

# Challenge 4.0

## PwC AC Bangalore

Case Competition



### PwC Challenge 4.0: Round 2 Case Study

Based on the first round of responses for the RFP from multiple consulting firms, StyleX & Co. has decided to shortlist PwC for a final round of discussions. The Partner from PwC met with the engagement team (you) to further discuss client expectations, project deliverables and provide strategic direction.

As we evolve the strategy based on the initial workshop, following are some key considerations before we conduct our final workshop with them.

#### Overview

Mr. Abhay Gupta, CEO of StyleX & Co. agrees on the potential of StyleX & Co. entering the Indian market. With the key goal being to make this venture a profitable one, focus is on entering the market with a product portfolio suitable for the Indian market and addressing the choices and needs of the target customer segments. To realize this goal, StyleX & Co. will leverage key-in class technology to create a differentiated experience for its customers and establish cost efficient and effective processes



He has asked PwC to delve deeper into the analysis conducted during phase 1 and formulate a roadmap for setting up the sustainable fashion retail business in India. He believes that long term growth is driven by leadership vision, a robust strategy and informed decision making. Thus, he expects PwC to incorporate short term and long term perspectives within the roadmap.

He is enthusiastic about the launch of StyleX's business in India and wants to leave no stone unturned. He wants PwC to assess the capability gaps which would require addressal and bridging. As desired by PwC, StyleX has granted full access to its leadership and key stakeholders. Management discussions provide significant insights about the business and are crucial for capability assessment, development of a roadmap and envisioning a path to profitability.

'PwC AC Bangalore' refers to PricewaterhouseCoopers Service Delivery Center (Bangalore) Private Limited, with offices in Bangalore, Mumbai and Hyderabad.

## Management Discussions/ Conversations

### Chief Strategy Officer

Mrs. Shumona Das, Head of strategy liked the opportunity assessment and Go-to-Market strategy designed by the team in the RFP however she would like to get more clarity on few of the areas. She states - *“Further analysis is needed for defining the growth strategy in India. Detailed understanding is required on the capability gaps we have against the Indian market and how we go about it. Further, it is crucial to leverage new age technological capabilities and quickly fill those gaps required for the operations to be profitable. We have seen success in the US market. Now I would be interested in knowing how we are changing our approach for the India market. We should also think upon how to access capabilities existing in India markets which we could directly leverage to complement our capabilities and bridge gaps”*

### Chief Product Officer

Ms. Kanika Iyer, Head of Product expresses that - *“The product/service offering and their positioning for the market in the RFP was good, but we are now looking for a more detailed launch strategy. This is a limited budget venture with a clear target of becoming profitable in the next 3 years. What we would like to see is clear sequencing of product/service launches in India with strategic targets and major milestones. From my experience in order to ensure profitable operations, the launch strategy of product/service offering is crucial as it creates a defining perception in the minds of customers. I would be interested in knowing which products and corresponding segments we are targeting here and what channels would we be choosing to achieve our vision in India”*

### Chief Technology Officer

Mr. Ashish Singh, who leads the Technology mentions - *“In today's era technology is the key. I would want technology to help us in a few areas where we could potentially derive a lot of benefits. Few such aspects which i am interested in would include*

- *Enhancing Customer experience*
- *Demand forecasting for inventory planning*
- *Using cutting edge technologies like AI, Cloud etc. to provide sustainable solutions with minimal waste generation*

*We would want PwC to brief us on the leading practice technologies they feel we would utilize in this area; I would also want a detailed mention of the selection followed by sequencing in the roadmap”*

### Chief Operating Officer

The firm has set-up its manufacturing plant in a special economic zone named SriCity in Andhra Pradesh. The main reason for setting up the plant there is the special incentives given by the state government and proximity to the Chennai port to receive raw materials. Mr. Bhaskar Rane, who leads the operations of the firm is now concerned about laying an effective downstream value chain of the firm in-order to reduce overall logistics costs. He is also very keen on employing state

'PwC AC Bangalore' refers to PricewaterhouseCoopers Service Delivery Center (Bangalore) Private Limited, with offices in Bangalore, Mumbai and Hyderabad.

of the art technologies in the value chain to improve service levels, perform effective forecasting, reduce operating and manpower costs.

#### Chief Financial Officer



Vinod Sharma, who leads the overall finance and risk management team in the organization, wants to keep the key focus on profitability with a vision of turning profitable in not more than 3 years. He stresses - *“StyleX will be entering a new market which is very lucrative but if we are not careful with managing our profits and losses it can land us in big trouble. We are currently in the process of economic recovery from the pandemic and have performed very well to realize positive income for the fiscal year. However, before making any decisions about significant investments in the Indian market launch and the associated marketing and pricing activities, we first need to look at its*

*impact on our financial statements. We need to forecast the impact and then arrive at a calculated decision.”* Vinod has shared **Exhibit 1** with the PwC team for further analysis.

#### Chief Executive Officer

Mr. Abhay Gupta sees “Sustainability” and “Fluidity” as the strongest watermarks of success in the near future in this industry. As per him *“Fluid fashion can be occasion fluid, age fluid etc. and with emphasis on sustainability it will continue to emerge as even stronger consumer trends in days to come. We have seen our success in the US market and wish to replicate the same in India. Our vision is to become the symbol of sustainable fashion retail in India. With raw material and supplier management already figured out, we are focusing on the later part of the value chain. India being a young country has a lot of potential when it comes to using technology to enhance customer experience, this is something we wish to capitalize upon. I strongly believe that with the right strategy and strategic vision we can definitely make our mark on the Indian market within the target of 3 years. While I would want customers to have a differentiating experience via our products but also wish to plug them into the concept of sustainable fashion retail. I am really excited to work on this new venture with PwC and would like these aspects to be clearly visible on our milestones and delivery model in India.”*

### Acquisition Targets

StyleX & Co. is considering the acquisition of an existing technology player to inorganically develop capabilities. PwC’s Deals team has identified a list of potential companies which can be considered for acquisition. The company profiles and financials are shared in a separate exhibit.

**Targets:** Exhibit 2

**Financials:** Exhibit 3

‘PwC AC Bangalore’ refers to PricewaterhouseCoopers Service Delivery Center (Bangalore) Private Limited, with offices in Bangalore, Mumbai and Hyderabad.

## Summary of Deliverables

The engagement team should help PwC partner in the final round of the pursuit by coming up with a presentation deck which should include the deliverables mentioned below.

Teams are encouraged to use visualization tools and come up with dashboards using Excel, Tableau, PowerBI, or any such tool of choice.

**Q1.** Utilize industry research conducted and the proposed product offerings defined in Phase 1 to **develop a detailed roadmap** for establishing the sustainable fashion retail business in India and including but not limited to achieving the following goals:

1. Launching the right products targeted to the right set of customers
2. Identifying and leveraging the right channels to approach the customers and maximize the visibility and reach
3. Realization of profitable operations in 3 years from the launch

Your roadmap should clearly detail out your short term and long-term vision and the target milestones in the process. Also, your answer should show what are the current capability gaps you have identified against the Indian market and how are you going to complement those.

**Q2.** Based on your envisioned strategy, plan your approach. We have a set of target companies (Exhibit 2) which might help you achieve the strategic vision. Analyze the targets and recommend the right acquisition target based on overall strategy developed and roadmap envisioned. In doing so:

1. Formulate a detailed evaluation framework and parameters used to recommend the right acquisition target. Utilize the evaluation framework developed to compare the provided set of potential targets
2. Provide rationale for alignment of recommended acquisition target with proposed business strategy and roadmap developed for StyleX & Co.
3. Based on available data and high-level benchmarks, list the potential revenue and cost synergies (if any) which can be realized through the acquisition



'PwC AC Bangalore' refers to PricewaterhouseCoopers Service Delivery Center (Bangalore) Private Limited, with offices in Bangalore, Mumbai and Hyderabad.

4. Using relevant valuation techniques and data available for customers and revenue, estimate the fair value of the targets

**Q3.** Develop a Target Operating Model (TOM) for StyleX & Co. and provide details for the functional areas covered under TOM (such as but not limited to) -

- Strategy (Vision, USPs, Key Differentiators, Goals, Key Milestones)
- People
- Engagements/ Partnerships (Governance RACIs, Interaction models etc.)
- Process (Standardized Process Maps)
- Technology Infrastructure
- Key Metrics

**Q4.** Identify locations for setting up warehouses by selecting any 4 of the mentioned locations in **Exhibit 4** and provide proper justification.

**Q5.** Taking into consideration the strategy you are going to propose for the firm to become profitable in next 3 years, forecast their statement of income for the next 12 quarters (Refer **Exhibit 1** for more details)

### General Instructions for PPT

1. Executive Summary is mandatory and should not exceed 2 slides
2. Do not exceed 10 slides while answering the questions (excluding executive summary and appendix). Appendix should not exceed 50 slides
3. To keep the content readable, do not go below a font size of 10. Preferably, use 12 or above
4. Please make assumptions wherever required, but don't forget to mention them. State the assumptions very clearly in the footer section
5. In case of quoting data from external sources, please mention references in the footer. Use APA style referencing