People

Barclays Wealth hires Sharma

Barclays Wealth has named Sandeep Sharma the director and head of its south Asia division. Sharma will leverage the Barclays Wealth Global Service Support hub in Singapore to offer wealth management services to the South Asian community of ultra-high-net-worth individuals. He will report to Didier von Daeniken, Asia Pacific chief executive and is a member of the Barclays Wealth Management Committee in Asia. "Our strategic focus for the Asia Pacific region is to grow our Greater China and India business which are two very promising markets experiencing unprecedented economic and HNW population growth. To prepare for a strong push in momentum for the South Asian business in 2008, I am delighted to welcome Sandeep to the Barclays family," Daeniken said.

Rajwant is country manager, F5 Networks

F5 Networks Inc, the leader in application delivery networking, on Wednesday named Harvinder Singh Rajwant the country manager for its India operations. "Harvinder is a high-energy, results-oriented leader with a proven track record of growing businesses. He is widely recognised for conceptualising, developing and implementing effective marketing and sales strategies," said Song Tang Yih, vice-president, Asia Pacific, F5 Networks. "Harvinder's excellent leadership qualities will enable us to take our business to the next level in India," he added.

Brand buzz

Nokia to invest $285m at Chennai plant

Mobile handset manufacturer Nokia would invest $75 million more at its Sriperumbudur plant for capacity expansion, taking the total investment in its Indian operations during 2008 to $285 million, a top company official said on Wednesday. "The company has already invested $210 million in the country against a commitment of $150 million and $75 million more is being invested in its Sriperumbudur plant," Nokia India director (operations) Sachin Saxena said. The Sriperumbudur plant has already manufactured 60 million handsets in a record 20 months since it commenced production in January 2006. Half of its production at the Sriperumbudur plant is being exported to over 58 countries. The new investment would also help in increasing the product profile of the plant. The Sriperumbudur plant mainly concentrates on low-cost sets for which there is a growing market in India, he said. The Indian plant has become the fastest growing Nokia factory in the world, he said, attributing the rapid growth to low-cost and highly skilled personnel. Of the 6,000 employees of the plant, 70% are women.

Claridges, worldhotels sign agreement

Claridges Hotels & Resorts and worldhotels, the Europe-based independent hotel brand, on Wednesday signed an agreement for exclusive partnership in the country. Three hotels from Claridges Hotels & Resorts stable, situated in the NCR - The Claridges New Delhi, The Claridges Surajkund (opening in autumn 2008) and Atrium Hotel & Conferencing — will be the first hotels in India to join the Worldhotels portfolio.

Dabur launches *Shwaasamrit*

FMCG major Dabur India Ltd on Wednesday announced it has launched 'Shwaasamrit' - an Ayurvedic medicine for combating breathlessness. "Shwaasamrit is a 'clinically-proven' herbal concoction that has been developed to cater to the needs of the Kerala market where a significant proportion of the population is known to be suffering from breathlessness," the company said in a statement.

Reliance Retail kicks off massive recast

Will split verticals into 25 separate companies

Sindhu Bhattacharya. New Delhi

Reliance Industries has kicked off a mega restructuring of its retail business so that each vertical becomes a separate profit centre.

This exercise, perhaps prompted by the political uncertainty surrounding large retail chains and also difficulties in sourcing and supply chain management under the current setup, will see the creation of 25 separate companies from the single entity that is now Reliance Retail.

Reliance Retail will become the holding company for each of these verticals.

Sources tell us that fresh fruit and vegetables business would remain a part of the new system albeit in a much smaller way.

To be called Ranger Farm, the agri and farm produce vertical will be headed by Gunender Kapur and different functions such as sourcing, collection and distribution of farm produce would be handled by Kapur.

Till now, Ranger Farm outlets have been used as B2B centres from where push- cart vendors and other retailers can buy fresh fruit and vegetables for selling on their own while separate outlets (called Reliance Fresh) have sold these items to customers.

The sourcing, collection and distribution of farm produce was being done on a common platform for all retail formats.

Then, even the much-touted Rural Business Hub (RBH) concept will finally get kick-started now under the new setup.

To be headed by Sanjeev Asthana, the RBH vertical could look as developing mega rural centres besides taking care of land acquisitions for the purpose and offering value-added services to farmers such as high quality seeds, hospitals and road infrastructure.

Lifestyle is the third important vertical, to be headed by Bijou Kurien, which will also be structured in a similar fashion; other verticals include Home Furnishings, Jewellery and Trends.

Sources tell us that the restructuring would enable each vertical to set up its own sourcing, supply chain and distribution channels and therefore not depend on a common pool for such activities. Also, creation of separate profit centres will make it easier for RIL to close down any particular vertical which does not perform as per expectations.

Already, RIL has suffered at the hands of political opposition in Uttar Pradesh and Orissa so that the total number of stores under operation in the last 12 months is only 440 against over 700 targeted earlier.

The largest opposition and protests have been against the fresh fruit, vegetables and grocery chain Reliance Fresh. It remains to be seen whether Fresh survives this massive restructuring process or gets merged into a general format where items other than groceries would also be sold.

Riverside hypermarket project called off

Madhumita Mookerji. Kolkata

Reliance Retail's plans for setting up a hypermart, spread across 1.5 lakh sq ft at the Calcutta Riverside, has been called off.

The Reliance hypermart was supposed to have started operations by 2010, by when the Calcutta Riverside project is targeted to reach completion as well. Riverbank Holdings was slated to hand over the retail space to Reliance by October 2009 for the various fitments.

However, Sumit Dabriwal, managing director, Riverbank Holdings, told *DNA Money*: "We mutually terminated the letter of intent (LoI) many weeks back and agreed not to do the stores as per our previous agreement."

The Reliance hypermart was supposed to anchor the Esplandade mall while two speciality retail outlets - a 30,000 sq ft furniture and lifestyle store and a 20,000 sq ft outlet for electronics and computer peripherals, were also on the anvil, according to reports.

Citing "several reasons" behind the termination of the LoI, Dabriwal declined to discuss them, merely adding: "Things didn't work out strategically."

But Riverbank Holdings has not abandoned the idea of the hypermart and is now keen to go ahead and ally with another retail player.

Guitar Hero strums for a local encore

Red Octane will launch hotselling video game in India

Tanvi Shukla. Mumbai

Kai Huang, co-founder, Red Octane —Satheesh Nair/DNA

In November 2005, game freaks in the US were swept away by a product that slickly combined two of the most popular entertainment genres — gaming and music.

The mass-appeal video game, called *Guitar Hero*, lured professional gamers and amateurs alike by giving them the ability to "rock out" just like their music icons did.

In less than two years, *Guitar Hero 1* and *2* together sold more than 5 million units and that's not all. In October 2007 came *Guitar Hero 3- Legend of Rock*, developed by Neversoft, and in the first week of its launch in North America, it exceeded sales worth $115 million and 1.5 million copies.

So much so, it is the only video game to make it to the Toys 'R' Us *Hot Toy List* for 2007.

It all started way back in 1999 when two brothers Kai and Charles Huang set up a company called Red Octane and began operations as the world's first online video game rental service provider.

Five years later, the brothers saw the extreme popularity of "rhythm action" games using a peripheral in Japan and decided to bring a similar style of game to the West.

As rock music was found to be the most viable option which could work for the western audiences, Red Octane teamed up with developers Harmonix from Massachusetts and out came *Guitar Hero*.

All one has to do is hold a jazzy guitar and follow a mock fret board with five colour coordinated strings. The buttons at the end of the guitar controller represent each string, and one has to match the beats for the music to play.

The comical and involving typical rock visuals and characters within the game were enough to hook fans right away.

It has not just become a phenomenon in the gaming industry but also for the music industry. Kai Huang said: "Bands and their music get tremendous exposure. Sales and downloads of albums shot up by 150-200% post the launch of this game. The latest version has resulted in 2 million song downloads within the first two months."

Although the inclusion of tracks from Aerosmith, Gun and Roses, The Rolling Stones and Pearl Jam may have made the game hugely popular, it is bands like The Strokes, Slipknot, Sleeping and Sonic Youth that have seen sharp increase in sales after the release of the video game.

From dealing with an apprehensive music industry and running around between publishers and artists to get licences for the songs to managing to get top guitarists like Slash from Guns and Roses to compose a song specially for the latest version, its been a tough and exciting journey for Red Octane.

"It was incredibly hard to convince the music industry. Nobody knew what we were talking about. We were not even sure whether the artistes would like this concept but now, *Guitar Hero* has become like a staple for them on music tours." said Huang. The huge success led to acquisition of Red Octane by video game publisher Activision in May 2006 for $99.9 million in cash and common stock. Harmonix exited the team and released a similar game Rock Band along with MTV.

With North America and Europe conquered, Red Octane is now looking to expand geographically as well as genre wise. As it enters new markets, it will get some local music content included too. The game will be in India in less than year. Huang said: "This is the first time *Guitar Hero* has been launched for personal computers too, apart from consoles. This step will surely help us establish ourselves in new gaming markets such as India, Canada and China. Though the exact time is not fixed, but the game should be launched within a year."

The stage is already set for its entry. Red Octane may not be well known but mention *Guitar Hero* to anyone remotely connected to the gaming industry, and judging by the loud response, it is clear that the game is well known.

The game will have some localised content from local bands and maybe a few Hindi movies along with the usual worldwide popular music.

With Indian consumers already having taken a liking to Kreeda's Dance Mela and Sony's Sing Bollywood, *Legend of Rock* is unlikely to find itself out of place.

Rhythm game

The mass-appeal video game will have some localised content from local bands and a few Hindi movies along with the usual worldwide popular music

Kai and Charles Huang set up Red Octane in 1999 and began operations as the world's first online video game rental service provider

Kiosks vending $1DVDs hit Blockbuster, Netflix

That's offering the same service for $3 less

Ari Levy & Josh Fineman. San Francisco

McDonald's Corp's $1 menu offers more than burgers, chicken nuggets and fries. Diners can now rent hot DVDs such as "Shrek 3" from automated kiosks for a buck, $3 cheaper than at Blockbuster Inc stores.

Blockbuster, the largest video chain, and Netflix Inc, the biggest US mail-order movie service, are losing sales to discount kiosks in an overall market that hasn't grown since 2001, said Adams Media Research. Adams estimates Blockbuster has 39.2% of the US rental market, including franchised outlets.

According to a Bloomberg calculation, revenue at Blockbuster will fall to about $4.9 billion in 2011 from $5.5 billion in 2006, assuming its share of store and subscription sales stays the same. "We are not going to speculate on our business looking several years out," said Blockbuster spokesman Randy Hargrove.

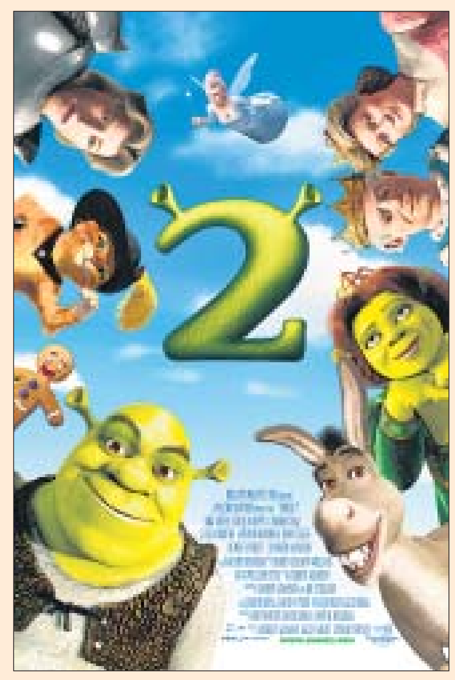
"The store business is about to face some further competition from the kiosks," said Tom Adams, who has tracked the movie-rental business since 1984 and is president of Adams in Carmel, California. "What $1-a-night kiosks appeal to is the lower income group or just the extremely thrifty crowd." Blockbuster is already heading toward three straight years of declining sales. The Dallas-based company's third-quarter gross margin, or the profit left after subtracting the cost of goods sold, narrowed to 53.9% from 56.6% a year earlier.

"They have a lot of convincing to do with investors to let them know that in the next five years" the company will still be viable, said Stacey Widlitz, an analyst with Pali Capital in New York. She has a "hold" rating on Blockbuster shares and doesn't own them.

"There are a lot of threats out there that Blockbuster has to address."

Blockbuster's stock, down 37% in 2007, has plunged 89% from its record in 2002. Movie Gallery Inc, the second-largest US video-rental chain, filed for Chapter 11 bankruptcy in October. Sales growth at Los Gatos, California-based Netflix may slow to 8% in 2008 from 46% last year, according to the average analyst estimate in a Bloomberg survey.

The company has cut prices to try to win customers who rent movies on the Internet. —Bloomberg



Brazil's Cachaca will offer kicks

Priced at Rs 1,378, brew will be launched first in Mumbai, Delhi and Bangalore

Nayanima Basu. New Delhi

Brazilian white spirit cachaca has found its way into India with company Diva Cachacha launching it in New Delhi, Mumbai and Bangalore.

Cachaca is distilled from fermented sugarcane juice and is the most popular alcoholic beverage in Brazil. Considered the first truly Brazilian distilled spirit, its origins can be traced back to the early 16th century. Cintia Cardoso de Souza, founder of Diva Cachaca, said: "We are going to be the first cachaca brand to be entering the Indian market. Initially in the first phase it will be introduced in New Delhi, Mumbai and Bangalore as we want to see how is the response."

Diva Cachaca is being launched in India in association with Aspri Spirits Pvt Ltd, an Indian company dedicated to the sale, marketing, and distribution of international spirits.

"The reason why we are launching this in India now is that Indians are now becoming more and more eager to try out new things. Today almost 60% of the Indian population is between the age group of 22 to 45 and also one cannot ignore the fact that the Indian middle class has more money today to enjoy some of the finest things," said Arun Kumar of Aspri Spirits. IANS

Phone companies wary of giving up control of their networks, say Internet firms

Websites, wireless carriers lock horns over cellphone ads

Dina Bass & Crayton Harrison. Seattle

Google Inc, Microsoft Corp and Yahoo! Inc aim to generate billions of dollars in new revenue over the next decade by selling advertising on mobile phones.

Their biggest obstacle isn't each other. It's wireless carriers such as AT&T Inc and Verizon Wireless, which have kept mobile Internet rates high while defending other revenue sources that the advertising may undermine.

At stake is a market that may surge 10-fold to $16.2 billion globally by 2011, says EMarketer Inc, a research firm in New York. Google, based in Mountain View, California, sees as much as half of future sales coming from mobile phones.

While the US accounts for about 50% of global revenue from promotions viewed on computers, the figure drops to 27% on phones and may rise to 29% by 2011.

"The carriers are too busy trying to protect the money they are making now to look at the next way to make money," said Chad Stoller, who heads the mobile practice at Organic, a San Francisco ad agency. Phone companies "want to control every aspect of the relationship between the consumer and the phone".

Even though they would share in the revenue, US phone companies haven't yet embraced ads because they're wary of giving up control of their networks, ad buyers and Internet companies say. Phone companies say that while they are interested, they are moving cautiously to protect customers.

The top US wireless companies boost earnings by selling add-ons like ring tones and web access. They don't offer cheap all-you-can-eat Internet plans, meaning just 13% of US subscribers surfed the web on phones last quarter, said Nielsen Co in New York. More than half of Japanese mobile users access the web, according to Tokyo's Video Research Interactive Inc.

Flashpoints

Google, Microsoft and Yahoo want to sell ads that appear as banners on mobile web pages

Wireless carriers such as AT&T and Verizon Wireless have kept mobile Internet rates high

Phone-service providers would get a cut of ad sales in exchange for participation

Telecommunication companies worry that ad-funded Internet and phone services may jeopardise revenue from subscriptions

And there are so many different networks, phones and programs that it's tough to create ads in the US.

"It is a hairball," Scott Ferris, a senior vice-president in Microsoft's Atlas ad unit, said. "There are no standards."

Google, Microsoft and Yahoo want to sell ads that appear as banners on mobile web pages, link to on-the-go Internet searches, promote nearby attractions on driving directions and send coupons for products via text messages. Phone-service providers would get a cut of ad sales in exchange for participation.

Telecommunication companies worry that ad-funded Internet and phone services may jeopardise revenue from subscriptions, said Phil Asmundson, a vice chairman at Deloitte & Touche LLP in Stamford, Connecticut. Cheap Web access would make it easier for consumers to go directly to Google, bypassing the carriers' pages and services such as searches, driving directions and videos.

Ralph de la Vega, who runs the wireless unit at San Antonio-based AT&T, the biggest US mobile operator, said he's concerned users with less-powerful phones would have trouble viewing ads.

"We want to do this one right," de la Vega said in an interview. "It's too important."

Verizon Wireless, based in Basking Ridge, New Jersey, is "committed, but we're going to be methodical on how and when we implement our solution", said John Harrobin, vice president of the No 2 US wireless company.

On top of the $40 to $50 the average customer pays each month for basic calling plans, AT&T, Verizon and Sprint Nextel Corp. typically charge $30 to $40 for full Web browsing on handsets. Services that let people find shops near where they're using the phone can run an additional $10.

Google, the most popular Web search company, aims to generate half its revenue from mobile phones within 10 years, up from almost none. Microsoft, the biggest software maker, wants a revenue source outside of personal computer programs. Mobile subscribers will outnumber PC users by 3 to 1 by 2008, says Credit Suisse Group.

Microsoft bought five companies with mobile-ad assets in the past two years, including Tellme Networks Inc and AQuantive Inc. Google's 2005 purchase of Android Inc. became the basis for phone software code anyone can use, unveiled last month in a bid to break the control that mobile phone companies have over what programs work on which device.

Google is negotiating with carriers on ad projects, product management director Dilip Venkatachari said. The company isn't depending on the mobile operators, though. It plans to bid for wireless airwaves in January and is testing a free service that pinpoints users' locations on mobile maps, bypassing phone company charges.

Cosmetics maker L'Oreal SA, which gets up to 30% of its online sales in Japan from phones, has largely avoided mobile ads in the United States. —Bloomberg

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