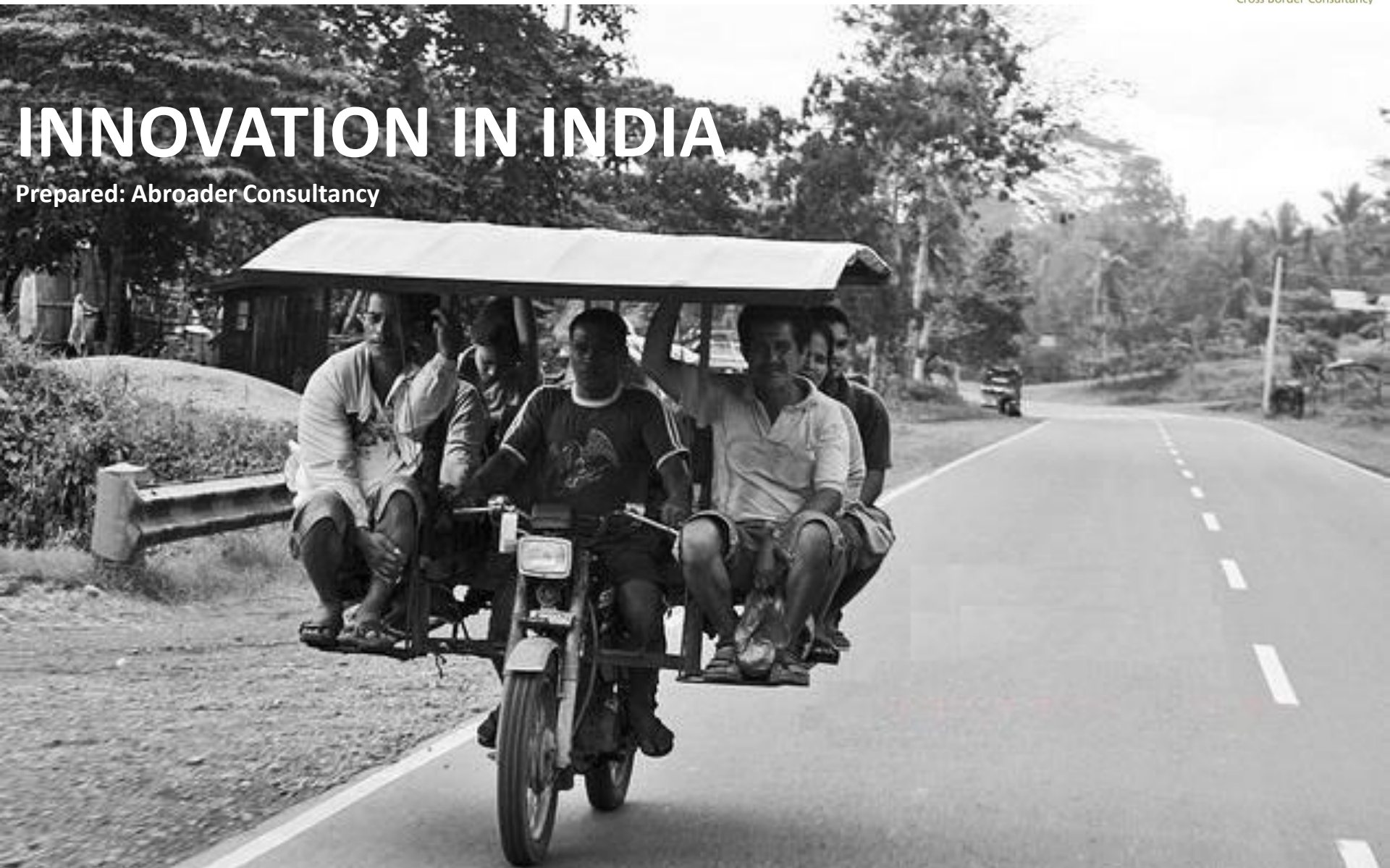


# INNOVATION IN INDIA

Prepared: Abroader Consultancy



## ABOUT ABROADER CONSULTANCY INDIA PVT LTD

Your India Market Entrance Partner

### About us:

- Established in 2001.
- Headquartered in Goa, India.
- Track record in Europe, Asia and North America.
- Senior team of international Business Consultants.
- Extensive business network in India.
- New market business development.
- Advise to multinationals and specialized (S)ME's.



### Area of Services; Business Acceleration & Risk Mitigation:

- Market entry strategy & local implementation
- Partner search & selection
- Business intelligence
- Feasibility studies
- Due diligence
- Mergers & Acquisitions advisory
- Deal structuring & negotiation support
- Post investment local support

## WHY WORK WITH US?

Our Added Value for your Ambitions in India

### Flexibility

Our approach is fully **tailor-made** to individual client needs, providing an international contact point, yet local resources to support your activities.

### Focus on success for our clients – objective and experienced

We provide an **unmatched track record** in supporting clients to establish and expand in India. Through our work in different sectors, we have accumulated a wealth of experience that we apply to our clients' benefit.

### Implementation Support

We **operationally assist** clients in penetrating new markets. Our job is not telling clients what to do, but actually getting it done. From potential to reality, that's what we offer.



### Local Presence, International Approach

We have the **local expertise** and **resources** to support clients from business intelligence, through market entry strategy development to local execution. Our local presence in emerging markets is vital to success.

### Market Entrance Specialist

We have a clear focus on emerging markets. Our local offices include sector experts with **extensive networks** that know what it takes to succeed in the respective country.

We pride ourselves on getting beneath the surface in emerging markets and understanding what is really happening.

## SERVICES IN DETAIL

Our Added Value

### **FACILITATE** MARKET ENTRANCE

- Incorporation
- Post incorporation
- Partner Search
- Trade Show Representation
- Business Intelligence
- Selection and set up of new office spaces
- Team Recruitment
- Licensing and Government

Market Support

### **MITIGATE** CORPORATE RISKS

#### Risk Management

- Legal Support
- Banking
- Finance and Control
- Audit Supervision
- IP and Trade Mark Registration
- Resident/Independent Director Services

### **ACCELERATE** BUSINESS GROWTH

- Mergers and Acquisitions
- Business Development
- Tender Bidding
- Joint Venture and Partners
- Sourcing Networks
- Identification of Production Facilities
- Identification of Contract Manufacturers
- Marketing and Press

Strategic Growth



# INNOVATION

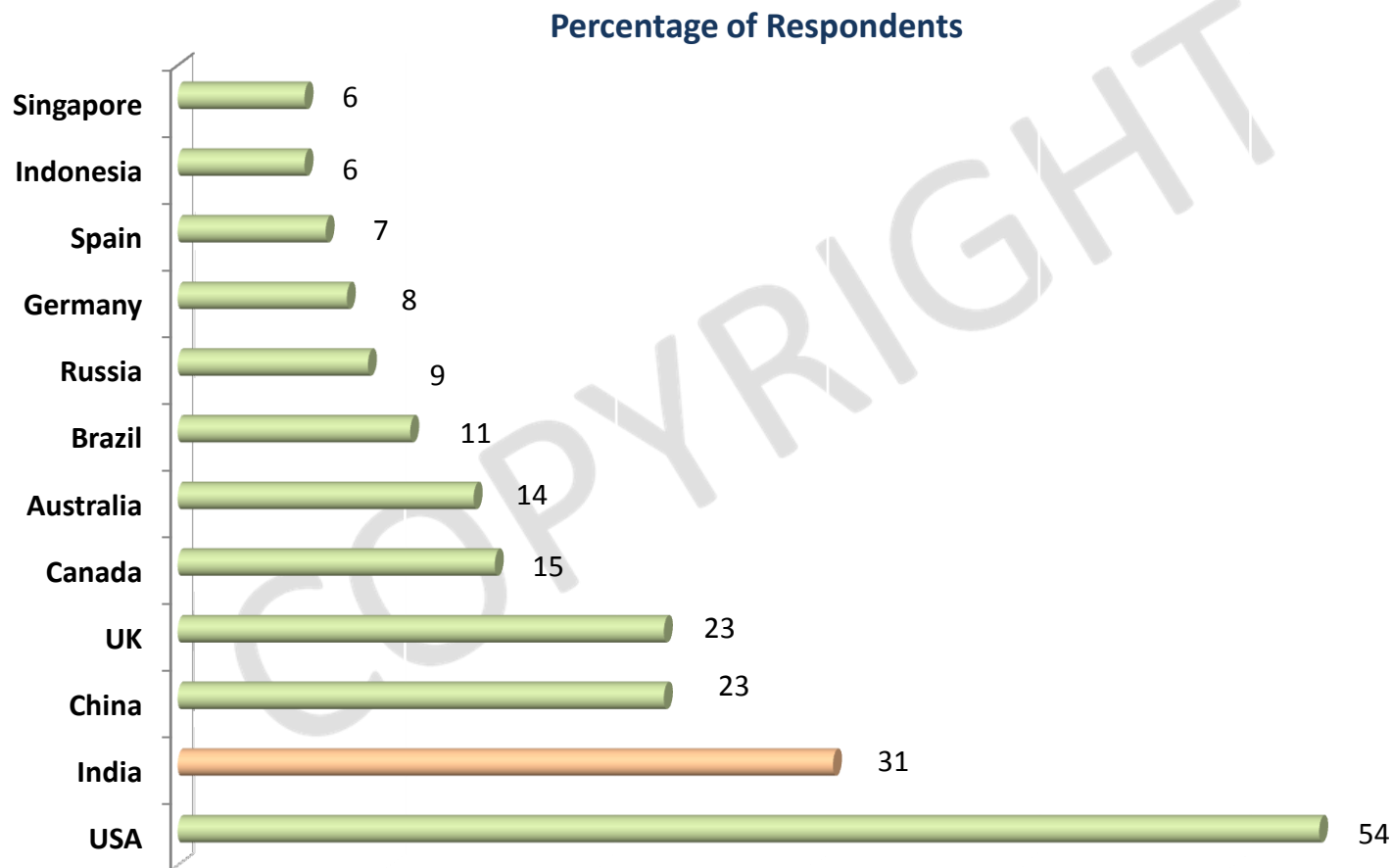
## Key Contributing Factors

	Country	City	Company
Factor 1	Quality of Education	Cluster of companies in same industry	Ad hoc Brainstorming
Factor 2	Business Culture	Telecom Infrastructure	Dissemination of Ideas
Factor 3	Telecom infrastructure	Universities, sources of research	Freedom to explore interests
Factor 4	Financial Incentives	Financial incentives	Flexible working practices
Factor 5	Protection of IP rights	Social, cultural, leisure amenities	Events designed to foster creativity

Source: The Economist, Fertile Ground: Cultivating a Talent for Innovation

## TOP LOCATIONS FOR INNOVATION

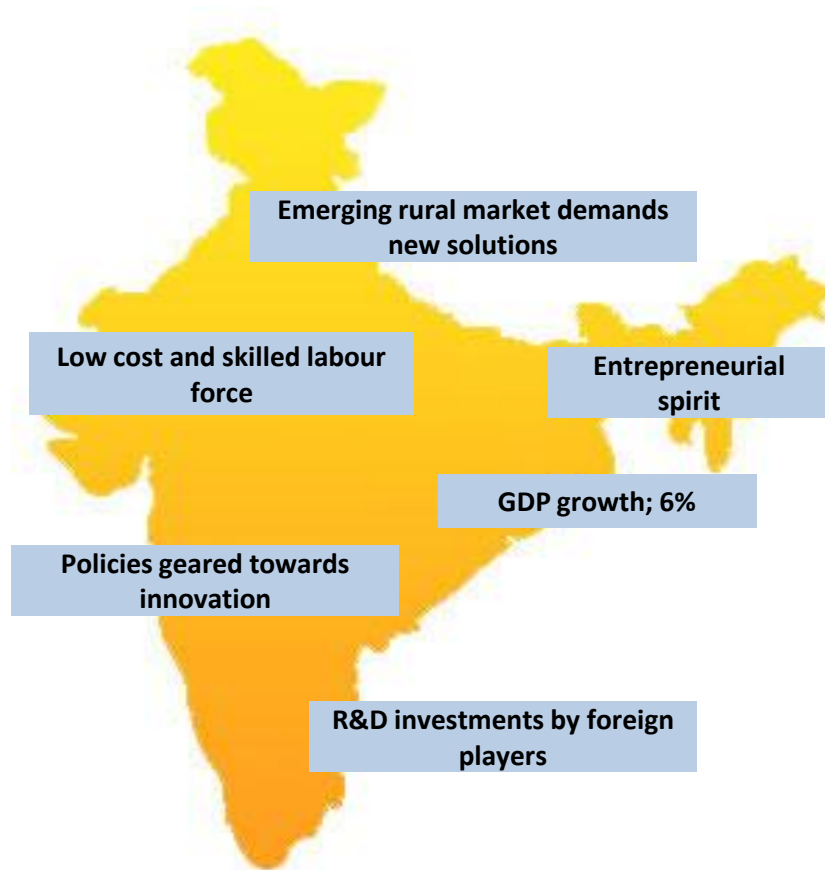
India ranked as the second most popular destination for investment in innovation



Source: The Economist, Fertile Ground: Cultivating a Talent for Innovation

# INDIA

Poised for Innovation



## Demography

- Population of 1.5 billion; Social heterogeneity and diversity is conducive to new ideas and innovations
- Huge capacity for human resources with a young population (under 25) of 66%
- Growing aspirations and demand for new opportunities

## Education

- Growing at 12% p.a.; substantial talent in science and R&D

## Technology

- Growing reach, sparking low cost solutions

## Market

- Price sensitivity; need for low-cost solutions
- Open market; competition from foreign players with innovative offerings

## Policy

- Central and State technology departments; Indian Innovation Council; Ministry bodies for Science and Technology; Private R&D

## INNOVATION IN INDIA

India has established itself as an innovation centre in the recent years. As per the National Knowledge Commission of India:

### Innovation Strategy

#### Area of Business

For large organizations , the core focus for innovation lies in operations, sales and marketing

#### Factors Influencing Innovation

New products, new processes and new services are the driving forces behind innovation with customers as the primary external factor of motivation

#### Breakthrough vs. incremental

In the 2007-08 survey, 37% of large firms introduced breakthrough innovation as opposed to 76% who introduced incremental innovation

### Innovation Intensity is highest in:

**SMEs and Private firms** as opposed to government organizations;

Firms with **majority foreign ownership**;

**MNCs** as opposed to non MNCs;

Industries where innovation is **patented**;

Firms collaborating with **R&D labs, universities and government collaborations**





## HOW INDIA SUPPORTS INNOVATION

One of the reasons India is able to attract investments in high scale R&D is owing to its cost advantages and the availability of a skilled work force

India has ranked as #1 on AT Kearney's Global Services Location Index ever since 2004 owing to the abundance of skill at competitive prices

Rank	Country	Financial Attractiveness	People Skills & Availability	Business Environment	Total Score
<b>1</b>	<b>India</b>	<b>3.11</b>	<b>2.76</b>	<b>1.14</b>	<b>7.01</b>
2	China	2.62	2.55	1.31	6.49
3	Malaysia	2.78	1.38	1.83	5.99
4	Egypt	3.10	1.36	1.35	5.81
5	Indonesia	3.24	1.53	1.01	5.78
6	Mexico	2.68	1.60	1.44	5.72
7	Thailand	3.05	1.38	1.29	5.72
8	Vietnam	3.27	1.19	1.24	5.69
9	Philippines	3.18	1.31	1.16	5.65
10	Chile	2.44	1.27	1.82	5.52

Consequently, technical presence and investment in R&D and innovation is high in India

## CASE 1: SUPPLY CHAIN INNOVATION

### The Mumbai Dabbawallas



**"It is a model of managerial and organizational simplicity."**

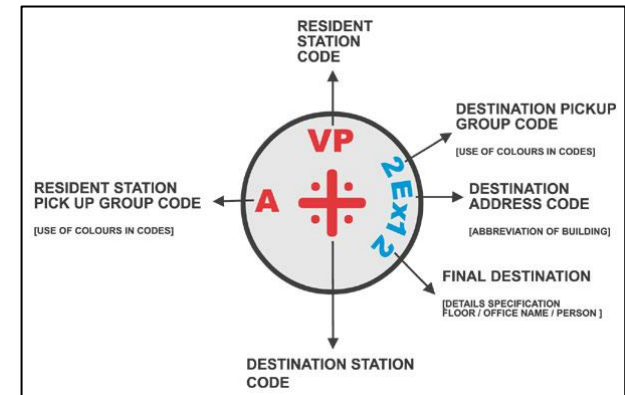
**-C K Prahlad,  
Management Guru**

This 5,000 strong delivery system has been in operation in Mumbai for over 125 years.

Mumbai's Dabbawallas have developed a highly effective supply chain to enable prompt and accurate delivery of over 200,000 lunchboxes everyday across the city

The unique color coding system comprises of alphabets, numerals and the use of colored threads to create a unique ID for every destination

Based entirely on public transport, the delivery system is heavily reliant on effective team work and time management.



The delivery system boasts of a staggering accuracy rate of 99.9%

## CASE 2: MARKET BASED INNOVATION

### Tata Nano: India's Cheapest Car



### "A Promise is a Promise"

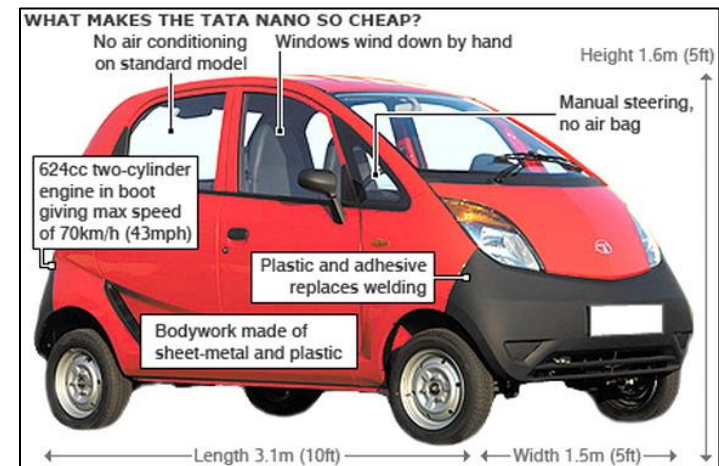
-Mr. Ratan Tata on his commitment to develop a low cost passenger vehicle for the Indian market

The Tata Nano debuted in 2009 as India's cheapest car, priced at INR 100,000 (USD 1,800) for the basic model

Despite, price increases since then, the Nano maintains its position as India's cheapest four wheeled passenger vehicle.

The vehicle's design format was based on the Frugal Engineering Concept which enabled manufacturers to strip down the car to its most basic functionalities in order to cut back costs.

The Nano has proved to be an immensely successful product and was one of India's top 10 best selling cars in 2012



## CASE 3: PRODUCT INNOVATION

### Philips



**"There is need for more value products in the Indian market."**

**-Wido Menhardt,  
CEO, Philips Innovation Campus**

The Philips Innovation Centre at Bangalore is focusing on launching a series of low cost, effective technologies specifically designed for the Indian healthcare market.

Home Healthcare is the core focus with products being designed to target unexplored user segments like rural areas.

The Respironics Range has been designed to reduce symptoms of sleep apnea and provide complete sleep solutions.

Philips is also investing in technology to scale up the current offerings in the healthcare sector. The E-ICU provides care facilities by the means of Video Conference as well as remote monitoring.



Another innovative offering is the Heart Navigator system which aims at providing doctors and analysts alike a system of measuring and simulating all heart related operations and ailments.



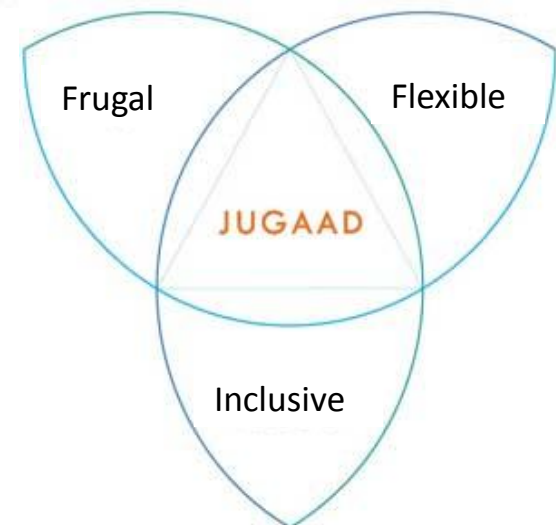
# INDIA'S ANSWER TO THE INNOVATION PROBLEM



'Jugaad' is one of the oldest and most prevalent concepts in Indian business.

It defines the inherent capability of the Indian businessman to get things done:

- With the available resources
- At an acceptable cost
- Despite challenges and hindrances





## SIX PRINCIPLES OF JUGAAD



### Seek Opportunity in adversity

Harsh constraints are an invitation to innovate. This ability to transform adversity and challenges into an opportunity to develop a better product in key to Jugaad



### Do More with Less

Resource optimization is critical to maintaining the bottom-line. Practitioners of Jugaad work in direct contrast to the Bigger is Better approach of Western organizations



### Think and Act Flexibly

Structure does not work in Jugaad. A flexible mindset allows for quick adaptation and open options which are critical to a dynamic business environment

## SIX PRINCIPLES OF JUGAAD



### Keep it Simple

*Jugaad* focuses on creating a satisfactory solution best suited to the current predicament. Complexity and perfectionism are not part of the process.



### Include the Margin

*Jugaad* practitioners intentionally seek out marginal customers ignored by the mainstream and create products/services suited to their needs.



### Follow Your Heart

Intuition, empathy and passion lie at the heart of the *Jugaad* approach. This requires knowing one's customers intimately.

## INNOVATION WITH THE JUGAAD TOUCH



Adapting a popular and established branding image to differentiate product



The Jaipur Foot is being used extensively by the disabled



The Thanda Matlab Coca Cola campaign was launched for the rural Indian market and co-related the generic word 'thanda' (meaning cold) for the Coca Cola brand. Thus, competing brands lost out to the potential market as rural residents started associating 'thanda' with the Coca Cola brand.



Jewellers in Kerala focus on local communities with a 3 phase approach:

**Scouting Phase:** Stores determine future weddings in region via. churches, halls etc.

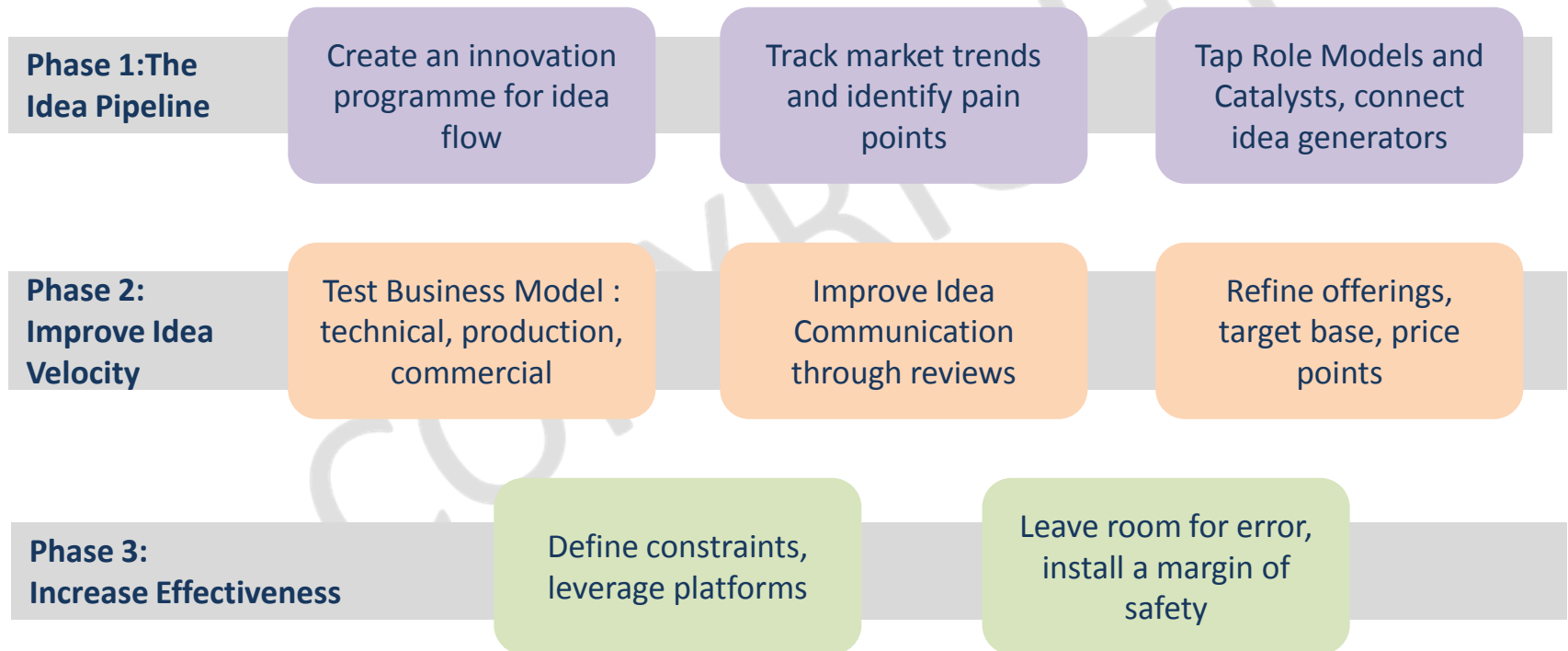
**Pitch Phase:** Stores assess family potential and develop a tailored sales pitch

**Purchase Phase:** Invites extended family to store to showcase product line



## FROM JUGAAD TO INNOVATION

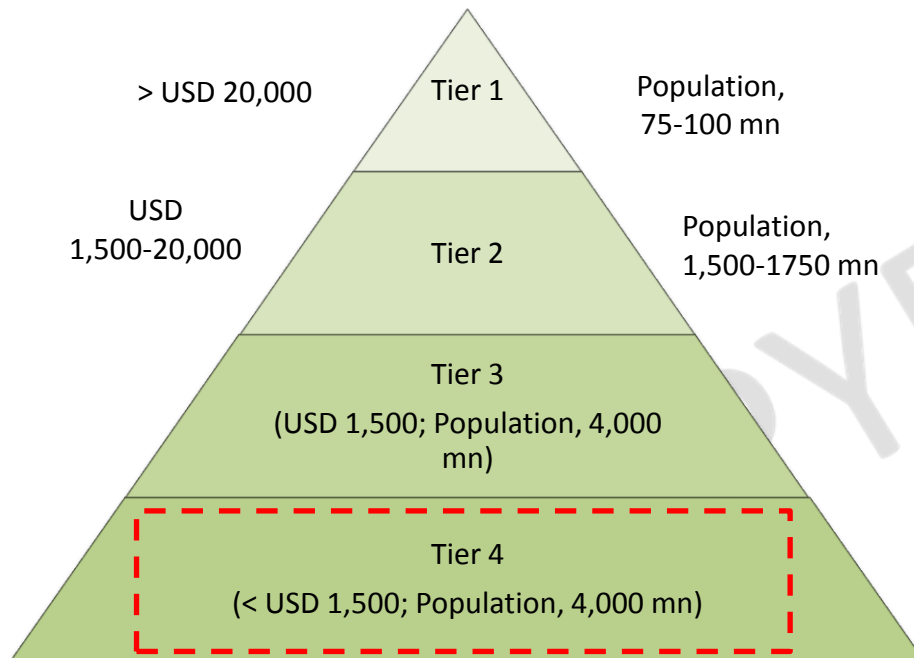
However, Jugaad is an informal market solution suited to the short term. Innovation requires a more specialized approach. Thus, the immediate need is to invest in capabilities to take the efficiency of Jugaad to Innovation.



Source: "Eight steps to Innovation: Going From Jugaad to Excellence", Vinay Dabholkar and Rishikesha Krishnan

## THE FORTUNE AT THE BOTTOM OF THE PYRAMID

The Bottom of the Pyramid Approach highlights the market potential amongst India's low income segments.



This approach contests the existing assumptions regarding market potential of India's poorer communities.

Namely:

- Their lack of purchasing power
- Difficulty in market access
- Lack of brand awareness
- Hesitance towards new technologies

In contrast, the potential of the BOP market is immense- 4 to 5 billion underserved people and a market economy of more than \$13 trillion PPP

The private sector can benefit considerably from tapping this market and developing offerings suited to this unique and dynamic customer segment.



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