

Assignment
kasbit University
Department of BBA



Topic:

What is the relationship between

1. Rocket Internet

2. Daraz.pk

3. Ali Baba

Subject:

FUNDAMENTALS OF MANAGEMENT

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Alibaba has expanded its e-commerce empire into South Asia after the Chinese internet giant [acquired](#) Daraz in an undisclosed deal.

Daraz was founded in 2012 by Rocket Internet and today it operates in Pakistan as well as Bangladesh, Myanmar, Sri Lanka and Nepal. Rocket said in a statement that Alibaba has acquired the entire Daraz business. The deal is the second time Alibaba has bought a Rocket company, the first being [Lazada in Southeast Asia two years ago](#).

An Alibaba spokesperson confirmed the deal but the company hasn't made an official announcement.

Rumours of a deal have been rife for the past couple of months, with [Bloomberg reporting in March](#) that acquisition talks were ongoing.

The deal is part of Alibaba's second wave of international expansions which see it enter South Asia.

The company initially focused on India — [where it has backed Paytm](#) — and Southeast Asia with Lazada, but this year it has spread its wings into lower profile but hugely populous countries in South Asia. Pakistan, for example, has a population of over 190 million. The acquisition of Daraz follows a fintech investment from Alibaba affiliate Ant Financial, which runs Alipay and other Alibaba financial services.

Back in March, [Ant paid \\$184.5 million for a 45 percent stake](#) in Telenor Microfinance Bank, a fintech division from Norwegian operator Telenor, which operates Pakistan's second largest telco. That one-two punch of e-commerce and fintech (particularly payments) is a common move from Alibaba-Ant, which has made similar deals in India and across Southeast Asia.

Beyond Pakistan, it looks like Alibaba is also eyeing nearby Bangladesh, which has a population of over 160 million and rising internet adoption.

[According to reports last month](#), the Chinese firm is pushing to buy a 20 percent chunk of payment firm bKash, a move that would again push its reach deeper into South Asia.

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In a surprise move, Alibaba, the China-based global e-commerce giant, has acquired Daraz Group, a leading e-commerce company in Bangladesh and several other South Asian countries.

Sayantani Twisha, public relations and communication manager of Daraz Bangladesh confirmed the acquisition to the Dhaka Tribune on Tuesday.

She said: "From now on, Daraz Bangladesh will be a part of Alibaba."

The acquisitions include Daraz operations in Pakistan, Nepal, Sri Lanka, and Myanmar.

The operations will continue under the Daraz brand name.

"Daraz will be able to leverage Alibaba's leadership and experience in technology, online commerce, mobile payment and logistics to drive further growth in the five South Asian markets that have a combined population of over 460 million, 60% of which are under the age of 35," a press release from Daraz Bangladesh said.

Last month, Alipay, the Chinese mobile payment giant owned by Alibaba Group, signed a deal with the mobile financial services provider company bKash Limited to purchase 20% of its shares.

They also signed a strategic partnership for enhancing bKash's technological capabilities.

Alibaba is expanding into South Asian markets. In the last few months It has bought stakes in major Indian and Pakistani digital payment services.

By Alexa metrics, Daraz is the most popular ecommerce site in Bangladesh. According to the company, it serves five million customers in South Asia.

Daraz was founded in 2012. The ecommerce site, along with several other internet-based services such as Lamudi and Foodpanda, were launched by the German venture capital company Rocket Internet.

Bjarke Mikkelsen, Co-CEO of Daraz, said: "With this transaction Daraz has found its natural home in the Alibaba family, and we are proud to carry our part of the mission to 'make it easy to do business anywhere'. With hard work and dedication we have started the ecommerce journey in our markets, but we have still only scratched the surface of the potential."

Jonathan Doerr, Co-CEO of Daraz, said: "Together with Alibaba, we are ready to empower entrepreneurs in the region and to fulfill our promise to offer our customers the best selection of products with a high level of convenience. All of this would be supported by a best-in-class technology platform, a strong logistics network, and a vibrant community of ecosystem participants."

Daniel Zhang, CEO of Alibaba Group, said Alibaba was excited for Daraz to become a part of its ecosystem.

"Together with Daraz, we can now empower entrepreneurs to better serve consumers in the region through our technology and expertise," he said.

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[Alibaba](#) Group has acquired the entire share capital of South Asian e-commerce platform Daraz Group for an undisclosed amount, Rocket Internet said on Tuesday.

Under the Chinese e-commerce firm's helm, Daraz will continue to operate under the same brand following the transaction, said the Berlin-based Rocket.

"The sale of Daraz to Alibaba is another testament to Rocket Internet's ability to successfully scale and exit market-leading companies", said Oliver Samwer, CEO of Rocket Internet.

"Leading technology and a strong logistics network have helped create one of the fastest growing companies in the region. The acquisition by Alibaba is a tremendous success for the entire team working at Daraz."

Daraz, founded in Pakistan in 2012, operates online marketplaces in Pakistan, Bangladesh, Myanmar, Sri Lanka and Nepal.

The five South Asian markets in which Daraz currently operates have a combined population of over 460 million, 60% of which are under the age of 35.

Germany's Rocket Internet Group claims an active portfolio spans more than 100 companies. Firms include [Global Fashion Group](#), Lamoda, [Dafiti](#) and [Zalora](#).