

# convergence in india:

## when the walls come tumbling down

With content now zipping across various platforms, convergence has bulldozed the boundaries between the film, music, publishing, broadcast television and radio, telecommunications, computing and consumer services industries – and the repercussions are rippling across India’s economy, society and executive talent pool.

“New services, new technologies, new market structures, new business models, and less stringent regulations – convergence has brought change not only to the way we live, but also to the way we think. We are in the midst of an evolution that is fast-moving, broad, uncharted – and brimming with business opportunities,” said Saagarika Rai, Chief People Officer of Reliance BIG Entertainment.

With less than 30 million personal computers in the first quarter of 2008, India already had about 40 million high-speed mobile Internet subscribers and

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260 million mobile phone subscribers, with approximately eight to ten million new accounts being added each month. Soon, Direct-To-Home television and Internet Protocol Television (commonly known as IPTV) will help add to the cacophony of ring tones, music, television programmes, movies, games, news and video clips available in a plethora of genres and Indian dialects. Such impressive numbers mean that even humble margins can lead to huge profits.

“The most exciting opportunities presented by convergence in India rest on the ability to penetrate the mass market quickly and at a relatively low cost,” says Yogesh S. Bijlani, Vice President at Bharti Telesoft. “Take for example the music industry. The entire music publishing industry in India, comprising tapes and music discs, made approximately six billion rupees in sales in 2007, compared to mobile music downloads, which made 15 billion rupees. Another example is in the area of publishing. In India, about 25 million customers pay an average of 30 rupees a month to receive sms subscription alerts on genres like news, cricket, entertainment, astrology etc. on their mobile phones. By contrast, only five and a half million and eight million subscribe to printed newspapers in English and in Hindi respectively.”

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Just as there has been a seismic shift in the way Indian consumers receive information and are entertained on their mobile devices, there has been a sociological power shift in the way business is conducted in the creation, pricing and distribution of content and services. Industry foundations have been shaken loose, as business interests have converged. India has witnessed several cross-industry mergers, acquisitions and new alliances in the convergence space.

Leading companies across industry sectors such as Airtel, Bharti Telesoft, Google, CNBC, Nokia, People Infocom, Walt Disney, Reliance and Time Warner have had to draw up new business models and revenue streams, in order to make the most of emerging market opportunities.

Unfortunately, business leaders who understand how to unlock value from trends in convergence are still rare today.

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“One of the leadership challenges facing the entertainment and media industry will be sorting through what historically has made them successful from what they perceive to be drivers of organizational performance in the future,” added Saagarika Rai, Chief People Officer, Reliance BIG Entertainment.

Telecommunications groups for example, have had to recruit outside their sector, bringing on media specialists from the online, television, games and music sectors, or even going so far as to recruit senior executives from Fast Moving Consumer Goods (FMCG) companies. “Delivering the next ‘killer app’ requires out-of-the-box thinking. However, very often, senior executives in telecoms are hemmed in by years of experience in specific industries,” explained Manoj Dawane, Chief Executive Officer, People Infocom (Mauj Mobile) “and they tend to be quite set in their ways.”

“One of the leadership challenges facing the entertainment and media industry will be sorting through what historically has made them successful from what they perceive to be drivers of organizational performance in the future,” added Saagarika Rai, Chief People Officer, Reliance BIG Entertainment. “Some entertainment and media companies in India were built by highly entrepreneurial types that utilized aggressive tactics to become successful. The question now becomes whether this approach will continue to be effective, and whether it will grow, develop, retain and attract the top talent needed to run the organization in the future.”

Looking ahead, we expect to see a pool of outstanding business leaders in the convergence space to emerge within the next two years, and they will excel in three key areas.

### 1. Profit generation

Industry leaders will be adept at tapping opportunities along the entire value chain, without ever losing sight of the end-consumer benefit. It is this focus that will ensure success, and profits, in the near and long term.

“In future, the world will no longer be based on proprietary systems. Given the fact that technologies nowadays easily become Jurassic within a year’s time, the ability to deliver solutions based on consumer benefits, irrespective of the

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platform, will become increasingly critical,” elaborated Mr. Dawane of People Infocom (Mauj Mobile).

In addition, leading executives will demonstrate both the creative and financial acumen needed to develop exciting new content, which will attract consumer eyeballs and generate handsome profits for their companies and their partners.

### 2. Partnerships

When identical content can easily be bought and sold on different platforms, including that belonging to the competition, having the right partnerships at the right time can be both an offensive and a defensive strategy.

In the land grab for consumers and market share, winning players will know how to swiftly establish and develop innovative alliances with an army of partners; including telecommunications operators, equipment sellers and content providers, billing and messaging software, home entertainment devices, Internet service providers, as well as multilingual voice and text providers. As new technologies and consumer trends arise, the list of domestic and global alliances will only grow longer.

Business leaders will negotiate deals that share both the risks and the rewards, while allowing for the flexibility to scale up or down in the face of changing consumer demands.

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### 3. Passion and drive

In an industry that is in constant flux, top industry executives will exhibit tireless perseverance and passion for new knowledge and innovation. With a keen grasp of emerging media technologies, entertainment industry trends, and consumer behaviors, they will be able to join the dots to draw up profitable ventures before the competition does.

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“In India, many industries are growing rapidly and ours is growing at an encouraging 40%,” said Mr. Dawane of People Infocom (Mauj Mobile). “Success however, can hide many things, and existing growth rates should not be taken for granted. As industry leaders, it becomes imperative for us to stand tall even when the growth rate slows down. Our ‘people’ is the one factor that will help us through phases like these, and so the one quality I seek in them, above all others, is the ability to feel insecure, to be hungry and impatient. I look for ‘fire in the belly’.”

In the age of convergence, traditionally sacred ideas of how things work are being challenged everyday, as the walls between industries come tumbling down. One must certainly have the right mix of survival skills in order to emerge a winner during the process of upheaval. As the saying goes, ‘may the best man (or woman) win’.

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*Avdesh Mittal is a Principal with Heidrick & Struggles India and leads the firm's focus on convergence (telecom, media & entertainment, internet, and consumer technology) in India. Based in Mumbai, he can be reached at +91 (22) 6749 0806 or amittal@heidrick.com.*