



**Demystifying Retail
GO DIGITAL**

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**Ankur Malhotra,
Director – Thought
Leadership**

From Mazars Thought Leadership Desk

Digitalization has become the buzz word in today's business world. Companies face pressures to transform as quickly as possible, however one must understand that each business transforms at different pace with different results.

Technological transformation should be centered on optimizing operational processes, enhancing customer experience and augment business models. Successful business transformation should be driven by the management. For a SME, this is easier as the team size is small and owners are also generally the managers. Digitalization of a business does not imply creation of a new business, but remodeling the existing business to take advantage of existing assets in new ways.

Before beginning the digitalization process, the managers should assess business's strength and weakness and make plans to implement the change. A good transformation enables the business to take advantage of possibilities that come as a result of successful technological adoption. The adoption of technology can also be affordable with advent of today's cloud based technology and freemium products and online market places. These help small businesses that would have been otherwise constricted to local areas, take advantage of global opportunities.

I hope this report will enhance SMEs vision and approach towards digitalization.



Ankur Wahal,
Director – Corporate
Finance

From Mazars Director's Desk

India's SME sector is the backbone of our economy. It contributes 8% to the GDP and employs about 80 million people. It also generates foreign currency income with 40% of total exports contribution. However, only one-thirds of the SMEs are digitally engaged, while the remaining risk revenue decline.

Platforms like E-Bay, Amazon, Flipkart etc. have changed retail scenario in India. Online shopping in India is growing at a tremendous pace with spending per online shopper is expected to grow at a CAGR of 18% till 2020. Even when not buying, Indian users progressively seek information online before decision making. Online platforms increase opportunities for businesses and help scale up expeditiously. They can increase company's revenues by 50%, and reduce operational costs by around 30%. Such platforms help businesses with increased geographical reach, flexibility to sell 24X7 and offers supply chain support at a very marginal cost.

Recognizing this, the government has launched many programmes like Start-Up India, Digital India, e-Governance etc. Private organizations are also seen participating e.g. Google has launched an app called Google My Business which aims to get 20 million SMEs online by 2017. It would bode well for small organizations to take advantage of these initiatives and grow their business.

I wish all the success to this event and hope the knowledge shared in this report will benefit a larger group.

From President's Desk



Dr. Mahesh Gupta

There is no doubt that a digital tsunami is headed our way. About 650 million Internet users in India are expected to spend an average of two hours online every week by 2020, as stated by Boston Group. "Digital Influence" is the catalyst to rise of e-commerce market. It refers to the influence of digital medium on the journey of a person to become a customer. Digitally influence customers also turn to the digital world for checking the product information, reviews, brands, best available price and nearby product store.

A recent report titled *Re-Imagining FMCG in India*, estimates \$40-45 billion or 30-35% of spends in FMCG would be digitally influenced. Digitally-influenced sales are five times larger than e-commerce sales. But, consumers' digital behaviours and expectations are evolving faster than retailers are able to deliver, a gap we referred to as the 'new digital divide.' Some of the biggest players in retail have been reluctant or slow to understand or acknowledge this widening gap. Digital interactions influenced 64 cents of every dollar spent in retail stores by the end of 2015, equivalent to \$2.2 trillion.

We also focussed on the Impact of Digital Transformation on the SME's of the country; Challenges & Roadmap to the Transformation and the Way to Success by the transformation.

From Sr. Vice President's Desk



Gopal S Jivarajka

As stated by one of the online fashion retailer, "Current state of E-commerce in the country: the falling valuations, shortage of funds, and delayed hiring." But the country has tremendous potential of over 20 million micro, small and medium sellers of apparel and footwear, only 50,000 are using the Digital Ocean for selling. A platform that brings them together and close to the buyer is the need of the hour.

The Fashion Retail is in itself a \$70- BN Business in India of which only 1.5%-3% is Online which should transform to a technology platform which is easily scalable. As adding a new region, category at the online Fashion Retail platform costs nothing to the sellers, so the need for funding goes down. That's where the Digital World can help the Retail Sellers rescue through the crunch of funds.

According to the report by Google-AT KEARNEY, "With the base of Indian online shoppers to grow to 175 million by 2020, the rules of the game are bound to change. The online shopper is moving away from discounts though owing to convenience cash on delivery is here to stay.

So as Chairman of Retail, FMCG and E-Commerce committee at PHD Chamber of Commerce & Industry, I have taken the initiative unleash the full power of Digital Technology for MSME retail sector.

From Vice President's Desk



Anil Khaitan

India is the world's fifth-largest global destination in the retail space. The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players.

The Government has approved a proposal to scrap the distinctions among different types of overseas investments by shifting to a single composite limit, which means portfolio investment up to 49 per cent will not require government approval nor will it have to comply with sectoral conditions as long as it does not result in a transfer of ownership and/or control of Indian entities to foreigners. As a result, foreign investments are expected to increase, especially in the retail sector.

Omni-Channel platforms seem to be the way forward, as they cater to both the consumer's and seller's needs across the retail cycle via personalized offerings in a seamless manner. Measurability in terms of analytics brings detailed insights into consumer behaviour and helps businesses further optimize offerings & retain customers.

The noteworthy development during period of 1990's was the emergence of new retail formats like departmental stores, hypermarkets and supermarkets that gained nationwide popularity. Post-2000, organised retail sector emerged as one of the fastest-growing sectors in India

I wish all the success for the culmination of the event.

From Secretary General's Desk



Saurabh Sanyal

Retail, E-commerce & FMCG Committee of the PHD Chamber of Commerce and industry is organising a session on **"Demystifying Retail-Go Digital"** on 29th June 2016 at PHD HOUSE, NEW DELHI.

The report provides a view on how to solve the Technology bottleneck & give these SME's in the Fashion retailers an insight into digital world - selling online and guide them to leverage the IT platform using cost effective technology.

I am sure that **"Demystifying Retail-Go Digital"** initiative taken by PHD Chamber to reform the digitalisation in the MSME Retail sector, & Upcoming fashion designers, Jewellery Designers & Retailers, Handlooms & Handicrafts Sellers would boost the economic and business environment of the country like the sector witnessed a complete makeover with the advent of cash and carry format stores popularised by foreign players in recent times.

I hope that this report serves as a useful and informative guide highlighting the prospects for India Retail.



DIGITALIZATION IN SME SECTOR





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SMEs: DRIVER OF ECONOMIC GROWTH IN INDIA

Small and Medium Enterprises (SMEs) play a pivotal role in the economic and social development of India. According to Ministry Of Micro, Small & Medium Enterprises the MSME sector contributes about 8% of GDP. Its contribution to the economy ranges from industrial output, employment, and generation of export income. As per Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 MSMEs have been segmented into two categories viz. Manufacturing Enterprise (having maximum investment up to ₹10 crore) and Service Enterprise (having maximum investment up to ₹5 crore).

	 Manufacturing	 Services
Profile	Investment in Plant and Machinery	Investment in equipment
Micro	Under ₹25 lakhs	Under ₹10 lakhs
Small	₹25 lakhs to ₹5 crores	₹10 lakhs to ₹2 crores
Medium	₹5 crores to ₹10 crores	₹2 crores to ₹5 crores

Source: Ministry of Micro, Small & Medium Enterprises

The SME sector plays a crucial role in providing large scale employment opportunities at comparatively lower capital cost than large industries. They also help in the industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. The sector is a large scale employment generator, employing about 80 million people according to the ministry website. Besides this, it also contributes to 45% of the total manufacturing output and 40% of exports of the country. These companies also serve as ancillary units to large industries and contribute enormously to the socio-economic development of the country.

These achievements have largely been possible due to increasing internet penetration as the SMEs realize business potential with direct access to end customers.



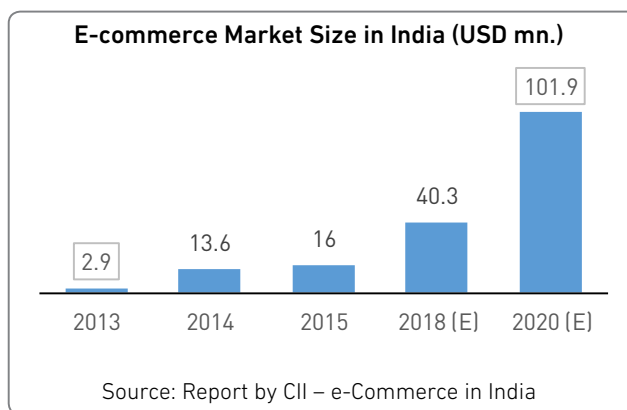
DIGITALIZATION IN SME SECTOR

Gartner defines digitalization as “Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business”

India is in the midst of a digital revolution. Expanding internet access, growing smartphone usage, and rising digital media consumption will have a profound impact on the future of Indian economy over the next few years. This has been aided by affordable devices and network access cost. Shifting trends from the way urban populace accesses information to how farmers grow and sell their crops, internet has changed the way Indian economy functions. Digitalization has brought a paradigm shift to the traditional ways of manufacturing, handling, storing and transporting things.

According to Kleiner Perkins Caufield & Byers (KPCB), a Venture Capital fund, growth of internet in India has overtaken that of China and USA, with each growing at about 55%, 21% and 28% respectively in 2014. Further the report also states that 65% of all internet traffic arrive from a mobile device. According to Confederation of Indian Industries’ “E-commerce in India”; retail sector is valued at \$600 billion, with online sales contributing to only \$16 billion in 2015.

These are expected to be equivalent to brick & mortar sales in the next five years. This segment is expected to reach \$55 billion in FY2018 and \$220 billion by 2025. Of the total online sales, 41% come from a mobile device according to KPCB. Advent of internet has led to businesses’ migration online and faster and wider creation of wealth and assets.



3.2

billion internet users worldwide in 2016



506

million internet users in India by 2017



18%

CAGR of average spend per online shopper in India till 2020



220

million online shoppers in India by 2020

Source: Internetlivestats, internetworldstats, IAMAI, Report by CII – e-Commerce in India

IMPACT OF DIGITALIZATION

Digitalization; centered around tech-savvy consumers will be a crucial strategy for long term survival and growth of businesses. Technological solutions such as Data Analytics, cloud-based platforms and ERP systems will shape a company's strategy and growth enabling it to extract more insightful information for informed decision making. This may even force some businesses to revamp their business models. Digitally empowered SMEs are able to increase revenue, lower risks, decrease cost and diversify consumer segments over a short period of time as compared to offline businesses.

Increase in revenues

Having only physical presence limits an organization's market reach. Upgrading digital technology and having an online presence can provide significant opportunities for SMEs to grow and increase their top line. Engagement through a company website or shifting to an e-commerce platform can increase sales by allowing SMEs to access new customers in local and overseas markets. It also allows flexibilities of time, geographical location and delivery to conduct business. A study by Snapdeal titled "Impact of e-commerce on SMEs in India", states that an enterprise can potentially improve its revenues by about 51%, thus, today, the growth of SMEs is driven by eCommerce. The study also states that 46% of the SMEs have witnessed a significant growth by adopting an online sales channel. Diversified customers also help divide business risk across different locations. The fast-paced growth of e-commerce industry has provided unmatched opportunities for the SME community.

Accessibility to wider customer base

Increased digital engagements allow SMEs to explore new markets, enabling them to compete with the bigger giants in the industry. E-commerce has provided cost-effective solutions for the companies in large cities and rural areas alike to connect and trade with customers around the world. SMEs can often lack the skills to enter international markets due to limited knowledge, language barriers, unfamiliarity with cultural differences and narrow business outlook.

E-commerce platforms outspread geographical boundaries, engage in improving customer experience and provide support for better supply chain solutions. This allows companies to sell 24X7 and increase their customer base rapidly with limited or negligible increase in operational cost.

Operational efficiencies

Access to e-commerce platforms allow SMEs to decrease overall expenditure by optimizing operational and marketing costs like call centers, trade shows, and individual product advertising. The study by Snapdeal found that SMEs can optimize marketing spend by 60% to 80% of the total cost.

IT-driven smart manufacturing tools/ techniques such as Digital Integrated Production Planning, Shop Floor Control, Supply Chain Solutions, Cloud-based ERP could make SMEs more competitive in the current environment. According to Tech Mahindra, new digital technologies can reduce operational costs by 20 – 30% through improved capital and labor utilization.

Enriched customer engagement

Data Analytics and Business Intelligence have provided opportunities for the SMEs to make better decisions by providing a deeper understanding of the customers. Use of customer intelligence and insights to predict their needs, design new products that meet their requirements and delivering the right products at the right time at a cost-effective price has equipped SMEs with next generation customer engagement capabilities.

The high cost of software and technologies have restrained these companies from developing such capabilities in the past. However, with the advent of cloud-based solutions and freemium model where basic software is provided for free, but functionality, virtual goods or proprietary functions may be charged; enable the SMEs to develop capabilities and enrich customer experience. Small and Medium Businesses (SMBs) in India could spend around USD 25 billion on IT products such as mobility, analytics, social media and cloud in 2020, according to a report by a market research firm Zinnov. This expenditure will enable companies to increase their customer reach, manage customer relationships and ensure efficiency in operations.

SMEs also play a very important role in operations and profitability of e-commerce platforms. Recognizing this, Flipkart has signed a Memorandum of Understanding (MoU) with Federation of Indian Micro and Small and Medium Enterprises (FISME) and National Center for Design and Product Development (NCDPD) in 2014. This will enable the website to provide infrastructural support in data analytics, marketing and customer acquisition to help SMEs scale their business.

Ignoring digitalization could be a bad decision

Offline SMEs are fast recognizing missed growth opportunities due to lack of online presence. Adoption of digital technology tools and integration of one's sales platform on a digital channel is important to survive in today's fast-growing local and global competitive market. Businesses with an ignorant approach towards online presence or sluggishness to adopt digital channels may have to face significant challenges to survive in the present data-driven ecosystem. Losses faced by an organization can be many:

- Offline SMEs, may have to face strategic disadvantages in consumer-centric sectors such as retail, tourism or export
- Ignoring technology will make businesses lose the competitive advantage
- Lack of organized databases of customer and sales records to optimize marketing and sales efforts

According to a report by Google: "Connected Small Business: Unlocking India's Digital Potential", SMEs moving from being offline to an advanced digital engagement program could generate a revenue growth of up to 27%. Around two-third of Indian SMEs that are not digitally engaged are facing a revenue decline of around 8%. SMBs with high digital engagement excel in terms of higher revenue growth, better job creators, diversified customer segments, both domestic & international and have better levels of employee job satisfaction as compared to their offline counterparts.

According to the report, Indian users are increasingly looking for information about businesses online and there is a massive information gap for local businesses on the Internet. Out of the 51 million SMEs in India, less than 5% to 6% have an online presence. In an effort to reduce this gap, Google India aims to get 20 million SMEs online by 2017 by using a simple mobile-based app called Google My Business.

Challenges on the road to transformation

Latest technology can help enterprises reduce cost & time taken to innovate and offer sophisticated products and services. This helps SMEs differentiate from peers, optimize costs and compete on a global level with other corporate giants.

However, SMEs in India face multiple struggles on account of accessing and using the latest technological advancements. While knowledge, and funds continue to hamper implementation of technology, absence of an ecosystem that enables technology transfer and interaction with experts is a critical reason of limited adoption. If the company is not able to build a strong digital transformation strategy and vision, the demoralized owners might give up on the change even before they are able to see any results.

1. Lack of knowledge about tech-enabled services

A large number of SMEs are still unaware of the benefits offered by tech-enabled services like e-commerce and social networking platforms. Low knowledge about upcoming technologies and skepticism prevents an enterprise from engaging in digital initiatives. Operating with a workforce which lacks exposure to IT products & services and inability to understand the technological complexity are among the key factors which inhibit the adoption of digital initiatives.

Recent government initiatives such as Digital India, which focus on bringing SMEs online will increase awareness in the sector. However, while the programme is very ambitious, effective implementation and delivery to the right audience should be focused upon.

Reasons mentioned above and company's performance can slow its digitalization, which greatly affects the motivation level of employees and owners driving the change.

2. Poor infrastructure and insufficient funds

As per report by the International Finance Corporation (IFC), the total financing demand gap is massive at ₹2.93 trillion in 2016 in India's SME sector. SMEs in India are facing significant challenges of poor infrastructure and inadequate finance. Issues such as lack of capital, unavailability of loan collaterals are a major deterrents and may drive owners to seek finance from unorganized sources whose interest rates are higher than banks'. Thus, new technological environment that may involve additional capital investments may take a back seat.

With rising competition among technology companies and emergence of tech startups, the cost of availing tech-enabled services such as websites, social networking platforms or ecommerce platforms have reduced significantly. However, many organizations in SME community still believe that adoption of such services is expensive to implement with high Total Cost of Ownership (TCO; direct and indirect expenses and benefits of a purchase or an upgrade). Implementation of initiatives with transparent & cost effective structure giving a clear computation of TCO, is of paramount importance in today's ecosystem.

3. Inefficient regulatory framework

Poor infrastructure raises the fear of data security. Data security is defined as the protection of data from unauthorized access, i.e., modification, destruction, or disclosure to others without permission. The biggest security issues arise from malware and cyber-attacks.

Lack of implementation of stringent cyber-crime laws and data theft norms in India are making SMEs skeptical about adoption of digital technologies. Data theft a cyber-attack may lead to business and reputation loss, which may have long term effects for the organization. This slows the adoption of digital initiatives.

Mature markets such as USA or Europe follow stringent data security laws and have better technological capabilities. Indian SMEs find it difficult to adhere to such norms & standards and compete at global level resulting in loss of business.

4. Lack of knowledge of inherent technological capabilities

Companies' development are constrained by insufficient managerial skills and access to specialized talent. Better-managed firms tend to be larger, are likely to survive longer and be more productive. Traditional SMEs which have been able to build strong business relations through offline means are not inclined to spend money and time on digital platforms. Employees accustomed to using "professional judgment", that are often subjective and biased are averse to technology enhanced subjective decision-making.

Providing training can help many small sized enterprises to digitalize their businesses effectively. To help these enterprises, Ministry of Micro, Small and Medium Enterprises has set up small business kiosks, incubators, hubs, clusters, business associations and support centers, like the country-wide network of Development Institutes. These could help bringing small business together to leverage skills, ensure resources are user-friendly and help answer IT questions throughout the growth cycle of the businesses.

5. Governance challenges

All businesses aim to be more efficient & responsive by having a better control over finances, access to accurate data and acquiring new customers. These changes come through strong governance, better communication, efficient coordination and cumulative vision of the organization.

While owners should lead the digital transformation strategy in their enterprises, it is important that everyone in the enterprise understands the resulting benefits. This can be achieved through effective communication, such that it forms a part of a company's culture.

While many companies understand the benefits and attempt a transformation, several of them fail because of lack of coordination across business units or processes. While progress may be made in individual augmentation, the overall outcome might be negligible due to lack of coordination.



GOVERNMENT INITIATIVES TOWARDS DIGITALIZATION

The Government of India has been proactive in embracing and leveraging digital platforms to transform and organize offline markets in order to promote the SMEs. It has launched an online platform to connect farmers with the mandis of various states to sell agro-commodities in this regard. Besides these, flagship initiatives such as Digital India, Start-up India, Innovation Fund, Skill India, etc. are contributing to the growth of e-commerce industry.

Enumerated below are a few of these initiatives:

1. E-governance

E-governance is the application of IT products and services for delivering government services, exchange of information and integration of various stand-alone systems between government to government (G2G), government-to-customer (G2C) and government-to-business (G2B). The objective of e-governance includes bringing transparency among various parties & public, providing information through phones and internet, reducing corruption, strengthening the connection between public and government and increasing its trustworthiness & reliability.

Through e-governance, Government has been able to introduce many small and large initiatives in the Indian ecosystems for upbringing of the MSME sector. Some of these include -

- ▶ **National Portal for filing of EM-I and EM-II:** Government launched National portal in 2015 for online filing EM-I and EM-II. Not all the states and Union Territories have online workflow based system of filing. Government has asked states to adopt National Portal and share the database for decision support system and planning for MSMEs. This will allow the MSMEs to register online and make it easier to do business.
- ▶ **Virtual Cluster:** Virtual Cluster web portals, which provide facilities like common application forms, credit scoring models etc. and a platform for Industry-Academia linkages has been made available at www.msmsecluster.in. By end of 2015, 121 domain experts, 212 academic institutions and 25,530 MSME enterprises have been registered on the portal.
- ▶ **Employment Facilitation Portal:** An online portal (www.msmenaukri.com) was set up by National Institute for Entrepreneurship and Small Business Development (NIESBUD) in July 2014 offering registration facility for more than 125 trades/skills. By April 2015, 21,843 Jobseekers had registered on the Job portal.

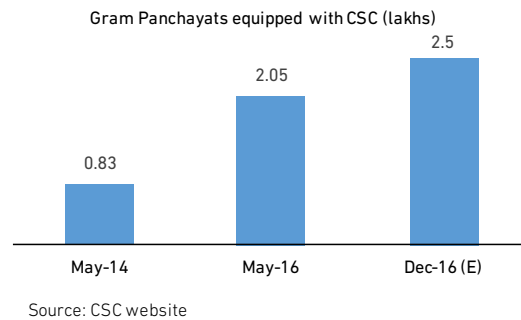
2. Digital India

Digital India Programme was launched by Government of India (GoI) in July 2015. It is centered around three key areas: Digital Infrastructure as a Utility to Every Citizen, Governance & Services on Demand and Digital Empowerment of Citizens.

MSMEs offering IT and IT enabled services (ITeS) are expected to gain significantly as the programme aims to ensure digital empowerment of citizens by strengthening public IT infrastructure, improving governance and providing services on demand. As per an analysis of 128 MSMEs rated by CRISIL, average CAGR earned by MSMEs in IT sector was around 23% over

the period of 2012-15. Digital India program also focuses on zero imports and increasing domestic manufacturing. As a result of this, Mobile manufacturing in India increased by 83% y-o-y from 60 million to 110 million units between 2015 and 2016.

Common Service Center (CSC): CSCs, a strategic cornerstone of Digital India program, aims to use technology to assist citizens in the areas of education, health, business and governance. Ensuring their consistent implementation across the nation is critical to aid small businesses access technological infrastructure necessary to grow their businesses. By December 2016, 2.5lakh Gram Panchayats will be equipped with a CSC.



3. Start-up India

Startup India, a flagship initiative of Government of India, was launched in January 2016 with an aim to promote new business ecosystem in India. The government is also considering a proposal to include MSMEs in the definition of start-ups which are expected to create 250,000 jobs in India by 2020, up from 80,000 in 2015

Some of the key items proposed in the action plan to boost ventures in India have been stated below-

- ▶ **Start-up Hub:** Creation of an All-India Hub as a single point of contact (SPOC) for start-up foundations, where the entrepreneurs can exchange knowledge and gain access to financial aid
- ▶ **Mobile App and Portal:** An online portal to serve as the single platform for startups for interacting with Government and Regulatory Institutions
- ▶ **Public Procurement from startups:** Central Government, State Government and PSUs to procure at least 20% from the Micro Small and Medium Enterprise (MSME) as a mandate
- ▶ **Fund of Funds:** Government will set up a fund with an initial corpus of ₹2,500 crore totaling upto ₹10,000 crore over a period 4 years, which will participate in the SEBI registered Venture Funds
- ▶ **Tax exemptions for 3 years:** Startup initiatives are exempted from income-tax for a period of 3 years. This will facilitate growth of business and provide support to meet the working capital needs during the initial years of operations

4. Support International Patent Protection in Electronics and IT (SIP-EIT)

Department of Electronics and Information Technology (DietY) launched SIP-EIT in March 2015 to provide financial support to MSMEs and technology startups. It provides financial support for international patent filing. This will encourage innovation, recognize the value and capabilities of global IP and leverage the growth opportunities in ICTE sector.

Additionally, in order to sensitize and create IP awareness and to disseminate the scheme among stakeholders, a scheme to support Intellectual Property Rights (IPR) awareness is also proposed as the second component of the scheme.

MAKE DIGITAL JOURNEY SUCCESSFUL

Successful campaigns use common set of elements to drive digital transformation. Leadership teams initiate the change by understanding and evaluating the potential in existing assets and building a strong conversion strategy. Tools such as effective communication, use good governance, investments in the existing skills & resources are employed to drive the transformation.

1. Define Digital Strategy

Digital transformation needs to be defined clearly for its effective implementation and reap its benefits. Detailed organization wide strategies or focusing on some priority areas in accordance with customer requirements are few techniques that can be applied. Owners need to take charge of creating digital strategies, as this may get challenging because of low technology adoption in the industry. This can be achieved through a deep understanding of organization's strength & weakness and focusing on core competencies while devising a transformation strategy. A clear plan will help achieve goals without losing focus. The model of digitalization should be different for different companies depending on their scale of operations, markets and customers.

2. Invest in digital initiatives and skills

Companies' management must realize retaining efficient employees requires professional management, vision sharing, effective training and career planning. Performance-based assessment & recognition and positive-reinforcement systems are necessary if human resources are to be resolutely improved. Employees should also be equipped with right tools and techniques for digital transformation. These efforts will help reduce employee turnover in favor of competitors.

While investing in digital technologies, long term goals must be aimed for as its benefits may not be visible on an immediate basis. At some stage a company may decide to hire experts or outsource the work to a third party e.g. several enterprises outsource analytical work to experts. This has helped them improve efficiency and customer satisfaction over a period.

3. Lead the change from the top

To approach digitalization strategically, organizations must make a paradigm shift in thinking, culture and behavior. Unless these changes are management driven, different parts of the company would tend to define and approach digitalization in their own way. Effective communication and efficient framework are important tools that would help employees transit from a traditional business driven mindset to a digital one. To help achieve this, top leadership teams in companies have to build a flexible technology framework that combines the power of talent with the digital eco-system within and outside their organizations for quick value addition to customers.

Case Study: How digitalization is making a difference?

PharmEasy: Digital Platform for Micro level businesses

Background: India's pharmacy market is highly unorganized and has been declining in business resulting in closure of 'mom and pop' medical stores.

PharmEasy is an online retailer of medicines. The company, through its extensive network of offline retailers offers medicine delivery and other services such as diagnostics tests.

Digitalization Approach: PharmEasy is helping the mom and pop stores to sell online using its platform with no investment in technology. Customers can click a picture of the prescription and upload it via Company's app.

Business Impact: PharmEasy's technology helped unorganized retailers to reach a wider customer base, allowing them to expand their business with no investment in technology. Furthermore, it also helped them resolve the challenges of delivery and stock maintenance.

The customers have also benefited from a convenient and a cost effective mode of ordering, as they can now order & receive medicines with a click of a button and get discounts

Other Similar Stories...

From Kirana Store to Virtual Supermarket: Shivkumar, a Kirana store owner, converted his 180 square foot store "Sri Gayatri Coffee Works" into a virtual supermarket by installing a kiosk next to the billing counter. This kiosk allowed shoppers to shop on a tablet device that displays a catalog of products, giving them an online shopping experience. The initiative helped Shivkumar to improve store efficiency and revenues. With status of a startup, he now offers a wide range of products such as gadgets, apparels, and cosmetics compared to just one product in the past – Coffee.

Digital Stock Procurement: N Chandrababu, had 15 distributors supplying a wide variety of products to his store in Anantpur district. A large number of supplier base resulted in low-profit margins for him. Now he orders his stock online and gets it delivered within 24 to 48 hours. This digital stock procurement has resulted in increased margins by 10% to 20% and reducing the number of distributors from 15 to 5.



CONCLUSION

The Indian economy has been consistently showing good signs of growth, with the IMF predicting an average GDP growth rate of 7.3% in FY 2015-16. Micro, small and medium enterprises (MSMEs) play a vital role in India's economy and are an integral component of the country's growth strategy. Recognizing the importance of this sector, the Government of India is facilitating the development of small businesses, making them integral part of key policies with initiatives such as Make in India, Startup India, and Digital India.

Digitalization of Indian business is majorly driven by the rapidly advancing digitization of consumers. This has led to increased data traffic and accelerated establishment of new tech-based startups to take advantage of the growth opportunities.

Nevertheless, a number of challenges and barriers hindering technology adoption by this sector still remain. However, these challenges create an opportunity for multi-stakeholder participation by many experts with the Government acting as a leader for innovative solutions. A collective effort between the government, private sector, industry groups, training organizations and SMEs themselves – is the most effective way to tackle the barriers that Indian small and medium business face.



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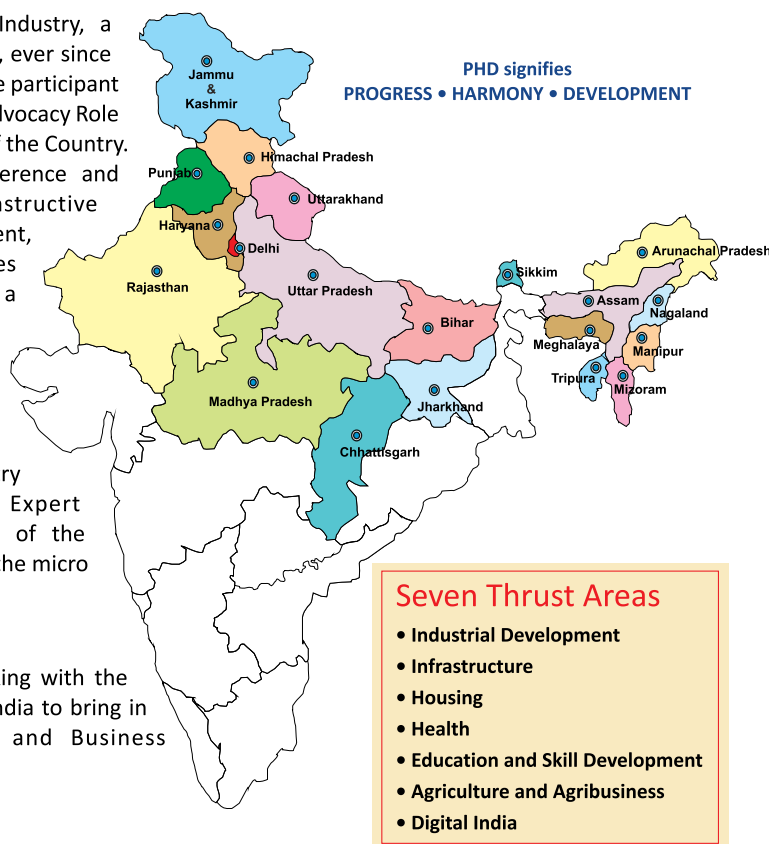
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Session organised by Retail, E-commerce & FMCG Committee

Mr. Deepak Agarwal, Director
Ms. Twisha, Assistant Secretary
Ms. Arunima Pathak, Executive Officer



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