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Tweet OF THE DAY

JEFF MORRIS JR.
@JMJ

The future of work is remote. Most companies aren't ready for the change. Remote work requires new infrastructure and management styles that aren't taught in school. Companies who figure it out have a massive talent arbitrage opportunity. Every investor should encourage this

Tech Buzz

Open Source Programs in Win Core OS



Microsoft, which was once one of the most anti-open source companies, has certainly changed its tune, and rumours suggest that its upcoming Windows Core OS operating system will use open source components. A LinkedIn profile of a Security Program Manager II at Microsoft outlines job details that include ensuring "improved security posture of Windows Open Source Components".

— Techradar

Quick Byte

ANIRBAN BORA

Facebook users can now petition elected officials for change



37%

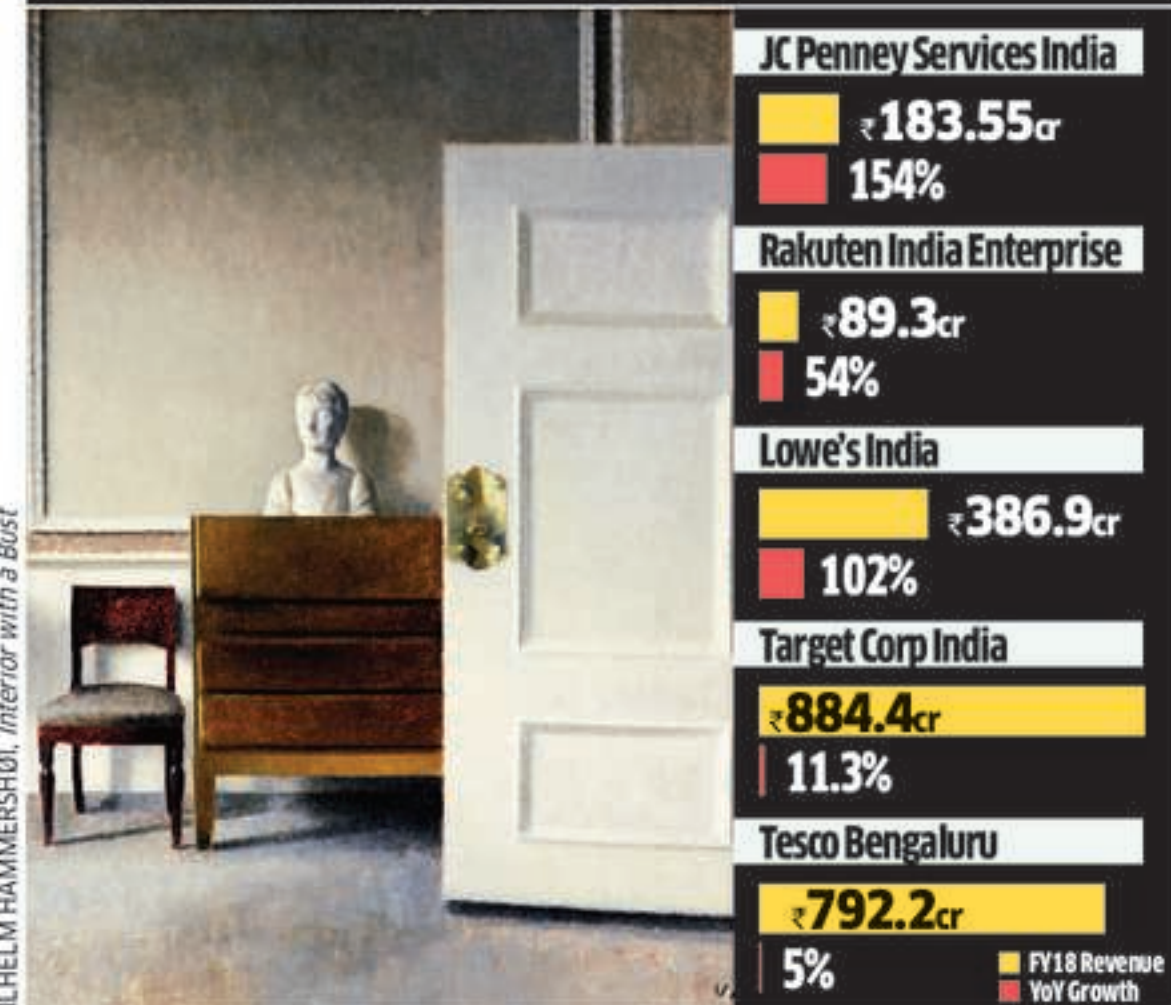
Of organisations have implemented AI in some form, says Gartner survey

Google Maps to Display Speed Limits

California Google Maps rolled out its speed limit feature for all Android and iOS users in more regions including the US, Denmark and UK. Maps will display speed limit in the left corner. In addition, a camera icon will show the location of the speed cameras to alert drivers. —ANI

Retail Captives in India Log Double-digit Growth in FY18

MOVING IN



Experts say rising importance of tech is driving increased investment in third-party centres

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Bengaluru: Retail captives in India, belonging to global retailers such as Target, Rakuten, Lowe's and JC Penney, grew in the double-digit range in FY18, as retailers continued to move work in-house.

In the last financial year, IT companies faced a slowdown in their retail business, as companies cut their outsourcing spend and moved work in-house in areas such as analytics and data sciences. Experts say the growing importance of technology is driving the growth of investment in third-party centres.

"Retail is also being motivated by the scale and pace of digital transformation which is sweeping the retail space. Retailers now realise they must compete based on their technology, which drives increased investment and a strong desire to under-

stand and control these investments," Peter Bendor-Samuel, CEO of IT consultancy Everest Research, told ET.

JC Penney Services India FY18 revenue grew 154% to ₹183.55 crore, according to regulatory filings sourced from business intelligence platform Tofler. The retailer is also looking at expanding the kind of work it does out of India, its annual filing showed.

"The company is in the process of creating a global marketing capability in the present year of operations," the technology unit for JC Penney said in its FY17-18 filing with the ministry of corporate affairs (MCA).

Home improvement chain Lowe's saw revenue at its India services arm double to ₹386.96 crore, according to regulatory filings.

"The company continued building capabilities in analytics and technology delivery and initiated capabilities in support of global shared services. The shared services implementation, while small, is expected to leve-

PETER BENDOR-SAMUEL
CEO, Everest Research

Retailers now realise they must compete based on their technology, which drives increased investment and a strong desire to understand and control these investments

rage prior investments in technology and the benefits of automation," Lowe's Services India said in its FY18 annual filing with the MCA. The company's headcount grew by more than 500 to 1,460 in the year. It also began using contingent labour in the country. Target Corp India's revenue grew

11% to ₹884 crore.

Rakuten India Enterprise, which opened in India in 2016, reported a more than 50% revenue growth to ₹89.3 crore. The company has said it plans to double its headcount to over 800 in the next 12-18 months.

IT companies have been concerned that a prolonged shift of business to captives cuts into their share of business from customers. But experts pointed out that even as retailers move work in-house, they continue to invest with IT companies and there is no single trend as yet.

"Organisations who have not stabilised their legacy IT costs and have to pay back more of their technical debt are using captives more. These organisations also tend to build versus buy. Those comfortable with orchestrating both their business and tech needs tend to use third-party outsourcing and services. Clients are still being very selective," Ray Wang, founder of Constellation Research, said.

RBI Wants more Pvt Firms to Set up Payment Systems

SPREADING IT OUT Central bank says that it could allow multiple private entities to set up payment systems to encourage competition as there are very few players in this booming space right now

Pratik Bhakta@timesgroup.com

Bengaluru: The Reserve Bank of India has outlined norms for private parties to apply for the development of retail payment systems in the country like IMPS, UPI and others. The central bank has stated in a note that it could allow multiple entities to set up payment systems in India to encourage competition as there are very few players in this space at present.

The RBI has said that there is a need for multipronged action to strengthen the retail digital payment system.

It further stated the entry norms and processes could be simplified for parties interested in entering the multiple payment system of the country. To encourage a consultative approach, the regulator has placed in the public domain its plans on the payment systems and has invited comments by February 20, 2019. Highlighting the reasons behind this move, the RBI has said that there is significant concentration risk on the platforms since "(there are) only a few operators

Write it Down

- The payment systems could be on the lines of IMPS, UPI, etc
- RBI has said that there is a need for multi-pronged action to strengthen the retail digital payment system

- The entry norms and processes could be simplified for parties interested in entering the multiple payment system
- The RBI has suggested a competitive open environment where players can come in with their own products and innovate further
- It also stated that there should be interoperability between all the platforms

and a wide array of payment systems". To take the example of National Payments Corp of India, it handles cheque payments, smartphone-based UPI, instant bank transfer like IMPS and even USSD for feature phone users.

This caused the platform to handle 48% of all the retail payments in the country which constituted 15% of the amount transacted in October last year. While concentration through one

LET'S HEAR IT

The regulator has placed in the public domain its plans on the payment systems and has invited comments by Feb 20, 2019

platform has its advantages like lesser cost of overseeing and ease of governance, it also opens up the risk of inefficiencies in a monopolistic environment, the risk of failure in case of a catastrophe or lack of innovation and upgradation. Therefore, the RBI has suggested a competitive open environment where players can come in with their own products and innovate further. However, this would need interoperability between all the platforms, it said.

TECH TROTTER

Payback, Stashfin in Fintech Tie-up

BENGALURU Digital loyalty and payments company Payback is expanding its scope of partnerships by betting majorly on the financial services space and on new-age internet companies as well, reports Pratik Bhakta. Payback has partnered with Stashfin and the company says this is the first among many others it is targeting. Among the major sectors Payback is bullish about are taxi-aggregating startups, online food delivery and also cluster markets like shopping malls, among others. Rishabh Raghavan, chief operating officer at Payback, told ET that these new partnerships will help it expand customer base quickly and also help popularise Payback currency among a larger user base.

Liquiloans Raises ₹12 cr in Funding

BENGALURU Peer-to-peer (P2P) lending startup Liquiloans has raised ₹12 crore in a pre-series A round from investors led by Matrix Partners in one of the very few cases of institutional fundraising in the segment. Other investors included FreeCharge founder Kunal Shah, Renaissance Group chairman Abhishek Dalmia and Jitendra Panjabi, who earlier worked as a macro strategist with American financial services company Capital Group. Liquiloans intends to offer instant loans to consumers in the P2P lending format. "We have received around ₹10 crore from Matrix Partners and the remaining amount has been put in by a few investors in their personal capacity," said Liquiloans cofounder Achal Mittal.

Kalaari Capital Adds 3 Venture Partners as it Readies 4th Fund

Early-stage investment firm plans to raise \$200m for new fund

Aditi Shrivastava
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Bengaluru: Vani Kola-led venture capital firm Kalaari Capital has beefed up its leadership team as it gears up to raise a \$200-million fourth India-dedicated fund this year.

The early-stage investment firm, which has backed companies like Urban Ladder, Curefit and Myntira, among others, will continue to focus on technology-focused startups going ahead, Kola told ET.

"Three-five years ago, it was difficult to get senior career executives to deeply engage with venture funds and startups. Today, these executives want to

share their learnings and we see enthusiasm, belief and exhilaration towards scaling startups," Kola said.

Kalaari's big success was its exit from Myntira in 2014, when the fashion retailer was sold to Flipkart for \$300 million. It also took back \$100 million from a secondary sale of Snapdeal stake in 2014 to SoftBank. However, the investment went sour when the retailer decided to stay independent after prolonged sale talks with Flipkart fell through. At the time Kalaari held 8% in Snapdeal.

Kalaari has not raised a new fund since 2015, when it mopped up \$290 million. Its largest corpus ever, amid a funding frenzy in the Indian startup ecosystem. This is longer than the average two years that funds typically take before hitting the market to shore up fresh dry powder.



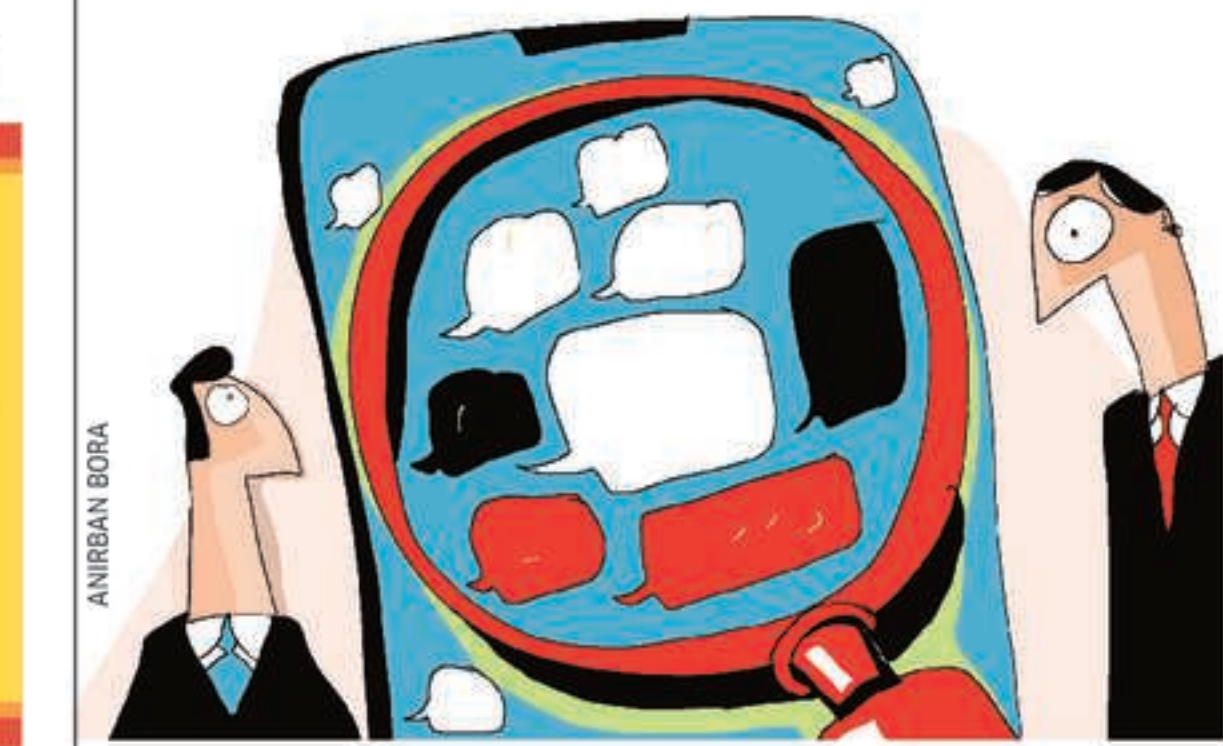
Kalaari Managing Director Vani Kola

Byju's Plans New App for Lower Grades

Alnoor Peermohamed
& Aditi Shrivastava

Bengaluru: On the back of its acquisition of US-based learning app Osmo for \$120 million, Byju's is all set to launch a separate appli-

cation directed towards the kindergarten to grade three (K3) market. The move will almost double the addressable user group for India's most valuable edtech firm, which currently focuses on the age group of 9-17 years. "We will leverage Osmo's technology plat-



Our Bureau

Bengaluru: WhatsApp has introduced limits on message forwarding feature across the world, nearly six months after piloting it in India in a bid to curb the spread of fake news and rumours through its platform.

Starting Monday, the Facebook-owned messaging app has limited message forwards for all its users world over to five chats at a time and removed the quick forward button for media messages. "We believe that these changes — which we'll continue to evaluate — will help keep WhatsApp the way it was designed to be: a private messaging app," the company said in a statement.

WhatsApp had introduced limits on message forwarding in India in July last year, following a series of mob lynching incidents in the country — many of them allegedly triggered by rapid spread of rumours and fake messages on the platform. "WhatsApp carefully evaluated the test and listened to user feed-

back over a six-month period," the company said. "The forward limit significantly reduced forwarded messages around the world. We'll continue to listen to user feedback about their experience, and over time, look for new ways of addressing viral content."

In addition to these limits, WhatsApp had also brought out full-page advertisements as well as television and radio campaigns in India offering tips to users on how to spot misinformation and discouraging them to forward incendiary messages.

The company has spent about ₹120 crore on print, television, and radio advertising in the past five months, and it is expected to increase the spend in the coming months, with the second phase of the ad campaign scheduled to be launched before the end of the March quarter, ahead of the Lok Sabha elections, as ET reported on January 10.

Vipragen, JNCASR to Develop Drugs for Neurodegenerative Diseases

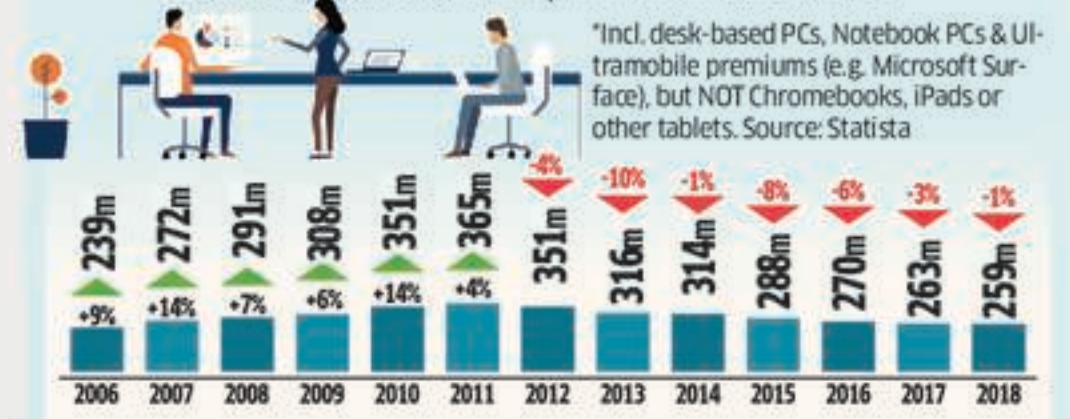
BENGALURU Mysore-based biotech startup Vipragen Biosciences has partnered with the

Jawaharlal Nehru Centre for Advanced Scientific Research (JNCASR) in Bengaluru to help identify drug candidates that could potentially cure neurodegenerative diseases such as Alzheimer's and Parkinson's. The partnership is driven by the research of Dr Ravi Manjithaya from the Autophagy Laboratory at

the Molecular Biology and Genetics Unit of JNCASR, which has established a platform to identify small molecules that hold promise in treating age-related diseases. "We can use the platform to identify new drug candidates for neurodegeneration," said Dr Chaitra Harsha, MD, Vipragen Biosciences. The firm will carry forward testing of potential drug candidates which showed promise in preclinical animal trials as part of a public-private partnership. — Our Bureau

PC Market Shrinks for 7th Year

Estimated worldwide PC shipments from 2006 to 2018*



*Incl. desk-based PCs, Notebook PCs & Ultrabooks (premiums like Microsoft Surface), but NOT Chromebooks, iPads or other tablets. Source: Statista

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Uber's India Unit Brings Home 30% more in Revenues

Uber India Systems, which provides marketing & support services to firm, posted revenues of ₹533 cr for year ended March 2018

Sagar Malviya@timesgroup.com

Mumbai: The main Indian unit of taxi aggregator Uber has posted a 30% jump in revenues in its fifth year of operations in the country that the San Francisco-headquartered taxi aggregator considers as one of the highest potential markets globally.

Uber India Systems, which provides marketing and support services to Uber, posted revenues of ₹533 crore for the year ended March 2018, against ₹410 crore in the previous year, according to its filing with the Registrar of Companies (RoC).

A year ago, it had posted a marginal increase of 10% in total revenues due to disruptions including in Karnataka

and Delhi where governments banned surge pricing. While the last fiscal was uneventful from a regulatory perspective, it has been going through a supply crunch due to striking drivers in a few states. Both Ola and Uber have drastically cut driver incentives which affected the supply pool, and in turn, led to higher surge pricing.

"As these companies move towards profitability, they will look at areas where they can get higher earnings.

There is already a bit of rationalisation in the pool segment. There could be a possibility of lower discounting as they move towards higher margins growth which in turn has led to supply issues already," said Ujjwal Chaudhry, associate director, RedSeer Consulting.

On an average, 5% of gross merchandise value for cab-hailing app companies goes as rider incentive and another 12% for

drivers. With about 20% commission from drivers, most companies are 3% positive on a net basis, said industry officials. Uber India Technology, a service provider to the flagship company, had sales of ₹21.5 crore and profit

of ₹20 lakh last fiscal.

Uber's main rival Ola, run by ANI Technologies, is over twice as big in sales but has been posting huge losses — it had net loss of ₹4,897.8 crore on revenues of ₹1,380.7 crore in FY17. It has not filed its numbers for FY18. In comparison, Uber's Indian unit has been profitable since the first year of operations — net profit rose 39% to ₹26 crore during FY18.

India's taxi market, estimated at more than \$10 billion, is still largely unorganised even as aggregator services backed by technology and increased smartphone usage are fast changing the contours of the segment. Taxi owners and cab companies are also looking for ways in which they can compete with the aggregators.

On the Move

Uber India Systems posted revenues of ₹533 cr for year ended March 2018, against ₹410 cr in previous year

UBER INDIA TECHNOLOGY

HAD SALES OF ₹21.5 CRORE AND PROFIT OF ₹20 LAKH LAST FISCAL

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had a net loss of ₹4,897.8 crore on revenues of ₹1,380.7 crore in FY17

