

**International Marketing**  
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**Lecture - 32**  
**Interaction with Practicing Manager – Question and Answer Session**

A session where I will ask you couple of questions which will be very useful for the students to understand and you know these students are doing a course on international marketing. So, they have to understand when you face this type of a challenge how the operational challenges were there and how you could handle that. So, I will be asking you around 6 to 7 questions and you can answer according to your convenience.

The first one, was the regulatory approvals when you started this Indian organization and getting the regulatory formation of the company here and then all the taxation and all the GST registration, all those how critical it was for you and how long effectively it took for you to get all the approvals? Obviously, I mean needless to say it was very critical, since you are now independent legal entity within India you have to comply with all the rules.

And the last thing as a business you need is somebody auditing you and finding faults with the paperwork with you and your assistant. It may be a compliance paperwork in terms of company filings or it may be a financial issue in terms of financial paperwork that you file. You know I mean obviously I have a CFO who is very strong and was hired from Fortive he is the one who take care of most of it along with the operations team.

But to answer your second part of the question I think it took us, we started in March of 2020 and it was almost September of 2022, so, anywhere between 4 to 6 months even 7 months for us to finish all the paperwork and deliver. It may government also is lenient and especially in Covid time it was very lenient and they gave us a lot of extensions and time. So, that we could breathe and you know and complete what we needed.

The second one as the business is ongoing; there is no the customers will not suffer, so the business is an ongoing process. So, how could you manage the import export license from in your name and get it and then start importing the equipment's and the consumables? So, how

challenging it was and specially during Covid time to get the import export license and to getting that and also setting up the transfer pricing with the customs?

You know a great question like I said my CFO can answer it probably better to be very candid about it. I was not there when this all was happening because like I said I joined in November, but I can tell you what happened because I know we have spoken about it. We were supposed to see the ASP is transition started in 2019 in other parts of the world and it took place in 2020 in India by the way.

So, there was a core committee which was formed between JNJ and Fortive to manage all these transitions. You would appreciate the fact that JNJ not divested ASP for the first time. I mean they are divested other companies and you will also appreciate the fact that Fortive has not acquired a business for the first time they have acquired other companies. So, they have a playbook of sorts you know and this is what you know they talk about preparedness pandemic preparedness.

So, this is acquisition diversity preparedness. They have those preparedness metrics and what happened I think was with that in mind JNJ and Fortive both had started this work a long time ago. By you know thinking for again my point about thinking ahead thinking I had all these problems. Obviously, they did not know about the pandemic; nobody would have guessed that but they had applied for all the relevant paperwork which was super critical.

So, if you think about all the paperwork there is like super critical that is critical and that is probably less critical super critical would be you know filing an application of the company. This customs paperwork transfer pricing. So, all of those were taken care of and like I said fortunately for India the transfer pricing team was set up in US in 2019. And they have done a lot of work there and hence the transition was a bit better than you know probably other aspects of transition.

My next question to you Nikhil how do you manage your customer communication? So, how do you manage because during the Covid time you could not have any short of a conference. Neither you can go to the customer place to meet with the customer and then hold hand holding during those transition times. So, how do you manage the customer communication during those times?

Now great question probably the most important question as well again we had a playbook for that. so, there was a clear communication both from JNJ side as well as Fortive side to all our customers, all of them bar none. So, everybody we have because we are so closely associated with these customers. We have their addresses and everything on file. So, there was official communication which went from the president of our company saying that you know this transition has happened.

We have agreed to divest ASP to photo and here is what to expect and we made the list of FAQs that was first step. Then as a second step I sent them an official communication saying that you know I have joined now most of the customers I knew, fortunately for my GE days because I had dealt with the same set. So, it was not that bad you know and so I basically said you know sir I have joined ASP.

Now from GE and we are going to take care of this there may have been issues so on and so forth, that was number 2. So, I sent an official confirmation and all the top customers who probably were running their machines in Covid time still because of whatever reasons we had a conference call with most of them, sorry not conference call but we had the video call like we you know like right now with most of them and we explain to them some of the issues like I said the transparency space.

So, I introduced myself. It was a good opportunity for me to introduce myself. And I basically said sir I know there are some spares issues there are some other issues here is how we are taking care of them here is the timeline you need to work with us. And like I said most of them understand you know after you are really honest and transparent with that. My next question to you Nikhil the transition of your annual maintenance contract and comprehensive maintenance contracts with the private hospitals.

Private corporate groups like Apollo, Fortis or Manipal global all those was I understand it is complicated but to transfer it from JNJ's name to your ASPs name is a process. But what were the challenges for you for the contracts what you had with the government hospitals and how do you manage that because the payment typically will have an issue because payment is to JNJ and so how do you handle that?

So, again I will answer it in 2 parts private first because it is easy to answer private. So, I would also want to call out on one thing so when Mr. Modi announced the lockdown on March 2020 one industry did not stop working and that was healthcare industry. And my service engineers never stopped by the way and kudos to them you know hope for you know continuing to go they only went to the necessary service calls but they did go.

So, they were dressed all the way you know top to bottom they looked like scientists you know or astronauts rather but they went in those suits and actually served all the machines. So, we utilize them in the private contract space and we ask them to renegotiate the contract we did not send the sales guys. Lot of that happened when they were physically there and then we conducted that you know on electronic medium.

But on government contracts very elaborate process. So, JNJ and ASP had an operating mechanism because see this is a risk for both JNJ as well. So, the government like you say they do not care, they will say JNJ you actually sign the contract with me. It is your duty to serve this machine. I am not I do not know who ASP is; for them the peers you know in the name of JNJ it is not in the name of ASP.

So, JNJ knew this very well even today we have a operating mechanism every month where we meet and we talk about the contracts which are supposed to get transferred over. So, we made a list of all the content across the world or not only India. This problem exists everywhere. Across the world and we called it they have a name for that. I do not NCC. Basically, there are non-avoiding contracts which and you have to painstakingly go from one place to another and transfer it over to ASP.

I would say probably in this case the risk with JNJ was pretty high because they were you know so if I am a government customer and if I do not get my service, I will say generally you are blacklisted you know. So, I could say that not that I would but you know so JNJ did a lot of work with us to make sure that the list was established. We met every week and we basically sent notes.

A lot of people accepted on email to transfer the contracts over and then the payments start coming but a lot of people did not also accept. So, we had to convince them one by one and for a lot of time even today the payment first goes from the customer to JNJ and then JNJ

transfers it to us. And the invoice goes from us to JNJ and JNJ gives the invoice to the customer.

So, that craziness is still going on obviously it is dwindling down a lot but yes, I mean there was a very, very strong and a very tightly held operating mechanism to get through that actually. Yeah, a great question hit me on the spot very practical question right but distributors were easier than the government customers to be very honest with you. I would like to say that we probably retained 80% of our distributors, 20% were go away anyways so they went away.

But 80% of them are now today JNJ distributors as well as ASP distributors but again my answer to that question is right person at the right spot. We actually had a very, very strong guy who manages this has managed as well for a different company. So, we got him in operations; commercial operations and basically contract by contract. I think we were able to convince to hold the same terms and conditions where applicable for most of the distributors.

But 1 or 2 which we had to negotiate I mean you have to do the hard work of negotiating and sitting down. The actually if you I am just digressing a little bit the tricky part was suppliers there were some suppliers who were you know suppliers to JNJ and we got all these you know discussions. So, I will tell you an example so there was a supplier who came over from JNJ to us and he was supplying product every month whatever periodically.

And then one day he stopped it and I said why did you stop it? And he was like well JNJ owes x number of money to me and till they do not pay I am not going to give you a product and I told him look we have a purchase agreement with JNJ it says any liability that happened before the purchase is theirs and any liability which happen after the purchase is mine and these liabilities and that was from 2015 by the way that payment or whatever it is for JNJ to pay.

So, why are you stopping my product and you can imagine this situation? Because, he was using me as a leverage to influence JNJ obviously. So, I had to get into a call with JNJ and I had to convince them that this was their payment for to make took three weeks of product hold but eventually it got paid and products started coming back again but a lot of these funny issues do happen in such a transition.

The next one I have two more and the next one is how do you manage the distribution network in Bangladesh and Sri Lanka? Because that is again during covid time they have a distributor you have an install base there and on the top of that you have to supply the cartridges for the consumables there and how do you manage and then these distributors I am sure these countries were through distributor network not a direct operation like India.

So, how do you manage those distributors during that crisis time or during the transition? We got I would say the frank answer is we did not do quite well. We did not do you know as great as we could have but the that is the honest answer but also what we what works is these two countries have a ability to buy through Singapore. So, you know so our distributors are the same but we managed them through Singapore for a while we were getting set up.

So, they were able to get how do you call it a safety stock just to serve just enough to serve the most essential need and like you know this you would imagine that the demand in Bangladesh went down because anyways. So, the machines were not running as much but we whatever we had to manage we managed through Singapore legal entity. We asked for the help and that is how we did it.

The last question I leave it to you may answer you may not answer. I leave it to you. I understand you are holding and very you are holding a senior most position of a large corporation and is there any revenue and profit impact prior to during the JNJ business which JNJ was during 2019 to 2020 the business and then after ASP taking over that business was the India business; India Bangladesh overall revenue and the profitability was up or down or at the same level.

I leave it to you; you may answer you may not have. No, I will answer now. I will answer it in in simple terms. There is no problem. Obviously, there was a huge impact 19 to 20 and it was not the transition made it worse but it was due to covid. I mean I can say that there are revenue and profit. Revenue and profitability fell by the same amount that all the health care companies experienced.

I come from GE I come you know, I obviously talk to a lot of people and I see reports all the time. So, you know the country when the GDP went down by what I think about 24% if I

recall correctly, I do not remember the exact by something like that in in second quarter of in that March quarter. But overall, 2020 we also went in line with the country you know but we also came back very, very strongly.

As well I think overall to answer your question ASP transitioning transition of ASP to Fortive has been good for ASP long term good for the business long term. The reason is because it gets too much focus here as versus less focus in JNJ. So, we are back to like I said steady state business and then hopefully we will grow forward. So, great thank you heartiest congratulations to you for leading an excellent team and then managing the revenue and the profit margin.

And showing the growth I think is a great achievement and dear students here so I would like to thank Mr. Nikhil for an excellent session for last 3 sessions for each of half an hour. And you could hear from the horse's mouth that how a transition of a large multinational company the logo is red JNJ each one of us in the world whether you are in Japan whether in India or Bangladesh you must have used Johnson and Johnson product at any point of time.

And from that company in a division was hived off and a new company Fortive have purchased acquired this corporate ASP division which serves to the most critical part like the healthcare part division healthcare of the hospital's community in the world. So, and there are several challenges during this acquisition process and as you know as a manager, how you handle? If you handle very badly the whole organization not only the organization suffers lot of people leave the organization.

And lot of customers leave the organization leave the relationship and there are several legal and then commercial and there are various angles in each of these acquisitions and mergers. So, I think Nikhil has made it very nice presentation and he has made the things so simple and for you to understand. So, I am sure you guys will be future sitting in Nikhil shoes. I am sure you will able to handle this type of a situation.

And I wish you all the best and Nikhil once again thanks from IIT Kharagpur for joining this NPTEL program. Thanks a lot. Thank you very much wish you a great day. Thank you.