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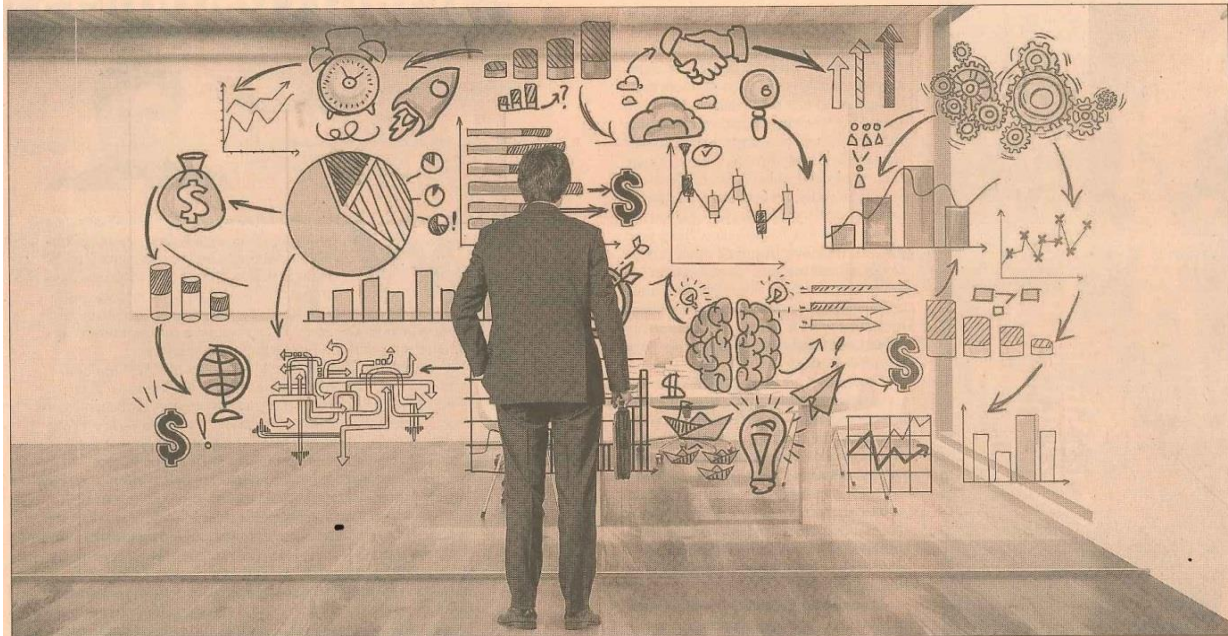
MONDAY, SEPTEMBER 4, 2017



SCI-FI GETS REAL

Pat Gelsinger, CEO, VMware

We have reached an interesting moment in the evolution of technology where science fictions are becoming the science facts for everyday use.



Developing next-gen ERP for Indian MSMEs

SAP is making its ERP a modern platform with embedded analytics that can be deployed on cloud as well as on-premise and can be also accessed on mobile phones

ANKUSH KUMAR

INDIAN MICRO, SMALL and medium enterprises (MSMEs) today are using all kinds of technologies to improve every step in the business process, from operations to customer engagement. As a result, business systems such as ERP are helping various organisations to gain new customers, grow revenue, and improve productivity. Earlier ERP was used for financial accounting, inventory management, sales invoicing, etc., but today its scope has broadened significantly. Companies such as SAP are turning it into a modern platform that has embedded analytics that can be deployed on cloud as well as on-premise and can be accessed on mobile phones.

The German enterprise software maker has recently partnered the ministry of micro, small and medium enterprises to launch Bharat ERP, a programme to digitally enable nearly 30,000 MSMEs and youth in the next three years. "We are starting with five technology centres and our plan is to reach MSMEs in the most remote corners, wherever these technology centres are present. We want to achieve this in two ways—first, to enable and train them. Second, to give them affordable and cloud ready packages that the MSMEs can adopt at entry-level costs. Globally, we are adding over a 1000 new customers every quarter; that is an average of 10 new customers every day," informs Deb Deep Sengupta, president and managing director, SAP Indian Subcontinent.

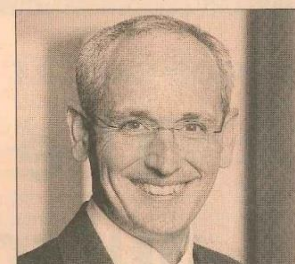
The company will provide SAP Business One platform, the course curriculum and the content; and will train the trainers affiliated with the ministry of MSME. The ministry of MSME runs a standard programme on digital content; and will train the trainers affiliated with the ministry of MSME. The ministry of MSME runs a standard programme on digital technologies at all technology centres and the ERP programme will now be a part of that specialised programme. It is a one-month programme in which, depending upon the charter of the MSME council and the technology centers, the candidates could be entrepreneurs, professionals, educated individuals, etc. They will spend three to four hours every day, learning at the centre and at the end of that programme, they will get a joint certification from the ministry of MSME and SAP, stating that they have been trained on the SAP Business One platform. This certification will help them with their businesses and careers since SAP skills are quite in demand in the market for employment, as well as entrepreneurship opportunities.

The software maker is planning to make its ERP interactive for MSMEs and therefore would be soon adding features such as chatbots and Internet of Things. "We are working on chatbots and IoT; because we think that within the next 15-20 years, only a small part of data entry will be done by human beings on a keyboard. In 20 years, most of the data entry will be done by sensors and devices and the role of human beings in business will be to analyse the data, monitor the performance and make decisions. Even small businesses will move to complete digital formats. So artificial intelligence, machine



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learning, IoT, etc., will broadly use mobile devices," informs Luis Murguía, senior vice president and general manager, SAP Business One.

He further explains that in a regular ERP system, if a person need to find an invoice, he will have to do it manually by going through account receivables, invoices, customer numbers and so on. SAP HANA gives them enterprise search like Google, so one can just put key words—perhaps a product, a date or the name of the individual and it will provide a list of documents that HANA thinks that person is looking for. For a local ERP vendor to have an enterprise search feature, is a big help. So pretty soon, they are going to have SAP Business One with a chatbot that will let them interact with the system not by user command, but using a simple language. The chatbot will respond directly, as it does on social media.

Dividends from technology depth

The spotlight is now shifting towards B2B start-ups as they are seen as ventures with sustainable business models thus creating a wider impact

PP THIMMAYA

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THE EUPHORIA OVER investing in business-to-consumer (B2C) companies seems to have died down and this has come as a blessing in disguise for business-to-business (B2B) start-ups which can now seek their rightful place as the country continues to incubate newer ventures.

The B2B start-ups in the country never had the glamour quotient associated with them and they were not chasing any market-share. The key ingredient of such ventures was cutting-edge technology which were out to solve business problems of enterprises.

Today, there is a growing interest among the investment community to fund these ventures with many such firms sectorally devoted to funding B2B companies.

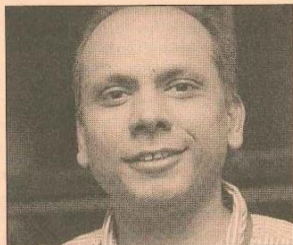
V Balakrishnan, former board member of Infosys and founder of Exfinity Venture Partners, said initially there was euphoria in the B2C start-up space with a lot of investments coming in which was not required. "Now the realisation is coming up that you need to invest in companies which have a sustainable business model like that of B2B start-ups."

The B2C start-ups witnessed a funding boom during the years between 2014 and 2015 but the subsequent drying up of funds in 2016 witnessed the closure of many firms. It has also made it difficult for firms from



The B2B start-up ecosystem has become much more vibrant and maturing. There are many more serious people who are now starting ventures.

— SUNIL K GOYAL, MD AND FUND MANAGER, YOURNEST



There is a transition happening, from a market share led thesis of investment to a more product, IP led share. This establishes the ground for becoming a product nation.

— MANISH SINGHAL, FOUNDING PARTNER, PI VENTURES

this segment to raise any more fresh rounds of funding.

According to Manish Singhal, founding partner, Pi Ventures, an early-stage fund which is focused on artificial intelligence, machine learning and Internet of Things, all that money which did not go into B2C has actually meant that there are now funds available for B2B start-ups. "There is a transition happening in India from a market share led thesis of investment to a more product, IP led type of companies attracting funds. This establishes the ground for becoming a product nation."

The space of B2B is quite vast and any venture cannot be dovetailed to particular sector or segment though the underlying

theme is on the use of technology. According to Balakrishnan, a B2B start-up is not about focusing on particularly industry but about how to use technology which helps businesses in various areas like improving efficiency or customer acquisition.

Today, there is a stronger platform for B2B companies to thrive as the ecosystem has strengthened with the government also having a dedicated focus on this segment.

Sunil K Goyal, managing director and fund manager, YourNest, said that the B2B start-up ecosystem has become much more vibrant and mature. "There are many more people who are now starting ventures." YourNest is an early stage venture capital

fund that invests in areas such as Internet of Things, electronic system design, artificial intelligence, advanced robotics, enterprise software and the mobile internet.

The scenario for the B2B start-ups has changed with entry of more seasoned professionals entering the segment. According to industry observers, the slowdown in the Indian IT industry has had a positive rub off on the start-up community as the new ventures are led by people who have the much-required depth in technology and also understand the requirements of the enterprises. A case in point here is YourNest, which receives over 7,000 applications every year though it invests only in four to six companies.

For firms like Exfinity, Pi Ventures and YourNest, it is about getting into the action early so that they can be part of the exciting journey of these start-ups. "We like to nurture them in the early stages and believe that maximum value comes from that," said Goyal.

However, this would not mean that there is a flood of good and cutting-edge start-ups

However, this would not mean that there is a flood of good and cutting-edge start-ups in the B2B space. Singhal said that the depth of companies in India is not anywhere near that of United States but it has been improving. "We need some success stories and I feel it is just around the corner," he added.

Today, the capital infusion scenario has also improved for B2B start-ups with many more funds focused on this segment. Even venture capital firms which were skewed towards the B2C segment are allocating part of their funds into this segment as they would not like to let go of an opportunity which might arise. The reason why the tide has turned in favour of these start-ups is the growing interest among large Indian enterprises to adopt their solutions. Goyal believes it is difficult for start-ups to sell to the enterprises but VC funds are able to guide these entrepreneurs with strategy and also help them through their networks.

Said Balakrishnan, "If you have to test the product, then India is the best place because of its complexity. But if you have to get value then you will have to take it to the West." The idea here is that if a product works in India it will be much easier to ensure its success in global markets.

The B2B segment is expected to see a longer run unlike the marketshare run of the B2C companies as they are built on the platform of a more sustainable business model.