

Case Study: Solutions SA, Port Au Prince, Haiti

Kurt Jean-Charles, a young entrepreneur started Solutions S.A. a software development firm in Haiti, along with three friends in 2001. The company creates highly customized applications for clients, which come primarily from the public health and banking sectors, but also include security services, a newspaper, and others. Solutions develops a software application that meets the need of a potential client, and then demos the application to that client in an effort to sell the software. So far the business model has worked, generating projected revenue of US \$632,000 in 2010. The company's success reflects the game-changing possibilities of Information Technology (IT) in frontier economies. But more importantly, it illustrates the benefits of entrepreneurship to offer two rewards: a return on investment, and a chance for greater self-determination. Prior to starting the company members of the Solutions team maintained good jobs at banks and universities. Nevertheless, they felt that by launching a new IT firm, they could achieve a significant return on investment for themselves and their nation, in spite of the risks associated with a new start-up in a challenging business environment like Haiti.

Business Challenge: Play it Safe or Risk it All

The creation of customized software for its clients has helped make Solutions into a profitable company. However, the real story behind this firm is one of an entrepreneur taking a risk on the IT industry in Haiti, and being rewarded for that risk.

Solutions' software applications help its clients achieve higher results through money saving efficiencies; as a result, the firm has grown. Examples of clientele are a Haitian bank, the Center for Disease Control (CDC) in Haiti, and Tulane University. Software applications are created as a prototype based on the perceived need of a potential client: Solutions sees a need and then designs a product to meet it. This usually happens with no commitment on behalf of the potential client. For example, Solutions staff noticed the need that *Nouvelliste*, a newspaper in Haiti, had for a more efficient billing system. The software has helped *Nouvelliste* save money on its billing process. The designed applications are typically so helpful that Solutions is able to sell the software to the customer, often with an exclusive-use agreement. In addition, Solutions sells previously developed applications to other clients. These two revenue streams represent the firm's primary sources of income. The model has proven successful for the firm; it has grown over the past few years from a small start-up to a company that generated US \$540,732 projected gross profits in 2010. It is now the second largest computer service firm in Haiti.

Kurt Jean-Charles the founder of the company is a typical entrepreneur. Like most entrepreneurs he saw an unmet market need; however, more importantly, he felt compelled to create something from scratch. He began the company in 2001, at age 26, based on this challenge. As Jean-Charles says, "We believed it was possible to create a company that was profitable and ethical even with a humble beginning." His first challenge was to convince three business associates to leave the comfort of their jobs to dedicate their full-time efforts to starting Solutions. The decision to start a new company flew in the face of conventional wisdom. It represented a very personal business challenge: play it safe or take a risk.

Alternatives

Option 1: Keep a good job. While unemployment numbers in Haiti are very difficult to measure it is generally assumed they are quite high. Haiti is the poorest country in the Western Hemisphere with 80% of the population living under the poverty line. In 2001 Jean-Charles and his friends had good

jobs, with excellent security. In a Haitian economy that is primarily based on subsistence agriculture, the four founders already represented standout success stories by working in the high-paying fields of banking and academia. This option represented safety and a consistent wage in a turbulent nation. The following highlights the team's experience.

- Jean-Rene Aubourg is an engineering graduate of the Haitian State University (UEH), and was the coordinator of technology projects and the head of the Unit for Development and Research of one of the largest commercial banks of Haiti, UNIBANK.
- Tayana Etienne holds a Master's in Database degree from the University of Nice, and an Electronics Engineering degree from UEH; prior to joining Solutions, Tayana worked on the faculty at UEH.
- Alain Dejean holds several computer-programming certifications and worked on the IT team at UNIBANK.
- Jean-Charles has a Master's Degree in ITC from University of Nice to complement his undergraduate degree in Computer Programming.

Option 2: Self-determination and a return on investment. Ownership value, in this case, means that an initial investment can grow exponentially, beyond the value of originally sacrificed resources. In spite of the earning potential that the four founders enjoyed, Jean-Charles and his team felt that by starting a firm, they could receive a payoff that would outweigh their salaries and any up-front investment. This was a risk, but a calculated one. They felt strongly that the market for IT solutions was bigger than was currently being served. Furthermore, they knew that an expanded role of information technologies in Haiti could positively change many local industries by offering them newfound efficiencies. They did not want simply to work in this industry; they wanted to change it. In the process they would place themselves on a different trajectory: one that held the promise of self-determination and significant return on investment.

Action Taken

Jean-Charles and his team have successfully leveraged their knowledge of IT and entrepreneurial spirit toward a growing software development company. They did it by designing and executing a strategy of customized solutions, employee development and engagement with national challenges.

1. Customized Solutions. The products that Solutions develops are highly tailored to the needs of the customer and rooted in the Haitian context. This is in contrast with other firms who simply hold a license to sell pre-packaged software developed in the US. For example, for CDC in Haiti, Solutions created a tracking system for HIV/AIDS that is world class. It is called the Monitoring, Evaluation, and Surveillance Interface (MESI) program. According to CDC, it has seen products of lesser quality vaunted as leading edge, but in terms of functionality MESI is better than the rest. As proof of the value CDC feels it is receiving, it has showcased the applications at various conferences, which has prompted interest from the governments of Thailand, Laos, and Cambodia. Currently, the government of the DRC is negotiating a contract with Solutions for purchase of the MESI system first developed for the CDC.

2. Intentional employee development. Employee development is critical to maintain a competitive edge; so, employees are trained in technical matters and are mentored in client management and sales skills. The company pays for various technical and training certifications as part of its employee retention strategy. Some have received offers from other firms but have remained at Solutions because of the company's vision and prospects for growth. Firm leadership feels it has been able to provide interesting work to young, bright Haitians who might otherwise have moved overseas to find employment. Moreover, smaller ownership shares are extended beyond the original founders to senior members of the firm.

3. Engagement with national challenges. The Solutions team began their firm with a vision, not just for themselves, but also for their nation. They have designed many of their applications with this in mind. For example, a bank notification system sends customers a text message when a remittance has been deposited in their account (remittances are very important for the Haitian economy¹). This has resulted in huge timesaving for rural dwellers and cost savings for the bank. Before the system was available customers would take several hours to drive to the city and wait in line to find the status of their expected deposit. If it had not yet arrived, they would have to do the same thing the next day, and so on until they had confirmation. Now, an immediate notification comes once the money has posted, giving thousands of customers hours of additional productivity each month.

Following this strategic plan has allowed Jean-Charles to channel his entrepreneurial drive and know-how toward serving clients with helpful IT solutions.

Results

Jean-Charles and his team have seen their risk pay off as the firm has enjoyed success over the past eleven years. Gross Margins have remained strong during this period. In the past four years, Gross Margins have been 85%, 70%, 74%, and 81% respectively (the drop is primarily the result of “one-off” expenditures in 2008: a change in product mix, a domain registration and technical support). Today, cash flows remain positive and the company has not become overly leveraged. Pipeline projects continue to multiply. Some have been mentioned previously, but other potential customers include banks, the UNDP and CDC, and follow-on work from various universities, and SRA International, a technology company that provides national security services.

The COW-F Framework provides a means of assessing the sustainable growth potential of a firm.² Sustainable growth can only be achieved if a firm can satisfy all four of its stakeholders: customers, owners, workers, and future generations. The following table summarizes the value for these stakeholder groups offered by Solutions S.A.

Solutions S.A. and the COW-F Model

Stakeholder Community	Current Value Offering
Customers	<ul style="list-style-type: none"> • Customized solutions are sought as value added products for each new client. • Exclusive use agreements illustrate value seen by clients for their own competitiveness. • IT industry still shows significant growth potential in economies of the developing world
Owners	<ul style="list-style-type: none"> • Solutions S.A. was created to offer a return on ownership. • No concession plan is in place. • Ownership shares are being extended to other senior employees.
Workers	<ul style="list-style-type: none"> • Workers are well paid; enjoy generous benefits package. • Technical training and upgrading of skills is paid for. • Mentorship within the firm is actively conducted.
Future Generations	<ul style="list-style-type: none"> • Staff participates in several projects aimed at putting disadvantaged communities, and particularly children, in contact with technology. • The firm has supplied equipment and Internet connection for an orphanage in L’Ile a Vache, and a community dependent on agriculture and fishing. Now, they can receive both education and helpful information, through their connectivity.

¹ According to the World Bank remittances are the primary source of foreign exchange, and equal over 20% of GDP for 2009.

² The COW-F Model was developed by Michael Fairbanks. It first appeared in *The Natural Advantage of Nations*, Hargroves and Smith, 2005.