



THE COMPUTERWORLD HONORS PROGRAM

CASE STUDY

LOCATION:
*Mandaluyong City,
Philippines*

YEAR:
2006

STATUS:
Laureate

CATEGORY:
Business and Related Services

NOMINATING COMPANY:
EMC

ORGANIZATION:
GLOBE TELECOM

PROJECT NAME:
G-CASH

Summary

The best summaries communicate clearly what the project is designed to do and how it changes and improves people's lives, situating the benefit within a specific business or institutional context.

From the onset, Globe G-Cash was envisioned as an integrated mobile payment system with applications that encompassed the various needs and concerns of Filipinos all over the world. A year since its introduction, the first wireless, cashless and cardless payment service in the country has made the convenience and reliability of M-Commerce a reality for the millions of Filipinos nationwide for whom mobile phones are an indispensable part of daily life.

G-Cash is a service from Globe Telecom that conveniently allows you to send and receive money and facilitate money remittance, donations, loan settlement, disbursement of salaries or commissions, payment of bills, products and services, with just a text message or SMS, from any Globe Handyphone or TM cellphone, anytime, anywhere. G-Cash requires only a mobile phone and a one-time SMS-based registration, with a minimal charge of US\$ 0.02 per G-Cash transaction.

G-Cash dramatically expands the menu of mobile commerce transactions, and has provided the low income economic class and overseas workers access to the relevant services detailed below:

·Person-to-person/Phone-to-Phone transfers – transfer of G-cash from one person (or phone) to another

·Domestic and international remittances – the sending of money via G-Cash as supported by a wide cash-handling network, including leading local and international remittance companies, backed by solid settlement banks.

·Micro-payments – G-Cash transactions or purchases from the growing list of merchant partners, including essentials such as medicine, boat fares and food

·Micro-credit Payments - an alliance with the Rural Bankers Association of the Philippines (RBAP), National Confederation of Cooperatives (NATCCO), Micro-enterprise Access to Banking Services Program and the United States Agency for International Development enables



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G-Cash micro-credit and micro-payments for the low income Filipino who has limited access to banks.

·Bills Payment – a convenient service that allows you to pay your utility, Internet Service Providers (ISP) and Insurance/Pre-need bills through a simple SMS message via G-Cash.

·Convert-A-Load – a service that allows subscribers to convert G-Cash to prepaid credits for their mobile service or for another person's mobile service.

·Donations – quick and safe processing of G-Cash donations to different institutions like Children's Hour, Philippine National Red Cross, Knowledge Channel, KYTHE Inc., Philippine Eagle Foundation, Kapwa Ko Mahal Ko, UNICEF and the Philippine Sports Commission.

Introductory Overview

Please provide a general overview of your organization's project. This overview should amplify the short summary by explaining the project's specific context, goals, methods, scope, and achievements.

Born from a simple goal to take part in the field of mobile commerce by providing Filipinos a faster, safer, easier and more practical way of engaging in various types of transactions, G-Cash has, in a very short span of time, opened up a wide range of possibilities in mobile commerce, from hassle-free utility bill settlement via G-Cash BillsPayment all the way to the unparalleled ease of G-Cash PayBIR income tax payments straight from your cell phone.

G-Cash BillsPayment is the world's 1st service that allows subscribers to pay their bills via text messaging (or SMS) anytime, anywhere. Subscribers just need to key in a prescribed syntax, the keyword of pertaining to the partner establishment, and the amount to be paid accompanied by the subscriber's PIN. Alternatively, subscribers can also download the G-Cash menu and access G-Cash BillsPayment from here. G-Cash has a growing number of partner establishments that include utilities, insurance/pre-need companies, and internet service providers (ISP). With G-Cash, one can save time, effort and never have to wait in line

G-Cash PAYBIR is a service to support the Philippine government's Bureau of Internal Revenue (BIR) Tax Collection Drive and give the Filipino public a fast and convenient way to pay their taxes. Through the G-CASH PayBIR service, taxpayers may now pay their taxes of at most P10,000 (approximately US\$180) by a simple text message. G-Cash can be used for the following tax types:

- Annual Income Tax
- Second installment of Income Tax
- Registration Fee
- Fines and Penalties
- Documentary Stamp Tax – Regular

The strength of the G-Cash concept is evident in its expanding cash-handling network consisting of 13 leading local and international remittance companies backed by solid settlement banks including Citibank, Philippine National Bank, and Bank of the Philippine Islands (a leading local bank) and in the growing number of relevant establishments which include leaders in such



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essentials as medicine, food services, utilities, and transportation.

G-Cash has transformed the Filipino way of doing things. It brings money into people's pockets faster by providing a quick, safe, and easy way to send and receive cash values, making it especially relevant for the majority of Filipinos who do not have bank accounts or credit cards. Now, the typical Filipino breadwinner working in the city can remit money to his family back in the countryside, at the speed of an SMS through G-Cash's domestic remittance service. Also, those, working abroad can send money to their beneficiaries in the Philippines through G-Cash's international remittance service. Sending of G-Cash to somebody else can be done by just going to authorized remittance outlets. The recipients can then use G-Cash to purchase goods, pay bills, or exchange G-Cash for cash in accredited outlets. To assure that recipient receives the G-Cash transaction, both receiver and sender will get a confirmation text with unique transaction codes.

G-Cash also helps build the economy. More than a new revenue stream, G-Cash expands the reach of its merchant partners by providing access to a wide market of 12 million subscribers. It provides true business mobility by facilitating transactions via the mobile phone.

G-Cash also extends the reach and opportunities for rural banks in the area of micro-financing. Through G-Cash RBAP Text-A-Payment, borrowers from these small countryside banks can pay their loan amortizations using G-Cash.

The benefits of G-Cash Text-A-Payment include:

- Direct Cost Savings – Borrowers can just text their loan amortization to the bank or cooperative anytime, anywhere and without going to the institution. Assuming a minimum fare of P7.50 (roughly US\$ 0.15), transport cost savings is at least P15/week (US\$ 0.30)/week or P60 (US\$ 1.20)/month, not to mention other incidental expenses, e.g. food.
- Opportunity Cost Savings – At present, borrowers spend up to half a day to visit and transact with a branch. For a tricycle (a small pedal-driven mode of transport) driver, 4 hours gained may translate to P200 (US\$ 4.00) in additional revenue
- Elimination of cash transit risk – bringing cash to the bank or cooperative to pay for loans exposes borrowers to the risk of theft or loss. Texting payments to the bank eliminates such risks.
- Optimization of resources – For the Rural Bankers Association of the Philippines (RBAP), collection costs are reduced by relying less on field collectors and optimizing their time instead to look for other borrowers. Since payment is electronic, transaction processing may be automated thereby decreasing back office costs. With borrowers and depositors remitting payments through text, the banks' lobby spaces can be optimized for other services.

Another important service provided by G-Cash is the G-Cash Load which will allow subscribers to convert their G-Cash to prepaid airtime load for themselves or for others for as low as P25 (US\$0.47). Subscribers also receive 5% G-cash rebate for every transaction.

In the end, the true innovation of G-Cash lies within its ability to expand the borders of mobile commerce, laying the foundation for its MASS ADOPTION by:

- Using the appropriate medium - the already ubiquitous mobile phone and SMS;
- Supporting transactional mobility, being the first cashless AND cardless offer in the Philippines;



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·Addressing commerce needs of the broadscale population via fund transfers and micropayments functionalities;

·Becoming life-enhancing, benefiting the user, merchant partners and the economy.

Benefits

G-Cash is all about convenience. With the current state of the nation, wherein people have fewer reasons to spend their time and effort on day-to-day transactions, G-cash has positioned itself as a viable and effective solution.

Since its October 2004 launch, G-Cash has been serving the previously unserved by dramatically expanding its access to the low-income economic class through micro-financing and remittances. Take, for example, Text-A-Payment, an alliance with the Rural Bankers Association of the Philippines and nationwide cooperatives, which enables micro-financing for lower income Filipinos who have limited or no access to banks. For instance, farmers from the rural areas can just easily text their loan amortization to the bank anytime, anywhere without going to the bank. It allows them to save on transport and other incidental expenses like food.

True to its vision to ease Filipino living, another benefit of G-Cash is to provide constant service to the community. G-Cash enables tax, electricity and water payments. Take the case of a businessman who usually finds difficulty to personally go to electric companies to pay his electric bill. With the presence of G-Cash Bills Payment, all he has to do is key in the amount, his Mobile Personal Identification Number (MPIN) and the name of the Institution he has to settle his bills with.

With approximately 1 million registered users and 600 partners with 4,000 outlets nationwide, G-Cash, in just over a year of operation, has become one of the most convenient ways of doing money transactions. G-Cash subscribers can do transactions faster, safer, anytime and anywhere. There is no need to leave the house or the workplace to do transactions such as paying your bills or sending remittance. Using G-cash also reduces the risks related to theft or loss, since transactions are done through cellphone, there's no need to carry cash.

G-cash also provides a mobile solution to quick disaster response by enabling donations to the charitable and humanitarian organizations, such as the Philippine National Red Cross. As an example, during the so-called "typhoon months" of August and September in the Philippines, families living in shanties and low-lying areas would lose their homes to floods. They are left with no food, shelter and money to sustain their daily needs. With G-Cash, Globe subscribers can send their donations to the Philippine National Red Cross, which will then provide for the needs of the calamity victims.

Furthermore, for its partner establishments, G-Cash has the potential of reducing costs and promoting efficiency. Since transactions are electronic, processing may be automated thereby reducing manual handling and potentially decreasing back office costs. In the case of banks, the savings can translate to a decrease in interest rates/service fees that are usually passed on to subscribers and clients. There are also very minimal investments on equipment or infrastructure since the service requires only a cellphone.

The other benefits of G-Cash include:

·Low-cost money transfers that benefit Overseas Foreign Workers (OFWs) and domestic remit-



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ters. As an example, remittances from the US to the Philippines may cost as low as \$6 (Cash-In fee) + 1% (withdrawal fee) of the amount sent while the leading remittance company would charge anywhere between 4%-26% of the total amount sent.

·Convenient payments from remote locations. Take the case of a working mother who has to prepare dinner for her children, but due to the demands of her job, she finds difficulty in finding time to shop for groceries and cook. With G-Cash, she can ask McDonald's, an accredited partner of G-Cash, to deliver food to her children even while she is still in the office or on her way home.

·Mobile number and Personal Identification Number (PIN) - a secure and simple interface: that provides unique identification

·A structure that promotes the open market business model, thus enabling a growing number of partners to be part of the G-cash ecosystem

·Convenient loading of Prepaid credits via G-Cash. Part of the needs of the modern youth is their constant communication with their peers. Most of today's Filipino youth are prepaid subscribers. They need to make sure that they can text their friends or relatives of their whereabouts. G-Cash has opened an opportunity for them to assure that their cellphones are loaded with prepaid credits. Being a G-Cash subscriber allows you to convert your G-Cash to load and send it to yourself or to others. By using this service, G-Cash rewards you 5% rebate.

The Importance of Technology

G-cash makes use of existing, commonly-used technology, and in this sense, G-cash is not rocket science, and the innovation lies mainly in the integration of processes and technologies that are safe and easy to use. There are 3 main technology components, namely:

·The G-Cash application engine, which was able to effectively implement an electronic, card-less mobile commerce service available for mobile phone users.

·SMS, or text messaging, as the message delivery platform. The Filipino public's familiarity with text messaging played an integral part in the decision to introduce G-Cash; without it, the concept of commerce via text messaging would not have been as well-embraced or even understood. G-Cash laid its foundation on the strength and pervasiveness of SMS technology.

·Web services thru SOAP API technology, which enabled company-accredited 3rd party systems to easily and seamlessly integrate with the G-Cash platform and offer it as another mode of payment. G-Cash SOAP API also enforces standards and secure connections with 3rd parties.

The technologies utilized in G-Cash not only satisfied user requirements at the initial stages of the project, but also ensures system flexibility in addressing future business needs via either via configuration or customization.

·The G-Cash system efficiently implements business rules and necessary controls electronically and automatically - significantly minimizing the need for manual policies and procedure. Case in point is the wallet cap setting where transactional limits are imposed by the system, thus eliminating the need for tedious monitoring of mobile wallets

·G-Cash benefits from tested products and technology provided by Globe's technology partners, namely EMC, Veritas, Oracle, Sun Microsystems, and its software partner Utiba of Australia.



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These technology partners rendered assistance in setting up the needed laboratory for G-Cash platform testing and also ensured that the right combination of best-in-market hardware and software packages will be utilized by G-Cash.

G-Cash is an extension of the concept of top-up or transfer of electronic load, offered by Globe Telecom via services AutoLoadMax (2003) 1 and Share-a-Load (2004)2. G-Cash worked on the premise that M-Commerce can be implemented using top-up among electronic purses. As such, G-Cash took advantage of the existing behavior of electronic value transfer via SMS. This made mobile commerce simple and appealing to Filipino consumers.

1 AutoLoadMax - Globe AutoLoadMAX is Globe's superior electronic loading service that allows hundreds of thousands of retailers all over the country to automatically reload Globe Prepaid credits down to the last PESO directly to the subscriber's phone.

2 Share-a-Load - Share-A-Load is a service of Globe that allows a subscriber to give load to other Globe subscribers especially in times of emergency.

Originality

There are at least two characteristics that make G-cash exceptional:

First, G-cash is cashless and cardless m-commerce;

Second, the flexibility of G-cash has allowed a wide range of services to be attached to it.

G-Cash, being a mobile commerce platform, is an engine for electronic funds transfer. What makes it revolutionary, however, is the ease of how it can be modeled to implement a myriad of financial transactions like remittances, purchase of goods and services and bills payment. Now, mobile commerce is as easy as sending an ordinary SMS. Users will not be alienated from using the service as they are already familiarized with SMS technology. Also, geographic barriers in sending money are conquered with G-Cash. One can send money to transact business with parties in places as far as a SMS signal can reach.

G-Cash, while robust and secure in facilitating electronic funds transfer, did not sacrifice flexibility in accommodating frequently changing user requirements, allowing easy customization and configuration. G-Cash SOAP API for Third Parties functions similarly to a plug and play component – partners would merely need to comply with the specifications to activate the G-Cash mode of payment in their systems.

Success

G-Cash initially started with very simple goals, which was to make the Filipino mobile subscribers feel more empowered by allowing them to transact and purchase goods with the gadget they are most familiar with. Since then, it eventually opened other avenues of usage. It has allowed Filipinos to make their lives better, making G-Cash an integral part of their life.

In its first year, G-Cash has extended its menu of services from purchase payments, phone-to-phone transfer of cash values and domestic and international remittance to include a wider range of mobile commerce applications covering an ever-growing network of trusted partners with broader worldwide coverage and international remittance outlets in 15 countries. G-Cash also enables bill payments for 17 utility companies and service providers, as well as mobile



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tuition fee payments in 200 campuses across the country. These services are especially useful for OFW families, who can now conveniently allocate their received remittances for various household bills, including basic necessities like food, medicine and school supplies. G-Cash also expanded its partnership with retail giant SM Shoemart Inc. to include mobile payments at SM Megamall Department Store and online purchases at www.smappliance.com.

Recognizing the lack of micro-financing opportunities for the lower-income bracket, G-Cash has forged strategic alliances with grassroots institutions to pioneer micro-credit applications in the Philippines, with the recently concluded pilot program of the Rural Bankers Association of the Philippines and the USAID-funded Micro-enterprise Access to Banking Services Program, and recent partnerships with National Confederation of Cooperatives, Inc. (NATCCO) and Philippine Federation of Credit Cooperatives (PFCCO), which expands the G-Cash ecosystem in the countryside. The service's micro-loan functionality enables these organizations to utilize G-Cash as a means of loan installments and payments, while providing additional livelihood programs for their member cooperatives.

To date, G-Cash has earned the following awards:

- GSM Awards: Best Mobile Messaging Service; Feb. '05
- Mobile News Asia: Most Innovative Mobile Operator Service; June '05
- GMA (Global Messaging Awards): Best M-commerce Service Application; June '05
- Agora Awards: World Class Excellence in Phil. Marketing; Nov. '05
- MCEA (Marketing Communications Effectiveness Awards): Gold prize in the Most Effective New Service Introduction category; Aug. '05

Indeed G-Cash has gone a long way in so short a time. Still the biggest innovation to date, G-Cash's promise of payments for products and services at the speed of an SMS continues to excite the imagination of Filipinos everywhere. Its ease and convenience also makes G-Cash a popular upgrade for many companies, helping to boost productivity when they enter the arena of mobile commerce.

"(The support) of G-Cash will go a long way in sustaining much-needed projects such as disaster relief and rehabilitation, blood donation drives, and barangay-based disaster preparedness training programs."

-Sen. Richard Gordon, Philippine National Red Cross, Chairperson

"We're looking forward to implementing RBAP Text-a-Payment because it reduces costs, eliminates cash-in-transit risk, and brings direct cost savings to our clients."

-Benedict Romualdez Tudit, Rural Bank of Mandaue, Inc, Member of the Board of Directors

"Remittance services are not always readily available in rural areas, and G-Cash helps TelOf facilitate such services,"

-Atty. Graciano Sitchon, TelOf, Executive Director.

"Mas mabilis ang G-Cash kumpara sa ibang money transfer, secure[d] pa (G-Cash is faster compared to other money transfers, plus it's secure)."

-Arwin Reyes, a registered G-Cash subscriber.



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Difficulty

The main challenges facing G-cash were in 3 areas:

a. Business and process model

Major challenges were faced during the concept phase of the project, as the service would be the first ever cashless and card-less implementation of mobile commerce in the country. There were no previous business models which could serve as a template for the system; as such, practically all aspects of the project were conceptualized by the tech staff from scratch. As a result, the project team had to sift through an avalanche of ideas and suggestions before it could incorporate them all into a high-level system design.

b. Partnerships

Being the first of its kind in the Philippines, G-Cash also faced the predicament of finding, convincing, and incorporating as many partners as it could into the program. Creating partnerships was a challenging task; the G-Cash concept was not easily understood or embraced. A number of prospective partners were reluctant and considered G-Cash a risky endeavor. Business Development Managers had to prove beyond any doubt that the technology is functioning and that there is a ready market when the service is launched. And they did not disappoint; detailed presentations revealed a service equipped with the best-in-market technology, and a solid business case. To date, there are more than 500 G-Cash partners and more than 3,000 outlets across different industries and segments. And the number of partners is still growing.

c. Regulations

Compliance with existing government regulations was a big challenge throughout the conceptualization stage and implementation stage. This was a new product, and there were no clear-cut rules to govern how the service was to be regulated. Moreover, the service has to ensure compliance with the "Know Your Customer" or KYC requirement of the Anti-Money Laundering Act. Through open discussions with government regulators, such as the Bangko Sentral ng Pilipinas (Central Bank of the Philippines) and the Anti-Money Laundering Council (AMLC), and with the help of Globe's Legal Department, G-cash was accepted by the regulators as a formal retail payments system.