



**JAGSoM**

JAGDISH SHETH SCHOOL OF MANAGEMENT



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# INNOVATION INCUBATION



EDITOR

**DR. KAMALIKA CHAKRABORTY**

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Anthology of Cases Volume 2 | 2022







**INNOVATION INCUBATION**

**ANTHOLOGY OF CASES VOLUME 2**

**2022**

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ISBN: 978-93-5607-569-6

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*Cover Design:* Design Studio, Vijaybhoomi School of Design

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## FOREWORD



*The Innovation and Incubation Program at Jagdish Sheth School of Management provides a comprehensive rundown of every aspect of commencing and managing a business. From identifying an industry problem to proposing a feasible solution, the entire journey has inculcated a rational, systematic, and methodical approach to solutions, which I believe will eventually add value to my corporate journey. The outcome of this course is to essentially equip the participants with*

*imperative tools, techniques and mindset for effectively starting and managing one's venture. At this final lap of the program, the student team comprising Deepshikha Dasgupta and myself, under the guidance of Dr. Kamalika Chakraborty, have worked on this compiled version of caselets which essentially provides an overview of the selected projects from the batch of PGDM 20-22.*

**- Sayantan Ghosh (PGDM 2020-22)**



*The major driving force in the development of any society, civilization, or nation is Innovation. Keeping this in mind, Jagdish Sheth School of Management introduced a course named Innovation Incubation to keep their students ahead of the curve in the field of entrepreneurship and intrapreneurship.*

*This year-long program aims to inculcate its participants with the skills of design*

*thinking to identify a problem existing in society and provide tangible and sustainable solutions. This course provided us with a hands-on or interactive heuristic approach to learning. Interaction with entrepreneurs of successful businesses, angel investors, and venture capitalists in this course provided us the knowledge which cannot be accessed from books. A combination of Finance, Marketing, H.R., Innovation and Creativity, this course helped us reach the status of proof of concept, financial planning and valuation, MVP, branding etc. To document the process, a few of the 2020-22 batch student teams' startup projects were selected for an edited compilation. A student team comprising of Sayantan Ghosh and I, Deepshikha Das Gupta, under the mentorship of Dr. Kamalika Chakraborty went through the startup ideas and developed an edited compilation of caselets.*

**- Deepshikha Das Gupta (PGDM 2020-22)**

## ABOUT THE EDITOR



**Dr. Kamalika Chakraborty**

**Associate Professor,  
Chair of Innovation and  
Entrepreneurship,  
Jagdish Sheth School of  
Management.**

A fellow of IIM Calcutta, Dr. Kamalika Chakraborty has a blend of experience in both corporate and academics. Prior to academics, she was working with Indian Oil Corporation Limited, a Fortune 500 company, and a 'Maharatna' as a Process Engineer. She has presented several papers at international conferences and received several awards for her research work during the fellowship program at IIM Calcutta. Dr. Kamalika has published her work in international journals like *Critical Perspectives on International Business*, *International Journal of Service Quality and Sciences*, etc. Her research work currently focuses on strategizing under transition, entrepreneurship with a focus on technology, social, and sustainability practices in startups. She also successfully led the AACSB reaccreditation of the institution for the undergraduate and postgraduate programs across both campuses, Bangalore and Karjat.



# KIRANA KART

In March 2021, as part of the Innovation and Incubation Program at Jagdish Sheth School of Management (JAGSoM), three management students, *Sayantan Ghosh, Akash M.H and Shubham Kunal*, in the first year of their Post Graduate Diploma in Management, had the opportunity to solve a pressing problem in the highly unorganized Indian retail segment. The idea was to work on a solution that could essentially transform the way neighborhood stores have been traditionally operating and procuring supplies for their stock replenishment. The idea was to set up a B2B platform that the Indian neighborhood stores could access on their smartphones to place orders to replenish their stocks. The application users can skim through the list of products listed by the FMCG master distributors, who would essentially be the key partners to the business. The delivery partners of Kirana Kart would also ensure delivery of the same in 24 hours. Approximately 85% of the Indian retail industry falls under the unorganized segment, and this essentially emerged as a potential opportunity for these young minds to explore and make a difference. However, with the dynamic startup environment and multifold growth potential in digitizing Kirana stores, incumbents like Tata, Reliance, and Walmart have been aggressively trying to make a mark in this space through investments in logistics and user applications, accessibility of user data and innovations in last-mile delivery mechanisms. With such global, national and regional competition, it was essential for the team to revisit the idea further and test if the business model fits the market dynamics.

## BACKGROUND INFORMATION

The student team comprises members from diverse backgrounds and states in India - Sayantan Ghosh from Jamshedpur, Akash M.H from Kanyakumari, Sumant Kumar, and Shubham Kunal hailed from the city of Patna. The students belonged to the PGDM batch of 2020-22, where

Sayantana had prior work experience of two and a half years in the Information Technology industry. Sumant, on the other hand, had a short stint in the wholesale business. Shubham and Akash had joined in as freshers with a BTech background.

The initial research and feedback from 50 retailers across their respective hometowns and parts of Electronic City in Bengaluru boiled down to pain points related to accessibility, waiting periods, and stockouts at local Kirana/mom & pop stores. After multiple rounds of discussions considering alternatives, the team had collectively found merit in this project. It triggered the initial motivation to take up this challenge and work towards a meaningful outcome.

## INDUSTRY DYNAMICS

85% of the Indian retail industry falls under the unorganized segment. India's retail sector is still unorganized despite the exponential growth of e-commerce and digital retail stores, particularly in non-metropolitan areas. During the government-imposed lockdown due to the pandemic, organized retailers of non-essential goods registered steep losses. However, technology has restored consumers' faith in local stores as they remained operational even during the pandemic's peak and helped meet their needs, says Global Data, a leading data, and analytics company. As per the analysis, India's retail market is likely to grow at a compound annual growth rate (CAGR) of 10.4 percent between 2020-2023 to reach US\$ 1,410 billion in 2023. With the smartphone penetration to get close to 55% by 2023 in India, it creates a concrete base to build on digitization and e-commerce business models. Following are the broad segments in this space:

1. Large players like supermarkets, Big Bazaar, Reliance Fresh (**Organized Segment**)
2. Small local retailers who operate individually at our localities (**Unorganized Segment**)

'Traditional wholesalers' cater to a significant chunk of these small retailers. Additionally, we have startups like **Udaan, Jumbotail, and ShopKirana**, well-established in the B2B platform space. Following are the models of the existing players:

**1. Udaan:** Udaan is a B2B trade platform that brings manufacturers, traders, retailers, and wholesalers into a single platform. Udaan chat feature allows users to have a personal and secure conversation in real-time, in a language of their choice. It enables a direct connection between buyers and sellers, allowing one-on-one discussions to negotiate terms of trade between transacting parties. **USP:** Easy to use application with facilities to pay online for the supplies and credit period up to 14 days, delivery in 24 hours, and evolving end-to-end delivery system.

**2. Jumbotail:** Jumbotail is a wholesale and food grocery platform that provides full-stack services for Kirana stores, including storefront delivery and payments collection for its sellers. It also has a fintech platform that provides payment solutions and access to working capital credit from third-party credit providers to its customers, using transactional data and proprietary algorithms. Additionally, it helps mom-and-pop entrepreneurs run their convenience retail stores on a retail-as-a-service model. The company is primarily operating in Bangalore. **USP:** Strong supply chain backed by working capital credit facilities.

**3. Shop Kirana:** With the mission to empower the retailers in India, this company provides a platform for the neighborhood stores to order supplies from the android application and deliver them within the shortest possible period. **USP:** Data backed, easy to use application, and dominant in 30 tier-2 cities as of 2021.

## THE BUSINESS IDEA

In India, a major chunk of the retail industry is highly unorganized, estimated to be 85% of the industry. Approximately 13 million Kirana/neighborhood stores don't grow in the country and barely operate to make a living. This essentially happens due to 4 primary reasons:

frequent stockouts, very high delivery time, supplies not in sync with the local demand, and heavy dependency on local suppliers.

One primary reason for these problems is the multiple layers of intermediaries which creates a gap between the FMCG companies and the small neighborhood stores where there is hardly any scope of getting market insights from these stores directly. Since it is a low-margin game in this industry, the presence of multiple layers of intermediaries like traders (local and regional), suppliers, and wholesalers get most of the margins. By the time it reaches the stores, there is not enough scope of negotiation left with the retailers despite agreeing to collect orders in bulk. Eventually, the Kirana stores end up operating with very thin margins. This has been a major concern coming from a segment comprising 10% of Indian GDP and 8% of the Indian workforce.

Based on the field research conducted across 50 retail shops in Electronic City, Bengaluru, the team had observed the following pain points:

**1. Suppliers are not accessible in certain parts of the city.**

In most cases, retailers have been heavily reliant on just one supplier who has been operating irregularly. Moreover, with limited accessibility, stockouts have been common issues. The concerned retailers have also expressed similar experiences with Udaan, which happens to be in the similar space.

**2. Restrictions on the frequency of orders.**

The traditional suppliers have a rigid credit period and do not provide enough flexibility. This leads to restrictions on the number of times the retailer can place orders. For instance, Retailer A cannot place an order with the concerned supplier unless the credit is paid back within 14-25 days (approximately). This eventually adds to the issue of irregular services.

**3. Time of delivery ranges between 5-10 days.**

The delivery time generally ranges anywhere between 5-7 days and at times 10 days considering that Electronic City falls in the outskirts of the



city. Such limitations have been shared across by 15% of the survey respondents.

#### **4. Restriction to order during business hours only**

The traditional suppliers do not have the advantage of ordering at any given time except few instances. In most cases, the orders are collected upon reaching the stores by the supplier representatives during their regular business hours. Any request beyond this time frame often goes unrecorded or isn't accessible.

The pain points revolve around the traditional system of ordering supplies. With 12 million shops still controlling about \$100 billion worth of business, it is a sector that affects almost all big and small FMCG firms. Kirana Kart is heading towards digitizing this process of procuring supplies with an advantage of getting connected to the brands. It was also clear that digitizing this traditional way of procuring supplies could address the concerns.

## **SOLUTION**

The idea was to set up a B2B platform that the Indian neighborhood stores could access on their smartphones for placing orders to replenish their stocks and overcome any time constraints. The below-mentioned solutions would essentially solve the ongoing problems:

#### **1. Easier accessibility to the products.**

The application users can skim through the list of products listed by the FMCG master distributors, who would essentially be the key partners to the business. The users can place their orders based on their inventory status and eventually reduce stockouts.

#### **2. No limitations on the number of orders.**

Unlike the traditional process, the application users can place their orders at any time, irrespective of their previous orders or ongoing credit period.

### **3. Delivery within 24 hours.**

The delivery partners of Kirana Kart would also ensure delivery of the same in 24 hours. The service will be made available in areas where this guaranteed delivery can be accomplished. The last-mile delivery partners will be operating in two-wheelers, ensuring improved mobility.

### **4. 24\*7 ordering facility**

The benefits for the local retailers would include a 24\*7 ordering facility, quicker replenishment of the stocks, and accessibility to a wider range of products on a single platform with multiple modes of payment.

This network of retailers and delivery partners will also act as a faster go-to-market channel for the regional master distributors in the concerned regions who essentially do not have access to a supply channel or are new to the business. Kirana Kart would provide this service to the clients in exchange for a fee ranging between 9-12% depending on the concerned regions. Refer to **Exhibit 1** for a basic graphical representation of the business model.

## **STRATEGY**

The startup will be positioned in a way that gives utmost priority to the small retailers in the country and much emphasis would be on the allocation of right resources towards the supply side of it. The idea is to position Kirana Kart as a company that would make lives easier for retailers by providing access to the latest technology and using data to scale up business and improve efficiency, especially in tier2 and tier 3 cities. Furthermore, Kirana Kart would adopt a distinct approach w.r.t the last mile delivery. Not necessarily every location/order would require a four-wheeler to deliver supplies. Considering the fact that the team has portrayed themselves as the faster channel for the delivery, Kirana Kart will adopt a way similar to what Zomato and Swiggy have been doing. The involvement of delivery partners on a commission basis would be an effective alternative for small-ticket orders in a fragmented region which

would save cost (asset-light), add value and create a rapid process for stock replenishment, specifically for small retailers in the country.

Therefore, the key differentiating factors would be:

1. Guaranteed delivery in 24 hours.
2. Distinct approach for last-mile delivery.
3. Focus on Tier 2 and Tier 3 cities.

## BUSINESS MODEL

### 1. Target Customers

Target customers would be small retailers in densely populated residential areas at the concerned locations.

### 2. Offerings

The idea is essentially changing the way mom-and-pop store owners have been operating and providing them an opportunity to opt for a smarter way to procure supplies. The traditional approach is being replaced by technology. Hence, digitizing the process would include access to an application, last-mile delivery in 24 hours, and a faster go-to-market channel for new entrants (FMCG players) in exchange for a fixed commission.

### 3. Value Chain

Collaboration with master distributors would be a key step for the team. Additionally, the last-mile delivery partners would act as a crucial part of the model, considering the idea of lesser delivery time and primarily catering to the country's retailers.

Refer to **Exhibit 2** for details on key expectations which *Kirana Kart* will fulfill as the current scenario has much scope for improvement.

## REVENUE MODEL

The most basic source of revenue would be the margins at which the supplies are picked-up from the manufacturers/master distributors. For this, it's essential to have month on month growth of customers/retailers to attract more distributors. Secondly, the commissions charged for the launch of new products by regional manufacturers at Kirana Kart retail network would be the next source of revenue. **Exhibit 3** shows the initial investment details (approximate) to kick start a pilot project at Electronic City, Bengaluru. However, it would be a challenge for Kirana Kart to have a sustainable model with limited master distributors and increasing costs/commissions of delivery partners. Thus, there would be a need to scale up the business for a stable source of revenue.

## THE DILEMMA

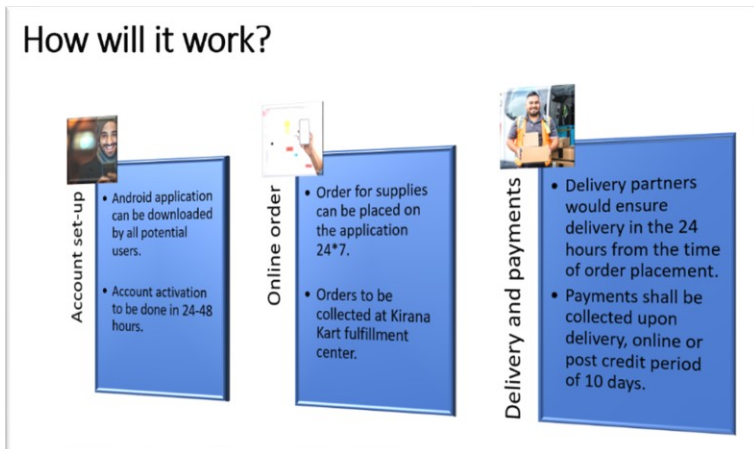
During the development on the plan, the student team had concluded that in spite of this being a relevant and potential market to target, there had been concerns about establishing a sustainable revenue model considering the upfront fixed costs and lower margins by default. For instance, the retailers need to place the initial order to set up at the store, which involves an initial upfront cost and the cost of purchasing a storage space. Additionally, in the case of rented stores, there is also a fixed liability on a monthly basis. On the other hand, with the involvement of the aforementioned intermediaries, the margins get thin too. Moreover, with the industry giants competing fiercely in this space of digitizing operations for kirana shops, doubts were raised w.r.t the business model's sustainability and ability to compete with the likes of Reliance, Tata and Walmart. Furthermore, it was deemed essential to ponder on the fact that would FMCG master distributors be interested in collaborating with Kirana Kart over well-established industry giants.?

Following are some of the questions that the student team had to get more clarity on while revisiting their business model:

1. How can Kirana Kart set up a sustainable collaboration with FMCG Distributors?
2. Which areas of the business model does the team need to revisit for further improvement?
3. What can Kirana Kart do differently to compete and grow with the existing and potential players in the market?
4. Is the aforementioned strategy enough to counter existing offerings and make a sustainable impact?

## EXHIBITS

### EXHIBIT 1



## EXHIBIT 2

Wholesaler/supplier		
<u>Expectation</u>	<u>Fulfilment of Expectations</u> <u>(High, medium and Low)</u>	
Accessibility to the wholesaler/supplier.	Low	
Access to wider range of products.	Low	
Receive orders in minimum possible time.	Low	
Availability of products on demand.	Low-medium	
Adequate credit period (10-14 days preferable)	Medium	
Flexibility in payments.	Medium	
Ability to make cash/remote payments (UPI/Paytm/ Google Pay/ Phone Pay)	Medium	

## EXHIBIT 3

### Estimated cost of application

Features	Function	Estimated cost
User login	2 factor authentication systems	Rs 35000
Monetization schemes	In app purchases, shopping carts, payment integration are all separate features with independent development costs	Rs 45000
Geo location	Geographic location of users	42000

<b>Search</b>	Product catalogue, photo galleries, videos or other contents within the search functionalities	<b>10000</b>
<b>Push notifications</b>	For better user experience, reminders and other relevant notifications	<b>144000</b>
<b>Database Management</b>	For retrieving data from servers	<b>56000</b>

### **Estimated fixed and variable costs**

<b>Estimated Fixed Cost</b>	
<b>Particulars</b>	<b>Amount</b>
Application Development	330000
Fulfillment center deposit/advance	100000
Furnitures/fixtures	50000
Stationaries	3500
Desktop/Laptop	75000
Printer	6000
Database Management System	150000
Contingency Fund	20000
Website Development	70000
Legal Charges	10000
<b>Total</b>	<b>814500</b>

<b>Estimated monthly expenses</b>		
<b>Particulars</b>	<b>Amount</b>	
Fulfillment center rent	25000	
Delivery partner charges	80000	(20000*4)
Internet connection	1500	
Salary - office staff	100000	(10000*10)
Business development expenses	15000	
Software and hardware maintenance	5000	
Marketing and Promotions	20000	
Fuel Charges	12000	
Miscellaneous expenses	5000	
<b>Total</b>	<b>263500</b>	
<b>Total expenses for pilot project</b>	<b>1581000</b>	6 months

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## KIRANA KART TEAM



**Name:** Sayantan Ghosh

**About:** He was born and brought up in Jamshedpur and is a result-oriented individual with strong business acumen and flair for problem solving. He aspires to be a management consultant in the financial technologies industry.



**Name:** Shubham Kunal

**About:** He hails from Patna, Bihar and is a marketing enthusiast. He kicked off with the innovative idea of “How to make online classes as engaging & interactive as classroom classes”. Following that he worked on this project. He believes that an entrepreneur is a person who goes out of the way to make life beautiful for others by providing real life



**Name:** Akash MH

**About:** He is a person of persistence with love towards learning and exploring new things every day. A marketer with tech enthusiasm who would love to bring solutions through MarTech strategies for a better and sustainable future.

# ON THE ROAD (OTR)

As part of the Innovation and Incubation program of Jagdish Sheth School of Management, Sahitya and Deepshikha started pondering the challenges that car and motorbike owners face during their vehicle's repair and maintenance. The problem found by OTR's team in the current status quo for the vehicle's repair and maintenance services is the time cost involved in the process. The time involved in finding the suitable garage, commute time, and the service time means owners have to dedicate a massive proportion of their day. Another challenge was the trust factor involved in a largely unorganized sector, i.e., local garages. The local garage owners also had problems of their own. The capacity utilization is very inefficient in such an unorganized sector. They also face issues retaining and attracting vehicle owners as switching costs are meager in this sector.

After understanding the problems present in the automobile repair and services industry, they had a new set of challenges in front of them. What kind of solution would work to solve the problems identified by the team? Will a platform connecting local garages and vehicle owners solve the problem? Should they onboard vehicle owners first or the garages? Whom to consider as their customer and consumer? How to differentiate themselves from the competition already present in the market? How to tackle incumbent OEMs like Maruti Suzuki, Honda, etc.?

## BACKGROUND INFORMATION

The student team is comprised of members from diverse backgrounds. Sahitya has a mechanical engineering degree and work experience in the

FMCG industry, while Deepshikha has a commerce background, with content creation, and customer onboarding skills.

The initial research was done with both the vehicle owners and local garages to understand the pain points in the sector. The domain of research was tier 1 cities which included Bengaluru and Gurgaon. This led to an understanding of ground zero and the actual pain points. After due deliberation, the team found waiting time issue is the most crucial problem with the vehicle owners and capacity utilization in the case of garage owners. The gap found due to this exercise made it possible for the team members to develop the business idea and value proposition. (See Exhibit 1)

## THE BUSINESS IDEA

On The Road is an advisor for your wheels, which runs on an android or IOS based application. It provides self-driven vehicle owners an alternative way of connecting to local garages near them as per their convenience of time and location as and when they require service. Its application also provides local garage owners an opportunity to increase their earning potential by reducing their idle time. The main objective behind On the Road is to eliminate the waiting time of the vehicle owners' waiting time and install trust in the unorganized sector of garages. This would also help increase earning potential for local garage owners by reducing their idle time and reducing costs for the vehicle owners by time-based discount. (See Exhibit 2)

On The Road aims to enter this market as an aggregator of local garages where vehicle owners (two-wheelers and four-wheelers) can come and choose the garages as per their rating and category. The app provides quality parameters and visual proof interface, which brings transparency in the services offered by the local garages, thus enabling trust. Since the services can be scheduled as per the convenience of the vehicle owners, it also provides flexibility. This also helps the garage partners increase their earning potential by reducing idle time and proper capacity utilization.

This idea was pitched to the vehicle owners and garages, and responses were recorded to understand the desirability quotient. After getting feedback from the stakeholders, the team made minor adjustments and was convinced to take this hypothesis to test on the ground.

## INDUSTRY DYNAMICS

India is a growing economy which means purchasing power increases with growing GDP. The average Indian has a somewhat higher propensity to spend. The credit system of India has also strengthened with Indians taking credit for multiple purposes, including vehicle loans. This has impacted the automobile market. Indians with money in their pockets or the ability to get credit have started to invest in buying a vehicle – two-wheelers as well as four wheelers<sup>1</sup>.

In Bengaluru alone, there are around one crore vehicles as per RTO, and if we talk about private vehicles, it includes around 66.97 lakhs two-wheelers and approximately 20.94 lakhs four wheelers<sup>2</sup>. Out of these, most of the owners do not have OEM's free subscription for servicing and repair. With such a large number of vehicles on the road, it requires enough infrastructure to provide repair and maintenance services to these vehicles. The personal vehicle repair and servicing market players are OEM-run service centers, unorganized local garages, and new-age startup services like Pitstop. **(See Exhibit 3)**

As per one estimate, a small and medium segment car owner spends around Rs. 4000-5000 for servicing the vehicle per year, and a bike owner below 200 cc spends around Rs. 1500-2000 per year<sup>3</sup>. The local garages currently dominate the market in this segment as they are more convenient for an owner who does not have any subscription from the OEM. On The Road will connect the local garages and the vehicle owners to eliminate the critical time cost involved while making this journey smooth. This will be helpful for both the vehicle owners as well as local garages and thus both will add value to each other through the platform.

While local garages are the popular choice among vehicle owners who do not have any subscription of their OEM but there are many pain points involved in the customer's journey.

## DIFFERENTIATING FACTOR

**Local Garage:** The main differentiating factor of On the Road compared to its competitors is the installation of trust. When it comes to a local garage, being an unorganized sector, the trust is low. Vehicle owners are always in the dilemma of getting duped. The authenticity and availability of spare parts also plays a significant role in deciding the garage for a vehicle owner. On The Road, through its quality indicators and checklist method, is removing this dilemma as vehicle owners can get a real-time update on the status of their vehicle through the visual proof uploaded on the application by the garage partners. The payment system is also transparent, which is very difficult to find in the unorganized sector

**New age Start Up:** The differentiating factor for startups like Pitstop is that these companies have become online garages with franchises. This limits them from providing options to the vehicle owners. The huge capital involved also increases the cost, and vehicle owners pay more than local garages. On the Road is a platform that connects vehicle owners and garage partners. The garage partner will collect the vehicle to provide the service and drop the car at the desired point. The trust level is also low as the services offered are not uniform but in case of On the Road the rating and ranking system, time-based discount and earning potential of garage partners depending on their performance will accommodate the non-uniformity present in the unorganized sector. This gives the option to the vehicle owners to make informed decisions that our competition in this domain does not provide.

### Value Proposition

The main value proposition of On the Road for vehicle owners is the elimination of waiting time and overall reduction of the time cost involved. On The Road also installs trust in an unorganized sector through its quality

indicators and rating system. The accessibility and ease of finding the right garage which suits the vehicle owners will be one of the significant values proposed by On the Road to the vehicle owners.

Since it is a platform that will bring the vehicle owners and garage owners together, the value proposed to the local garage owner is to increase earning potential by getting new customers and retaining the customers through On the Road. This will help them to manage their capacity better and reduce idle time. This increases the scope of operation for the listed garage owners, which would not have been possible in the traditional paradigm.

On The Road is eliminating waiting time for vehicle owners and idle time for local garages, reducing time cost for vehicle owners, raising trust for owners, and earning potential for the garage partners and creating a platform where both vehicle owners and garage partners can create value for each other.

## **BUSINESS MODEL**

As per St. Gallen's Business model navigator, the business model of On the Road is "Pay per use." In this model, the actual usage of a service provided to local garages is metered as the frequency of the vehicle owners brought to the store by On the Road. Garage owners with higher customer ratings and quality indicator ratings can also have flexibility in the rates of payment charged by On the Road.

### **VEHICLE OWNER ACQUISITION STRATEGY**

To onboard vehicle owners on the platform, the team came up with a push and pull strategy.

#### **Push Strategy**

To acquire personal vehicle owners, the team needed to collect data about vehicle owners from the housing society (watchmen, secretary), offices, and garage owners of that locality. Additionally, third party apps like Just

dial needs to be used to get the information of middle and low net worth income group with personal vehicle (2-wheeler as well as 4 wheelers). Once the data is collected, the team needs to scrutinize the data. When this is identified, then the team will call vehicle owners to get their timing to meet and explain the value proposition and the benefits of no waiting time, the convenience of timing and location, and the time-based discount. If not, he will try to explain on the phone. Umbrella campaign will also be done in the housing society, near offices and garages. **(See Exhibit 4)**

### **Pull strategy**

Video and text-based advertisement on social media platforms.

Rewards for vehicle owners for making others download and use the app.

## **LOCAL GARAGES ACQUISITION STRATEGY**

### **Push Strategy**

They need to list local garage owners on OTR's platform to start their operation. The team needs to identify the total number of local garage owners in the locality to do this. This can be done by scouring the locality and using third-party apps like Just Dial. The data collected will be further scrutinized through the minimum requirement criteria to find the quality garages in the locality. Then the team will visit the garage owner in the daytime (since idle time is high in the daytime) to propose the value proposition to the garage owners and benefits like increased earning potential and reduced idle time. Once the garage owner agrees, a time-bound test is the final hurdle for the garage owners to join the OTR platform.

### **Pull Strategy**

Reward to garage owners for bringing other garage owners successfully.

## **DILEMMA**

After devising the product, they were now back to the drawing board to tackle onboarding problems. Although they had a desirable product, its feasibility and viability was yet to be tested. They had to decide whom to



make the consumer and the customer. The revenue model also posed challenges as they need to be competitive and sustainable. But the most troubling thing for the team was that the logistics involved in onboarding posed a threat.

Following are the questions that the student team needed to solve before going to the next stage.

1. Who should they onboard first? Vehicle owners or Local garages
2. Who should they consider as their customer and their consumer?
3. What should be a sustainable yet competitive revenue model?

Is the acquisition strategy enough to counter existing offerings and make a sustainable impact?

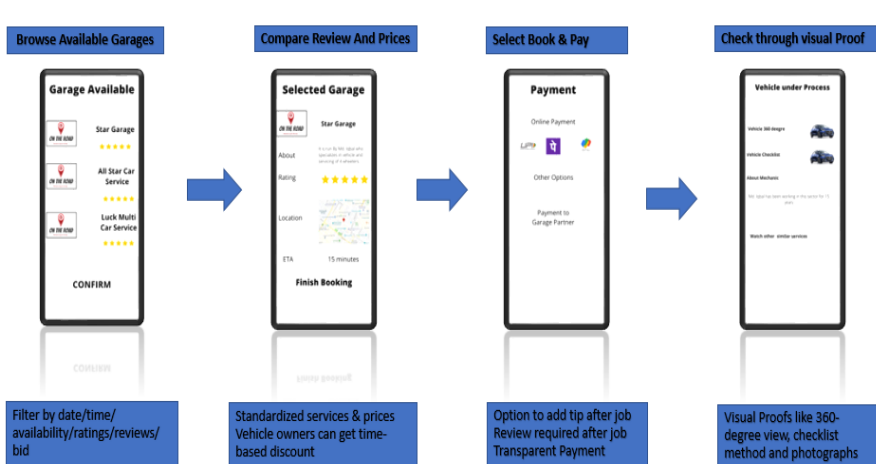
## EXHIBITS

### EXHIBIT 1

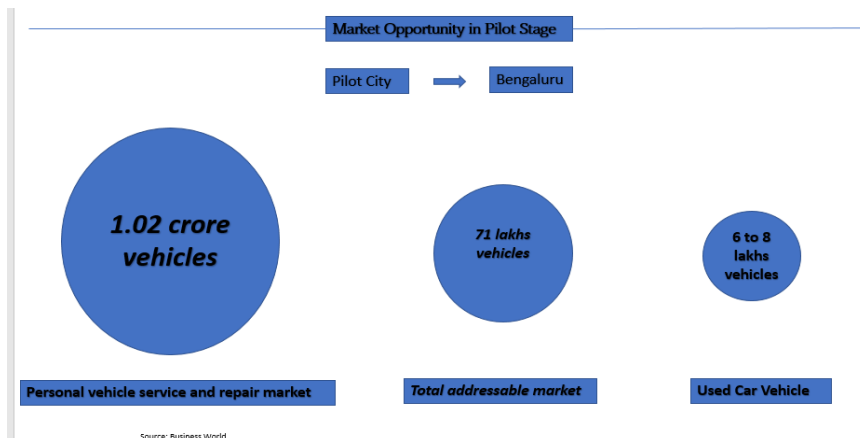
Serial No.	List of Expectations	Ranking of the Expectations by consumers	Fulfilment of the expectations (High, Medium, and low)	Gap.
1	Trust	3	Low- Cat A	Option to provide a high trust service
2	Saving of time cost	2	Medium – Cat B	Since they already provide cheap services, it will be difficult to tap the gap
3	Quality of service	1	Low	Since they are located in every locality, there is no gap
4	Aesthetics	8	Low	The shop aesthetics is very low, so owners sometimes prefer to go to Cat A local garages instead of Cat B
5	Authenticity of spare parts	7	Low	Owners go to local garages to get a near authentic quality of spare parts either because of non-availability or cost factor

6	Availability of spare parts	6	Low- Cat B	Owners go for common spare parts as sensitive as well as costly spare parts are not maintained in inventory
7	Range of services	4	Med- Cat A	Owners go for common services as they generally provide less range of services
8	Sensitivity of services	5	Low – Cat B	Owners don't go to local garages when going for high sensitive services

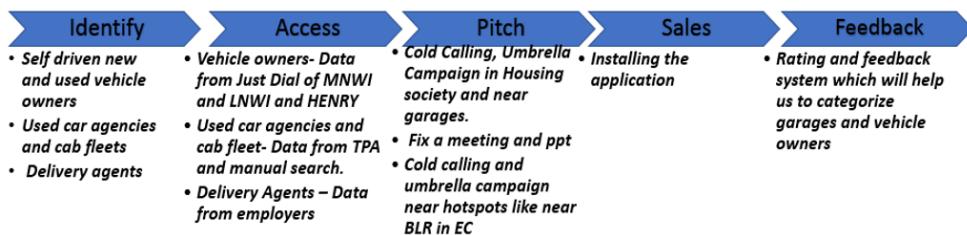
## EXHIBIT 2



### EXHIBIT 3



### EXHIBIT 4



## REFERENCES

1. <https://www.statista.com/statistics/318023/two-wheeler-sales-in-india>
2. <https://www.thehindu.com/news/cities/bangalore/bengalurus-parking-issues-worsened-by-growing-number-of-private-vehicles/article38384728.ece#:~:text=Cut%20to%2010%20years%20later,8%20lakh%20to%2020.94%20lakh.>
3. <https://www.quora.com/What-is-the-normal-maintenance-charge-of-a-bike-in-India>

## OTR TEAM



**Name:** Sahitya Raj

**About:** Sahitya is a mechanical engineer who is also a member of the Society of Automobile Engineers (SAE) and is passionate about vehicles. Having experience building ATVs and Go Karts, he brings experience from the automobile sector.



**Name:** Deepshikha Das Gupta

**About:** She hails from a commerce background, and has diverse knowledge and expertise in finance and content management. She is passionate about finding minute problems in society and providing a sustainable solution.



# DIA-PRO

On March 2021, as part of the Innovation and Incubation Program at Jagdish Sheth School of Management (JAGSoM) two management students, *Mahima Jhanwar & Karan C Sagar*, in the first year of their Post Graduate Diploma in Management, had the opportunity to solve a pressing problem which could make every diabetic patient's daily life for peaceful & smooth. The idea was to work on a solution that could transform the way a typical diabetic patient lives their regular life, including everyday finger pricking for blood sugar monitoring, unknowingly reducing their sugar level in the diet, and facing an emergency due to fluctuations in the sugar levels.

With 77 million people suffering from diabetes, India has become the 2<sup>nd</sup> most affected country in the world, accounting for 17 % of the total diabetic population globally. However, many players in the market offered finger pricking glucose monitoring devices, but some were offering sensor-based technology, including Accu-chek, FreeStyle Liber, etc. And on the other hand, some companies wanted to solve this problem by ensuring the right nutrition like HealthifyMe, etc. With such competition, it was essential for the team to think from all the possible perspectives whether the problem could be solved, revisit the idea further, and test if the business model fits the market dynamics.

## BACKGROUND

The student team comprises members from diverse backgrounds and states in India – Mahima Jhanwar from the textile city Bhilwara, Rajasthan, and Karan C Sagar from the Silicon Valley of India, Bengaluru, Karnataka. The students belonged to the PGDM batch of 2020-22 where Karan had prior work experience of four years in graphic designing while Mahima had joined in as a fresher with a BBA & Foreign Trade background.

The initial research and feedback was taken from 50 Diabetic patients in tier- 1 and tier -2 cities, who had similar pain points, primarily w.r.t feasibility, 24/7 monitoring, fluctuation in glucose levels & less knowledge on a diet. After multiple discussions with type 1 & type 2 diabetic patients,

the team had collectively found merit in this project, and it had triggered them to solve this problem which can help many live a better life.

## THE BUSINESS IDEA

India is the second most affected country with diabetes accounting for 17% of global diabetic patients being in India i.e., 77 million. It has been found that around 6 lakh people had died due to diabetes in India in 2021. The majority of them had Type-2 diabetes.

Being the 2nd most-affected country from diabetes, India has few players who provide diabetes monitoring devices through finger pricking or sensor-based like Accu Check, etc. Few players work by providing balanced diet and nutrition-based solutions such as HealthifyMe, etc. But still, there were cases of some serious health problems like blindness, heart attack, etc., caused because of diabetes. No treatment can cure diabetes fully, but it can be reduced & balanced to a specific end. A major concern was that these players were providing either monitoring devices or diet control plans, but there were no solutions that could simultaneously provide both the above needs to balance the glucose level.

The observed pain points were based on the field research conducted across 50 diabetic patients. **(See exhibit 2)**

- Blood sampler technique for glucose monitoring which involves finger pricking
- High investment in physical cost and dependency on external human assistance for recording
- Recurring purchase of devices for recording. (Average price of 10 rupees per strip and average usage of 5 strips per day adding to Rs. 1500 per month)
- No single platform is available to record, monitor, analyze and share reports to the desired doctors.



- Multiple visits to the doctor for diagnosis and treatment
- Dependency on medicine for treatment for a long time.
- Avoiding certain healthy food items to control sugar levels.

After extensive secondary research and reaching out to different age groups of people diagnosed with diabetes, it was clear that giving a 24/7 monitoring system along with diet plans can address the concerns.

The idea was to introduce a 24/7 monitoring system that includes a smartwatch that can measure your blood glucose level and give alerts to you and your selected contacts to reduce the chances of bad health conditions. The watch will be synchronized with an app that will help patients see recipes, exercise, glucose level trends, consult doctors, order medicine, etc.

## INDUSTRY DYNAMICS

In India currently, 77 million people have diabetes and by 2025, 10% of India's population is likely to be affected by diabetes. The Indian diabetes devices market has been estimated at USD 0.8 billion in 2019, registering a CAGR of more than 1.6% during the forecast period from 2020 to 2025. Diabetes care devices are used to monitor the glucose levels in the blood. The main types of diabetes care devices include glucose monitoring devices and management devices. Continuous glucose monitoring devices have become immensely popular due to technological innovations. India holds the second-largest market in the diabetes care devices market after China in the Asia-Pacific region because of the increasing diabetes population. The diabetes population in India is expected to reach 87 million by 2025.

There are an estimated 72.96 million cases of diabetes in the adult population of India. The prevalence in urban areas ranges between 10.9% and 14.2%, and prevalence in rural India was 3.0-7.8% among people aged 20 years and above, with a much higher prevalence among individuals aged over 50 years

The diabetes devices market in India includes several established global players and local players. For the CGM market in India, only a few players occupy a significant share in the market. However, in the SMBG market, the number of players was high and included several local players. Competitors were Roche's Accu-Chek Sugar View blood glucose monitoring application. This app enables the availability of relevant therapy information and support in diabetic patients' everyday lives. Medtronic's and Eris Life sciences launched Guardian Connect in India, and a Continuous Glucose Monitoring System connected with smartphone displays for real-time data viewing glucose levels without a separate hardware monitor. Freestyle Liber also acts as a prominent competitor to our company. The Freestyle Liber flash glucose monitoring system is indicated for measuring interstitial fluid glucose levels in people (age four and older) with diabetes mellitus. The indication for children (age 4 – 17) is limited to those who are supervised by a caregiver, at least 18 years old and is responsible for supervising, managing, and assisting the child in using the Freestyle Liber system and interpreting its readings.

## STRATEGY

The startup will be positioned to give a 24/7 monitoring system, which will help reduce the uncertain emergency health conditions as it will show an alert when glucose levels fluctuate. It is also a more feasible, viable & user-friendly glucose monitoring device. The device will be synchronized with the app, which will call your selected contact in case of an emergency. The app will also provide doctor consultations, medicine orders, and suggested diets depending on their glucose level trend.

Here, patients will purchase the monitoring system priced at Rs.22,000/- and get a 1-year free subscription; the base service in the app includes checking glucose level trends and seeing a few recipes. As soon as the customer base increases, the startup will begin onboarding diabetic specialists and sponsored ads like no sugar food, etc., which will cover the free subscription for 1 year.

## BUSINESS MODEL

Dia-Pro adapts the solution provider business model and offers various products and services needed for diabetes treatment. By becoming a full-service provider, Dia-Pro provides a platform for all the stakeholders of diabetes disease and adds value to them. To the customer, Dia-Pro provides a smartwatch that tracks their blood glucose level 24/7 and tracks it in our mobile application.

## REVENUE MODEL

The company provides a single device, which is a one-time purchase and costs Rs. 22,000/- Dia-Pro has planned to tie up with financial service providers like Bajaj Finance. The startup focuses on introducing the product adapting a new communication where the team will be converting the total payment into an EMI option. The idea behind the advertisement will be focusing on the concept that now people can access a one-time purchase product by converting their actual spending on blood sampler strips into the EMI for the product. The company will be providing various payment gateways on the website and the retail store and even assist them with a health insurance option during the purchase if the patient needs it.

Further, the company will be giving 1-year free service to access the app, and after that, it will charge based on the subscription plan, but basic activities like glucose trends, quick recipes, normal exercise will be free.

**(See exhibit 4)**

## THE DILEMMA

While developing the plan, the student team concluded that despite India having a relevant and potential market to target, there could be concern about adapting the technology for diabetic patients. Also, this technology

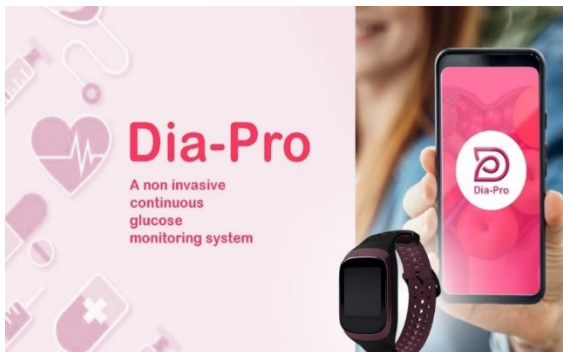
has not been introduced in India, the outsourcing, importing, and licensing costs will be high, including testing product accuracy and generating good diet plans for different cohorts of customers.

Following were some of the questions that the student team had to get more clarity on while revisiting their business model:

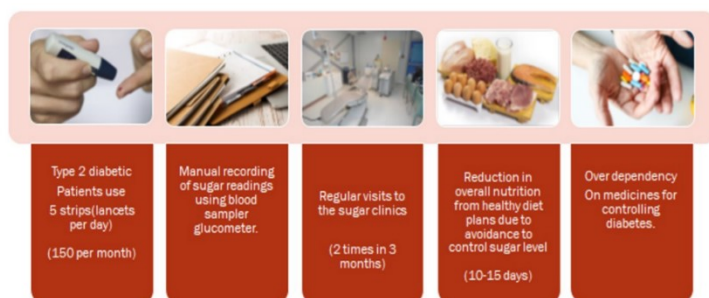
1. Which business model should the team go with, either product & service or only one? Why?
2. What can be the other sources of income this model could adapt?
3. With whom should Dia-Pro compete and why?
4. Is the strategy enough to counter existing offerings and make a sustainable impact?

## EXHIBITS

### EXHIBIT 1



## EXHIBIT 2



## EXHIBIT 3



## EXHIBIT 4

Estimated  
Día-Pro  
application  
website  
and  
dashboard  
development  
cost

ELEMENT	FEATURE	PRICE
Día-Pro Dashboard	Platform to access customer Profile and access daily report	30,000
Database management	for retrieving data from servers and sharing to dashboard.	50,000
User Logins and profile management	2-factor authentication systems	30,000
Application development	For accessing all the features synced with the smart device	2,00,000
Website development	For device sales and promotion	1,00,000
UI/UX	for providing effective on channel experience	30000
Content generation	for providing content for various platforms	20,000

## EXHIBIT 5

Revenue and Cost Assumption		
Units to be procured	1,500	
<b>Direct Cost Per Unit</b>		
Device cost price	18,000	
Transport	200	
Packing	50	
Insurance	20	
<b>Indirect Cost</b>		
Factory OH	8,00,000	
SG&A	14,00,000	
R&D expenses	3,00,000	
Selling Price pu	22,000	
Depreciation %	5%	
WC Requirement	11%	of Sales
Inflation	1.50%	

## REFERENCE

1. <https://www.mordorintelligence.com/industry-reports/india-diabetes-devices-market>

## DIA-PRO TEAM



**Name:** Mahima Jhanwar

**About:** Mahima is an ambitious marketeer, has done her PGDM in marketing and entrepreneurship, and worked in the organic dairy market.



**Name:** Karan C. Sagar

**About:** Karan is an aspiring marketeer who has five years of experience in the field of I.T., graphic designing, and marketing. He aims at assisting companies in increasing revenues and brand awareness



# CABEE

As part of the Innovation and incubation program at Jagdish Sheth School of Management (JAGSoM), a three-member team comprising of Aldrin D'Cruz, Kritika Goel and Verin Dsouza came up with an idea that could transform the ride hailing market by introducing several pioneering innovations in both the revenue model and the user interface of existing models.

## BACKGROUND

The trio had a compelling business idea they felt they could build together with their shared passion for entrepreneurship. After various meetings and brainstorming sessions, they developed their initial idea- To create a platform that will provide equal value to the essential stakeholders, i.e., drivers and riders in the cab aggregator market.

## INDUSTRY DYNAMICS

India's online taxi service market was valued at INR 29.75Bn in F.Y. 2019. The market is anticipated to expand at a compound annual growth rate (CAGR) of ~16.60% to reach a sales value of INR 61.59 Bn by 2024. The market currently has an oligopolistic structure. An oligopoly is a market structure characterized by a small number of large firms that have significant market power/share and are interdependent on each other as each firm is large enough to exert pressure on the market and the other firms.

The key players in the online taxi service market that dominate the industry are Ola and Uber, while the other players are Meru and TaxiForSure. **(See exhibit 1)**

After conducting market research, it was found that a structure that looks so organized and flawless otherwise also has different customer expectations and fulfillment gaps. The riders and the drivers are not satisfied with the pricing and the facility that is being provided. The incentives and independence offered to the drivers have only been reducing over the years. The riders also feel a sense of discontent towards the quality of the rides being provided, which often get cancelled and the prices are high with no offers or discounts being provided. The decline in service over the years thus could be attributed to the dominance of the major players in the market.

## OBSERVED PAIN POINTS

At CaBee's inception, companies like Ola and Uber dominated the market with a market share of 72.44% and 21.01%, respectively.

The incentives given to the drivers and their income from the above mode of transportation had been reducing year by year, which increased the levels of dissatisfaction amongst them. The cost of each km as charged by Ola/Uber was Rs. 18, out of which 20% was provided as commission to these platform providers, and the drivers spent the rest in fuel (which cost approximately 69.59 per litre, air-conditioning, maintenance, EMI, etc.). While Ola and Uber offer riders the option to pay through online modes of payment, the money to be transferred to the driver as payment is often delayed. This leaves the drivers unable to make payments on time, with hardly any savings, thereby making them disgruntled.

The offers and discount options for the riders had also become superfluous and without adding much to the benefits of the riders. A primary concern faced by the riders was the problem of cancellation, where drivers often canceled the rides after knowing the destination, which wasted a lot of time for the riders. When trying to take it up with customer support, these

issues often did not lead to very satisfactory results. The riders either had to go through a tedious process of checking questionnaires that did not completely solve their problem, or the chatbot provided limited resolution. This made them feel unheard, and the same issues surfaced again.

## **SOLUTION – THE PROPOSED BUSINESS MODEL**

As a solution to the above pain points, the trio brainstormed upon an idea to launch a business model that would address the concerns of both the stakeholders. Thus, Cabee came up with a business model which revolved around solving the pain point of ensuring the availability of rides for riders and convenience for drivers through the following system.

When a rider enters the destination they want to go to, nearby drivers will be able to see the location of the rider and their chosen destination. Those drivers willing to drive to that location can place their bids on the fare price that the rider would have to pay. This ensures that drivers do not simply cancel out on the riders upon acceptance of the ride. Of course, there is a cap on how high the driver can fix the amount. A suitable scale would be provided to enable the bidding does not go out of control. Once the bids are placed, the rider is immediately notified of the available drivers with the bids. They will also be able to see their expected time of arrival (ETA), how far they are, driver ratings, model of the car, etc. The rider can decide who they want to go with based on this information. This provides the user with a unique experience that benefits them.

A key differentiator is the employment of women drivers. This would help increase female travelers' safety, provide more employment, and bring in more drivers. CaBee hopes to normalize this by increasing women's representation instead of seeing it as a novelty. This attempt will also help create a blue ocean for the customers.

## REVENUE MODEL

One of the critical points that the founders were contemplating was their decision to charge a subscription-based model from the drivers on a monthly basis. This decision stemmed from the fact that currently, the drivers of Ola and Uber faced huge dissatisfaction with the current payment model of the cab aggregators coupled with their inability to decide on the fares and the high commission rates charged by the aggregators.

The owners contemplated the subscription model wherein the drivers would pay a fixed amount every year once they signed up on the platform. The payment made by the rider on the platform would be directed to the driver through multiple payment options on the app. The driver would decide the fare based on the place and distance to be traveled. As a consequence of the business being provided by Cabee to the driver, a subscription fee is charged. Cabee would own the customer acquisition process for the drivers. The key focus was to increase the number of trips assigned to the drivers.

However, the above subscription model payment by drivers could pose major challenges. A driver can end up overcharging the riders if the decision to decide the fare is entirely left in the hands of the driver. Further, a driver may also choose not to select a certain ride based on his situation. This might lead to the escalation of the same pain points that the rider faced with the other cab aggregators. Further, a subscription-based revenue model with drivers as the key customers would also prevent further scalability of the Business Model. Since revenue currently is a function of only the number of drivers multiplied by the subscription fees in that month, the challenges with scalability would be an issue soon. Thus, the founders contemplated that the revenue model should also involve charging a fixed aggregator fee per ride along with the subscription fee from the driver as a secondary source of income for the startup to ensure sustainability in the long term.

# THE DILEMMA

With an oligopolistic market coupled, the team was aware of the challenges to enter the market. While the need for a 3<sup>rd</sup> player in the market was evident as they had compelling evidence to show that both riders and drivers were ready to shift to a new platform but could not due to the lack of availability of options. The initial costs of customer acquisition (both riders and drivers), the choice over the pricing strategy, the business model's sustainability, and the competitive advantage needed to succeed in the market were clear challenges that the team currently faced.

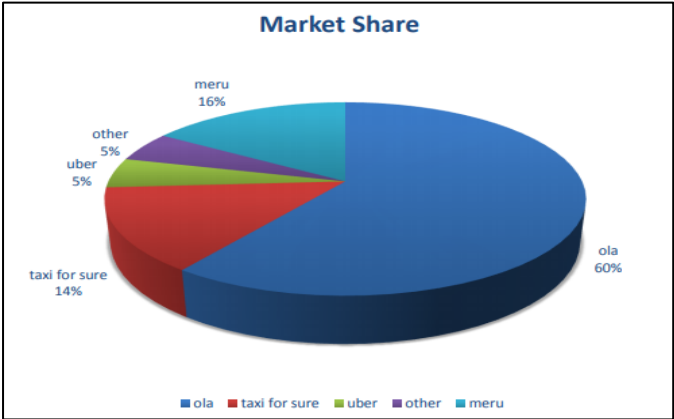
The questions below continued to haunt the team as they struggled to find answers.

- Who should Cabee target first in its acquisition? Drivers or Riders?
- How can one acquire enough drivers into the platform without spending too much on customer acquisition?
- Will the differentiators be enough to establish a strong foothold in the market, especially with big competitors like Ola and Uber?
- How sustainable is the Business Model for Cabee, and can it sustain against the aggregators?

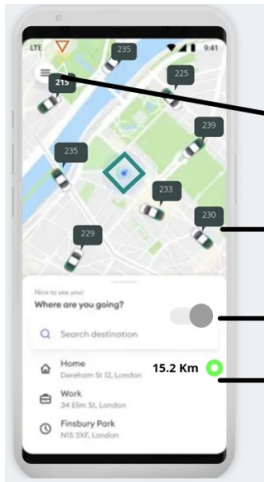
What kind of pricing strategy would be best suited for all parties involved?

# EXHIBITS

EXHIBIT 1



## EXHIBIT 2



Search Page

This page indicates all the cabs within a radius of 3kms bidding for your ride in real time

Lowest price indicator

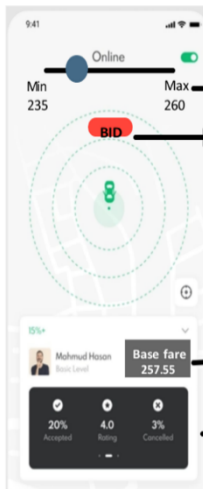
Ride bid price

Ride type toggle

(Switch between normal cabs and premium cabs)

Ride distance

## Driver application

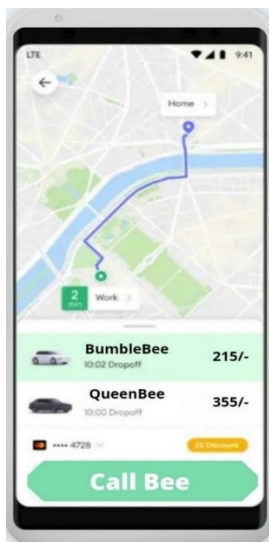


The driver can Bid using a slider which has two extremes.

The driver then gets to bid his optimal price vs the base fare which will be visible to the rider

The driver is given a base fare which will be calculated by our algorithm taking into account the vehicle type, distance, traffic, eta, petrol price etc

The driver gets information about the rider on his ratings, cancellation percentage, acceptance rate



## EXHIBIT 3

### Capital spending and Operational costs

Particulars	Details	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Output	100%	0.00%	200.00%	300.00%	350.00%	400.00%	400.00%	400.00%
All Figures in INR								
Years		0	1	2	3	4	5	6
<b>Revenue</b>								
Quantity	5,000		10,000	75,000	1,40,000	2,00,000	2,20,000	2,60,000
Revenue pu	\$ 17,392		19,131	21,044	23,149	25,464	28,010	30,811
<b>Total Revenue</b>	<b>8,69,60,000</b>		<b>19,13,12,000</b>	<b>1,57,83,24,000</b>	<b>3,24,08,25,280</b>	<b>5,09,27,25,440</b>	<b>6,16,21,97,782</b>	<b>8,01,08,57,117</b>
<b>Direct Cost per year</b>								
Google Gsotag fee	1000000		2,00,00,000	6,24,00,000	12,97,92,000	20,24,75,520	25,26,89,449	31,53,56,492
Labour ( Employees,Driver incentiv	15000000		2,50,00,000	3,12,00,000	4,86,72,000	7,59,28,320	11,84,48,179	12,31,86,106
Selling cost ( Digital marketing cost	20000000		4,00,00,000.0	6,24,00,000	6,48,96,000	6,74,91,840	7,01,91,514	7,29,99,174
<b>Total Direct Cost</b>	<b>4,50,00,000</b>		<b>6,50,00,000</b>	<b>9,36,00,000</b>	<b>11,35,68,000</b>	<b>14,34,20,160</b>	<b>18,86,39,693</b>	<b>19,61,85,281</b>
<b>Gross Profit</b>	<b>4,19,60,000.00</b>		<b>12,63,12,000</b>	<b>1,48,47,24,000</b>	<b>3,12,72,57,280</b>	<b>4,94,93,05,280</b>	<b>5,97,35,58,090</b>	<b>7,81,46,71,837</b>



Indirect Cost excluding Depreciation & Interest							
Factory OH	2,00,000	4,00,000	4,99,200	5,71,085	8,90,892	9,26,528	9,63,589
Selling, general & administration O	35,00,000	35,00,000	36,40,000	37,85,600	39,37,024	40,94,505	42,58,285
Expense (Marketing cost)	55000000	5,50,00,000	11,44,00,000	23,79,52,000	24,74,70,080	25,73,68,883	26,76,63,639
Research & development	2,00,00,000	1,00,00,000	1,04,00,000	1,08,16,000	1,12,48,640	1,16,98,586	1,21,66,529
Free rides and discounts		3,00,00,000	3,00,00,000	15,00,00,000	10,00,00,000	10,00,00,000	12,00,00,000
<b>Total Indirect Cost</b>	<b>7,87,00,000</b>	<b>9,89,00,000</b>	<b>15,89,39,200</b>	<b>40,51,24,685</b>	<b>36,35,46,636</b>	<b>37,40,88,502</b>	<b>40,50,52,042</b>
EBITDA	-3,67,40,000	2,74,12,000	1,32,57,84,800	2,72,41,32,595	4,58,57,58,644	5,59,94,69,588	7,40,96,19,795
Depreciation		30,00,000	28,50,000	27,07,500	25,72,125	24,43,519	23,21,343
EBIT		2,44,12,000	1,32,29,34,800	2,72,14,25,095	4,58,31,86,519	5,59,70,26,069	7,40,72,98,452
Interest		30,00,000	25,71,429	21,42,857	17,14,286	12,85,714	8,57,143
EBT		2,14,12,000	1,32,03,63,371	2,71,92,82,238	4,58,14,72,233	5,59,57,40,355	7,40,64,41,309
Tax	21%	44,96,520	27,72,76,308	57,10,49,270	96,21,09,169	1,17,51,05,475	1,55,53,52,675
<b>PAT</b>		<b>1,69,15,480</b>	<b>1,04,30,87,063</b>	<b>2,14,82,32,968</b>	<b>3,61,93,63,064</b>	<b>4,42,06,34,880</b>	<b>5,85,10,88,634</b>

#### EXHIBIT 4



World's most innovative ride  
hailing company

## REFERENCE

1. <https://www.fugenx.com/portfolio/how-much-does-an-app-like-ola-cost/global-market-share-of-ola-cab/>

## CABEE TEAM



**Name:** Kritika Goel

**About:** Kritika hails from a business family in Kanpur. She has always been motivated to achieve something that provides for her and solves many problems.



**Name:** Verin D'Souza

**About:** Verin hails from Goa and has a varied background in Electronics Engineering, Fashion Designing, and PGDM; she has always found integrating interests and experiences to solve a problem makes for better understanding and Innovation



**Name:** Aldrin Dcruz

**About:** Aldrin is an engineer by degree and has been involved in multiple creative projects which deals with art and electronics. He has always been interested in starting his own business, which will benefit humanity in one way or the other.

# WHY WATER AND ICED TEAS

Upon starting his PGDM program at JAGSOM in Bengaluru, Tanuj conducted a survey that helped identify the pain points of customers purchasing packaged drinking water and packaged iced teas. Being a coffee and iced tea lover himself, Tanuj understood these products well. On further study, he found that people do consume similar products at cafes, bars, and other places for leisure activities. Handmade Iced Teas being a healthier beverage, piqued his interest in this category, and he eventually did some research in this space. It was found that Iced tea still isn't a significant category in India. One of the reasons was that tea is generally consumed with milk here, which might partially explain why iced teas haven't taken off, or due to the absence of an iced tea brand with a ready to drink product?

WHY WATER is solving the problem of providing an on-the-go, ready-to-drink beverage, coupled with nutrition and refreshment. WHY also solves the problems of people who want to stay fit and are recommended to incorporate nutrients in their diet. Seeds like fenugreek, flax, sesame, sunflower serve as perfect raw materials to supplement the nutrient. In terms of refreshment, the idea is to use water with some added flavors and flavored boba pops such as peach coconut blossom, alphonso passion fruit, strawberry pineapple lemonade, passion fruit iced tea, Raspberry iced tea, Hibiscus Iced tea, Blue Berry Iced tea, Pomegranate Iced teas, all of which will come with flavored boba pops and teas such as White Tea, Genmai Tea, Earl Grey Tea, and Hoji tea.

## BACKGROUND

Tanuj Panchasara graduated with an engineering degree from Pune and is a PGDM student at JAGSOM, Bengaluru.

He had come up with the idea during his engineering days and while pursuing his master's degree. The plan is to employ the technology to extract water from the air, filter it, and store it in a tank. The water is then subjected to a quality test (Water Quality Report) before being packaged in a plant-based bottle with nutritional seeds in the cap. On the other side of the manufacturing unit, there would be a corner for handmade Iced Teas where Baristas can brew and pack healthy organic Iced Teas with passion.

## THE BUSINESS IDEA

Water covers 70% of the earth's surface, but 97 percent of that water is saltwater. A tiny portion of the remaining 3% of freshwater can actually be consumed. The atmosphere contains 37.5 trillion gallons of water. This part of the hydrological cycle maintains air and water vapor, making it a virtually limitless water source. The water here will be produced using Air' O water technology, an Israeli technology that allows us to generate water from air.

One component of the plan is to conserve water and extract it from the atmosphere by packing it in a bottle made of 88 % plant-based material with chia, hemp, sunflower, pumpkin, flax, and sesame seed.

The Handmade Iced Tea variants will be launched with a fusion of exotic variants in flavorings with Boba pops and using various teas. In India, the ratio of offline stores to online groceries stores is 95:5. India has 90 percent Kirana stores throughout the country, including Nature's Basket, Hypermarkets, and others. They will provide a lot of opportunities to gain access to more spaces, such as hypermarkets, restaurants (refrigerators filled with iced teas), Kirana Stores, Smoke Shops, and Petrol Pumps Highways, schools, vending machines etc.

The organic Iced Teas market is rapidly expanding, and this could be a \$500 million-dollar category in India, which the brand aspires to be. The most prominent brands in this category are known because they are currently limited. WHY WATER has a diversified portfolio of products, including peach coconut blossom, alphonso passion fruit, strawberry pineapple lemonade, passion fruit iced tea, raspberry iced tea, hibiscus blueberry

iced tea, and pomegranate iced tea. Lipton is the largest and most prominent brand in the space globally. While major FMCG players like Unilever are there with Lipton, however as the market develops, there will definitely be a niche demand for this product in India in the next year or two. The observed pain points are based on field research and surveys conducted with consumers in retail stores such as 1MG, Dorabjee's, Nature's Basket, and Hypermarkets.

## INDUSTRY DYNAMICS

The Indian Ayurveda market was valued at INR 350 billion in 2018 and is expected to reach INR 770.87 billion by 2024, expanding at a compounded annual growth rate (CAGR) of 16.16 percent over the forecasted period (2020-2024). In recent years, Ayurveda has evolved as a universal restorative system, with ayurvedic inventions and services. Growing awareness of the importance of living a healthy lifestyle increased preference for organic-natural products, and favorable government policies have all contributed to the growth of the Ayurveda market in India.

### ICED TEAS

Iced teas are a very large beverage category globally. As the popularity of carbonated beverages has risen over the last decade, iced teas have significantly benefited. The iced tea market in the United States has grown from a half-billion-dollar market to a ten-billion-dollar market. Globally, it is now ranked third in this beverage category, accounting for about **5% to 8%** of the total beverage market. Comparing the size of the iced tea market to the size of the hot tea market in most countries, it ranges from **40% to 400%**. In India, iced tea accounts for only about **0.5 percent** of the hot tea market. This presents a huge opportunity for the team.

## STRATEGY

WHY is a startup that will use an air to water generator to produce water and will also use 98 percent plant-based material for packaging. The bottle will essentially turn into a manure when buried in the soil post the

consumption of the beverage, thereby making the bottle environmentally sustainable. The water extracted will be of the purest quality, as it will not come in contact with any impurities in the ground. This part of the hydrological cycle keeps air and water vapor in suspension, making it a virtually limitless water source. Handmade Iced Tea's concept is that of a tea brewing company. WHY WATER will essentially be brewing beverages and use brewed beverages as a base to make bottled beverages. With extreme summers in India, consumption of Iced Tea would be a good option for the target segment.

## VALUE PROPOSITION AND REVENUE MODEL

### KEY PARTNERSHIPS

**Manufacturing Partners:** LYS Packaging, Air' O Water (water generator), Handmade Iced teas (Brewed by Humans, not by machines)

**Retail and Restaurants:** Kinnara Village Dhaba, The Smoke Shop, Nature's Basket, Hypermarkets, etc. (Offline Partners)

### KEY BENEFITS

People will benefit from the purity of the water, nutrients, and minerals required for regular life daily. The bottle is easy to transport, and the different variants are based on consumer preferences and choices based on feedback and research. The Fresh Atmospheric Encased bottle will be available to consumers across India.

The six different seeds infused in the cap of the six bottles are a source of nutrients and the purity of water from the atmosphere. Those who do not require any seeds can purchase regular Fresh Atmospheric water with guaranteed purity.



## VALUE PROPOSITION

There are many nutritional benefits in the products, and they are listed below in the table.

Name	Facts
Sunflower Seed	Good Source of Fiber, Iron, Vitamin E, and Phosphorous
Flax Seed	Boosts your fiber Intake and add a bit of protein
Sesame Seed	Potential health benefits and assist in the prevention of heart disease, diabetes, and arthritis
Fenugreek Seed	A balanced nutritional profile with plenty of fiber and minerals like iron and magnesium
Hemp Seed	A good source of plant-based protein. Rich in Iron, Vitamin B6, and folate
Pumpkin Seed	Healthy fats and fibers
White Tea	Rich in antioxidants
Earl Grey Tea	Renowned flavors
Hoji Tea	Rich in antioxidants, helps to lower the chances of cholesterol
Genmai Tea	Rich in antioxidants, helps to lower the chances of blood pressure

Nutrient with minerals and purity from fresh atmospheric water infused with seed which is easy to eat and drink.

# REVENUE MODEL

The retailers, hospitality industries, direct consumers would be paying WHY in return for a premium quality product such as water and handmade iced teas. **Exhibit 1** shows the pre-orders that company has right now. **Exhibit 2** shows the financials for starting the Manufacturing plant and projections based on the total population in Maharashtra, Karnataka, Gujarat, Hyderabad.

## INVESTMENTS AND FUNDS

WHY has raised some funds in this regard as well.

# THE DILEMMA

1. While developing the business plan for the FMGC startup, it was clear that the team needed to deep dive into the market and find the right segment that can ensure sustainability in the model and margins.
2. Some of the questions that the team needed to ponder upon while revisiting the idea are as follows:
3. How can WHY WATER raise brand awareness while entering a new niche market?
4. As a new product in a developing market, how can they get the best shelf space in hypermarkets and supermarkets?
5. What can be done to improve customer satisfaction and feedback, allowing the brand to deliver 100% satisfaction?
6. What kind of investments would be required to scale up the business? Elaborate?
7. How can WHY WATER create a cost-effective, sustainable and robust distribution channel for the brand to reach the target audience.

# EXHIBITS

## EXHIBIT 1

Name of the store	Number of Units
1. The Kinnara Village Dhaba and Resorts	600 Units of Iced teas and a Refrigerator 2,400 Units of Atmospheric Water
2. The Smoke Shop	1,200 Units of Iced Teas
3. Smokies	300 Units of Iced Teas
4. Dorabjee's	1,200 Units of Iced Teas
5. Kalandar General Stores	600 Units of Iced Teas
6. Gayatri Medicals Pune	240 Units of Iced Teas
7. Wellness Forever	3,000 Units of Iced Teas

## EXHIBIT 2

### Financials

Estimations (Min Sales Calculated)	Retailers Margin	Rupees	Units ( Mini Sales Predicted)	Total Sales	Manufacturing Cost	Our Margin
Investment on plant and machinery		32,00,000				
Marketing and salary		20,00,000				
Transport		6,00,000				
Units selling (Water)			1792000			
Water	INR 16/Unit		47000	₹ 14,10,000.00	₹ 3,29,000.00	₹ 3,29,000.00
Nutrient water	INR 51/Unit		45000	₹ 44,55,000.00	₹ 8,10,000.00	₹ 13,50,000.00
Ice Teas	INR 34/Unit		700000	₹ 6,93,00,000.00	₹ 2,45,00,000.00	₹ 2,10,00,000.00
Other expenses		8,00,000				
Approx profit				₹ 12,39,65,000.00		
Total				₹ 19,91,30,000.00	₹ 2,56,39,000.00	₹ 2,26,79,000.00
					Total Profit	₹ 2,26,79,000.00
					Actual Profit	₹ 1,60,79,000.00



**Name:** Tanuj Panchasara

**About:** Tanuj aspires to be an entrepreneur and looks forward to make an impact in the FMCG sector through his innovative ideas and persistent nature.







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