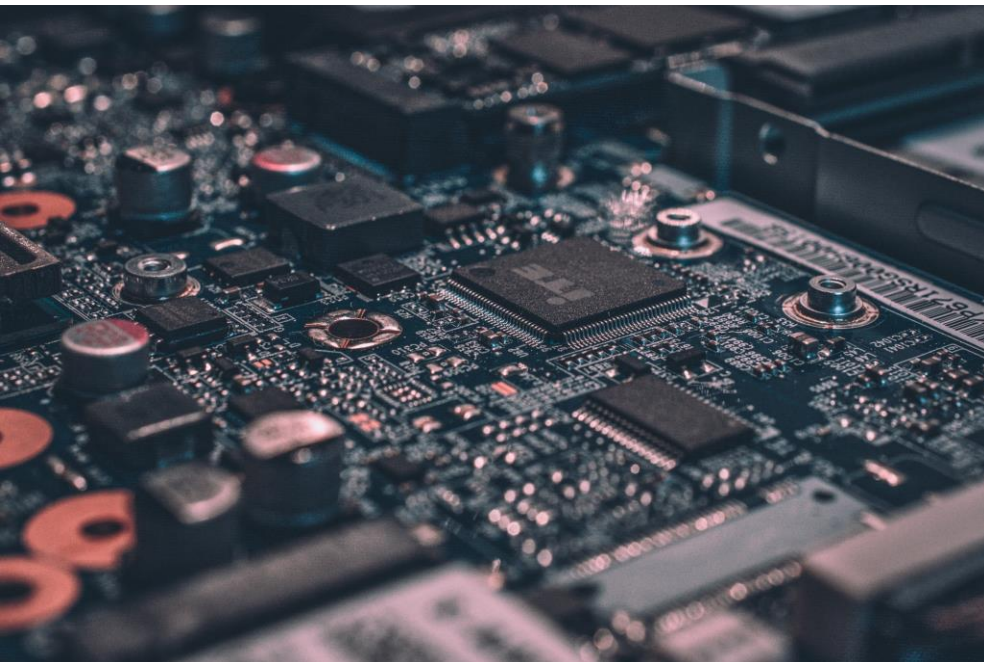


# MONTHLY SECTOR UPDATE

Issue | August 2020



## Technology

---

*“The great growing engine of change – technology.”*

**Alvin Toffler**

---

**1**

*Our Take*

.....

**2**

*Reports in Review*

.....

**3**

*News and Announcements*

.....

**4**

*Looking Forward*

.....

# Our Take

July continued to be a good month for investments in the technology and digital space in India. The month saw a continued investment spree in this space by global majors. Google announced an investment plan of a whopping INR75,000 crore in India, while Intel Capital announced an investment of about INR1,894 crore in Jio Platforms. Large electronics manufacturers like Foxconn have also announced significant investments recently. The final icing in the cake has been the interest shown by 22 major companies in Production Linked Incentive Scheme (PLI scheme). Production worth INR11.50 lakh crore and exports valuing INR7 lakh crore are expected over the next five years. This is a very positive sign for India's growth story.

Every crisis brings opportunities. With more than 100 Chinese apps (some of them being popular ones such as Tik Tok) banned in India, there is an unprecedented opportunity for Indian companies to create products, solutions and apps which are truly world-class. This would help them grab a large share of the market, not only in India but globally too. This opportunity can be a game-changing moment for Indian companies to excel in this space.

Work From Home (WFH) has become synonymous with the pandemic and has enabled IT companies to continue operations during the lockdown period. WFH can help companies in the long run by reducing the cost of operations (as it cuts down on real estate), improve the bottom line and redeploy resources on employee benefit

programs. It also helps in decongesting cities, as people need not migrate to larger cities. People working from home from smaller towns would lead to higher employee satisfaction and lower attrition. Apart from companies, even Governments might need to rework certain rules and regulations to enable WFH (e.g. enabling companies working out of Export processing zones to facilitate WFH etc.) and make it a win-win for all.

While we have heard unfortunate stories about layoffs in the IT and Technology sector, but there have been industry stalwarts like Ratan Tata and Rishad Premji (and many others). They have shown strong leadership and not looked at layoffs due to the pandemic. We feel that companies showing empathy and employee centricity during this period would have a much loyal and committed workforce in days and months to come.

**Devroop Dhar**  
Co-founder & MD  
Primus Partners

## Sector performance

### Indian smartphone market set to recover in the 2<sup>nd</sup> half of the year

After going through major disruption in supply chain and a curtailed domestic production, the smartphone market in India is anticipated to recover by more than 40% in comparison to the first half of 2020. Launching of 5G ready mobile phones and hyperlocal delivery models shall be the major focus during this period.

### Work from Home exemptions for IT/ITeS extended till December 2020

In view of the Covid-19 concerns the Department of Telecommunications has approved the extension given to IT/ITeS industry to work from home till December 2020. The Industry has welcomed this move.

# Reports in Review

## Systems of Cyber Resilience: Secure & Trusted Fintech by the World Economic Forum

- Cyber threat has emerged as one of the most significant risks to the society with financial services sector being a high-value target.
- With financial services becoming more modular & distributed, the number of potential targets for cyber-attackers has increased.
- Further, there is no coherence between the government agencies or private sector players on any baseline standards on cyber security for FinTechs.
- Rules & regulations are local, however cyber threats against Fintechs are globalized. Hence, regulators are often ill-equipped to address complexities of cross-border threats.

### Recommendations

A single global industry-wide baseline standard for Cyber security in Financial Services sector is the need of the hour. Starting from a baseline, this should be tiered for cyber-security maturity levels and provide guidance for companies, as they grow, on when they need to adopt and enhance cyber-security controls.

## The Impact of Mobile Technology on the Response to COVID-19 by the World Economic Forum

- COVID 19 pandemic has led to abrupt changes in the connectivity needs across the world. This has significantly affected connectivity trends, mobile technology use cases and the outlook for 5G deployment and adoption.
- COVID-19 has caused many existing and emerging mobile technology use cases to gain prominence, but the vast majority simply do not require the advanced capabilities of 5G
- 5G rollouts were always expected to occur in stages. However, COVID 19 has led to change in the rate of adoption of these stages depending upon the severity of the outbreak and the economic consequences being felt by a country.

### Recommendations

With major disruptions in work, education, social activities, retail and healthcare, connectivity requirements are bound to undergo a rapid change. High-speed broadband internet shall become ever-more important especially in rural areas. Further, 5G coverage shall open avenues for many such direct-to-consumer use cases which are yet to be imagined.

## Cost of data breach report 2020 by IBM Security

- 524 organizations, across 17 countries, that experienced data breaches between August 2019 and April 2020 were surveyed for this report.
- An accounting method - Activity based costing is being used to calculate the cost across four activities- detection & escalation, Lost business, notification and ex-post response.
- Personally Identifiable Information (PII) was the most frequently compromised type of record and the costliest in data breaches.
- One in five companies (19%) that suffered a malicious data breach with an average total cost of \$4.77 million

### Recommendations

The average cost of data breach has increased by 10% since 2014. Further security automation reduced the time to identify and contain a breach by nearly 25%. Hence the report recommends firms to invest in governance, risk management and compliance programs by using software services & tools to protect & monitor end-points.

# News & Announcements

## Google to invest \$10 billion in India

Google plans to invest \$10 billion in India over the next 5-7 years through its Google for India Digitization Fund.

[Read more](#)

## Apple begins assembling iPhone 11 in India

Apple's contract manufacturing partner Foxconn has started to assemble the current generation of iPhone units in its plant near Chennai.

[Read more](#)

## Digital India AatmaNirbhar Bharat Innovate Challenge announced by Prime Minister

The challenge seeks to identify best Indian apps, being used by citizens and have the potential to scale up and become world class.

[Read more](#)

## Nasscom picks 17 deep-tech startups under 4th cohort

India has made public the source code of its coronavirus contact-tracing app Aarogya Setu for Google's Android smartphones

[Read more](#)

## World's 2<sup>nd</sup> Largest Data Centre Inaugurated Near Mumbai

Highly scalable data centre infrastructure, capable of hosting global cloud, content and OTT operators, besides mission-critical applications of enterprises and governments.

[Read more](#)

## India's Jio Platform announces own 5G system

Jio Platforms' 5G kit, using 100% homegrown technology solutions, will be ready for trials as soon as spectrum is available, with field deployments possible in 2021.

[Read more](#)

## 47 more Chinese apps banned

After the ban on 59 Chinese apps, Govt. of India announced a ban on 47 clones of already banned China-owned applications

[Read more](#)

## The spying game: China's global network

A dossier reportedly compiled with the help of a former MI6 spy has accused China of trying to manipulate key UK figures, including politicians, to back the telecom giant's business in Britain..

[Read more](#)

## Wipro not to lay off due to pandemic

Wipro chairman Rishad Premji has stated that the company has no plans to layoff anyone due to the pandemic

[Read more](#)

## RIL not to dilute its holding in Jio Platforms below 64.44%

RIL currently holds around 67% in Jio Platforms and not looking to dilute its holding below 64.44%

[Read more](#)

# Looking Forward

---

As India slowly moves towards Unlocking phase to bring its economy back on track, we list down a few trends and opportunities which we feel shall define the Indian technology sector going forward.

## Investment in Digital India – A window of opportunity

We expect that investment in the digital space, including electronics manufacturing, would continue in days to come. Electronics constitute a major import for the country, with total imports crossing USD 55 billion in 2019. Therefore, the focus would be to reduce the dependence on imports and look at manufacturing in India. The interest of global manufacturers in the PLI scheme and the opportunity arising out of companies looking at expanding their manufacturing base outside of China are important drivers in this regard.

## AgriTech sector to see rapid growth

The AgriTech sector would see rapid growth as the focus again moves towards farmer welfare and the overall agriculture sector. Government is expected to continue its focus on doubling farmer income with renewed focus, and thus AgriTech firms can play a crucial role in helping increase the profitability of farmers by facilitating access to finance, lower input cost and better return. Experts have predicted that more than 30% farmers will be connected to AgriTech firms in the near future. Also, the recent reforms announced by the Government with respect to the APMCs may also give the fillip to the AgriTech sector.

## Future of Work in India

Prime Minister Shri Narendra Modi recently spoke about the future of work in India and technology can play a crucial role in it. We feel that this will be a big trend in days to come as technology will help reduce the mismatch between skills and jobs. Technology would also play a key role in training people, use of IoT, AI, Robotics can help transform the technical education space in the country and make people industry-ready, thus improving employability. Technology, including the use of AI, can help identify the prevalent skill sets available in a particular region and therefore guide companies. At the same time, they decide on setting up offices and factories based on available skill sets in that area. This will also help reduce migration to larger cities and bring in development across the country.

## About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'.

'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

India is and will continue to be a complex opportunity. Private and Public sector need trusted advisory partners in order to tap into this opportunity. Primus Partners is your go-to trusted Advisory for both public and private sector organizations involved intricately with nation building, and the creation and growth of robust corporations as engines of progress.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).

Primus Partners brings experience of working in more than 30 countries with private and public sector, including working with Government of India, building and leading large consulting teams at the leadership level, and creating one of the largest public sector consulting practice in India. They also represent 200 person years of experience in leading global and Indian consulting firms and the public sector.

The founding team is supported by a distinguished advisory board that includes experts with leadership experience across government, large corporate and notable civil society organisations.

### Primus Partners Contacts



**Nilaya Varma**  
Co-Founder & CEO



**Devroop Dhar**  
Co-founder & MD – Technology  
Impact Realisation



**Pooja Ahluwalia**  
Vice President, Head of  
Research



**Prateek Gupta**  
Vice President, Technology  
Impact Realisation

### Disclaimer

The report is prepared using information of a general nature and is not intended to address the circumstances of any particular individual or entity. The report has been prepared from various public sources and the information received from these sources is believed to be reliable. The information available in the report is selective and subject to updation, revision and amendment. While the information provided herein is believed to be accurate and reliable, Primus Partners Pvt. Ltd. does not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information and data available in the public domain. While due care has been taken while preparing the report Primus Partners Pvt. Ltd. does not accept any liability whatsoever, for any direct or consequential loss arising from this document or its contents.