

NEWS HIGHLIGHTS

Paytm Payments Bank sees profit, to add more financial services

NBFC cash crunch stings fintech startups

Swiggy to focus on customer repeats to drive growth

OYO claims to be second-largest hotel group in China

Today's View

'Freemium' in Web Universe

One of the world's worst-kept secret: people will do anything for a free t-shirt.

Just few years back, the idea of giving away the product for free was almost unheard of. Today it's proven to be a successful business model, used in some form by major web-based organisations right from **Dropbox** to **The New York Times**.

This unique business model, better known as 'freemium' (free + premium) has proven to be a brilliant way for SaaS and tech companies to build awareness and significantly grow the user base. As per **Statista** analysis, more than 26% of mobile apps hosted in app store are based on this model.

Thanks to freemium model, **HootSuite**, social management platform generated 10 mn Google mentions as compared to its competitor **Sendible** (premium-only product) which could generate around 160K results.

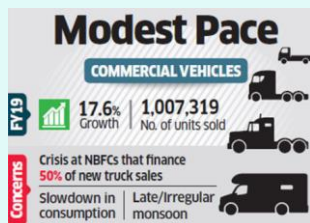
Looking at multiple benefits offered by this model, multiple web-based firms have adopted this approach. For instance, **Zapier** offers task automation platform within a particular service or between different services. Its freemium approach allows users to start off with five zaps (automations) that can run up to 100 tasks per month for free. This helps users to try out the platform and once they are convinced about the benefits, they shift to premium version for higher number of task automations.

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Commercial vehicles may end up in slow lane

After a year of rapid growth, the Indian commercial vehicle market is set to witness a modest pace of expansion this fiscal, ahead of the industry's adoption of stricter emission standards from April 2020.



Source – The Economic Times

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Date – 23rd May 19

Similarly, **MailChimp**, email marketing software platform, allows users to collect email list subscribers, send regular email updates, create auto-responder series, and automate the marketing. Their freemium approach works for two reasons. A year after launching the freemium model, it reported a 150% increase in paying customers, and a 650% increase in profit, mostly due to a drastically lower cost of customer acquisition.

On the other hand, **Fruition** offers 'Google SEO Penalty Checker' which connects to the Google Analytics account and shows how the changes in Google algorithm changes can affect the SEO ranking of particular website. Fruition's freemium approach allows web-firms to connect up to two domains to see how they have been affected by Google updates.

Though freemium approach allows businesses to build large user base in comparatively shorter time frame, we believe that the key to successful revenue generation for web-firms is about where to draw a line between free and premium features, in order to remain afloat and differentiate themselves from sea of similar offerings.

Today's News

Paytm Payments Bank sees profit, to add more financial services

Paytm Payments Bank has turned profitable in its first full year of operation aided by the e-wallet business, even as questions about the sustainability of this banking model continue. Paytm Bank's MD & CEO Satish K Gupta told TOI the company has managed to clock a net profit of close to Rs 20 crore on revenues of Rs 1,500 crore, even though overall deposits remain low at Rs 500 crore, similar to other payments banks like Airtel Payments Bank. The Noida-based Paytm bank had deposits of about Rs 194 crore as of May 2018. The bank reported a loss of Rs 20 crore for the financial year ending March 2018 with a revenue of Rs 720 crore, according to regulatory filings. Paytm bank's latest audited financial numbers or deposit growth are not public yet.

Source – The Economic Times

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NBFC cash crunch stings fintech startups

The stress among the non-banking finance companies (NBFCs) has spilt over to the fintech lending space, with few of the companies facing a funding crisis and others shutting shop. One of the country's largest fintech NBFCs, Capital Float which has been in talks to rack up funds from digital payments major PayU is learnt to be stuck in a prolonged due diligence process due to the adverse market conditions in the NBFC space. The talks may result in a complete sale, two people in the know told ET. "The funding process is taking time and the valuation may get renegotiated down," said the person mentioned above. ET had reported in its February 19 edition that PayU is in talks with Capital Float to invest around \$100-150 million at a valuation of \$500 million. "With this, the company could now be valued at somewhere around \$400 million and a full acquisition is likely," said another person close to the developments.

Source – The Economic times

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This News Letter has been prepared with the assistance of G Balakrishna and Manish Kulkarni

Swiggy to focus on customer repeats to drive growth: COO Vivek Sunder

Swiggy is also pushing to increase order density by building products and expanding its restaurant base to drive repeats from the top 50 million internet users, Chief Operating Officer Vivek Sunder said. Discounts by Swiggy and Zomato will be down at least 40%, industry sources say, while cuts at UberEats will be more drastic.

Ride-hailing majors, Ola's Foodpanda and UberEats, have significantly cut investments in their food delivery businesses. Swiggy and Zomato have been incurring a cash burn of \$30-\$40 million per month as they offer discounts to onboard new customers and retain old ones, according to industry estimates.

Source – The Economic Times

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OYO claims to be second-largest hotel group in China

OYO Hotels & Homes is now the second-largest hotel group in China, having entered the world's second-largest economy barely 18 months ago, as per a statement released by the company on Wednesday.

OYO Jjudian, the Chinese subsidiary of the SoftBank-backed hospitality chain, said it is now present in 320 cities, and has about 10,000 hotels and 450,000 rooms under management, according to a company-issued statement, surpassing its peers in the country, such as Home Inn and Hanting, among others.

Source – The Economic Times

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Government plans Rs 1,000 Cr fund for start-ups in priority areas

The government proposes to introduce a slew of reforms and another fund to boost startups that are focussed on priority areas such as rural healthcare, water and waste management, clean energy solutions, cyber security and drones. The Department for Promotion of Industry and Internal Trade (DPIIT) plans to set up an India Startup Fund with an initial amount of Rs 1,000 crore. "The government wants to offer seed funds for high-tech, cutting edge startups. The proposal is to provide seed funds to 5,000 startups in priority areas," a senior government official aware of the proposal said.

The dedicated fund, proposed in the department's 100-day Action Plan, is separate from the Fund of Funds for Start-ups (FFS), which was set up in 2016 under the Small Industries Development Bank of India. The Rs 10,000 crore fund of funds makes downstream investments in venture capital and alternative investment funds that in turn invest in start-ups.

Source – Financial Express

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Ultra HNIs are directly investing in startups

Ultra-high net worth individuals (UHNIs) are investing directly in start-ups rather than funnelling money through private equity funds that invest in such unlisted firms. After a killing in AU Small Finance Bank and Ujjivan Small Finance Bank, these UHNIs invested in a number of unlisted entities.

In some recent transactions, UHNIs invested in companies such as Bira Beverages, which makes craft beer, BigBasket — a leading online supermarket shopping app, Zoom — an enterprise video communications, Coverfox — an online insurance broking platform, ride-hailing platform Ola and payment bank Paytm. Kotak Wealth Management, which identified many of these opportunities of direct investments, said more and more UHNIs are investing in unlisted firms swayed by higher returns.

Source – The Economic Times

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Vishal Sikka's Vian Systems raises \$50 million in funding

E-commerce Company Hopscotch, which features international and local branded merchandise primarily for children, has added two senior members to its management team. These hires come after the company opened an office in Bengaluru to power its next phase of growth.

South India is one of Hopscotch's biggest markets, and Bengaluru is amongst the top three cities that contributes to the company's overall share of business. Somu Vadali joins Hopscotch as the lead of data and product functions team. He spent 18 of his 22-year career in Silicon Valley building digital and data products across consumer, retail, and Fintech industries at Yodlee, Acxiom, Imprivata, and Nuance, before relocating to Future Group in India. His experience spans leading global and complex initiatives with domain expertise including mobile, gamification, behavioural change, machine learning, biometric data, speech recognition, predictive analytics and SaaS.

Source – The Economic Times

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Foodpanda plans physical outlets for its private brands

Food delivery platform Foodpanda, owned by ride-hailing company Ola, plans to open physical outlets for its private label brands, The Great Khichdi Experiment, Lovemade and FLRT, and list them on the Zomato, Swiggy and Dunzo food delivery apps, along with its own platform, people familiar with the matter said.

The move is in line with Ola's shift in strategy to largely scale up Foodpanda as a cloud kitchen business rather than as a marketplace model where it would compete head-on with larger rivals Swiggy and Zomato. The company confirmed it was moving away from a marketplace food delivery business model, but declined to comment on expansion plans. Foodpanda, however, would continue to invest in expanding facilities and kitchens.

Source – The Economic Times

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Web-borne threats hit 31% of Indian users in Q1: Study

A whopping 31 per cent of Indian users were hit by web-borne threats between January and March 2019, said a new study by cybersecurity firm Kaspersky Lab. Exploiting vulnerabilities in browsers and their plugins was a common method used by cybercriminals, according to the Kaspersky Security Bulletin 2019. Infection in this type of attack takes place when visiting an infected website, without any intervention from the user and without their knowledge.

Source – The Economic Times

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