

Business India

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Embracing digital growth

Edenred India is poised to script a major success story in the employee benefits space

French major Edenred Group (formerly Accor Services), has made big strides in India in the employee benefits space. The €1.3-billion group (for CY2017), the global leader in employee benefits space and inventor of Ticket Restaurant meal vouchers, has pulled off a big success story in India as well after entering India in 1997, through a wholly-owned subsidiary Edenred India. The company today offers solutions for employee benefits, as also fleet and mobility and corporate payment. The group is listed on the NYSE Euronext in Paris and operates in 45 countries. It has more than 8,000 employees. It services about 770,000 companies across public and private sectors, with 1.5 million affiliated merchants and 45 million employees/beneficiaries, who use the services. Edenred is the world leader in transactional solutions for companies, employees and merchants, with business volume of more than €26 billion generated in 2017.

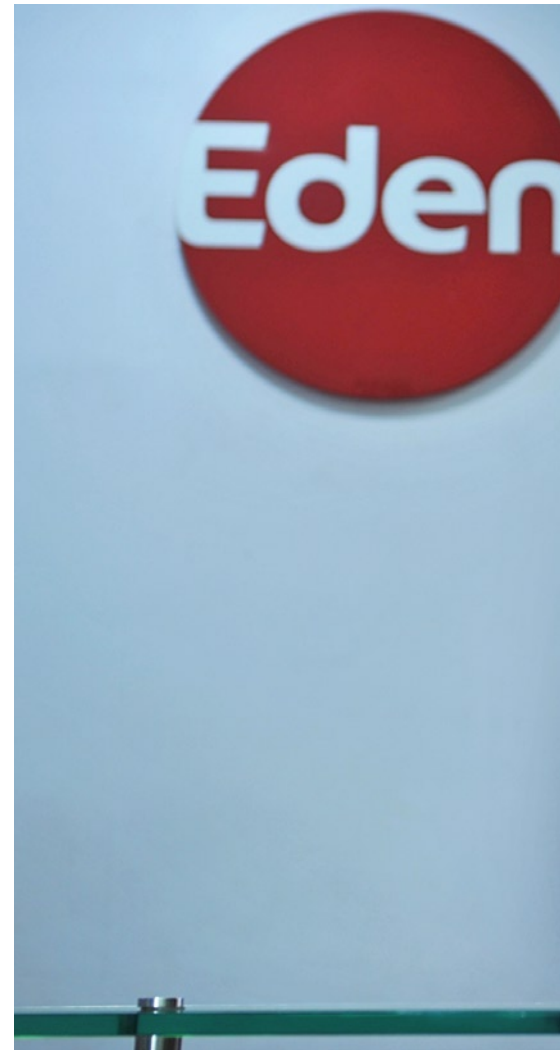
Over the years, Edenred India has emerged as a leading employee benefits company in India as well, catering to over 2.5 million employees (beneficiaries) across over 3,600 corporates and enterprises. The company, which designs and delivers solutions (meal vouchers/cards, gifting cards and others) that improve the efficiency of organisations and enhance the purchasing power of individuals, has created a network of over 1,10,000 affiliate merchants/outlets, spread across over 3,500 cities, towns and locations in India. Backed by 500 employees and offices in major cities, such as Mumbai (corporate office), Delhi, Bengaluru, Pune, Hyderabad, Ahmedabad, Kolkata and Chennai, the Indian operation currently manages 1.2 million monthly transactions across its offerings in meal and gifting solutions. Its

meal card is known as Ticket Restaurant Meal Card and gift card as Ticket Compliments Gift Card. But in the meal ticket business in India (though globally continues to be the leader), it lags another French company Sodexo, which is much larger in the meal space.

Edenred India has been a pioneer in digital meal cards in India, as it shifted from physical meal vouchers to the digital card format as early as 2014 (even before the RBI's digital migration deadline) and is today the leader in the digital space of meal benefits, as well as gifting solutions in the country, with affiliates network in both offline and online. The company, which has been growing at 10-12 per cent all these years, has grown at 20-25 per cent since its digital migration in 2014. And, this year, it is looking to double its business with introduction of innovative products. Moreover, the overall ecosystem and infrastructure in the last couple of years has turned considerably favourable following the digital migration.

Corporates offer these cards/services to their employees as part of their employee compensation structure, even as the employees enjoy tax benefits. These meal and gift cards by Edenred are tax-compliant and help employees save on taxes. These cards that a company gives to employees are not taxable if they don't cross the limit of ₹5,000. For an employer, with meal cards, they get not only tax and financial benefits but they also give their employees a free choice. Employees can get food they prefer in the widest network of acceptance points.

Gift vouchers or cards have grown in popularity recently among employers an incentive and motivation tool. Employers find these cards an effective way of engaging and motivating



their employees providing a reward of tangible monetary value. Corporates also like these cards for convenience and choice.

Swiggy, Zomato, Hypercity, Domino's Pizza, McDonald, Food Panda, Reliance Fresh, Pizza Hut, Fresh Menu and Grofers are among the many that accept Edenred's meal cards, while others like Westside, Shoppers Stop, VLCC, Reebok, Crosswords, Pantaloons and Lawrence & Mayo accept Edenred gift cards. Edenred's corporate customers in India include Tech Mahindra, Aditya Birla Minacs, Tata Chemicals, Deloitte, Siemens, Vizag Steel, MakeMyTrip, Atos, RBS, Tata Motors, AXA, Emirates, Reliance, Wipro, NTPC, Yatra, Titan and INOX.

Great experience

"We at Tata Chemicals have been using Ticket Restaurant meal card of



PHOTOS: SANJAY BORADE

phase of growth in the country. In fact, we have been pioneers of digitalisation of employee benefits business in the country”.

Khanna joined the company in June this year and is now heading the Indian operation which was earlier headed by Johann Vaucanson, who was managing director, Edenred India, for almost five years, before joining Edenred UK as its managing director. A Chartered Accountant by profession, Khanna brings his diverse experience of working with companies like American Tower, Sony Ericsson Communications, and Eicher. He was last associated with Beetel Brightstar Telecom.

During his new assignment at Edenred India, he has formulated a growth strategy, which will not only help the company maintain the momentum that the Indian business has gained in the last few years, following RBI's guidelines related to digitalisation of transactions, but will also infuse huge vibrancy to the entire business model. The company is looking to significantly scale up its overall business. In fact, Edenred holding a pole position in the overall employees

benefits space (meal benefits and gifting solutions together) globally, also wants to be a leader in the meal benefits business, where it stands second in India to Sodexo, which has a market share of 40-45 per cent. Edenred's share in the Indian meal benefits

market is 20-25 per cent, which it is planning to double now. Other competitors in the market are fintech companies like Zeta and banks.

“India Inc is yet to catch onto the digital wave of managing reimbursements,” says Ramki Gaddipati, co-founder & CTO, Zeta. According to the Zeta Employee Benefits Study, 94 per cent of corporates still use a cumbersome paper-based process to manage employee tax benefits. As a result, a large number of corporates shy away from running employee benefit programmes. It is high time corporates let technology replace these tedious processes of managing and storing paper bills and forms. A Bengaluru-based fintech start-up, Zeta offers digitised enterprise solutions for employee tax benefits, automated cafeterias and

Khanna: India is a key market

Edenred for the few years now and are happy with services rendered by the company,” says Madhu Mohan, assistant general manager, Tata Chemicals. “It has been a great experience being associated with it. The process of its product launch in our organisation has been smooth. Further, the orientation to employees is a special mention”.

“We are using Ticket Restaurant meal card for our employees as a part of their compensation structure,” concurs Sudhir Sethi, vice-president, HR, admin & legal, INOX India. “Edenred is a dependable service provider and we appreciate their prompt services”.

“We are regular users of Edenred's meal cards for our employees,” adds Sovik Bromha, director, finance, Red Hat India, a leading provider of open source, enterprise IT solutions. “They are hassle-free to register for, provide efficient operational support,

easy settlement and timely delivery/loading. We also buy Edenred's gift cards, which are preferred by us among a plethora of such gift cards in the market for their ease of use, simple registration and buying process and good customer support”.

Puneet Khanna, COO, employees' benefits business, Edenred India, also endorses the views. “Having invented the Ticket Restaurant meal voucher way back in 1962 in the French market and launched the concept outside France starting in 1976, Edenred is today the world leader in prepaid corporate services,” he says. “India is one of the key markets for Edenred. Over the years, we have established ourselves quite strongly with our offering which is quite diversified. With proactively migrating our business to digital space, we are now all set to take our Indian business to its second



Kumar: a win-win situation for all

digital payments. With a total client base of about 13,000 (some 10,000 SME clients), it manages a total of about 16 million transactions per month.

As part of its new strategy, Edenred has decided to expand its business substantially to new geographies, particularly Tier II locations in India. It is also looking to increase its presence in the SME sector, which has witnessed a tremendous progression in the last few years. By the end of this year, it plans to substantially expand its footprint in the Indian market with its innovative products. It intends to increase its merchant network to over 1,50,000 outlets and client base to about 5,000. Besides, it is looking to expand its geographical presence to 5,000 cities/towns. It is this merchant network that generates the primary source of revenue for Edenred which normally gets 2-4 per cent of the transaction value from merchants. Besides, the company also gets listing or on-boarding fee of around ₹1,000-2,000 from certain merchants for promoting their specific products and brands.

Edenred has been the first to migrate completely to the digital space in 2014. In fact, in case of the meal segment, Edenred proactively shifted its meal business to digital cards in 2014, even as the market leader Sodexo did the same recently. The company has also completely digitised its gifting solutions business where it continues to be a leader. Sodexo has entered

gifting card business last year only. Moreover, Edenred is also looking to broaden its portfolio of employee benefits further getting into other segments like LTA, fuel and others. About 60 per cent of its business comes from the meal segment today, while the remaining is from gifting solutions which, in the changed scenario, is going to be a major contributor to its growth traction.

“Our concerted and proactive move to move into the digital space, has helped us significantly in increasing our growth trajectory recently,” informs Khanna. “Going forward, backed by the introduction of new and innovative products, we are looking to expand our business in a big way in India which presents tremendous potential in the employee benefits space,” he adds. The recent improvement in the digital transaction ecosystem and other related infrastructure augurs quite well for the growth of the business.

According to Subin Kumar, head, marketing, channels, solutions & operations, Edenred India, “With digital transition, it is now possible to know customer behaviour in real time as also introduce add-on services to merchants and give out customised offers. It is also possible to offer all benefits (from meal vouchers, gifting solutions to others) to employees through single application. We at Edenred are well geared up to enhance our reach

and thereby expand business through technological interventions. We have got our proprietary software.”

Adds Khanna: “Today, we can proudly say that we have multiple solutions that can fit the needs of SMEs, mid market or the large enterprises. Currently, with paperless onboarding process, we are looking at targeting 1,20,000 plus SME’s across India”.

Gifting platform

The company has very recently launched eCompliments – an omnichannel gifting platform (India’s first) that aims at building an engaging gifting experience for corporates, employees, customers and channel partners. It offers eVouchers, gift cards and physical gifts all at one place. Through this platform, corporates can issue gift codes, cards, physical gifts for all their milestone, employee engagement and festival gifting requirements.

The platform integrates prepaid gift cards, temporary e-codes, digital greeting templates for all kinds of occasions ranging from festive gifting, rewards and recognition to achievements, certificates and more, and allows corporates including SMEs, to place an order for digital gift codes or gift cards or physical gifts anytime. The dual offering is unique to Edenred India as it also operates warehouses through its group company Accentiv’ India which has currently two warehouses where they keep corporate gift items as part of their loyalty solutions business. eCompliments eliminates the need to request for multiple vendor quotes, as corporates can avail huge discounts by designing their own bouquet of offers. Accentiv’ India, a merger of SurfGold and Royal Images Direct – two of India’s premier loyalty marketing companies – is today the largest loyalty solutions provider in India running rewards and incentive programs for large MNCs in India and across AsiaPAC.

“The next phase of shift in the corporate gifting trend is coming from smart platforms that will bring together brands, customers and corporates under one-roof,” says Kumar. “That is where a brand gets a visibility, a customer gets a choice and a corporate gets a simple and smart employee benefit platform. A win-win situation for all”!

“Nearly 66 per cent of the millennials in the country prefer sending or receiving digital gift cards and this translates into a great ground for a gifting platform that can address this potential,” contends Khanna. “Our newly-built, eCompliments is one unique corporate gifting platform that has the potential to increase our business by 400 per cent annually due to a unique mix of digital proliferation and physical supply chain prowess that vests with Edenred.” Khanna expects eCompliments business to contribute nearly 25 per cent to the overall portfolio during the current year.

The company introduced this platform after witnessing a steady 300 per cent y-o-y positive growth in its sales volume from Ticket Compliments gift card which was launched in 2014-15. With the launch of eCompliments, the company aims to strengthen this relationship with corporates by simplifying the registration, ordering and redemption process while offering tax saving benefit on standard gifting as per the corporate employee policy.

The Indian corporate gifting market is showing a robust growth. The market which is currently valued at around ₹15,000 crore, is expected to touch over ₹35,000 crore in the next four-five years. Notably, the digital gifting market which is currently accounting for around 10 per cent of the market, will expand to constitute around 40-50 per cent in the next few years. Currently, there is a market potential for 8-10 million employees who can opt for meal benefit allowance that makes it a ₹25,000-crore market, which though has been growing at 8-9 per cent, will certainly improve its rate of growth going forward with multiple changes happening.

“There is huge untapped market potential and the industry has seen a lot of innovations in the recent past and expects the trend to continue in the future,” explains Khanna. “At Edenred, with every rise in number of corporates opting for meal benefits solution increases the chances for upselling the gifting solution. With a rising number of beneficiaries, our platform promises a solid ground for business for brands of all sizes”.

He is of the view that, while there



are quite a number of new fin-tech start-ups, which have recently started providing meal benefits, using digital solutions, Edenred is one of the two main players in this space, which is providing a fully tax compliant meal solution. It affiliates merchants with a direct contract that allows them to only offer food and non-alcoholic beverages as per the income tax guidelines.

Second phase of growth

“By this, we mean a solution wherein we have a direct contract with the end merchant and can block or activate only on the basis the actual onboarding of the merchant for usage of the card to purchase food and non-alcoholic beverages,” the COO adds. “We are the world leader in the employee benefits space and we build closed-loop networks which include merchants, corporates, users and us”.

With all these initiatives in place, Edenred is well geared to start its second phase of growth in India, looking to reinforce its global leadership positioning in India as well. The company has been the first one to migrate its entire business to the digital platform and that has certainly given it a first mover’s advantage. With deployment of disruptive technologies and new innovative solutions in place, the entire landscape of the employee benefit space is all set to undergo a major transformation and a player like Edenred will reap rich benefits.

Every employer today is hard-pressed to offer employee benefit solutions to its employees but finds it difficult to do so because of lengthy paper work, logistics and other hassles related to documentation and reporting. That is where Edenred has revolutionised this space with the launch of tax compliant meal and gift cards as early as 2014 and migrated its entire voucher customer base to the digital products. The company has come up with a new strategy where it is looking to expand its business considerably through its recent measures and innovations. The adoption of technology will immensely help it in doing so.

Moreover, the entire market landscape has also turned quite favourable. The gift card business led by tax benefits, will grow exponentially following proliferation of both banking and private point-of-sale (PoS) networks leading to an ease of gift card redemption. Further, there is a rise of e-commerce categories – clothing, food items, ticketing and more leading to more choices for the customers. Simplified RBI guidelines on prepaid instruments, government’s pro-activeness towards digital payments, and quick adoption of technology by forward-looking corporate, will together add huge traction to the entire market and Edenred as an organisation.

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