

## **Case Analysis 1 Questions on Momena**

### **1. Explain the forces that drives the AI boom in China.**

- China's state council's visionary plan to be the world's leading AI center, which was established in July 2017, called "Next Generation Artificial Intelligence Development Plan" (NGAIDP) was the foundation to initiate a drive in Artificial Intelligence (AI) in China.
- A further push was provided by the Chinese government when it decided to invest USD 2.1 Billion in building a giant AI industrial park in Beijing, set to inhouse about 400 companies engaging in AI technologies.
- Additionally, the NGAIDP marked its deadlines for years 2020, 2025 and 2030 which aimed to make China inline with the global standards of AI and an industry of USD 22.8 Billion, setup legal framework and an industry of USD 60.9 Billion, and make AI profoundly rooted in everyday life and an industry beyond USD 152 Billion, simultaneously.
- Along with this, the Ministry of Industry and Information Technology (MIIT) introduced a "Three-Year Plan (2018-2020) " to encourage efforts in AI-related areas. Momena's license to test its vehicles in Shanghai, was a part of this plan.

### **2. What are the critical issues faced by a fast-growth venture?**

- Achieving targeted deadlines marked by the company as well as the stakeholders.
- Finding the correct manufacturers to visualize and implement the blueprint of the product.
- Continuous funding to grow the company and its horizons.
- Building a high performance and quality product for incurring less loss in defects.

### **3. Describe the applications of AI in the automotive industry.**

- Helping the driver to provide live solutions for obstructions on the road and estimating the travel time by the live speed and total distance.
- Assisting the driver by alerting about dangerous situations and sending data to insurance companies to prove evidence in times of accidents.
- As AI is data driven, any component of automotive industry such as inspecting data for quality check or inventory management, can be fulfilled by use of AI.

### **4. Explain the entrepreneurial competencies of Xudong Cao, cofounder and chief executive of Momena.**

- Xudong Cao has a major in Engineering mechanics, which made him interested in the automotive industry.
- Along with this, he had worked with Microsoft Asia Research Institute and SenseTime in the Research and Development department, where he met other co-founders of Momenta, Gang Sun and Yan Xia, who were AI experts.
- Addition of Shaoqing Ren in the co-founders board, who was a PhD in computer vision, made his dream come true, creation of Momenta.
- As Xudong was having a research background, he spent huge time in knowing his customers and their needs, which furthermore helped him to decide to build a Tier 2 software for autonomous vehicles for the global market, wherein safety and reliability were his top priorities.

5. Describe Momenta's positioning in China and explain its rate of growth in the global A.I. industry.

- Momenta's goals were aligned with the vision of Chinese government from the very beginning which helped it to gain momentum in less time.
- As the foundation of the business model was robust, it became the first autonomous driving startup in China with USD 1 Billion in two years, embarking its first victory in the AI field.
- As a part of MIIT's "Three-year plan", government allowed Momenta license to test its autonomous vehicles in Shanghai.
- The employee base of Momenta has more than 700 people, of which developers being the 80% of the global unit, who have graduated from the top universities or were a part of top technical companies.
- It has been funded vastly by companies like Blue lake, Sinovation in Nov 2016 for about USD 5 Million, B funding, NIO capital and Cathay capital in July 2017 for about USD 46 Million, and some investors and government in Oct 2018 for an undisclosed amount. Overall it has gained beyond USD 200 Million since its establishment, which is a huge accomplishment and support in Momenta's growth.

6. What recommendations would you make to Momenta to help the company stay competitive in the AI Boom?

- Engaging AI in more than one core practice in the business will help Momenta to stand out in the crowd.
- In addition to this, undertaking projects to merge diverse teams such as manufacturing and supply chain management with analytical team to gain insights and enhance performance overall.
- Introducing bots to help in identifying and simplifying complex tasks would lead to better quality and faster delivery of the product.