



Insight

Volume 1 | Issue 1



Ritesh Dwivedy
CEO,
Just Eat, India

**JUST
EAT.IN**

www.justeat.in

Table of Contents



02

Editorial



04

Changing the Way India Orders Food Online



06

E-Commerce Marketplace in India Leads Online Retail Transformation: A Dell Case Study on Flipkart Transformation



08

The Commerce behind Indian E-Commerce



Editorial

The rise of digital commerce

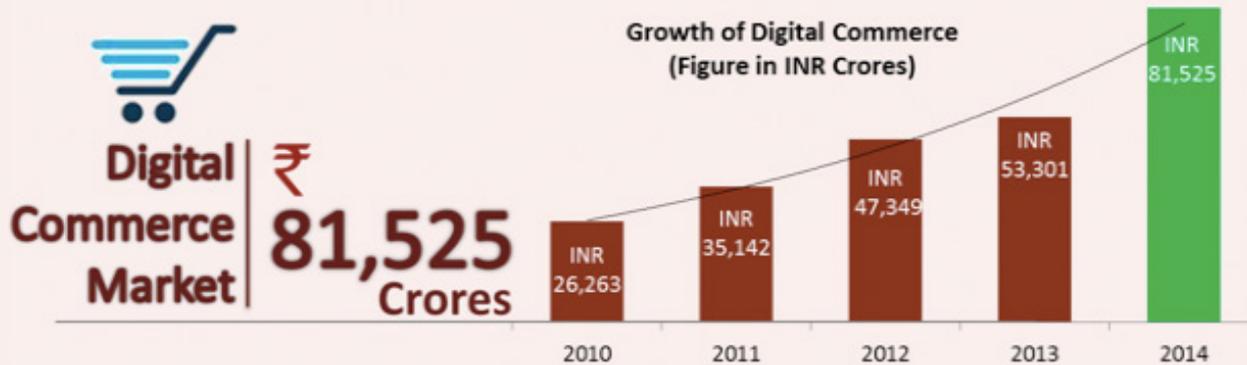
The Internet and e-commerce has changed lives and revolutionized businesses. While consumer Internet companies (and mobile apps) are making our lives better; in parallel SAAS providers are helping enterprises remain lean and focus on their core business. According to the latest report by IAMAI and IMRB International, the Indian e-commerce industry is expected to grow at a rate of 33% and cross INR one lakh crore (US\$16.3 billion) by the end of 2015.

New world order leads to newer conversations

This upwardly growth comes with a new set of opportunities for collaboration and peer-learning, especially when this industry is relatively new and uncharted. Hence, at CIO Association of India, we are excited to launch this unique initiative: eMavericks - New Wave of Online Businesses - powered by Dell.

eMavericks aspires to build a forum for engagement for

- Startup founders and top management of online businesses (including aspiring entrepreneurs)
- Investors (Angels, VCs, and PE firms) who are fuelling the growth of these online businesses
- CIOs and CXOs of established companies who are taking their brick and mortar businesses online



Source: IMRB I-Cube 2014, All India Estimates, December 2014

eMavericks Insight

eMavericks Insight, a monthly newsletter, is the first step in this direction. In the inaugural edition of this newsletter we bring to you a very candid conversation with Ritesh Dwivedy, CEO of Just Eat India – one of the India’s biggest online food ordering success story.

We follow it up with Dell-Flipkart case study, which shares how Dell delivered a private Cloud for Flipkart online marketplace. We

also carry Suvir Sujan’s blog post - The Commerce Behind Indian e-Commerce.

CIO Association of India (CAI) is one of India’s largest communities of Chief Information Officers and IT Heads in the country. CAI executes very exclusive CIO Events; run India’s prestigious CIO Education and CIO Awards Program and conducts CIO Research among other initiatives.

Dell pioneered the e-commerce concept in 1996 when it opened its website for

e-commerce. In 1997 the company recorded \$1 million in online sales. By 2000 the company’s Internet sales had reached \$50 million a day. Today Dell is large integrated IT company and has provided technology solutions to Flipkart, MakeMyTrip, AliBaba, eBay, and Shutterfly among many others in the online space.

We look forward to your enthusiastic participation in eMavericks. Do write back to us. Thank you.



Amarinder Singh
Chief Involvement Officer,
CIO Association of India



Ranjit Metrani
Director & General Manager,
Dell India

Changing the Way India Orders Food Online



Ritesh Dwivedy
CEO, JustEat, India

1. From Hungry Bangalore to Hungry Zone to JustEat to now being part of Foodpanda, how would you summarize the journey? Could you share some of your key learnings, especially in managing transitions and scaling business?

The journey so far has been nothing short of amazing. JustEat, which began in 2006, was earlier known as Hungry Bangalore. It was founded on the idea that if a consumer could book tickets online, find a soulmate online, buy apparel, and electronic goods online, then why not order food online and from within the comfort of their home? It was this simple thought of offering convenience in online food ordering which made us embark on a mission to change the way India orders food.

We have grown from a partnership of just 400 restaurants in 2008 to over 3,000 restaurants in the last few years. Post the Foodpanda acquisition, we have expanded our footprint across the country, with a combined

entity that is present in 200 cities in India and has over 12,000 restaurants on board.

Though the last nine years have been a mixed bag of ups and downs, we have got to where we are today because we believe perseverance is the key. If you have good, hardworking people on board, success is within reach.

As far as scaling up the business is concerned, we are taking a measured approach to integrate the functions at all three companies (Foodpanda, Tastykhana, and JustEat). Though there is an overlap of products, markets, and customers, each company has its strengths, and that is what we are working on integrating. The process of transition is underway and has been smooth enough to ensure the creation of a global online food takeaway group. We aim to further strengthen our position as the largest online and mobile food ordering service in India.

2. What are the key operational and technology challenges in the online food ordering business, especially in the Indian context, how did you overcome them?

Our greatest challenge was to bring delivery restaurants into the 21st Century. That means getting them to embrace technology, understand the importance of on-time delivery and great customer service. In an industry where 1 in 6 restaurants go out of business within the first year, we want to support them in many ways, and not just by giving them orders. Secondly, getting customers accustomed to online food ordering

was a challenge. People are used to ordering food on the phone. But we wanted to change that by providing a rich and smooth ordering experience. We only have 30-60 to minutes to get the food to the customer, which means we have to be operationally efficient to achieve this.

3. How has the technology adoption by restaurants changed over a period of time?

Restaurants have been slow adopters of technology, but a few of them are breaking this norm. While some restaurants today have tablet-based menus where customers can pick out the dishes they want rather than read through 4-5 pages of a menu card. Few others such as fast food restaurants have digital menu boards that help them change menus and prices much easier than manually changing prices and items.

From the delivery point of view, we have seen more and more restaurants enabling mobile ordering. There has also been an increase in the usage of ePOS systems and online delivering which gives them incremental business when compared to dine-ins.

4. How does it differ to serve a customer on mobile vis-a-vis web? How do you get more users to download your mobile app?

Mobile is rapidly becoming a preferred choice for consumers for its ease. We have seen youngsters increasingly spend more time on their phones than on their desktops. Our observation is that bachelors and young couples between the ages of

25-35 make about 79% of their orders on JustEat mobile apps.

Another interesting trend to note is that in while January 2014, our mobile orders were 30% of overall orders, as of January 2015, it's close to 70%.

We run affiliate campaigns for app promotions, send out SMSes, and mailers. We offer app-only discounts and even do social media promotions.

5. What are your key monetization models?

Our monetization model has three parts to it

- (a) Commission from restaurants on the order volume
- (b) Sign-up fee from restaurants, and
- (c) Revenues from advertising

6. How big is the online food ordering market in India? How are you gearing up for the next phase of growth?

In India, the online food services market is valued at over \$14 billion. We believe our partnership with Foodpanda will help us provide an even better service to our customers in India. Together with TastyKhana and

FoodPanda, we will now be present in over 200 cities and partners with over 12,000 restaurants.

7. We are seeing lot of new start-ups in the food space, be it healthy nutrition or hyper-local deliveries. How do you see this space evolving in the near future?

Yes, there has been a surge of new entrants in this space and, at the moment, there is tremendous growth potential. We think that smaller players may choose a partnership model with bigger players a way of countering competition. There will also be immense focus on mobile-first strategy as more and more consumers are ordering on mobile, which accounts to about 70% of the orders.

8. What advice would you like to give others who are starting to either build an online business ground up or taking their brick and mortar businesses online?

Starting an online business today has huge growth potential as the e-commerce industry is one of the fastest growing sectors in the country. Therefore, it's a must to build a good team that complements each other and not have friends on board just



because they are good people. One must have a clear leadership and conflict-management method planned from day one. There is absolute need to bring good investors on board, i.e. people who have a clear understanding of the business needs and who support the founders through difficult phases. Get those with a never give up attitude on board.

If the current idea doesn't make sense, never feel shy of pivoting. Lastly, one must settle for a great product and market it accordingly, finding the best model to grow revenues faster.

9. Could you provide a list of funding received and acquisitions so far?

The initial fund that we received from the Indian Angel Network helped us expand to other cities set up a strong foothold in these cities, and in scaling our business further. A significant development occurred on 17 January, 2011 when we announced our partnership with JustEat. In November 2013, we raised a third round of investment from India-based value-added private equity fund manager Forum Synergies, renowned global investment company Axon Partners Group, and JustEat Holdings. And now as you know, in January 2015, we are part of the Foodpanda family.



E-Commerce Marketplace in India Leads Online Retail Transformation

Flipkart grows exponentially after launching a marketplace platform built on highly scalable and high-performance infrastructure

Customer Profile



Company	Flipkart
Industry	e-Commerce marketplace
Country	India
Employees	>6,500
Website	www.flipkart.com

Business need

To capitalize on its leadership position within the growing e-commerce market in India, **Flipkart** needed an agile and experience technology partner to support its online retail expansion.

Solution

Working with Dell since its inception, **Flipkart** delivers its private Cloud for its online marketplace with Dell PowerEdge servers.

Benefits

- Platform supports 10 times increase in traffic volume due to scalable architecture
- Marketplace model thrives with high-performance infrastructure
- Partnership delivers confidence in new online market
- Leadership position secure within increasingly competitive online market
- Solutions featured
- Cloud computing

Data center virtualization

- Deployment services
- Support services

Established in 2007, Flipkart has millions of customers making purchases through its e-commerce. By offering a wide range of products at competitive prices, along with unparalleled customer service to India's growing population of consumers shopping online, Flipkart has capitalized on its position as a market innovator to become the trusted e-commerce platform for India's consumers and merchants.

From its initial beginnings as an online bookseller, Flipkart sought a long-term technology partner who could help the company recognize the potential of online shopping within a country where increasing internet penetration was gradually shifting India's consumers towards digital commerce. Sumeet Ghosh, — Head of Engineering, Operations, and Infrastructure at Flipkart — says, "When Flipkart was launched, we needed to overcome a number of challenges relating to the availability of internet and infrastructure services in India. When we saw the potential to become an e-commerce marketplace, we realized we needed a technology partner who was extremely agile in their delivery and support."

Partnership delivers confidence in new online market

With the adoption rate of cloud-based platforms still in its infancy in India, Flipkart turned to Dell to provide the infrastructure to run its e-commerce business within a private Cloud. "We wanted a partner who had strong technical capabilities and deep insight into how the industry works. When Dell came to see us, we got excited about how the infrastructure could deliver our

e-commerce plans. It was clear that with Dell's support we could increase consumer confidence in online shopping in India," says Ghosh.

Marketplace model thrives with high performance infrastructure

From the warehouse and supply chain, right through to its payment processing platform, Flipkart's private Cloud infrastructure powers the business and is built on Dell PowerEdge C-Series and R-Series servers. With Flipkart using an open source Linux operating system, the servers were built to Flipkart's exact specifications through Dell Deployment Services Enterprise Configuration, which configured and then tested the hardware on the company's operating system.

Flipkart has a robust, high-performance e-commerce marketplace where consumers currently access 17 product categories across thousands of brands and sellers to compare prices, products, and service quality. With a highly responsive business model that benefits from fast-delivery times for equipment and quick expansion of its virtualized infrastructure, Flipkart remains focused on improving the user experience and attracting more customers to online shopping. Ghosh says, "We have always prioritized the satisfaction of our customer's experience on the site. With the Dell infrastructure, we don't worry about bottlenecks in performance and whether our applications will meet demands from heavy traffic. Instead, our business leaders can focus on bringing in as many customers as possible because we can guarantee a consistent level of service to our users."



“Agility is a key business differentiator when it comes to encouraging the India market to shop online. With Dell, we can add hundreds of virtual machines within a couple of minutes to meet a predicted increase in traffic volume, then automatically reduce the number to ensure we maintain our energy efficiency at all times.”

Sumeet Ghosh,
*Head of Engineering,
 Operations, and Infrastructure
 Flipkart*

Platform supports 10 times increase in traffic volume due to scalable architecture

Scalability is critical when traffic can increase up to 10 times during peak times due to festive or sale periods. As the company’s infrastructure is located within a co-location center, deploying high density servers featuring enterprise-class cooling and low power consumption

means Flipkart maximizes the cost efficiencies. Flipkart can quickly add virtual servers and balance this demand when the traffic decreases. Ghosh says, “Agility is a key business differentiator when it comes to encouraging the India market to shop online. With Dell, we can add hundreds of virtual machines within a couple of minutes to meet a predicted increase in traffic volume, then automatically reduce

the number to ensure we maintain our energy efficiency at all times.”

To meet the needs of its growing number of customers, the company realized they would need to protect its infrastructure from the risk of downtime. With headquarters in Bangalore and its infrastructure located in Mumbai and Chennai, having access to efficient postsales support across several geographic locations was a core priority. Flipkart has Dell ProSupport with Mission Critical 4-Hour Onsite Response service to guarantee uptime in the event of any issue. Ghosh says, “We selected Dell because the company is known for its proactive support. We use a combination of internal team members and Dell to provide our customers with a high level of service regardless of when they choose to shop. The needs of our complex environment are always met because of Dell ProSupport.”

Leadership position secure within increasingly competitive online market

With a goal of maintaining its leadership position, data storage is a critical concern for the Flipkart online marketplace. “We have a requirement to ensure we maintain our strong position as the e-commerce marketplace leader in India as the market grows increasingly competitive. Due to the customization that is possible and the unparalleled support we receive, we want to continue and build on our relationship with Dell,” says Ghosh.

Technology at work
Services
Dell Deployment Services
Dell Support Services
• Dell ProSupport with Mission Critical 4-Hour Onsite Response
Hardware
Dell PowerEdge C8220 servers
Dell PowerEdge R820 rack servers

The Commerce Behind Indian E-Commerce



Suvir Sujan is the Co-Founder of Nexus Venture Partners.

Suvir has been an entrepreneur and one of the pioneers of consumer Internet in India. Suvir has been Co-Founder and Co-CEO of Baazee.com, the leading online marketplace in India that merged with eBay in 2004 to form eBay India. Post the merger, Suvir was Country Manager, eBay India and Regional Director, Asia Pacific, PayPal. Suvir has also worked as a Management Consultant at the Boston Consulting Group. He began his career at Nortel Networks.

Suvir has an MBA from the Harvard Business School, where he was the Co-President of the South Asian Business Association, and a BS in Electrical Engineering (High Distinction) from the University of Maryland. He is a charter member of the Internet and Mobile Association of India and a mentor to several entrepreneurs in the consumer services sector in India. He has also served on the board of the Global India Venture Capital Association.

I see a lot of promise on the Indian e-commerce front! Consumers shopping online is growing exponentially and mobile-driven commerce is accelerating. Companies like Snapdeal and Flipkart are becoming household names. But what is forgotten in this e-tailing revolution are the unsung heroes — the e-commerce enablers — most importantly logistics and supply chain/inventory management.

Let's run through the process: assume a consumer buys a product from an e-commerce site and chooses the cash-on-delivery payment option (which is still the predominant payment method in India), opting for one-day delivery.

How does the e-commerce vendor manage its orders? How does the vendor manage the warehouse? How does a vendor manage suppliers and get

inventory in a timely fashion to be shipped to the consumer? If a customer pays cash, how fast and securely does the cash reach the e-commerce vendor? This is where the e-commerce logistics companies like Delhivery and iinventory/order management software companies such as Unicommerce come into play. They are the less talked about heroes that facilitate the trade or in other words, they are the 'commerce' in e-commerce!

Just like the tower companies and other mobile telephone equipment companies powered the infrastructure revolution in the wireless telecom space, logistics companies will drive a revolution in the e-commerce infrastructure space over the next decade. In other developed economies, some of the basic infrastructure around logistics and retail technology was already in co-existence. E-commerce players had to solely focus on building out the front-end by plugging into the existing infrastructure. India, though, is seeing e-commerce players and infrastructure companies growing simultaneously and adapting to each others' needs as they scale to form a robust ecosystem.

This article was originally published at: <http://indianvc.blogspot.in/>



CAI

CIO Association of India

P1, Gem Wellington, Old Airport Road, Bangalore – 560017

Amarinder Singh | amarinder@cioindia.org | +91 9343171420 • Ranjit Metrani | ranjit_metrani@dell.com | +91 9686862278