



# USHERING INNOVATION

THE HUNT REPORT

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*Dear Reader,*

We are pleased to present the ninth issue of The Hunt Report, a half-yearly industry roundup of key trends influencing executive hiring across industries.

In this issue, we are focusing on one of the most prominent change catalyst - 'innovation'. Consistent innovation is the only definite way for survival and growth in the current dynamic times. Global and National Innovation conferences and summits have become vital platforms for knowledge sharing on successful innovations.

Innovation, although often triggered due to rapidly evolving technology, is not limited to it. Whether it is a product or a service, an MNC or an SME, innovation has become a lifeline to ensure a sustainable future. Innovation need not be limited to development of a core product or service, it could be about process improvisation, customer development, or employee development. Some of the factors that determine the area of innovation for an organization would be sector of operation, external business environment, and strategic viewpoint of the management.

It has been widely accepted by businesses across the world that innovation can no longer be limited to a 'Eureka' moment; it has to be a continuous process inculcated in the organizational system. Companies today put in an additional impetus on creating a culture that motivates innovational thinking – one that welcomes change brought about in the wake of innovation, and collectively drives the organization towards implementing it.

Some of the recent innovations like the emergence of e-payments and alternate payment

methods (APM), have transformed the way business is transacted across many sectors and triggered a chain of related innovations. Emergence of new investment tools such as REIT in the real estate sector is redefining the way large-scale investments are made in real estate projects. Energy sector has seen innovation in the form of Energy Performance Contracting (EPC), a creative financing tool that is based on capital improvement and transfer of technical risks.

Increasing importance of innovation has also brought about innovation in hiring practices. New age companies have been measuring employees not only for their skill sets but also on their innovation quotient - i.e., their ability to think out of the box, accept rapid change in working environments and their ability to be the one to drive the change. The change has been evident higher up the ladder too, with younger executives occupying the top management positions.

In this report, we bring to you more such insights from latest research papers on innovation that bring about a better understanding of the process and help create your own innovation system. Apart from this, the issue brings to you analysis of innovation trends and assesses the impact of these industry trends on human capital and their implications on the leadership talent movement in key industries such as healthcare, private equity, auto, consumer payments, chemicals, energy, ecommerce and technology.

We hope you find the report insightful.

Happy Reading!

The Knowledge Management Team  
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# AUTOMOTIVE- AUTO COMPONENTS:

# Recovery underway

Author **Suresh Raina** Co-Author **Pooja Agarwal**

Most segments of the Indian automotive industry are either already well into recovery or on the cusp of one. There is a trend towards hiring senior leaders who can manage integration; talent in technology, design, development, marketing and distribution will continue to be sought after

## Despite recent speed bumps, Indian auto set to grow at a scorching speed

The Indian automobile industry today is in a critical phase of increasing complexities. The recent spate of product recalls because of serious defects has resulted in huge losses for many leading global automobile manufacturers. The Indian auto industry is expected to become the third largest globally in 2015, just behind China and the US. In 2014-15, the growth story for Indian automobiles rode on the two-wheeler segment. Passenger vehicles finally turned around towards the end of the year, led by Maruti Suzuki. Commercial vehicles also registered an increase as fleet owners started buying trucks in anticipation of improved economic activity. Top Indian automakers—Volkswagen, Bajaj Auto, Mahindra & Mahindra and Tata Motors—announced major investments.

## Automotive components: Set to grow faster than OEMs, senior talent will be sought

Auto components' industry revenues will continue to grow at a relatively faster pace than the OEM segment because

of several factors including auto OEMs' growing thrust on localization, auto suppliers' efforts to expand business in new geographies, strong upside potential in replacement market demand, and increasing sophistication of vehicles shoring up part prices.

With various auto OEMs in the process of establishing greenfield facilities, their respective suppliers of key components are currently at various stages of making investments in close proximity to these new facilities or in the OEMs' vendor parks. M&A activity will also continue to be attractive as more targets come along in Europe. Senior leaders who can manage integrations and are capable of running global businesses efficiently and with tight margins will be in high demand.

## Passenger vehicles: Selling through alternate channels has begun

The automobile industry has pinned its hopes on falling fuel prices and interest rates. The New Motor Vehicle Act, expected to come out soon, will usher in increased efficiency and safety by enforcing latest technologies such as intelligent speed adaptation, driver alert control, and eye drowsiness detectors, pushing

for fresh investments. Ecommerce platforms are being used for selling cars and two wheelers—snapdeal and flipkart have signed up and will need talent for alternate channels, marketing, and internet. Talent in technology, design, development, marketing and distribution will continue to be sought after.

Domestic players, including Tata and Mahindra, are investing heavily in new platforms that should yield results in the next year. Global players are becoming more accepting of utilizing facilities to service export markets. The electric vehicle industry, too, received an impetus with New Motion, one of the world's largest smart charging companies that is planning to invest US\$ 150mn in setting up a manufacturing facility in India and make India its global manufacturing hub.

## Commercial vehicles: In the early stages of a recovery

In the last fiscal, the industry faced overcapacity, discount levels were at a record high, and resale values were falling. However, with infrastructure sector revving up and stalled infrastructure projects getting the go-ahead, commercial vehicle sales should bounce back after a three-year

downturn. Medium and heavy truck sales will support overall volume growth due to replacement demand. Once the GST is rolled out, it is likely to benefit the supply chain and aid growth. Scania, Diamler Benz, and Tata are planning fresh investments.

## Two-wheelers: Big bucks are flowing into capacity augmentation, anticipating demand

Two-wheeler manufacturers are preparing for a return to the high-growth era and have plans to invest nearly Rs 60bn over the next three years to increase the country's overall two-wheeler production capacity by close to 35%. Companies are preparing for a pickup in sales, by investing in new product launches and improving the sales networks.

## Talent landscape: A paradigm shift; senior technical talent highly prized

The industry is faced with a shortage of senior-leadership talent that has adequate strategic vision and an innovative people-centric approach; this is partly because of movement of quality talent to alternate industries. As focus shifts to research, development, application engineering, integration of technology, and business imperatives, this industry will be able to attract quality talent and leaders who can succeed in a prolonged period of 'slow growth and rapid change'. Global talent is being hired, especially in technology development. Given the competitive landscape, we will continue to see churn in the senior leadership in sales and distribution functions across players, as companies struggle to gain market share.

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# BOARD DIVERSITY: Diverse boards are effective boards

Author *Suresh Raina*

{ To improve their performance, corporate boards should start with seeking both gender diversity and thought diversity as a strategic edge }

## India follows global diversity lead; yet, long way to catch up

Following Europe's lead, India is seeing more regulatory measures pushing for gender diversity in boards. Indian companies are primarily family-owned corporations; therefore, succession and keeping the family intact is something that generates a lot of discussion on and off the boards. In India, the Companies Act 2013 has focussed on the accountability and responsibilities of corporate boards; however, their composition is also an important measure of its effectiveness. The Act has mandated at least one women director on every listed company board in India and on companies having a paid-up share capital of Rs 1bn or more.

India is not the only Asian country that has seen the new regulation come into effect—in China, the government recently introduced CSOX, the Chinese equivalent of the Sarbanes-Oxley Act; the Hong Kong Stock Exchange has also introduced a number of changes in the listing requirement oriented towards the inclusion of women.

## Global push towards diversity (particularly gender) is intense

Globally, governments and institutional investors are pushing for gender diversity on corporate boards more strongly. In November 2013, the European parliament passed a proposal mandating listed companies to have 40% women directors by 2020.

In July 2014, the French parliament reinforced the Act to have 40% women directors by 2017. Canadian lawmakers mandated listed companies to disclose their diversity policies for women directors on a comply-or-explain basis, even as the Canadian Senate is considering legislation that would lead to boards comprising at least 40% women. The Brazilian Senate is also considering legislation for 40% women in corporate boards by 2022. The USA-based organisation, Thirty Percent Coalition, is promoting gender diversity actively. All of these developments have resulted in boardroom gender diversity gaining traction across several OECD, G20, and other countries.

## Proven! Gender and thought diversity leads to better board performance

Several studies have shown that gender-diverse boards perform better than less diverse boards. It is suggested that diverse boards with different perspectives can result in less risky decision making and a better representation of stakeholders' interests. However, more important is diversity of thought (not just gender). Given today's VUCA (volatility, uncertainty, complexity, ambiguity) world, which is dynamic, globalized and disrupted, we need directors with a wide variety of experiences and perspectives to enhance the effectiveness of boards.

Research studies across countries and corporate



boards suggest that greater diversity (including gender diversity) can lead to better performance. Research recently conducted at Columbia University showed that—“Majority groups improve their own performance in response to minority involvement, producing better average outcomes in a more diverse environment.”

## Pitfalls on the road to diversity

A board needs to work well together as a team, while also maintaining a sense of individual accountability for its decisions. While promoting greater diversity, one needs to recognize that it increases the risk of disruption of the board activities if directors’ perspectives and viewpoints are too different. The boards need to review this risk and take steps to mitigate this. The role of the Chairperson gains importance for creating a working environment that supports and encourages individual directors. Additionally, the ‘Board Evaluation Process’—to assess effectiveness of the Board, the Committees, and the directors—can be used to identify areas where processes and performance can be improved and also to determine skill gaps that could be filled by incoming directors.

## Executive Search Firms are changing the ‘board recruitment’ landscape

India is seeing a shift in the process of selecting a director to one that closely resembles CxO succession planning from an unstructured and haphazard process earlier. A Formal Director succession planning ideally starts with producing a formal ‘job description’ that specifies the experience and the personal characteristics that the board would like the director to have, along with competencies and attributes that can be used for evaluating potential candidates.

Boards are recognizing the need for inviting directors with the best-suited skills and expertise and are increasingly considering moving away from relying only on traditional-networking channels for recruitment—in effect, they are more open to the idea of involving executive search firms in the process. These firms follow formal selection processes to identify potential candidates with the skills, experience, and attributes that the corporate boards require, which in turn help build high-quality engaged boards that perform more effectively.

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# CONSUMER: Brick-and-mortar buckles up to battle online

Author **Sunit Mehra** Co-Author **Praful Nangia**

Physical retailers are trying to level the playing field with online retailers by thinking up innovative solutions such as 'omni-channel' retailing, which offers the best of both worlds. To integrate their physical and online presence, these retailers seem to be in a rush to hire the best talent that can seamlessly bridge this divide

## Brick-and-mortar retailers try to fight back with the help of brand power

Ecommerce firms including Flipkart, Snapdeal, and Amazon have been facing stiff resistance from modern retail, as they try to grab a larger share of the consumer's wallet by continuously rolling out attractive discounts. The pressure on the bottomline has led to wholesalers and brick-and-mortar retailers putting pressure on brands to help them compete more effectively with ecommerce websites. This has put brands in a tight spot, as they are being forced to take sides. A few large brands responded by going public with announcements warning consumers against buying their products online. Brands are also worried that this discounting could also hurt their brand equity.

## However, the online threat continues to loom large

While the consumer electronics sector has been the worst hit, even large apparel companies are waking up to this threat now, especially with the concept of showrooming (the practice of visiting a shop or shops in order to examine a product before buying it online at a lower price) being openly adopted by consumers. A senior executive from a leading mobile company recently conceded that footfalls at retail stores have been impacted in the last 12 months, as sales have gradually shifted online.

## Smaller retailers/brands hit especially hard, focusing on better service and supply

The boom in ecommerce has impacted smaller brands and retailers especially hard, as they are unable to match the discounts offered by the online marketplaces, thereby affecting sales and customer goodwill. A key aspect of this churn has been the renewed focus on brand creation and after-sales support, especially for consumer electronics. We believe that there will now be a renewed focus on customer service from the brands and an effort to improve the supply-chain and logistics systems to ensure that more products are available at their retail outlets.

## Is omni-channel the answer?

How does the modern retail industry respond to this challenge? Comparisons to a similar scenario in the United States do not offer any answers, as the online boom in that country started competing with an already mature modern retail sector, unlike India where both are still quite nascent.

An interesting phenomenon that has recently been gaining momentum is the 'omni-channel' approach, which tries to combine the best of both worlds (brick-and-mortar and online) by offering benefits, value, and shopping experience across mediums. We have also seen a number of large brick-and-mortar stores using these online marketplaces themselves. Almost every retailer is now seriously contemplating integrating their stores with their websites and trying to make

ecommerce a crucial sales medium. This has led to a burgeoning demand for experienced digital marketing and business leaders with experience in the ecommerce industry.

## Talent-scouting rush in ecommerce evocative of heady telecom/insurance days

The rush to get onto this bandwagon has led to ag-

gressive offers and counter-offers to attract the right talent. From a talent perspective, we are seeing the same heady days of telecom and insurance boom, when everyone wanted to get into the sector. A key element to the success of the omni-channel medium will be the ability of the senior retail leaders to truly embrace this approach. We have heard from a number of people who have been taken on board for these roles that there are still a lot of internal challenges (issues that these professionals were never exposed to before).

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# CHEMICALS:

## Experiencing a systemic shift

Author **Suresh Raina** Co-Author **Pooja Agarwal**

{ Significant developments in innovation and technology advances are driving the need for strong professionals at the senior leadership level to build capabilities }

### Good run in the last six months, shift towards high-performance chemicals continues

The last six months have seen the chemicals industry grow steadily, especially specialty, construction, and polymer chemicals. This is mainly due to demand growth from higher usage in construction, consumer, and automotive sectors. Growth in basic chemicals, which make up nearly two-thirds of the industry, accelerated due to a crash in oil and gas prices.

Specialty- and construction-chemicals market has a huge growth potential due to the construction and manufacturing boom in India. Many newly developed products give better performance and results, and hence there will be a shift in demand towards these products.

### Chemicals industry is undergoing a change, redefining opportunities and challenges

The speciality chemicals business is coming under pressure due to commoditization. This issue can be solved by (1) innovation for incremental advances targeted at new solutions for particular problems, and (2) focused investment to augment capability that will also help meet the threat from imports. R&D centres for application development are becoming the focus area for all major players and will provide opportunities for senior technical talent.

Chemicals companies have invested heavily in automation and information technology. These investments have increased reliability, reduced costs, and created greater operational efficiencies in production and supply-chain management. The next frontier of value creation in this industry can be reached by realizing the metamorphic potential of the digital revolution that has only just begun. Manufacturing and supply-chain experts will play an important role in this revitalization exercise.

### Domestic companies need to up their game

While global chemicals companies are working hard to tap into demand and manage supply, challenges co-exist in both segments. Domestic companies also need to come up on the learning curve in terms of technology and pricing; they can do so by adding scale and distribution and delivery capability.

High-quality talent in sales and distribution will be in demand; professionals who can lead M&A activities for acquiring targets both in the domestic market and for deal making with global players will also be sought after.

To ensure customer preferences and requirements are met and translated into market-specific product development, global chemicals companies will need to design a customized-solution approach and develop local sales and marketing capabilities along with product-support teams. The advantage for the global companies is leveraging their knowledge and experience obtained in developed markets.



## Significant developments in M&A, innovation, and technology

M&A activities continue, primarily led by the demand for aggregation in both manufacturing and distribution. Companies such as Clariant, BASF, and DOW and Indian players including SRF and Aditya Birla are actively acquiring and divesting core and noncore businesses to gain competitive advantage.

We are seeing significant developments in innovation and technology advances especially in intelligent manufacturing, data analytics, customized solutions including master batches, and applied research. These developments will need strong professionals

from other sectors at the senior leadership level to build capabilities.

Over the coming year, the sector will focus on adapting and refining business models, identifying growth opportunities in existing and new areas, and harnessing the potential of digital technologies to capitalize on the next wave of value creation. Talented professionals who can lead and grow their businesses along these lines will be in high demand.

Every company, local and global, will need to focus on developing high-quality talent to capture the opportunity visible over the horizon. MNC companies will need to offer employees compelling propositions such as global career paths and meaningful leadership prospects in geographies outside India.

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# CROSSBORDER:

## Outward FDI, India to Europe

Author *Arjun Erry*

To realize its FDI potential, India needs to improve its operating environment and develop infrastructure. Other priorities should include boosting production, improving the taxation system, easing FDI regulations, and increasing awareness about emerging cities. India's dynamic standing in the global marketplace is set to strengthen further in the years to come

### Germany and France are major outward FDI destinations

Since the mid-2000s, India-based companies have been investing in Western Europe through M&As and inward FDI. According to official statistics, India's overseas FDI increased to US\$ 14.6bn in March 2014 from US\$ 10bn in March 2005. In fact, between May 2004 and June 2007 Indian Multinational Enterprises were the single-largest investor group in Germany from emerging countries, a Deloitte study said.

In their spirited pursuit of growth opportunities overseas, Germany is one of the major focal points for Indian MNEs. In 2014, Indian firms invested an estimated US\$ 5.6bn in Germany, up from US\$ 825mn in 2007. These Indian MNEs employ approximately 20,000 full-time employees in Germany. Additionally, they provide vocational training to about 1,000 apprentices. Among the most cited reasons for investments in Germany were proximity to customers and access to technology. However, the firms often faced significant challenges in day-to-day operations such as differences in work culture, language problems, and high operational costs. IT sector firms, with

a larger number of expatriates especially complained about cumbersome visa and work-permit procedures.

The other country that has bi-lateral trade relations with India is France. The country is the ninth-largest foreign investor in India with a cumulative investment of approximately € 2.31bn (US\$ 3bn) in April 2000-June 2012, which represents 2% of total FDI equity inflows into India

for the period.

In August 2014, India had raised the foreign direct investment cap in the defence sector to 49% from 26%, in a move aimed at accelerating indigenization and introducing modern technologies to meet the requirements of the Indian Armed Forces. Major French defence-sector companies include DCN International SA, Dassault Aviation, and Thales, which has an

**August 2014: One of the Jindal companies is close to buying Italian steelmaker Lucchini that has been declared insolvent. Lucchini was owned by Russian Severstal and became insolvent in 2012 following the economic slowdown.** Source: The Economic Times

#### Examples of Indian acquisitions in Germany during August 2013 - June 2014

Indian MNE	German Object	Deal Amount	Comments
Amtek India	Kupper- Gruppe	€ 50mn	750 employees in 5 locations including one in Hungary, estimated annual turnover €200mn
Amtek India	Kaiser GmbH	Not Disclosed	640 employees
OPM Global (Hero Cycles Group)	Mifa – Mitteldeutsche Fahrradwerke AG	Up to € 15mn	Minority stake (up to 47%)
Prisma Global Limited	Prisma GmbH	Not Disclosed	Majority Stake (51%)

Source: "Indian Investments in Germany: Promising Prospects and Still Untapped Potential" Hamburg University of Technology (TUHH).

Indian unit.

In 2013, India was the 47th largest foreign investor in France with cumulative FDI inflows amounting to € 410 million. Indian Investments in France have been growing and it is estimated that the total stock of Indian investments in France is approximately € 1 billion

## Bilateral trade ties with Italy growing

Italy is among India's top-five trading partners in the EU and the 14th largest investor in India— cumulative inflows into India at US\$ 1.1bn (April 2000–August 2012) accounting for 0.63% of total FDI inflows. Bilateral trade saw strong growth until 2007, before the worldwide recession of 2008 led to a marked slowdown in the Italian economy. This had an adverse impact on the bilateral trade, which was € 1.67bn in January-March 2014, down 7%.

In 2008, the value of Italian direct investment increased considerably (to € 235.9mn from € 18.56mn) and was higher than France and Germany for that year. Currently, there are around 400 Italian firms in India vs. 330 in 2008, especially in the textile and automobile sectors. Some of the major Italian companies that have invested in India are FIAT Auto, Heinz Italia, FIOIA, Italcementi, Necchi Compressori, Perfetti, Lavazza, Fata Hunter Engineering, ENI, SAI India, Isagro (Asia) Agrochemicals, Piaggio and Impreglio, SEA Deutzfahr Group, Finmeccanica SpA and Ferrero.

Indian companies are present in Italy in sectors such as IT, electronics, engineering etc. The prominent companies operating in Italy include Tata, TCS, S. Kumar, Raymonds, Wipro, L&T, Mahindra & Mahindra, Jet Airways, Ranbaxy, Bombay Rayon Fashion, Zydus Cadila, Dr Reddy's Laboratories, Aurobindo Pharma, Himatsingka Seide, Varroc Group, and Endurance Technologies.

## PEOPLE MOVEMENT >>

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# FIVE TIPS TO OVERCOME OBSTACLES WHILE DOING BUSINESS IN INDIA

While entering India could be profitable, global businesses could face challenges specific to the local business environment, including the country's diverse culture and demography

India is one of the fastest-growing economies of the world with GDP growth projected to accelerate to 7.5% in 2015 according to the International Monetary Fund (IMF). With increasing liberalisation in foreign direct investment, policy initiatives, and heavy investments in infrastructure, India is certainly an attractive business destination.

The new government is making major efforts to increase the ease of doing business through reforms such as 'Make in India', which focuses on making India a global manufacturing hub. These efforts along with upcoming ones such as the introduction of a goods and services tax have also led to the IMF stating that 'India is one of the bright spots in the global economy'.

While entering India could be profitable, global businesses could face challenges specific to the local business environment, including the country's diverse culture and demography.

Here are five top tips to overcome typical obstacles faced by businesses seeking to enter India:

## 1) Finding your niche

***Invest in visiting India and understanding your market.***

Many companies look at India as one big market of 1.2 billion people. In fact, this is a country with 22 recognised languages

where individual purchasing power differs dramatically. Besides, different communities have distinct behavioural patterns and consumption habits. Yet, many businesses do not carry out adequate market research before entering India. It is imperative that you explore the country and define your market clusters. These can vary by state, city tiers, or consumer profile. While this may require significant time and effort, the pay-offs will be substantial.

## 2) Building personal relationships

***Take your time scouting for and developing a relationship with your prospective local partner. Don't be too quick and anxious to complete the task and move on.***

Companies with limited experience in India often find that in dealing with local partners it isn't clear where discussions are headed. It is quite common for Indians to mix business and personal relationships. They like to meet often and it may appear (to the representative of the foreign company) that not much has been achieved. Traditional business houses are also strongly hierarchical, where subordinates may not openly contradict their superiors; therefore, discussions and follow-up action could take longer. A large dose of patience is needed, as business deals start slowly and pick up pace only after trust has been established.

## 3) Recruiting and retaining talent

***Invest in developing the capabilities and loyalties of your employees. The long-term benefits will far outweigh the initial costs.***

Another grouse of MNCs setting up in India is that while it is easy to find graduates, it is difficult to hire real talent. However, despite many graduates in India not being truly market-ready, several global companies have successfully developed local talent in a cost-effective way, leading to sizeable profits. Many successful companies have even set up their own training centres in India. You must be open to investing in training needs to bring recruits up to speed.

## 4) Navigating regulations

***Appoint experienced consultants who are aware of the regulatory and tax environment in India. This can result in significant cost savings.***

India has a plethora of laws and regulations, which see frequent updates. Foreign companies are likely to find it difficult to navigate this complex maze. Advice from experienced, reputable local consultants who know the numerous regulatory requirements can lead to significant savings by availing incentives, getting duty credits/set-offs, and avoiding compliance hassles.



## 5) Managing distribution costs

*Find the right supply chain partners and work closely to develop your distribution channel.*

Often, companies tend to focus on marketing, only to realise later that distribution is the key to success in India. India may not be as cost-effective as expected unless you are hands-on in developing your distribution channel. This can be time-consuming, but in a country where modern retail has a mere 8-10% share of total retail in value terms, it is imperative to actively manage the supply chain right up to the last mile. Unlike other countries where a distributor is usually an established institutional vendor, those in India still require some handholding. Therefore, a partnership approach to distribution is a useful strategy.

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### About SKP

*SKP is a long established and rapidly growing professional services group located in six major cities across India. We specialise in providing sound business and tax guidance, accounting and outsourcing services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 active clients including multinationals, companies listed on exchanges, privately held and family-owned businesses from more than 45 countries.*

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# MOST BUSINESSES ARE ELIMINATING PAPER-WORK WITH HAPPINESS

Imagine a hassle-free solution that makes all your HR forms and paperwork electronic, fillable, interactive, secure, digitally sign-able, and distributable across the entire business environment

Many businesses are choosing to eliminate paperwork. Paperless environments are becoming very popular, but when a company has been running for many years with mounds of paperwork, where and how do they even begin to eliminate it? Below, you will find a few tips on eliminating paperwork. When you finally make the switch, you will be so happy that you did.

## Why not start with your company's HR department?

Automation is a huge time saver: By getting rid of needless paper, you can stop spending all those hours filing paperwork, recording forms, and sending them to multiple locations. With One Paper Lane, a company that digitizes paper documents, most HR tasks can be fully accomplished with automated completion. One can automate workflows by setting reminders and due dates. HR Directors can manage everything in one dashboard.

**Employees Can Take Ownership:** When using online HR systems instead of paper documents, employees can take some responsibility for their own records and re-

duce the constant questions that are usually brought to an HR employee.

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These are just a few reasons to eliminate paper from your office. There are many more, and they will all make your office run smoother.

Contact One Paper Lane for more information on how to manage your HR processes from pre-interview to onboarding, digitally and seamlessly.

## About One Paper Lane:

One Paper Lane is a leading technology platform that digitalizes forms and documents that businesses of all sizes use with their customers, vendors, partners, and employees. It all happens in one simple, secure, and fluid workflow. All without paper. All in the Cloud. Visit [www.onepaperlane.com](http://www.onepaperlane.com) for a 30-day free trial.

# TECHNOLOGY: Ecommerce, 4G, smart cities lead the way

Author *Suresh Raina* Co-Author *Pranjal Das*

New trends in the Indian technology sector (including telecom) include—the growing needs of ecommerce companies and telecom companies (led by 4G rollouts), opportunities in India's new 'Smart Cities', and the government's thrust on making India a world-class manufacturing hub of next-generation electronics and automation products

## Consumer durables: Ecommerce is the new sales channel

Last year saw all leading consumer durable companies jumping onto the ecommerce bandwagon, as a strategic move, to tap into the growing number of e-shoppers in India. Leading companies such as Samsung, Sony, Panasonic, and LG started working towards launching ecommerce as another alternate sales channel by integrating their exclusive stores across India. Ecommerce stores, along with emerging sales channels such as television shopping, are poised to be the future growth drivers for India's consumer durable industry. With growing internet penetration, e-commerce alone is expected to contribute more than 15% of the sales for these companies in the next three years.

2014 also saw the emergence of a new breed of e-commerce-only companies such as Xiaomi, Motorola, and Asus, in the Indian market. This trend is set to continue over the next couple of years, as more domestic and international companies make a beeline for the Indian market through this channel. Companies are focusing on the ecommerce platform by hiring very senior talent to lead this business vertical.

## Telecom Equipment: The 'Make in India' effect

The Modi government's 'Make in India' campaign, along with the next phase of network expansion and connectivity (4G) seems to have renewed the interest of leading telecom infrastructure companies including Ericsson, Nokia, Siemens Networks, and Huawei. Led by Ericsson, which will set up its second manufacturing unit for telecom core products in Pune, these players plan significant investments. Nokia and Huawei are in the process of scaling up their manufacturing facilities to capture opportunities from 4G network expansion in India. Leading telecom service providers' 4G expansion plans have also created demand for senior expat talent with digital and technology platform experience.

## Smart cities: Bringing new opportunities

The Indian government has announced its plan to set up 100 smart cities across the country and the investment flowing into the projects will be in billions of dollars. Since technology forms the connecting cord of smart cities, IT infrastructure players are keen to tap into this substantial opportunity.

Last month saw Siemens and Hitachi signing an MoU with CII. The GIFT city in Gandhinagar is already on track to be declared a smart city with the International Finance Center coming up. Similarly, top American business houses such as Cisco, IBM, 3M, EMC, GE, Honeywell, KPMG, Otis, Timken and Louis Berger, have setup a consortium to target the smart-cities business opportunity. With an expected investment of more than US\$ 2tn over 30 years, Indian smart cities projects offer significant opportunities for integrated infrastructure developers globally.

## Digital electronics: Becoming a world-class manufacturing hub

International technology players are in final discussions for setting up manufacturing facilities to start producing the next generation electronics and automation products in India. The shift away from China is becoming more evident and will open up very interesting opportunities for senior technology professionals for both manufacturing and supply-chain functions.

### PEOPLE MOVEMENT >>

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TO Dell Services

AS VP, Infrastructure Services Delivery

#### K BHASKAR

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AS CTO

# ENERGY:

## Conventional and renewables

Author **Suresh Raina** Co-Author **Pooja Thakker**

{ After being stuck in a stalemate for more than 24 months, we are seeing some green shoots in resolving the problems affecting the sector }

### Conventional energy: Things are moving again

The government liberalised the foreign direct investment policy for power trading exchanges and reduced excise duties by 2% on capital goods imports in the recent budget and extended tax holiday until March 2017. The coal blocks impasse has been resolved; this, along with the speeding up of the environmental and regulatory clearances have led to things moving again.

The massive churn of senior talent we saw in the last 12 months has ebbed and companies will soon be in hiring mode.

The crash in international gas prices will take time before it benefits Indian power projects. The LNG terminals in both planning and execution stages will take more time to come on stream. Liquidity is a challenge and the industry will need a lot more help from the financial institutions along with the government before we see the infusions that are desperately required.

Consolidation trends will dominate and we will continue to see M&A activities as companies are liquidating

assets to raise capital to improve cash flows. Senior leadership talent for project management, structured finance, mergers and acquisitions, and procurement will be in demand as businesses are trying to get their projects back on track.

### Renewable energy: Renewed vigour

Revised targets for renewable energy projects have reenergised the industry. India is in talks with more than half-a-dozen leading multilateral funding and lending agencies to raise capital for solar/clean energy projects.

To meet the revised renewable energy targets for 2022, much larger projects should come up, even upto 1GW. By 2016, India will have the world's largest 750MW solar power plant, in Madhya Pradesh. The government is setting up 15,000MW of grid-connected Solar PV Power projects, including roof-top solar, under the National Solar Mission—this will give a fillip to the roof-top solar industry. It plans to set up 25 solar power parks to promote renewable power generation.

The Economic Survey 2014-15 stated

that India's clean energy sector was likely to generate business opportunities of US\$ 160bn over the next five years. SunEdison inked the largest deal in India in solar energy cell manufacturing with the country's largest private power producer, Adani Enterprises, with an investment of US\$ 4bn and a commitment for 15GW of solar power production. PV module manufacturing is also seeing a positive trend with Sun Edison, Indo Solar, Tata Solar, and Moser Baer all increasing capacity to meet the renewed demand.

Softbank, the Fortune 100 Japanese Technology conglomerate, has pledged billions in investment for the clean energy sector over the next five years. The sector will continue to see massive capital investment and talent acquisition as it adds capacity. New technology is also aiding in bringing down the costs for solar and wind assets as companies look for innovative ways to reduce capital cost to set up the projects.

Leadership talent is already in high demand—skills including project management, finance, business development, and engineering are among the most sought after.



## NEWS/DEVELOPMENTS

- Japanese trading powerhouse Mitsui is looking to acquire power assets and building a natural gas value chain like LNG terminals.
- Hindustan Power Projects will add 2GW of solar power over the next two years by investing Rs 120bn
- Tata Power Solar increased module-manufacturing capacity by 60%.
- Mahindra Group's renewable energy arm aims to set up 1GW solar projects
- Reliance Power to set up 6,000MW solar park in Rajasthan
- Actis–Ostro Energy to Invest US\$ 230mn in the renewable energy space
- India's biggest power generator, NTPC is planning to set up a 5000MW solar capacity in the next two years
- Sun Pharma is investing Rs 1,8bn (US\$ 290mn) to buy a 23% stake in Suzlon Energy, the world's fifth-largest wind turbine maker
- NTPC, India's biggest power generator, aims to set up 5,000MW solar capacity in the next two years
- Welspun Renewables has pledged to set up 11GW of solar and wind power projects across the country

## PEOPLE MOVEMENT >>

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# EPC : Consolidation and Sophistication trend emerging

Author **Suresh Raina** Co-Author **Pooja Thakker**

EPC companies are looking at consolidation and upgrading resources as project sizes get larger, capital requirements increase, and global players enter the market at a faster pace

## EPC companies to lead the Indian infrastructure push

After the failure of the PPP model, the shift towards EPC for infrastructure development is very clear. India needs to develop the EPC sector, as investments need to continue flowing in the near future. While Indian players are venturing into the international markets, global construction giants are already here and are steadily growing their footprint. It is likely that the EPC sector is going to benefit the most from India's infrastructure requirements. The government has set up a special monitoring cell to review infra projects on a regular basis.

## Only the fittest will survive

Infrastructure companies across the board (power, road, bridges, and urban development) have lost huge amounts with projects stuck due to multiple reasons. For many companies, the only option is sale of assets to stronger players with large balance sheets who can infuse cash and complete the projects. Others are trying all the possible means to restart and complete projects. Overall, liquidity has become a challenge.

Transmission companies are in a better position largely due to Power Grid Corp's deft handling of projects. The pain is lesser among transmission companies compared to EPC.

## Various challenges persist for EPC companies

The EPC mode of project execution has resulted in clients demanding lesser delivery times for project completion. This poses immense challenges in almost all aspects of project execution from engineering, procurement and construction, to commissioning. Timely delivery is another big challenge for the procurement group. So far, the size and scale of the projects has been small, limiting the ability to manage costs. However, the trend towards the larger projects will allow EPC players to optimise costs and cycle times.

EPC players are under pressure to become more competitive and to upgrade their delivery and execution model. Best practices from global players will need to be introduced to Indian companies to improve their capability in achieving the desired results. This includes reducing the cycle time, timely delivery, quality, project management, contract management, and risk management.

International expansion by EPC companies is likely to be slow, largely due to global competitive intensity and strong domestic demand.

## Talent landscape

Within EPC, the biggest challenge would be to hire talent that has had exposure to best practices in project management, procurement, and construction.

Since it is difficult to get the highly skilled senior managers, so far the trend has been to rotate them to provide them with exposure to international work culture and practices and to increase their skills and broaden their horizons. With the number of large-sized projects increasing, the need for trained professionals is becoming acute.

In addition to domestic demand, global EPC contractors are looking at Indian talent for markets outside India, as demand is picking up in the Middle East and in South East Asia. In the last 12-24 months, redeploying people was a concern due to excess capacity. However, with projects restarting, a skill gap will emerge rapidly.

## Consolidation seems inevitable

In order to keep their resources limited and focused on core competence, many construction companies have jumped on to the EPC bandwagon to ensure growth and survival. Many such companies do not have full capability or even knowledge of the entire gamut of EPC activities. Quite a few companies have often failed to recognise the need for proper risk management at the right time, which has led them into tight corners. Such situations, along with a liquidity crunch and the need for capital as projects get bigger, are likely to lead consolidation in the industry.

## News/ Developments

- Henceforth, IVRCL will focus only on its engineering, procurement, and construction portfolio and will look at nearly doubling revenue to around Rs 80bn over the next two years.
- The road ministry has moved a proposal, seeking a policy decision to revive about 86 languishing highway projects that have become unviable
- L&T has received an order from TANTRANSCO for supply, erection, testing and commissioning of a 400 kV D/C transmission line between Korrattur-Thervaikandikai-Manali in Chennai. It has also received another EPC contract for a 400kV double-circuit transmission line in Rajasthan and Madhya Pradesh
- Isolux Corsan India completed a 163.6km 765-KV transmission line on the Pune-Solapur line.

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# ECOMMERCE:

## Fast evolving and transforming

Author **Suresh Raina** Co-Author **Pranjal Das**

{ With rapid growth in the number of internet users, especially on mobiles, the ecommerce industry's customer service and supply-chain landscape is swiftly becoming highly sophisticated and responsive that requires sharp senior- and mid-level talent. }

### Ecommerce: Technology and investments are driving growth

Robust investment activities and rapid growth of internet users are aiding India's journey towards becoming the fastest-growing e-commerce market in the world. The number of internet users increased to 300mn by the end of 2014 from 50mn in 2007. Market studies by Morgan Stanley expect the Indian internet market to reach US\$ 137bn by 2020 from US\$ 15bn in 2014—most of this growth would be driven by the rapid expansion of ecommerce and on-line travel sites.

Consumer access to the internet and hyper competition among ecommerce players has made the Indian online buyers very demanding and less loyal to any particular player. Studies indicated that more than 70% of the online buyers evaluate deals and customer feedback at multiple sites before completing their purchase. With significant investment in the last two years, new-age ecommerce players are trying to create differentiation, not in terms of deals and discounts, but by introducing better customer services and reach.

### Service taken to a different level: Seeking new leaders in customer service and supply chain

In the open internet space, customer loyalty switches very quickly and differentiation on products and deals has reached a saturation point. Therefore,

companies are ramping up their after-sales support organization to create differentiation. There is a 24x7 sales and support theme emerging, where supply-chain and fulfillment centers will support extended pickup and delivery times. Delivery and fulfillment services will soon be seven days a week, in line with the timings that physical retail keeps. Companies are upgrading and introducing new talent and technologies for the next level of supply-chain efficiency and customer services. The market is seeking new leaders in customer-service experience and supply-chain upgradation. Leadership talent to drive product, supply chain, and innovation will be the key to sustain growth targets for retaining market leadership.

### Going mobile is the new theme—new hiring flourishing, Silicon Valley talent could lead

Significant penetration of smart phones and the internet has changed the way Indians engage with their daily lives. That change is now visible in on-line shopping behavior too—the preference of mobile devices over desktops/PCs is steadily increasing. Mobile traffic to all leading e-commerce sites reached more than 40-50% by the end of 2014 and this trend should continue. Big data analysis and transformation to mobile-only platforms seems to be the new trend in the market and companies like Myntra.com has already ditched their desktop platform to adopt a complete on-the-go mobile platform. This phase of transformation is drawing these



ecommerce companies closer to social networking companies to create a seamless platform experience across devices. Companies are looking at returning Silicon Valley talents to lead this metamorphosis in India.

Another windfall of the massive investment into ecommerce has been significant investments in advertising campaigns across various channels such as print and television, especially during the festive season. With an investment of more than US\$ 4.8bn in 2014 by the top three players—Flipkart, Amazon

and Snapdeal—leading firms were able to create the buzz in the market for this new industry and attract senior- and mid-level talent into their organizations. In fact, studies by leading recruitment firm Randstad indicate that major ecommerce players in India are likely to hire close to 50,000 people across levels in the next three years, with more than 200 positions at senior levels. Digital marketing will continue to see demand for domain expertise as advertising dollars continue to shift to the internet and to social media.

## PEOPLE MOVEMENT >>

### GIRISH HURIA

**FROM** Avian Media

**TO** eBay

**WAS** COO

**AS** Head Communications

### RUTH PORAT

**FROM** Morgan Stanley

**TO** Google Inc

**WAS** Chief Financial Officer

**AS** Chief Financial Officer

### JEYANDRAN VENUGOPAL

**FROM** Yahoo India

**TO** Snapdeal

**WAS** VP Engineering

**AS** Strategy/Technology Advisor

### PUNIT SONI

**FROM** Google Inc.

**TO** Flipkart

**WAS** Executive Officer

**AS** Head of Products

### SAIKIRAN KRISHNAMURTHY

**FROM** McKinsey

**TO** Flipkart

**WAS** Strategy Expert

**AS** Chief Operating Officer, Commerce Division

### LIZZIE CHAPMAN

**FROM** DBS Digital Bank

**TO** IndiaMART

**WAS** Executive Director

**AS** Director

### RAGHUNANDHAN G and APRAMEYA RADHAKRISHNA

**FROM** TaxiForSure

Stepped down after the company merged with Ola

**WERE** Co-founders

### TARANJEET SINGH

BBC Worldwide

**TO** Twitter Inc.

Sales Director- South Asia

**AS** Head of Sales, India Operations

### VIKRAM RAIZADA

**FROM** Tara Jewels

**TO** Amazon

**WAS** ex-ED and CEO

**AS** Head, Jewellery Segment

# FINANCIAL SERVICES: Health insurance

## A structural shift in approach

Author *Arjun Erry* Co-Author *Deepti Kesharwani*

The health insurance industry in India is on a growth path, moving from an underwriting-based approach to a wellness one. This change will warrant a structural shift within companies and will create hiring opportunities for a wide variety of professionals across healthcare segments

### Indian healthcare: Severely underdeveloped and lacking

The Indian healthcare market today is US\$ 65bn. Currently, healthcare delivery and financing is marked by around 72% out-of-pocket spending. India's per-capita spending on healthcare is US\$ 109 per annum—this is an eighth of the global average. India trails in health behind its South Asian neighbours like Sri Lanka and Bangladesh, which have comparable per capita income. There is a wide gap in healthcare delivery for the insured and for the total population.

### Indian health insurance: Growing fast, but a long way to go

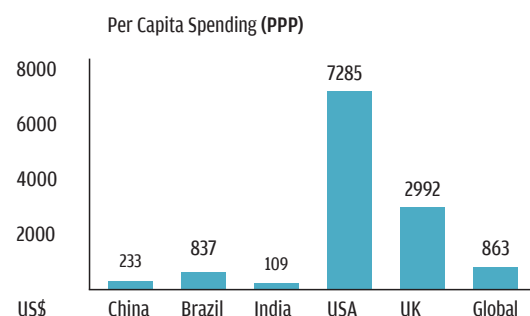
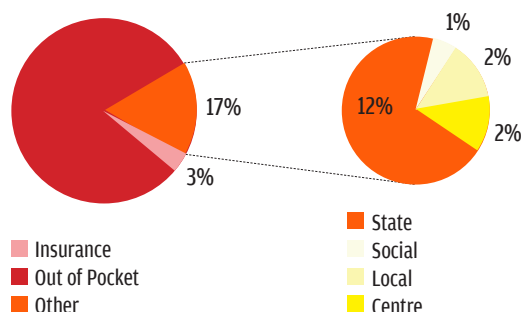
The Indian health-insurance industry today is worth Rs 61tn. Its CAGR from 2008-15 was 42%. Market penetration has grown three times in this period.

Currently, there are five specialized health insurance companies—Apollo-Munich, Cigna-TTK, Max Bupa, Religare, and Star Alliance. Aditya Birla Financial Services Group has signed an agreement to form a health insurance joint venture (JV) with MMI Holdings of South Africa. Additionally, general insurance companies—private and public sector—also provide health insurance.

### Reforms need to get going at a faster pace

Health insurance is a minor contributor in the healthcare ecosystem; this creates challenges in penetrating the insurance industry. There are no regulatory and standardized operating procedures, which gives an upper hand to the providers of the services who dominate and influence the pricing and contract arrangement.

The Insurance Laws (Amendment) Bill, which has been passed through the Ordinance route along



Source: WHO World Health Statistics 2010

with the proposition of the Union budget of increased tax deduction limit of up to Rs 25,000 will shape the course of the insurance industry in the next year—evolving the future model of the industry, giving relief to middle-class tax payers, and promoting health insurance.

## Health insurers are looking at customer wellness for lowering their claim ratios

For health insurers, the theme is shifting from indemnity to prevention. Therefore, these companies are trying to improve the wellness of the insured population, which will result in improved quality of life. A big benefit of this will be a lower claim-ratio, hence improving their profitability.

This shift to wellness will not be easy. Firstly, it needs a structural change within insurance companies—they will need to approach the problem from a completely different perspective and come up with unique solutions. A key talent-related aspect will be to move away from the underwriting-dominated approach to a wellness approach.

This implies that a whole cohort of talent will need to be developed and hired, including medical professionals, lifestyle experts, fitness experts, dieticians, and mental-health experts. A new organization structure will need to be created to incorporate the wellness business unit. Although it will not be a formal P&L, the metrics and targets of improved ratios will become the measurement criteria of the wellness SBU. This will perhaps be the most important change in the organization structure of health-insurance companies.

### PEOPLE MOVEMENT >>

#### MURLI NAMBIAR

<b>FROM</b> Apollo Munich Health Insurance Company Ltd.	<b>TO</b> EVN Consulting Private Limited
<b>WAS</b> Executive Vice President - Head IT	<b>AS</b> CEO and Founder

#### SAMEER BHATNAGAR

<b>FROM</b> Apollo Munich Health Insurance Company Ltd.	<b>TO</b> HDFC Standard Life Insurance
<b>WAS</b> Vice President - Legal and Chief Compliance Officer	<b>AS</b> Vice President - Compliance & Legal

#### SHAMIK BANERJEE

<b>FROM</b> Apollo Munich Health Insurance Company Ltd.	<b>TO</b> AEGON Religare Life Insurance Company Limited
<b>WAS</b> Vice President and National Head - Marketing and Digital Engagement	<b>AS</b> Chief Marketing Officer

#### VISHWANATH SWARUP

<b>FROM</b> Max Bupa	<b>TO</b> Abbott
<b>WAS</b> Transformation Office & Product Development	<b>AS</b> Director Commercial Excellence & Operations

#### PREETI SOOD

<b>FROM</b> Max Bupa	<b>TO</b> PoochMate
<b>WAS</b> Head-Telesales	<b>AS</b> Founder

#### RAVI VISHWANATH

<b>FROM</b> Apollo Munich Health Insurance Company Ltd.	<b>TO</b> Tata AIA Life Insurance
<b>WAS</b> Chief Marketing Officer	<b>AS</b> Deputy CEO & Chief Distribution Officer

#### ASHOK SUVARNA

<b>FROM</b> Birla Sun Life Asset Management Co. Ltd.	<b>TO</b> Birla Sun Life Insurance Company Ltd.
<b>WAS</b> Ex. Vice President & COO	<b>AS</b> COO

#### MOHIT SAINI

<b>FROM</b> Apollo Munich Health Insurance	<b>TO</b> National Health Insurance - Daman
<b>WAS</b> AVP - Product Development & Group Underwriting	<b>AS</b> Director Product Management & Business Development

#### GAURAV RAJPUT

<b>FROM</b> CignaTTK Health Insurance Company Limited	<b>TO</b> IDFC
<b>WAS</b> Chief Marketing Officer	<b>AS</b> Chief Marketing Officer

#### NEERAJ BASUR

<b>FROM</b> Max Bupa Health Insurance Company	<b>TO</b> Blue Star Limited
<b>WAS</b> Chief Financial Officer	<b>AS</b> Chief Financial Officer

#### BIRENDER AHLUWALIA

<b>FROM</b> Max Bupa Health Insurance Company	<b>TO</b> The Positivity Company
<b>WAS</b> Director - Sales & Distribution	<b>AS</b> Chief Executive Officer

#### GAGAN BHALLA

<b>FROM</b> Max Bupa Health Insurance Company	<b>TO</b> Apollo Sugar
<b>WAS</b> Director, Strategy & Development	<b>AS</b> Chief Executive Officer

#### NITIN JAIN

<b>FROM</b> Religare Health Insurance Co. Ltd.	<b>TO</b> Religare Securities Limited
<b>WAS</b> President & Chief Operating Officer	<b>AS</b> Managing Director & Chief Executive Officer

# FINANCIAL SERVICES: Mid-Office Captives

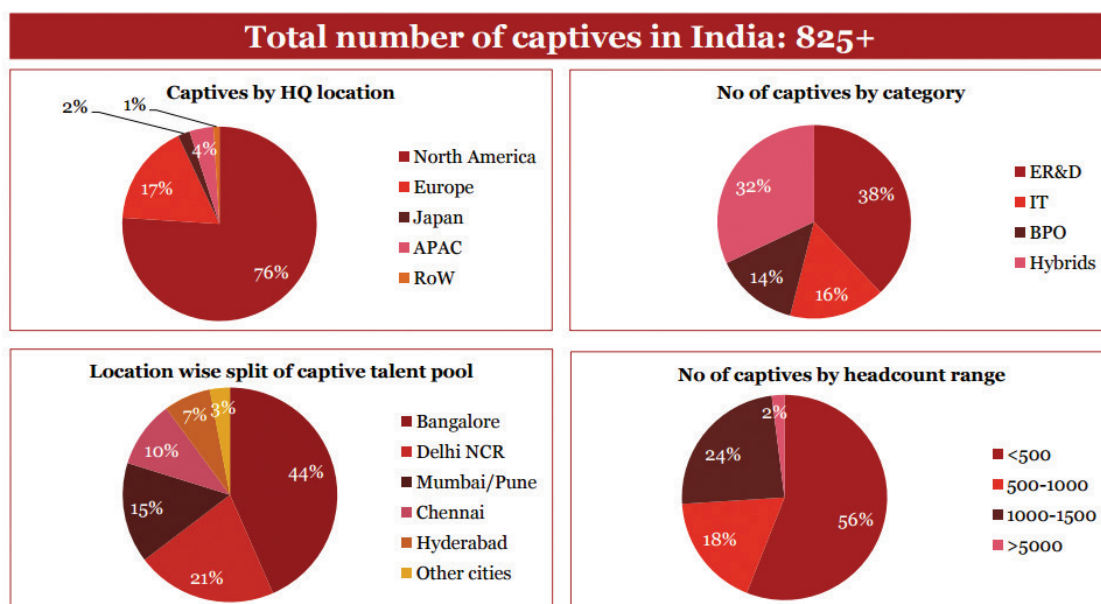
Author *Arjun Erry* Co-Author *Deepti Kesharwani*

With the global acceptance of India as a financial services outsourcing hub, major financial companies are increasing their offshoring to India. Captive centres have played a key role in this phenomenal growth story, establishing 'proof of concept' and branding India as a global sourcing destination

## Major FIs offshoring to captive centres in India—a growing trend

As opposed to third-party outsourcing, captive centres are better when IP is a competitive advantage, or when the process itself is highly confidential—for example processing tax returns—or when there are regulatory restrictions for third-party data access, such as in banking. Productivity, efficiency, time-zone arbitrage, and cost of processing are the key drivers for most global FIs to offshore to India. FI's captives are now entering a new phase— offshoring

parts of the front office and majority of the mid office. The driver is access to quality talent in India, lower communication costs, and better leverage of IT systems. For example, a commercial bank has offshored a large share of its client support, and product and pricing support staff to India. These personnel are part of the virtual client team in the home market. They work the home market hours, are accessible on the same internal phone-networks (extensions), and cooperate in real-time. For the client relationship manager, the fact that the resource is located several time-zones away is immaterial.



Source: Nasscom, 2014

## Captive centres will soon start resembling parent's banking operations

We foresee that the mid-office centers of global FIs will resemble banks, not BPOs. The staff will be drawn from the parent bank or hired from other banks. The processes, infrastructure, and work culture will resemble banks. This, we believe, force a massive change in how the mid-offices are managed. Banks will need to hire senior and experienced business leaders, not BPO champions. Product knowledge and banking knowledge will become the key drivers of selection. Working in a

global world will also be another key filter.

All these factors are going to bring about a massive shift in banking talent. Given that the captives' compensations will generally be higher than conventional banks in India, we expect a talent exodus from banks to these captives, which is likely to drive a structural shift in conventional banks.

Captive centres will also face structural issues—in a way, we see a BPO within a BPO; meaning the mid-office captive will become a specialized unit within the larger BPO of the FI. The mid-office captive will be housed in the BPO, but will be functionally independent, reporting to the markets that it serves.

### PEOPLE MOVEMENT >>

#### RB RAJENDAR

**FROM** Fidelity Investments

**TO** HSBC Electronic Data Processing India (Pvt) Ltd

**WAS** Vice President - Business Analytics & Research

**AS** Senior Vice President - Risk Analytics

#### RAHUL BAID

**FROM** Goldman Sachs services Pvt Ltd

**TO** Morgan Stanley

**WAS** VP -Goldman Sachs Asset Management Sales Technology

**AS** Executive Director - Wealth Management Technology

#### ANIL RAMCHANDANI

**FROM** JPMorgan Chase

**TO** MSCI (Formerly Morgan Stanley Capital International & MSCI Barra)

**WAS** Executive Director -Derivative and Currency Operations

**AS** Executive Director - Derivative and Currency Operations

#### KRISHNAN VISWANATHAN

**FROM** JPMorgan Chase

**TO** Barclays shared services(IBWIM)

**WAS** ED - Risk, Corporate & Investment Bank

**AS** Director - Risk, Controls & Regulatory Management

#### VINEET NAGPAL

**FROM** Deutsche Bank

**TO** Credit Suisse

**WAS** Vice President, Finance

**AS** Director -Finance

#### NILESH PALLIWAR

**FROM** MSCI (Formerly Morgan Stanley Capital International & MSCI Barra)

**TO** J.P. Morgan

**WAS** Vice President - Program Management

**AS** Executive Director - Program Management

#### RAJ KAZA

**FROM** RBS Business Services Pvt Ltd

**TO** CRISIL Limited

**WAS** Head, Human Resources

**AS** President, Human Resources



# BUILD AN INNOVATION ENGINE IN 90 DAYS

Innovation is what will sustain a company in today's highly competitive environment. But how often can a company churn out feasible innovative ideas and implement them?

Scott D. Anthony, David S. Duncan and Potnus M.A. Siren from Innosight, an innovation consultancy, tell you how you can build a reliable innovation system and get it up and running in just 90 days. They call it the Minimum Viable Innovation System (MVIS). Its purpose is to encourage, identify, share, review, prioritize, develop, and reward innovative ideas without having to undergo fundamental organizational changes or major resource reallocation.

Here is their 90-day road map towards setting up an innovation factory as part of the organization. It includes four basic steps that will require minimal investment and no additional human resources.

## Step 1:

*Define your innovation bucket (day 1-30):* This requires understanding of two buckets of innovation by the MVIS team.

- The core innovations (ones that help extend the current business) that are developed in line with current strategy will help meet short-term growth goals with rapid and substantial returns.
- For meeting long-term growth goals and closing the gap that current operations and core innovations cannot meet, the company will have to look at new-growth innovations (one's that in-

clude new business models to tap fresh markets or other customer segments). These innovations will need considerable gestation time before they deliver targeted returns.

To determine which innovation bucket needs higher concentration, the innovation leader will need to determine the growth gap based on future goals and estimated profits from current operations in the next five years. The top leaders of the company will then need to determine broad categories of innovations that could fill the gap.

## Step 2:

*Zero in on a few strategic opportunity areas (day 20-50):* The company will have to conduct a three-week research within the existing customer base, which will yield good results. A few of its executives (who can be a part of MVIS later) should meet at least a dozen customers to find their unmet needs. Based on this research, a team of senior leaders should brainstorm and zero-in on a minimum of three strategic opportunity areas, all of which should include each of the three elements below:

- Unmet or not well addressed requirements of numerous customers
- Either a technology that will help cus-

tomers meet the requirement easily, cheaply, or conveniently OR emerging a social, regulatory, or economic scenario that will intensify the customers' requirements.

- Company's special capability in meeting customer requirement that competitors cannot easily match.

## Step 3:

*Form a small and dedicated team to develop the innovations (day 20-70):* Even MVIS would require dedicated resources towards only developing innovations. If there is no availability then the resources need to be freed. This can be done by identifying unproductive projects that neither fit the core strategy or strategic opportunity buckets. These team members can be used to drive new growth innovations. The following checklist can be created for the team to ensure they do not go off track.

1. Ensure that innovation development is spearheaded by a small and focused team with relevant experience, or by those who are ready to learn.
2. Ensure team understands customers with required customer interaction.
3. Check for development in other industries and countries while looking for novel ways to meet customer requirements.

4. Can the team clearly define its first customer and path to reach others?
5. Ensure that the team stays focused on the strategic opportunity area in which it has a competitive advantage.
6. Is the proposed business model described in detail?
7. Does the team have a believable hypothesis about how the offering will make money?
8. Has the team identified parameters for the hypothesis to be true?
9. Does the team have a plan for testing all uncertainties?
10. Are fixed costs low enough to facilitate course correction?

## Step 4:

*Create a mechanism to shepherd projects (day 45-90):* Existing budget and control systems will work well for core innovations, but new growth innovations will need the forming and training of a new group of leaders with autonomy to take decisions about starting, stopping, or re-directing new-growth innovations. These 'project shepherds' should be capable of assembling and taking quick decisions (even day-to-day ones). To begin with, along with the innovation leader and the development team, these shepherds should review the innovation project.

At the end of 90 days, once the MVIS is in place and there are positive signs of the innovation project bearing fruit, it's time to slowly wire the MVIS functions into the formal organizational systems, starting with the ones that are working well. Secondly, create specialized functions to carry out parts of innovation process—this will depend on the size of organization. MVIS will also highlight internal barriers to innovation in the organization, which would need to be rewired. Although it's a challenging task, it is critical to sustain innovation efforts and growth of organization.

## Imagine Your Business Without Paper

### Each Year

NEARLY **25%**

of the working population undergoes some type of career transition.

### Turnover Is Expensive

So it's important to support new employees with comprehensive onboarding to ensure success.

#### WITHOUT A PROPER AUTOMATED ON BOARDING PROGRAM

**20%**

of staff turnover

HAPPENS WITHIN THE FIRST **45 DAYS** of employment

FROM **\$3,000**

TO **\$18,000**

IS THE ESTIMATED EXPENSE to replace an average employee.

**LOST PRODUCTIVITY** due to new hire learning

**32%** of global executives say their **ONBOARDING PROCESS WAS POOR**

#### THE MOST IMPORTANT AND POPULAR DELIVERY MODES FOR HR AUTOMATION ARE:

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# PRIVATE EQUITY:

## Technology deals lead the way

Author **Sunit Mehra** Co-Author **Tehsin Danawala Amdani**

The information technology space, including ecommerce, saw 240 deals worth US\$ 3.8bn in 2014, 8% of the total deals were in India. Is this a hunt for an “Alibaba” in India or a surrogate means to enter retail, as foreign direct investment in modern retail is not allowed?

### Ecommerce deals have picked up again

There was a slight lull after the e-commerce boom of 2011, but confidence has increased again. At least 10 global PE firms and hedge funds such as Softbank, Tiger global, DST Global, Kinnevik, Google Capital, Naspers, Steadview, Lion Rock, Hillhouse Capital, Tybourne Capital, and Iconiq Capital are currently investing in India. In 2014, PE investments aggregated US\$ 11.5bn, 17% higher than in 2013. One of the reasons for such positive investor interest could be the increase in PE exits to current 95 versus 65 two years ago.

India is on its way to becoming the world's fastest-growing ecommerce market. With internet users increasing rapidly and success stories abounding (Flipkart, Snapdeal, and Ola) more global players are investing in the Indian start-up story. The Indian ecommerce industry, currently valued at US\$17bn, is likely to exceed US\$100bn in the next five years.

Though the ecommerce market is currently attracting a lot of funding, most companies operating in this space are incurring losses. It took Alibaba 11 years to turn its operations profitable. Snapdeal, whose model is similar to Alibaba's, is attracting investors on the same hope. Nevertheless, the question arises, why this paradigm shift to ecommerce among investors?

### Boom or bubble?

One of the rationales for this funding influx has more to do with China than India—and this is where warning lights ought to begin flashing. China's internet econo-

my has grown quickly over the past decade where many investors made substantial returns. Therefore, investors (including an array of hedge funds with little previous experience in the country) are betting heavily that India will be the next big ecommerce economy. One cannot help but recall that hyped-up valuations and unreasonably high stock prices led to the Y2K bubble, the real estate bubble, and the sub-prime crisis. Is Indian e-tail really growing so fast that a firm valued at US\$1bn in November 2013 is valued at US\$10bn a year later? It is possible that valuations are on the higher side for some companies; however, fact is that as long as the internet continues to evolve and grow, which we hope it will, ecommerce will continue to be the investors' favourite flavour.

### Hiring gains - mostly playing musical chairs

With the news of Softbank, Amadeus, Google Capital and Tiger Global setting up offices in India, we will see talent shifting from existing fund houses, consulting companies and corporates; teaming up to setup business. This includes domestic players who have raised fresh funds

(AccelPartners' US\$ 305mn fund, SAIF Partners' new India-focused US\$ 350mn fund). Sequoia Capital is looking at hiring talent from core TMT industries with strong knowledge about mobile internet or with core tech knowledge. SAIF and Tiger Global are setting up offices in Bangalore. On the other hand, leading consumer internet companies such as Flipkart and Amazon are hiring people from VC funds to strengthen their strategy team.

## PEOPLE MOVEMENT >>

### ANISH BATLAW

<b>FROM</b> TPG Capital	<b>TO</b> General Atlantic
<b>WAS</b> Head Human Capital-Asia	<b>AS</b> VP HR- USA

### ARUN KUMAR

<b>FROM</b> PineBridge Investments Middle East	<b>TO</b> ADV Partners Limited
<b>WAS</b> COO, MENA & Turkey	<b>AS</b> MD & COO

### KRITI MOHAN GHOSH

<b>FROM</b> Edelweiss Alternative Asset Advisors Ltd.	<b>TO</b> SSG Capital Management (Hong Kong) Limited
<b>WAS</b> Investment Director	<b>AS</b> Investment Director

### MANISH JAIN

<b>FROM</b> Clearwater Capital	<b>TO</b> SSG Capital Management
<b>WAS</b> Senior Vice President	<b>AS</b> India Head

### SUBRAMANYA S V

<b>FROM</b> Bessemer Venture Partners	Has moved out of BVP in late 2014.
<b>WAS</b> Managing Director	

### SHUBHANKAR BHATTACHARYA

<b>FROM</b> Yaqsh.com	<b>TO</b> Kae Capital
<b>WAS</b> CEO	<b>AS</b> Venture Partner

### RAUL RAI

<b>FROM</b> Fidelity Growth Partners	<b>TO</b> EicherGoodearth
<b>WAS</b> MD	<b>AS</b> Co-Founder / Head of New Business

### GULPREET KOHLI

<b>FROM</b> ChrysCapital	Quit
<b>WAS</b> MD	

### HERAMB HAJARNAVIS

<b>FROM</b> KKR	<b>TO</b> SeaLink Capital Partners
<b>WAS</b> Director	<b>AS</b> Founder & Managing Partner

### RAHUL KHANNA

<b>FROM</b> Canaan Partners	<b>TO</b> Trifecta Capital Partners
<b>WAS</b> MD	<b>AS</b> Co-Founder and Managing Partner

### BHAVANIPRATAP RANA

<b>FROM</b> Intel Capital	<b>TO</b> Amadeus Capital Partners
<b>WAS</b> Investment Director	<b>AS</b> Partner

### MAHESH PARASURAMAN

<b>FROM</b> Carlyle India	<b>TO</b> Amicus Capital
<b>WAS</b> MD	Will launch a growth capital fund of \$150-200 million with Sunil Theekath Vasudevan, former partner at India Value Fund Advisors

### ZUBIN IRANI

<b>FROM</b> United Technologies Corp	<b>TO</b> TPG
<b>WAS</b> India Head & President of Building & Industrial systems	<b>AS</b> MD, Asia-Pacific operations group. Will relocate to Singapore from New Delhi.

# REAL ESTATE-PRIVATE EQUITY: Unbridled investor influx

Author **Sunit Mehra** Co-Author **Tehsin Danawala Amdani**

Renewed optimism among investors in Indian real estate despite less than 5% economic growth in the last two years. The total private equity (PE) investments in the sector in 2014 more than doubled to Rs154bn from Rs 74bn in 2013

## Appetite for housing and investment in real estate in India is very high

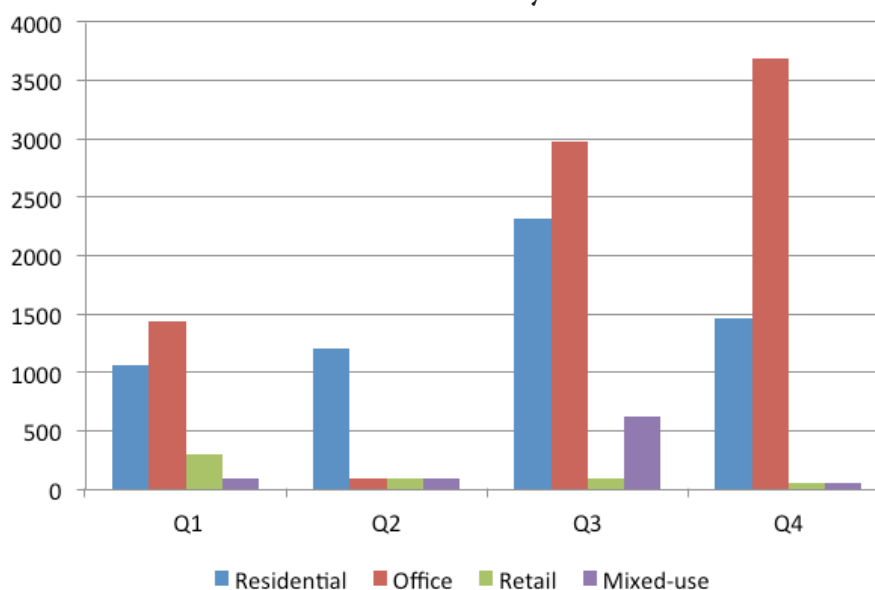
Major reasons for this interest are (1), the demand and desire to own real estate by millions of Indians. The prediction is that by 2030, India will have 68 cities with populations of more than 1mn, and (2) RBI's stance on disallowing banks from lending for land acquisition further fuels the sector's requirement for funds from alternative sources. Given the regulatory constrain and this demand, additional capital is necessary and this capital in the form of FDI is a welcome step.

Announcement of 'pass-through' further strengthens investor confidence, as REITs bring relief from double-taxation and save funds from paying taxes. This has allowed investors from several global pension and sovereign wealth funds to use these structures as platforms for investing directly with local developers and financiers, rather than involving fund managers.

## Real estate funds to raise around US\$ 1bn

As a result of positive investor response, Indian real-estate funds are looking to raise US\$ 1bn—the list includes established players such as HDFC (to

Exhibit: PE deals by assets





raise US\$ 500mn), Milestone Capital Advisors (launched a Rs 5bn residential fund), and ICICI Prudential Asset Management (looking at raising Rs 11-12bn). After its first real estate fund of Rs 7bn in 2011, IIFL Asset Management Co is set to launch its second residential fund. ASK Property Investment Advisors is also raising around Rs 15bn of domestic money. Ramesh Jogani has partnered with financial services company Centrum Capital to raise around Rs 2.5bn.

Given that capital markets are doing well, funds are also focusing on product-related themes to sharpen investor

attention and strengthen confidence. The geographic profile of international investors betting on the Indian real estate sector seems to be changing—in 2007, a significant proportion of capital was being raised from the US, but in the last few years the proportion of funds being raised in the US has come down and new investors from Canada, Europe and Asia have entered the fray.

Commercial office assets had a 53% share in overall volume of investment followed by residential at 39%. Investments in the office segment at Rs 81bn more than doubled in 2014.

## PEOPLE MOVEMENT >>

### SOURAV GOSWAMI

**FROM** Red Fort Capital

**WAS** Sr. Executive

Setting up his own venture.

### JASMEET CHHABRA

**FROM** Red Fort Capital

**WAS** Managing Director

**TO** Argil Advisors, Religare Global Asset Management

**AS** Managing Partner - ARGIL Advisors LLP

### VISHAL GOEL

**FROM** Red Fort Capital

**WAS** Managing Director

**TO** Argil Advisors, Religare Global Asset Management

**AS** Partner

### SANJEEV DASGUPTA

**FROM** ICICI Venture

**WAS** President of Real Estate

**TO** Ascendas Property Fund Trustee Pte Ltd

**AS** CEO

### BAMASISH PAUL

**FROM** AIG Global Real Estate, India

**WAS** Managing Director

**TO** Brookfield Asset Management

**AS** Senior Vice President

### AFAQUE AHMED

**FROM** Milestone Capital Advisors Pvt. Ltd.

**WAS** Partner - Real Estate Investments

**TO** Altitude Capital Advisors

**AS** Co Founder

### BHAVYA BAGRECHA

**FROM** Milestone Capital

**WAS** Principal - Real Estate Investments

**TO** Vaishali Builders and Colonisers

**AS** CEO

### AMIT DIWAN

**FROM** Indiareit

**WAS** Partner

**TO** Hines

**AS** President - Manufacturing Business

### AMBAR MAHESHWARI

**FROM** JLL

**WAS** MD

**TO** Indiabulls AMC-Real Estate Fund

**AS** CEO

# PAYMENTS: Cash, Card, or Digital Wallet?

Author **Suresh Raina** Co-Author **Saurabh Coakley**

The payments industry is forcing innovation toward new-age solutions and focusing on practical challenges such as managing cash-on-delivery, peer-to-peer money transfers, and EMIs on POS transactions. Whatever direction this industry takes, the demand for talent is heating up

## Mobile Payments: Reshaping the payments industry

Companies such as Paytm, Mobikwik, and Oxigen are shaping the mobile payments industry. Valued at over US\$ 2bn, Paytm is the market leader, forging innovation in the way an Indian consumer transacts. The number of registered Paytm users has surpassed even the number of physical credit cards issued cumulatively. With Paytm and Citrus Pay crossing US\$1bn in transactions (monthly run rate), the space looks set to grow rapidly. Extensive brand building and market penetration efforts by these companies have led to increasing demand for sales and business-development professionals.

## Merchant acquisition: Tough fight

Big players in the merchant-acquiring space are fiercely battling over leadership. While Atos is increasingly concentrating on the India growth story, Pine Labs is expanding its wings across South East Asia even as FirstData is rapidly expanding its global delivery model. Innovative payment methods such as EMI on card swipes at the merchant location are being offered. Professionals for product development and demand for engineering talent is constant.

## Ecommerce: Weaning away from COD is the biggest challenge

Cash has always been an issue when it comes to ecommerce transactions. Most customers are yet

to develop trust; therefore, the preferred mode of payment remains Cash on Delivery. To tackle this, solutions from companies such as Ezeetap are getting popular. The way forward seems to be developing intelligent platforms that are able to push users to paying through their cards or through net-banking, giving highest rewards, or attracting lowest charges.

## Hiring gung ho!

With big ecommerce players maturing, hiring across verticals has been strong and this trend is likely to continue as more companies mature and build their second-line leadership. With M&As being the flavour of the season, finance professionals can look at increasing demand from these sectors. Product Development will continue to be a sought-after skill.

- **New players in the game:** International companies such as China Union Pay and PayPal are looking to ride the India growth story. While PayPal has been in the country for some time, its impending separation from E-Bay, will bring it into sharper focus. One of the largest card issuers globally, China Union Pay is looking at building its presence in the country. This will increase movement in the acquiring domain both in the online and offline space.

- **Payment Banks:** With the government receiving 113 applications for small and payment banks, we are entering into a phase where there will be strong demand for talent across verticals and

functions to get these new businesses started. Experienced business leaders and domain experts, to lead the rapid ramp up of business and to oversee talent build-out, will be in demand.

## Attrition will remain a concern

It is becoming increasingly difficult for established players to retain talent, as technology start-ups are very attractive

and draw multi-fold investment. Compensation has increased 30-45% yoy at the middle- and senior-leadership levels. This has led to higher churn, which will continue in the foreseeable future. The ability to provide new-age payment solutions will largely depend upon the company's ability to innovate and scale up. This will drive demand for talent across the industry and will keep the space exciting for job seekers.

### PEOPLE MOVEMENT >>

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<b>FROM</b> i2c Inc.	<b>TO</b> Marqeta
<b>WAS</b> SVP - Head of Global Sales	<b>AS</b> VP, Business Development

#### COLLEEN LINDOW

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#### DAMIEN BALSAN

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<b>WAS</b> Product Development Manager	<b>AS</b> Chief Business Development Officer

#### DAVID SEAR

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<b>WAS</b> Chairman	<b>AS</b> Group Chief Executive

#### MARÍA-CLARA P REZ-G MEZ

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<b>FROM</b> Xerox	<b>TO</b> MasterCard Worldwide
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# SHARED SERVICES IN MALAYSIA : Great progress, long way to go...

Author *Arjun Erry*

While Malaysia is doing a good job of attracting the first wave of companies and delivering transactional processes, it needs to up its game by moving up the value chain and identifying niche pockets to build and own

## Malaysia pitching hard for being a destination for shared services

The country has positioned itself as a destination for shared-services centres. There has been an influx of MNCs setting up their back offices based on strong government support, a skilled talent pool, first-world infrastructure, and ease of travel. The Malaysian IT-BPO industry is estimated to have seen a CAGR of 15% in 2009-2014. Over 200 MNCs have set up shared-services centres in Malaysia. These include AIG, GlaxoSmithKline, HSBC, Manulife, and Shell.

## Snapshot of Malaysia's shared-services market

- Financial services is the largest vertical in Malaysia with more than 1,000 FTEs in a centre. Manufacturing and distribution, and oil and gas firms are also present.
- Finance and accounting (F&A) is the dominant function, as the majority of graduates are trained in accounting/commerce. The second largest function is ADM (application development and maintenance) services.
- Most of the activity is concentrated in the government-designated MSC zone.

## Malaysia offers the following propositions for shared-services:

- **People skills:** Multi-lingual capability in Malay, English, Cantonese, Japanese, and Thai. Malaysia has been rated a 'most proficient' nation in the use of English among Asian countries where English is not the mother tongue (Source: *Education First, English Proficiency Index*). In terms of labour-market efficiency, Malaysia stands 4th, ahead of Australia (22nd) Brazil (33), China (5th) and Russia (18th) (Source: *IMD Business School*).
- **Costs:** Malaysia offers lower costs—people and infrastructure. Kuala Lumpur is ranked 138th out of 141 cities (source: *The Guardian*). Salaries, too, are extremely competitive. For example, the annual salary of an IT Manager across locations is provided in the following table (Source: *NSW Government, Industry & Investment*)

Country	Annual Salary – IT Manager (US\$)
Japan	101,000
Australia	92,000
UK	88,000
US	85,000
China	66,000
Malaysia	36,000

**Location:** Malaysia is strategically located in Asia. It is ranked 3rd in the world as a global services location, eight years in a row (Source: *AT Kearney Global Services Location Index 2004-2011*).

- **Government support:** Strong support from government organizations such as the Multimedia Development Corporation (MDeC), which directs and oversees Malaysia's National ICT initiative, and Outsourcing Malaysia/PIKOM. Malaysia is ranked 9th for Government Efficiency (Source: *IMB Business School*).
- **Macro factors:** Overall macro-level factors such as a strong economy, political stability, good connectivity, and a well-developed infrastructure. Malaysia ranked 4th in Asia Pacific as safest and peaceful (Source: *Global Peace Index*).

## Issues that need to be addressed

- **Labour pool:** Malaysia has a small labour pool. While most centres are within the 500 FTEs scale range, there is limited evidence of back offices with thousands of FTEs. The industry is struggling due to high attrition (average 15%).
- **Shift to tier 2/3 cities:** The current demand-supply imbalances in the labour market will propel firms to move to tier-2/3 cities. However, success will depend on creating a healthy physical and social ecosystem.
- **Talent retention:** Another challenge is attracting and retaining top-notch talent. A perceived lack of defined career paths is driving top business-school graduates to shun the shared services industry.
- **Moving up the value chain:** Malaysia will need to move up the value chain by: (1) taking ownership of end-to-end delivery processes, (2) offering specialized/complex work such as financial planning and analysis, budgeting, forecasting, and reporting, and (3) creating a bench of local leaders capable of taking on roles beyond delivery.

## PEOPLE MOVEMENT >>

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# DELIVERING EXCEPTIONAL CUSTOMER SERVICE @BDO

As a fundamental value tenet, every professional services firm today endeavours to offer 'excelling' customer service to its business segment. How one defines 'excelling' is usually a function of quality deliverables or turnaround-time efficiencies...

At BDO, our motto is delivering exceptional client service. We specify intangibles in measurable terms, thereby making a difference to our clients. BDO is the world's fifth-largest tax, accounting and advisory network, serving clients across 152 countries and 1300+ offices with combined staff strength of over 60,000 people, crossing over 7 billion in revenues for the financial year closing September 2014.

In India, BDO enjoys an eclectic client base across industries and promises to be a single-window solutions provider to all companies, right from setting-up businesses to tax, regulatory and business-advisory functions.

***Our core values form the basis of every project. They are (1) anticipating client needs, (2) being clear, open and swift in our communication, (3) agreeing to and meeting commitments, (4) providing the right environment for our people, and (5) creating value through giving clients up-to-date ideas and valuable insights.***

Here is a story from our tax team that illuminates our values:

A Malaysian multinational, providing formwork solutions to the construction industry, was doing business in India with a limited presence. Its operating

structure created huge tax risks in India. Additionally, despite being thin on profits, it was suffering tax leakages in the form of withholding in India.

The company approached BDO to review and recommend an optimum operating structure. BDO advised the company to set-up a legal presence in India, structure appropriate inter-company arrangements, draw up functional profiles, set optimum transfer-pricing arrangements, realign customer contracts, revisit accounting policies and plan tax affairs. In order to mitigate a leakage because of withholding, BDO assisted the client in its presentation before the tax office for a significant reduction in withholding by customers.

Implementing the proposed structure resulted in a huge tax refund. Further, BDO assisted the client in completing its tax assessments, thereby conforming acceptance of the structure by Indian revenue authorities. The entire exercise bore fruits when BDO successfully obtained the first instalment of tax refund to the tune of US\$ 800,000. During the entire process, BDO ensured partner attention, and participation at every stage, contribution by each member of the engagement team, out-of-the box business oriented solutions, detailed plan of action and able representation

before the Indian revenue officers. We are happy to state that the company now is in a corporate relationship with BDO India, one that we value and nurture.

As can be seen, we hope to be preferred partners to our clients and ensure this by being a focused and motivated team, driven with purpose and a desire to deliver beyond expectations for winning and retaining happy clients.

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# PROTECTION OF IP AND ENFORCEABILITY OF RESTRICTIVE COVENANTS

Original works that are created by corporates using the pool of skilled human resources are perhaps their greatest assets. Clients who are (a) eager to retain their skilled employees and/or (b) to protect the intellectual property (IP) rights on works created by their employees often seek advice from us. Given the Indian laws relating to IP and enforceability of restrictive covenants in an employment contract, it is imperative for corporate clients to consider the following:

## Protection of IP

The Indian Copyright Act, 1957, deems an employer the first owner of any copyright of a copyrightable product developed by an employee, in the absence of a contract to the contrary. However, as per the provisions of the Indian Patent Act, 1970: (1) an inventor of a patent is the first owner, (2) an assignment of patents needs to be in writing, and (3) such writing must contain all the terms and conditions governing the rights and obligations of the parties. Under the Designs Act, 2000, the procedure that is applicable to the assignment of patents also applies to the assignment of designs.

To protect its IP rights, an employer

must (in case of works that are created by employees during the course of their employment) regularly execute (1) a deed of assignment with employees (specifically identifying the IP rights and defining and identifying the work created), and (2) the duration and territorial extent and nature of the rights assigned in their favour. Likewise, in case of appointment of any independent contractor, similar deeds of assignment must be executed in favour of the employers.

In case a third-party consultant or service provider is hired by the employer, such consultants should first enter into a deed of assignment with its own employees and then have such rights assigned to the employer by a separate deed of assignment. The rationale of entering into two separate deeds is primarily to avoid a direct contractual relationship between the employer and the contractors hired through consultants.

## Restrictive covenants

Separately, employers often approach us to mitigate the risks of solicitation of their existing employees by a transitioning employee and/or such transitioning employee joining a competitor or

starting a competing business. It is now a standard practice to include non-compete and non-solicitation restrictions in employment contracts. This is because the Indian Contract Act, 1872, the Competition Act, 2002, and certain Indian judicial precedents permit such restrictive covenants (excluding non-solicitation clauses) in employment contracts only during the term of the contract and subject such restrictions to the test of reasonableness based on the facts in each case. A non-compete covenant may be imposed for a reasonable period beyond the term of the contract, which if not enforceable in a court of law, may nevertheless be retained as a deterrent.

Additionally, employers must be wary and ensure that they execute separate contracts with their employees for protection of the employers' IP rights and for confidential information shared with the employees. Also, if the context so provides, a mandatory 'garden leave' provision may be added in the employment contracts requiring the employee to observe a notice period (while receiving compensation) at home in such a period.



## **ABOUT HUNT PARTNERS**

Hunt Partners is one of Asia's leading Executive Search firm with principal offices in Mumbai, New Delhi and Beijing. Hunt Partners offers expertise across a broad spectrum of industries. The firm ensures highest quality service standards through its ownership approach for all the partners. Over a decade, the firm has been consistently ranked amongst the top 10 retained executive search firms and witnessed rapid expansion and growth in revenues and clientele.

Hunt Partners provides services like Interim Management, Talent Management and Organization Alignment to help the clients achieve desired business results through effective and pragmatic talent management strategies.

Hunt Partners also specializes in board advisory services, provides research, and even offers unique board-certification programs under 'Director's Club' for aspiring and existing Directors.





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