

OLA's Bumpy ride

Business Case Study of OLA FAILING in INDIA?

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Source: Think School

OLA is in Trouble

- At least 16 top executives have left OLA in last 2 years.
- OLA losses accumulate to Rs 17453 crores as revenue shrinks 63% in FY21.

Four Phase Framework

- Cash Drain
- Trust Building
- Dependency
- Control

Cash Drain

- Insane discounts and ultra cheap rights to tempt to download the app.
- Drivers were giving very very lucrative incentives because of which both customers and drivers were super happy.

Trust Building

- People in the lower economic status started leaving their job.
- Applied for loans.
- Wanted to become OLA drivers.

Dependency

• People's dependence and trust on OLA.



Control

- After getting the powerful and irreversible ecosystem, OLA started to decrease the driver salary.
- Imposed surcharge fee on customers.

After Effects

- With increase in income, drivers were having better lifestyles.
- Drivers started to get lesser salaries.
- Fuel cost rises.
- Due to increase of cars, drivers income reduced.

OLA Business Model

OLA BUSINESS MODEL

Key Partners

- Driver partners
- Fleet owners
- Private Taxi owners
- Technology partner
- Insurance partner
- Payment partners
- GPS Service providers
- Food delivery partners
- Grocery stores
- Delivery partners

Key Activities

- Increase Engagement
- Manage daily operations
- Sales and marketing
- Analysis
- Increase network

Value Proposition

For commuter

- Services on time
- Affordable rides
- Reliable drivers
- Active Customer Support

For Drivers

- Flexible working hours
- Daily rides payments
- Rent a car
- Book a behalf

Revenue Streams

- Ride commission
- In-Cab promotions
- Ola money
- Lease a Cab
- Ola credit card
- Corporate accounts
- Food delivery service
- Ola prima play

Customer Relationship

For consumers

- Instant pick up
- Promos
- Easy Payments

For Drivers

- · Easy joining
- Earn Income

Customer Segments

Riders

- Private Cabs
- Multi-stop cabs
- Rentals
- Corporates

For Drivers

Owns a car

Channels

- Mobile App
- Web App
- SMS service
- Email notification
- Cabs

Cost Structure

- Operational Costs
- Technology Costs
- Asset Costs
- Sales and Marketing

Key Resources

- Technology
- Team
- Brand name

Pandemic Effects

- Many drivers lost their savings, went to villages to find work, thousands of cars started to getting seized by the bank due to default in payments.
- Drivers went to car lenders. Profit split: 60% (driver), 40% (owner).
- The numbers of OLA drivers joining in got affected, no more interested to join OLA.

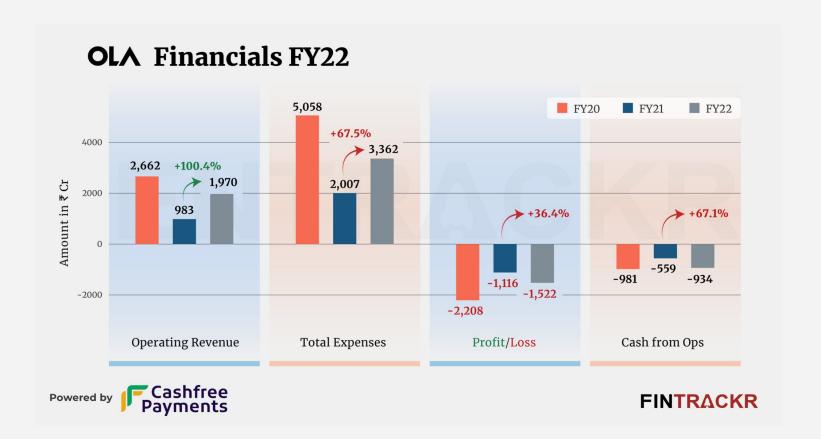
More Troubles for OLA

- Drivers of OLA become very very choosy, premium customers took private drivers and self owned cars become popular.
- Surprising of OLA don't benefit the most idea regular customer.
- Owning a car is more economical than taking an OLA cab.
- OLA fires 1400 drivers, says revenue plunge 95% in two months.

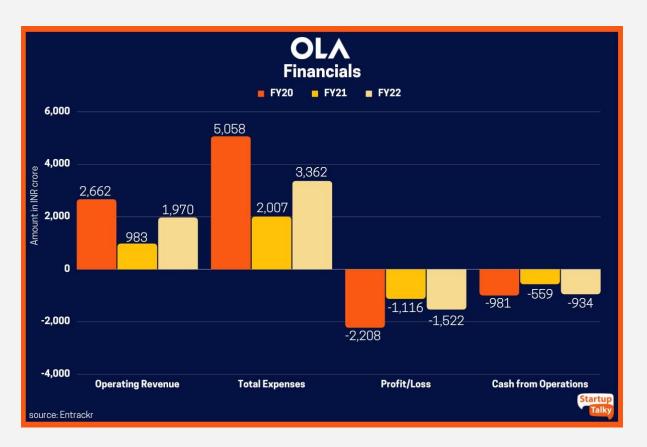
More Troubles for OLA

- Drivers don't make enough money in spite of working for long hours.
- Drivers are leaving for better job opportunities.
- Cost of owning a car cheaper than taking OLA cabs.
- Charging customers so much.
- Paying drivers so less, yet the company is in loss.

OLA Financial Crisis



OLA Financial Crisis



OLA SWOT Analysis



Challenges of OLA

- The number one competition for OLA is not Uber. It's private service companies that are offering stable jobs to drivers and convenience for customers.
- Irregular low ticket customers are way more in number and way more in terms of value of transaction than the regular office going premium customers.
- This customers will go where discounts take them and won't have the highest purchase power.

Challenges of OLA

 Cost benefit ratio for the most regular customer is one of the most important aspects they have to consider.