January 2017

DIGITAL DISRUPTION

WE CHAT

MR. SAMSON D'SOUZA

ADSSOCIATE VP- MOBILITY AND DIGITAL INITIATIVES, ICICI LOMBARD

FEATURED ARTICLE :

FUTURE GROWTH IN FINTECH IN INDIA

samvad

S.P MANDALI'S weschool Welingkar Education

ABOUT US

OUR VISION

"To nurture thought leaders and practitioners through inventive education"

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

"*The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.*" - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

We school has chosen the 'design thinking' approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

MESSAGE FROM THE DIRECTOR

Dear Readers,

Prof. Dr. Uday Salunkhe
Group Director

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.

As we begin a new journey with 2017, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Wishing everyone a very happy and prosperous new year.

Prof. Dr. Uday Salunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the January Issue of SAMVAD for the year 2017!

SAMVAD is a platform for "***Inspiring Futuristic Ideas***" and we constantly strive to provide articles that are thought provoking and that add value to your management education.

With courses pertaining to all spheres of management at WeSchool, we too aspire to represent every industry by bringing you different themes every month. We have an audacious goal of becoming the most coveted business magazine for B-school students across the country. To help this dream become a reality we invite articles from all spheres of management giving a holistic view and bridge the gap between industry veterans and students through our WeChat section.

The response to SAMVAD has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. We bring to you the January Issue of SAMVAD which revolves around the theme of "Digital Disruption".

We hope you **read, share and grow** with us!

Hope you have a great time reading SAMVAD!

Best Wishes,

Team SAMVAD.

"The difficulty lies not so much in developing new ideas as in escaping old ones."

John Maynard Keynes.

ACKNOWLEDGEMENT

Team SAMVAD would like to extend their heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always extended. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by;

Prof. Deepa Dixit
Associate Dean-Global Alliance
Head - Marketing Communication

Prof. Indu Mehta
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Senior Manager- Alumni Relations

Prof. Jalpa Thakker
Assistant Professor
We are indebted to her for her help and guidance in making SAMVAD a success.

Thank You

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WE CHAT

MR. SAMSON D'SOUZA

ASSOCIATE VP- MOBILITY AND DIGITAL INITIATIVES, ICICI LOMBARD

Team SAMVAD

1. Please tell us about your journey of becoming the Associate Vice President-Mobility & Digital Initiatives at ICICI Lombard.

I started my career with ICICI Bank in 2003, handling the application development for their Customer Relationship Management (CRM). In 2006, I began on the journey of mobile banking for ICICI Bank – little did I know that in 10 years it would become the preferred choice for banking of smart-phone users.

In 2008, I embarked on a journey with Vodafone on mobile payments, where the aim was to have financial inclusion reach to all corners of the country using the telecom network. We did face some regulatory hurdles during the way, but were successful in launching Vodafone m-Pesa in 2010. It continues to provide a unique banking experience to the customers along with recharges, utility payments and much more. With intent to drive the growth of mobile commerce & mobile payments, I was part of multiple 'firsts' during my 7-year tenure with Vodafone:
- Setting up the Vodafone mShop on IVR & mobile app – first online marketplace to sell IPL (Indian Premier League) tickets
- Launched NFC payments in India, with the first Nokia NFC phone launched
- Aadhaar eKYC for customer acquisition
- Multi-lingual USSD for money transfer
- State government subsidies through mobile payments

Then in 2016, I joined ICICI Lombard GIC Ltd., heading up our mobility and digital initiatives.

Thankfully I am not doing it alone and have a world-class team assisting me there.

2. Can we look forward to "Digital" turning around the game for the insurance Industry in India.

With each passing year, digital is expanding its footprint in every sector within India and across the globe – "Digital" has already made an entry into the insurance industry as well. Digital transformation has played the role of a game-changer for the insurance industry, leading to product innovation and better pricing.

The digital era that started nearly a decade back has made insurance products simpler and easier to understand. We were the first in the industry to introduce the online channel way back in 2005, and have been the pioneers in offering technology enabled insurance solutions since then. We have developed a suite of innovative, tech driven solutions for our customers that can be accessed from anywhere, at any time.

Life insurance policies have the lion's share, followed by motor insurance, health and travel. A report shows that by the year 2020, digital insurance will grow by 2,000 per cent from its current state, with a total turnover of Rs 15,000 crore. Furthermore, it is also said that in 2-3 years, 75 per cent of insurance purchase decisions will be powered by digital channels. This prediction has been proved by a consumer trend analysis conducted by Google, which showed that since 2008, there has been a growth of 450 per cent in the number of users searching for life and health insurance policies and related information online while the cumulative growth witnessed by the insurance industry is that of 600 per cent over the past five years.

3. To what extent can going cashless contribute to the growth of Indian economy apart from limiting the black money?

On November 9th, 2016, our Prime Minister, Mr. Narendra Modi took entire the entire country by surprise when he announced the demonetization of INR 500 and INR 1000 notes. There was a mad dash to withdraw smaller bills, or deposit bigger ones, at ATMs around the nation before they shut down temporarily. This demonetization decision has been the biggest and most ambitious step ever to crack down on black money and fake currency and to move India towards a 'cashless' economy.

But the benefits of going cashless or to say "less-cash", is not only limited to curbing black money – it will benefit the entire nation:

- Will reduce real estate prices because of curbs on black money as most of black money is invested in real estates, which inflates the prices of real estate markets
- During the financial year 2015, RBI spent Rs 27 billion on just the activity of currency issuance and management – this can be avoided if we move towards a cashless society.
- It will pave way for universal availability of banking services to all, as no physical infrastructure is needed other than digital.
- There will be greater efficiency in welfare programmes as money is wired directly into the accounts of recipients. Payments can be easily traced and collected, and corruption will automatically drop.
  A classic example - In 2010, Afghan National Police began to pay salaries through mobiles, rather than in cash. On receiving their money in this way for the first time, most Afghan policemen assumed that they had been given a salary increase; in fact, they had simply received their full pay for the first time.
- One in Seven notes are supposed to be fake, which has a huge negative impact on economy – by going cashless, that can be avoided.

4. With the onset of AI and automation do you see the nature of work and the skillset required for a techie changing drastically?

Artificial Intelligence is a nascent technology poised to transform the role of talent in the modern economy. From driverless cars to intelligent machines like IBM's Watson, AI is likely to displace jobs and create new ones.

But now most of the companies seem to have come around to the idea that, with enough technology and talent, artificial intelligence can become an actual product. Those firms include Google, IBM, Apple, Facebook, and Infosys. And they're all fishing in the same talent pool for technology professionals who can build a workable artificial intelligence platform.

While an understanding of artificial intelligence and machine learning is becoming more commonplace, "there is still a pronounced shortage of talent". The best way to break in to AI is to just jump in and learn…

Working with artificial intelligence requires an analytical thought process and the ability to solve problems with cost-effective and efficient solutions. Professionals need technical skills to design, maintain and repair technology and software programs. Those interested in becoming artificial intelligence professionals need a specific

education qualification based on foundations of maths, technology, logic, and engineering perspectives.

Techies specializing in building artificial intelligence based products will do well in the years to come. I would just like to add that algorithmic approaches, workflow automation and bots will not just be a specialization, but tools in most developers' tool kits.

5. The recent hacking of debit card data in India highlights that technological advancements need to be robust. What is your take on information security?

Initial reports suggest that this could be the biggest financial breach ever reported in India with some of the big bank names being on the lost. It sure is worrisome considering almost everyone has a debit card these days and 32 lakhs is a big number.

As technology advances, and it always will, organizations need to be aware of the important steps in mitigating risks. In order to determine the risk, we need to understand the information we have and the associated controls that may be necessary to protect it. 3 simple questions that every techie should ask, which will give an initial assessment of the risks:
-What are we trying to protect?
-Who do we need to protect it from?
- What are we doing to protect it?

6. With a sharp rise in the number of start-ups and a high failure rate what is the one key mantra that the start-ups have to keep in mind to survive (In India)?

In the last decade, Indian start-ups grew by leaps and bounds but most of them saw a down trail. Statistics tell that 85% shut down their operations within 3-5 years, 10% within 1-3 years while only 5% survived significantly and enjoyed the limelight.

The 2 major factors that start-ups have to focus on, to survive the tough situations:

Competition: Many business owners jump enthusiastically with a solid idea but fail to mark the start and end line of competition. Today, nearby every idea is tried and tested before implementing. Gone are the days when businesses survived for decades enjoying the monopoly! Presently, the market is loaded with ample of alternatives and we just need to have the right selection.

Being competitive means staying resourceful. Until and unless you have the right resources you haven't defined the competitive edge.

Business Model: Starting a business without plan is just like hitting the nail without hammer. A business plan contains particular stages whereas business model constitutes an entire business environment with understanding on fixed and constant dynamics. When you jot down a business idea, creating a business model is essential too.

Imitating other start-up's ideas isn't recommended, instead try to consider them as a source of inspiration and observe their preparations.

8. Lastly, what advice would you like to give to our students on tackling the dynamic world of digital disruptions?

I think it's important to first drill down into what we mean by "digitization," because let's face it — it has become a bit of a buzzword that's taken on a life of its own.

Rather than thinking about digitization as a company modernizing its systems, it's more about how companies are shaping their response to disruption in the global economy. It's about recognizing that everything is in flux, and the urgent need to become more agile and capitalize on opportunities in the moment they present themselves.

To successfully capitalize on the digital disruption in the customer service environment, there needs to be a seamless connection of customer journeys across all channels that

consistently end in a positive experience. With infinitely more choices at their fingertips, consumers have an unwavering list of demands and find it ever easier to switch brands with a quick swipe of the finger. They want resourceful interactions and swift, uncompromising access to information and issue resolution.

I personally feel that the current changes happening in the economy will bring about a lot of positive effects to mobile payments, digital banking and digitization.

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OPERATIONS

CHANGE IS THE NEW CONSTANT

Jatin Panchal, MMM (2016-18), JBIMS, Mumbai

The confluence of people & technology has given rise to myriad possibilities of addressing the issues of mankind sustainability. There is a tectonic shift in technology that the world is experiencing today. Digital technologies like the ***"Internet of Things, BIG Data Analytics"*** have realised some of the distinct asks that were once true only in Sci-Fi movies. With the proliferation of data from people and process, it is imperative to analyse it and extract insights!

The manufacturing industry has been a forerunner in adopting new processes and technologies – right from Kaizen, JIT, and lean principles to robotic automation which have now become the essence of each and every manufacturing organization. One of the key elements in long-term sustainability of manufacturing companies is **continuous improvement**, which has given rise to the new era of manufacturing, i.e., **Industries 4.0.**

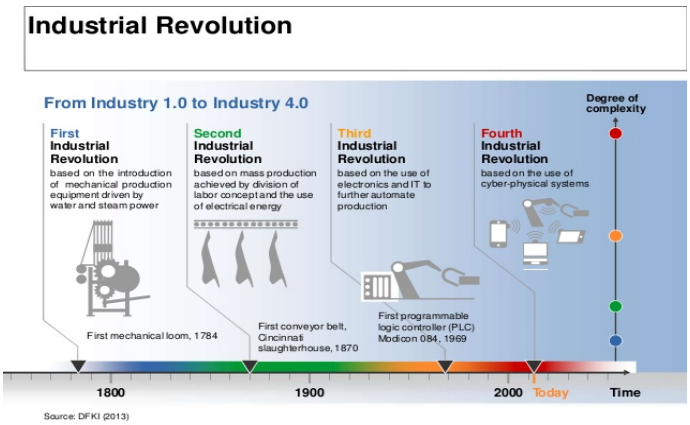

Image 1: Industrial Revolution

Industries 4.0 or Connected manufacturing calls for integration of cyber physical systems (currently working in silos) to form an enterprise where data acts as a cohesion force between processes to bring about process optimization, thereby maximizing throughput. Today, data generated from these systems are analysed independently to realise insights from a particular process or operation. BIG Data and Analytics will play a key role in integration of **Information Technology (IT)** and **Operational Technology (OT)** systems thus bringing about the true value of Industries 4.0. By removing the barrier of data transfer amongst different processes (e.g. maintenance to supply chain to purchase to finance), can lead to better decision making. Let's discuss about one such critical process of any enterprise i.e. Supply Chain.

Being a Technology Consultant, I interact with industry experts and our clients on upcoming technology and market trends in different areas, be it Automotive, Manufacturing, Smart Products etc. **IoT (Internet of Things) and BIG data analytics** are amongst the buzzing technologies that are transforming almost all the sectors. Some of the areas where BIG data is impacting the manufacturing industry is Supply Chains.

Traditionally, the aim of any supply chain is to **"Get the right product in the right place at the right time".** Apparently, with usage of data analytics to optimize the supply chain, the aim of DIGITAL Supply chain has taken a new definition, it is **"Predict the right product, forecast the time to order and make available at the right place before time"** One of the **challenges** of existing supply chains is **"lack of strategic planning and forecasting"** due to limited buy sell relationships of suppliers and buyers. Also, there is a lot of static data lying idle in the Enterprise Resource Planning (ERP) systems regarding materials, spare parts etc.

which if combined along with historical maintenance, part replacement records can provide valuable insights. Some of the ways in which Digital technologies are optimizing the SCM are as follows.

- ✓ **Improved flexibility, scalability and depth of data**
- ✓ **Reducing risk and improving speed with accurate forecasting and prediction.**
- ✓ **Use of geoanalytics to merge and optimize delivery networks**

Today, be it product or service companies, all are moving towards adopting **Outcome based Metrics and Performance Management** systems to assess people and processes. With the advent of high speed technologies and endless storage infrastructure capabilities, features like **flexibility, agility, quick turnaround** has become defacto to SCM systems. Companies that are hesitant towards embracing the change will sooner or later become obsolete in this ever-changing scheme of things. Let us take a real-world scenario that most manufacturing organizations are facing today. It is tangibly associated with SCM and how implementing such systems of **Predictive Maintenance with deep learning and artificial intelligence capabilities can lead to efficient decision making**.

Traditionally, the manufacturing and process industry has been too dependent on the knowledge base of a few process domain experts or maintenance managers, who carry a deep and crucial understanding of assets and their performance. Even after technological advancements, there is a huge dependency on knowledge base of domain experts. Apart from business intelligence, forecasting, optimization and other areas, BIG data analytics in manufacturing is focusing more towards eliminating such dependencies and creating robust self-learning systems that help to make flawless decisions. This demands for ***knowledge encapsulation of rich experienced workforce*** that can be modelled to further automate the decision-making process.

For e.g. a 40-year experienced maintenance supervisor, who can just by hearing the noise of a machine can tell you whether it will fail or not and by when? Now, it is the supervisor's intelligence that makes a decision of failure or not. Think about implementing a statistical model (based on supervisor's decision making technique) that can predict accurately the equipment failure. If such a **system exists with human like thinking capabilities,** there are possibilities of even intimating the Supply chain on probable part failure and you may get the same even before the system can fail. All these models can be technically integrated with SCMs to enable dynamic workflow. Digital Supply Chains are one of the critical components or change agent towards achieving Industry 4.0.

Talking about the happenings in the industry, IBM has developed a powerful cognitive analytics platform that has the power to think like a human brain. There are many instances of integrating ***IBM Watson's*** cognitive computing capabilities for a transparent, intelligent and predictive supply chain. As per the survey*, **65% of the value of a company's products or services is derived from suppliers**. Suppliers and the supply chain impact everything from the quality, delivery and costs of a business's products and services, to customer service and satisfaction, and ultimately profitability. Also, a survey** by the Chief Supply Chain Officer of IBM said that **Lack of visibility and transparency** is the greatest hurdle in achieving the supply chain organization's objectives. Hence, there are solutions available in the market that address these issues to bring more transparency, intelligence and predictive capabilities in the supply chain systems.

I recall this statement from one of the TED Talk on Data Science, it says "*Data is not the new Oil, but it is the new Soil*", I would further add to this saying "**Data is the new soil, if harvested decently can reap outcomes that will answer industry's toughest questions**".

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FINANCE

FUTURE GROWTH IN FINTECH IN INDIA

Aditi Goyal & Ajith Reddy Konda, MBA (2016-18), NMIMS, Mumbai

Over the last few years, the way payment is done in India is similar to way it occurs in global markets with a small-time lag. India now represents one of the largest market opportunities for payments. With a population of over 125crs being pushed to go digital, India is poised to make the most of digital developments transforming the payments space.

Regulatory Changes Enabling Digital Transactions:

There are a lot of regulatory changes that needs to take place before payments businesses start flourishing in India like:

1. ***No Requirement of KYC for Small Transactions***: As per current RBI guidelines, customers are not required to undergo a KYC process for transactions up to INR 10,000 per month on prepaid instruments. This guideline makes it easy for customers to just download the wallet of choice and use for the transaction.

2. ***Mobile Wallets No Two-Factor Authentication (2FA)***: The RBI currently mandates the inclusion of a two-factor authentication (2FA) for transactions made with Indian debit or credit cards, irrespective of transaction value. This requirement though is necessary for security it is cumbersome due to significant failed and dropped transactions. But, a mobile wallet requires a customer to undergo the 2FA process only while loading funds from other bank instruments. Additionally, such wallets have limits on the value of transactions and hence reduce exposure to frauds.

3. ***Aadhar Is Simpler*:** The usage of Aadhar as a national identity instrument has made the KYC process extremely easy. By linking a customer's mobile number electronically to his/ her Aadhar account, the process is now simpler and hassle free. The Jan Dhan Initiative has seen over 270 million accounts being opened. This has brought millions under financial inclusion and has made biometric authentication a reality.

4. ***Unified Payments Interface (UPI):*** The Unified Payments Interface launched by National Payment Corporation is a system that powers multiple bank accounts, several banking services features like merchant payments and fund transfer in a single mobile application. Thus, it is an integrated system. The benefit that it will provide users the flexibility to access bank accounts through any PSP connected to the UPI set-up. Moreover, customers will be able to choose a virtual address in any format (mobile number, AadharID, email ids etc.). **Bhim** (Bharat Interface for Money) app is launched by Prime Minister Narendra Modi to facilitate e-payments directly through banks and drive towards cashless transactions.

5. ***Bharat Bill Payment System (BBPS)*:** Owned and operated by NPCI, BBPS is envisioned as an 'Integrated Bill Payment System' that is accessible, interoperable, cost effective and allowing multiple payment modes. Bill payments form a major component of retail payment transactions. Cheque and cash payments continue to be predominant; particularly at the billers' own collection points

Encouraging trends in Digital Transactions:
India truly seems to be going digital and this is validated by the exponential growth of its digital marketplace. In the year 2015-16, around 747 million transactions occurred through mWallet and prepaid cards combined, whereas only 390 million transactions happened through mobile banking. The majority of transactions through

mWallet are smaller with an average ticket size of INR 620, while mobile banking transactions are on an average INR 10,400 per transaction. mWallet is largely preferred for micro transactions while high value transactions take place through mobile banking.

Supported by a favourable regulatory environment and growing younger population of India digital payment in India can flourish.

Effects of demonetization on Cashless Economy:

In the wake of demonetization, RBI has started publishing daily data on select payment systems with a lag of one/two day(s). Over past two months, while the volume of electronic transactions has gone up substantially, the total value of these transactions has not increased significantly.

Value of total transactions using various digital Channels

INR bn	RTGS	NEFT	CTS	IMPS	NACH	POS	PPIs	Mobile Banking	Total (does not include mobile banking)
Jul-16	96,017	8,145	5,717	251	634	270	12	810	111,045
Aug-16	98,592	8,764	5,925	269	682	277	12	1,039	114,520
Jun-16	106,102	8,815	5,735	237	557	254	12	673	121,712
Sep-16	110,564	9,880	5,737	289	590	251	12	1,043	127,324
Oct-16	97,554	9,505	5,974	344	768	319	13	1,135	114,477
Nov-16	78,479	8,808	5,419	325	607	352	13	1,245	94,003
Dec-16	71,326	9,569	5,998	400	568	442	20	1,245	88,322

Source: RBI, CEIC

Number of total transactions using various digital channels (mn)

INR bn	RTGS	NEFT	CTS	IMPS	NACH	POS	PPIs	Mobile Banking	Total (does not include mobile banking)
Jul-16	8.8	118.9	78.6	29.7	166.5	131.3	35.8	63.2	569.2
Aug-16	8.3	113.5	79.2	32.2	189.6	140.4	36.2	67.5	599.0
Jun-16	8.6	118.6	81.6	33.9	153.3	143.2	44.8	71.8	583.5
Sep-16	8.5	120.1	78.9	35.9	157.3	132.0	45.1	72.6	577.6
Oct-16	9.0	133.2	82.0	42.1	169.4	148.9	59.0	78.1	643.3
Nov-16	7.9	123.0	87.1	36.2	152.5	205.5	59.0	72.3	670.9
Dec-16	7.7	147.3	116.7	49.7	183.3	255.2	82.6	66.7	842.2

Source: RBI, CEIC

Usage of Debit/Credit Cards Increases Significantly:

The total value of transactions at POS has increased sharply over past two months. Total transaction value at POS increased from INR333bn in October-16 to INR352bn in November and further to INR442bn in December. It implies that the value of transactions at POS increased 47% YoY (6% M-O-M) in November-16 and 87% YoY (25% M-O-M) in December-16, as against 41% YoY (27% M-O-M) in October-16.

	Total txns amount (bn)	Yoy (RHS)	Avg ticket size (value/txn)
Apr-16	244	25%	1880
May-16	262	27%	1770
Jun-16	254	27%	1939
Jul-16	270	25%	1925
Aug-16	277	25%	1935
Sep-16	262	29%	1897
Oct-16	333	41%	2140
Nov-16	352	47%	1714
Dec-16	442	87%	1731

Source: RBI, CEIC

PPI Has Also Picked Up in December:

Demonetization, however, seems to have helped increase the usage of PPIs. Although the amount per transaction has not changed significantly, the total amount of transactions in December-16 stood at almost INR20b, as against INR13b in October-16.

While the usage of various digital channels has increased over past three months, aggregate data on retail electronic transactions do not show any sudden surge in digital transactions. With the currency in circulation falling from INR18t to almost INR9t, higher growth in electronic transactions confirms a considerable dent in consumer demand over past two months.

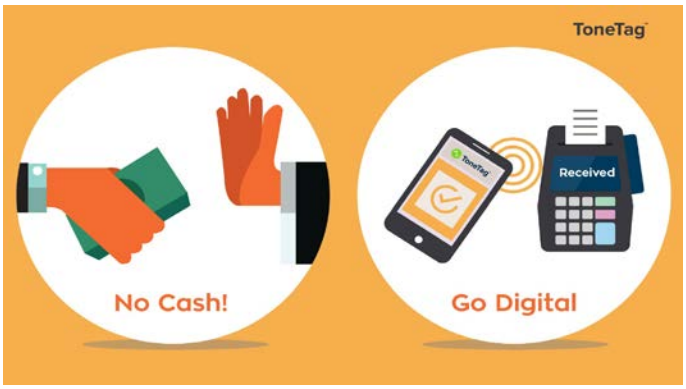
Impact of Budget 2017:

The government in budget 2017 focused on pushing digital transactions post demonetization. Investment in building a strong broadband digital infrastructure will set to improve coverage and quality of service in India. This is going to be critical in the expansion of the digital economy, especially for financial transactions, education and government welfare schemes. Allocation under the Bharat Net program has been budgeted at Rs 100 billion,

which marks a near-two-thirds increase over the previous year. This will boost digital transactions in the near future.

Conclusion:

The government will have to create conditions which must not necessarily create cash shortages and must push cashless transactions to a threshold level after which the network effect will take over. India may not become a cashless economy in the foreseeable future, but it needs to reduce its high dependence on cash to bring in much needed efficiency and transparency in the system.



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MARKETING

INNOVATION AND DIGITAL DISRUPTIONS

Kaushiki Chakrabarti, PGDM E-Biz (2016-18), WeSchool, Mumbai.

Overview

The American author, entrepreneur and marketer, Seth Godin, writes in his book 'Purple Cow – Transform your Business", about how he once visited France, and what he saw there. He and his family were enchanted by the storybook cows grazing on the picturesque pastures, right next to the highways. One could immediately connect the scene to something out of a childhood bedtime story. But after a while, the cows got boring. Miles and miles of cows on the pastures, transformed something from extra-ordinary to ordinary.

He thought to himself, what would happen if they would come across a purple cow? Now *that* would be interesting. I believe, this is the current state of the world as well. As a market, the current audience wants continuous change, and they have been fed by continuous innovations, by way of digital disruptions. From Facebook to WhatsApp, Blogger to Twitter, Airbnb to Uber, suddenly the way we live our lives has changed. Gone are the days of TV and chill. This, is the era of Netflix and Amazon bill.

Understanding Digital Disruption

Geoffrey Moore, an American organizational theorist, management consultant and author, in his book "Zone to Win", claims that a disruption begins to matter when something that was 'scarce and expensive becomes ubiquitous and cheap'.

What is interesting is, as we are sitting here, waiting for the next big thing to happen, but perhaps that is already happening. There are Apps which have become a part of our daily lives, and what's more overwhelming is that innovation was not always in terms of a 'new' product or service. It was just about creating convenience to the customer. And voila! What was once unthinkable, now became a habit!

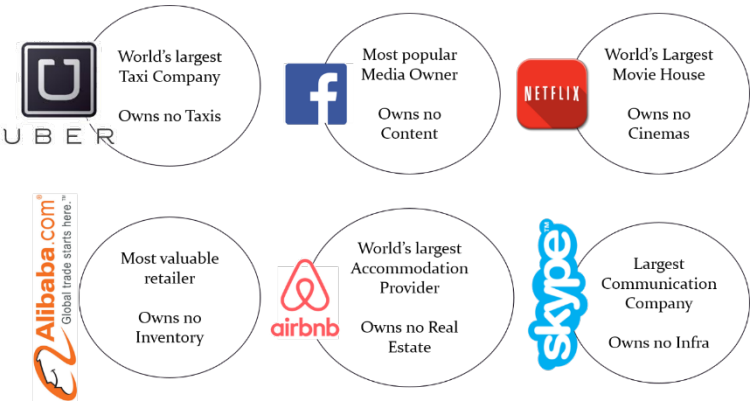

Figure 1: Digital Disruption in our daily lives Source:*https://www.siliconrepublic.com/companies/digital-disruption-changed-8-industries-forever*

Innovations that are becoming Routine

Facebook, that had once started off as a fun site by a hacker (none other than Mark Zuckerberg, the world's youngest billionaire with a value of $50 bn), is now the second largest contributor to the ad revenue in the US, leaping over all traditional media and lagging behind only Google. As of January 2017, Facebook has over 1.85 billion MAUs (Monthly Active Users).1)

Socially, it is almost a mandate for individuals to have a Facebook account. And a lack of such an account, is sure to grab some eyeballs the next time you sit at the lunch table, making you want to re-think your decision until you, like most of us, succumb to the decision of 'signing up'.

And yet, that does not make Facebook stop. December 2016 saw Zuckerberg announce a series of new innovations up his sleeves, from 'Emergency location tracking in Messenger', to 'Jarvis' the new face of AI (Artificial Intelligence) at home. The day is not far, when we will wake up to a robot telling us the current stock of the refrigerator and reordering vegetables on its own.

Figure 2: 'Jibo', a robot that plans to bring AI home, just like Zuckerberg's 'Jarvis'
Source: https://www.jibo.com/

Another app that is breaking the news is Uber. Following the 'On-Demand' Model, **Uber** disrupts by monetizing time and selling instant access at a premium price. In spite of it not doing great in its financial balance sheet, Uber has changed the way consumers look at local traveling.

A parallel model, though not completely similar, is the Access-Over-Ownership Model, followed by **Airbnb**, Zipcar etc. Such companies follow the 'Shared Economy' system and disrupt by monetizing people's assets such as homes or cars. Several other models are noteworthy such as the Marketplace Model, followed by eBay, **Amazon**, etc., which provides a digital marketplace for buyers and sellers in return of a transaction fee, or the Subscription Model followed by **Netflix** which locks in repeat customers by charging subscription fees.

The situation in India

Talking about disruption, or digital disruption in particular, is incomplete without Reliance Industries Ltd.'s latest baby – **Jio Infocomm**. Just 6 months into its launch, Jio has been disrupting the entire mobile data scenario in the country. 21st February 2017, saw the chairman of Reliance Industries Ltd. Mukesh Ambani, announce the '303 per month scheme'. As per this scheme, on paying a one-time fee of Rs. 99, customers can become Prime Members of the Jio network. And on payment of Rs 303 per month, customers can avail unlimited data and voice services. That rolls down to just about Rs. 10 a day for a customer.

Figure 3: JioInfocomm creating disruption in a market dominated by Bharti Airtel
Source:http://www.business-standard.com/article/companies/free-voice-calls-no-roaming-from-apr-1-on-jio-ambani-unveils-rs-303-plan-117022100409_1.htmlandhttp://www.news18.com/news/india/733-million-gsm-subscribers-in-india-airtel-leads-with-28-41-market-share-696040.html

Jio has managed to reach around half the customer base and 38% of the annual revenue of India's largest telecom provider in a small amount of time. It has also made users get hooked on to high speed internet, a big change for a country where many people often kept their data packet off towards the end of the month, in order to prevent an extra bill for extra usage.

Innovation can cause digital disruption, when it is accompanied by timing. August 2015 saw the birth of payment banks in India. And while the concept of digital payments was just catching on, the nation saw a mammoth of a press conference, addressed by our Honorable Prime Minister, Shri Narendra Modi, that attempted to sweep out black money through demonetization of old notes of Rs. 500 and Rs. 100. Along came digital payment banks such as **Paytm**, Mobikwik, Freecharge and several others. And in these times

of cash crunch in India, digital money became the alternative cash for many.

Shopkeepers, vegetable sellers, petrol pumps and even auto-rickshaw drivers took quick decisions of adopting the 'Paytm karo' mantra. Paytm's traffic increased by 435%, app downloads increased by 200% and use cases increased by 250%. [2)]

Suddenly, a differentiated product was born. Vijay Shekhar, founder of Paytm said in an interview that he wants to make zero-balance accounts to be a normal feature rather than a special one. [3)]His aim is to create more number of transactions such that the company can earn profits through those instead of bank interests. And these benefits should drive customers from traditional banks to Paytm. It is safe to say that demonetization combined with the efforts of payment banks, has created a new alternative to banking. Only time can tell if Paytm will be successful in disrupting the existing Indian Banking system.

The availability of internet, affordable smartphones, and the consistent want of aping the west, has made India a large market for the digital boom, for both international and home players. Social networking site, Facebook, has a whopping total of 69 million users in India, out of which 92% access the website through a mobile device. Uber also caters to around 50% of the total Indian taxi market. But while international brands have become an intricate part of the Indian lifestyle, Indian companies, too, are posing a tough competition. **Ola**, India's homebred cab aggregator for instance, though smaller than Uber in terms of investments, seemed to have rung a bell in many a consumer's hearts in terms of market share. **Zoomcar**, India's first self-drive car rental was launched in 2013 and already has a fleet of 3,000 vehicles as of 2017. [4)]Even matrimony, a concept that used to be solely handled by *pundits* in India, has now been digitalized by e-players. **Shaadi.com** claims to have 35 million users registered on the site in search of matrimony online.

There are endless other innovative apps, that have become a part of the Indian routine. Ordering food through **Zomato**, booking movie tickets through **Bookmyshow** and communicating in groups through Facebook and WhatsApp has become a trend in Tier 1 cities and is trickling its way smoothly into Tier 2 and Tier 3 cities as well. Needless to say, the Prime Minister's dream of a Digital India, is on its way to reality, as India seems ready to hop into the global bus that's flying its way to digital disruption.

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HUMAN RESOURCES

IMPACT OF DIGITIZATION ON EMPLOYMENT AND HR PROCESSES

Anwesha Nath, PGDMHR (2016-18), IMI, New Delhi

Impact of digital disruption on employment

The latest buzz of the town – "digitization" is throwing all of us into panic. But where are we going with this? Predictions are made that the digital disruption is going to eat up most of the existing jobs in upcoming 10 to 15 years. But this hypothesis about replacement of humans by machines is slightly overrated. Today's economy is dominated by service sector jobs, which require some form of human interventions. The digitization will surely lead to shifts in the strategies of organization and dislocation of their capital and labour. The demand for higher value roles will increase and the low-skilled jobs will eventually become extinct.

Digital disruption has transformed all the existing industrial sectors and has introduced new businesses in the market. The sudden surge of technologies like data analytics, Internet of Things (IoT), artificial intelligence has created a lot of space for the companies to rise. It has increased their productivity, reduced human errors and elevated the quality of products/services.

If we look back through our journey, then it is quite evident that though technology has cut down on few jobs but it always has been a net creator of jobs. Let us take the example of the latest technological innovation by Amazon – The AmazonGo. Amazon is providing its customer with "Just Walk Out" shopping experience, where a person can just enter the store, pick up the things and can leave the store without checking out. The bill will be charged on his/her Amazon account. Now, this new technology of "no-checkout" store will surely eat up the jobs of salesman and cashier, but imagine the number of jobs it is going to create in the backend development. So, at the end, the digitization is going to uplift the skills required for the job, but not make it obsolete.

In the paper, *Digitalization of the economy and its impact on labour markets (Degryse, 2016)*, the author has listed down the impacts of the 'fourth industrial revolution' into to four categories:

- Job creation: This is the process of creation of new sectors, products and services. Clearly, it will be a positive thing for the future of labour market.
- Job change: This is about routine tasks being replaced by technology. It will impact on what employees do in their day-to-day work. But the debate is whether the new form of worker and machine interaction could improve the present job scenario by creating more fulfilling jobs.
- Job destruction: There are jobs that are at risk of computerization, automation and robotization. This may include a very high number of jobs.
- Job shift: We may see the creation of digital platforms and crowd working.

The report, *The risk of automation for jobs in OECD countries: a comparative analysis* (2016), determined that across 21 OECD countries, only 9 per cent of jobs are automatable. Hence the impact in the occupation-based approach is much less than in the task-based approach. The researchers concluded that the technological

disruption is very unlikely to destroy a large number of jobs. However, the low qualified jobs are surely going to pay for this market adjustment costs.

Impact of digitization on HR processes

The readiness for the digital workforce has become a priority for most of the organizations. Even today, many organizations fear to take their digital steps forward due to employee resistance and perceived landmines. Some even doubt the readiness of their human capital to adapt the benefits of the digital world. But what we need to understand is that the digital disruption is already coupled with an increasingly diverse, demanding and mobile workforce. So, the organizations need to undergo a radical change in their workforce strategies.

A capital investment of more than $2 billion was made in the HR technology industry in the year 2015(according to *CB Insights research*). This indicates the emergence of technology and tools that the world is going to see in the field of recruitment, training, performance management, engagement and feedback. The employees are constantly seeking anytime-anywhere connectivity to bridge the gap between work and play. But the digital disruption has just begun in the field of HR and there is still a long way to go. In the report *Deloitte's "Global Human Capital Trends 2016"*, it has been mentioned the use of mobile technology for HR processes where only 7 percent of companies use it for coaching, 8 percent for time scheduling, 13 percent for recruiting and candidate management, and 21 percent use mobile for leave requests.

The HR department benefits greatly from the emergence of technologies like cloud, big data analytics, social networks and mobile solutions. Today, over 150 million employees are using cloud based HR systems. Companies are extensively using the websites like LinkedIn, Glassdoor, indeed for job posting in external recruitment. Internal social network is the upcoming trend and companies like Dell, Nikon, and TCS have already implemented that.

In future, we may look forward to more digital interventions in HR processes. In the figure 1, the prediction of Gartner's hype cycle for Human Capital Management is portrayed. But are we ready for this change?

Figure 1. Gartner Hype Cycle for Human Capital Management

We are shifting towards online recruitment, networking socially for employer branding and even checking out employee's profile in these social networks. But to what extent can we use these? Organizations need to build their policies aligned with the future technological improvements and keeping in mind the risks that come with so much online exposure. They need to maintain a perfect balance between confidentiality and transparency.

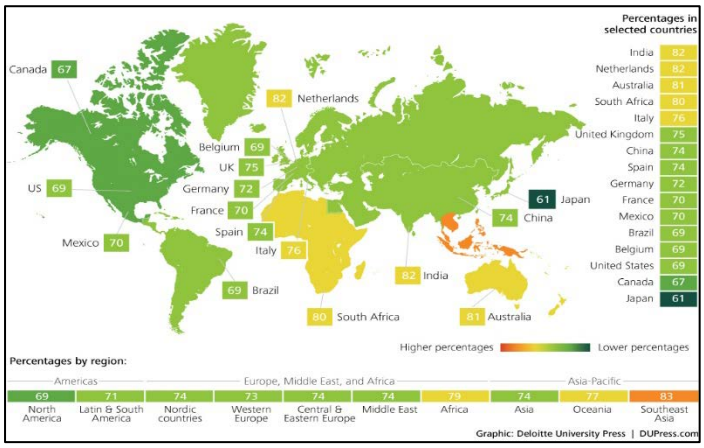

Figure 2. Digital HR: World-wide

The figure 2, clearly depicts what the world actually thinks about digital HR. Only 38 per cent are thinking about it and only 9 per cent are fully prepared.

Today, most of the companies' HR departments are considering this digital disruption as only a platform change when this actually is touching the aspects of the systems and processes too. The implementation of the digital HR processes is not only about change of technology; it is about change of the complete mindset.

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GENERAL MANAGEMENT

DIGITAL DISRUPTION: FRIEND OR FOE

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George Bernard Shaw once said,

Progress is impossible without change, and those who cannot change their minds cannot change anything.

And we also think that change is the new permanent. But what kind of change we are talking about here, the change which has taken the world by storm, the coming of the new age - Digital age.

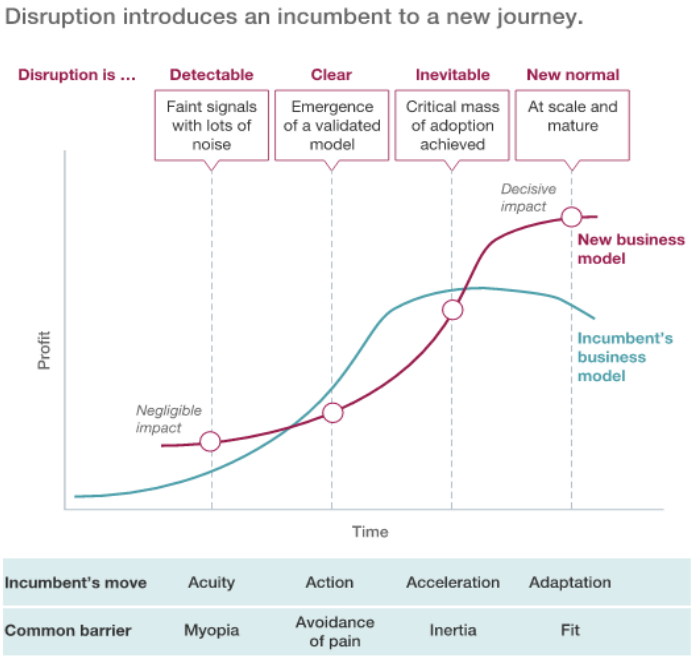
Digital disruption is the change that occurs when new digital technologies and business models affect the value proposition of existing goods and services. It has changed the market complexion for various industries and products. Digitisation can play a crucial role in the success and failure of new as well as existing products. With increased prominence of social media, it has become imperative to have a solid online campaign for the success of any business. From movies to gadgets and from food to beauty products every industry is being impacted by digitisation.

Amazon Go and **Tesco's virtual stores** in subways in South Korea are prime examples of digital disruption.

McKinsey gives a four-step guide towards disruption as shown in the figure alongside. The four stages in disruption are

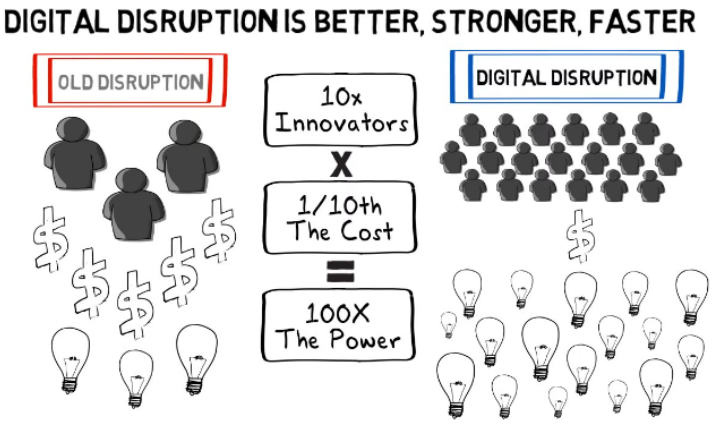
1. Detectable
2. Clear
3. Inevitable
4. New Normal

If we talk about digital disruption, then different industries are at different stages. Amazon, the e-commerce giant now is nearing towards new normal as it has already crossed the inevitable stage.



Source:http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/an-incumbents-guide-to-digital-disruption

Let's see this disruption with infographic-



Source: https://youtu.be/T6qeoM5bXBg?t=104

There was a dearth of ideas being generated and the related costs were quite high, however since a decade or so and with the advent of digital revolution the amount of ideas generated are huge in number and the incurred cost of operation and idea generation has drastically reduced.

Websites like **Amazon, eBay, Paytm, Netflix, HULU, Flipkart, Swiggy, Foodpanda, Zomato, Airbnb** are living examples of this. They all are generating millions of bucks in revenue and one common reason for their growth is digital revolution.

Sectoral analysis also supports that it is rather a friend than foe.

FMCG disruption

Helps in Creation of buzz around newly launched products. Use of online campaigns, surveys and opinions create a sense of belongingness in the customer's mind. For ex. **Lays chips**, when they asked people to choose the flavour which the company should launch.

Automobile

E-commerce websites are now selling automobiles (**Paytm**). This can be considered as digital disruption in automobile sector as reviews are easily and instantly available which can enhance or downgrade the image of a company or product.

E commerce business models

It gives rise to different business models in the same sector. For example, the models of **Flipkart and Amazon** are generally considered to be catering to urban market while **Shopclues** targets most of the rural market.

Online Music and Entertainment

Websites such as **GAANA and SAVVN** are streaming music online and are challenging the use of radio in different cities. People living in different cities can easily listen to songs playing in their native places. Better the service, better the image of a website. Streaming websites **like Netflix, YouTube** have made profits solely due to digitisation. Paytm has become a huge disruptive force in the digital world giving stiff competition to portals like **bookmyshow, makemytrip, myntra, flipkart, amazon etc**. by expanding and diversifying their business. On similar terms, various other unconventional businesses are steaming up.

Social Media Presence

Twitter and Facebook have taken the celebrities closer to their admirers as well as their detractors. People can now be in touch with the celebrities' daily lives and make better informed decision over certain issues. Also, celebrities endorse products on these platforms, thus providing more and more exposure to the products. Digital marketing is gaining momentum as seen from the rise in companies opting for **Google ad words, Facebook, twitter** built upon the pay-per-click system. This has opened new avenues in the field of data analytics as a lot of data which was being generated before can now be used to manipulate to create highly valuable information which greatly helps managers in making informed decisions about their businesses.

Operation

In certain cases, the operations costs can be cut up to 90%. For example, a bank when digitises its mortgage-application and decision process, it cuts the cost per new mortgage by 70%. The best example is of **UPS**, which takes right turns 90% of the time and left turns only 10% of the time as it results in cost cutting. This was made possible by the recording the data digitally and using data analytics to save gas.

Innovative and Professional websites

Websites like LinkedIn are helping bring expertise and capabilities of people to fruition by bringing employers and prospective employees together and in direct contact.

Innovative websites like **Practo, Netmedicines** are coming up and are disrupting the healthcare market in a huge way. Netmedicines is taking the market away from the usual brick and mortar pharmaceutical and chemist stores. Doctors are now being forced to sign up on Practo so that they get higher visibility and reach among their prospective patients.

However, all is not hunky-dory in the digitised world. E-commerce websites like flipkart, amazon, snapdeal are still suffering losses.

It is becoming increasingly difficult to reach markets like China and African nations where websites like Facebook, Google, Twitter, YouTube are banned or have still not penetrated enough in the backward areas.

It has been generally observed that it requires a lot of expertise and skill to manage and manipulate data generated through digitisation. This may result in higher cost to companies as they must hire skilled professionals.

However, we can safely assume that the benefits of digitisation far outweigh its demerits. Digitisation has brought real power in the hands of the managers and businesses have benefitted immensely by cutting costs and increasing customer delight, thus, resulting in higher profit and growth numbers. It can certainly be the biggest force in the marketing as well as the finance world after the advent of the internet in the 80s.

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We invite articles for the April 2017 Issue of SAMVAD.
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The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.
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Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
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- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles: 25th April, 2017**
- Please name your file as: <Your Name>_<title>_<section name e.g. Marketing/Finance>
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