

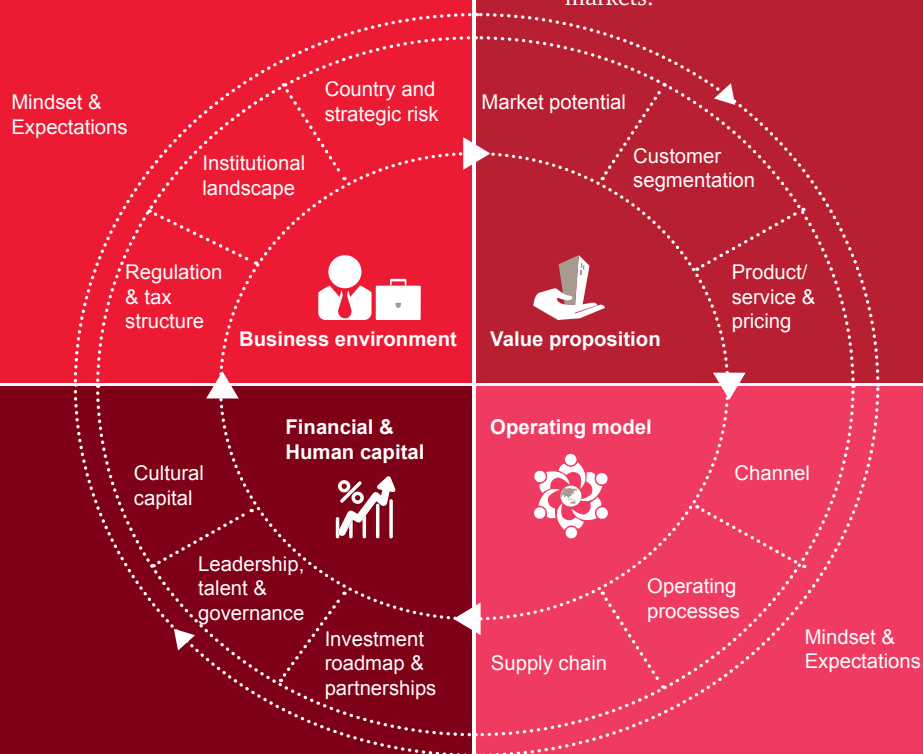
Our emerging markets framework provides a comprehensive view to our clients as they enter and build their business in emerging markets

Business environment: The business setting, including country characteristics and regulations that a company will operate in

- Regulations differ by country and therefore it is vital that a company considering entering a new market is familiar with the regulations that apply to its industry and business. Evolving regulatory environments in emerging markets pose additional challenges.
- Companies need to be aware of the institutional landscape and ability of institutions to protect foreign investors' interest in emerging markets.
- New markets pose an element of risk to a new entrant. Political and economic risk may impact a company's decision to enter a market.

Value proposition: The products / services offerings that a company intends to make or sell

- A sound appreciation of the different customer, product, and geographic segments in a new market will enable a company to understand who are the most addressable and valuable customers, where they are located and what offerings might best meet their needs.
- Understanding where the value lies and what drives it for the existing or new product / service offerings is very important.
- Companies entering an emerging market tend to enter with products and services from their existing portfolio or introduce ones with minor tweaks. However, this approach may not be the correct one to pursue since local preferences and desires need to be considered and addressed for sustained success in emerging markets.



Financial and human Capital: The investment needed to succeed both in terms of people and finance

- Entering and expanding within a market involves considerable financing and therefore a strong understanding of policies, stands and ability to raise finance becomes critical, especially in emerging markets where funds are scarce and expensive.
- Finding the right leadership talent to run a business in a new market can often be challenging. Assessing and understanding the standards, expectations and availability of local talent is important.
- It is important to have an effective governance structure that ensures seamless operations between global head quarters and country operations, by balancing local autonomy with benefits of global scale.

Operating model: The way a company operates in the new market

- A company needs to gain an understanding of the core operational capabilities required in a new market.
- Supply chain management covers the manufacturing or management of a product / offering and delivering it to a point of sale. In an emerging market context, the supply chain needs to address challenges around weak infrastructure, remote pocket of consumers and large distances.
- The development of a direct channel for a new entrant requires both time and investment. In an emerging market like India, the new entrant might consider ways of developing strong relationships with channel partners since business relationships are usually trust based.