

I THINK
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CFO PROFILE
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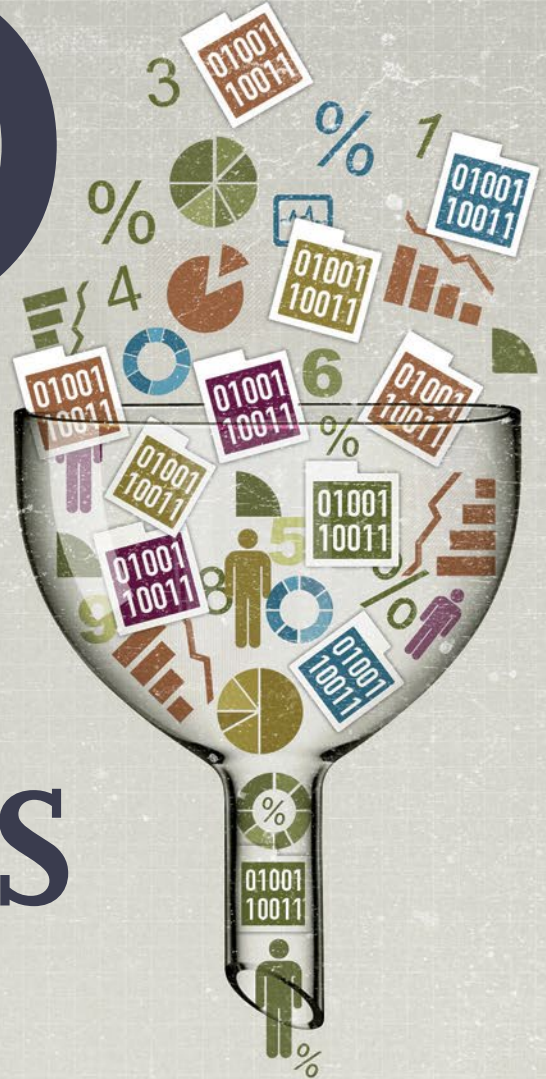
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SEPTEMBER 2013

CFO

INDIA
cfo-india.in

BIG DATA & ANALYTICS

COMPANIES IN INDIA ARE TAKING SMALL STEPS
TOWARDS INVESTING IN ANALYTICS. CFO INDIA FINDS
OUT WHAT LIES AHEAD.

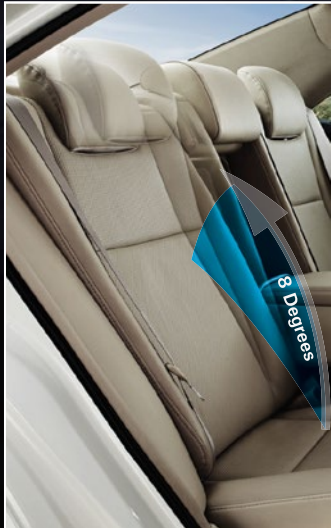




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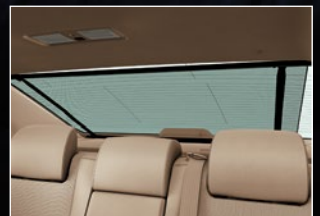
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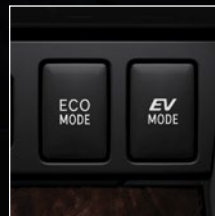
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I THINK
18 NAND GANGWANI

Nand Gangwani, CFO, eValueserve believes data analytics is a new age CFO's best friend. Not only can it transform the finance function but also its role within the company.

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McKinsey's Gordon Orr has been publishing predictions about China for nearly five years. Join him for a review of the good guesses, major misses, and lessons he's learned from both.

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Profitability increases if employees are allowed to choose their devices and applications

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BIG DATA

Though still in its nascent stage, the trend of analytics providing a strategic business advantage is on the upsurge. CFOs can hardly afford to remain aloof.



CFO PROFILE
ANIL CHANANA

HCL Technologies' CFO Anil Chanana is the quintessential old school finance professional, who believes in cutting down risks as a recipe for success

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20 RETAIL WISDOM

Organised retail sector in India has been at the centre of debate and investments. Many large corporates were tempted. Many fell by the wayside. Atul Daga, CFO, Aditya Birla Retail, one of the survivors, shares his learnings along the tough path.

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LEADERS WORLD
36 EIGHT WAYS TO ENSURE BUY-IN

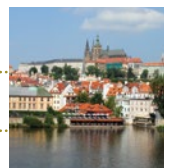
Keeping track of a few basics can help make your presentation on finances shine.



REGULARS

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COVER DESIGN ANIL T



Nirvana via Numbers

SEPTEMBER THIS YEAR brings us a new governor at the Reserve Bank of India. It does not look like a sedate welcome for Raghuram Rajan. The economic outlook is gloomy, the rupee has finally corrected to what many believe was its true level and beyond. Investors are speaking the only language they know—money. In this edgy world, CFO India takes a look at few companies which are affected by the currency movements. It matters little whether they are on the gaining or the losing side, what matters is how they planned for such turbulence. Take a look and let us know where wisdom lies.

As we wait for the rupee to stabilise, we deal with the seemingly less dangerous issue of data and analytics. In the last two decades, the world of business has exploded with data. With the rise and proliferation of internet and social media, the sheer amount of data and the level of detail captured by businesses about themselves and their customers is truly gargantuan. A new term has risen from this digital landscape—Big Data. Notwithstanding the mystery around its origin, the term implies an intersection of computer science and statistics. Business thinkers at strategy firms such as McKinsey believe that this Big Data will be the next frontier for innovation and productivity. It will also become the key differentiator and a competitive advantage, they predict. CFOs as a community, however, are less easily moved by new tech waves and popular catchwords. They need the colder logic of RoI to sway them. Do read our cover story this month on Big Data and Analytics to find out the sway factor.

Among the staples, a stellar line-up of CFOs share their experiences and learnings with us in various articles. Do not forget to keep an eye on China in the Insight section. Find out when this complex country has stayed true to forecasts and when it has upturned them. On a lighter note, there is an opportunity to traipse through Prague in our Lounge section and to do some serious car worship with the new beast from the Audi stable.

In a similarly happy vein, CFO India is organising its annual CFO Leadership Conclave. Hope you are joining us in the sunny and happy climes of Goa. There is much to learn, debate and argue about when we meet. If you are not able to join us, do not despair. We will continue to bring the latest in our issues. In any case, have a pleasant September. Be safe and cheerful. And keep learning!

Shalini Dagar

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Thin Line

“Auditors & CFOs - Too close for comfort?” was an excellent article and very in-depth. However, I would like to see the views of CEOs on their expectations of a CFO’s role when it comes to controls and audit. A CFO always faces the challenge of walking the thin line.
— **A. Gurudutt**, Director - Finance, Levi’s India (P) Ltd.



09.13   *Your voice can make a change:* Share your viewpoint on what's happening in the community and your feedback on the magazine at editor@cfo-india.in

INSIGHTFUL

As usual, CFO India was very interesting to read. I particularly liked the interview with Vinod Rai. All his ideas were very sharp, clear, professional and above all, very useful.
— **V. Balasundaram**, Director Finance – India, Middle East and China, Frost & Sullivan

SUPERBLY ARTICULATE

I always enjoy reading CFO India magazine. I must appreciate the entire team working hard behind the scenes. It is interesting because the topics they choose are awesome. The recent article “Auditors & CFOs - Too close for comfort?” was superbly articulated. Interesting to read the opinions of many eminent personalities on the relationship between auditors and CFOs in a challenging environment. The role of both CFOs and auditors is equally important to protect business, society and investors.
— **G.T Kannan**, CFO - Dust Control Pvt. Ltd

ANALYTICAL READ

I did enjoy reading the latest issue. It touched upon a delicate part of our profession in a very analytical manner. Best of luck.
— **Shrirang Khadilkar**, Vice President - Finance and Corporate Affairs, GOL Offshore Ltd.

KUDOS!

Well done CFO India! Incredible issue in August 2013. With much importance given to autonomy and the integrity of auditors and CFOs, we are going back to the core issue of whether auditors are watchdogs or blood hounds. Of course, integrity and due diligence at every level is becoming necessary for businesses. And there is no more a comfort zone either for CFOs or for auditors. A column that entails tax issues around the CFOs would always be appreciated – may be a word from the government channel enabling further discussion or debate.
— **Dilip Kohli**, Director - Finance & Company Secretary, Kuehne + Nagel Pvt. Ltd.

CEO TRANSITION

The cover story in the latest issue was candid and stated facts the way they are on a rather tricky issue. I'd like you to cover the following as well:
* Lucid explanation of a complex financial concept with a live example of how the financial concept has been deployed by an organisation
* Career Profile of a CFO who has been elevated to the CEO's role. This could be Indian or global
— **Sameer Gogri**, Assistant Vice-President - India, Deutsche Bank



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09.13

THE ANIMAL WORLD

Dolphins' Elephantine memories



A NEW STUDY conducted by the University of Chicago indicates that dolphins can remember call of another dolphin decades later. After examining more than 50 bottlenose dolphins, Jason Bruck, a University of Chicago postdoctoral scholar, found that dolphins could remember the signature whistles of former tank mates for more than 20 years, which is the longest among non-human species.

According to Xinhua news agency, the researcher found that Bailey the dolphin hadn't seen another dolphin named Allie since the two juveniles lived together at the Dolphin Connection in the Florida Keys. Allie ended up in a Chicago area zoo, while Bailey got moved to Bermuda. Yet over 20 years later, Bailey recognized and reacted to Allie's distinctive signal when researcher played it on a speaker.

Other dolphins had similar memories. And it's not just for relatives. "It's mind-blowing; I know I can't do it," Bruck said. "Dolphins in fact have the longest social memory in all of the animal kingdom because their signature whistle doesn't change." Studies have shown that monkeys can remember things for about four years and anecdotes have elephants remembering for about 10, Bruck said.

Bruck said, "The cognitive abilities of dolphins are really well developed, and sometimes things like this are carry-along traits. But to test whether this kind of social memory capacity is adaptive, we would need more demographic data from multiple populations in the wild to see if they experience 20-year separations."

Outside dolphin researchers have praised the work, saying the next effort is to see whether somehow the dolphins visualize their old buddies when they hear the whistle. Bruck said he is working on that. "That's my goal – show whether the call evokes a representational mental image of that individual." Ah, for the dolphin memories.

WHAT'S AROUND ZONE

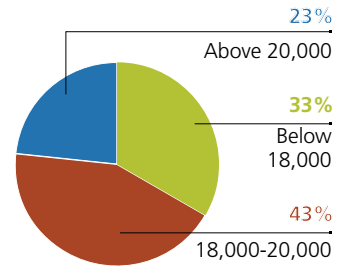
- CFO Book: Sumit Agarwal Pg 08
- Jargon Decoded: Hammock Tasks Pg 08
- Brain Benders Pg 08
- CFO Movements Pg 10

ne

THE CFO POLL

RESULT

Where do you see the Sensex by the end of the calendar year?



CURRENT POLL QUESTION

Where do you see the rupee by the end of the current financial year, i.e. in March 2014?

Vote now at www.cfoinstitute.com/poll



HEALTH

Back Pain Remains Overtreated

WELL-ESTABLISHED guidelines for the treatment of back pain require very conservative management — in most cases, no more than aspirin or acetaminophen (Tylenol) and physical therapy. Advanced imaging procedures, narcotics and referrals to other physicians are recommended only for the most refractory cases or those with serious other symptoms. However, according to the New York Times, a study published in the JAMA Internal Medicine suggests that doctors are not following the guidelines. Researchers studied 23,918 outpatient visits for back pain, a representative sample of an estimated 440 million visits made over 12 years in the US.

After controlling for various factors, they found that during this time, Nsaid and Tylenol use fell more than 50 percent.

PHOTOS.COM

TECHNOLOGY BUZZ

Printed Aston Martin... That Runs!

REPLICA CARS are frauds. Pure and simple. But we're willing to give Ivan Sentch a pass because he's not only basing his Aston Martin replica on a Nissan Skyline, but he's 3-D printing the body with an excruciating level of detail, according to Wired.

The Auckland, New Zealand-based Aston fanatic has always been enamored with the marque's older models, so he decided to recreate a 1961 Aston Martin DB4. With only 1,200 models in existence, each fetching anywhere between several hundred thousand to \$1 million on the auction circuit, the chances of the software engineer ever owning one were infinitesimal. So Sentch got to work, cribbing a CAD rendering from TurboSquid and then modifying it to suit his tastes. Then the really hard work began.

Using Autodesk 3ds Max modeling software and a Solidoodle desktop 3-D printer, Sentch began the painstaking process of printing out individual 4-by-4-inch sections, mounting them on the wooden frame and then gluing each piece into place. So far, he's produced over 2,500 fiberglass molds and says he's 72 percent of the way to completion, but that's only the printing aspect. He still has to develop the dash and other interior bits. Once the exterior is completed, he'll start the long, arduous process of sanding, adding filler, sanding even more, prepping the exterior to a glassy sheen, and then finally applying paint.

Sentch has actually been using the tech since December only and he figures he's spent about \$2,000 on plastics for the 3-D printing. But it'll be four or five years before his Aston hits the road.



cfobook

Sumit Agarwal

Wall
Info
Boxes
+

What's on your mind?

Attach
Share

Sumit Agarwal believes the e-commerce industry is poised for tremendous growth
 August 15 at 06.20 · 18 comments · 24 people like this

Sumit Agarwal likes listening to fusion by Karunesh while driving to work
 August 25 at 17.20 · 21 comments · 32 people like this

Sumit Agarwal looks forward to – spending time with my one year old daughter Shivika
 August 29 at 18.45 · 37 comments · 26 people like this

I Read...
 'Asura: The Tale of the Vanquished' by Anand Neelakantan

I Listen...
 Fusion music
 29 comments · 38 people like this

RECENT ACTIVITY

Sumit Agarwal likes... CFO India and two others Weekend Getaways, fusion music

Business Today and the Economist
 August 8 at 10.13 · Comments · 22 people like this

PERSONAL

- Zodiac: Pisces
- Views: Liberal

WORK

- ZOVI.COM, CFO (July 2012 till date)
- NgPay, Head-Finance & Partner Relations (Jan 09 to June 12)
- Wipro Technologies, Finance Head (Enterprise App Unit) (Upto Jan 09)

EDUCATION

- C.A with All India Rank
- C.F.A Level 2, USA
- B.Com (Hons) - St. Xavier's College, Kolkata

JARGON BUSTER
THE PHRASE:
HAMMOCK TASKS



THE MEANING

Assignment which is associated with little work or responsibility

THE USAGE

"If you keep doing only hammock tasks, then there is very little chance of a promotion for you this year."

BRAIN-BENDERS

Brain calisthenics on the iPad

SCORES OF HEALTH magazines and fitness apps advise users how to maintain a healthy body mass index. But forget about BMI for a second, and consider another acronym: BPI, or brain performance index. While targeting BMI with trips to the gym may seem like part of another forgone New Year's Resolution, the Lumosity app lets you exercise your mind on the go, improving your BPI – a term coined by Lumosity – with a few fun games a day, conveniently through your iPhone.

The BPI scales are based on more than 13,000,000 real game results and the program uses game results to create a distribution of scores for each activity, and then measure how an individual score stacks up. An algorithm then derives your BPI.



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SCIENCE

COSTLY BUT TASTELESS BURGER

CREATED by knitting together some 20,000 strands of protein grown in a petri dishes from muscle-specific stem cells taken from a pair of organic European cows, the world's first lab-grown beef patty made its debut at a media event in London last month.

The 5-ounce disk of "cultured beef" was colored using beet juice and saffron – real beef gets its redness from a protein called myoglobin, which was absent in the cultured muscle cells – then fried in butter by an English chef. The meal was presented on a plate with a bun and slices of lettuce and tomato to three tasters, as some 200

journalists and academics looked on.

The tasters – Chicago-based journalist Josh Schonwald, Austrian food scientist and nutritional psychologist Hanni Rützler, University of Maas-tricht and researcher Mark Post, who led the team of doctoral students that developed the burger – weighed in.

According to the Christian Science Monitor, their verdict: They nailed the texture, but the flavor needs some work. "The texture, the mouthfeel, has a feel like meat," said Mr.Schonwald shortly after taking a bite. Then there is the price tag: The burger cost \$332,000 to create, not counting the bun.

WEATHER

LADBROKE'S WOES

AS THE HIGH street veteran Sir Stuart Rose once said "weather is for wimps" – yet ask any retailer what the default excuse for a poor performance is and most will still tell you it is the weather. Rain keeps customers at home indoors watching TV; the sun keeps them outdoors in the park and away from the stores. No conditions seem to be ideal.

While some areas of the high street can get away with a good solid weather excuse – garden and DIY centres, for instance – others are likely to raise eyebrows.

According to the Guardian, betting and gaming company, Ladbrokes falls squarely into the latter category. The company said fewer people have been coming into its branches to play on the money-guzzling gambling machines because the nice weather has been keeping them outside. If only Ladbrokes had latched on to online gambling, perhaps it would have had a fighting chance of keeping the punters hooked – using their smartphones and tablets while in their local pub.



CFO APPOINTMENTS

MakeMyTrip Gets Top Level Rejig

Rajesh Magow, co-founder and for sometime, the chief operating officer along with being the CFO of the NASDAQ-listed e-commerce giant has now formally taken over as the company's CEO for the company's India operations. Mohit Kabra is the company's new CFO.

SBI gets a mint new CFO

Arundhati Bhattacharya has been appointed as managing director (MD) and chief financial officer (CFO) of the country's largest lender, the State Bank of India. Bhattacharya who was serving as the MD and CEO of the bank's investment banking arm, SBI Capital Markets, succeeds Diwakar Gupta.

Manish Dugar joins InMobi

InMobi, a mobile-first technology company and the world's largest independent mobile advertising network, today announced the appointment of Manish Dugar as Vice President, Finance and Legal in a global capacity.

Vijay Gopalan is CFO, AirAsia India

The new airline on the block, AirAsia has appointed Vijay Gopalan as its CFO for India operations. Gopalan is a chartered accountant and has over a decade of experience across varied businesses and geographies. Apart from finance, Gopalan also has been faculty at the Loyola Institute of Business Administration and ICAI.

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- Shri Vinod Rai, Former CAG
- Dr Shubhro Sen, Director, Tata Management Training Centre & Founder, Conscious Capitalism Institute
- Mr Joy Bhattacharjya, Advisor, Kolkata Knight Riders (IPL Auction)
- Dr Pramath Raj Sinha, CEO & Group MD, 9.9 Media



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'Unconference'

IPL Mock Auction

CFO Policy Forum

Innovation Workshop

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CFOs and senior finance professionals representing top, influential companies of India

5

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PARTNER



For more details on registration, please write to Nisha Anand on nisha.anand@9dot9.in or call +91 98117 99248



ILLUSTRATION BY MANOJ KUMAR VP

Currency fluctuations roiled the markets last month. Finance heads share their thoughts with us.

 PARIMAL PEEYUSH

August saw the rupee plunge to record lows. Though currencies of all major emerging economies faced the heat, the rupee stood out as the biggest loser. Currency strategists had been expecting the rupee to show weakness for quite sometime, yet the drop was quite sharp.

Tough macroeconomic situation with high twin deficits—fiscal and current account—with high inflation and low growth was to reflect in the currency levels sometime.

The plunge, however, was prompted by a combination of domestic and global factors. Hiranya Ashar, CFO, Rolta India points out that it is now no longer an issue around the high current account deficit. “The biggest worry is about flight of capital back to foreign countries due to fear of more sovereign ratings downgrade.”

The latter could precipitate even more outflows and is therefore causing increasing fear in the market. Global investment banks such as UBS and Deutsche Bank forecast a drop to 70 to the dollar. And the rupee seems in a mood to oblige. Though many argue that it is well past its fair value, the CFO community seems braced for most eventualities. The only problem is that equilibrium might take time. There is certain pain in the interim. On the contrary, a sharper depreciation will perhaps remedy macro-economic imbalances faster. Maybe just the medicine India needs.



“Foreign investments and private equity returns may get hurt substantially”

SUMIT KESHAN

CFO, Gokaldas Exports Ltd
Apparel maker

OUTLOOK: Rupee volatility and depreciation is causing immense anxiety among investors. This does not augur well for future fund flows. Broadly, exporters would stand to gain on their unhedged positions. One should also see that the dollar has not gained as much against the global basket of currencies vis-a-vis the rupee slide, which points to the fact that this is not really a global wave. Hence, we need to focus on the fundamentals of the economy.



“The combination of high inflation, high current and fiscal deficit and lower growth is a recipe for disaster for the Indian rupee.”

V BALAKRISHNAN

Member of the board at Infosys
Software services

OUTLOOK: The recent regulatory actions are more focused on curtailing outflows rather than focusing on improving inflows into the country. The government should focus more on reforms and postpone other populist measures which are fiscally untenable at this point of time. The depreciation of the rupee is positive for all exporters including Infosys. However, extreme volatility in the currency will hurt their ability to hedge effectively.

“Our wholesale foreign exchange business has seen strong growth due to speculative pressure of the rupee.”



DEBASIS NANDY

President & CFO, Thomas Cook (India) Ltd
Travel and related financial services

OUTLOOK We have introduced significant savings by leveraging upswings in the rupee vs certain currencies, and this has worked very well for our holidays business. As the current period is not a key season for travel, we have seen no significant impact due to the depreciating rupee. We are a conservative company and hedge ourselves 100 per cent transaction on transaction. In the long run, we hope to see the rupee stabilise at 64 or 65.

“Cost of inputs shall become more expensive and this has a spiraling effect”



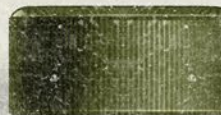
A KINRA

Finance Director, JK Tyre & Industries Ltd
Tyre manufacturer

OUTLOOK: Rupee slide has a direct bearing to cost of inputs which shall become more expensive and this has spiraling affect. We do have a very well-defined hedging strategy and largely cover ‘net exposure’. I see Re/USD parity at 60 - 62 by March 2014. Markets are very over-heated at the moment.



BIG DATA & ANALYTICS



Though still in its nascent stage, the trend of analytics providing a strategic business advantage is on the upsurge. CFO India observes some experiments.

✦ SHALINI S. DAGAR

ILLUSTRATION BY ANIL T

Can a 25 cent part hold up an order book of \$25-30 million? Yes, it can. When the company concerned is a global IT company whose manufacturing lines are flung across the world in different locations and with different vendors, it is a possibility. And it takes a while to figure out where exactly the problem is residing. The ability to drill down to find out which vendor in which country is causing the bottleneck is a difficult ask, especially when multiple product lines with thousands of parts are involved.

Would you ever draw a link between dental hygiene and the likelihood of timely credit card payments? A global credit card company did observe precisely this correlation. A card holder who is regular with dentist appointments is more likely to be regular with payments as well.

What about the efficacy of the sales team? One example is that of a Malaysian company where just by being mindful of the timing of the proposal was sent to the client (in the morning versus in the afternoon), the sales team could push up the conversion rates from below 50 per cent to above 90 per cent.

These are just some of the striking examples which pop up when Big Data and analytic experts get together. These examples are from complex businesses across the globe and they seem mythical. However, it is this level of precise and actionable business insight that constitutes the promise of data and analytics under the ubiquitous term of Big Data.

Big data as a term is quite loosely used. According to Steve Lohr in the New York Times, the term apparently originated around lunch table conversations of chief scientist, John Mashey at Silicon Graphics in the mid-90s. In the current day parlance, it relates to the process of analysing large quantities of data to discover hidden patterns, unknown correlations (remember the

“As we grew, we needed a single version of the truth. Our early experiments with analytics built the belief for us. Business units need to be the sponsors.”

— Prashant Tripathi
Director and CFO, Max Life Insurance



dentist and credit card at the beginning of the story) and other information which can be useful for business decisions.

In the Indian context, CFOs seem to be currently constrained by a tough economic environment where every rupee invested needs to come with a strong rationale. However, they still seem to be keen to know more.

Rajarshi Sengupta, executive director, Deloitte & Touche Consulting points out that “despite the tepid economic prospects, companies are experimenting with analytics, although they are doing so in small steps. Most Indian companies are currently working on customer and HR-related analytics.”

“Despite tepid economic conditions, companies are experimenting with analytics although they are doing so in small steps. Most Indian companies are working on customer and HR-related analytics.”

— Rajarshi Sengupta

Executive Director, Deloitte & Touche Consulting



EARLY INROADS

It is typically the financial services firms which are at the forefront of the adoption of this Big Data and analytics wave. Regulatory requirements too are pushing the adoption in certain industries, especially banking and insurance. However, many companies are seeing merit in the investments in Big Data and analytics for the sheer insights they offer. Yashish Dahiya, co-founder and CEO of online insurance services, PolicyBazaar.com believes there is rich data which has been harvested from the company's over seven million registered user base. The PolicyBazaar team has learnt to spot customers with highest chances of conversion as well as figure out better opportunities to cross-sell.

The simple ability to customize is also enticing many businesses in India. Consider Aditya Birla Retail. It now has over 500 supermarkets and 14 hypermarkets. Its loyalty program, Club More has in excess of 3 million members. Analysis of the customer data is enabling the retail chain to customize the promotions dedicated to these members in specific geographies. “In India, there is really no other information. Through this membership, we have detailed data on shopping behaviour. That is the data point we use for catchment analysis.” says CFO, Atul Daga.

The government's flagship Aadhar project too was one of the early adopters. With over 200,000 trained operators engaged in execution across 30,000 stations in the country, the project has over 15 billion event records. And each event offers information about the process, down to the details of how many times the computer was rebooted while uploading the biometric information. It was analytics which enabled the technology team to refine the process on the go. Within four months of launch, the team was able to figure out that uploading of biometric information was taking less time than other ID data and change the process accordingly.

Another of the early converts is Prashant Tripathy, director and CFO, Max Life Insurance. He has put money behind his belief. In the last few years, Max Life has not only bet \$1 million on data and analytics already, but has a sizeable team of 18 crunching the numbers and data.

Tripathy says, “By focusing on data and analytics, the overall intelligence in the organisation goes up. We expect our investments will yield an unparalleled strategic advantage and disproportionate benefits (5x-10x) in the longer term.”

CHALLENGES

Tripathy is right. The benefits accrue over the long term. Most importantly, the benefits come only after some preconditions are satisfied. And perhaps it is for those reasons that Sunil Alimchandani, group senior vice-president, finance at Network 18 Group voices skepticism, when he says, “the utility of data and analytics depends on the organisation and the business concerned.”

That is surely the case. In certain organisations and businesses, there is a natural and quick adoption possibility. In other instances, it is that much harder to make a compelling case for investments. As Alimchandani says, “There is a cost-benefit analysis which is at play. And as a CFO, one does not need technology solutions. One needs business solutions.”

Even in cases where the logic for data investments is clear, it is not easy to sweat the benefits. As PolicyBazaar’s Dahiya points out even when high quality data exists, it is not always easy to identify the cause and effect in the linkages and correlations. He cites an example where analytics can help identify the most efficient call centre agents as well as the calls with the highest conversion possibilities. However, a simplistic rationalisation of the business so that the most efficient agents deal with the customers likely to convert the most may not yield desired outcomes. He puts it very succinctly: “Big Data is great. It offers some answers, but you still need human intelligence.”

Tripathy’s experience too bears out the truth of this reality. He believes that the problem-solving and solution-seeking has to originate from the business team. This is buttressed by the fact that in case of the Malaysian example above, it was the business team which came up with an explanation why the conversion rate was higher in the morning—the decision makers or the business heads were more likely to be in office!

One major bottleneck in terms of Indian companies’ abilities to derive benefits from analytics is their failure to institutionalise solutions. Srikanth Velamakanni, founder and CEO of Fractal Analytics, a Mumbai-based provider of predictive analytics and decision sciences for major Indian companies, says, “In case of Big Data, it is important to think beyond the tactical low-hanging fruit.” He believes that Indian companies, in addition to sophistication in analytics, should focus on institutionalisation. The Aadhar team, for instance, focuses on automa-

“If you do not have roads and highways then a fancy car is no use. Without systems and processes, it is difficult to get the full upside from analytics too. It is important to look at return on investments, but it is equally important to have a long term view.”

— Srikanth Velamakanni
CEO, Fractal Analytics



tion as a means of institutionalisation. Absence of good quality skilled analysts is another issue which will perhaps bite as wider adoption happens. This field requires inter-disciplinary skills across mathematics, statistics, economics and business and currently these skills are not available at least in ready-made form in the market.

Statistics, it is said, can be used as a lamp post to lean on or for light. Similarly, a lot depends on the ability of the user in case of analytics and Big Data too. India’s vibrant and chaotic market data could do with a bit more light and data-driven decisions. Amen! **CFO**



Facts & Trivia

EDUCATION: B. Tech.
Chemical Engineering, IIT Delhi

PROFESSIONAL QUALIFICATION:
MBA, Finance, Boston

EXPERTISE: Turnaround specialist

NAND GANGWANI

Nand Gangwani, CFO, eValueserve believes data analytics is a new age CFO's best friend. Not only can it transform the finance function but also its role within the company.

THE ROLE OF a CFO has undergone a major change over the last couple of decades. The CFO has evolved from being a mere keeper of books to the implementer of controls and compliance. The CFO is now rightly considered a strategic partner to the CEO and the Board in driving strategic vision. This involves taking a more forward looking role than the traditional CFO role.

The most important task of a CFO now is to predict, optimize and grow the firm value of a company. To make a success of this role, the new CFO needs to embrace data analytics. Since the CFO sits at the centre of all financial data and has visibility into the operational data across all business and geographic units he or she is ideally placed to take a holistic view and make meaning of the data and provide insights. It also equips the CFO with necessary tools to become a change agent and lead transformation.

A few examples from my career show that the use of data analytics to create

change is not rocket science:

- Early in my career, when even the term predictive modeling was not pervasive, its power was still evident. The only tool available then was an excel spreadsheet as MS Office had just been launched. A logistics company was in a quandary in trying to decide which technology to adopt for tracking. The financial implications were huge since the decision involved investments in hundreds of millions of dollars. I decided to build a model that looked at the sensitivity analysis of various variables. Attention was focused on automating those variables that had the most impact on the business issues. This helped in narrowing down the alternatives and saving tens of millions of dollars since we could right size the automation needed. This exercise which involved sophisticated sensitivity and scenario modeling elevated the role of the financial planning group to a more integral part of strategic decision making process.
- In another challenging project to turn around a bleeding software com-

pany, around 40 per cent of the cost structure was to be trimmed without affecting the revenue streams, damaging core competencies or affecting morale of the troops. The CEO picked me to lead this initiative as head of Financial Planning and Analysis due to my analytical abilities. By analyzing every cost driver and the implications on revenues, core competencies of the company and all stakeholders internal and external to the company, this process was conducted with surgical precision and profitability targets were met. This success propelled me to the CFO's chair in less than a year.

- Similarly, as CFO of a leading online music service company, I had the complex task of trying to balance gaining market share in a fiercely competitive market through heavy marketing spend against the investor's need to see a path to profitability.

Here again I launched numerous analytics based initiatives with the key one focusing on marketing analytics.



“Research shows the return on analytics is \$10.66 for every dollar invested. Not too many investments that can compete with this return.”

panies is utilization of the operations team. Hence, my first task was to capture utilization via systems and processes which weren't being tracked, measured and enforced.

Over a three year period, utilization was included in the performance measurement system, it was tracked, measured and the right behaviour was incentivised. This improved overall utilization by over 50 percent leading to an expansion in the profitability by over ten percentage points. This was followed by creating systems, processes and knowledge centres for analytics which led to significant optimisation of the product mix, the sales compensation structure, hiring and other key initiatives. This helped identify opportunities to boost revenues and cut costs. This emphasis helped transform an excel based finance function into a world class finance organization based in India that could compete on any level with best of class finance teams of public companies in US.

Finance which is usually a cost centre transformed into a profit centre and by leveraging analytics to offer a new line of business for clients.

The CFO of tomorrow should, today, be spending less than half the time on the traditional finance functions. Instead, the creative energies should be focused on execution of the company's business model and strategy through data analytics. **CFO**

Teaming up with the marketing and operations head, we launched a very sophisticated model to understand on daily or weekly basis the performance of our marketing spend on all channels (online and offline). The analytical approach provided the tools to build a financial model, which formed the foundation of my pitch to Wall Street. This in turn played a critical role in catapulting the stock to one of the best performers that year.

- Recently, I again faced a daunting challenge. Immediate revamp of the entire finance organisation that had been with the company since inception was need-

ed. It needed to change to withstand the pressures of being a public company in US. As an outsider coming in and immediately launching a transformation initiative was not an option even though it was desperately needed. Credibility with all key stakeholders across all organisational networks is critical precursor to success of such an initiative. That fund of credibility was built through a series of quick wins which showed a visible impact on the organization. Here again analytics was a big help.

I focused on optimising those metrics which would provide the biggest returns. The lifeline for services com-



PROJECT MAP

- **THE CHALLENGE:** Nurture and steer the fledgling retail company through tough times and keep growing profitably
- **TIMELINE:** Ongoing
- **PEOPLE INVOLVED:** Board, management, teams across merchandise, procurement, supply chain, finance and other departments
- **KEY CFO TAKEAWAYS:** Expansion strategy should be carefully planned, especially in terms of financing.

Retail Wisdom

Organised retail sector in India has been at the centre of debate and investments. Many large corporates were tempted. Many fell by the wayside. **Atul Daga, CFO, Aditya Birla Retail**, one of the survivors, shares his learnings along the tough path.

✦ SHALINI S. DAGAR

“**P**lanning to buy a new asset or merchandise or hiring new people is routine.

It is, however, not routine to plan the cost of closure of operations,” says Atul Daga, CFO Aditya Birla Retail. Yet Daga has done precisely that—and twice—in his latest assignment with the Aditya Birla group.

As any veteran of the retail industry can tell, the business is hard and times are tough. And Daga, his team and their business have survived to tell the tale. He shares the many valuable lessons learnt very generously as we sit in his office off the Andheri-Kurla road late one Thursday evening in Mumbai after office hours. That is when he finally gets to do some serious work

and can afford some uninterrupted time and some serious reflection.

And the retail industry over the past few years offers enough for reflection. Like many diversified Indian conglomerates, the AV Birla Group in 2006 found organised retail to be a very attractive investment option. Those were heady times when the economy was booming, outlook was bright and companies were flush with easy liquidity and great confidence. India was the investment destination for global investors. It was a few years since its discovery among the BRIC quartet. And organised retail had hardly a bite of the overall market at 3-4 per cent share. Naturally then, the AV Birla Group too made a decision to invest in the business of the future—the high-volume, low margin retail business.

As Daga says, the intention in those days “was to put your stamp on the retail map. The emphasis was largely expansion and increasing the footprint.” In December 2006, the group acquired the South India-based retail chain, Trinethra. That added 167 stores in Andhra Pradesh, Tamil Nadu and Karnataka. In May 2007, the group launched its own brand—More—and went in for a rapid organic expansion into other areas as well, notably Gujarat, Mumbai, National Capital Region, Punjab, Kerala, Kolkata and Jaipur.

THE CHALLENGE

Before long, the business sentiment soured both globally and in India. The business was still in investment mode, but the financial crisis changed the operating environment.



“It was awkward to approach the chairman to seek his approval to quit Mumbai. Real estate is expensive not just to buy but also to lease. It is difficult to make money in the city.”

After the financial turmoil of 2008, bankers were wary and funds were difficult to find. Shareholder support had its limits. More importantly, the visibility of a turnaround was low. And there were some decisions which were clearly not making business sense. The business was bleeding in several locations. The business plans on which the expansions were premised were nowhere close to fruition. The need for an operational rejig was apparent.

Daga explains, “we were not able to attract the customers to our stores. Rajasthan is very hot in the summers. There is not a soul on the road, leave alone the stores. And in Gujarat, the consumer is very, very price and cost conscious. If there is an offer coming then they will come and stock up on that item, but after the promotion the

sales would again slump.”

The stores had been given two years, but there was no sign of profitability. Daga’s benchmark was that the store had to be cash positive in less than 24 months. The hard decision of a pull back was taken.

“We decided to exit Gujarat and Rajasthan,” recounts Daga. “It was very tough convincing the operating team that we need to do so. Each store is like a child for the operating manager. And happy and satisfied customers would ask why are you closing down?”

THE EXECUTION

Yet it was not easy to implement the decision. Daga is candid enough to admit to the ensuing emotional turmoil. “I had never dealt with retrenchment in my 25 plus years in the Aditya

Birla group. Dealing with employees is the toughest thing to do. What do you say when someone starts talking of their family?”

In cities where some stores were functional, the process was relatively simple as there was a conscious effort to absorb the employees in other stores, but the toughest task was where the company exited the entire state. The downsizing was done towards the middle of 2009. And Daga remembers the long evenings in his room working closely with the HR head poring over plans and working out the matrix of the reworked organisation.

And that is not all. There were plain logistical issues too. “Once a decision is taken, you cannot just pull the shutter down. It takes time. Of course, I have my team, but there are some things which cannot be delegated.” If launching a store and stocking up inventories is difficult and time-consuming process, so is the process of closure. And as he said in the beginning, “it is not routine.” Downsizing is rarely routine. He articulates the pain. “We are in the business of creating wealth. Putting in place a plan to reduce is not something I would want to work on ever.” Yet, the trim was not complete in 2009.

A few quarters down the line, there came yet another difficult decision. That was about the viability of being in Mumbai. Exorbitant real estate prices—both capital and rental values—made it unviable to make money in Mumbai on the food and retail business.

“The headquarters of the group is located in the city and it was a prestige issue. We discussed some flagship stores even though we knew they would bleed from all sides.”

After a great deal of deliberation, the management team decided to bite the bullet. Daga was thinking it would be a difficult decision to sell to the board. “It was awkward to approach our chairman and seek his approval for the decision to quit Mumbai,” he remembers. Yet when the MD, Mr. Barua and

Daga's team put up the proposal, the chairman Kumarmangalam Birla took a dispassionate view. The message was that if it needs to be done, then so be it. Hence, in March 2012 Aditya Birla Retail exited Mumbai.

With this decision, the retail operations took the final steps towards maturity, profitability and a viable business. In 2012 and 2013, business improved substantially. The company's focus is back on the customer and the store experience. "We wish to ensure that the customer has a happy experience in the stores—they get what they want, they spend least amount of time in the queues," says Daga.

Teams across IT, operations, merchandising, buying, supply chain teams, logistics and marketing all work closely to ensure success. Daga believes there is a sense of purpose and direction and the teams have put in sheer amount of physical and mental effort. "People have stood on the shopfloor through the night doing what we call plannogramming—the logical flow of merchandise, deciding in which corner what merchandise will go and with what other," he says.

FINANCING

Apart from the operations-related glitches, Daga and his team also had to contend with the peculiarities of funding a retail business which is typically light on assets and loss-making in early stages. The business cannot grow only with shareholder funds and yet there is little incentive for lenders to fund it in that fledgling stage.

To ensure the right amount of debt on the books, Daga and his team spent enough time with bankers ensuring that the bankers believe their story. And it was a challenge for a loss-making business to find debt at an economical cost. "There have been those difficult days. Finance is my responsibility. Whether accounts or IT, planning I can take help, but not here. I have spent hours sitting outside a general manager's room to make sure he



“For me and my team, the biggest task has been to ensure that the business does not suffer for the lack of funds. The rigour that we put in each growth plan is far higher. There is just no room for any wrong decisions.”

hears and believes our story.” He also engaged with the credit rating agencies to ensure that the same story was well understood. Daga and his team worked out innovative structures such as step-up financing where the interest payments scale up as the business starts making money to help manage the cash flows. In some cases, he opted for bullet payments and taking assets on lease among other options.

“For me and my treasury team, the biggest task has been to ensure that the business does not suffer for the lack of funds,” says Daga. And he has managed to do just that. Daga's job was made somewhat easier due to the Birla pedigree. “There was help from colleagues of group companies in setting up meetings etc.” he recalls.

LEARNINGS

Today many tough decisions are in the past, though difficult conversations about store level profitability and funding woes still continue. Daga says with candour, “Having learnt our lessons twice over, the rigour that we put in each decision is far higher now. There is just no room for wrong decisions.”

Daga believes that a few things can help any retail operation. Meticulous planning of expansion strategy in terms of financing and IT systems creates a platform for robust growth. “It is also important to gun for negative working capital at the earliest,” says a wiser and older Daga.

However, the early trial by fire has been a success. Daga does not reveal too many numbers about the unlisted company, but says, “we now have the size. The revenues are around Rs 2,000 crore. Today creditors know that the payment will be made on the committed day.” Daga is also relieved that the business is directionally sound. “I can see the numbers—the same store growth and sales. Double digit growth which we had not seen in a long time. It is unbelievable to see those numbers,” he says with zest. It has been a long haul for Daga to this day. CFO

A CFO from the Old School

HCL Technologies' CFO
Anil Chanana is the quintessential old school finance professional, who believes in cutting down risks as a recipe for success

ASHUTOSH SINHA

ANIL CHANANA HAS grown in his career with HCL Technologies and is replete with anecdotes from earlier times. One relates to a time soon after HCL Technologies had made its debut on the stock markets. The honeymoon with the stock markets was on at that time. The money that the company had raised during the IPO (Rs 823.6 crore in 1999) was yet to be put to full use. Someone mooted the idea that at least a part of the proceeds should be invested in equity linked products. Anil Chanana, now CFO at HCL Technologies, recalls how he had voiced his opinion against the move.

“The shareholders had not given us the money to invest in equity funds. It was a very small amount but soon after, the company learnt and we never again invested in equity,” recalls Chanana, putting forth a line that is an oft-repeated mantra of every old school finance person.

When he joined Hindustan Computers in 1980s, besides the accounting work, he was also given work to maintain records. It was a joint venture company then, where UP State Electronics Corporation also had a stake. When HCL Limited was converted into one company from

5

MILESTONES

→ **FIRST JOB**

Ansaldo Impianti
Spa

→ **BIG BREAK**

When I was
elevated as Corp
VP, Finance in the
early 90s

→ **AHA!
MOMENT**

When I got my first
car, a Maruti 800,
in 1987

→ **A LESSER
KNOWN FACT**

His simplicity

→ **DREAM**

To run a restaurant



disparate entities in 1986, Chanana was at the back-end, ensuring that the numbers added up. When HP bought stake in HCL in the 1980s, Chanana was part of the team that structured the deal so that it could get a nod from the regulatory agencies. Several years later, when the idea of HCL Technologies was taking shape, Chanana was again at the forefront, conceptualising the organisation. Having spent a few years on the east and west coasts of the US, he understood the addressable market for the new entity.

And when it was decided that HCL Technologies would be listed, and the full range of options were considered, including a US listing, Chanana was in the thick of the discussions. It was his responsibility to prepare the accounts to match the stringent US GAAP (Generally Accepted Accounting Principles) for a possible Nasdaq or NYSE listing. In addition to the finance function, Chanana also handles the legal department and oversees the Company Secretary's work and compliances across the 50 countries that the company operates in. There have been times when he has had to negotiate with lawyers without any legal professionals in his team.

Challenges have changed with each of the assignments that Chanana has handled during his 28-year tenure with the organisation so far. Sometimes it has been customer contracts, at other times it has been strategic initiatives. Clearly, there has been a lot of change in the skills that were needed in the 1980s and what is needed now. Reading is an integral part of Chanana's routine. This helps him stay updated with the laws and emerging regulation.

Every adverse situation offers an opportunity. This is exactly what led to the birth of the idea for HCL Technologies. Around 1996, the joint venture between HCL and HP had to decide on the fate of nearly 200 R&D engineers and what the company had to do with them. They became a part of HCL Technologies and the practice of engineering services was born subsequently. Chanana was at the centre of the action surrounding the seeding of the idea, raising capital from ICICI - which believed in and bankrolled the project, setting up development centres and integrating numerous HCL entities that were operating in different parts of the world as HCL Technologies.

Making sure that the listing was successful was a challenge as well. It was only the second



FAVOURITE PICKS

MAGAZINE

Reader's Digest

HOBBIES

Listening to books

HOLIDAY DESTINATION

Venice, Italy



FILM

Titanic

ROLE MODEL

Subroto Bhattacharya, ex-boss

PASSIONS BEYOND NUMBERS

Travelling to holiday destinations



↑ THE BIG CHALLENGE FOR CHANANA NOW IS TO KEEP COST IN CHECK AS A RESPONSE TO THE EVOLVING BUSINESS ENVIRONMENT

book built issue in the country (after Hughes Software, which has now delisted). Arthur Andersen was brought in to help consolidate the accounts to meet the needs of the regulators.

The big challenge for Chanana now is to keep costs in check as a response to the evolving business environment. The finance department is putting together a platform for shared services, that will function like a professionally-run shared services centre. That comes after all accounting work has been moved to the India headquarters in the first phase.

As HCL Technologies evolves as a company

A team player, it is Chanana's profound belief that hiring the right people and letting them to do the job can mitigate risks and protect the business.



driven more by the board, with just two of the 12-member board from the promoter family, Chanana says he is being constantly challenged in his job by the board members. Getting the hedging policy approved by the board, for example, was a lot of hard work. Evolving the right policy took nearly a year, after simulation exercises and checking the results.

That process now has resulted in an official hedging policy where 40 per cent of the likely forex earning is hedged on an ongoing basis. The rest of the earning is open to spot rates. Over his long tenure, Chanana has

built teams to ensure that the business is driven in the correct direction right from its inception. And it is his profound belief that hiring the right people and letting them do the job can mitigate risks and protect the business.

The CFO's role is slowly becoming an all-encompassing one with new technologies impacting business, both as a threat and an opportunity.

"The role must be like policing yourself. Your goals have to be not just for yourself but for the entire organisation," he adds.

Getting into finance was never a conscious decision for Chanana who

doesn't consider any one person to have influenced his choice of profession.

"Maths books, accounting, reading more books, using more logic... my emphasis has been on using more logic and trying to come to an answer. That could have played a part in going for the accountancy profession," Delhi-bred Chanana says.

A homebody who loves a quiet evening at home and is sometimes happy to de-stress with cooking, Chanana has clearly come a long way since the early 80s when he started out.

After three decades, he still believes in making the numbers count! **CFO**

FORECASTING CHINA

McKinsey's Gordon Orr has been publishing predictions about China for nearly five years. Join him for a review of the good guesses, major misses, and lessons he's learned from both.

I started writing lists of what might happen in China seven or eight years ago. At first, they were just for me—a way of organizing my own thinking in early January for the 12 months ahead. Then I began to post some of the more interesting ideas on the blog I write for McKinsey colleagues.

Four years ago, when my publishing colleagues suggested I share my predictions externally—first in English, then in English and Chinese—the stakes rose significantly. This development not only brought the forecasts to the attention of thousands of users on a McKinsey site but also made it possible for social and traditional media to amplify the message to hundreds of thousands of people (and, in the case of one notorious forecast, to several million of them).



PHOTOS.COM

Fear of rejection remains a powerful deterrent to larger scale Chinese acquisitions in the United States. The political climate has changed.

Better data, more coherence, greater sensitivity to the possible implications of what I was saying, and thorough editing were needed. In the annual forecasts, I have tried to strike a balance among the following:

- Developments that I'm convinced will really happen and have a material impact on the country but aren't being highlighted as much as I think they should. They range from small changes that illustrate a broader point—sometimes even a real discontinuity—to large changes of national significance.
- Things that might or might not happen, but whose impact would be very material if they did and are worth thinking about anyway for what they tell us about China today.
- Things that are highly unlikely to happen but would be fun if they did. Exploring them has allowed me to share interesting and perhaps unexpected things I learned about China. For 20 years, it has been my privilege to make China my home and to immerse myself in the transformation of its business, its economy, and its society. I live and work in China but I am not of China. I hope that gives me both optimism about what can be achieved there, often rapidly, and objectivity enough to see the flaws alongside the successes and to recognize when foundations are solid and when they are cracked.

The themes I write about come implicitly and explicitly from my interactions with many people. I have seen four, five, even six generations of country heads of multinational companies come and go. I have been able to work with the executives of many multibillion-dollar Chinese companies as they have moved from middle management to the top of their organizations. And I have seen many of the talented Chinese nationals we recruit for McKinsey grow into partners and, in some instances, move beyond the firm to lead some of the most exciting enterprises in China today.

HOW DID THE FORECASTS DO?

Here are some of the highlights and lowlights of my forecasts over the past four years.

2009

The forecasts for 2009 were perhaps the most provocative—and specific—and included one that subsequently went viral and was read by millions. In my comments on the substandard quality of Chinese construction, I had suggested that a major tower block would fall over. So when fire destroyed a tower in the new China Central Television (CCTV) complex in Beijing a few months later, and a newly completed housing tower block in Shanghai collapsed for lack of proper foundations, China's social media claimed I had magical foresight.

Slightly less presciently, I forecast that Mexico would expand significantly as a production base for Chinese manufacturers. South Korean producers already had a large presence there, and the early signs suggested that cost and demand pressures were driving the growth of multiple manufacturing hubs. Foxconn and Haier did acquire factories in Mexico, and recently Lenovo announced that it will be assembling PCs in the United States. But Chinese manufacturers did not act as boldly to diversify their production geographically as I had expected. The advantages of staying close to their existing supplier base and avoiding complexity far from home proved more compelling.

I had thought that following Huawei's

failed 2008 attempt to buy the US network-equipment manufacturer 3Com, another iconic US technology company might be the object of Chinese attention in 2009. Since the Lenovo acquisition of IBM's PC business unit in 2005, however, no Chinese company has succeeded in buying a US technology business of any size, not even those that have fallen on hard times. Many observers have noted the changing political climate: if the Lenovo acquisition had been proposed a few years later, it would probably have been turned down. Fear of rejection remains a powerful deterrent to larger-scale Chinese acquisitions in the United States—so much so that the American Chamber of Commerce in China is currently planning an initiative to help Chinese companies invest in the United States.

Competition in the telecom sector, meanwhile, has declined to a whimper even without the continued consolidation I forecast at the start of 2009. Government-orchestrated share shifts enabled through policy and regulatory pronouncements have prevented the weaker operators, with their large legacy fixed-network assets, from getting into serious financial distress.

Although China has not made quite the leap I predicted in electric cars, its commitment to developing the world's leading electric-vehicle (EV) industry has been substantial. That commitment includes billions of dollars in subsidies and huge incentives for potential buyers, as well as directives to government purchasers to buy electric. The original Program to Promote the Auto-

China now has a clearer understanding of the trade-off between hiring factory workers and making capital investments.

motive Industry, in 2009, set a target of 500,000 new-energy (EV, hybrid, and other) vehicles by 2011.

The actual volume turned out to be 15,000, of which 10,000 are EVs.

To date in China, as elsewhere in the world, consumers have largely rejected EVs, and EV technology has failed to live up to the commitments of Chinese companies.

The share price of BYD, one of the businesses I highlighted, has fallen by more than 65 percent since the euphoria that followed Warren Buffet's investment. The timing of my forecast was spectacularly wrong. But the need for electric vehicles is still pressing—if anything, more so given the intense pollution in Beijing earlier this year. Chinese companies recognize how challenging it will be to develop the technology, particularly batteries, and are reaching out globally. Wanxiang's recent purchase of A123 Systems is a case in point. There will be a second wave for EVs in China, but probably not on a major scale until after 2017.

I was at least partly justified, at the start of 2009, in looking forward to warmer cross-strait relations between the mainland and Taiwan. Mainland banks have invested modestly there, although the first representative branch didn't open until 2010. By the end of 2012, four mainland banks—Bank of China, Bank of Communications, China Construction Bank, and China Merchants Bank—had a branch or office in Taipei.

2010

As a result of a couple of transactions I was supporting over the Christmas

and New Year period, I was not able to make the forecast that year in time for publication.

2011

The list of forecasts was shorter in 2011 than in other years. I thought inflation would be a problem, and, sure enough, it rose by more than 5 percent (against 3.3 percent in 2010 and -0.7 percent in 2009). The jump in food prices was of particular concern to government officials. To this day, the food chain remains highly strained, vulnerable to harvests disrupted by weather or outbreaks of disease. Imports of agricultural products also took off in 2011, encouraging financial investors to find opportunities in the sector.

I predicted a rise in minimum wages as well, albeit with the caveat that productivity gains would outstrip labor costs. With the push to boost economic growth through consumption, minimum wages did increase, by as much as 20 percent annually in many cities. Companies struggled to achieve matching productivity gains, though. For the first time, many multinationals experienced a China with middling, even high, labor costs and significant rigidities when it came to hiring and firing workers. The country now has a much clearer understanding of the trade-off between hiring factory workers and making capital investments—and especially of the risks of hiring expensive white-collar staff with, at best, average productivity levels.

As I expected, 2011 was a bumper year for outbound acquisitions by Chinese companies, which committed

more than \$50 billion to deals. A majority of the largest were in the energy sector, notably Sinopec's purchase, for \$4.8 billion, of a 30 percent stake in Petrogal Brasil (petroleum and natural gas); China Three Gorges Corporation's \$3.5 billion strategic partnership with Energias de Portugal, an electric utility; and China Investment Corporation's decision to invest \$4.3 billion for a 30 percent stake in the exploration and production division of GDF Suez (natural gas). Chinese companies also acquired rights to exploit oil and gas fields in Australia and in the United States, and there were several sizable mining acquisitions. In other sectors, Lenovo bought NEC's personal-computer business and a 37 percent stake in Medion, a German consumer-electronics manufacturer. Chinese investment in international port operations also grew.

My poorest forecast was probably that the Chinese government would meaningfully reduce its stake in state-owned enterprises, particularly in the industrial companies overseen by the State-owned Assets Supervision and Administration Commission (SASAC). Instead, the status quo well and truly held. Indeed, since 2010 the market share of state-owned enterprises has grown in numerous sectors.

2012

I had some easy wins in 2012. For example, compensation again predictably rose across the board, as did minimum wages (by 13 percent in Shanghai and even more in many other cities). White-collar salaries rose still further—so much that it might be cheaper to employ a researcher in Munich than in Shanghai. In one Chinese company's R&D organization, the average compensation cost rose to \$70,000.

Accounting scandals in Chinese companies grew in number and scale through 2012 and continued in 2013, at a pace faster than I had anticipated and across a broader range of industries. Even an illustrative list is long: Boshiwa, China MediaExpress, Daq-

ing Dairy, Focus Media, Longtop, Sino-Forest, Zoomlion, and, more recently, Zhengzhou Siwei Mechanical & Electrical Manufacturing (a subsidiary of ERA Mining Machinery). This is an important issue, and not only for shareholders. A number of multinationals have walked away from acquisition negotiations because they were worried that problems might be lurking, and not because they found anything.

Chinese companies also became bolder with their acquisitions in 2012, particularly in agriculture and in basic materials. Larger deals were still most common in energy. They included Sinopec's minority stakes in five of Devon Energy's US shale-oil and -gas fields (for \$2.44 billion); China Guangdong Nuclear Power Holding's 57 percent stake in the uranium-focused Australian company Extract Resources (acquired for \$1.3 billion); and Sany Heavy Industry's \$700 million purchase of the German concrete-pump manufacturer Putzmeister.

I was right that the Chinese automotive market would slow down—as it turned out, from 32 percent growth in 2010 to 9 percent in 2012. The impact was greater on domestically owned producers (which grew by just 5 percent) than on the major joint ventures between local companies and multinationals (sales were up by 11 percent in 2012). OEMs at the very high end of the market grew more than 20 percent, notwithstanding the economic slowdown and the clampdown on conspicuous consumption.

Hospital reforms also went ahead as anticipated. Hospitals may now be 100 percent foreign owned, though the reluctance of medical staff to leave the state sector constrains private-sector growth.

At the start of 2012, I was bullish about green investment. It proved to be a great year for solar installations in China and a terrible year to manufacture solar equipment there. China installed about 5 gigawatts (5,000 megawatts) of solar capacity in 2012, double

the more than 2.5 GW achieved in 2011, itself four times the 2010 figure. The country is now the world's number-two end market for solar, thanks in large part to increased support from the Chinese government.

Solar-module manufacturers, on the other hand, faced lower selling prices, weakening demand in Europe, industry overcapacity, and rising trade barriers. China's manufacturing capac-

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ity in 2012 was about 40 to 45 GW, against global demand of about 30 GW. Chinese solar panels are selling for 60 cents per watt-peak (Wp)—at or below manufacturing cost—compared with \$1/Wp a year ago, \$1.60/Wp in 2011, and \$4/Wp in 2008. Most manufacturers depend on borrowing from Chinese banks to survive, and consolidation is overdue. However,

as too often happens in China, when demand growth slows, local government steps in with support.

China escaped any disease-driven discontinuity in 2012 but has done little to reduce the potential for the further food inflation I expected. Structurally, China's trade deficit in agricultural products continues to grow, reaching \$56 billion in 2012. Given tight global markets in many agricultural products, inflationary pressures have been building, but across-the-board inflation did not materialize in 2012; indeed the pig price cycle was at a disinflationary point in 2012. I could have seen that more clearly.

My suggestion that private-equity and venture-capital funds might go "walkabout" perhaps proved too alarmist. But although there was no high-profile instance of a private-equity manager diverting funds, I believe this development is only a matter of time. At a personal level, I saw the owner of my son's school in Shanghai divert school fees to another project. No money remained for salaries, housing, or insurance—or to renew the visas of non-Chinese teachers. It was only thanks to the staff's loyalty that the school kept going until the end of the year.

2013

Much less than halfway through the year (as I write this article), it's too early to tell how my list for 2013 will fare. I've predicted, among other things, a rough time for banks, a doubling of pork or chicken prices, the bankruptcy of a brick-and-mortar retailer, and investment by European soccer teams in the Chinese Super League. The banks are indeed increasingly concerned that their wealth-management products are becoming a liability, and German retailer MediaMarkt has highlighted the challenges in retailing with its announcement that it is leaving the China market (following the closure by Best Buy of its branded stores in 2011).

We will need to wait until the end of the soccer season in Europe to see if its teams will invest in China.

WHAT I HAVE LEARNED

New Year forecasting is a widely practiced business art in most areas of the world, but in China it carries particular risks and rewards. Here are a few reflections to help leaders trying to plan ahead in this fast-changing land:

- As long as you are directionally correct, growth in China will make your predictions right at some point, and often very quickly. Having a sense for the pace of change is critical.
- Don't rely too heavily on government statistics. In the past, at least, the government struggled to gather qual-

ity data, and what data it had were often heavily massaged.

- Trying to forecast exactly when discontinuities will happen is a fool's game. But identifying what types of discontinuities will happen is a fool's game. But identifying what types of discontinuities could occur—and having a plan to deal with them if they do—is basic corporate responsibility.
- Volatility is a central feature of the Chinese economy. Consumers and businesses still overreact to signals to spend, to invest, and to cut back, so there will be unexpected jumps in demand—and setbacks. Don't forecast in straight lines.
- Economics is still economics in China. If something looks odd, it probably is. Find out why before you

forecast (or invest).

- It is more important for forecasting to be interesting—thereby encouraging debate, scenario planning, and a flexible mind-set—than comprehensive.

As for my own modest efforts, I have learned to live with the fact that public forecasts never disappear; people still circulate the old ones online.

So I'm developing a thick skin, while trying to balance my role as provocateur with my desire to avoid saying something today that will embarrass me in years to come. **CFO**

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Got a mountain to climb?

DON'T YOUR BIGGEST CHALLENGES AND GOALS DESERVE THE BEST HELP?



David Lim, CSP, is a Mount Everest Expedition leader and best-selling author of *Mountain to Climb*, *Against Giants* and *How Leaders Lead*. David is also an Associate Meta-Coach and a Certified Speaking Professional - one of the fewer than 11% of the 6000 professional speakers worldwide. Contact him now for a free consultation for your leadership skills and team development solutions.

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TECHNOLOGY AUTONOMY BOOSTS PROFITS

Profitability increases if employees are allowed to choose their devices and applications

WILLIAM ATKINSON

Many IT and business executives say their company's revenues and profits would increase by an average of about 25 percent if employees were given the freedom to choose their own devices and applications, according to a just-released report by Blue Coat Systems.

The report, "Security Empowers Business: Unlock the Power of a Protected Enterprise," is based on a survey of 1,910 IT executives and business executives from Europe, the Americas and Asia-Pacific. Half of the respondents are IT executives and half are business executives.

The Blue Coat report notes that, as the speed and functionality of different technologies rapidly improve, and their costs similarly decline, organisations' ways of working are changing substantially.

One way this phenomenon is manifesting itself in the enterprise is in the form of "technology autonomy"—the independence that employees and individual business departments seek in order to make their own choices about the technologies they use to perform their work.

Employees are increasingly demanding the freedom to use their own devices and mobile apps at the office, which is causing a disruption of IT.

"Users want the autonomy to choose their own devices, particularly mobile devices, believing that this will provide them with more efficiency and productivity," says Sasi Murthy, senior director of product marketing for Blue Coat Systems.

"They also want flexibility with the applications that they can use, even going as far as some cloud-based storage applications." Over the years, however, many

employees and departments have viewed IT departments as resistant to such autonomy, with some labeling their IT department as "The Department of No."

According to the results of the Blue Coat survey, though, this resistance appears to be steadily decreasing. The report notes that "such IT recalcitrance is fading fast.

CIOs and other senior IT leaders in most organisations are now convinced that according greater freedom to business units to select and acquire the devices and applications of their choice will enhance business performance."

The key survey results include:

- More than eight in 10 of executives believe that technology autonomy is critical if their businesses are to grow and become more efficient.
- Fifty-four percent of executives believe their revenues would increase and 50



As the speed and functionality of different technologies improve and costs decline, the way of working is changing.

percent believe their profits would increase, by an average of about 25 percent, if employees were accorded the freedom they desire to choose their own devices and applications. Only 35 percent believe there would be no change in revenues and profits.

- The majority also agree that the benefits of technology autonomy would well outweigh the potential risks, provided that enterprises take security, compliance and cost requirements into account.
- The recent flexibility that IT departments have been offering related to technology autonomy is borne out by the fact that only four percent of business unit managers now believe IT merits the reputation as the “Department of No.” Along the same lines, pluralities of business heads and board members say that “IT is a genuine partner in the business.”
- However, half of the respondents think that IT policies slow the business down. They say that restrictive IT policies hamper their organisation’s ability to innovate, improve customer service, and boost overall revenue and profitability.

So, while there is a sense that IT has become more flexible, there is also a belief that additional flexibility is needed. “These days, there is a shift going on at the C-level in organisations to help continue this trend,” says Murthy.

- IT management respondents broadly concur that IT should retain a major voice in decisions relating to mobile device provision, application selection, managing access to data, and accessing cloud-based services. Business management respondents believe there should be more collaboration about such decisions.

Of course, all of this raises the fundamental question: If IT allows more technology autonomy, how will the additional risk exposures be handled?

“IT is very concerned about this,” says Murthy. “There is acknowledgement among respondents that at-will consumption is already occurring, so the ‘cat is already out of the bag.’”

For example, it is a huge concern for IT that users are storing data outside of the IT network.” As a result, there must be appropriate ways to manage these security risks.

According to Murthy, one method is to be selective about what type of technology autonomy IT allows, such as limiting it to specific users, specific applications, and specific types of data. **CFO**

The article was first published in CIO Insight. More on www.cioinsight.com.

Eight Ways to Ensure Buy-In



ABOUT THE AUTHOR

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Keeping track of a few basics can help make your presentation on finances shine.

AS A DOMAIN EXPERT and professional speaker, I give about 65 paid presentations across the globe annually. These presentations help shift how people think, do and believe afterwards. It is like 65 performance appraisals in a year. Here, I want to share some ways to make your next presentation a smash hit.

1) YOU ARE THE MESSAGE

Sure, the slides and the contents may be important, but people are connecting (or not) with you while you are speaking. The tone and modulation of your voice can put to sleep or keep awake an audience. People don't sit through a presentation hoping the presenter will do badly. So right away dispel the nerves. The audience wants you to win.

2) KNOW THE AUDIENCE

It's not about "we" or "me" but "you". So use a lot of audience-centric language. Is it an audience of financial experts with whom you can share in great detail various nuances of accounting processes, as well as accounting jargon? Or is it a more general audience? Why should they care?

3) CLARITY OF PURPOSE

Why are you giving this presentation? If it is just for information sharing, you are better off giving them a handout with perhaps a 1-2 page executive summary

sheet highlighting the key points.

The biggest sin possible is financial experts giving presentations where they read off their slides with their backs to the audience, thereby breaking whatever little connection they had to begin with. And the numbers are cut and pasted from a spreadsheet making the audience in the middle and back of the room unable to read the numbers anyway. And worse, the audience can't decide if they should look at you and the screen. So, be clear of what you want to communicate, why, and why it should matter to them. Is there a call for action at the end of the presentation? So, if you say that your presentation is sharing this quarter's numbers then it is a totally lame reason and a waste of man-hours. Consider the possibility of presenting a one slide deck as a handout and a separate one for the presentation. This way, you cover the details, and can stay focused on the key points from a mass of data.



“In full-day programmes, the attention of an audience will ebb and flow depending on the time of the day and the quality of the speaker.”

4) WHAT AND WHY?

You should have a clear idea of what you will be presenting and why. If you can't find response to a little voice in your head saying “so what?” your presentation will fail. Make it clear and relevant to the audience. Make them care.

5) THINK OF YOUR AIDS

In most cases, presentation software like Powerpoint or Keynote might be used. Understand that these are just aids and are to help you win attention and illustrate difficult points more easily. They are NOT supposed to be a substitute for you being physical present and engaging the audience. Aids could also be a prop, something to use as an opening story. Stories are some of the best presentation aids. Stories can be compelling, suspenseful and mysterious, and the end can often be reserved until you have finished delivering the meat of the message. A prop could be a recent gadget, a keepsake or anything that can be woven into your narrative flow so as to improve it.

6) ANTICIPATE QUESTIONS

Imagine yourself as an audience member at a presentation where new wage structures are presented for the first time. You would have a lot of questions to ask, wouldn't you? Similarly, look at the outcome you want to achieve and anticipate possible questions. By rehearsing key answers, you can deliver succinct messages and not “um” and “ah”.

7) MAINTAIN ENERGY LEVELS

In most full day programmes, the attention quality of an audience will ebb and flow depending on the time of the day and the quality of the speaker. I often get thrust into the “Death Slot” at conferences. This is the 2.00-3.30 pm slot where the audience has had a heavy day of presentation sessions, and perhaps a heavy lunch. And now you have to go up and deliver a presentation on “Cross Border Tax Operations”. Imagine how you could improve their attention span by adjusting the programme content to fit certain talks at certain times of the day. My Lessons from Everest (and dozens of variations of it) is a hit in the “Death Slot” as it's largely visual, razor-focused on what my buyer wants to achieve with the group, plenty of relevant humour, and has a strong call for action at the end. I have ‘saved’ countless meetings’ by keeping the attention and engagement flowing strongly – until the next speaker.

8) CHECK IF YOU CAN SAY WHAT YOU WANT TO SAY

As the CFO, your words and comments can affect stock prices and analysts' thinking. Check with compliance and legal if you can touch on certain market-sensitive topics before heading to the stage. It's unsaid in this article, but consider practicing your speech before hand. Practice does not make perfect. It just makes you better. So remember, you're looking for success, not perfection. **CFO**

Lounge



This September it is time to zip around in the incredible **Audi R8 V10**. And if the restless spirit in you seeks a little quiet then take a stroll through the beautiful and busy city of **Prague**. Back home, if in the midst of business meetings in **Gurgaon** you wonder which way to head for some food works, then read on.



AUDI R8 V10

The Realistic Racecar

The Audi R8 V10 is a snorting monster which can also double up as a subservient pony if you so command.

Amit Chhangani

THE AUDI R8 has stupefied performance car lovers the world over. It's been one of the most applauded modern supercars in recent times. In the V10 trim, this exotic Audi takes the performance quotient a notch higher rivaling some of the most revered Italian supercars.

Powering the R8 V10, peeping out from under that glass window behind the driver is stuff legends are made of. The V10 mill, shared with the mad Lamborghini Gallardo tends a stable of 525 steeds – beastly,

impatient horses – with a hankering to rear up at the slightest opportunity. There is 530Nm of torque too, but it's the power figures which have us drooling at this instance.

Acceleration times correspond to the mad power figures. 0-100 km/h is disposed in a shamelessly fast 3.6 seconds, with a top speed of 314km/h. A sharp and swift shifting seven speed S-tronic transmission takes you up and

DID YOU KNOW?



Founded in Zwickau, Germany in 1910, Audi is based on the surname of its founder August Horch. "Horch", becomes "Audi" when translated into Latin. The four rings of the Audi logo each represent four car companies that banded together to create the company.





down the rev counter in probably the fastest way possible for an automobile.

As long it's kept in Sport mode, the R8 is an angry, snorting beast. There's just too much power and rev hungry intent there to facilitate tranquility. The visibility from the driver's position is limited to the front area. With its ultra wide B pillars, the rear left and right view is heavily compromised. That power-monging engine is extremely rev-happy, transferring large amounts of power to 43:57 biased axles almost instantaneously as you touch the accelerator pedal. Things get even trickier in wet conditions as the traction levels keep changing drastically at a very fast pace. So while the front right wheel is aquaplaning, the rear right one is just about to. The left front wheel is treading moist tarmac, while the rear left wheel is kicking gravel in a pothole.

In Sport mode, the behavior you witness from the R8's engine tranny combo is belligerence incarnated. The tacho needle kisses the redline faster than you could imagine in every gear. And with close to 550 horses at the ready, it means bloodcurdling acceleration. That V10 powerplant absolutely loves being held by the collar and made to scream. Throttle it relentlessly to the red line, shift higher, do it again, and the R8 V10 will rev all the way with almost the same manic alacrity. It's one crazy power plant!

And now comes the biggest surprise. The menacing, spooky, unrelenting face of the R8 has another side too. Angry and bloodthirsty when given the stick, the R8 is equally docile when put in the normal drive mode. The ground clearance is just about manageable for the Indian highways and the engine has enough grunt lower down the rev range to keep you pottering about without a worry in the world. The R8 V10 is the epitome of an everyday supercar – if only it cleared a little more of the ground, it would have taken even the disastrous Mumbai roads in its stride.

THIS ZANY CAR FROM THE AUDI STABLE—THE R8 V10'S ENGINE IS BELLIGERENCE INCARNATED



AUDI R8 V10

ENGINE:	5204 cc V10 Petrol
POWER:	525 bhp @ 8000 RPM
TORQUE:	530 Nm @ 6500 RPM
MILEAGE:	6.71 kmpl
TRANSMISSION TYPE:	7 speed S-tronic Auto Drivetrain Quattro AWD
PRICE:	₹1.8 crore ex-showroom

+

- POSITIVES**
- Powerful engine
 - Adapts to your driving skills with ease
 - Gear shifting is as good as it can get

-

- NEGATIVES**
- Ground clearance not ideal for Indian roads
 - Rear left and right view heavily compromised



The R8 is surprisingly sober from the inside for a supercar, especially for an Audi. The most eye-catching and differentiated bit inside the cabin, without a question, is the drive selector lever. The exquisitely crafted aluminum finish shifter stick looks more like a piece of art than equipment. With the beautiful R8 Emblem on top, it invites you to hold it even when the car is at rest.

Unlike the familiar, PRNDL layout for the drive selector, this one is different. You'll have to choose the A mode for Auto (Drive), push the lever fore and aft for manual gear selection, pull it to the right to engage Neutral, and pull it down further thereon for engaging reverse. The layout is different, but very intuitive and only takes a few seconds to get used to.

And just so you don't crib about not having the space to store your luggage, there is a boot too – in the place where you usually have your engine. The Audi R8 V10 has been globally acclaimed as one of the most accomplished supercars of its time.

At Rs 1.8 crore ex-showroom, it costs like one too. But if you want to get genuine two-door supercar looks and performance, that's about as economical as you could ever get.

The R8 V10 Plus is a thoroughbred with shiploads of emotional appeal and character. It's an authentic supercar in the truest sense of the word. **CFO**



EUROPE

Charming Prague

If there is one thing that Prague is short of, it is pretentiousness.

Marryam Reshii

“I’LL NEVER RUN into anyone I know,” I said to myself while packing my suitcase for a trip to Prague. Indeed, I had never even heard of the Czech Republic being touted as a trendy destination: all the glory seemed to belong to the other countries of Western Europe. By the first afternoon of my little holiday, I had met a couple of Gujarati-speaking girls who had scoped out every vegetarian eatery in town, a businessman from Delhi and his wife who had come to buy up as much Czech crystal chandeliers and tableware as they could fill their private jet (yes!) with and an excitable family of four who were trying to find a way of taking a picture of themselves with the famous clock of the town hall and without anybody else in the frame.

By the middle of Day Two, I had stumbled upon an ashram run by a Czech Krishna-bhakt. Complete with a courtyard where a (Czech) swami sat before an awestricken audience, it was like any other house in Paharganj, except that this was on the steeply sloping hill that led to the Royal Palace in a European capital!

The chief impression I have of Prague is music virtually spilling out of the most unlikely of places. Walk by an old church near the iconic Charles Bridge and you’d hear a double bass being tuned. Double bass in a church? Yes, and that’s because of the Czech propensity to think laterally.

And the retirees that you see all over the city, holding microphones, guitars and trombones—they are jazz musicians.



The average age of the musicians might be 70, but there was little comparison between them and a bunch of dadajis sitting on a Mumbai park bench whiling away the way hours between lunch and dinner.

Jazz appeared to be the music of choice in Prague much to my delight; in fact, what struck me forcibly was the quality of music that even street musicians turned out. Many of them had instruments that defied classification and appeared to be



LEFT: ONE OF THE MOST PHOTOGRAPHED SKYLINES OF EUROPE. IN THE FOREGROUND IS THE VLTAVA RIVER

BELOW: LOVELY CAFES WITH SINFUL PASTRIES AND COFFEE TO SOAK UP THE AMBIENCE



EXTREME LEFT: ACTION ON THE STREETS OF PRAGUE

LEFT: HERITAGE KITCHEN IN PRAGUE KEPT INTACT WITH A GREAT DEAL OF CARE

made of auto spare parts or metal objects of unknown provenance. However they were made, the artiste playing them could extract their fullest potential.

If you find Rome and Paris quintessential walking cities, you should find Prague child's play.

Within a five kilometre radius is almost everything a tourist will visit. On one side of the Vltava River is the Old Town, parts of which date back to the 11th century. On the other side, sprawling up a hill is the 'new' town, called so only by comparison: it is well over a century old, but compared to the other side of the river, it does seem brand new. You don't need to walk very far or very fast: beer bars, street cafes and outdoor eateries can be found every few steps. Pilsner and

Budweiser are the two most common styles of beer.

"Had the Czechs been half as savvy as we are, there would have been no question of us having used the Budweiser label back home," said a lanky American to me and my friends. We were sitting at the table with the best view in a Rick Steves-approved café on top of the same hill as the Royal Palace. He felt even more strongly about the label 'London Pilsner' which he insisted was a "mala fide juxtaposition of misleading names". Pilsner is a town in the Czech Republic. It was where a world famous style of beer has been made for over ten centuries now. The one charming aspect of the country is the patent pride they take in showcasing their food and drink. You'll see the tagline outside many of the restaurants that dot Prague "Authentic Czech cuisine". Others just showcase the hearty, unpretentious food of the country: generous cuts of meat, smothered over with a sauce and a couple of dumplings. Then, there are the farmers' markets with their accent on carefully tended fruit and vegetables.

There's only one thing you won't find in Prague: and that is pretentiousness. **CFO**

HOW TO GET THERE: There are a number of direct flights to Prague from major Indian cities including Mumbai and New Delhi.

CLIMATE: Prague mostly has warm temperate climate with warm summers and some rainfall in all months of the year.



NEW MEETING & EATING PLACES

A Bellyful of Gurgaon

Gurgaon, a part of Delhi NCR, with a range of corporate offices is a business hub, but look deeper and you will find it is also a centre for excellent food.

Kalyan Karmakar

A SLEEPY TOWN suddenly catapulted into a global hub, Gurgaon often leaves you with the feeling of it being a petri dish lab experiment. You will see impressive glass buildings and then vast expanses of emptiness around them. Huge manicured roads with massive traffic snarls, a never-ending stream of crowded modern malls connected with barren streets, modern metro tracks soaring over dusty roads and an impressive expressway connecting it to Delhi struck by logjams at the toll booth. If there was ever a place that was characterised by dialectical extremes, it has be Gurgaon.

Working in Gurgaon comes with its challenges and one of the biggest is where to grab a bite. Gurgaon loves its Asian food and you will come across a huge range of Asian restaurants often serving very localised, read chilli-doused, Asian dishes. One of

the most notable office complex restaurants in Gurgaon is Nooba at DLF Cyber City.

Nooba stands out amongst the rest, thanks to its 'expat' menu. This is a menu consisting of dishes catering to the Chinese who work in Gurgaon. It is much shorter than the 'regular' menu and has fewer dishes that are described in very basic terms such as 'pork/chicken in chilli and garlic' or 'fried prawns in egg yolk' and so on. However, if you do order such a dish, what you get is a beautiful rendition of a Cantonese-styled dish with great flavours in the sauce and beautifully cooked pork interspersed with shiitake mushrooms in it. Very different from the local Chinese fare in Gurgaon but for the hidden touch of the fiery chilli in the dish that reminds you that you are, after all, in the heart of North India.

If you have some time to spare in search of a nice meal, Sector 29 in Gurgaon is a good place to head to. It's an 'un-mall' in Gurgaon. A huge courtyard-cum-parking lot surrounded by buildings that house restaurants. Most of these are chain restaurants which range from Spaghetti Kitchen for middle-of-the-road Continental to Sagar Ratna for Delhi's favourite South Indian



fix. Sector 29 is also where a medley of stand-alone restaurants keep opening and closing, so be ready for surprises if you land up at Sector 29 after a while.

While Gurgaon has loads of Asian restaurants and a few European ones, the quality of food could often leave its globally-travelled clientele underwhelmed. The one truly international restaurant that stands out amongst these is Gung: The Palace. Gung is the Gurgaon branch of the popular family-run Korean restaurant in Delhi. Once you step in, a Korean hostess will come up and ably guide you through the menu. A huge array of kimchi (Korean cold salads) is set out on the table once you settle down. If you are a bit adventurous with meat then Gung is the place to experiment. Their pork belly in red paste can match up to the best in the world.

If a Korean meat odyssey sounds a bit too far-fetched for you, then head to Pind Baluchi, a part of the Delhi-based chain, for some great desi Punjabi khana. Stick to the basics and chances are that you will come out beaming like Dara Singh twirling an imaginary moustache.

Or you can walk slightly across the periphery of Sector 29 for a coastal South Indian fix at Swagat. Their chicken stew and appam are likely to find the approval



↑ CHINESE, KOREAN AND THE ENTIRE SPECTRUM OF INDIAN CUISINES, THE OPTIONS IN GURGAON ARE SIMPLY MOUTH-WATERING

GURGAON'S FOOD SECRETS

NOOBA: DLF CYBER
CITY, 0124 4147889
AUTHENTIC Chinese

GUNG, The Palace:
CITY CENTRE,
NEAR CROWNE
PLAZA HOTEL, 0124
4383101
KOREAN food

KASHMIRI KITCHEN:
NEAR GHITORNI
METRO STATION,
011 30146022

HMMMUTTON:
TWEET @RATHIN-
MATHUR FOR
TAKEAWAYS



← THE EATING JOINTS IN GURGAON OFFER GREAT POSSIBILITIES FOR THE GOURMAND. THE EXPAT MENU IS WORTH A TRY FOR THE AUTHENTIC TASTE IT OFFERS

of many a Keralite. If you have some time in the evening and want to indulge in a beautiful Kashmiri dinner at a family run restaurant, then get to the nearest Metro station and take the train to nearby Ghitorni.

Kashmiri Kitchen, just outside Ghitorni station, is a tiny restaurant run by two lovely ladies Pearl Khan and her mother Qamar Khan. This is a good place to get a taste of typical Wazwan dinner. From great kebabs and fried tabak maaz to wondrous meatballs rishta, gustaba and lotus stem curry and rajma - all make for a great meal. Do end with the wonderful firni made with Qamar's special recipe.

Too busy or tired to get out in Gurgaon, then do try Rathhin Mathhur's Hmmmutton, which has become a quite a rage in the Gurgaon social media circle recently. You can tweet Rathhin at @rathinmathur to place an order of his unique mutton dish. Last heard, he also has a Gorkha chicken dish coming up.

Yes, Gurgaon can both be exciting and maddening to work in. However, there is no reason why you can't be a worker bee and eat well at the same time. Once you step out and begin to explore, you will find Gurgaon waiting to feed your fancy. CFO



HOT SPOT

BlackBerry Q10

The luxury keyboard model?
Robert Sovereign-Smith

THE BLACKBERRY Q10 is currently the most expensive BlackBerry there is, but that does not make it their flagship model. While the Z10 is more of a mainstream phone, this is a more targeted device.

The keyboard on the Q10 gives one of the best typing experiences in a current generation phone. Laid out in very geometrically correct, straight-lines, there's no upward curve to the keys like on previous BlackBerrys. There's no optical trackpad, Menu, Return and call and disconnect buttons either. However, the keys are backlit, and sculpted perfectly for those who use both thumbs to type.

It's a good-looking phone, and has the feel of a premium device – it has a metal frame and four additional metal struts for support. We dropped the phone inadvertently a few times, and there wasn't a scratch to be found. Call quality is better than the Z10.

With a 2100 mAh battery, the Q10 will get all but the super-heavy-duty users through a day of use. Camera quality is excellent if you shoot in the day time or well-lit conditions. Browser performance is top-notch, but you will have to use the Reader mode to read a lot of text online.

Recommended only for BlackBerry loyalists who want a great keyboard, are willing to give up the screen size, and have a big wallet.

SPECIFICATIONS

1.5 GHz, dual-core Snapdragon CPU; Adreno 225 GPU; 16 GB internal memory; 3.1-inch AMOLED, 720x720 (329 ppi); 2G/3G/4G global support; 35-key QWERTY hardware keyboard; Micro-SD card slot (up to 32 GB); 8 MP rear and 2 MP front cameras; 2100 mAh battery; BlackBerry 10.1 OS

PRICE: ₹ 44,990

NEW LAUNCHES

Amazon Kindle Fire HD

Technically an Android device, Amazon has skinned the Kindle Fire HD's interface heavily.



Its 7-inch IPS display does very well in terms of colour reproduction. The Kindle has a distinct advantage over rivals in text rendering, crispness and readability over the iPad Mini. It also comes with Amazon's ecosystem of apps, books and entertainment. Price ₹ 15,999

Samsung Galaxy Note 510



The Note 510 brings with it a slew of features found on the Samsung Galaxy Note II. Compared to the iPad mini, it has voice calling, a better display, the S Pen shenanigans, expandable storage, multi-window capabilities and the Android OS. Overall, the Note 510 is a great performer but with lacklustre build. Rs. ₹ 29,900.

ZOTAC ZBOX NANO ID65 PLUS



Barely the size of a tiffin box, the ZOTAC ZBOX NANO is a tiny PC that packs in an impressive i7 processor and 4GB of RAM coupled with 500 GB HDD. Absence of a GPU, however, leaves little option for gaming. The PC is powerful, scoring 6920 in PCMark Vantage and 6290 in Cinebench's GPU tests. Those looking for a tiny but powerful PC will not be disappointed. Price ₹ 49,389.

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Dance Lessons and Business Partnering



Business partnering is a choice. It requires willingness on both sides and shared understanding of the fundamentals of the business. Some organizations want to keep Finance at a distance in limited roles. For them, partnership doesn't really enter the picture. Business partnering is a lot like dancing. Do it right, and it looks effortless—graceful and smooth. Do it wrong, and you are likely to step on someone's toes. Some interesting ideas on both:

It's back in the spotlight

If the finance team is talking about branching out in search of opportunities to add value, make sure that effort starts with a clear aim in mind. Examples business leaders shared with us occurred at moments like investment decisions, business restructuring or strategic cost analyses.

Seize the opportunity

Finance leaders worry that their organizations are being marginalized as technology continues to deliver more value. They're right to worry—especially if they're not making the most of their

new opportunities to offload routine, lower-value tasks in favor of more strategic business partnering activities. One focus area is technology itself. Finance has a big role in determining how new systems are configured. This is a major opportunity to refocus the finance team.

The wow factor

"Wow" happens when finance goes beyond delivering numbers to providing insights that help leadership decide. It also happens when Finance helps make strategic projects successful.

Eagerness and professionalism

Business leaders look to finance partners for the rigour and objective professionalism as well as their practical knowledge of the business. And if Finance fails in the task, they will simply fill the void with experts from elsewhere.

Some attributes required for the job

- Experience - Proven, experienced and knowledgeable professionals
- Curiosity - Constantly asking "why" questions, always eager to understand how things really work
- Capacity for surprise - An openness

to new possibilities

- Courage - Able to deliver hard news and take unpopular stands. A good understanding that risk is just one more aspect of business
- Ethical standards - Unwavering
- Open and accessible - Eager to listen, willing to make time.

Move in. And then move on.

Leaders expect finance to get close to business. Literally. Active learning and collaboration that come with colocation with key business leaders/teams and physical proximity is important.

Pick the right partners

Good business partners are hard to find, and the competition for their skills can be intense.

Take a walk

Understanding the business requires going beyond all the meet-and-greets to get the real story. Talking to people working at the very front lines of the business. Seeing the sites that show up as bullet points in presentations. Even contacting customers directly to hear their perspectives.

Employer Retirement Provisions

Chitra Jayasimha,
Senior Actuary, Mercer



— **Chitra Jayasimha**, Senior Actuary,
Mercer

A retirement plan is a financial arrangement designed to replace employment income upon retirement. These plans are typically set up by employers. The Indian government has expressed desire to encourage responsible retirement planning by granting favorable tax treatment to a wide variety of plans. Employers are concerned about providing retirement benefits due to inherent long term risks which may have significant financial impact.

Retirement provisions, in India, mainly fall under four categories. These are civil service and military pensions, statutory pension scheme and provident fund scheme for organized sector workers, voluntary savings schemes for self-employed and unorganized sector workers and targeted social assistance schemes and welfare funds for the economically poor. Mandatory statutory retirement benefits provided by an employer are the Employees' Provident Fund (EPF) Scheme and the Gratuity Benefit Scheme.

Many employers, in order to provide employees with adequate retirement

incomes, voluntarily provide pension benefits beyond the mandatory EPF and Gratuity Benefits. In such cases, the schemes are not subject to any statutory constraints, hence are flexible and can be designed to meet the degree of risks the employers can undertake.

Retirement plans are classified as defined benefit (DB) or defined contribution (DC) depending on how benefits are determined. A DB plan calculates benefits using a fixed formula that typically factors in final pay and service with an employer, and payments are made from a trust fund specifically dedicated to the plan. Under DB plans, the employer's obligation is to provide agreed benefits under the scheme to its employees. In this case the actuarial risk that the benefits will cost more than expected and investment risk that the fund will generate lower returns than expected will fall upon the employer. In a DC plan, the payout is dependent upon the amount of money contributed into an individual's account and the performance of the investment vehicle utilized. Under DC contribution plans, the employer's obligation is limited to the amount that

it agrees to contribute to the fund as a result the actuarial and investment risk that the benefits will be less than expected and the investment risk that the funds will not generate sufficient returns to meet the expected benefits will fall on the employee.

In DB pension schemes, a major risk faced by employers is the final salary linkage to the benefit. Other risks are related to investments, accounting standards, longevity, legal / regulatory and taxation. The investments held by retirement benefit schemes in India are low-risk which is a result of investment rules for income tax approved schemes. However, the main risk here is not the protection of capital, but the returns earned on these investments which may be low and not adequate to meet the liabilities. Significant risks specific to India arises from the lack of scheme assets to provide hedge against inflation, term of available assets being shorter than the term of liabilities and credit risk of those bonds not guaranteed by the central government.

Views expressed here are personal. Chitra can be reached on chitra.jayasimha@mercer.com



What comes first: desire, decision, or data?

That the economy has never been worse in recent memory is, now, a widely believed truth. The UPA crusaders who attempt to defend this indefensible reality, point out to a time during the 1970s and '80s when poverty and deprivation were far higher in absolute terms. That is true. But it is equally true that several policy-makers didn't know better then and citizens didn't expect much more either. This time round, India's government has the distinction of destroying lives and businesses through lethargy, indecision, corruption and continued 'unthinking populism'.

On its part, the two things the UPA-II believes it will reap the benefits of are NREGA and the Food Security Bill. Both are, by most measures and analysis, vastly detrimental to the health of the economy and in the longer term, to the social fabric. To be assured of money and food, without any real *quid pro quo*, cannot possibly be a healthy sign for a growing economy with large number of people that it wants to see educated and productive. But that's what is fascinating about 'unthinking populism'. In a large and messy democracy could we wish for the absence of populism? We could, but unlikely that we would see it come true.

What we could hope for, though, surely is some 'thinking' – with respect to both populist as well as development oriented policies. That brings me to the



crux of what I want to talk about today – the importance of the information we have at hand and the need to use it judiciously in terms of what we do.

Suddenly 'big data' and 'analytics' is a large part of the conversation. Some of it relates to the application of analytics to government and citizen services: from national security and avoiding terror at one end, to populist schemes at the other. In each case, there are unimaginably large volumes of data at hand. As an example, terror organisations use telecom and banking networks regularly. To track and spot aberrations in phone usage or money transactions that could lead to a timely action to stop terror, consider the amount of data that needs to be analysed 24X7 – how many banks, transactions and phone records?

On the other hand, there are development schemes announced by the Government that are completely blind to the reality. Take the promise of free

power to farmers, which for decades deprived them of any power at all.

At the macro level, policy changes have been announced to attract foreign investment into various sectors. This is easy to do with the stroke of a pen – but India is still waiting for these policy shifts to show results. Investors aren't coming in droves and that's because many other necessary conditions for investment attractiveness are not being met. For us to get our policy framework right, we must understand what drives behaviour and how different parameters are correlated. Are we incentivising the right things? Of course we need data to get to that point and therefore what data we collect, what information we draw from it, how we design policies based on our information and how we monitor and evaluate to ensure that we are tracking against our objectives become critical. Getting this spot-on, is fundamental to offering quality government and citizen services.

But before everything else we have to be clear on what we want. A schizophrenic government that is ambivalent about growth will not be any better off with big data and analytics. This is where I stand, but what do you think?

Anuradha Das Mathur, Editor, CFO India

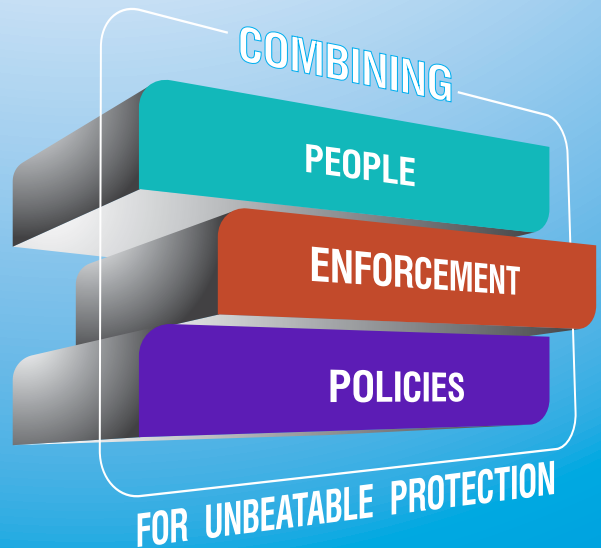
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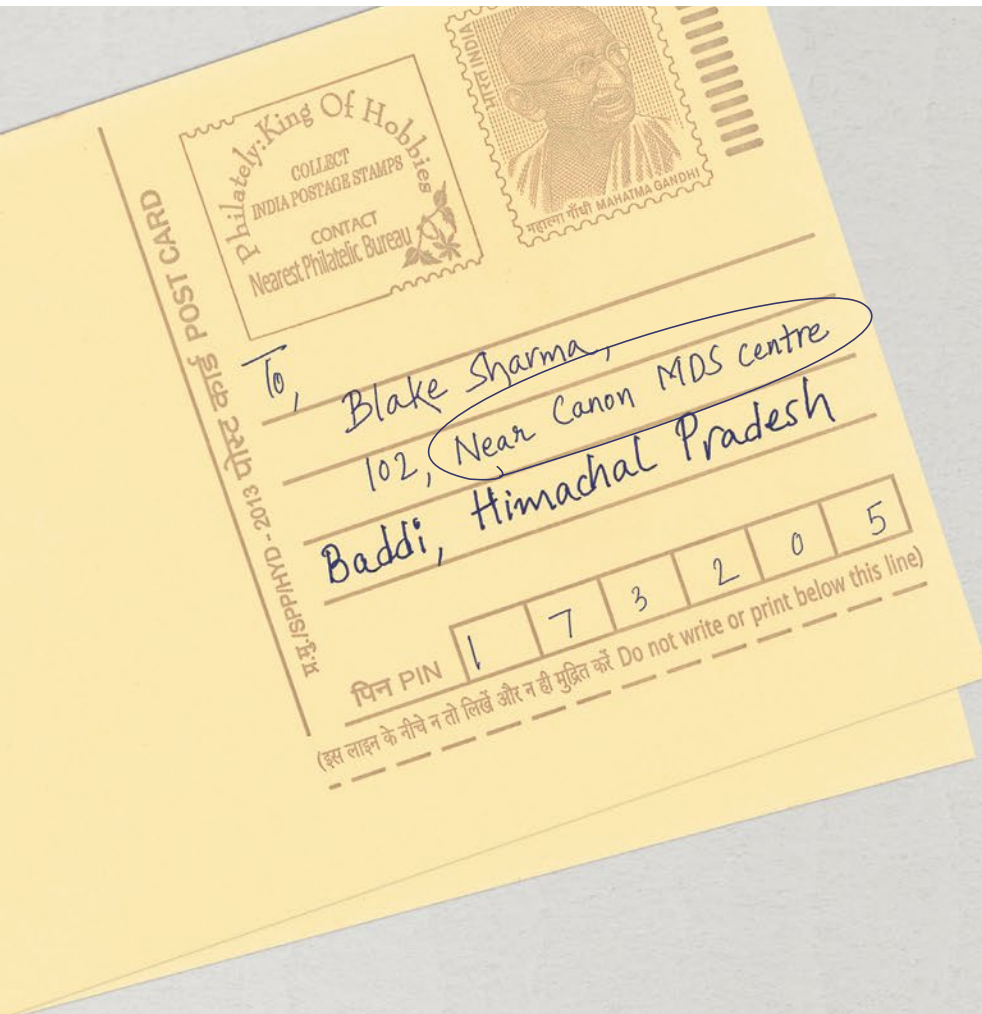
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