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EMPOWERING TIMES



THINKING ALOUD

Heralding a Digital Tomorrow
Jay

PODIUM

Dr. Ganesh Natarajan
Executive Chairman and
Founder of 5F World



WE RECOMMEND

Yes Man
Pavan C. Lall

Dear Reader,

Digital transformation and innovation are the current buzzwords gripping the world. The Covid-19 pandemic forced businesses, governments and society to embrace digital transformation and explore the digital world like never before. From enabling remote working to increased automation of customer support, consulting doctors online and attending virtual classrooms, the country is well on its way in realising the importance of digitalisation.

India can create over \$1 trillion of economic value from the digital economy by 2025, with half the opportunity originating in new digital ecosystems that can spring up in diverse sectors. The Covid-19 crisis pushed businesses to embrace technology at a rate they wouldn't have thought possible otherwise. But will it sustain?

A rapidly digitalising India was ranked 4th on the Digital Evolution Scorecard 2020 (developed by Tufts University's Fletcher School in partnership with Mastercard), suggesting the potential to rapidly digitalise for both post-COVID economic recovery and longer-term transformation. Global corporates also see a new opportunity to be a part of India's digital future. Case in point is news of Google's \$10 billion investment in India over the next 5-7 years aimed to provide affordable Internet access and to develop products for India-specific use cases, covering healthcare, education and agriculture, including technologies that could help rural economies.

ET this month looks at '**India's Digital Future: An Exciting Opportunity for Business.**' On the **Podium**, **Dr. Ganesh Natarajan** - Executive Chairman and Founder of 5F World offers his thoughts of an innovative eco-system and that the future lies in accelerated innovations.



In the **Thinking Aloud** segment, **Jay** shares his thoughts on the importance of adopting a digital stance for the wholistic development of society. In the **We Recommend** segment, author **Pavan Lall** in his book, **Yes Man** dives deep into what went behind the rise and fall of Yes Bank and how its ambitious Founder Rana Kapoor played a part in it.

In **Figures of Speech**, **Vikram's** toon defines India the digital way!

Please also [Click Here](#) to check out our Special issue of ET, which is a collation of selected themes that were featured over the years highlighting the changing landscape of the business world. This special edition has been well received and can be [Downloaded Here](#) for easy reading and is a collector's item.

As always, we value your opinion, so do let us know how you liked this issue. To read our previous issues, do visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#) & [LinkedIn](#) - where you can join our community to continue the dialogue with us!

THINKING ALOUD

Heralding a Digital Tomorrow

Jay

If there is one clear message to the world from the pandemic of 2020, it is 'Move over, the Digital Native is ready to rule'.

When Nicholas Negroponte's celebrated work, 'Being Digital' made its appearance in 1995, there were critics who labelled his world view as 'sinister' and even 'dismal'. Well, the undisputable reality is we are truly in that age now with Digital Natives (broadly defined as those born post 1980) teeming around us and the rest of us Digital Immigrants falling in line to avoid facing the same tragic fate as that of a dinosaur. Adapt or perish is the sad evolutionary message that vividly broke out and the pandemic broadcasted this to those who had lived in denial for many years. Take for instance the field of education: 'the single biggest problem facing education today is that our Digital Immigrant instructors, who speak an outdated language (that of the pre-digital age), are struggling to teach a population that speaks an entirely new language.' These words of Marc Prensky are from 2001 when he coined the term Digital Natives to describe the disconnect between a new generation of students and an older generation of teachers. It took 20 years for this disconnect to become a stark reality last year when teachers in India had to be hurriedly re-wired to reach their students who were masked away in the safety of their homes but were hungry to learn. While many older teachers adapted, some floundered causing damage to their career - and adversely impacting their pupils.

The pandemic also highlighted another digital divide: those who had access to a digital medium (be it laptop, tablet or cell phone) and those who did not. Negroponte's famous One Laptop Per Child (OLPC) mission of creating and distributing the \$100 laptop captured the imagination of the world and did take wings initially (at a time when an

average laptop cost over \$1,000) but tragically ended in the Tata Nano way - where the low cost could not be sustained for a long period, despite all the pluses that the product (and idea) offered. The Indian government flirted with similar products (the Simputer and the Akash Tablet) but the dream of a cheap Indian device is exactly that, an unrealised dream.

The appetite for laptops, tablets, smartphones, and all manner of electronic gadgets however, is real, fuelled by the rampant rise of the internet. Politicians have been quick to recognise that the economic have-nots seek not just food and shelter but there exists an unquenchable thirst for internet supply. Case in point is the latest announcement of election freebies where political parties in state elections have gone beyond offering free laptops, with some now offering free data card to voters!

A growing population on the road to a Digital India may be hampered today by poor digital infrastructure but with the avowed intention of universal digital literacy the government has let the genie out of the bottle. And, there is no going back. The Aadhar effect will hasten the digital progress and it will be private businesses who will accelerate the pace. Riding on the waves of the pandemic we have witnessed a phenomenal increase in digital payments last year, crossing over 200 crores per month mark in October 2020. Reports indicate that digital payments are well on the way to exceed the target of Rs 4,630 crores that the government had set for 2020-21 with users even extending to tier-3 and tier-4 towns across India. The growth of e-commerce too shows no sign of abatement which is why India's numbers are second only to China when it comes to various parameters of digital adoption, as a McKinsey study evidences.

Besides Fintech, E-commerce, Entertainment and Edtech, by many accounts another growing field is the e-Health sector. Estimates indicate that by 2025 the gross merchandise value (GMV) of this sector would be as high as \$19 billion (witness the rise of the e-pharmacy business despite protests from the trade and regulatory challenges), thus contributing to a digital economy that is forecasted to be 20% of India's GDP, up from the current 7-8%. This amounts to \$1 trillion and would be a big boost to the vision of achieving \$5 trillion in GDP by 2025 that the government envisages. With heavy investments in national infrastructure, the logistics industry too is also on the verge of bumper growth as IoT, data analytics and AI will be leveraged by players not just to generate efficiency but also greater returns.

So, will it be good times in the future? Well, the optimist looks at technology as an enabler whereas the pessimist broods about the ethical issues of a world of machines further increasing social and class divisions. As always the answer is in the realistic reading that while the rate of change will not diminish, social progress will be at a slower pace than technological strides. Good leadership is therefore needed in industry (and in the political sphere) to ensure a wholistic and systems oriented approach so that the benefits of the digital world can accrue to the maximum number in society. While a world of opportunity awaits the courageous business leader, she should also understand that sustainable development is equally important for enhancing gross national happiness.

[back to top ^](#)

Podium

Dr. Ganesh Natarajan

Executive Chairman and Founder of 5F World



Dr. Ganesh Natarajan is the Executive Chairman and Founder of 5F World, a platform for Digital Start-ups, Skills and Social Ventures in the country. He is also the Co-Founder of Global Talent Track, Skills Alpha and Lighthouse Communities Foundation and two Indo-US Joint Ventures - Kalzoom Advisors and the Center for AI and Advanced Analytics.

Dr. Ganesh Natarajan has a Masters' in Industrial Engineering from NITIE Mumbai, PhD from IIT Bombay and Advanced Management from Harvard Business School. He has received the Distinguished Alumnus Award of IIT Bombay and NITIE and has been recognized by EY and the Asia Pacific HR Forum for excellence in technology entrepreneurship and people-centric leadership. He has completed two successful CEO tenures over twenty-five years at APTECH and Zensar Technologies. Harvard Business School has written and teaches two case studies on Dr. Ganesh Natarajan and his success through Vision Communities and Innovation.

He has recently been elected by the shareholders of State Bank of India to serve on its Board of Directors. He also serves on the Boards of Principal Asset Management, Hinduja Global Solutions, LHI Digital, Asian Venture Philanthropy Network, Singapore, Systech, Los Angeles and Social Venture Partners (SVP) International, Seattle.

Dr. Ganesh Natarajan has been the Chairman of Industry association NASSCOM and NASSCOM Foundation and various National Committees of the Confederation of Indian Industry and the All India Management Association. He has also been the President of the HBS Club of India. He chaired NASSCOM's first US event in New York in 2016.

He is keenly interested in the role of digital technologies for reengineering processes in the corporate and social sector and is the author of eight books and numerous articles. He lives in Pune, India.

ET: The new normal is presenting opportunities for new beginnings in going digital. What are the drivers of the digital revolution in India?

GN: There are three key drivers of the digital revolution in India. The first is the announcement of the National Optical Fibre Network (NOFN) by Prime Minister Modi in the last Independence Day, which will connect most parts of India and enable the digital revolution to really spread across the country. The second is the rapid pull for digital transformation caused by COVID and the push being provided by rapid evolutions in digital technologies. The third is the demographic dividend in India where most organisations are tilting more towards Gen X and Gen Y employees and customers, who are all "digital natives". All these present exciting opportunities for digital in the country with Digital India expected to be a one trillion dollar contributor to the five trillion GDP target set for the country.

ET: India is an exciting space for investing in digital start-ups. How can global and Indian corporates benefit from this growth story?

GN: All corporations realise that their future lies in accelerated innovation and to build an innovation eco-system, they will need not just incremental internal innovation but also the creation of an external eco-system where start-ups are integrated into the fabric of the firm to provide disruptive ideas and platforms for rapid transformation. Hence the opportunities for companies which are in the Business to Business Software as a Service (B2B-SAAS) space and corporate focused areas like digital skills and digital demand and supply chains is immense and they can build the overall growth story in digital - for themselves, for the large OEMs who partner with them and the country.

ET: What are the challenges in investing in India's digital future?

GN: The challenges will be availability of bandwidth particularly for national digital services as well as availability of skilled manpower well trained in new areas like user experience design and artificial intelligence. Also, there is no immediate predictability of digital revenues of a firm and if companies do not plan digital journeys for their customers, supply chain partners and employees, they may not be successful in the digital future.

ET: It is said that the digital divide is also growing in our society and the pandemic has accentuated it. What can individuals do to ensure that their skills are relevant in a changing world?

GN: The digital divide is a reality and will get accentuated with excessive urbanisation and the inability to distribute jobs across the length and breadth of the country. Youth in every significant town and city in the country will need opportunities to train in new technology areas, ranging from Cloud and new Mobility opportunities to Internet of Things, AI and Analytics, Augmented and Virtual Reality and new opportunities emerging through quantum computing and 5G. Individuals should also realise that digital transformation professionals will have to be well versed in business domains and processes, predictive and prescriptive analytics and digital culture building and they need to expand their horizons beyond just technology.

The poor cannot and should not be left behind. Our own big initiative, the Lighthouse Communities Foundation is reaching out to every smart city and offering social upliftment in the form of skills lighthouses which provide "agency" or aspiration building for youth and enable them to be skilled and mentored using digital technologies to find their place in the future success of their city and country.

ET: Can you please tell us about your company, 5F world? What are some of the initiatives undertaken by the company to build the world of tomorrow and in enabling a sustainable digital future?

GN: 5F World was created in 2016 to build digital futures - for individuals, companies and the country. We have majority stakes in three operating companies - Global Talent Track (GTT), a market leader in skills, Skills AI-pha, a category leader in AI and Adaptive learning based career management platforms and 5F World itself which is an

investor in many digital companies like LHI Digital, Innoserv, Studio Coppre and SP Robotic Works. 5F World also has two Indo-US Joint Ventures - Kalzoom Advisors which provides consulting services for digital reengineering, scaling of entrepreneurial firms and digital marketing and the Centre for AI and Advanced Analytics, which has physical and digital learning solutions for youth.

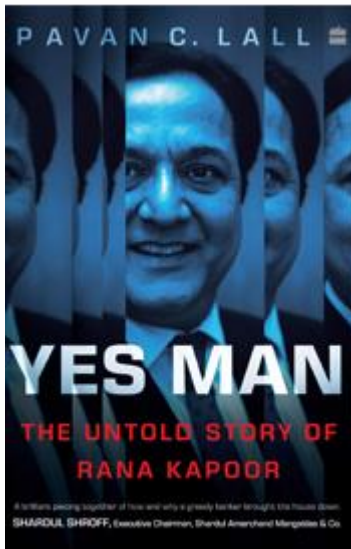
Our work in the social sector through Lighthouse Communities Foundation and GTT Foundation are helping youth all around the country to participate in these opportunities.

At 5F World, we believe that the future will be captured by individuals and entities who are able to demonstrate a 5F culture - Fast, Focused, Flexible, Friendly and Fun and we are committed to ensure that we have a play in all areas where digital can make a big difference.

[back to top ^](#)

We Recommend

Yes Man
Pavan C. Lall



The year 2019 saw inefficiencies in the Indian financial system. It was a time when defaults on deposits and more came to light and triggered a series of downgrades by rating agencies, that eventually led to a broad based sell-off of stocks and bonds. In 2018, Punjab National Bank (PNB) reported that it had detected unauthorised credit extensions worth billions of Dollars to diamantaire Nirav Modi and his uncle Mehul Choksi. In the same year, former CEO & MD of ICICI, Chanda Kochhar found herself in a spot after extending loans to corporate houses which had funded companies that her husband owned. Axis Bank joined the bandwagon after Shikha Sharma's leadership led to a 200% jump in the Bank's loan book and in its gross non-performing asset (NPA) ratio.

All of which brings us to Pavan Lall's book about Yes Bank and its Founder Rana Kapoor. Yes Bank received a licence to operate at the same time Kotak Mahindra Bank did in 2003. While Yes Bank became the second largest private lender in the country, the story of the Bank is quite different now after its CEO and promoter Rana Kapoor lost his way amidst corruption and bribery which conflicted with the interests of the shareholders.

Kapoor had built his reputation on attention to detail, greed for success and ruthlessness. His banking experience stemmed from working at Citi Bank in New York and at Bank of America where he toiled for 15 years across Asia.

He was also associated with ANZ Grindlays Investment Bank. In 1998, along with his brother-in-law Ashok Kapur, he started an NBFC with Rabobank and continued it for five years.

Yes Bank got a banking license at a time when the Reserve Bank of India (RBI) was closed to the idea of allowing private sector banks to operate in the country. The initial promoter of Yes Bank was Harkirat Singh, who had a proven track record at Grindlays and Deutsche Bank. Rana Kapoor exhibited his killer instinct of eliminating competition early by removing all traces of his partners. Harkirat Singh exited stating that *"the dream was to have a bank in the private sector which catered to rural India, with a social angle. Somewhere, all that changed."*

'Rana is never wrong' was one that a lot of his former employees recall him as saying as a mantra when managing his bank. As the market grew in size and capital market heft, Kapoor's management style was driven by whims. Spearheading the Business Management, Innovation & Strategy (BMIS) team, Rana Kapoor's vision grew bigger: to reach 1,000 branches by 2018 and 2,500 by 2022. He wanted to have one branch for every three HDFC branches in the top cities and towns. As the leader of the private bank, Rana Kapoor would assume an identity that embodied extravagance even when it came with rough edges. His one-man-show management style became well known in the banking circles. Amid all the popularity of Yes Bank with brokerage houses as well as being a household name, Kapoor was driven by greed, lust for power and an innate need to create an empire.

According to the author, Kapoor enjoyed playing the godfather. He was prompt to anyone who came to him with requests for favours to get a deal activated. The operating style of the Bank was to sign up for a few lakhs on and then stop unless it proved to be of irreplaceable value. The objective was to build 'market goodwill'. This was also indicative from the Bank's association with the Pepsi Indian Premium League from 2013 to 2017 and the tie up with Financial Times for an international banking summit, among others.

Rana Kapoor had a penchant for real estate; he owned properties in London, New York and Dubai (the parallels between the jailed jeweller Nirav Modi and Kapoor's business and real estate holdings are hard to miss). The Modi-PNB fraud had no impact on Yes Bank although it did draw national attention to banks and the way advances were made. The discovery of defaulters vis-a-vis the Infrastructure Leasing & Financial Services Limited (IL&FS) proved disastrous for Yes Bank; the Bank reported Rs 2,500 crore classified as NPAs on account of the exposure to IL&FS. Yes Bank also reported an addition Rs 500 crore in loans to Jet Airways. The best of banks had been saddled with

NPAs and bad loans thanks to companies that wilfully defrauded or genuinely got derailed. Yes Bank had grown too fast. By 2020, the share price had shed 80% of its value. Shareholder activism gained momentum while the Bank was running out of money after lending to companies of all hues. Despite multiple warnings from the RBI on disclosures of NPAs, Yes Bank continued to raise funds which eventually tripped the bank up.

Rana Kapoor is currently bearing the brunt of the bad loans which were sanctioned when he was heading Yes Bank. The Enforcement Directorate has also accused his family members and others who received benefits worth Rs 4,300 crore through companies controlled by his family as kickbacks for sanctioning massive loans. And if that was not enough, the Securities and Exchange Board of India has ordered the attachment of bank accounts, shareholdings, and mutual fund holdings of Rana Kapoor to recover dues worth over Rs 1 crore after the former Yes Bank boss failed to pay the fine imposed for going easy on loans given to a few big corporate groups that turned into huge NPAs.

Despite all the misfortune, there is hope for the Bank as it powers on backed by strong institutional investors, its focus on its retail & MSME customer base and digital payments. The story of Yes Bank does not end here. There is still a long way to go to reclaim its lost glory.

[back to top ^](#)

THROUGH THE LENS



On his latest trip to North Sikkim, nature photographer, **Rupesh Balsara** spots the Grandala, a species that is largely found in the mid-to-high elevations of the Himalayas. The Grandala feeds on insects and berries. The vivid indigo of the Grandala is a sight to behold especially when seen swirling in flocks above mountain passes.

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