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We describe how Orange created value for the unbanked rural African population by building on its telecoms capabilities to offer a mobile money solution. This case illustrates how an organization can move into a new business area and create value by: 1) exploiting organizational capabilities over time; 2) building long-term adaptability; and 3) managing internal and external stakeholders to optimize mutual value creation in a dynamic environment. Based on Orange's experiences, we provide guidelines for adding new lines of business to an organization's core offerings.[1,2]

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A Case Study of Transforming from a Telecoms Operator to a Financial Services Provider

This article describes how, over more than two decades, Orange Côte d'Ivoire (Orange IC), the largest mobile telecoms operator in Ivory Coast, transformed itself from a pure telecoms company to become a leading player in the financial services industry providing mobile money services. Though this transformation was powered by emergent technological capabilities, Orange IC had to adapt to multiple internal and external challenges, opportunities, events and stakeholders by continually rethinking customer value creation in innovative ways.

As the dominant mobile phone operator in Ivory Coast, Orange IC had a huge customer base of connected-mobile-phone users. Its experience of developing and rolling out a new type of service for this large population of users offers three lessons that can serve as a starting point for other firms contemplating venturing into new markets and businesses. Specifically, we address three important questions that are of clear interest to senior management, especially in the current scenario of fast-paced disruptive technologies:

1. How can organizational capabilities be exploited over time?
2. How can organizations build long-term adaptability?
3. How can organizations manage internal and external stakeholders to optimize mutual value creation in a dynamic environment?

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2 The authors thank Michelle Kaarst-Brown and the members of the review team for their thoughtful feedback and guidance throughout the review process. Shirish Srivastava also acknowledges the financial support received from HEC Paris Foundation for this study. (HEC Paris is an international business school and one of the most selective French grandes école.)

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Our research (which is described in the Appendix) traced the evolution of Orange's telecom business (including Orange IC's mobile money offering) over a period of more than two decades (1996 to 2020). In this article, we describe the evolution of Orange IC in six distinct phases, each having its own unique challenges that Orange needed to tackle proactively to address changing customer needs. The six phases sometimes overlapped and their durations varied, and pauses sometimes occurred between the phases while work was being executed or the firm was waiting for new changes.

Understanding the Context of the Unbanked Population in Africa

To better appreciate the Orange IC case and understand the underlying reasons for the actions the company took in its evolutionary journey, it is important to understand the context in which the case was situated. Countries in Africa comprise a significant portion of the developing world, and their combined population passed the 1 billion mark in 2013 and is anticipated to reach 2.5 billion by 2050.[3] Currently, six of the world's ten fastest-growing economies are in Africa. McKinsey estimates that African GDP will increase from $18 billion in 2015 to $300 billion in 2025.[4]

However, customers in the huge potential African markets are very different from those that global firms have been used to serving in the past, primarily because the majority of the developing world's population resides in rural areas.[5] Their needs are markedly different from those of the developed world because of the stark contextual differences between the two.[6] In the context of the developing world, both the needs of customers and the solutions to fulfill these needs are constantly evolving. The solutions that have worked in the developed world are often incompatible with the contextual constraints in the developing world. Hence, firms contemplating entering these complex markets need to adopt a strategic evolutionary mindset in which the emergent challenges can be deliberately transformed into opportunities.

The findings from this case study on mobile money are relevant not only for developing economies in Africa and elsewhere, where over 60% of the population does not have adequate access to financial services. They are also relevant for developed nations, where the gap between rich and poor is continuously growing and major segments of the population do not use banking services (i.e., are unbanked). The Federal Deposit Insurance Corporation estimated that in 2017, 6.5% of U.S. households were unbanked and an additional 18.7% were underbanked.[7] This figure is much higher for the world as a whole, where 2.5 billion adults—nearly a third of the world's population—are unbanked or underbanked. Thus, we believe that the Orange IC mobile money case will highlight the scale of opportunities that exist in both the developing and developed worlds for strategic value creation.[8] Moreover, the lessons learned provide useful guidelines for entrepreneurs and global firms aspiring to venture into developing world markets.

Brief Overview of Orange

Orange IC's parent is Orange (formerly France Télécom), a global telecoms company headquartered in France. As of the end of 2020, Orange had over 266 million customers and 150,000 employees worldwide. It is the tenth-largest mobile network operator in the world, with revenue of over €40 billion ($48.6 billion[9]). The Orange brand originated in 1994 and was acquired by France Télécom in 2000. It was initially used for the company's mobile, landline, Internet and IPTV services until France Télécom was itself rebranded as Orange on July 1, 2013. The company's journey from France Télécom to

3 T*he African Century*, ONE, June 2017, available at https://www.one.org/international/policy/african-century/#.

4 Lions Go Digital: *The Internet's Transformative Potential in Africa*, McKinsey & Company, November 1, 2013, available at https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/lions-go-digital-the-internets-transformative-potential-in-africa.

5 *Rural Population*, The World Bank, 2018 revision, available at http://data.worldbank.org/indicator/SP.RUR.TOTL.

6 Srivastava, S. C., Mithas, S. and Jha, B. "What Is Your Global Innovation Strategy?," *IEEE IT Professional* (15:6), 2013, pp. 2-6.

7 *2017 FDIC National Survey of Unbanked and Underbanked Households*, Federal Deposit Insurance Corporation, last updated October 22, 2018, available at https://www.fdic.gov/householdsurvey/.

8 Srivastava, S. C., and Shainesh, G. "Bridging the Service Divide Through Digitally Enabled Service Innovations: Evidence from Indian Healthcare Service Providers," *MIS Quarterly* (39:1), 2015, pp. 245-267.

9 Currency conversion rate as of January 2021.

Orange has been one of long-term adaptability in a dynamic technological environment.

Orange's philosophy has been about making communications technology and its applications accessible to people around the globe. As of late 2020, Orange operated in 29 countries and provided Orange Business Services in more than 160 countries. To operate successfully in a multinational and dynamic technological environment, Orange must not only exploit its existing capabilities but also needs to have long-term adaptability so it can sense and leverage new business opportunities that are often in areas very different from those in which the company has well-developed capabilities.

Orange Group is organized around four main activities: 1) networks, both landline and mobile; 2) enterprise services offered by Orange Business Services as a corporate partner for digital transformation; 3) digital content such as television, video, gaming platforms and movies; and 4) (most recently) financial services, which include Orange Bank, Orange Finance, Orange Cash and Orange Money. The company's entry into the financial services sector was not directly related to its core telecoms capabilities. Rather, it happened largely because of Orange's adaptability and ability to sense and exploit opportunities in a dynamic environment by managing its internal and external stakeholders to create value. The success of the Orange Money initiative in Africa heralded Orange's entry into the finance sector.

In this article, we describe Orange's transformational journey from the telecoms sector to the financial services sector. From the lessons learned from this case study, we provide guidelines that senior managers operating in a highly volatile technological environment can use to help them exploit newly acquired resources for new business opportunities.

The Six Phases of Orange's Strategic Evolution from Telecoms to the Financial Services Sector

> *"I don't have a bank account; I used to keep the small amount of money that I earned and spend it rather quickly. But now, with mobile money, my money is in a safe place, and I use it as and when I need it. I don't travel with cash anymore; all I have is my Orange Money."*[10] Christiane K. (unemployed), Orange Money adopter

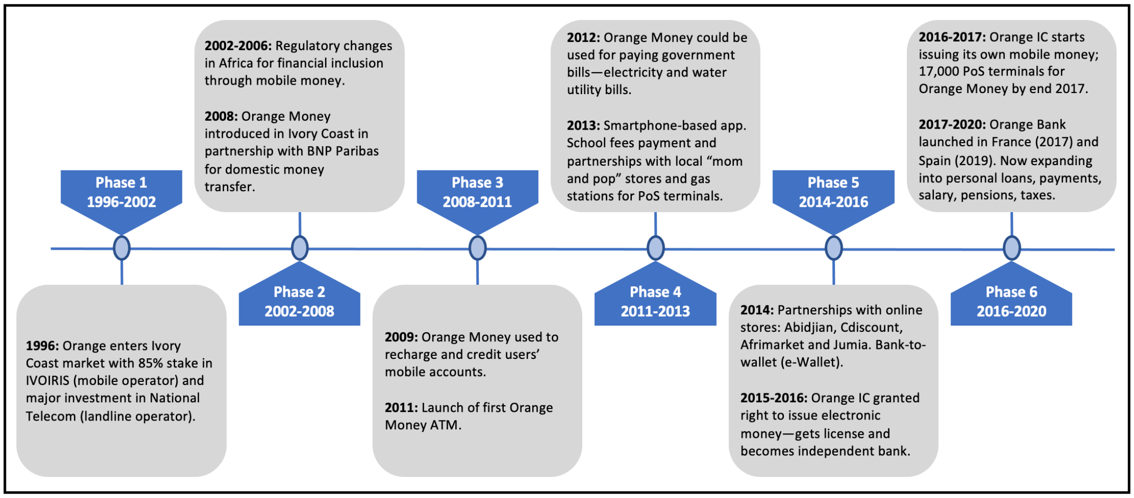
This case study describes how Orange adapted to a new context by responding to multiple internal and external drivers, including changing customer needs, legislative challenges and opportunities, and stakeholder and other partnering capabilities. The company continuously evolved over time to achieve long-term adaptability and value by using internal resources, stakeholder management and partnerships in Africa, a continent that was new for Orange's operations.

As a world leader in the telecoms industry, Orange's strength clearly lay in telecoms-related technologies. The company decided to enter the Ivory Coast market both to exploit its traditional competencies and to enhance its footprint in Africa by addressing the unmet communication needs of a huge potential customer base. In 1996, Orange IC began landline telephone operations in Ivory Coast, but soon switched its focus to the then-emerging mobile phone technology—primarily because mobile telephony requires less fixed infrastructure than landline telephones. Mobile telephone technology helped Orange IC exponentially expand its coverage and reach in Ivory Coast.

Though Orange IC entered the Ivory Coast market to provide basic telecoms services, it soon discovered that the African population conducts millions of financial transactions every day and that the majority of these are done in cash. Moreover, these cash transactions generally involve low-value items, such as purchasing basic goods, paying utility bills and paying for essential services. There is a limited presence of banks, especially in rural Africa, because the low-value, high-volume transactions conducted are not of much interest to established financial institutions. Traditional banking business models are premised on high-value, low-volume

10 The original quotation has been translated from French, as have many other quotations presented in this article, as French is the primary spoken language in Ivory Coast.

Figure 1: The Six Phases of Orange IC's Mobile Money Evolution



transactions,[11] primarily because the returns from low-value transactions do not justify the investments required for establishing the appropriate banking infrastructure.

As a consequence, and despite the apparent need for low-value retail financial services, the majority of rural Africans are unbanked. Banks are located primarily in large African cities, where they provide financial services to the wealthy population, charging high fees for high-value, low-volume transactions. Orange sensed that this banking service gap provided an opportunity. After establishing itself as a key telecoms operator in Ivory Coast, Orange IC diversified into the retail financial services sector by building on its existing resources and adapting to the new business environment by acquiring additional resources through collaborations and partnerships. Mobile money is now an important business in Africa, prompting Orange Group to begin banking operations in other parts of the world, including France, Orange's home country.

Below, we describe the strategic evolution of Orange's mobile money initiative in Ivory Coast. The description is structured as six phases, each describing how Orange IC and its parent company strategically adapted to the emergent challenges and opportunities to create value for itself and its customers. Figure 1 depicts the timeline of the six phases and Table 1 summarizes the strategic adaptability that accompanied each phase, and the phase objectives and outcomes. In the following sections, we describe each phase in detail, along with the specific challenges faced and the actions taken to overcome those challenges to create value for Orange IC's customers and other stakeholders.

Phase 1 (1996-2002): Proactively Exploring Customer Needs in a New Market

When Orange entered the Ivory Coast market in 1996, its prime intention was to become a leader in the telecoms sector. With this objective in view, Orange invested in both landline and mobile technology. For landlines, Orange IC invested in the National Telecom company (Cote d'Ivoire Telecom), which was responsible for the wired network, to access the related infrastructure. Similarly, for mobile operations, Orange acquired a majority holding in IVOIRIS (La Société Ivoirienne de Mobiles), which was the primary mobile phone operator in Ivory Coast. These actions were taken, in line with Orange's core competency in the telecoms business, to address the communication needs of the African population. Orange IC wanted to have the first-mover advantage in a relatively unpenetrated Ivory Coast telephony market. With the rapid

11 Enders, A., Jelassi, T. and Harald, B. "From E-Banking to E-Business at Nordea Bank," *MIS Quarterly Executive* (5:1), 2006, pp. 31-42.

Table 1: Summary of the Strategic Adaptations, Objectives and Outcomes for Each Phase

Phase (Years)	Strategic Adaptability	Objectives and Outcomes
Phase 1: 1996-2002	Proactively exploring customer needs in a new market	To communicate and reach out to customers of Orange IC's traditional business offering of landline and mobile phone services. Adapted the business model to the high-volume, low-margin context of a developing country in order to reach the maximum number of users. This was done by exploiting the opportunity to reach the maximum number of users via mobile telephones, resulting in the creation of a new "soft" strategic resource comprising a large population of mobile-phone-connected individuals.
Phase 2: 2002-2008	Leveraging existing and emergent resources for new business opportunities	To exploit the newly developed resource of a huge population of mobile-phone-connected individuals through offering useful services to customers. Adapted the business model by joining forces with BNP Paribas to create a mechanism for transferring money from one Ivory Coast mobile phone customer to another.
Phase 3: 2008-2011	Closely understanding the needs and constraints of customers in relation to the new opportunities	To contextualize the mobile money offering to the capabilities of customers. Orange IC's effort focused on addressing solutions that had a simple user interface and could work on the most basic mobile phones. This was achieved through the use of unstructured supplementary service data (USSD) technology, which helped increase mobile money adoption rates.
Phase 4: 2011-2013	Actively involving internal and external stakeholders in the solution	To involve internal employees and external partners, both government and private, in orchestrating value-added services for customers. Through collaborations, many value-added services, such as paying road tolls, paying school fees and paying utility bills, were added. Both partners and the customers benefited from these initiatives.
Phase 5: 2013-2015	Aggressively expanding the new business with the help of partners	To expand the mobile money capabilities by involving more users and more service providers in the solution. The multifaceted mobile money platform provided opportunities for value creation to multiple stakeholder groups: 1) service customers, who consume different services using Orange Money; 2) service providers, which encourage customers to purchase their services using Orange Money (e.g., paying utility bills, school fees and online stores such as Abidjan.net, Cdiscount, etc.); and 3) operational service providers, which help Orange provide the required interface services (e.g., points of sale (PoS) terminals) for authorized outlets such as local shops and gas stations.
Phase 6: 2015-2020	Adapting the business model for moving forward	To become an independent money-issuing authority so that Orange could provide additional financial services to its customers. Orange IC was able to obtain a banking license, which heralded Orange's entry into France as a bank in 2017 and Spain in 2019. Despite the challenges, Orange Bank has plans to expand to other European countries in the coming years.

Table 2: Summary of Phase 1—Proactively Exploring Customer Needs in a New Market

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Primary: Address the communication needs of Ivory Coast *Emergent*: Offer new services using the communication network backbone, e.g., through the use of USSD technology	Maximizing outreach Overcoming infrastructural challenges Developing customer trust so that Orange IC could offer complementary services	Exploited capabilities of mobile technology, which requires less investment than landlines to reach an extended rural population Adapted the business model to the emerging market context (large number of customers with limited disposable income) Adapted the strategy to high volumes, low margins to connect the maximum population by providing affordable communications; the strategic asset provided by this connectivity could be leveraged later for providing other services	Three main stakeholders: • Orange IC • Invested in the National Telecom company • Acquired the mobile operator IVOIRIS	Orange provided telecoms technology and international experience, and global reach National Telecom Company provided the landline infrastructure and a large customer base IVOIRIS provided a customer base and a nascent mobile infrastructure. **Outcomes:** • A large network of mobile-phone-connected individuals in Ivory Coast. • The traditional offerings of landline and mobile phone services helped Orange IC to reach out to users across the population

developments in mobile telephone technology, the company quickly realized it needed to focus on mobile telephony, which has fewer infrastructural requirements than landline telephony and offers locational flexibility to customers.

In this first phase, Orange IC's primary objective was to reach the maximum population in rural and urban areas by providing them with affordable mobile phone services. Given the huge numbers of target customers with limited disposable income, Orange IC adapted its business model to suit the context of Ivory Coast by purposefully adopting a high-volume, low-margin strategy. The infrastructure costs for expanding the reach of mobile telephone services were much lower than for landline telephones, which helped the company achieve a high level of market penetration, which was necessary for the required returns.

Orange IC also realized that a mobile network able to connect a large proportion of the Ivory Coast population, and thus bridging the communications divide, could facilitate future service offerings. To further this ambition, the firm invested in different mobile-related technologies, including both traditional and new technologies. For example, it developed solutions that could function on the most basic mobile phones but it also developed specialized mobile apps that worked on smartphones. Orange IC understood that rapidly expanding its mobile network would require huge investments, with a consequent impact on profit and loss statements. However, the company also recognized that, in the long run, the accumulated network resources could be leveraged to provide other services to the connected population. Orange IC's sustained efforts to increase its mobile penetration in Ivory Coast resulted in the development of a substantial "soft" network resource comprising a huge population of mobile-phone-connected individuals covering most of the rural and urban regions of the country.

Shifting the focus to mobile phone connectivity has certainly paid off. By 2019, Orange IC had achieved a mobile telecoms penetration of 131.6% in Ivory Coast.[12] The company continues to be the main mobile provider in the country, with a market share of about 41%.[13] The key details of Phase 1 (drivers and external needs, challenges faced, capabilities adapted or exploited, stakeholders engaged or capabilities acquired, and mutual value created) are summarized in Table 2.

Phase 2 (2002-2008): Leveraging Existing and Emergent Resources for New Business Opportunities

As mentioned above, one of the major problems faced by the bulk of the population in African countries is the nonavailability of retail banking services in rural areas. Despite the latent need, the traditional high-margin, low-volume business model of banks makes it unattractive for them to extend banking services to rural areas. Moreover, the lack of infrastructure in rural areas is a major bottleneck for banks in trying to reach the majority of the underserved population. The investment needed to provide financial services to the rural population could not be justified by the associated returns, resulting in a large proportion of Africa's population being unbanked.

Orange IC's business logic, however, was exactly the reverse of that of traditional banks—a low-margin, high-volume strategy to expand its mobile penetration. This strategy enabled Orange IC to achieve a very high mobile phone penetration rate in Ivory Coast within a short period. Moreover, the strategy meant that Orange IC was able to develop an important new resource: a large network of mobile-phone-connected individuals. Orange IC's strategy made mobile phones so affordable that almost all households in rural Ivory Coast possessed at least one mobile phone. The company realized it could use this new resource to provide value-added services that require extensive access to individuals in rural areas. As a part of its high-volume, low-margin strategy, Orange intended to use this resource for enhancing its revenues to sustain and subsidize its core telecoms business.

While Orange was zealously increasing its mobile penetration in Ivory Coast to increase its customer volumes, the eight countries in the West African Economic and Monetary Union (UEMOA) introduced a regulation in 2002 that recognized mobile money as a means to foster inclusive business.[14] Orange IC began to consider possible ways in which it could capitalize on this new regulation. Because of its deep knowledge of operating in rural Africa, the company understood that banking and financial services were a prime unmet need for rural customers. An executive vice president at BNP Paribas, who was associated with the Orange Money project, succinctly described its origins: "

> *It was through direct observation and examples from people's day-to-day life that the economic model of Orange Money was initiated and developed."*

In 2006, the UEMOA governments enacted legislation that allowed financial institutions to issue mobile money. However, banks did not have the critical resource of mobile connectivity for implementing mobile money. In contrast, Orange

12 Diallo, B. *Mobile Penetration Rate in Côte d'Ivoire*, October 28, 2019, available at https://www.afrikatech.com/start-business/mobile-penetration-rate-in-cote-divoire/.

13 *Statistiques du Marche des Télécommunications en Côte D'ivoire*, L'Autorité de Régulation des Télécommunications/TIC de Côte d'Ivoire, March 2020, available at https://www.artci.ci/images/stories/pdf/rapport_activite/rapport_statistique_4e_trim_2019.pdf.

14 *Regulation 15/CM/2002/UEMOA: Mobile Money Can Be Introduced as a Means to Promote Financial Services to Foster Inclusive Business*, September 19, 2002, available at http://www.droit-afrique.com/upload/doc/uemoa/UEMOA-Reglement-2002-15-systemes-de-paiement.pdf.

had the critical technology backbone resource and a large number of connected individuals but did not have the legal standing (and the professional competence) to issue mobile money.

Clearly, to provide a mobile money service, players in the two industries needed to join forces. Against this backdrop, Orange IC saw the monetary regulatory change as a strategic opportunity for leveraging its widespread presence in Ivory Coast and decided to pursue this new strategic direction. But the company faced two key challenges. It had to: 1) make a leap of faith and invest in an unrelated non-core business; and 2) it needed to find a suitable partner that could help it achieve the objective of providing a mobile money service. Orange IC therefore approached a trusted financial institution—BNP Paribas (a French bank)—which agreed to be the issuer of mobile money that would be serviced through Orange IC's mobile phone network.

Orange IC also took care to avoid any direct conflict with the Ivory Coast banking sector. The retail financial service needs of the rural population were not addressed by any of the existing banks. Ivory Coast banks were focused on serving the needs of the wealthier urban population rather than the rural population. Meeting the unmet financial services needs of the rural population would mean that Orange IC would not be challenging the traditional banking sector. A mobile money service for the rural population thus provided an opportunity for Orange IC to capitalize on its meticulously nurtured "soft" network resource of mobile-phone-connected individuals without challenging any incumbent competitors from the banking industry.

Moreover, the alliance with BNP Paribas was a win-win partnership, as the two firms had complementary resources: BNP Paribas had legal approval to issue mobile money, while Orange provided access to its huge network of mobile-phone-connected individuals who needed safe and reliable retail financial services. Orange gained in terms of increased revenues from this initiative, while BNP Paribas could access a market segment that was largely unserved by traditional banks. Speaking about this alliance, a senior vice president in the Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire (BICICI) Group at BNP Paribas said:

> *"Teaming up between Orange and BNP started with a blank page. We envisaged a new value-added service that was not obvious and out of the box. … Through careful observation of consumers, we came up with a new business model implemented as Orange Money."*

Orange Money was introduced in 2008 and was used to transfer money between people within the Ivory Coast domestic market, especially from urban to rural areas. Initially, transfers were done through users' Orange IC accounts, similar to a domestic Western Union money transfer. The key details of Phase 2 are summarized in Table 3.

Phase 3 (2008-2011): Closely Understanding the Needs and Constraints of Customers

In partnership with BNP Paribas, Orange IC launched Orange Money in Ivory Coast in December 2008. This mobile money service provided a basic retail financial service for safely transferring money between Orange IC customers. Orange Money could also be used to recharge a user's mobile phone account and add credits to other users' accounts. Two other telecom companies subsequently followed suit and introduced mobile money services for their Ivory Coast customers: MTN in 2009 and Moov (Etisalat) in 2013.

The rationale for developing Orange Money was grounded in the rural population's unmet financial need for safe money transfer within the domestic Ivory Coast market. The then-current practice of carrying cash to rural areas involved a significant safety risk. It was not easy for an individual to transfer a small amount of money to a recipient in a rural area in a safe and secure way. Mobile money could fulfill this important need. However, for rural customers to adopt mobile money, the solution had to be inexpensive, because this customer segment had limited financial resources. In addition, the user interface had to be simple and easy to use, because the rural population might be limited in terms of technological skills, reach and education.

Table 3: Summary of Phase 2—Leveraging Existing and Emergent Resources for New Business Opportunities

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Transfer money between people in the population Address unmet banking service needs	Leveraging Orange IC's mobile connectivity with access to the majority of the rural and urban population Addressing the needs of the unbanked population through mobile technology by investing in a noncore business Finding a suitable partner (financial institution) that had the legal right to issue mobile money	Orange IC, the major player in the Ivory Coast telecoms market, had to join forces with a banking industry player and develop the new mobile money service offering	Two main stakeholders for Orange IC: • The Ivory Coast government, which was the regulator for mobile money • BNP Paribas	Catering for the financial service needs of the rural population By joining forces, Orange IC and BNP Paribas created value for the untapped rural population and created business value for both firms

In view of these constraints, Orange IC developed its mobile money solution using unstructured supplementary service data (USSD) with 2G or later technologies. USSD is a global system for mobile (GSM) communication technology that is used to send text between a mobile phone and an application program in the communication network and enables even the most basic mobile phones with texting capabilities to implement the mobile money solution. Using the very basic USSD interface (which can be accessed via the #144# code) ensured that users with inexpensive phones could access the mobile money service. USSD technology also displays information at the user interface in a simple way. Moreover, using USSD technology through "quick codes" is very easy and straightforward, meaning that there were no special training requirements for the vast rural mobile-network-connected population. Later, however, Orange IC invested in developing more sophisticated mobile money apps for smartphones.

Another example of a USSD-based simple mobile money solution that addresses customers' needs is the automated and simplified payment of road tolls. Orange IC proposed and implemented a simple, secure non-cash solution that was accessible to all mobile networks (2G and above). The solution is based on a secure encrypted sound signal between a user's mobile phone and the toll road terminal that completes the payment process. Commenting on this USSD-based solution, Nicolas Janicaud-Gondoin, project manager at the Innovation Business Unit TF1 SA–Bouygues Group, explained:

> *"The client pays the toll road fee in advance. When the vehicle reaches the payment terminal, the driver dials a USSD code next to the scanning device. The phone emits a sound signal that exchanges payment information with the terminal, and the gate opens. ... We are very proud of this innovation, which is now part of all our bids for new toll road tenders across Africa."*

Table 4: Summary of Phase 3—Closely Understanding the Needs and Constraints of Customers

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Satisfy the need for safe money transfer within Ivory Coast—domestic market and beyond Provide value-added services to customers and partners by saving time, enhancing convenience and ensuring compliance	Understanding customers' needs and constraints in terms of affordability and usability, and communicating the correct message to them Creating an affordable solution for the rural African population Creating a simple and intuitive user interface, for the non-technically savvy population Communicating that the alliance with BNP Paribas did not require the rural population to open bank accounts	Developed a reliable mobile money solution that works on USSD (rather than smartphone apps) and can be used with the most basic of mobile phones Applied mobile money to innovative uses, such as paying road tolls; paying tolls by cash is cumbersome and most people do not have bank cards Created a network of ATMs to partially overcome the third-party challenge Communicated the usefulness and ease of adopting mobile money	• BNP Paribas • MTN and MOOV (Etisalat) emerged as competitors in the Ivory Coast mobile money market • Public authorities and governments, e.g., for services such as collecting tolls	Enhanced business for Orange IC's partner BNP Paribas New convenient mobile money services for customers—e.g., paying road tolls through a simple USSD interface More revenue for partners—e.g., payment of road tolls enabled public authorities and the government to collect toll revenues easily and economically

Another challenge that Orange IC faced during Phase 3 was to devise an effective communications campaign for promoting the Orange Money initiative. To start with, the campaign stressed Orange IC's partnership with BNP Paribas, primarily because the company was not an Electronic Money Institution (Etablissement de Monaie Electronique, EME) and did not have the legal right to issue electronic money. However, this message was misunderstood by the rural population, which thought that it was necessary to have a bank account to use mobile money. Orange IC had to modify its promotional campaign to educate potential customers that the partnership with BNP Paribas was at an institutional level and that customers did not need to have a bank account to use mobile money. To further reinforce this message, and also to further serve customers' emerging cash needs, Orange IC launched automated teller machines (ATMs) in 2011 that distributed Orange Money. The key details of Phase 3 are summarized in Table 4.

Phase 4 (2011-2014): Actively Involving Internal and External Stakeholders in the Solution

After reaching out to its customers with the new Orange Money offering, Orange IC needed to convince and enthuse its internal stakeholders—i.e., its employees—about the mobile money initiative to ensure the project's smooth implementation. With this aim in mind, Orange IC viewed mobile money as a strategic initiative and ensured that Orange's top management in France was deeply involved in the initiative. The project team solicited ideas from top management and there was a continuous stream of internal communications about the importance of the mobile money project. Commenting on the deep involvement of top management, one Orange IC manager noted:

> *"Our growth curve was very slow in the early stages. … Support of the parent company was crucial because of the type of activity—every innovative measure that we initiated was not profitable in the first instance. … Our shareholders accepted a drop in business performance in the short term so that we were able to launch Orange Money."*

Motivating internal employees was essential, but Orange IC also needed the support of UEMOA governments, the prime regulators for new financial services at the national level. Fortunately for Orange IC's mobile money plans, these West African governments realized the significance of mobile money for fulfilling their objective of including the unbanked segment of their populations in the national economic mainstream, which was essential for holistic economic development. As mentioned earlier, the UEMOA governments had agreed, in 2002 and 2006, on regulations to facilitate the introduction of mobile money and empower financial organizations to provide services.

Initially, the governments were expecting banks to move forward with providing inclusive banking, but they soon realized that mobile money was not aligned with the overarching banking business model. When Orange stepped in to fill this void through its innovative offering in collaboration with a bank, it was relatively easy for Orange IC to obtain the governments' full support for the implementation of Orange Money. Highlighting the need for mobile money, a manager at the Central Bank of West African States (Banque Centrale des Etats de l'Afrique de l'Ouest—BCEAO), commented:

> *"The … banked population was not evolving in Western Africa as we had hoped…. In 2006 we launched a new regulation that empowers banks to issue mobile money. We initially thought that the banks would lead the way."*

The explicit support of the UEMOA governments (including Ivory Coast) was instrumental in developing the required citizens' trust in the mobile money initiative. Without trust in financial initiatives such as mobile money, citizens will be unwilling to adopt and use the system. The governments further strengthened this trust by allowing citizens to use mobile money for many of the payments that they need to make to the government. For example, a pilot project was launched in November 2011 for paying government bills with mobile money.

Driven by this explicit government support, Orange IC also partnered with public companies in Ivory Coast to provide value-added services to its customers. For example, in 2012, Orange partnered with the Ivory Coast electricity utility agency (CIE—Compagnie Ivoirienne d'Electricité) and the water utility agency (SODECI—Société Des Eaux de Côte d'Ivoire) so that electricity and water bills could be paid using Orange Money. In addition to providing a regular stream of payments for the utility companies, these partnerships allowed Orange Money customers to avoid long queues, because they could now pay their bills from any location using their mobile phones. In the long run, the utility companies could plan to reduce the number of physical locations for collecting utility bill payments. Commenting on the use of mobile money to pay water bills, Mouchy Jocelyn Emmanuel Akele, a senior vice president at SODECI, said:

> *"Seventy percent of our bills [used to be] paid in cash, and customers had to wait in a long queue on the due date to pay their bills and avoid penalties. In mobile money, we saw a promising new avenue for ameliorating bill payment and processing. After partnering with Orange, we set a target of reaching 50% of water utility bill payments through mobile payments within three years."*

The key details of Phase 4 are summarized in Table 5.

Phase 5 (2014–2016): Aggressively Expanding the New Business with the Help of Partners

After gaining the support of its employees and the UEMOA governments, Orange IC set about

Table 5: Summary of Phase 4—Actively Involving Internal and External Stakeholders in the Solution

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Reduce long queues to pay utility bills Eliminate penalties for late payment of utility bills	Developing the trust of citizens to facilitate adoption of mobile money for different needs, such as paying utility bills Expanding geographically and adding more services by partnering with key stakeholders such as utility companies	Adapted the payment solution to facilitate the needs of other stakeholders such as utility companies Integrated the mobile money solution into the information systems of external service stakeholders such as utility companies Managed internal employee-related challenges by deeply involving the company's top management in the mobile money project Initial customer trust was fostered through regulatory and governmental support for the mobile money initiative	• Internal employees and top management • UEMOA governments • Ivory Coast government • Electric and water utility companies	Internal and external stakeholders embraced the Orange IC mobile money solution A growing number of bill payments began to be made with mobile money, saving customers' time and speeding up the processing time

ensuring that its mobile money offering would be a stable, reliable and profitable venture. To achieve this objective, the company followed a two-pronged strategy: 1) to industrialize the initiative, especially the distribution network; and 2) to innovate by providing new value-added financial services. To fulfill both of these aims, which were imperative for consolidating its new business, Orange IC needed the support of trusted partners. Indeed, the mobile money initiative could not have been realized in such a short period of time without the support of several essential partners. Orange collaborated with three kinds of partners:

1. A core business partner for issuing mobile money (a financial institution authorized to issue mobile money)
2. Value-added service partners (partners whose services could be provided with added value through mobile money)
3. Distribution partners (partners whose channels Orange could innovatively piggyback onto to physically reach customers and bridge the last mile).

In the first category, only banks were legally authorized by the UEMOA regulations of 2002 to issue mobile money. Though Orange IC had the "soft" network resource of mobile-phone-connected individuals and the related technological know-how, it could not issue mobile money without partnering with a bank. Hence, as described above, Orange IC partnered with BNP Paribas.

For the second category of partners, customer trust was an essential issue. As described above, this was achieved in Phase 4 through government support. To further build customer trust, Orange IC partnered with government agencies to become a payment channel for more government services. For example, in 2015 the Ministry of Education decreed that all school fees were to be paid using mobile money. In that year, fees for 1.7 million students were paid using mobile money and one million of these transactions were channeled through Orange Money. This boosted Orange's mobile money business and also enabled the Ministry of Education to collect fees without physical collection centers.[15]

Orange IC's next step was to partner with private businesses for providing value-added services. These partnerships included many online stores, such as Abidjan.net in 2013, Cdiscount in 2014, Afrimarket in 2015 and Jumia in 2016, with Orange Money becoming an acceptable form of payment in all of these stores. Another notable result from a partnership established in 2016 was a bank-to-wallet (or e-Wallet) service that provided a seamless connection from banks to any business/individual. This service allowed customers to use their Orange Money account to send or receive money to or from any person's or business's bank account. Mobile money thus became an alternative to cash for any kind of transaction or payment.

Orange IC's expansion strategy of providing value-added services to customers by partnering with private businesses helped to develop the demand-side of the mobile money ecosystem. Developing this ecosystem[16] would increase other businesses' dependence on mobile money, and thus contribute to the sustainability of the mobile money initiative. To foster customer trust, Orange IC organized numerous educational programs, information campaigns and loyalty programs. Commenting on this approach, a senior manager at Mobile Money MTN, Ivory Coast, said:

> *"Developing and nurturing mobile money requires lots of education and information campaigns. In a country characterized by a strong cash culture, it was very difficult to motivate and explain to the unbanked population that money can be virtual."*

The third category of Orange partners comprised the service-supply side of the initiative. From a supply-chain perspective, the demand side and supply side are equally important. Though technology planning for digitized services is important for the efficient delivery of services through digital means, it is equally important to plan for touchpoints where the actual demand originates and also where the digitized virtual service meets the actual physical delivery. In the case of mobile money, users should be able to access touchpoints where they can top up their mobile money balance or, if required, convert their balance to cash. They can only use their mobile money accounts for services such as payment of utility bills, school fees or online purchases if they have added sufficient money to their accounts.

It was virtually impossible for Orange IC to set up its own PoS terminal network in such a short time. Moreover, investing in a PoS infrastructure would have increased the cost of its mobile money operation, which was undesirable for the target customers who needed a low-cost, non-cash money transaction solution. To address this last-mile problem for building a physically accessible distribution network throughout the country in an economical way, Orange piggybacked on already existing physical infrastructures, such as PoS terminals at gas stations and in rural "mom and pop" stores. Through an incentive system, Orange IC was able to recruit these outlets as partners, which was a relatively inexpensive option compared to setting up its own physical counters and distribution networks in rural areas.

The use of familiar local businesses as partners also helped Orange IC to foster trust

15 For more information, see Frydrych, J., Scharwatt, C. and Vonthron, N. *Paying School Fees with Mobile Money in Côte D'ivoire: A Public-Private Partnership to Achieve Greater Efficiency*, GSMA, September 2015, available at http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/10/2015_GSMA_Paying-school-fees-with-mobile-money-in-Cote-dIvoire.pdf.

16 Nehme, J. J., Srivastava, S. C., Bouzas, H. and Carcasset, L. "How Schlumberger Achieved Networked Information Leadership by Transitioning to a Product-Platform Software Architecture," *MIS Quarterly Executive* (14:3), September 2015, pp. 105-124.

in the rural population, simply because the potential users were already using the services of their local gas stations and stores. As mentioned earlier, trust is an important issue that needs to be addressed when dealing with financial matters, especially in a collectivist society such as that of Ivory Coast. Leveraging a third-party distribution network was an important part of Orange IC's mobile money strategy. However, Orange IC needed to invest in creating management structures for orchestrating distribution to and monitoring the third-party outlets.

In addition, Orange IC continued to expand its mobile money ATM network. The first ATM was installed in 2011, and by 2016 there were 100 Orange Money ATMs spread all over Ivory Coast. However, local gas stations and stores continued to be users' preferred option for accessing mobile money services and also for large transactions where security and safety were the prime concerns.

By 2014, Orange had 3,500 designated PoS touchpoints, the majority in local stores that served as an efficient supply-side option for mobile money users. Involving third-parties that had an interest in the success of the mobile money initiative increased the number of players in the mobile money ecosystem. Their involvement was also a significant factor in ensuring the sustainability of the mobile money initiative. Not surprisingly, Orange IC invested heavily in training the owners of local stores to ensure it could get as close as possible to its customers through them. Describing this approach and stressing the need for partnership and alliances, Napoleon Nazareno, the president of Smart Communication,[17] said:

> *"The objective is ubiquity. The three rules of retail are location, location and location. For mobile money, they are partnership, partnership and partnership. We need to create a mesh of partnerships covering various networks of relationships."*

Thus, by following a step-by-step adaptive approach, Orange succeeded in orchestrating an ecosystem comprising: 1) service customers, who consume different services using Orange Money; 2) customer service providers, which encourage customers to purchase or pay for services using Orange Money (e.g., paying utility bills, and school fees, and purchasing from online stores such as Abidjan.net, Cdiscount, etc.); and 3) operational service providers, which help Orange IC provide the required service interfaces (e.g., PoS terminals in authorized local stores and gas stations).

In 2015, the Central Bank of West African States reported that the number of mobile money transactions in West Africa had reached 347 million (an increase of 220% over 2013), worth a total equivalent to €7.8 billion ($9.5 billion).[18] Ivory Coast alone accounted for 53% of these transactions. Reflecting on the growth of mobile money, a senior manager at Orange IC commented: "

> *In the beginning we thought that mobile money would be adopted by a limited few; we aimed for 100,000 clients. Today we have more than 10 million subscribers."*

The key details of Phase 5 are summarized in Table 6.

Phase 6 (2016 to 2020): Adapting the Business Model to Move Forward

Orange IC successfully created a multiparty ecosystem for Orange Money, which is a good strategy for ensuring the sustainability of an entrepreneurial endeavor. However, firms providing digital services must continuously evolve and reinvent themselves. Those that do not may not survive for an extended period because most digital initiatives can easily be imitated. Realizing this, Orange IC (and its parent company) wanted to further enhance its stake in and control of the financial services business by having the right to issue mobile money itself.

Orange's mobile money initiative started in Africa but the company wanted to strengthen its finance-related activities and make them part of its core activities. Speaking about this aim, one of the senior managers at Orange IC commented:

17 Jenkins, B. *Mobile Money Ecosystems*, International Finance Corporation, 2008, available at http://documents1.worldbank.org/curated/en/181371468148491379/pdf/575110WP0Mobil10Box353768B01PUBLIC1.pdf.

18 *BCEAO 2105 Annual Report*, Central Bank of West African States, December 31, 2015, available at https://www.bceao.int/en/publications/bceao-2015-annual-report.

Table 6: Summary of Phase 5—Aggressively Expanding the New Business with the Help of Partners

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Expand to new businesses Move from being a fast-growing new product to being a reliable and profitable new business venture Enhance customer trust in order to turn mobile customers into active mobile money users	Building an integrated solution comprising a large web of stakeholders covering core businesses, service offerings and distribution channels Maintaining the lead in and control over mobile money solutions in Ivory Coast	Adapted to orchestrate an ecosystem comprising: • Service customers • Customer service providers • Operational service providers	Three key partners/ stakeholders: • Core business partner (BNP Paribas to issue mobile money) • Value-added service partners (utility companies, schools, private retail services, etc., trusted by the population) • Distribution partners (a network of PoS terminals in local gas stations and stores)	Increased value for mobile money users through actively collaborating with partners (such as utility companies, schools and private retail businesses) to provide value-added financial services Provided innovative service solutions through win-win partnerships and piggyback alliances Expanded Orange IC's "soft" resource mobile solution by adding a PoS network (100 ATMs and 3,500 PoS partners) Ivory Coast accounted for 53% of the 347 million mobile money transactions in West Africa, worth a total of €7.8 billion, benefitting both Orange IC and BNP Paribas

"After the start of the mobile money operation, we created a new global strategic business unit for financial services—at the group level, which was not restricted only to Ivory Coast. This unit was empowered with new and appropriate tools and resources. We recruited new employees with banking and financial services expertise and acquired IT tools designed for banks."

In 2015, Orange asked the African regulators to grant it permission to issue Orange mobile money without an endorsing bank. This was a landmark initiative by Orange, because it meant that it was prepared to rethink or possibly expand its core business. BCEAO granted permission in February 2016 for Orange to issue mobile money independently without the support of a bank. Orange thus became an independent EME (Electronic Money Institution) and was no longer tied to any bank. In June 2016, Orange IC began issuing its own mobile money. This move led to a massive expansion in Orange IC's PoS network, which increased from 3,500 in July 2014 to more than 17,000 by the end of 2017.

Orange IC now operates like an independent financial institution. However, transforming itself from a telecoms operator to a financial services firm required Orange IC to embrace the strictures and regulations associated with the financial sector. Because it no longer had to rely on a banking partner (previously BNP Paribas), Orange IC had to develop (or acquire) new competencies. However, the transformation to a financial services firm has assured the sustainability and continuity of Orange IC's mobile money business.

With mobile money now part of its core business, Orange, at the corporate level, started to think about new lines of finance-related business, such as personal credit and loans, salary payments, pension payments and tax payments. Orange could be much more agile than traditional banks in launching new services swiftly to the market, but offering these new services would mean that Orange would have to deal with a whole new set of regulations because they were not covered by the current regulations governing Orange as a telecoms operator. Services such as microcredits through mobile phones and Visa cards linked to mobile money required approval from financial regulators. Describing this shift, one senior manager involved with the Orange Money initiative in Ivory Coast said:

> *"From being a complementary service of the telecommunications activity, we are creating a suite of financial services for the company."*

Despite the obvious positive aspects of moving into financial services, the new offerings imposed additional constraints on Orange because banking regulations are much more stringent than (and different from) telecoms regulations. The move to financial services also meant that Orange faced a different set of performance metrics. For example, the performance metrics for the telecoms sector are geared to population coverage, service in terms of 2G, 3G, 4G or 5G connectivity, and quality of service. If the telecoms network in a region goes down, people can wait or use a different network, but a mobile money system not being available is not an option because customers will not be able to access their money.

As a financial services provider, Orange therefore faced additional technical and regulatory constraints arising from the obligatory needs for resilience, security and privacy. In Orange's telecoms business, nonperformance could result in a penalty, but in the banking sector, the consequences of nonperformance could be much more severe and could even result in the suspension of its business licenses. Speaking about this risk in an interview with the African magazine *Jeune Afrique*,[19] Stéphane Richard (Orange Group's CEO) recalled that, in February 2017, BCEAO ordered Orange to stop transferring money from France to WAEMU (the West African Economic and Monetary Union), as the service was found not to conform with some of the regulations. It took nine months of negotiation with the Central Bank of West African States before Orange could resume its communications with other banks and solve the money transfer issue.

Thus, offering financial services as part of its core business involved substantial changes for Orange and the new business practices needed to be internalized by its employees. Orange Group responded to the challenge of alleviating the problems of dealing with the new and different ways of working by changing its organizational structure. To acquire the competencies needed for the new core offerings, Orange bought Groupama Bank in France in 2016. This acquisition confirmed Orange's strategic intent to strengthen its changed core business and continue its journey to become a financial institution in France.

This intention was fulfilled in November 2017 when Orange Bank was launched in France with a target of two million user accounts by 2025. Orange Bank intends to remain an online bank to keep operational costs to a minimum while offering a maximum number of services to its customers. In October 2019, Orange Bank

19 Richard, S. "Dans les deux ans, nous aurons une banque en Afrique," *Jeune Afrique*, November 30, 2017, available at http://www.jeuneafrique.com/mag/494177/economie/stephane-richard-dans-les-deux-ans-nous-aurons-une-banque-en-afrique/.

Table 7: Summary of Phase 6—Adapting the Business Model to Move Forward

Drivers/External Needs Identified	Challenges	Adaptation Capabilities or Exploited Capabilities	Stakeholders Engaged and Acquired Capabilities	Mutual Value Creation (Outcomes)
Enhance Orange's stake and control in the financial services business Become an independent financial institution	Acquiring an independent right to issue mobile money and not relying on a bank—i.e., to become an EME (Etablissement de Monaie Electronique) Understanding the new constraints for Orange arising from banking regulations being much more stringent than (and different from) telecoms regulations	Empowered itself through appropriate experts, tools and a new organizational structure suitable for the new business Hired financial experts from traditional banks and equipped itself with financial tools that are used by traditional banks To adapt, created a separate business unit at the group level (not through Orange IC) Engaged in continuous dialogue with regulators to start new innovative services such as microcredits through mobile phones, credit/debit cards linked to mobile phones, etc. Acquired Groupama Bank in France in 2016; established Orange Bank in 2017 with a view to further expansion	• Central Bank of West African States • Orange Money IC in collaboration with Orange Group • Massive expansion of the PoS network (from 3,500 to over 17,000)	Consolidation and control by virtue of having authority to issue mobile money Better provision of services to customers through the expanded PoS network Rural population provided with access to financial services Utility and private companies benefited from more efficient and faster payment of bills As telecoms were becoming a commodity, Orange developed and established a separate banking business, with Orange Bank launching in France in 2017 and Spain in 2019; there are plans to launch the bank in Poland, Belgium and Slovakia between 2020 and 2023

had 344,000 accounts.[20] Orange Bank was also launched in Spain in November 2019[21] using a similar business model, and there are plans to launch it in Poland, Belgium and Slovakia between 2020 and 2023.[22] The key details of Phase 6 are summarized in Table 7.

Guidelines for Moving into a New Business Area

The rapid pace at which digital technologies are evolving can disrupt the dominant logic of traditional businesses. However, this disruptive influence can also be channeled to exploit previously unimagined opportunities. To accomplish such an objective, organizations should strive to systematically challenge the status quo rather than maintain it. The evolutionary journey of Orange's mobile money initiative in Ivory Coast highlights that being able to continually create value by challenging the status quo requires the ability not only to exploit organizational capabilities over time but also to infuse long-term strategic adaptability within the organizational DNA. This can be done by managing internal and external stakeholders to optimize mutual value creation by orchestrating the required capabilities at the opportune time.

Based on the lessons learned from our Orange IC case study, we provide three guidelines for established firms that want to move into different markets around the globe, specifically in the developing world. When organizations move into different markets, they should be sensitive to local challenges and emerging opportunities. Such adaptability, coupled with technological and social competence, can help to overcome the challenges and transform them into new opportunities for value creation.

Guideline 1: Proactively Exploit Your Organizational Capabilities Through Contextualized Adaptation

Orange's initial aim when it entered the Ivory Coast market in the mid-1990s was to provide an efficient means of communication for the African population. Its initial thrust was to exploit its core capability in landline telephony. But the company quickly realized it had to assess and address customer needs based on the contextual realities of the local market. The customer environment in Ivory Coast was markedly different from the environments Orange had previously operated in, and the technological landscape was also rapidly evolving. As a consequence, Orange needed to adapt its solutions to the evolving technology and local customer needs. Building a landline telephony service would be difficult because of the inherent infrastructural deficiencies in Africa.

Orange therefore changed its focus to the then new and emerging mobile telephony technology, which had fewer infrastructural requirements than landline telephony. Though mobile telephones were relatively new (and expensive) at the time, Orange quickly realized it needed to focus on the mass market in the rural areas rather than restricting itself to large cities, even though the rural population had less disposable income than people living in cities. To encourage the rapid take-up of mobile phones among the rural population, Orange IC adopted a high-volume, low-margin strategy as its contextualized solution for achieving the maximum market penetration in a short period of time. Orange was also quick to realize that, if it could develop a "soft" strategic resource of mobile-phone-connected individuals, it could then leverage this resource through providing additional value-added services. Orange thus deliberately built assets that it could later exploit.

Overall, the strategy adopted by Orange IC was to initially offer services that would break even, with the possibility of subsequently exploiting the developed resources at a later time. Orange's effort in rapidly expanding its mobile network was a bootstrapping endeavor, without knowing exactly what the next outcome would be. Through its immersive contextual experience in Ivory Coast, Orange IC sensed that its mobile phone customers needed a safe and secure domestic money transfer solution. A lot of mobile phone

20 Bertin, T. *Orange Bank: 344 000 comptes ouverts en 2 ans*, Budget Banque, October 30, 2019, available at https://www.budget-banque.fr/actualite/banque/orange-bank-344-000-comptes-ouverts-en-2-ans.

21 Orange Bank Launches in Spain, Orange press release, November 25, 2019, available at https://www.orange.com/en/newsroom/press-releases/orange-bank-launches-spain.

22 "Orange Bank espère être rentable en France et en Espagne en 2023," *La Tribune*, November 30, 2018, available at https://www.latribune.fr/technos-medias/telecommunications/orange-bank-espere-etre-rentable-en-france-et-en-espagne-en-2023-799457.html.

users worked in cities and needed to transfer money to their families in rural areas. Orange IC saw an opportunity to exploit its newly developed resource of mobile-phone-connected individuals when regulatory changes by Western African governments permitted the introduction of mobile money. It collaborated with key partners such as BNP Paribas to develop the mobile money solution. Orange IC initially thought the mobile money solution would be adopted by only a small number of people—the better-off middle and upper classes. But when demand escalated, the firm experimented with innovative ways to scale up its mobile money operations by providing easier USSD-based interfaces that could run on the most basic of mobile phones.

This strategy of searching proactively for contextualized solutions continued at all stages of the mobile money implementation. For example, when Orange IC was looking to scale up its mobile money touchpoints in rural areas, it piggybacked on the existing PoS network in local "mom and pop" village stores and gas stations. Though Orange IC had its own ATMs, it understood that, to grow quickly, it needed the help of trusted partners who already had a presence in rural areas.

Executives in firms looking to move into new markets that are not part of their current core offerings should learn from Orange IC's experience and follow our first guideline—proactively exploit the organization's capabilities through contextualized adaptation. Orange IC's implementation of an innovative mobile money application was the result of the firm proactively searching for solutions. Its proactive adaptation to the local context was key to its ability to continuously provide value both to mobile phone users and partners. Though there is a wealth of innovation literature that discusses the important role of serendipity in innovation,[23] in the case of Orange IC's mobile money initiative, it was Orange's proactive and careful sensing of the local context and the emerging opportunities that paved the way for success. However, the success of such an approach required Orange IC's management to have the means and freedom to reinvent and adapt to the emerging innovation opportunities. An important success factor was that Orange IC had the full support of the top management team at Orange headquarters.

Guideline 2: Be Adaptable Enough to Rethink and Evolve Even Your Core Activities

Another significant guideline that emerges from the Orange IC case is that organizations' seeking to move into different business areas must be prepared to continuously adapt to changes. Though Orange entered the Ivory Coast market with the intention of exploiting its core telecoms capability, it was always sensitive to the peculiarities of the local environment and continually recalibrated its strategy and actions based on its emergent learning. Initially, it leveraged the existent telecoms infrastructure through key investments in National Telecom and IVOIRIS. Then, it developed the infrastructure, especially the final mile extra mile, so it could reach the largest possible customer base.

With enhanced coverage and connectivity, Orange IC was ready to pursue other opportunities within the same customer segment, such as their need for safe and secure money transfer, for which mobile phones could be used as a possible conduit. There are risks in undertaking such innovation because business unit managers leading the initiatives may experience negative impacts on their balance sheets in the initial stages. In effect, however, Orange IC was always in "beta testing mode," which is one of the key capabilities for being successful in developing country markets.[24] The origin of the Orange Money initiative in Ivory Coast was predicated on an evolutionary learning mindset and an unrelenting focus on customer needs.

To better understand the new market and its specific characteristics, Orange IC implemented many structural organizational changes that boosted the importance of African markets. For example, in 2010 the head of Orange Africa was appointed to the executive committee of the parent company. This appointment sent a clear signal about the significance of the African market in the coming years. The importance of Africa was closely linked to Orange IC's mobile money

23 Johansson, F. "When Success is Born out of Serendipity," *Harvard Business Review* (18), October 2012, p. 22.

24 Srivastava, S. C., Mithas, S. and Jha, B., op. cit., November 2013.

initiative, which the Orange Group wanted to strengthen and make a part of its core activities.

With its learning mindset and a strategic focus on financial services, Orange has now acquired a banking license and set up operations as a regular bank. This is not an incremental change to the core activities of the organization, it is a transformational shift to a new business. The creation of this new core activity entailed huge challenges related to business redefinition and regulatory compliance, which Orange overcame through an influx of new human and technological resources and the will to adapt to fresh opportunities. Executives in firms looking to move into new markets that are not part of their current core activities should learn from Orange's experience and ensure that their organizations are adaptable enough to rethink and evolve what constitutes their core activities.

Guideline 3: To Ensure Continuous Growth, Develop and Nurture an Ecosystem

Initiating, sustaining and scaling up an innovative initiative such as mobile money in a new market is unimaginable without the support of reliable partners. In its strategic approach, Orange went a step further by moving beyond partners to build a network of collaborators in an orchestrated and evolving ecosystem. The development of the ecosystem involved both internal and external players. The internal players are the mobile money users, and the external players comprise all partners and complementors, including the regulators.

The greater the number of players that have an interest in an innovative initiative, the greater the chances of its survival and growth. Such an approach is similar to the networked ecosystem approach[25] and is key to sustaining and growing an initiative. In the case of Orange Money, in addition to the users of the service, external players such as governments, ministries, utility companies, local "mom and pop" stores and gas stations, banks and so forth were essential to the success and growth of the initiative. The external players provided the needed scalability for the initiative, especially for the Orange Money touchpoints used by customers.

To provide better and enhanced services to its customers, Orange IC carefully tracked their evolving needs and developed collaborative alliances with external players that could provide customers with more services through Orange Money. Orange IC forged new partnerships with different institutions for payment of school fees and road tolls, and even for payments to online stores such as abidjan.net, Cdiscount, Afrimarket and Jumia. Building trust among the unbanked population was also important and Orange IC organized numerous educational programs, informational campaigns and loyalty programs.

Even though Orange is now expanding its specialized banking and financial services, there is still a need to maintain the partnerships and relationships built originally for the Orange Money initiative, especially with the regulators. The Orange IC case shows that the firm not only brought in partners that could complement its capabilities but also evolved its own capabilities to meet the future needs of its customers.

Thus, organizations seeking to move into new markets that are not part of their current core activities should follow this third guideline derived from the lessons learned in the Orange IC case. They should develop and nurture an ecosystem built around their new ventures to ensure that ventures continue to grow and flourish.

Concluding Comments

In this article, we traced Orange IC's mobile money journey, which started when it entered the Ivory Coast market in the mid-1990s with the aim of providing better telecoms services to the African population. The journey ended with the parent Orange Group in France being transformed into an independent bank. Orange IC's proactive focus on long-term strategic adaptability not only helped it contextualize its business to the African environment but also enabled the firm to learn about its customers' unmet banking needs. By leveraging the strategic "soft" resource of mobile-phone-connected individuals that it developed in Ivory Coast and forming many partnerships, Orange IC was able to initiate, sustain and expand its mobile money business in Ivory Coast and other African countries.

Entry into the mobile money business in Ivory Coast kick-started Orange's entry into the

25 Nehme, J. J., Srivastava, S. C., Bouzas, H. and Carcasset, L., op. cit., September 2015.

seemingly unrelated banking industry. As of late 2020, Orange has successfully diversified into the banking and financial services sector not only in Africa but also in Europe. Orange Bank was set up in France, the Orange Group's home country, in 2017, was launched in Spain in November 2019 and has plans to launch the bank in Poland, Belgium and Slovakia between 2020 and 2023. However, Orange faced a host of challenges as it expanded into the banking business, relating especially to the banking regulatory framework, which is much more stringent than the telecoms sector.

Moreover, compared to the telecoms sector, Orange Bank will likely face a very different set of competitors and will operate in a very different industry structure. Furthermore, Orange's plans to launch the bank in other countries might be impacted by the current Covid-19 pandemic. Nevertheless, we believe that Orange's ability to proactively adapt and exploit its organizational capabilities over time, along with its competence in managing multiple stakeholders, will help it overcome the inevitable and dynamic challenges.

Appendix: Research Methodology

In addition to using data from various secondary sources and in-house company documentation and reports, we conducted semistructured interviews with key stakeholders in Orange IC's mobile money business. Those interviewed represented various organizations such as mobile phone operators, banks, regulators and governments. In addition, we also interviewed various small players in the value chain, including owners of local gas stations and "mom and pop" stores, which serve as outlets for recharging mobile users' phone credit and purchasing mobile money for paying bills. One member of the research team visited different rural areas in Africa to observe the actual operations at the point of sale (PoS) terminals and interacted with users of Orange IC's mobile money service.

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wholesale activities for the Orange Group (except France).

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