Exponential Organization: Paytm – A Review

– **K. Balanagarajan**[*]

Assistant Professor, School of Management, Presidency University, Bengaluru, India, balanagarajan@presidencyuniversity.in

– **Kabaly P S**

Assistant Professor, MBA Program, Faculty of Business Studies, Arab Open University, Azaiba, Sultanate of Oman, kabaly@aou.edu.om

EDITORIAL BOARD EXCERPT At the initial Time of Submission (ToS) submitted paper had a 02% plagiarism which is an accepted percentage for publication. The editorial viewpoint is of an observation that article had a successive close watch by the blind reviewer's which at later stages had been rectified and amended by an authors (Balanagarajan & kabaly) in various phases as and when requisite to do consequently. The reviewer's had in a beginning stages mention with minor revision with a following statement which at a small duration streamlined by an authors. The comments related to this manuscript are tremendously perceptible related to **exponential organisation** both subject-wise and research wise by the reviewers during evaluation and further at blind review process too. The authors be commendable of appreciation for writing this paper as the fintech space in India is in exponential growth trajectory. The digital payments space is experiencing a fast transformation all-inclusive and will grow four times by 2020 as highlighted by the authors in section 4. The objective of the paper is clear and the discussions are well placed and open up avenues for future studies. All the comments had been shared at a mixture of dates by the authors' in due course of time and same had been incorporated by the author in computation. By and large all the editorial and reviewer's comments had been incorporated in a paper at the end and further the manuscript had been earmarked and decided under **"Case Based Study"** category as its highlights and emphasize the work in relation to use of Exponential Organization which is a case based study particularly on Paytm.

ABSTRACT The need for organizations to grow bigger and outperform the competitors is on the rise. The improvements in digital technology in the form of enhanced computing power, storage and bandwidth is fueling exponential growth of organizations. Many traditional business organizations are outperformed by new generation organizations. Exponential Organizations are the ones which grow bigger by passing the incremental or linear way traditional organizations grow. The paper uses the conceptual frameworks viz ExO attributes and 6D's of exponential organization to examine and understand the Paytm's growth and its evolution into an exponential organization. This paper explores how Paytm as an organization deployed exponential technology and exponential innovation to grow in short time.

KEYWORDS Exponential Organization | Paytm | Six D's | Digitization

1. Introduction

Being an entrepreneur in the digitally connected world is different from what it was 20 years ago.

85% percent of Fortune 500 companies listed from 1950's have lost their way. Many companies who have performed very well in the past does not exist today. About 40% of the S&P companies are expected to be replaced by new generation companies in the next decade. The need for organizations to grow bigger outperform the competitors is on the rise. The improvements in digital technology in the form of enhanced computing power, storage and bandwidth is fueling exponential growth of organizations.

Exponential Organizations are the ones which grow bigger bypassing the incremental or linear way traditional organizations grow. These organizations leverage the ability of digital technologies to create exponential value (Bonchek, 2016). The digital technologies have provided platforms for business to connect, collaborate and communicate with people. This paper explores how Paytm as an organization deployed technology and innovation to grow exponentially.

2. Conceptual Frameworks of Exponential Organization

The Exponential Organization as concept was proposed in 2008 by Singularity University, with the mission of helping a person or a company positively impact the lives of a billion people (Salim Ismail, 2014). The organization which has shown 10X (10 times) performance increase than their industry peers are considered as "exponentials". Exponential organizations make use of the abundant information available with the help of technology for accessing or sharing work better. The exponential organizations are built upon Information Technologies which blends both the physical and digital world. The exponential organizations make use of the abundant external resources instead of owing and securing assets.

2.1 Definition

"An Exponential Organization (ExO) is one whose impact (or output) is disproportionally large—at least 10x larger—compared to its peers because of the use of new organizational techniques that leverage accelerating technologies"(Salim Ismail, 2014)

2.2 ExO Attributes

Salim Ismail and his co-researchers have studied around 100 companies which has exponentially grown in the last five years and identified the common traits across all the exponential organizations as shown below:
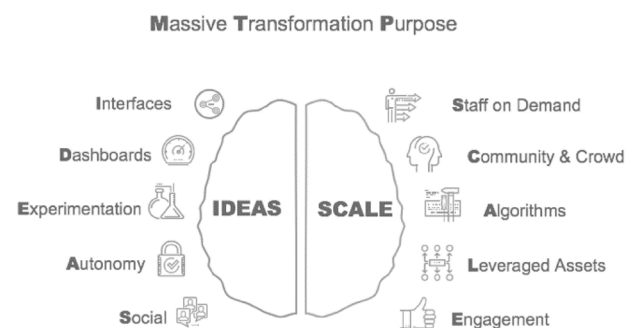

Figure 1: ExO Attributes
(Source: Exponential Organizations, Salim Ismail)

Organizations which adopts any four of the above mentioned 10 attributes can achieve exponential growth(Salim Ismail, 2014).

2.3 6D's of Exponential Organization

Diamandis and Kotler has conceived 6D's or six phase that an idea, a product, or a technology pass through a "chain reaction" to make a massive impact (Kotler, 2015). This growth cycle takes place in six key steps: Digitization, Deception, Disruption, Demonetization, Dematerialization, and Democratization.The first three D's helps to understand how technologies are changing the business models and environment. The next three D's are more potent to foster exponential growth. The final three 3D's can make companies obsolete and disrupt industries in short time. Inevitably organizations have to embrace technology adoption and change their linear approach towards growth.

This paper uses the above conceptual frameworks viz ExO attributes and 6D's of exponential organization to examine and understand the Paytm's growth and its evolution into an exponential organization.

3. Drivers of Exponential Growth

In 2017 globally, there are around five billion unique mobile phone subscribers and India alone is expected to add in excess of 200 million new subscribers in the next three years(GSMA, 2018). A study by US based agency Zenith predicts that China and India will have 1.3 billion and 530 million smartphone users in 2018 respectively (IANS, 2017). Overall Internet penetration in India as on December 2017 is around 35%, and is expected to increase due to the availability and affordability of smartphones(IMRB, 2018). The omnipresence of smartphones and internet connectivity are empowering innovation in how product and services offered on the web.

4. Paytm's Exponential Growth Mindset

The fintech space in India is in exponential growth trajectory. The digital payments space is experiencing a fast transformation worldwide and will grow four times by 2020(BCG & Google, 2016). The number of digital transactions will rise and the cash based transactions will decline by 2023 as predicted by BCG report on digital payments (BCG & Google, 2016). The digital payments sector has seen strong reception from users since 2016post demonetization of high value currency notes(PwC & Startupbootcamp, 2017).With over 200 million registered wallet users and 3 million daily transactions, Paytm is India's largest Wallet(Times of India, 2017). According to data by RBI, mobile wallets grew by 500% between the years 2014 and 2016; and the number of debit and credit card transactions grew by 25-50% in the same period. Mobile wallet companies have integrated digital services with PoS terminals for merchants so that users can do cashless transactions at grocery shops, fuel stations, cabs, autos, physical stores etc. Mobile wallet firms have witnessed a surge in usage of their wallets and money loaded into them post Demonetization by the Government of India. Paytm wallet customers went up to 185 million post demonetization from 125 million wallet customers, and it has continued to grow (Wright, 2017).Many people argue that Paytm's exponential growth in recent times centers on the Government of India's demonetization policy. But what contributed to them is the exponential mindset on making something different and focus on 10X growth. They were prepared with the right technology, innovation and exponential mindset. Paytm's exponential mindset has helped them to become one among the biggest m-commerce platforms in India.

5. Paytm's Business Model

Paytm offers customers an e-wallet to store cash and make hassle free speedy payments. Paytm is a semi-closed payments instrument where customers can store money in their wallets and make payments to partner merchants(Ramani, 2015).Paytm wallet is used to make bill payments, transfer money, shop online, book tickets and many more. Paytm started as a mobile recharge app then expanded to mobile wallet, e-commerce market place and now as a Payments bank with license from RBI. As a payments bank Paytm offers digital savings and current accounts for customers and businesses respectively with banking features such as real-time passbooks, deposits, debit cards and online payment facilities.

6. Paytm as an Exponential Organizations (ExO):

Entrepreneurs wanted to grow exponentially by offering products and services which can be better, cheaper and more customized simultaneously(Mostert, 2016).Paytm has moved from being an e-wallet to a payments bank who offers multiple solutions to multiple businesses. The table below attempt to compare the ExO attributes with that of initiatives of Paytm in order to possibly establish Paytm as an exponential organization.

ExO Attributes	Paytm
Massive Transformative Purpose (MTP): Purpose of the organization to solve a major issue	Paytm wallet: To offer comprehensive payment services for customers and merchants. Paytm Payments Bank: To extend banking and financial services unserved and underserved Indians.
Interfaces: ExOs configure customized interfaces for their customers and other organizations	Revamped app and websites for customers and merchants.
Dashboards: ExOs use real-time metrics to control, measure and track their performance	Sell on Paytm Market Place: Easy and intuitive dashboard that simplifies day to day activities for merchants
Experimentation: ExOs implement rapid experimentation, very fast feedback loops, fast customer and product development cycles	Build – Measure – Learn Zoom Out Pivot – Product expands from a single feature to multiple features. Eg. Paytm expanded from mobile recharge to mobile wallet to e-commerce to payments bank
Autonomy: ExOs distribute authority down to the last level with flat organizational structure	Paytm has a very flat organizational structure
Staff on demand: ExOs instead of owing employees utilize the external resources	Hired more than 10,000 temporary employees for KYC compliance
Community and crowd: ExOs develop communities to connect, collaborate and work beyond organizational boundaries	Paytm – Build for India - 'Open Source Project Incubator' is launched to build and share open source projects worldwide on areas such as Financial Inclusion, Education and Life style etc. 'Each One Teach One' initiative invited volunteers to inform their neighbourhood merchants and consumers about the benefits of digital payments.
Algorithms: ExOs use algorithms to understand data and make better decisions	Paytm labs build powerful technologies with paytm's real time data
Engagement: ExOs uses digital feedback, gamification and incentive prizes to engage markets.	Paytm constantly engages professionals and students through the incubator. Outstanding contributors to the open source project are awarded 'Paytm Scholar' certificates and few will also get an opportunity to join the Paytm team.

Table 1: Exponential characteristics of Paytm (Author's compilation)
(Source: Exponential Organizations, Salim Ismail)

7. Exponential Technology adopted by Paytm

Paytm succeeded by simplifying the user experience and managed to create value for the customer. Paytm made use of the existing technologies like Quick Response (QR) and integrated them on a single platform to offer multiple seamless solutions to the customer. Paytm has facilitated offline transactions with the help of the unique QR code which can be read by the phone's camera via paytm app and the money is transferred to the recipient. The use of this technology paved way for venturing into new sectors such as tolls, hospitals, pharmacies, diagnostic centers, canteens and parking among others. Paytm has strengthened their security features like logout, fingerprint scanner and password protection for the app. Paytm design and build solutions using the new age technologies

such as block chains to experiment with use cases, machine learning, augmented reality and virtual reality (Paytm Blog, 2017). Paytm's annualized gross transaction value (GTV) have increased fourfold from March 2017 to reach $20 billion in February 2018 (Bhakta, 2018). The major impetus behind the increase in value comes from consumer spending for travel and movie ticketing. Paytm's rapid increase in transactions are the result of driving offline business. The below table gives us an idea about the existence of 6D'scharacteristics in Paytm in order to establish the qualification of an exponential organization.

decades have seen dramatic decrease in the cost of computing power, storage and bandwidth relative to their performance (John Hagel, 2013). The increase in affordability of smartphones, wireless networks and platforms to connect and interact with customers have provided opportunities for Paytm to innovate. Some of the innovative ideas comes from the R&D arm of Paytm i.e. Paytm Labs established in 2014 at Toronto. Paytm labs helps paytm to analyze the real time data and help them to provide safe, secure and customized services to the customers. In pursuit of innovation, Paytm launched 'Indian Open Source

Six D's	Characteristics	Example – Paytm
Digitization	Product transition from physical to digital	Paytm – virtual money or e-money
Deception	Period when exponential growth goes unnoticed.	Rise in smartphones and mobile internet usage fueled use of e-wallets like Paytm. Government's move of demonetizing higher denomination notes in India.
Disruption	Create new markets by disrupting the existing ones with technology and innovation.	Paytm has disrupted the payments industry with technology and innovation by venturing into new sectors tolls, hospitals, pharmacies, diagnostic centers, canteens and parking among others.
Demonetization	Removal of money from the equation.	Enabling merchants to accept money directly into their bank accounts using Paytm QR codes i.e. Accepting Offline payments
Dematerialization	Vanishing the goods and services themselves.	With one Paytm account you can do a lot - Shop, Pay Bills, Payments Bank, Mutual Funds, and Insurance etc.
Democratization	Goods and services becomes cheaper. Becomes accessible and available to everyone.	Mobile Internet becomes cheaper, Transaction cost becomes cheaper. Faster and reliable instant payments backed by UPI, Aadhar Based Payment Systems etc.Expansion of offline network to over 7 million merchants.

Table 2: Exponential Technologies adopted by Paytm

8. Exponential Innovation by Paytm

Advancements in digital technologies are driving exponential innovation. Blend of technology and exponential mindset creates opportunity for innovation (Bonchek, 2016). The disruptive potential of exponential technologies amplify when they coalesce with open platforms and ecosystems in innovative ways (John Hagel, 2013). Last two

Project Incubator' to provide opportunities for students and developers to collaborate, build and share open source projects worldwide (Anupam, 2017). Paytm has personalized user's experience and money transfer to Paytm payments bank, wallet and any bank account free of cost with its revamped app.

9. Conclusion

The phenomenon of Exponential organization is here to stay. Understating Exponential organizations, its drivers and business models will continue to inspire researchers across the world.

Understanding what and why of exponential organizations is of prime importance for the organizations and researchers. This work attempts to uncover some understanding of this phenomenon. This work also explored the underlying drivers, technologies and business models by analyzing Paytm as an exponential organization. The limitation of this study is that it is pivoted in one case of Paytm. There is a good scope for further research by looking into similar exponential organization in India and across the world to unravel the understanding of exponential organization.

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Annexure I

Exponential Organization: Paytm A Review

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