*Anil Sharma

How do you Ride the Digital Economy?

Digital technologies have tremendously impacted our lives and the way we conduct business. Coping up and fine tuning existing business practices in the environment that is increasingly digital is the paramount concern of all CEOs and business leaders. This presents a dimension where businesses are faced with the most potent threats and disruptions withpotential opportunities to boot.

Consider this - 52% of the Fortune 500 companies have disappeared from the list since 2000 - as was noted in the World Economic Form'17. Their demise/acquisition/withering away is largely attributed to the Digital driven business models.

Large corporations on the benchmark S&P500index had a 61-year average index tenure during 1958. This tenure has dropped down to 25 year average by 1980 and further down t0 18 years by 2011 – according to research reports. This trend hasn't abated and economy leaders promote this period as the "*Fourth Industrial Revolution*". This is increasingly acknowledged as the period where one can see rapid and ubiquitous adoption pf digital technologies. The resulting impact on society and individualsis deep and lasting as those that adapt could survive and possibly thrive.

Executives and leaders will need to drop the inertia towards new learning and rapidly adapt to the changingenvironmentto enables themselves to shape their destinies – rather than be affected by the tsunami of digital economy. Let's walk through key steps to take us through this transformative period and you may add more to this list.

1) Building alliances

The digital connectivity allows organizations to partner and collaborate with specialist input providers and allow the organizations to focus on their core competencies. Specialist service providers provide inputs that are crucial for a successful delivery of services while companies take charge of their innovation pipeline. Business will need to respond and move from siloed and fixed processes to a dynamic network where the customers are served in an omni channel - digital and physical environment and the suppliers have a stake into your IT and procurement network basis quality data on consumption patterns.

The biggest examples are that of disruptors who are upstarts in there volutions:.

- The largest Taxi (Uber) company relies on alliances - does not own cars.
- The largest Media company (Facebook) does not generateits own content.
- The most profitable smartphone company (Apple) does not own its factory.

2) Talent based outsourcing

As new networks and apps emerge to foster inter connectivity in the gig economy, companies can increasingly rely on sharing work outside their four walls to free agents and talent networks and this allows companies to decentralize their innovation engine. Talent based outsourcing is the latest buzz and trends in the US economy show that up to one fifth of the talent is available on interim assignment basis with the graph only increasing. The best person for an interim assignment could be available locally or in India / Asia as technology makes it easier for companies to open up interim assignments and demand services without the fixed cost of a full-term employee.

The Talent based outsourcing concept offers a collaboration based relationship where the Talent service provider is responsible for the daily operational management of the contractual workforce. In this case the service provider's role increases from only a BPO based approach to providing a process transformation and performance solution to the contracting company.

Payment for labor is now shifting from a time-based availability model to a service based model where the interim worker is paid for results.

3) Automating tasks

Companies increasingly rely on outsourcing typical repetitive tasks to technology that can do this reliably and efficiently. Some of the business processes/areas being automated are the payroll processing, leave management online through employee access portals, retail ordering and forecasting, CRM tasks like that displayed on e-tailing sites with product recommendation engines, order tracking, digital product tagging through RFID, online insurance approvals to name a few.

The resultant quantity of data being generated adds to the machine learning process and further improves the business process and drops down the cost to serve the customers.

4) Extracting value out of Data

Legacy data scattered across the organization is the new Oil that will power the engines in the Information driven economy. Data is now increasingly aggregated through digitizing the capture and mining of this data through BI tools. Business intelligence tools now allow for analyzing patterns and shopper behaviors to aid the improvisation of physical store layouts and merchandise assortments/promotions. Big retailers routinely sell/share their data with suppliers to help them fine tune their merchandise range and promotions for increasing conversions at the shop floors and web portals.

After learning from the collapse of industry stalwarts like Nokia, Blackberry, Kodak and many others - business leaders do acknowledge they need to self-initiate disruption rather than be upstaged by an upstart. They are increasingly relying on industry experts, Coaches and specialist service providers to thinkbig, experiment fast with a proof of concept and scale up. To thrive in this age, leaders will need to shed their inertia and comfort zones within existing business models and adopt an innovation approach with help from inside and outside partners to ride the digital economy.

* **Anil Sharma**, *Director Leaders for Growth LLC, Dubai*

NEWS & VIEWS

National Economic Updates

CBDT issues PAN and TAN within 1 day for Companies to improve Ease of Doing Business

- CBDT has tied up with Ministry of Corporate Affairs (MCA) to issue Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) in 1 day to newly incorporated corporates.
- Applicant companies submit a common application form SPICE (INC 32) on MCA portal and once the data of incorporation is sent to CBDT by MCA, the PAN and TAN are issued immediately without any further intervention of the applicant.
- The Certificate of Incorporation (COI) of newly incorporated companies includes the PAN in addition to the Corporate Identity Number (CIN)

Bid to make FDI policy attractive

The Government in last three years has undertaken reforms in 21 sectors covering 87 areas of FDI policy.The country has now become the topmost attractive destination for foreign investment. The momentum of positive business climate has further been ignited with the launch of Make in India initiative in September 2014. The reform measures of the last financial year resulted in India receiving record FDI inflows of $60.08 billion in FY17 as against $55.6 billion in FY16. Amid speculation that Foreign Direct Investment (FDI) norms in retail and print media could be eased, the Centre's endeavour had been to put in place, an investor-friendly FDI policy, by removing bottlenecks hindering investments.

Employee's Compensation (Amendment) Act , 2017 effective from 15th May, 2017

Ministry of Labour and Employment appointed 15th May, 2017 as the effective date for Employee's Compensation (Amendment) Act, 2017. The key highlights of the amendment are:

- Employers require to inform employees of their rights in English / Hindi / Vernacular language
- Enhancement of penalty
- In case of failure of the employer to inform the employees about their rights under the Principal Act, the employer will be punishable with fine of not less than fifty thousand rupees but which may extend to one lakh rupees.

Companies Act, 2013

Companies (Compromises, Arrangements and Amalgamations) Rules 2016 Amended

MCA has amended the Companies (Compromises, Arrangements and Amalgamations) Rules 2017 and inserted rule 25A. The amendments are related to:

A foreign company incorporated outside India may merge with an Indian company and a company may merge with a foreign company incorporated in any of the jurisdictions (Annexure B inserted for defining the jurisdictions) after obtaining prior approval of Reserve Bank of India and complying with the provisions of section 230 & 232 of the Act.

The transferee company shall ensure that valuation is conducted by valuers who are members of a recognized professional body of the transferee company and further that such valuation is in accordance with internationally accepted principles on accounting and valuation. A declaration to this effect shall be attached with the application made to RBI for obtaining its approval

The concerned company may file an application before the Tribunal as per provisions of section 230 to section 232 and these rules after obtaining approvals as mentioned above.