

The Implementation of Internet Presence for

Nigerian Small and Medium Businesses



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Introduction

As a growth-oriented company, we believe that the continued existence of your company in the 21st century rests on the ability to embrace the internet and indeed e-commerce. As a result of this, the internet as the cheapest and effective means of propagating business information, both marketing and advertising, through the creation of websites for Nigerian Small and Medium-sized Enterprises (SMEs) is the focus of this proposal. Since the Internet is an electronic medium used to communicate as well as to sell products & services while E-commerce consists of using electronic means to exchange information, conduct successful business and carry out transactions, we shall henceforth use these two terms interchangeably in this proposal.

The Internet as a Business Tool

Many SMEs around the world have adopted the internet as the new business strategy because it acts as a cost effective business tool for electronic buying and selling of products and services. The internet offers businesses a wider reach to their customers leading to a larger customer base thereby providing companies with the competitive edge over their peers who lack internet presence. It is for these reasons that the Nigerian SME should be prepared to brace itself up to this challenging new way of doing business.

Small and medium businesses in Nigeria are able to take advantage of these benefits and opportunities mentioned above through the implementation of a corporate website. At first this website would serve as a 'business information board' for potential clients both local and around the world. Later on, as awareness and offline sales improve, the follow-up stage will then be to install an e-commerce facility on the website to allow for online purchase of goods and services. It is expected that at this stage, the company would have set in place an efficient delivery channel to meet the growing demand.

The Nigerian Internet Space and some Relevant Statistics

Since the Internet market was opened to competition, the Nigeria Communications Commission (NCC) has licensed more than 400 ISPs although not all are operational. Despite its population of approximately 135 million, there were less than one million Internet users in Nigeria by early-2005, with most of them living in the large commercial centers (UNCTAD, 2005). The country's Internet market remains hugely under-served, with less than 1% of the enormous population and of this 1%, 80% have been reported by the local ISPs to account for corporate subscribers while the rest are home, small office and internet café users (See appendix A and B).

Figures from the E-commerce and Development report by UNCTAD show that there has been a 78.6% increase in internet users in Nigeria from 2002 to 2003 and a staggering 837.5% increase from 2000 to 2003. These figures indicate enormous potential in the growth of the Nigerian internet market where local businesses especially the SMEs can benefit from if the necessary push, encouragement and firm implementation of internet-based initiative is available from the necessary government (and private) quarters.

Nevertheless, it is expected that the launch of several fixed-wireless access networks capable of providing high-speed Internet access, the introduction of a Second National



Operator (SNO) in 2002 and the privatisation of Nitel in 2005 are expected to deliver a boost to this market segment and to have a positive impact on Internet usage.

Potential Benefits to the Nigeria SME

The internet as an electronic medium offers numerous possibilities and has many advantages, which the Nigerian SME should be a part of. Currently, Nigerian SMEs are at the stage where entrepreneurs view the good use of information, efficiency of the sales force and the originality of marketing as components that are useful and necessary to a firm's successful functioning. True as this may be, these however are insufficient in the new computer age economy. With the advent of e-commerce, the ways of doing business (management, orders, inventory control, etc.) are drastically changing in several industries and has created new advantageous business models which effect better interaction with outside entities, such as suppliers, customers and the society as a whole.

The benefits therefore experienced by SMEs in using the internet as a business tool are as follows;

For both service-based and product-oriented SME company (B2B) or for a small/ medium business owner (B2C) in Nigeria, the internet:

- ❖ Reduces operational costs by bridging the information gap created through geographical dispersion, administration costs and transportation costs;
- ❖ Increases efficiency due to increased precision and speed;
- ❖ Offers increased access to local, national or international markets;
- ❖ Allows personalization of products and services;
- ❖ Encourages direct and specialised marketing due to the many databases available, which capture consumer preferences.
- ❖ Provides cost effective advertisement assuring your business of a high return on its investment (ROI)

While the internet provides benefits for businesses as shown above, below are benefits offered to the consumers who use the internet for commerce;

- ❖ Gives faster access to a wider selection of products and services through user-friendly browser facilities e.g. online music store
- ❖ Provides facilities for easy online price comparison while in a single location
- ❖ Gives access to product information at lower costs (no transport or telephone costs)
- ❖ Is convenient for transactions or for obtaining information (saves time, etc.).



The Nigerian Factors

In order to proffer an internet-based solution that will allow Nigerian SMEs achieve the benefits highlighted above, it is within the focus of this proposal to take a look at some of the Nigerian factors/ problems that necessitate the need for this internet solution. Aside from the epileptic power supply situation needed to support this internet infrastructure, other problems peculiar to the Nigeria marketplace include;

Road Infrastructure and Traffic Problems – There is the peculiar stress of driving over bad roads to the shops especially in states like Port Harcourt or Lagos where annoying traffic congestion and other unfavourable weather conditions are experienced on the way there.

Proximity to Goods - Usually, Nigerians find that great deals exist in far-off markets such as the Alaba electronics market in Lagos. However, distance makes it painfully difficult for customers in the metropolis to make the trip to these markets, usually situated in the outskirts of town, to take advantage of the full value.

Security – The security problems in cities in Nigeria especially Lagos make it a deterrent for many shoppers to pay physical visits to shops for fear of unscrupulous characters and armed robbers carting away with products just purchased.

Other general factors that necessitate the need for retailers to indulge in internet business include;

Pushy Salespeople – Some consumers like to pace themselves while trying to purchase an item. As a result of this, they are not encouraged to shop with aloof, unknowledgeable and pushy salespeople attending to them.

Lack of Product Information – There are many consumers who request for manuals, for example, of appliances, which they want to buy. In physical shops, however, this is rarely available and if it is, it is not instantaneously provided, thereby slowing down the buying process.

Crowded Environment – Statistics has shown that there are many people who are not disposed to shopping in places that are too busy or rowdy. What they are most interested in is to look for the solution/ product that they want, investigate the price and buy it.

The Fears of the Nigerian SME

The Nigerian retailer still views all this 'internet talk' as a myth and so is reluctant to embrace this invaluable opportunity. The reasons why this is so is not far fetched and extensive research carried out by FF-Host explains below;

- ✓ *Internet Security* - The number one SME concern in Nigeria (and indeed the world!) in relation to e-commerce is security and the ability to hack into their systems. European, Latin American, African and Asian firms (already using the Internet) reported that the lack of network security was the key problem.
- ✓ *Lack of Awareness* – Many Nigerians do not have personal computers, individual dial-up subscriptions or even a telephone. The few who can afford Internet access live in



urban areas while the majority of Nigerians living in rural areas are yet to be connected. As a result of this, Nigerian retailers are not confident in the data awareness levels of their customers and as such do not believe that a customer's decision to purchase their goods will be dependent on visits to their website.

- ✓ *Internet Access* – The overpriced nature of individual internet access for the average Nigerian is also a factor which is a turnoff for many retailers to go the internet way in enhancing their business. Although, there are numerous Internet access points located at Communication Centres and thousands of cybercafés but these are also located mainly in the larger cities where demand is highest. The thinking is that it is simply a waste of time to enhance sales via the web when customers are not able to access the internet cheaply.
- ✓ *Cost* – The Nigerian SME is of the opinion that the cost of ownership and maintenance of a website is exorbitant and hence an unjustified expenditure.

The Fairford Solution

Having highlighted the problems faced by Nigerian SMEs regarding the internet market and their reservations to online business, we at FF-Host believe that current and future government plans on internet awareness and usage and the recent improvement in affordability of internet-based solutions world-wide has made it imperative for Nigerian SMEs to use this chance to strategically position their business internet-wise.

Our solution is tailor-made to suit the SME in Nigeria by aiming to alleviate fears of fraud and to provide confidence in their website acquisition. FF-Host is committed to improving the Nigerian SME outlook through the effective use of the internet and also driving businesses successfully to the eventual utilization of e-commerce in the country. Gaining internet presence and online business visibility is a long term affair but the need to start early can not be over emphasized. We at FF-Host have devised a phased approach to the implementation of your website so that you can begin today to get on the ladder of internet-driven businesses, while keeping cost at its barest minimum. It is our strong belief that as forward looking entrepreneurs, your website will increase the effectiveness of your business more than those businesses that are not aiming for growth.

In developing a realistic roadmap for Nigerian SMEs in actualizing their presence on the internet, we would first like to alleviate fears on the issues raised above. Thereafter we would then provide you with hard facts on current developments in the country that should help to convince you on the need to become internet-ready.

Solutions to Fears

Firstly, our solution as earlier mentioned will be in two phases. The first phase **Business Visibility** - which will be aimed at creating awareness for your company and its products, will not pose a security threat as monetary transactions at this stage will only occur offline. In this phase, while some level of security will be provided through our host service, FF-Host guarantees 99.99% safety to all web pages developed. The second phase – **Electronic Commerce** – will require a great deal of security, which Fairford as a UK affiliated company, is poised to deliver. However, Government-backed initiative in providing regulations, standards and a legal framework for IT and financial security is a major factor necessary to attain SME confidence on e-commerce in Nigeria. Therefore, it is our strong belief that until



this is achieved, FF-Host will tread carefully in the provision of a Naira-based e-commerce solution to our SME clients.

Secondly, the issue of overall poor computer ownership is also being dealt with. Government efforts, for instance, are under way to remove import duties from computer products in order to make them more widely affordable. Having said that, it is noteworthy to point out that the widespread nature of internet cafés around the commercial cities including Lagos, Port Harcourt, Abuja, Enugu and Kano, provide users at home the privilege to have internet access at a much reasonable and affordable cost. This is also true of other urban areas where hundreds of large cybercafés and many small business centers have emerged, which provide relatively low-cost access to the Internet and other services. Thereby helping to reduce the impact from the poor ownership level of computers.

Lastly, on the cost of acquiring corporate websites, Fairford prides itself as the only company in Nigeria able to provide you with the best and most cost effective price on acquisition. **This is evident from our pricing.**

Need for Internet-Readiness

The advent of the internet has forced the world to live in a global village where geographical distance is no more an excuse for businesses not to indulge in broader commercial activities. In fact, it has also become imperative for every entity including small businesses and even individuals to register their presence on the internet as this tool has now become a way of life for most in the developed world and many in the developing countries. In order to achieve this, sponsorship from government is necessary for success. Consequently, the Nigerian government's initiative towards increasing internet awareness country-wide are as documented below;

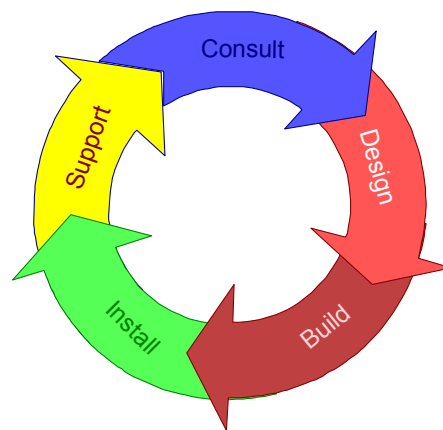
- *ISPAN* – The Internet Service Providers Association of Nigeria (ISPAN) hope to boost widespread Internet usage in Nigeria through a near zero subscription cost to dial-up Internet subscribers.
- *Mobile Internet Units (MIU)*- As part of the 2005 National Policy for IT, the MIUs are luxurious buses, equipped with computer equipment and transportable VSAT equipment with a very small dish mounted on the roof of the bus, which provides online real-time international Internet access to specifically cater for rural dwellers.
- *Nigerian Internet Project (NIP)* – Launched in 2002, NIP is the project set out to address the problem of unstable Internet and expensive access via VSATs aimed at setting up low cost cafes via 765 local governments.
- *Nigerian Internet Group (NIG)* – The NIG is a non-governmental organisation responsible for managing Internet domain names ending with .ng and tasked with driving internet awareness campaigns.
- *NITEL* – Has provided high-speed Internet backbone in Nigeria to the US with Points of Presence (PoPs) in 16 cities across the country and also launched a new unlimited bandwidth IP wholesale service utilising the SAT-3 submarine cable system connecting Africa with Europe and the Far East.



These initiatives bulleted above show the current and future developments and efforts being put in place to ensure that internet awareness is more widespread and SME confidence in the Nigerian internet market can be awakened. We believe these points should serve as basis for strategic planning and positioning of your business by using the internet as the inexpensive medium to accomplish this.

FF-Host Web Development Project Methodology

Through fusing all knowledge areas necessary for achieving successful project deployment, FF-Host developed this unique approach, which brings corporate level quality and processes within reach of SMEs. Below is our 5-stage project lifecycle delivery methodology¹ designed to meet and exceed the need of our esteemed clients.



1. Consult – At this stage, we seek to understand and characterize clients’ needs. Our business consultants re-examine the business need for the project during every phase of the project lifecycle to determine if the project is on course in meeting the client’s web design need.
2. Design – This stage handles the architectural & visual designs and determines ease of site navigability of the website development project.
3. Build – Through the implementation of appropriate programming language this stage provides the core of the website development stage and deployment of the necessary technologies
4. Install – Here, designs are fully tested and uploaded onto host platform. The website goes ‘live’.
5. Marketing and Support – Website is made visible to internet users and continuously optimized and updated

¹ – FF-Host uses Prince2 project management methodology for all its IT projects.



Your Website Roadmap and Costing

The objectives that you set for your Internet site will determine the steps that you will need to take to achieve these objectives and how you will integrate your site with your existing retail operations.

The phases and costing are as defined below;

1a. Internet Visibility Phase – For businesses with no internet presence yet, this phase provides your business with internet presence and awareness. At this stage, the Internet objective will be to inform Internet users about your company, your brands, and your products/services. Initiate and increase awareness of your company by developing an information-based Internet site that describes your company's:

- a) Price efficiency in your physical stores; or
- b) Expertise in merchandise management; or
- c) Attention to customer service.

In order to achieve this phase, we shall;

(Please use the Quote Request Form on www.ff-host.com to get a quote or contact our sales department on the telephone numbers in the 'contact us' section of the corporate profile section of this document)

- Register your business internet name (domain) –
 - =N= – For .tv, .net, .org, .biz ✓
 - =N= – For .com, .co.xx,
- Provide you with our web hosting service
 - =N= per Annum – FF-1 ✓
 - =N= per Annum – FF-2
 - =N= per Annum – FF-3
- Develop your web pages
 - =N=per Static page ✓
 - =N=per Dynamic page
 - Implementing Database Features
 - The development of a backend database to interface with you webpages
 - Development of business process-based queries
 - Interface with picture gallery
 - Automatic calculation and update of stock
 - Offline inventory management
 - The creation, manipulation and build-up of product images for display

Please note that the Starter Pack comprises of items above marked (✓) or a fixed cost of =N= for 1 to 5 static pages.

1b. Website Optimisation - Increase the awareness of your company, products and selected operational aspects within your company by developing a communication- and information-based site that features specific marketing programs including (but not limited to):

- a) New product lines/merchandise/services being carried/offered in stores; or
- b) Recent store acquisitions, renovations or expansions; or
- c) New and existing store locations and hours of operation; or



d) In-store or other promotions targeted exclusively at Internet users (e.g., using electronic coupons to drive store traffic)

At this phase, we shall utilize a variety of marketing tactics online to get your messages across and to drive sales of your products. The following online advertising techniques we use include;

- E-mail marketing –
 - =N= / Month (=N= per Annum)
- Search engine keywords
 - =N= / Month (=N= per Annum)
- Web banner advertising and
 - **Fixed Cost**
- Web coupons
 - **Fixed Cost**

2. E-commerce Phase – As discussed earlier, this is our future goal for SMEs. Depending on the global nature of the use of your products, we could provide you with an e-commerce solution which will allow you to sell your product online using internet fund exchange services such as Paypal, Visa, Amex or Mastercard. For example, if you are attempting to sell through the Internet (i.e. create a new distribution channel), the site you develop will be geared towards presenting your products/services through the use of appropriate images and will include a purchase order function. This will increase your company revenue by selling from a secure, transaction-capable Internet site that provides:

- a) The lowest price for the products/services available; or
- b) Unique products/services or a product/service mix that differentiates your company from other stores, whether Internet-based or traditional stores; or
- c) Customer intimacy, making it possible for your company to provide customized service for selected, profitable customers.

The creation of your e-commerce website will include but not limited to:

- Creation of front-end, client user, E-commerce pages
- Coding of E-commerce scripts to allow for online sales on the server-side
- Provision of ironclad security using Secure Socket Layer (SSL) technology

Conclusion

Recent studies have shown that more and more people are going on-line to make off-line purchase decisions, so it has never been more important to not only have a website, but to offer a high quality experience to your users. In this new information age, the internet is virtually an absolute necessity in the management of a company and Nigerian SMEs must not be left out of this opportunity. Studies conducted in 2004 by Canada's CEFRIO reveal that companies with websites claimed to have their annual turnover increased between 1 and 25 percent more than the year before within the first year of implementation of their corporate website. In addition, based on developments discussed above in this proposal, one may infer that the overall effect of the ongoing liberalisation in the telecom sector is expected to propel Nigeria towards a significant position in Africa's Internet industry over the coming years.



The Implementation of Internet Presence for Nigerian SMEs

In conclusion, as a forward-looking SME concern, you now have the information required to improve your company's visibility on a global scale in the most cost-effective manner while we at FF-Host are more than excited to begin to achieve this goal for you.



Corporate Profile

Who We Are...

Fairford Resources (UK) Ltd is an Information and Communication Technology (ICT) based company, geared to becoming one of the world's top specialized service firms catering to private and government agencies seeking to transform their businesses through innovative technology.

We focus on developing customer service poised to "Close the Gap Between the User and Technology."

Mission Statement

To positively affect client business processes through the consistent provision of world-class quality IT service that will bring about wealth creation.

What we can do for you...

We offer software and network solutions in the following areas:

- Web Page Design and Development
- E-Commerce and Network Security Solution
- Custom Software Design
- Data, voice and converged Network Infrastructure
- Wide Area Networking
- Data Warehousing and Content-based Networking
- Design and Installation of Data Centers and Backup Power Systems
- Network Support Solution

Experiences

1. www.ffclothing.biz (online)
2. www.lasualumniuk.org (online)
3. www.oguchi.biz (online)
4. www.ff-host.com (online)

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