

**Business Analysis for Engineers**  
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**Lecture -33**  
**Case study to understand strategy**

Good morning, class. We ended the last class, with almost all the inputs that is required, for you to understand the second dimension, that we are handling in this course, namely strategy. Till now, we have been able to cover, almost all the popular strategic models, and also understand some key terminologies, that the corporate world use, when they are handling the issue of strategy, competitive advantage, and the broader issues, that make them a successful in this global marketplace.

I also assure that, I will be sharing, a particular case study for you to better understand, the finer elements and nuances of the strategy, when it comes to the implementation of a chosen model. But, before I do that, by now, you would be able to appreciate the fact that, there are of course different models. But, we have handled some of, the most often used one's, the strategic models, namely the Porter's Generic strategy, which concentrated on three major dimensions, one from a cost perspective, that you will be a cost leader.

Organisations would like to be a, cost leader. Because, it finds that, the value that is generated by being a cost leader, is the amount of incremental profitability, that the organisation can make. Or, can pass on, the benefits of cost leadership, to the end customer, by probably giving prices, that are competitive than, what is available in the market. The second one, was about focus, where Porter's view was, that there needs to be a focused approach, in which organisations have to build the strategic models, cannot have a multidimensional approach, without any clarity.

And, the third thing is, to also try to develop something, that differentiates organisations, from the rest. So, the third piece was the differentiation, where you need to do the same things, differently. So, Porter's Generic strategy, the three corner pieces of the Generic strategy, was cost leadership, to maintain focus, or to be able to produce differentiation. That was the Porter's view. The other view that we saw was also, the C K Prahalad's view, on core competency. That,

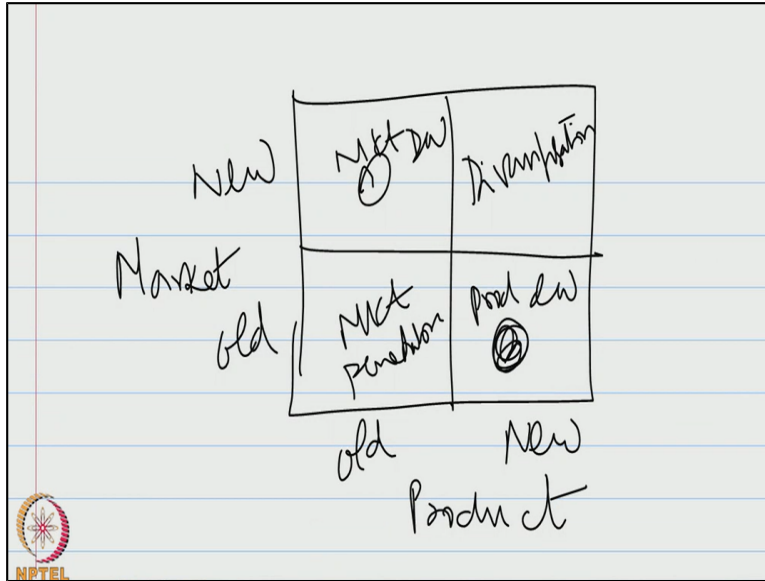
organisations will definitely have something, that is intrinsic in them.

That, they find themselves to be very strong in that intrinsic value, which he calls as the core competence of the organisation. And, the capacity of organisations, to build on that core competency. And, to ensure that that core competency is able to, manifest in itself, in different business applications, that could be within the industry in which, the organisation is operating. Or, it could transcend across, various industries. But, the essence of the strategic model, is that the organisation is trying to build, on what it considers, its core competence.

So, that was one view, of how to build, a strategic model. That is the, C K Prahalad's view. The other view that we saw was also, a Blue Ocean strategy. Which, made organisations to just think out of the box. To see, whether they can go uncharted, charter in uncontested market space, where other organisations have not tested, the viability of the business option. And, in doing so, it makes the existing competition, totally irrelevant.

So, that was one view, we saw a lot of examples on how, organisations were successfully able to do, this Blue Ocean strategic thinking, where they just moved into, new markets spaces. And, in the process, they made the competition, irrelevant. And, still they were able to, build a success story, out of that. Another model that we also saw, was the Ansoff's grid, which tried to develop a mix between, market and product. Remember, we were talking about, existing markets-new markets, versus, existing products-new products. And, there were four options. Market penetration, which had to do with, using the existing product, for the existing market.

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Remember, we used this grid, where we had the product, the market, old market-old product, new product-new market. And, if you are in an existing market, an existing product. Which means, the old market, and the same old product. Then, you are just trying to, penetrate the market further. So, that is could be, a market penetration strategy. Or, you could develop the market, expand the market, by using the same product. So, you could do a market development, whereby you try to get into, new markets, using the same product.

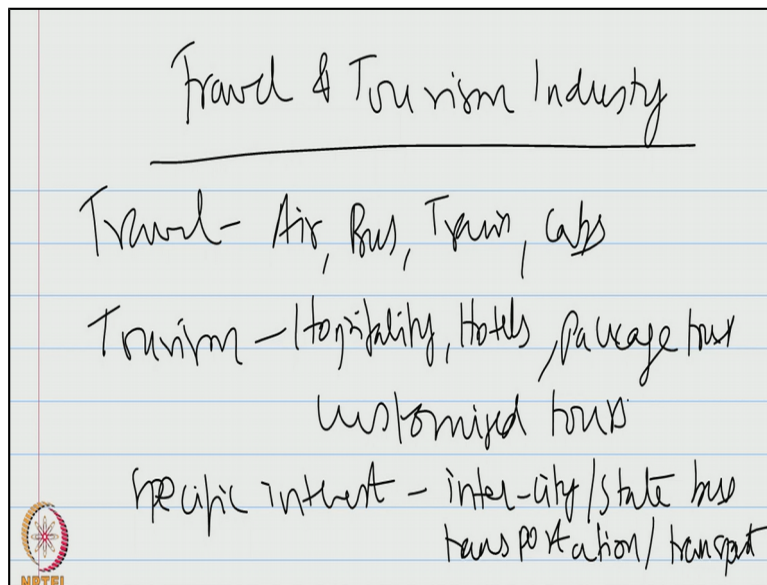
The third alternative that was available, was also product development, where for existing markets, you could develop new products. Product development. And, this was market development. And, this was market penetration. And, the fourth option that you had, was diversification, where you try to come out with, new products in new markets. So, this was also, one of the strategic models, that we had in mind. So, broadly, we were able to appreciate that, there were four popularly used strategic models. And, the fifth one, that I call, the Gut-Feel.

You know, some organisations, some entrepreneurs, feel that, you know, this entire conceptualisation, from the drawing board to the market space, was just based on a Gut-Feel. But, if you do a deep analysis, I do not have anything against Gut-Feel, but then if you try to do a deeper analysis, you will find that, you will be able to somehow force fit, even successful organisations, that were successful based on Gut-Feel, could also find themselves, adopting to a strategic model, which would probably fall into, one of these four models, that we already

discussed.

So, it is possible to force fit, even organisations, that just think that it is a Gut-Feel, that makes them successful. Now, having said that, I just would like to present a case for, today's discussion. Now, before doing that, I would like to broadly tell you, the domain in which, this case discussion is going to happen.

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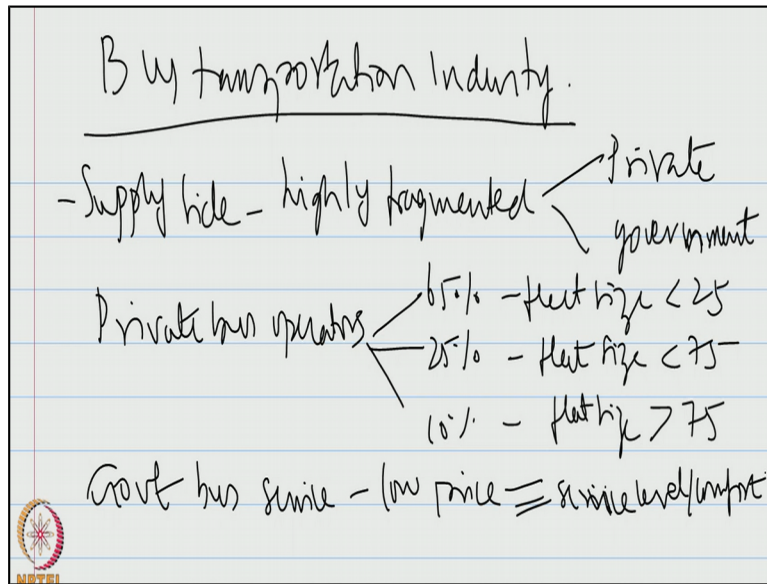
Now, the broad industry domain will be the, Travel and Tourism industry. And, this is where, the case discussion, is going to dwell around. And, now by Travel, I mean the air travel, the bus, the train, even cabs. And, by Tourism, I would include, the hospitality industry, which is the hotels, package tours, then you have the customised tours.

So, this is the broad industry in which, we will try to get this case started. And, very specifically, I would be discussing, our specific interest would be, within this industry, the inter-city or the inter-state, Bus transportation. Bus transportation, as well as, the Bus transport itself. Now, this is going to be our focus point, for the class discussion.

Now, before I get in to the case facts, we would like to understand, how the Bus industry, the current Bus transportation industry, is characterised. And, from a timeframe perspective, the class has to move, 5 to 6 years back, probably to 2005-2006. And, we are going to look at the case,

from that time horizon.

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So, at that point of time, in the year 2005 or 2006, we would like to understand, how the Bus transportation industry, was characterised. Now, let us begin with, the supply-side characterisation of the Bus transportation industry. By supply-side, I mean, the Bus operators. Now, how were the Bus operators, who commute Passengers, travellers, from one city to the other city, from one state to the other state. We know that, at that point of time, it was highly fragmented.

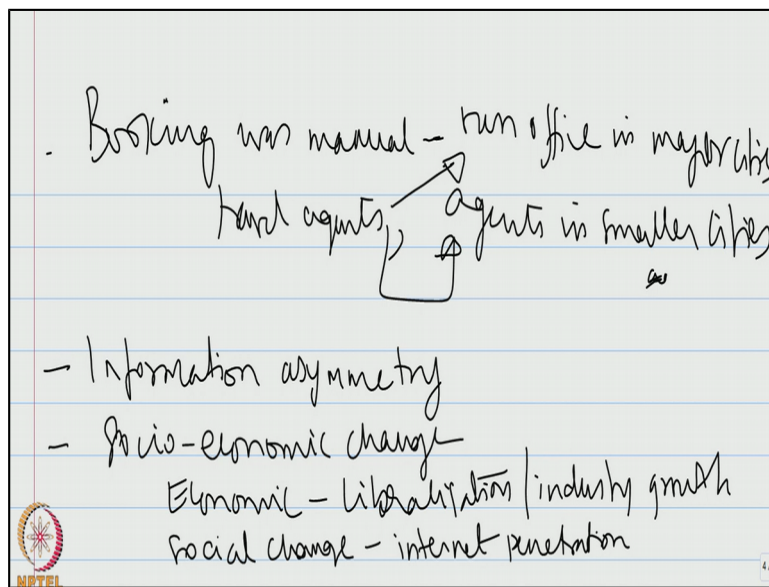
You had, Private and Government transportation. It started with, predominantly, Government transportation. But, slowly, also the Private Bus transportation industry, started growing a lot. But, it was very, very highly fragmented. So, much to say that, amongst the Private, if you look at the Private Bus operators, amongst the Private Bus operators, 65% of the Bus travel, were provided by Bus operators, whose fleet size was less than 25.

And, 25% of the travel was served by Bus operators, whose fleet size was less than 75. And, the remaining 10% could be, is those big ones, whose fleet size was greater than 75. Now, these are the ones, that you currently see, the big Bus operators like, the KPN, or the Sharma Transport. So, these are all the big ones, catering to 10% of the total travelling population. And, of course, on the other side, you had the Government Bus transportation, the Government Bus service.

And, they had a different characterisation, predominantly low price. As a result of which, the service level, the comfort, was also not comparable, to the Private Bus operators. And, they cater to a different market composition. But, even at that point of time, there was a slow response to the competition, that even the Government transportation services, got from these Private Bus operators.

And, of course, there is competition. The Government Bus operators also, looked at that competition, as something from which, it could learn. As a result of which, even the Government transportation services, started adopting to certain best practices. Though, their reaction was very slow, they were making some progress. That is about, the Bus operators.

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Now, about the process. If you look at the ticket booking, at that point of time, the entire booking process was manual. Where, the Bus operators, you know, sometimes, they used to have their own office, in major cities. Or, they would have, some Agents in smaller cities. Or, for a Passenger, we do not deal with Agents, or we might not even deal with the own offices. We even get our own travel Agents, doing the tickets on our behalf.

And, they themselves would be, you know, interacting with the own offices of the Bus operators, or through the Agents themselves. Or, in some cases, the Bus operators, themselves will own,

some of the smaller city Agent offices also. But, of course, that comes under the category of, Agents in smaller cities. And, the entire booking process was manual. I will explain, how the process happen. But, for now, we need to understand, that the entire bus ticketing, was manual.

And, another thing that characterised, the Bus travel at that point of time, was the information asymmetry. That, I will spend, more time on this. Because, this is the key, to the case discussion. That, because of this manual booking, there was no symmetry, in the information that was available, from the Bus operators point of view, from the traveller's point of view. By information, I meant, the vacancy positions, the routes, the price, the seating arrangement, and all sorts of such information, that is very, very critical, both from the operator's point of view, as well as the traveller's point of view.

Another important thing, that was happening, at that point of time was, a major socio-economic change, that was happening in our country. The economic change, of course was driven by, the amount of liberalisation, industry growth. So, we found that, there are a lot of IT companies, manufacturing companies, opening up, software development centres, in major cities, manufacturing locations in major cities and towns, where it was competitive for them, to start their manufacturing process.

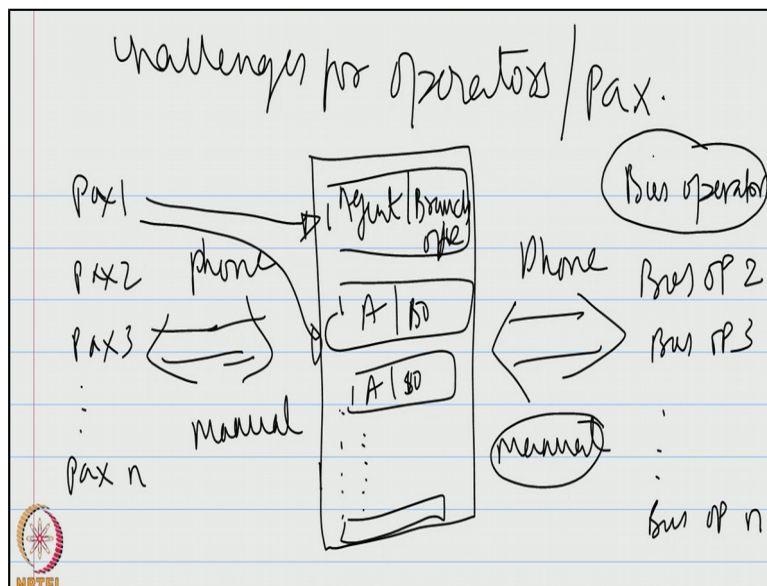
As a result of which, there was a migration of workforce, from the rural area, or the tier 3, tier 2 cities, towns too. Some of the major cities. So, there was migration. As a result of which, it necessitated a lot of travel, both for personal, visiting home, and getting back to work. Or, even for official purpose, where even the working people, prefer to choose, bus as a medium of transportation.

So, the economic changes, that happen to the landscape, was also an important thing, that was happening at that point of time, which kind of, changed the way in which, transportation, and more specifically, the Bus transportation industry was operating. Another thing, that was also happening was, a social change, because of the internet penetration. The huge explosion, in terms of the communication industry, communication was getting high-tech.

As a result of which, the internet penetration growth, was also increasing, year on year, from 2000 let us say. As a result of which, the e-commerce as an accepted paradigm, we were able to see, a growth in trade, as well as personal consumption, on the digital space. So, the fundamental for the e-commerce industry was, the rate at which, the support infrastructure namely the communication, the telephone lines, and the internet ecosystem, was build.

That was also finding itself to be growing, in a very progressive pace, between 2001 to 2005-06. So, this in effect, was the characterisation of the industry, from the perspective of a Bus operator, and a traveller. Of course, there are other changes. But, I am restricting, only from the perspective of the Bus operators, and the Bus travellers. Now, with this in mind, let us understand, what were the challenges, that the operators, as well as the Passengers faced, in that existing model.

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Challenges for operators, as well as, Passengers. Now, to understand that, we will first understand, how this entire booking process happened, at that point of time. So, let us say, we had a Passenger-1, Passenger-2, Passenger-3, all of them. And then, you had, a Bus operator-1, Bus operator-2, Bus operator-3, and so on, as many Bus operators as, there are in this industry. Now, what linked the Passengers, to the Bus operators, was either the Agent, or the Bus operator's own branch office. So, you had the, Agent-Branch Office, Agent-Branch Office, and so on.



Now, there was transaction between the Passenger, and the Bus operator, through the Agent. So, the Agent was the, intermediary. Or, the branch office of the Bus operators, were also the intermediary. But, the way in which the transaction happen, was the biggest issue, that posed to be a great challenge, for the operators, and the Passengers. Now, those were the growing pains, that the industry started experiencing.

Now, either it had to be through a phone, or you had to manually go and visit, the Agent's office or the branch office. And, again information was retrieved from, the Bus operators, either through phone, very, very remotely through manual. But, at times, if they are very close by, then even manual is possible. So, what happened is, now suppose, a particular Passenger-1, had to purchase a ticket to reach a particular destination.

So, he had to depend on the branch office, or through Agent. Or, let us assume that, there was no branch office, in the place in which, the Passenger wanted to book his ticket. And, it was through an Agent. So, we had to contact, a particular Agent. And, he checks with the Bus operators, the routes on the availability of the ticket. And, this is the experience of many of the Passengers. And, when this Agent is engaged with, handling a particular Passenger, in his office.

Suppose, more number of Passengers, want that particular ticket, they have to necessarily wait, before this Agent finishes, handling the particular Passenger's requirement. Now, the major challenge was that, there was an overdependence, on the role of the Agents, because of this manual effort, that is required to purchase a ticket. So, either, they had to visit the Agents place, or they could call, the Agent and get their ticketing done.

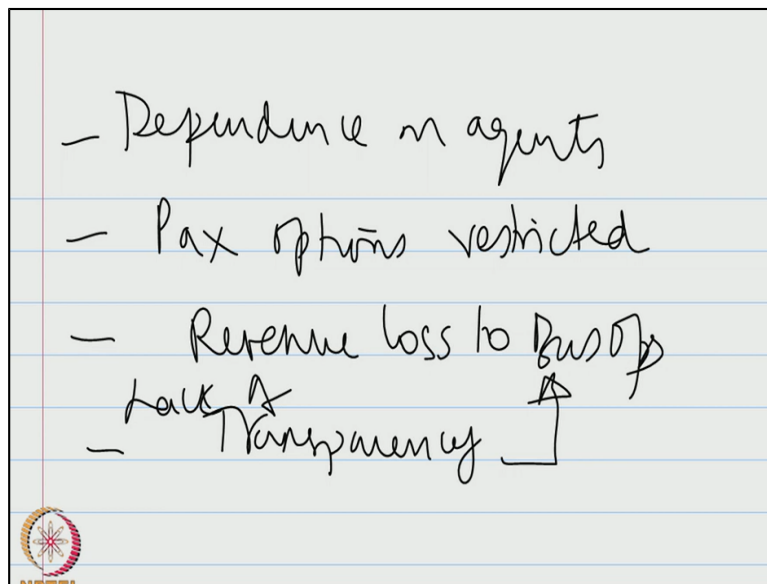
And, there are so many Passengers, queueing up. And, they had to wait before each Passenger, finishes his particular task. And, suppose this Agent is not able to really provide, the required service. And, if the Passenger feels that, there is another Agent that can help him, he contacts another Agent. And, of course, it is impossible to call, all the Agents. As a result of which, the Passenger also loses, some options that were available. But, he was not able to exercise, because he or she was not able to really handle, all the options.

Now, this is from a Passenger's perspective, that he was not able to exercise in, all the options because, it is impossible for him to exhaust, all the available options. And, from a Bus operator's perspective, because of this challenge, at times invariably, actually more often than not, we have found that buses complained, during the peak season also. A very rarely, but it does happen. And, of course, during the non-peak seasons that, their vacancy position is very alarming.

And, the vacancy position would have been a better, if there was a mechanism by which, a Passenger is able to exhaust, all the possible options. Now, because that they, Passengers were not able to exhaust, all the possible options, there was vacancy in the buses. As a result of which, there was loss of revenue. The another important challenge, that both the Bus operators, as well as the Passengers felt was, the lack of transparency, from the Agent's office.

Because, at times, you know, you know certain people who know, some of the Agents. And, they block seats for, the VIP's, or frequent travellers. So, at times, you are not a frequent traveller, but you have a very genuine reason to travel. There might be seats available. But, because of the lack of transparency, you know, you do not get a seat, that actually is available. And, when you actually want to travel, you are denied a seat, despite it being, available for you to travel.

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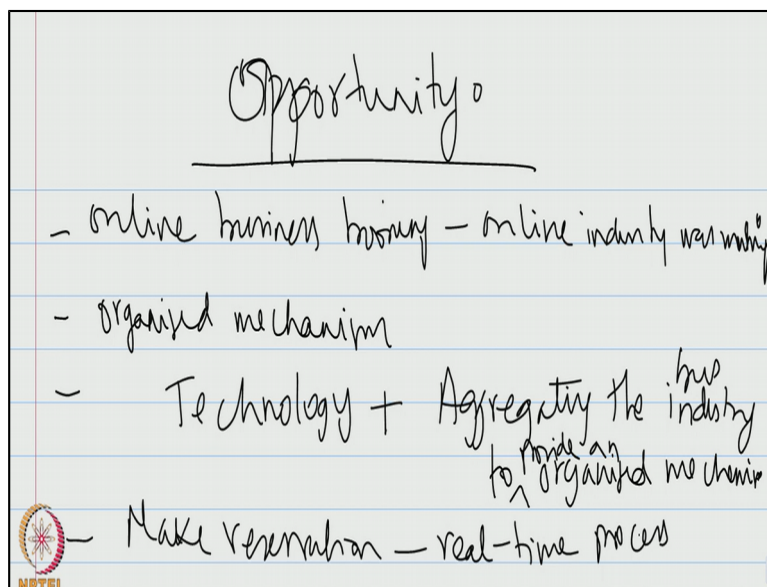


So, there were these big challenges, in that particular time frame, that you had to depend,

dependence on Agents. I am just trying to highlight, some of the major challenge. And, you can expand them, later. Then, Passenger options restricted. As a result of which, revenue loss to Bus operators. And, a major challenge was, transparency.

Lack of transparency, which could also result to, the revenue loss, for the Bus operators. Now, these were the major challenges. Now, remember, when we were discussing about the SWOT Analysis, we were talking about how challenges, we could see whether, we can get some opportunities, and use these challenges, to provide a business solution.

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Now, this is where, the present case study, becomes very relevant. Now, what was happening in the ecosystem, at that point of time, that made the founders of a particular organisation, that we are going to discuss, seize this opportunity. They found that, the online business booming. Not only online business, the entire online industry, was maturing. And, a substantial part of it, was driven by travel related business, especially in India.

So, there was an opportunity, to create an organised mechanism, in this Bus transportation industry, which was infested, with a disorganised architecture, information asymmetry. There was no connect, whatsoever between, the Passenger and the Bus operator. So, the opportunity, that the founders of this organisation seized was, to see how we could synergise very coherently, the online business ecosystem, and the need for an organised mechanism.

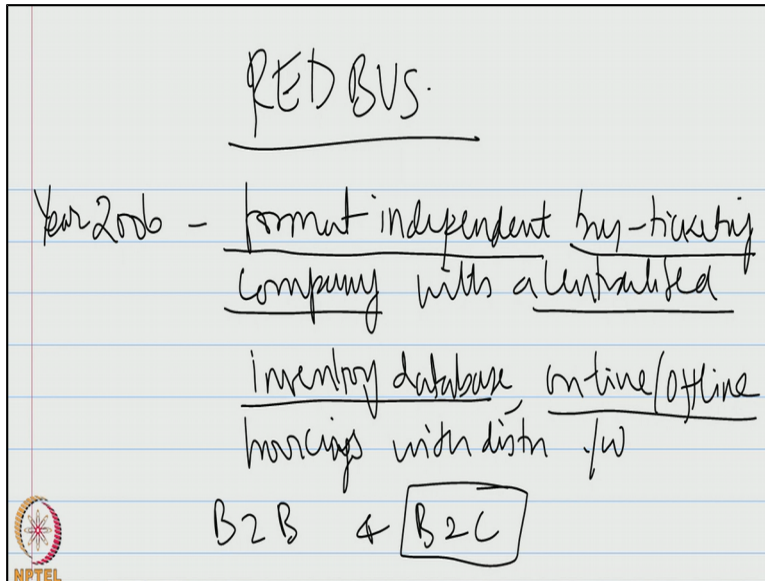
That is, they felt that, they could do this, by using technology, and aggregating the Bus transportation industry, to provide an organised mechanism. Or, in other words, they wanted to bring all, the Passengers, the Bus operators, everybody, into a common transaction medium. You could call that, an exchange, just like the stock market. They wanted to bring, all the Passengers and the Bus operators, into a common transaction medium.

And, in the process, make the bus reservation, a real-time process. As a result of which, it becomes very transparent. And, since it is real-time, and since it is organised, there is a lot of options available for the Passengers. Not necessarily online, but driven by an online solution. For those, who wanted to do off-line booking, telephone was there. For those, who did not have even internet connectivity, they could use this telephone, and connect to the call centres.

So, the organisation found, that there was this huge opportunity, that it could encash, by providing a synergy, that could address the major challenges, that the Bus transportation industry, was facing. And, this synergy rests on, the creation of a technology, that could aggregate the Bus operators, their seat position, all the information, that the Bus operators could provide.

And, provide this information, to all the Passengers, who need this information. As a result of which, the entire bus ticketing process, became very transparent, and became independent, of the Agents involved. So, this organisation, that I am talking about, is called, the redBus. I am sure, many of you have used redBus, in your ticketing process, to undertake your travel.

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I am sharing, some of the insights, that I got about this organisation. The case facts, the different data, from a case that was developed actually by the, Richard Ivey Business School, University of Western Ontario. They did develop a case, on this redBus, as a case study discussion, for its MBA students. So, back to this redBus. So, this is the organisation, the company, the firm, the online service provider.

This was the one, that was founded, and launched in 2006, by one gentleman by name, Phanindra Sama. Who found, in a very difficult position, when he himself wanted to book a ticket, to reach home on a festive occasion, found out very difficult, to get his own travel ticket. And, then came, this idea of redBus, to him. And, redBus was launched, as a format independent bus ticketing company, with a centralised inventory database, providing online as well as off-line bookings, with a good distribution network.

So, this is how, they positioned redBus. And, the keywords were, it was format independent. Meaning that, it could be for, any type of Bus operators. It could be, an AC Bus, Non-AC Bus. It could be a, Sleeper, or Semi-Sleeper, Berth. So, all types of buses, could be aggregated together. And, that it was a bus ticketing company, it was only trying to provide a mechanism, by which the entire ticketing process, could be smoothened, made better. It was not in the business of running buses. It was not in the business of opening Agent's office, for Bus operators, and selling tickets.

It found itself, a different model, and establish a different exchange, that brought together, Passengers, as well as, the Bus operators. And, how did they do that. They build, a centralised inventory database. This centralised inventory database, by inventory, it contained information on, the bus routes, the different bus service providers, Bus operators, their routes, the seat price, the availability position, all this information, on a real-time basis.

As a result of which, Passengers could either, book the tickets online, through this central inventory database, the redBus website. Or, off-line, that they just had to call, a redBus office, or call their call centres, which are using this redBus website. I am going to explain, how this entire thing happens. So, both the online as well as the off-line option, was available for Passengers, through a well-built distribution network. And, they were able to provide, both the B2B, and B2C.

Of course, B2C was their mainline business. They provide this business, to the consumers. B2C means, business to consumer. They provide this business service, to the consumers, in this case. The Passengers, as well as, B2B, in this case could be, the Bus operators, as well as, the Online Travel Agents like, the Yatra. Those types of travel Agents, for whom, they gave a totally different service, about which, I will be talking, a little later. So, what did redBus do.

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What did REDBUS do.

- 1) Busops - BOSS - bus operator's S/W System
  - update online seat inventory
  - inventory update over phone from offline busops
- 2) For travellers - redbus.in, Call Centres, franchise outlets, OTAs - Seat Seller App

How did they change, the way in which, the entire Bus transportation industry, was behaving? Now, for the Bus operators, it provided an application software, that they call as, BOSS. BOSS is the Bus operator's software system. Now, they sold it to the Bus operators. Now, each of the Bus operator, will have this software system, at their workplace. And, they are connected to the centralised database, which is a cloud database of redBus.

And, what they do, when connected to that is that, they update all the information. They update online, the entire seat inventory. By seat inventory, it captures all the information like, the availability of seats, bus route, price, everything, that is required, for ticketing. And, for off-line, that is the non-online Bus operators, those Bus operators, who could not afford this operation software, they were able to connect over the phone, and then provide inventory details.

Inventory details over phone, from off-line Bus operators. And, this get captured into the centre inventory database, by redBus own people. And, as I said, the information meant, the seats, the routes, the prices, the seating type, the bus design, all that was captured, on a real-time basis. This is one major change, that it made. The second thing, that it made, when you make a change, on the Bus operators side, there is a similar major change, that you do for, the travellers, or the Passengers, that they build a very robust website, redbus.in.

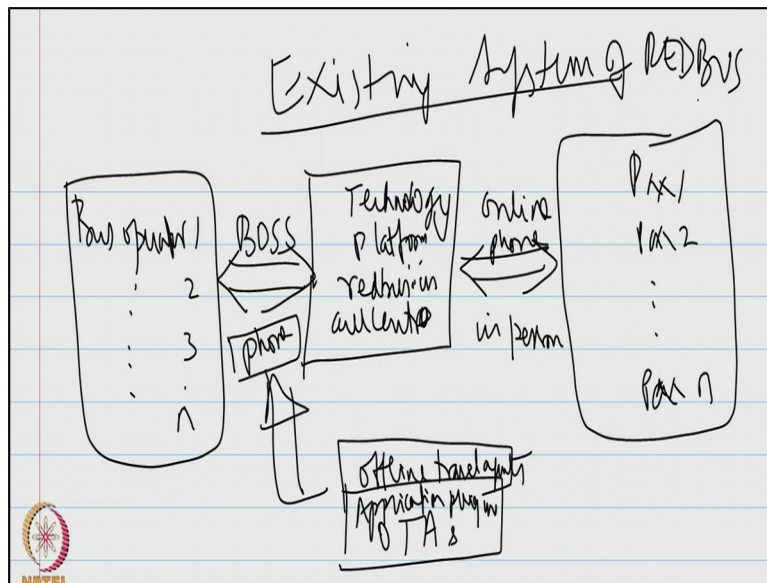
So, they provided a website, an online service called, redbus.in. So, Passengers, who have internet connectivity, just get logged on to this website, which provides the information, that it retrieves from the inventory database. And, information to the inventory database, is feeded from BOSS, or fed into the database through, telephonic updates, that are collected by redBus employees, from those Bus operators, who operate on an off-line mode. But, in essence, this website is the front end, for the travellers.

And, for those, who do not have internet, they can call, the redBus call centres. Or, redBus had their franchise outlets. So, you could go to the nearest franchise outlet. And, they will help you. They go to the re redBus website, and get the ticketing process, done. The third thing that they also did, was also for the, OTA's, these Online Travel Agents. You know, there are some Passengers, who buy air tickets, book hotels, book cabs, through these OTA's. Now, you see

these, Make My Trip. Likewise, the major OTA's, that point of time was, Expedia, Yatra.Com.

So, these were their OTA's, to which, redBus also gave a separate application called, a Seat Seller, a seat seller application. And, that was loaded in the OTA's website, as an additional module, in their online portal. So that, the OTA's themselves, as part of their tour package, could book bus tickets, using the Seat Seller application. So, this is what, redBus did, to change the way in which, the bus ticketing was, operational. Now, if I try to capture this, in a particular model, as to give you an understanding how, the present system, that redBus designed looks. It would be, like this.

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So, the central piece for this entire business model, was the technology platform, where you had all the database. Then, you had the redBus website. Then, you had call centres. You had Bus operator-1, 2, 3, up to n. Then, you have Passenger-1, Passenger-2, N number of Passengers. And, on the other side, you also have the off-line travel Agents, and the OTA's, the Online Travel Agents. And, you gave them, the applications, application plug-ins. And, this was through BOSS.

And, for off-line, you could also capture through phone, and put it in the central database. And, for the Passengers, they could get the information online, from the technology platform. Or, they could call them over the phone, and get the ticketing done through call centres. Or, they could in-person visit, the franchise outlets, who will in turn, get connected to the technology platform, and



get the ticketing done. So, in essence, what used to be. In the previous case, if you look a few slides back, it was very disorganised.

There was no connect between, the Passenger, and the Bus operator. And, everything had to run based on, the Agent's expertise, assuming that the Agent is transparent, which he or she is not. It was such, a disorganised mechanism. As a result of which, Passengers suffered, the Bus operators suffered, due to huge revenue losses. To, an existing system, that redBus implemented. Existing system of redBus, where it brought together, the entire stakeholders, of the Bus transportation industry, together.

The centrepiece is, the technology platform, that it built. And, it is that technology platform, that had the entire inventory database. This is, the information warehouse, for this business model. And, that database, it captured from the Bus operators, by selling them the BOSS application. So that, they could on a real-time basis, feed the information. And, for those, who could not afford, who chose to remain off-line, that information was captured through phone, and again, fed into the centre inventory database.

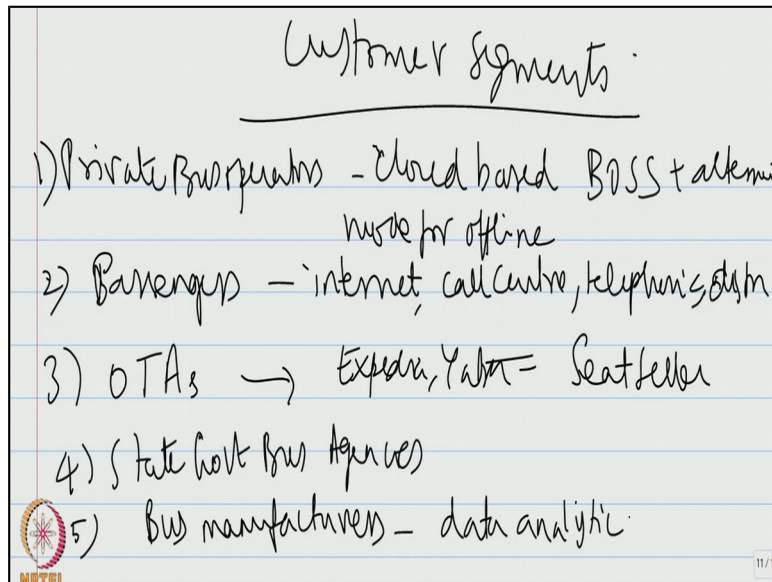
And, the information is ready. To be consumed, on the other hand by the Passengers, who wanted to buy tickets. And, they did not have to rely on these Agents, who could directly get into the website of redBus, check availability, pricing, affordability, buy the tickets, and make their travel. Or, for those, who do not have internet, they could make a phone call, get it to the call centre of redBus, which again gets into this system, and does the ticketing.

Or, they could go to the, redBus's franchised outlets, or to their distribution centres, and get the ticketing process done. So, this entire way in which, the Bus transportation industry changed, was something that transformed, the Bus travel experience, which in the olden days was just restricted, to the time that you spent, inside the bus during the travel, which redBus transformed.

Today, the Bus travel experience, has started even before, you undertake the travel. The moment you log into their website, you begin to feel, the travelling experience, checking various, you know Bus operators, that seat design, get a look at the view of the bus, the seating arrangement,

and all sorts of combinations. And, the experience of travel, you begin to feel, even before you undertake, to make that travel.

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And, redBus was very clear, in segmenting its customers. It handles them in, 5 clear segments. The Private Bus operators. And, they were able to build a network of around, 800 Private Bus operators. And, they provided them a cloud-based, BOSS. And, of course, they gave an alternate model for, the off-line. This was their first, customer segment. The biggest, of course, in terms of volume, was the Passengers, to whom redBus gave an internet option, a call centre option, a telephonic option, or even a distribution network, where they could go and visit.

Then, the Online Travel Agents, as I said, Expedia, the Yatra types, where redBus gave, the Seat Seller application. And, it also started very slowly, to provide the sort of service, even to State Government Bus agencies, or Bus departments, whatever you call it. Because, that itself, is a big Bus Operator Network. Every State Government owns, a fleet of buses. So, to say that, that could be definitely, a separate customer segment. You have, so many states. Each of them having their own, transportation department.

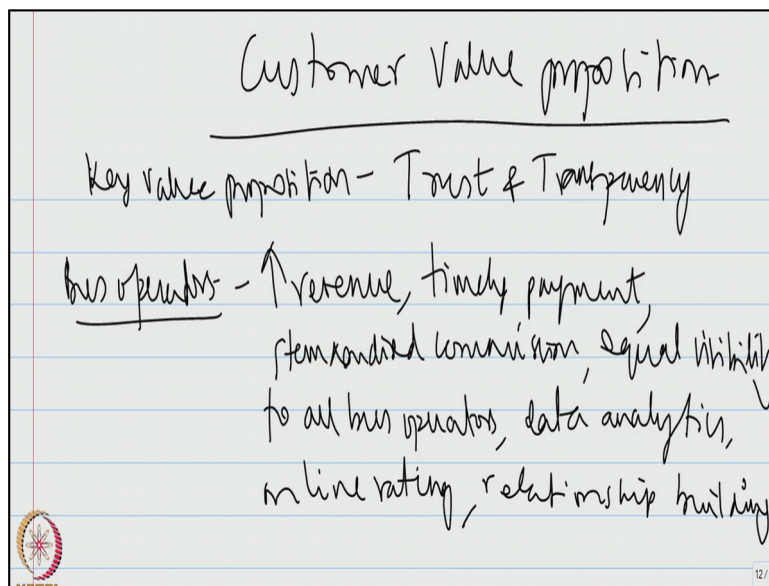
As a result of which, that was a clear separate, customer segment for redBus. Another important, not in terms of the business volume, but in terms of the way in which, the industry could be

further characterised, through a positive influence was, through the Bus manufacturers, who primarily could rely on, some data analytic tools, that redBus developed. Because, if you look at the present model, that redBus build, it is a data aggregator.

Based on the bookings, this Bus manufacturer would know, which are all the routes, that are always high traffic, which are all the type of seats, that Passengers prefer. They know that, if a particular Passenger, decides not to buy a particular seat. And, chooses a different Bus operator because, that particular seat design was available. That, Bus manufacturers know that, there is a demand for certain types of buses, amongst the Passengers, who use bus predominantly, as a mode of transportation.

A variety of such, you now, data analysis can be done, which will be an important critical feed, to the Bus manufacturers, who themselves could take decisions, for their own businesses. Now, the customer value proposition, that redBus was trying to deliver, to each of these customers, is very, very important.

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Because, what redBus tried to do, was to disrupt, the existing way of Bus transportation. And, put in place, something that is very, very new. And, unless, there is a very strong perception, that this new model is going to deliver value, it is very difficult for redBus to succeed. So, the customer value proposition, that it gave, you can see that, from two perspectives. But, there is

one unifying value, that it gave to both the Bus operators, as well as the Passengers, was the ecosystem that it built, based on trust and transparency.

So, this is, in my view, the key value proposition, that redBus was delivering. And, this is true for both, the Bus operators, as well as, for the Passengers, that it built an ecosystem of trust and transparency. And, if you look at more specifically, for Bus operators, the value proposition, the potential to increase revenue, that is a huge value proposition. Because, they are into this business, to make money. And, the propensity that this solution offered, to increase in revenue, was huge.

Because, the booking was real-time, the inventory was real-time. There is no way, that you have Passengers, who need the seat, but are not able to book them. Now, this has really transformed, the way in which, business was done. As a result of which, there is increase in revenue, for Bus operators. Then, there is timely payment of, ticket sales. Because, remember, redBus actually collects the money, on behalf of the Bus operators. This a timely payment. So, that is a value.

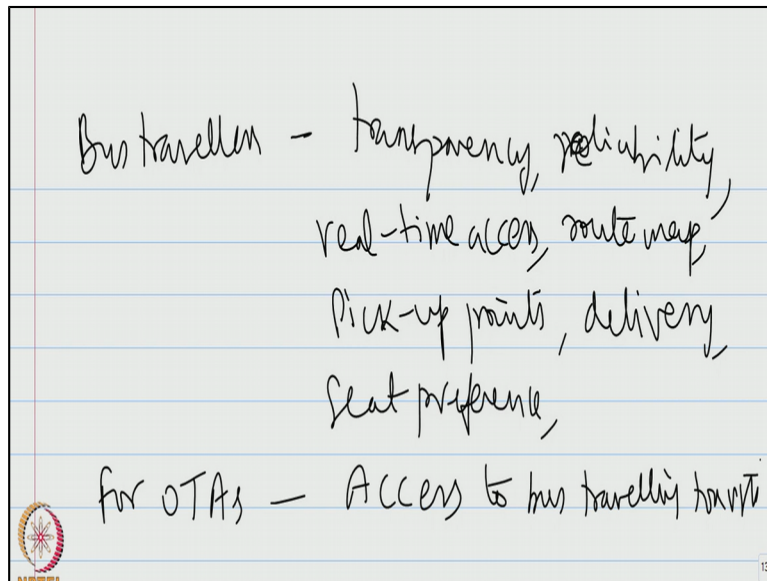
You do not have to rely on Agents, to get back the money. There is no postponement delay. Then, there is standardised commission, the Bus operators pay. And, this provided equal visibility, to all Bus operators. Gone are the days, where Agents prefer, a set of Bus operators. And, try to discard, a few. And, they choose them, as a last option. Now, in this case, the key value proposition again, it could be good for some, bad for others. But, overall, the equal visibility that it is able to provide, to all the Bus operators, is also a value proposition.

Then, the data analytics, as I said before, is not only for the Bus manufacturers, even for the Bus operators themselves. They know, which routes are profitable. And, if they find that, more number of Passengers require, they could add more to the fleet, serving that particular route. So, it is very, very critical value, that Bus operators can derive, because of this new solution. Then, you had online rating of Bus operators, so that, they could improve their services.

And sometimes, the relationship building, between redBus and Bus operators itself, is an intrinsic value, that this new model, gave to the Bus operators. At times, it could report, ground,

you know, field level feedback, to the Bus operators, and help them in improving, their efficiency. And, from the Bus travellers perspective, the key value proposition, there might be some commonalities.

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But, the biggest one was, as I said before, the transparency. And, the ease at which, they are able to get their tickets. The reliability. Because, if the system says, there is no ticket, you do not have to check with other Agents. It is a clear, no. So, as a result of which, you know, Passengers can begin to exercise, other possible options. It is real-time access. It provided even, the route map, pick-up points, delivery modes. Tickets could be delivered, in the nearest delivery centre, or home delivery. Seat preference.

So, it was kind of an, all in one, that the Bus travellers were able to get, from this service. And, for OTA's, the major value proposition, it was delivering was, it provides an access to the, Bus travelling tourist. So, these were, the major value proposition, that redBus was able to give to, the critical stakeholders, the Bus operators, the Bus travellers, and the OTA's.

Now, what we need to see from here, is the key success factors, that made redBus successful. And, after it came it into business, after a substantial period of time, they are at some crossroads, to take a decision, as to how they need to, take this organisation forward. Now, that is where, the strategy part, comes into play. First, to understand, what the key success factors were. And, after

having made this reasonable success, from here, let us say, after 6 Years, 7 Years, from 2005-6, where is redBus is going to go.

What are the options, that it has? That, it has to exercise, to make sure, that this success, is further build into, a sustainable competitive advantage. As a result of which, this organisation redBus, is able to meet, the business objectives, that it has in mind. So, for that part, we will meet next class, and see how, from a strategic perspective, redBus is able to take decision, on its future course of action. Thank you.