Procurement's move towards Digitisation

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Digitization has touched upon all aspects of businesses, including supply chains and operating models. Digital Technologies such as block chain, artificial intelligence and augmented reality will continue to disrupt procurement. Adopting to these technologies help companies gain competitive advantage in procurement function and also opens up a number of opportunities for the teams to grow and add value to their respective businesses.

AI within procurement leverage pattern recognition software and iterative machine learning algorithms to automate spend and analyse contracts. This will help the function free up time and resource to focus on adding value rather than administrative tasks.

Blockchain and big data are part of the wider move towards full digitisation with the goal to increase efficiency and add value through automation. Blockchain will help the function gain trust, improve transparency and trigger automated payment.

In terms of big data, companies will become increasingly familiar with analysing larger data sets. Advanced analytics models using large volumes of manufacturing and procurement data can generate cost-takeout and design improvement insights through visualization technology, which provide deep insights into the supply chain

As most of these technologies are not time and resource intensive capital investments, organisations can start small by prioritizing projects based on impact, cost and speed of implementation. As the number of digital procurement solutions are going, companies should be prepared to face the rapid change in the procurement function.

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Renewable Electrification!!

To halt the continuous change in the climate, carbon emissions need to be brought down to near zero in the coming decades. This simply means getting off filthy fossil fuels like coal and oil very fast. But what is the way ahead. Nuclear fission power is expensive and is more or less mired in controversy. Nuclear fusion, on the other hand, remains a distant dream and so is the renewable energy which is too unreliable to meet all our power demands. Or is it? Clean/ Green energy technologies have come on leaps and bounds in the recent past, thanks to freefalling prices. More recently, a series of debates has broken out among various energy experts as to whether "100% renewables" is now within our grasp or not. And if the same is in our hands, how should we get there?

The world added 98 GW of solar energy last year, more than any other energy source, with ~60% in China. Along with solar, global economies are also pushing for wind, hydro and tidal sources of energy. These transitions are going to require complete transitions of the power grid but tackling climate change requires more than just revamping the same. Right now the world gets just a quarter of its electricity from renewables. Converting services that currently run on fossil fuels, from transportation and heating to heavy industry, is crucial not only from the environmental point of view but also economics. Renewables cost many times more to install than fossil generators, and with more and more focus on renewable energy, workers will be dislocated. Though, renewables deliver economically by slashing spending on fossil fuel and avoiding environmental catastrophe, which is currently hurting the economic growth too but moving over the fossils means rethinking of power market, right from the scratch.

Another fickleness of this renewable energy is the weather driven challenges for electricity grid operators. The cheapest bet on this challenge is demand management strategy which deals with the manipulation of the energy demand at certain times to keep the grid in balance. Precedents exists in UK where operators such as National Grid incentivise businesses to trim their usage at times of peak demand or ramp it up when supply is surging. The situation is further improving with the coming of the smart meters and machine learning techniques, thus enabling grid operators to skilfully tweak the growing number of residential devices linked to the internet so as to not only avoid inconvenience, but also shaping down the rates that reward the use of renewable energy. This means that, a lot is available in form of the required technologies and a lot can be done in a creative manner which will be invisible to the consumer while being a huge benefit to the grid.

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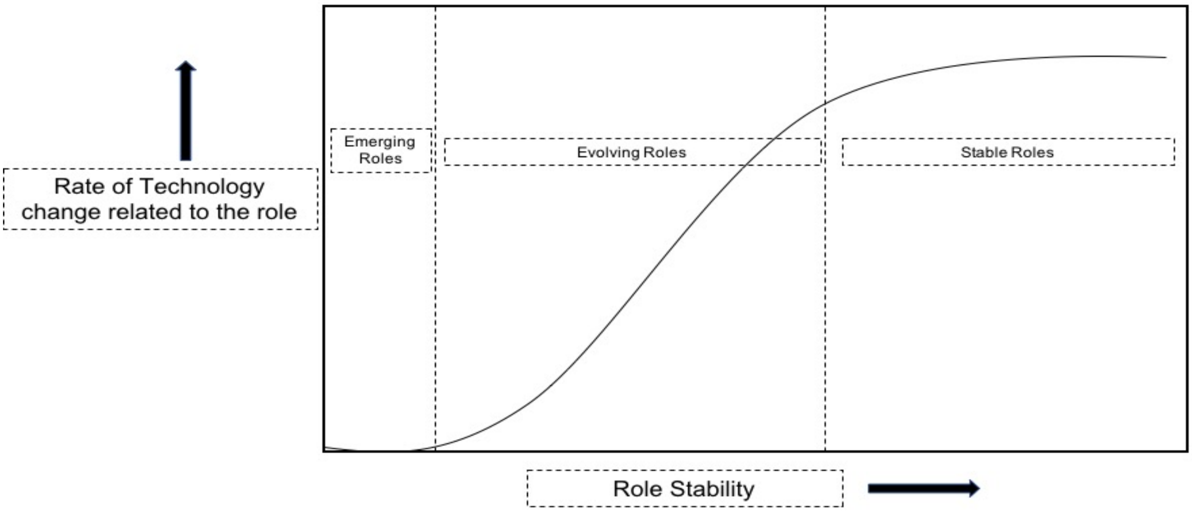
Impact of Technology on talent in Modern Organizations

Today with rapidly increasing adoption of technology in organizations roles are changing as well. Either the processes are being exposed to digital touchpoints or the process itself is being transformed end-to-end. This is no longer the case of only large corporations, but middle and small sized firms as well. Hence, at a macro level the companies that have more exposure to technology in terms of industry structure and business operations are experiencing a problem of skill gap among the employees at various levels. For example, technology has now started to penetrate ground sales (even rural) of FMCG products in developing economies like India. This calls for often change in JD of employees who get exposed to dynamic digital interventions, planned or unplanned.

A simple solution to this problem might seem ad hoc training. But it is not that simple. It is fundamentally the structure and taxonomy of roles that is changing in organizations across industries. In simple words, not only skills, responsibilities and profile are changing, but the way roles are classified in organizational structure is also changing. The roles now need to be tracked on a digital maturity curve. The maturity stage for a particular role might vary across geographies, industries and functions. Following is a framework that can be used broadly for tracking digital/technological maturity of the role:



- **Emerging Roles:** The roles that have not existed in the format that they do today and are emerging due to emergence on new technologies and their impact on job profile, skills and key responsibilities in a particular function.
- **Evolving Roles:** The roles that have existed in the format that they do today but are changing rapidly due to technological maturity in the work processes, thereby creating an impact on job profile, skills and key responsibilities in a particular function.
- **Stable Roles:** These are roles that have attained both, technological and evolution maturity. Such roles have a stable job profile, skill requirements and key responsibilities. The scope for change at process or evaluation level is limited here.

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The Big China Push

The Chinese Healthcare sector has been a holy grail for the Indian Commerce ministry for a long time. For far too long the government has tried to get the Chinese to drop the tariff and non-tariff barriers and for good reason. The Chinese healthcare sector is projected to touch $ 1 trillion by 2020 with a CAGR of 10% in the last 10 years. India's trade deficit with China touched $67.1 billion in 2017-18 and is rising rapidly. The government, eager to get ahead of the problem, has identified big pharma as an easy win with 20% of the world's generics being supplied by India. It has commissioned a study in conjunction with the Indian Embassy to study the market landscape, distribution system, procurement system and the bidding process. The Chinese, surprisingly, are also inviting Indian pharma. The Chinese government has recently announced reduction in 28 tariff lines mostly related to cancer drugs. The announcement should have been greeted with huge applause, but it was not.

This was because tariff was not the only barrier to entry. Non-Tariff barriers like regulatory timelines, it takes on average 5 years for a product to be approved in China, and the pattern of ownership (51% local ownership) are major stumbling blocks. The country also has a checkered past when it comes to IPR protection and its ability to piggybank on partners before becoming self-reliant. While the local manufacturers can sell directly to the consumers, the foreign manufacturers face a fragmented distribution system made up of thousands of retailers and wholesalers. A 2016 ITA Pharmaceutical Top Markets Report noted the same, "Transportation quality and regulations vary by locality, and mark-ups at various stages push up a product's final cost". Indian Pharma is at a crossroads with performance improving after bad news in the last 5 years. With the FDA approving facilities of major corporations and business in US growing due to the its increasingly aging population, prospects look good…. on the surface. Biosimilars are entering the market. These are quite difficult to produce since they have high molecule numbers (40-60) as opposed to a simple chemical complex of 8-12 molecule index. These are not easily replicated and require high R&D costs. Indian Pharma is still trying to master this new phase but till then needs to find a new market for their old products to sustain growth. Hence, the Chinese overtures have come at an opportune time. Besides the reduction in tariff, it has promised reduction in regulatory timeline from 4 years to 3-6 months and is now willing to accept the data collected from clinical trials conducted outside the mainland to register drugs and medical equipment. Indian Pharma should take advantage of these changes by considering to enter into China with a local manufacture who can help them with sourcing and help navigate the indigenous sourcing distribution. Also it will help Indian firms with the most serious problem they have in China – communicating in Chinese.

As Brutus said in Julius Ceaser

"There is a tide in the affairs of men which, taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat, and we must take the current when it serves; or lose our ventures"

That moment is now for Indian Pharma and will decide its course for next 10 years.

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US & DPKR Summit: Potential shot in the arm for the Korean State's Economy

Donald Trump became the first US incumbent President since Jimmy Carter in 1994 to have met with a DRPK counterpart when he and his team of delegates met with Kim Jong Un on June 12, 2018 in a historical summit hosted by the politically benign Singapore.

DRPK reaffirmed its commitment towards the Panmunjom Declaration of 2018 which aims at a yearlong denuclearization plan of the Korean Peninsula. This is in tune with the US's apprehensions regarding DKPR's successful testing of its first ICBM missiles in 2017. In turn, the US agreed to halt any hostile military drills that it partakes in with South Korea. Additionally, both nations committed to recovering POW/MIA remains including immediate repatriation of those individuals identified.

DRPK stands to gain immensely in economic terms from this radical realignment of its foreign policy with the West vis-à-vis lifting of trade sanctions, starting with the US. This includes allowing foreign institutions in the US to also facilitate trade with North Korea and the US no longer fining Chinese and Russian, banks and companies supporting the DRPK weapons program (contingent on denuclearization).

The major sanctions against the DRPK are driven by the UN Security Council due to the Korea nation's withdrawal from the NPT in 2003. This has steadily amounted to bans on trade of military equipment, ban on trade of certain luxury items, caps on DRPK labour exports and caps on refined petroleum products. If the US indeed lifts some of it sanctions, then Pyongyang is likely to use this as a point of precedence to implore with the UNSC to re-evaluate its position on its sanctions since it currently costs Pyongyang $2.3 billion (~8% of GDP) annually, while stifling its per capita GNP to $1,342 (<5% of South Korea's per capita GNP).

Funding in the Indian Tech Startup System

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The first Quarter of 2018 evoked mixed reactions from the startup communities across the country. Even though the number of funding deals in Q1 2018 was 42% higher than the previous quarter, but it's 19% low since Q1 2017. Further, in terms of amount, the numbers have fallen drastically; a fall of 99% as compared to Q4 2017, and 56% as compared to Q1 2017. The numbers show an all-time low compared to the first quarters of the last three years. However, post the 2016 funding winter, the industry experts in the Indian tech startup ecosystem have become wary of even the slightest of the highs and lows in any segment. Further investigation showed that around 12 startups raised $8.84 Bn through 19 deals, leaving almost 98% startups with 30% of the total funding amount. This, along with the observation of Seed and Series A crunch, suggested a growing funding vacuum in the ecosystem.

The aberration from the spray and pray policy of investment observed during the years of 2015 and 2016, continues into 2018. Investors are more constrained and are relying on sustainability metrics and profitability for making an investment. In Q1 2018, startups like BrowserStack, Icertis, Lendingkart, NestAway, Pine Labs, Global Sports Commerce (GSC) received more than $50 Mn tickets each cumulating to $500 Mn. This essentially suggests 3% of the startups that were funded account for 50% of the total funding this quarter, reaffirming the "Funding Vacuum".

On the other side, FinTech and Healthcare appears to be the sectors where angel investors are betting heavily on with 21.4% and 9.4% investments respectively happening in these sectors in Q1 2018. Bengaluru, still leads the pack of Indian cities in terms of the amount of investment in startups, followed by Delhi NCR in a distant second place.

The great Indian election of 2019 might further complicate things for budding entrepreneurs who want to raise seed or go for their Series A as investors may lack confidence given the socio-political hullabaloo that every Indian election brings with itself. And as with all things in life, only time will tell how this impacts the Indian startup ecosystem as a whole.

Virtues of Corporate Trainings

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One often comes across the argument of business leaders preaching about sticking to one organization for one's entire career. The argument that they use is of cultural fit. An employee not just grows 'in' an organization but he/she grows 'with' it. To experience the highs and lows of an organization first hand makes an employee learn a lot of things about business than what switching organizations for high salary could ever teach.

Yet most of the prospective employees I have come across (which includes my batch-mates) would like to switch organizations as per their convenience in monetary terms or otherwise. What could possibly be the reason behind it?

First, the future workforce is well aware of its needs and it'll will keep switching until it gets a job that satisfies those needs.

Second, they have more options available because job market has opened up as compared to what it was say 15 years ago.

Third, organizations are not able to drive the preferences of their employees. This might seem as the most implausible explanations of the three stated above but it is the only one that can be worked upon by the organizations wanting to retain their workforce.

What are the ways in which this can be done?

Trainings. This can only be achieved by creating new opportunities for employees by providing them specialized trainings tailor-made for the organizations they are working for. This might backfire as the employability of employees will increase significantly in the job market. They might get training from one organization and switch to the other based on the skills they have acquired from it. This is where the question of whether an organization's business is dynamic enough comes into picture. Is it creating enough challenges for its employees?

In today's world, it is essential for a business to be dynamic. This is the reason every organization should opt for specialized trainings. If, after the training, the employees stay they'll be better equipped. If they don't, can it be a reason for some self-reflection for the organization?

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