



## NEWS HIGHLIGHTS

No charges on debit card transactions up to Rs 2,000

Apple could buy Netflix instead of launching own video subscription

Google's new AI talks like you, me and everyone

After boom in digital pay, await consolidation in '18

UPI closes 2018 on a high as volume jumps 39% in Dec

## Today's View

### Acqui-Hiring

In a VUCA world (wiki [here](#)) M&A is a way to manage the uncertainty while continuing down the growth path. Corporates seem to love it considering \$3.9 trillion was spent in 2016, as per **J.P. Morgan's M&A Global Outlook**. However with challenges springing up from hitherto unknown direction, a mature M&A could be a rather reactive strategy.

Companies, especially Fintechs, are now diverting focus to innovative ways to fuel growth through acqui-hiring – a transaction structure meant to acquire a company to likely recruit its employees, without necessarily investing in its current products and services.

This process of acquiring hires makes perfect sense for companies looking to on-board a team of top-notch start-up employees. These companies believe they would benefit immensely through innovative ideas, products, and perspectives, brought in by the acqui-hires. A two way road, it is quite lucrative for these hires, with the going rate for acqui-hires in Silicon Valley being a \$1 million per quality engineer, as per **Upcounsel** research.

Bigtechs, like **Google, Facebook, Apple** and **Amazon**, have used the acqui-hire approach to recruit highly skilled teams of employees, for a long time. As an instance, **Google** acqui-hired Bangalore-based AI start-up **Halli Labs** as well as enterprise chat app **Pie**. With Pie, Google was able to set up its first engineering team devoted to Southeast Asia. Similarly, **Facebook** acquired **Little Eye Labs**, offering a performance analysis tool for developers enabling them to measure, analyse and optimise Android apps.

## INTERESTING NEWS

### Flipkart to focus on higher monthly active users in 2018

Flipkart will now focus on increase in the monthly active transacting customers as the key metric.



Source – The Economic Times

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Date – 02<sup>nd</sup> Jan 18

Even financial institutions are now taking the acqui-hire route to develop new products and services. In what seems like 'way back' in the age of technology, in the year 2015, **Silicon Valley Bank** acqui-hired **Y Combinator start-up** to accelerate the development of API banking services in order to ease collaboration, product development and integration with its clients.

A variety of fintech firms are also making use of acqui-hiring to stay relevant in a highly competitive landscape. Indian Fintech **Lendingkart** acqui-hired lending marketplace **KountMoney** to boost their technology and data analytics capabilities. Before abandoning the battlefield, KountMoney envisioned making personal loan disbursements easier and quicker. Meanwhile, digital wallet and e-commerce firm **Paytm** acqui-hired education technology start-up **EduKart**.

Although the process of acqui-hiring has its own benefits, it can prove to be costly. A million dollars an employee may not sound like a fortune for BigTechs like Google or Facebook, but smaller firms may find the cost implications distressful. Done with the focused intent and approach, acqui-hiring holds massive potential to attract the right talent for firms with the deepest pockets.

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## Today's News

### No charges on debit card transactions up to Rs 2,000: FinMin

Customers will not have to pay any transaction charges for payments through debit card, BHIM app and other payment made for up to Rs 2,000 from today. Last month, Union Cabinet approved a proposal that govt will bear the MDR charges on transactions up to Rs 2,000 made through debit cards, BHIM UPI or Aadhaar-enabled payment systems to promote digital transactions.

"Happy Digital 2018. Dec Quarter BHIM transaction rises 86% to 145.6 million with value of Rs 13,174 crore," Financial Services Secretary Rajiv Kumar said.

Source – *The Economic Times*

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### Apple could buy Netflix instead of launching own video subscription

Contrary to the reports of Apple launching a video subscription product in 2018 to counter Netflix, analysts from Citi said that there is a 40% likelihood that Apple will acquire Netflix. Under the new taxing rules, the tech giant will be able to repatriate about \$220 billion in cash to the US.

"The firm has nearly \$250 billion in cash," Suva and Merchant were quoted as saying. "With over 90% of its cash sitting overseas, a one-time 10% repatriation tax would give Apple \$220 bn for M&A or buybacks," they added.

Source – *Firstpost*

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This News Letter has been prepared with the assistance of **Sadhika A. and Manish Kulkarni**

## Insurers make Aadhaar linking easy

Mandated by IRDAI to link customer policies with their Aadhaar, insurers are making the process of linking easier for customers.

The process has commenced and is smooth and hassle free, according to Manoj Kumar Jain, MD, Shriram Life Insurance Company. "We are using a customized application through which our customers can link their Aadhaar numbers by SMS," he added.

Source – *BusinessLine*

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## S.Korean firms set to invest \$9 bn in 5G tech in 2018

S.Korean mobile carriers are likely to invest over \$9.4 bn in the 5G network tech in 2018. The Ministry of Science and ICT and three mobile carriers -- SK Telecom Co, KT Corp and LG Uplus Inc - have plans to start commercial operations of the 5G network in 2019 and build nationwide infrastructure by 2020.

Source – *Business Standard*

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## Bank of England could issue its digital currency in 2018

The Bank of England might have its own digital currency this year. The bank set up a research unit in 2015 to investigate linking a state-backed crypto to sterling. The digital currency would potentially allow citizens to keep their digital money directly with the central bank.

Source – *The Telegraph*

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## Google's new artificial intelligence talks like you, me and everyone

Google has developed a text-to-speech AI system that will confuse you with its human-like articulation. CEO Sundar Pichai announced that the internet giant was shifting its focus from mobile-first to "AI first".

The system called "Tacotron 2" delivers an AI-generated computer speech that almost matches the voice of humans. It first creates a spectrogram of the text, a visual representation of how the speech should sound which is put through Google's existing WaveNet algorithm, which uses the image and brings AI closer than ever to human speech.

Source – *The Economic Times*

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## After boom in digital pay, await consolidation in '18

In terms of consolidation in digital payments, newer disruptors are coming in including few global biggies and further scaling up of the digital lending business. Two major themes to watch out for in the payments space could be consolidation of players and heating up of the UPI battle.

Players like Paytm, Google and PhonePe are already fighting it out for a larger share, while entrants like PayPal for domestic payments, payment gateway entity Stripe and Whatsapp expected to go live soon could disrupt the space further. Further a toughening regulatory framework will make it more difficult for smaller players.

Source – *The Economic Times*

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## UPI closes 2018 on a high as volume jumps 39% in December

The UPI closed the year on a high, as the volume of transactions jumped 39% to 145.6 mn in Dec against 105.1 mn in Nov. The value of UPI transactions in Dec also rose 36% to Rs 131.7 bn from Rs 96.8 bn in Nov, revealed a tweet from NPCI. The value per transaction fell, which, combined with the rise in volume and value of transactions, points toward UPI's growing popularity. These transactions included those done through UPI apps of various banks as well as players like PhonePe and Google Tez, and BHIM app.

Source – *Business Standard*

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## Fintech will expand and feel the regulator's breath

In 2017, RBI closely watched the fintech industry and announced guidelines for e-wallets and P2P lending platforms. In 2018, e-wallet companies will have to follow stringent KYC guidelines, while P2P companies will be termed as NBFCs. P2P companies, seeing regulatory tightening, are likely to make their presence felt in the mainstream lending space. "In 2018, P2P will be known as an asset class for retail customers who will be able to lend," said Vinay Mathews, CEO of Faircent.com. Many e-wallet companies have shifted their focus from payments to lending and selling other financial products.

Source – *Livemint*

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## Flipkart's Bansals diversify, kick off Sabin Advisors

Flipkart co-founders, Sachin and Binny Bansal incorporated a new company which could include venture capital funding and insurance. Named Sabin Advisors, it is focused on various businesses as its objective, including a foray into online ventures. Sachin Bansal has invested in 7 ventures with a total funding of \$26 mn, while Binny Bansal has invested in 17, with a total funding of \$32 mn.

Source – *BusinessLine*

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## TCS sees business in digital consolidation

TCS has been re-branding itself as a digital-first tech provider. It has adopted the Business 4.0 approach looking at new ideas and business models and focuses on customers and valuing and retaining employees. Offering clients benefits of automation, it is training its workforce in digital tech and has reskilled over 250,000 employees.

Source – *Business Standard*

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## FabAlley to sustain profits with offline stores

FabAlley expects offline stores to sustain its profitability status as it plans to take up its store count from 3 to 15 in metro markets in 2018. For the planned capex of \$2 million, FabAlley is raising debt.

Source – *BusinessLine*

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