

SECTOR: DIGITAL INNOVATION



SECTOR OVERVIEW: JUNE 2012

Welcome to the UKIBC quarterly report on Digital Innovation. The goal of this report is to provide a roundup of the happenings in ICT and the media and entertainment industries. We provide insights on happenings in the marketplace, collaborations between UK and India, and case studies of companies that have succeeded. For those who are following our sector views, we are cycling through a variety of areas that come under Digital Innovation sub sectors and providing you with articles that we hope are informative, and which touch on the types of opportunities that we are seeing.

UKIBC update

Launch of Report

In the last quarter we launched our report on the “Innovation Imperative for UK-India Trade”. When it comes to innovation, there are some misconceptions about where innovation lies between the UK and India. For instance, the belief that is still held by some Western businesses is that the West needs to teach India how to innovate. Or the belief, sadly prevalent amongst many Indian entrepreneurs, that the UK is no longer a technology leader. The reality is that business and government in both countries have much to share and learn from each other. UK businesses

seeking to enter the Indian market usually find they have to 'Indianise' their product, their business model, or both - and that needs innovation. Indian businesses planning overseas investment can find in the UK world-leading science and technologies in our universities, as Tata Motors did at the Warwick Manufacturing Group.

With speakers from Imperial Innovations, BAE systems, Technology Strategy Board and Artevea Digital, the event received feedback that it was insightful and raised awareness for the audience on the state of Innovation in UK- India trade. For more details on what the event covered, please refer to http://www.ukibc.com/wmslib/News_Articles_Word/Communique_-_Innovation_Imperative.pdf

Andhra Pradesh IT Secretary

UKIBC also played host to the IT Secretary from the State of Andhra Pradesh. Andhra Pradesh has emerged as one of the fastest growing states in India over the last decade. Ranked 2nd among the top 10 Investment destination states in India with the industrial investments in the state crossing Rs.123.5 billion during the last three and half years, the state of Andhra Pradesh has a transparent, proactive and investor friendly government. The State made rapid strides in software manufacturing and is among the top 3 states in software exports from the country. This was an opportunity for the audience

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to have a dialogue with a State Government. For more details on what the event covered, please refer to http://www.ukibc.com/wmslib/News_Articles_Word/Copy_of_Communique_House_of_Lords_Loomba.pdf

Event in York

Finally, in our plan to reach out to the regions of the UK, we conducted an awareness raising seminar in the beautiful city of York on some of the opportunities in the technology sector in India.

UK Business Perceptions of Asia – Survey

UK Trade & Investment (UKTI) is running a short survey to understand how UK companies perceive Asian markets and the benefits and challenges of doing business there. We want to know the concerns or issues you have when doing business in, or considering business in Asia. Your feedback will help us understand what more can be done to help UK companies succeed in Asia. The findings will be presented to Ministers and senior business people at the Asia Task Force meeting on 11 July 2012.

The survey will take around 3 minutes to complete.

To take part in our survey, please click on the link below.

<http://www.surveymonkey.com/s/NL7HMGR>

A summary of these results will be published on the Asia Task Force pages

at <http://www.ukti.gov.uk/export/countries/asiapacific/foreast/china/asiataskforce.html> and on UKTI social media channels in July.

MARKET UPDATE

About Internet & Broadband

LinkedIn crosses 15 million users in India

LinkedIn started its India operations in 2009. Headquartered in Mumbai, in three years they have grown over 300%, with 15 million users being recorded in May 2012. The India country manager Hari Krishnan said, “This milestone (15 million) demonstrates that professional networking is becoming increasingly important to Indian professionals.”

(Refer <http://www.livemint.com/2012/05/28231208/LinkedIn-crosses-15-million-us.html>)

About Telecomms

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Bharti acquires Qualcomm India unit

Bharti Airtel, India's largest telecommunication service provider by subscribers and revenue, is acquiring Qualcomm's India unit in two phases. It is expected that this acquisition will give Bharti Airtel first mover advantage and make it the most serious competitor to Mukesh Ambani's Reliance Infotel's 4G telecommunication services. Post-acquisition, Bharti will be in a unique position, being able to offer communication services using 2G, 3G and 4G technologies in the key circles of Delhi and Mumbai, as well as in Karnataka.

(Refer <http://www.livemint.com/2012/05/24153125/Bharti-to-buy-Qualcomm8217s.html>)

About Media & Entertainment

Cable digitisation in India

The Indian government has set July 1st as the date for complete digitisation of the cable TV networks in the four metros of Delhi, Mumbai, Kolkata and Chennai. Some vested interests created roadblocks, but most of the Television Broadcasters have been pushing for this to stay on schedule. "... this is a game changing transition for the industry in India," says Sunil Lulla, Managing Director and Chief Executive Officer of Times Television Network, which runs the Times Now, ET Now and Movies Now channels.

(Refer <http://economictimes.indiatimes.com/news/news-by-industry/media/entertainment/media/ensure-digitised-feed-from-july-1-television-broadcasters/articleshow/13618500.cms>)

Reliance buying stake in TV 18

The Competition Commission of India has approved Reliance buying a stake in TV 18 which comprises channels such as CNN-IBN and CNBC. Mukesh Ambani's Reliance Industries has an eye on the convergence of entertainment on the Internet and TV as they roll out their 4G networks and begin to also take ownership of content.

(Refer <http://economictimes.indiatimes.com/news/news-by-industry/media/entertainment/media/cci-approves-reliance-industries-stake-buy-in-tv18/articleshow/13620252.cms>)

Hollywood blockbusters make big money in Indian movie market

Hollywood movies are beginning to make significant money from the Indian movie market. Hollywood productions increased their market share in India to 6.84% in 2011, from 3.94% four years ago. India is the world's biggest producer of movies with about 1,000 films being produced annually, and where nearly 3 billion cinema tickets are sold every year. Hollywood blockbusters are now beginning to compete with local productions for a share of the film goer's wallet. The share of Hollywood movies is expected to reach \$5Billion by 2014. "As multiplexes grow, the reach deepens, and the marketing and distribution of Hollywood movies gets bigger, it is possible that Spiderman, Batman or Bond could breach the exclusive 'Rs. 100-crore club' of Bollywood in the near future," says Farokh Balsara, Ernst & Young's media and entertainment practices leader for Europe, Middle East, India and Africa.

(Refer <http://economictimes.indiatimes.com/news/news-by-industry/media/entertainment/entertainment/hollywood->

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blockbusters-make-big-money-in-indian-movie-market/articleshow/13614239.cms)

About IT

Indian IT spend

Gartner predicts that Indian IT spend will grow by 16% to \$35 Billion in 2012. "There are currently 25 Indian companies in the Fortune 500, and there is a corresponding uptake of information and communications (ICT) technologies in the domestic market, as organizations seek globally competitive practices," said Derry Finkeldey, principal research analyst at Gartner. "The ICT market continues to outpace most markets in Asia/Pacific."

(Refer <http://economictimes.indiatimes.com/tech/ites/indian-it-spend-to-grow-by-16-to-rs-1-9-trillion-in-2012-gartner/articleshow/13394570.cms>)

UK Update

Tudor Brown leaves ARM

There has been a change of guard at one of Britain's most successful technology companies, ARM since Tudor Brown stepped down earlier this month.

(Refer <http://www.bbc.co.uk/news/technology-18054164>)

ATM's to operate without a card

New technology to enable people to withdraw cash from an ATM without their card has been unveiled in Britain. The services are the latest developments in a long-predicted move towards the smartphone becoming a digital wallet.

(Refer <http://www.bbc.co.uk/news/business-18409560>)

Supermarkets and Music Streaming – TESCO buys WE7

Supermarket giant Tesco has acquired a 91 percent stake in music streaming service We7, and plans to buy the rest of the company in the coming weeks. A Tesco spokesperson said that the deal would allow it to offer customers "a wider choice in how they consume music, complementing Tesco's current music offer in store and online".

(Refer <http://www.wired.co.uk/news/archive/2012-06/15/tesco-buys-we7>)

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INVESTMENT UPDATE

Some of the highlights on the investment front include:

£200 Million Programme Delivers Growth Support to Ambitious SMEs

GrowthAccelerator is a service provided by the country's leading business growth specialists, known for delivering uniquely tailored advice to high-flying businesses – advice that gets hard results. It's a partnership between private enterprise and government. And it's affordable.

So if you are a business registered in England with fewer than 250 employees, turning over less than approximately £40m and have the potential for rapid, sustained growth and want to double or better within three years, go to the GrowthAccelerator webpages <http://www.growthaccelerator.com/> to find out more

CASE STUDY – FOUR CROSS MEDIA

Four Cross Media describes what they do as “digital and beyond” and their expertise spans digital marketing, building and managing communities, content creation for web and mobile, media management and development of apps and solutions for web and mobile. Set up in 2010, this young innovative company started in June of 2010 in London and had the goal of marrying the best of West and Asian know how to realise the exploding digital opportunities in Asia. A few months after setting up, it acquired a company, Tangerine, in India. Since then, they have acquired a couple of more companies in India strengthening the expertise areas.

Today, Four Cross Media's client base spans the world - India, Singapore and North America. One interesting engagement is helping Standard Chartered promote its credit cards through social media by tapping into the passion Indians have for food by creating a Facebook community to explore Indian food. Another project has been providing ESPN with support on ensuring that their content is available to mobile users in India.

In conversation with UKIBC, Brian Kelly, the CEO of Four Cross Media, was passionate and enthusiastic about the exploding digital opportunities in India, particularly to do with digital marketing that looks at encompassing all mechanisms of access such as mobile phones, television and the internet. He also said that there is sophistication in some of the applications, and a creativity being shown by India in the way it addresses the mobile applications that he has not seen anywhere else in the world. He believes that British SMEs in the digital media sector should be looking at India as part of their startup plans rather than expansion later on.

[For more case studies click here](#)