INTRODUCTION

Electronic commerce as a completely new way of doing business – a new business paradigm, as it were – began in India in the early years of the new millennium and has grown explosively ever since.

This book is an attempt to share both the learnings I have garnered from having participated in the building of India's e-commerce revolution from its inception, and some reflections on the nature of this phenomenon in general terms and as it manifested itself in India.

The 'learnings' chapters are personal and anecdotal. There was a personal story to be told since lessons were learnt as part of an extended and very demanding personal-cum-professional journey. The 'reflections' chapters are necessarily formal, analytical

WHEN IT CLICKS

and a trifle bookish. The reader is requested to bear with the stylistic difference which results from an effort to present as comprehensive a picture as possible of the ongoing e-commerce revolution.

Indian society and the Indian economy had been seriously deprived of modern communication facilities for more than fifty years after Independence. Electronic commerce, by definition, requires reliable electronic communication services, and these were primitive in nature and extremely limited in extent till the mid-1990s. Then, a major shift in policy orientation occurred, based on a fundamental change in the political ideology of the state, that enabled a communications revolution in the country and thus made e-commerce possible. A tightly controlled and strictly regulated economy was liberalized, controls on foreign investment were relaxed and foreign capital flooded in to provide services for which a strong market existed.

One major area targeted by private capital was electronic communication. Within a very few years, the communications scenario in India underwent a dramatic change as did the civil aviation space, to name the two most significant developments relevant to our areas of interest.

Chapter 1 examines these developments in some

detail and establishes how the conditions necessary for the emergence of e-commerce in India were created.

Chapter 2 details the single most significant e-commerce initiative of the early years: the launch of www.irctc.co.in. The Indian Railway Catering and Tourism Corporation, a fully owned subsidiary of the Indian Railways, launched a portal to sell railway tickets for reserved accommodation online. Against all odds and to the astonishment of a very large number of nay-sayers, the venture was a huge success. Having led this initiative and learned some very hard lessons in the process, the learnings have been documented as important items of contemporary economic history, in the hope that they may be of help to others venturing into the e-commerce space.

The IRCTC experience and, later, five years spent building business software in the private sector also served to provide – primarily through mistakes made – a hands-on education in the rough and tumble of software project management. These lessons are set down in Chapter 7 in the hope that others may not have to trip over the same obstacles.

Chapters 3 and 4 examine the issues in introducing e-commerce to a traditional bricks-and-mortar economy in general and the Indian economy in

particular. Familiarity breeds a sense of security and the unfamiliar is frightening, especially if it involves radically different ways of doing business transactions. When personal monies are involved, safety usually comes first and experimentation and risk-taking are generally at a discount. Persuading an Indian customer to buy and pay online, instead of transacting with cash across a store counter, requires demonstrable advantages to offset the perceived risk of going down an unknown path. One such advantage is, of course, deep discounting. But it is crucial that the product being sold online be 'suited' to the medium – a computer screen instead of a shop window – and to the customer, who is used to physical rather than virtual shops. It is argued that, given the nature of some of its principal products – the travel industry-travel ticketing in particular – is logically the first area that e-commerce entrepreneurs would look at in the Indian context. The manner in which this came to pass, and how things evolved in India after IRCTC set the scene, is examined here. Of interest is the enormous expansion of the range of products covered by the e-commerce revolution as time passed and the customer became more familiar with the systems and processes on the Internet. The speed with which the Indian customer evolved and 'matured', the adaptive

agility displayed in response to the new and the so-very-different, is quite remarkable.

Two case studies follow, illustrating the manner in which fast-growing, venture capital funded e-commmerce initiatives have established themselves, and analyzing their business performance on the basis of data available. These are important because, at the time of writing, these were the only two e-commmerce start-ups that had gone public and disclosed detailed performance data on public platforms. This is the only detailed, publicly disclosed hard data available for e-commerce companies and, therefore, critical for understanding actual performance issues. There also exist useful sample surveys, by the Internet and Mobile Association of India, of the Internet space, which give some idea about the 'broad orders of magnitude' relating to the industry as a whole.

Chapters 6, 8 and 9 attempt to present a perspective on the 'revolution' that we have witnessed from the mid-1990s and which is proceeding apace at breathtaking speed. They include some general theoretical reflections on e-commerce: its 'generic' tendency towards a monopolistic structure and its seeming disregard of the normal business focus on profitability; a look at issues that are important but go beyond commerce, especially citizen-state interaction;

and finally, an examination of the development paradigm within which the communications and commerce revolutions have occurred.

The conclusion identifies the 'fundamentals' that e-commerce must stand on, and looks at some recent developments and constructive ways forward.

PREFACE

MIDDLE-AGED MEN RESPOND IN diverse ways to midlife crises. In my case, it was an obsessive fascination with an emerging field populated with young entities: computers, computing, the Internet, and electronic commerce.

My generation, born in the late fifties or early sixties, did not have computers at home and in school; and not at college either, unless it was engineering college, which in my case it was not.

At the comparatively ripe age of thirty-eight, I touched a computer – an HP laptop, I remember – for the first time, hesitantly, tentatively; the unfamiliar is frightening, especially if it is expensive and belongs to your boss. I spent half the night loading Windows 95 and Microsoft Office, quaking in my chappals all the

while. But finally it was done and I got a reassuring message from the machine. Apparently all was well with it and I could, if I was so inclined, actually use it!

My midlife adventure had begun!

But to keep to the storyline: I moved to Delhi in 1995, summoned by a former boss who needed executive assistance that, for some reason, he felt I could provide.

Ensconced in a room on the second floor of the Ministry of Railways, I managed access to a laptop and proceeded to familiarize myself with the machine, Win95 and MS Office, and the myriad charms of the Internet, unstable dial-up connections notwithstanding.

Having learnt a little about the vagaries of the Windows operating system and the MS Office suite, I decided to get an idea of the 'programming' space and proceeded to waste a great deal of money I could ill afford on 'computer training'. The year 2000 was approaching and many youngsters, bedazzled by stories of a glittering world of high salaries and foreign postings in the world of computers, were flocking to 'training institutes' to learn programming. Nobody told them the brutal truth that without an engineering/ maths-science degree all such training was just enough to aid a general understanding of the

subject matter at hand; nothing more. I personally consider the 'computer training' boom of those days a huge scam run by so-called 'computer training companies' on the Indian youth. I took all sorts of introductory courses – programming languages, relational database management systems and the like – and got what I wanted: a general notion of the brave new world of computers. My various course-mates, however, were hoping for much more. Most had inadequate qualifications; many did not have even a science or maths degree and none were engineers. I wonder where they ended up; the training companies, of course, laughed all the way to the bank.

When 2001 dawned, my tenure in the Ministry of Railways was about to end and my fascination with the Internet had reached obsessive proportions. All of us had heard about Amazon and its compelling journey from garage to international stardom, the almost infinite possibilities inherent in the 'Network of Networks', and the host of emerging technologies that enabled all sorts of strange things on this mega network. In India, the Internet was slow and erratic and e-commerce non-existent. But the possibilities were immense and the most obvious one – selling Railway reserved tickets online – was right in our own backyard.

In mid-2001, I joined the Indian Railway Catering and Tourism Corporation (IRCTC) and began the most exciting, frustrating, and ultimately rewarding professional experience of my life.

During 2001–2006, I conceptualized and, with the active support of the senior management of the company and the unstinting efforts of a superb team of young enthusiasts, implemented an e-commerce platform to sell Indian Railways' reserved tickets on the Internet. The initiative met with enormous success and served to lay the foundation for the e-commerce revolution that followed. In 2007, having taken premature retirement from the Indian Railways, I joined the private sector as President and Head, eBusiness of a travel and tourism multinational, and built an e-commerce platform and application software for various travel businesses of the company. Investment in travel e-commerce does not yield profits in a hurry – witness the losses of travel portals in India – and profit-making mid-cap companies have no appetite for long-term investments. Hence, I was asked to make a foray into application software development and leave e-commerce, with its attendant expenditures, for 'later'. It was akin to waiting for Godot, and was an important lesson in the risk-taking proclivities of established profit-making corporates.

In 2012, I left the travel trade and took to reading and writing; a long-held ambition that has yielded this attempt to record the lessons learnt during a period of enormous effort, significant achievement, some frustration and bitterness and, in the end, overwhelming satisfaction.