

**Business Data Management**  
**Professor. G. Venkatesh, Dr. Milind Gandhe, Mr. Omkar Vinayak Karandikar**  
**Indian Institute of Technology, Madras**  
**Key learnings from the Case**

Prof. G. Venkatesh: So, thank you, Omkar. I think this was a very interesting case. Now, what did we learn, I mean, I am just trying to put my arms around the key learnings from this case. So, what, we saw actually case a number of things. One is how sales, how you do analysis of sales information, how do you do analysis of inventory information, how do you correlate sales and inventory and some things. But specifically, in terms of things that are students can take away from the case, what would you say are the key learnings, I mean, could key things that we should know.

Prof. Omkar Vinayak Karandikar: So, I think we started, if I have to just recollect the whole discussion, we started with need and use of Pareto to differentiate between 80-20 rule. Then we touched upon two different type of Paretos, one was based on the units and one was based on the value or GMV as they call it, revenue essentially and how these two different aspects of same coin are important from perspective of designing a warehouse or from designing overall inventory management system.

Prof. G. Venkatesh: By seeing the two together, we saw the two together.

Prof. Omkar Vinayak Karandikar: Yeah. Taking two together how do we place inventory given a box which if FC, how do we do that that is another differentiation. One key takeaway there was I think the need for removal of outliers. That gets skewed because of few outliers and how we are susceptible to make wrong decisions based on the outliers if they are not removed.

Third thing I think what we saw was the whole idea about ledger for a particular location, for a particular SKU. The need for looking at it on a daily interval so that we do not fall into trap of reporting averages and averages do hide a lot of information. We saw that. The need of regularly monitoring the key parameters like in this case we discussed about DOH. And how it affects the inventory planning system backend, how it can relate to, let us say, ensuring that there is no stock out is what we discussed.

Finally, I think in passing statements we also discussed about how the growth is taken care of in case of a growing e-commerce kind of business. When the business grows, how FC will expand or whether it will expand or it will just make room for itself by selecting piece of SKUs which again ties us back to the need for Pareto analysis.

Pareto again helps us in doing that selection more effectively so that the working capital or overall capital deployed in the business is put to the best use. We are just not expanding the FCs every single day and layout, but we are churning out more and more sales from the same asset that is the whole idea of making the e-commerce business sustainable.

Prof. G. Venkatesh: Then we saw two kinds of trade-offs, Omkar, one is the trade-off between working capital management with the CFOs most concerned about and response, I mean, response time to customer, I do not what you call it, so you want to make customer satisfaction, you want to make customers happy. So, once side, so that is the sales and marketing end of the thing. So, there is a contest in some sense, on a daily basis a contest between these two functions. CFOs managing working capital and sales and marketing...

Prof. Omkar Vinayak Karandikar: So, very interesting point. And I think that is what has been take away personally for me from the, from my working life. We need to always have two concepting metrics to manage. If you have one metric then it is easy, very easy for you to get something done. But as long as you have two conflicting metrics, the balance will be established. So, that is the reason on one side we said the customer speed is very important.

Yes, absolutely necessary for customer to have better speed, customers should get delivery every single day, every next day, fine. But what it is going to cost you is working capital. So, what it means tomorrow I need to put inventory in 300 odd cities all across India to ensure what our customer wants next day is available, it is option number 1. But what it will cost me is it will block a lot of money in working capital. And that is something I cannot do when I am growing at a faster rate.

Instead of doing this, I will rather make the customer wait for one day or two day and offer a better selection to the customer. Customer might be happier than what earlier case is, because the speed and working capital again relates to the marketing piece which we discussed that no one

wants a shirt tomorrow. No one is buying shirt because there is no shirt, at least not on e-commerce platform.

There may be a case let us say someone damaged phone and they want phone tomorrow. There are different kind of products which have different expectation of customer speed and basis that we design the supply chain. The underlying principle network remains same. However, there could be different supply chains which coexists inside the same structure, same infrastructure especially for a diversified platform where it is offering wide variety of selection. (not audible) only specialized only one thing.

Let us say, you are only offering medicines, you are only offering cosmetics, you are only offering apparel then the things become simpler, but I do not think that is the way we are looking at, at the future of e-commerce.

Prof. G. Venkatesh: So, you are definitely betting on the fact that this platform approach of selling multiple products is going to eventually win out compared to...

Prof. Omkar Vinayak Karandikar: Absolutely. We want, the customer wants to come to us for whatever she needs.

Prof. G. Venkatesh: Anything, one stop, one place store go to, one go to place for everything. And the other contest Omkar that we, that you kind of alluded to, we did not discuss it that much is this contest between diversity. You want to have, you want to give the customer selection, but at the same you want to focus. There are certain products which basically I am moving fast towards because of them, but at the same time if you only have them in your portfolio, customers do not, they are not happy looks like, so they need choice. They may not buy it, but they still need to see the choice if at all. So, you have to manage a diversity while you focus.

Prof. Omkar Vinayak Karandikar: Correct. And that is why the differentiation comes into picture, that is where your data analysis comes into picture. That is segregation of whatever you have into groups which is head, tail, torso we discussed. All those differentiations and different strategies for deployment comes into picture only for those requirements.

Prof. Milind Gandhe: So, personally for me the biggest take away out of this case is a better appreciation of how e-commerce works. I think we are all consumers. We keep ordering things

online and things just magically come to our home. But the total logistics infrastructure the supply chain, how all of this is managed. How an e-commerce company runs. I think for me was really the biggest elaboration. The fact that it is almost like you have your own private postal system was actually fascinating. So, that was a very interesting insight personally for me.

Prof. Omkar Vinayak Karandikar: Absolutely. Happy to know that you are appreciating the behind scene for e-commerce company.

Prof. G. Venkatesh: We now appreciate how hard you work actually. We know how hard you have to work. Good. So, that brings us to the end of this case study, Milind.

Prof. Milind Gandhe: Yes. I think we are done.

Prof. G. Venkatesh: Okay. So, in that case, I must thank Omkar for taking time off, giving us all the data, walking us through all the explanations of the analysis that we did for him and sharing his insights into the business. I think our students would have learned quite a lot from this. Thank you.

Prof. Omkar Vinayak Karandikar: Thank you. And pleasure was all mine. So, when you prepare for demonstrating something you will really understand the magic actually behind the whole numbers. So, it was very interesting journey for me also to prepare data and discuss all these points. It helps a lot.

Prof. G. Venkatesh: All right. Thank you.