

Digital Platform for SME

Empowering MSME for India

Objective



SME Digital Platform, is a new vertical within the Kotak Bank, with the aim to work with Fintech and SaaS players to co-create solutions to solve for SMEs across, Consumer, Commercial and Wholesale verticals within the bank. Platform, aim to launch all digital banking services of the bank, focused on solving SME pain points, for banking and beyond banking products. This vertical will predominantly work towards providing digital experience and product innovation, for SMEs, and provide a one-stop shop.

MSME Bifurcation

Type	Investment	Service sector Turnover	Manufacturing sector Turnover
Micro	1cr	5cr	5cr
Small	2-10cr	10-50cr	10-50cr
Medium	11-50cr	50-250cr	50-250cr

Note: Our target here will be Small, Medium Enterprise as per the Objective

Objective Breakdown (Understanding and Assumptions)

- **SME Digital Platform, is a new vertical within the Kotak Bank** – A different business team for its planning, budget, market research, customer research, marketing, operations & service will be dedicated as it is a vertical
- **With the aim to work with Fintech and SaaS players to co-create solutions to solve for SMEs** – Integration with third-party, application, API integration, lead generation, revenue sharing, and their team will be involved to implement this mission
- **Consumer, Commercial, and Wholesale verticals within the bank** – Target Segment
- **Solving SME pain points, for banking and beyond banking products** – We will discuss SME pain points in detail and banking solutions as well
- **Will work towards providing digital experience and product innovation, for SMEs, and provide a one-stop shop** – To be implemented in the Current Kotak Mahindra mobile banking app

Kotak Goal: Our customers will enjoy the benefits of dealing with a global Indian brand that best understands their needs and delivers customized pragmatic solutions across multiple platforms.

We are a world-class Indian financial services group. Our technology and best practices are benchmarked along international lines while our understanding of customers will be uniquely Indian.

We are more than a repository of our customers' savings. We, the group, are a single window to every financial service in a customer's universe.

Assumptions

- Target Audience – People with Small, Medium Businesses, existing current account holder
- Demography – India
- Product on Kotak Mahindra's existing Mobile app (Android/ iOS)
- Business type – Manufacturing & service sector
- Not considering Legal/Regulations for the sake of being creative
- Goal of Product – To solve problems for MSME, increase existing customer adoption, acquisition of new customers, Engagement, Revenue
- Not considering tech challenges in detail due to Initial draft of Case study.

Agenda

1

RESEARCH

- Market Potential
- Key Trends
- Target segment
- SME Pain Points

2

PROBLEM ANALYSIS

- Customer Persona
- In-Depth Interview
- Survey
- Empathy Map

3

PROPOSED SOLUTION

- Value-Effort Matrix
- MVP Features
- MVP Third party
- User flow
- Wireframes
- Launch Roadmap

4

METRICS

- AARRR Framework
- North Star Metric

5

GTM

- GTM-Integration
- GTM-Collaboration
- GTM-Communication



RESEARCH

Market Potential and Trends



1. The Small sector includes 3.3 lakh enterprises (0.5% of total MSMEs), while the Medium sector includes 0.05 lakh enterprises
2. 27.82 lakh accounts raised Rs 6.62 lakh crore in FY21. In FY22, 21.88 lakh small enterprises raised Rs 7.22 lakh crore.
3. ICICI, SBI have launched products for disbursing Working capital for SME
4. There are 87 Startups solving different problems for MSME's in India, 3 Unicorns
5. Smaller Indian cities will be a driver for this expansion with Increase in Infrastructure
6. India saw in Increase in 200% in Software exports and Manufacturing with total **\$679 billion in 2022**, 50% from small and medium enterprises in 2021
7. MSME Urban – 3 crore, MSME Rural – 3.2 crore
8. Textiles, garments, different types of shoes, rice and castor oil are major MSME products exported from India
9. MSME provides around 1 crore direct employment and 30 lakh Indirect employment
10. Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE) for first generation and existing entrepreneurs

Target Segment



We will see some data to understand the target audience market size for SME and right market to cater

1. **Consumer banking** - As consumer banking deals more towards personal banking and its related services, consumer banking clients mostly have savings accounts and can not be the right target
2. **Commercial banking** – Products and service in Commercial banking are designed specific for SME and they prefer current account due to their regular transactions
3. **Wholesale banking** – It primarily caters to large corporates, large financial institutions, providing syndicate loans, government bodies etc

Target – Commercial banking clients

Reason – Mostly used and suitable for MSME's. Current account can be created for them due to their regular volume of transactions

In detail : <https://ipbindia.com/retail-banking-commercial-banking/>

SME Pain Points & Need



1. Easy access to Initial Capital
2. Supply chain capital
3. New customers and retaining the existing
4. Legal understanding and the right support
5. Efficient and cost-effective vendors
6. Inventory Management
7. Commercial place and expansion space
8. Employee Verification
9. Competitor analysis
10. Employee hiring and Retention
11. Marketing & Sales Support
12. Logistics
13. Payroll Management
14. Cash flow management
15. Business Mentoring & Consultancy
16. Estate planning
17. Process automation
18. Tax relief
19. Exposure to big National and International market
20. Easy to use CRM

21. Wealth and Capital management
22. Customer Feedback management



PROBLEM ANALYSIS

Customer Persona (Manufacturing)(Medium)



Mahesh Bobadi (CEO - PetroPrefining)

Profile: 47 years old, 100 crore turnover, Chemical, and Mechanical Products

Key Pain points: Supply chain Capital, High Business loan Interest, Inventory management, Employee protection, Long sales cycle, Economic Effect

Need: To have easy access to business capital with less documentation and better interest rates.

2. As our end-to-end product manufacturing and sales cycle are high so supply chain top-up capital can help to sustain

Customer Persona (Service)(Small)

Pankaj Chauhan (CEO – Kamal Interior solutions)

Profile: 32 years old, 3 crore turnover, Home Interiors, Office Interiors, Real estate Pain and polish, Texture and waterproofing

Key Pain points: Supply chain capital, cash flow management, employee verification, Bank account opening, Quality and inexpensive vendors, logistics

Need: Capital, cash flow management, connect with best vendors, distributors, Business guidance, New customer, and market.





In Depth Interviews

1. What business you are into?
2. What is your target market?
3. Deal in B2B or B2C or D2C?
4. What products are the most sold?
5. What channels do you use to sell products the max?
6. What are your sources of capital for running your business?
7. Do you face problems with Capital Supply or management?
8. How do you hire your employees?
9. What do you do to keep employees motivated?
10. Do you pay employee salaries on time?
11. Do you have the right legal team and support?
12. Is your vendor and overall logistics perfect or there are some loopholes and why?
13. Are you well aware of your competitors and their product?
14. What is the biggest challenge you face as an SME business?
15. Do you use or plan to use any software for certain automation like payroll? Cashflow? Or operations management?

Note: These questions will have counter questions and these questions need to be asked to many SME owners in regular basis to gain better insights



Customer Journey Map

Seema - Manufacturing owner for Cosmetic products



	Awareness	Consideration	Purchase	Onboarding	Advocacy
Stages	<ul style="list-style-type: none"> Searches online for platform providing business loan. Gets to see ads through social media channels 	Visits the digital banking service provider's website, explores their offerings, features, and benefits for SMEs, customer testimonials	<ul style="list-style-type: none"> Sign up and initiates an account opening Adds all details for checking loan eligibility 	<ul style="list-style-type: none"> Approx Loan is calculated and displayed. Online and Offline verification starts with a TAT of 10 days 	Loan is credited and customer takes regular top up in form or chooses the supply chain capital option
Touchpoints	Advertisements on social channels, search advertising, relationship managers	Comes across in the top SEO search, testimonials, trusted relationship manager	<ul style="list-style-type: none"> ➤ App UX/UI ➤ Loan applying process ➤ Loan acceptance/rejection process ➤ Survey/ Rating 	<ul style="list-style-type: none"> Auto Mandate EMI received acknowledgment Additional capital based on performance 	Positive-Very Happy, Satisfied Negative-Dissatisfied, Angry,
Actions	Seema feels connected while seeing the website. Seema does feel connected to ad	Goes through the website and concludes that it can solve its capital problem Seema opens the add but feels confused, closes the site	Positive experience – Loan documents uploaded Negative experience – Complicated UI and lengthy process	Positive – easy and comfortable services Negative – Boarding failed due to purchase complications	Positive – Re apply for new loan Negative – Customer not coming back
Pain Points	No solution about easy and supportive access to business capital	Hidden cost High EMI Lengthy process and grilling	Unknown reason for loan rejection No end to end support	Poor management of loan capital Forgets to Pay EMI	
Solutions	Provide a platform for easy access to New Capital and working capital	Provide her an assured process of taking a loan with 24/7 access to customer service to answer all her queries	Provide details to her about documents and other things needed to get a loan cleared soon	Improve number of reminders for EMI along with E mandate	
Messaging	<i>“Trust us with your business goals”</i>	<i>“5 easy steps to avail your instant loans”</i>	<i>“Seamless process with no hidden costs”</i>	<i>“We are grateful to support you in your business grow”</i>	<i>“ We are here 24/7 to answer your</i>

PROPOSED SOLUTION



Problem Prioritization using Value Effort Matrix

Please find the excel attached for overall Prioritization calculations

Please Check the Excel attached before moving ahead



Microsoft Excel
Worksheet



kotak
Kotak Mahindra Bank

Phase 1

Easy access to Initial Capital

New customers and retaining the existing

Efficient and cost-effective vendors

Inventory Management

Employee Verification

Marketing & Sales Support

Cash flow management

Exposure to big National and International market

Wealth and Capital management

Phase 2

Supply chain capital

Commercial place and expansion space

Employee hiring and Retention

Logistics

Payroll Management

Business Mentoring & Consultancy

Easy to use CRM

Phase 3

Legal understanding and the right support

Competitor analysis

Estate planning

Process automation

Customer Feedback management

Survey: Hereafter all analysis above, we will do a recheck survey with a Close group of SMEs for the re-verification

MVP Features with Epic



MVP Point	Efforts	Epic
Easy access to Initial Capital	Kotak	To create a simplified digital journey channel (app & web) for verification and uploads for providing term loan
Working Capital	Kotak	To create a journey in the existing term loan account as top-up working capital. (Not considering non-Kotak account SME's for time being)
Employee Verification	Kotak Third Party	SMEs can provide a link to their employees to open an Kotak account. Where Kotak can verify with their KYC capabilities OR Integrate a third party app to verify before onboarding the emp on Kotak
Wealth and Capital management	Kotak	To integrate Kotak wealth management app for managing and planning individual owner wealth for short term budget and long-term goal
Efficient and cost-effective vendors	Kotak Third-Party	To create a platform using vendors which have Kotak accounts to be onboarded on the platform Or To integrate a B2B commerce online company where vendor can be connected and compared

MVP Features with Epic



MVP Point	Efforts	Epic
Exposure to big National and International market	Kotak Third-Party	Integrating third-party e-commerce for B2B and B2C applications which can be used to sell products across boundaries
New customers and retaining the existing	Third-Party	Integrating with B2B and B2C portals Integrating with Meet ups and exhibition portals
Inventory Management	Third-Party	To integrate an inventory management application in the Kotak app
Marketing & Sales Support	Third-Party	To integrate simple chatbots, email & text marketing capabilities, along with pushing some premium products to Kotak clients based on algorithm
Cash flow management	Third-Party	Integrating a cash flow management application for SME's to better manage their operational cash flows

MVP Third Party Integrations



MVP Point	
Easy access to Initial Capital	
Working Capital	
Employee Verification	
Wealth and Capital management	
Efficient and cost-effective vendors	
New customers and retaining the existing	
Inventory Management	
Marketing & Sales Support	
Cash flow management	

User Flow and WireFrames – In Progress