand new tides and unsuspected challenges.