

# Brewing the Right Solution

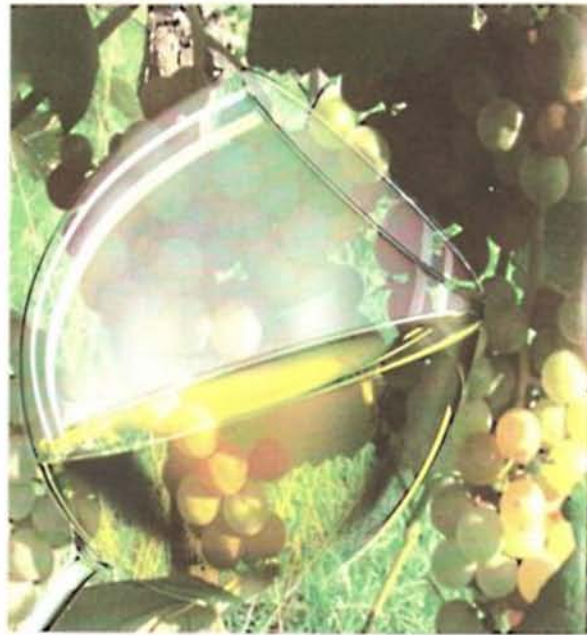
Implementation of the right technology with the help of Agile Labs has helped Karnataka State Beverages turn into a Rs 5,600 crore corporation

**K**SBCL (Karnataka State Beverages Corporation Limited) is a Government of Karnataka Company. This 4-year old, young and enthusiastic organization is the sole distributor of liquor in Karnataka. KSBCL allows manufacturers to stock their products in its depots from where the retailer will have to procure them. Manufacturers are not allowed to directly sell their products to retailers or the end consumers. This is being enforced primarily to ensure that every sale within the state is reported and the necessary taxes are paid.

Managing the liquor business has always been a challenge in our country where "liquor" traditionally is a commodity that is frowned upon, at least in public. In India, the liquor industry has been subjected to fierce moral policing in the guise of regulation.

As in the other states of India, in Karnataka too the liquor business carried the ugly stigma of being secretive, illegal, insensitive to society, and corrupt. Black market in seconds and thirds far exceeded the white. While the state government was being duped in crores, consumers were forced to drink sub-standard liquor.

In this scenario, KSBCL being a government undertaking, was not supposed to promote liquor. Yet KSBCL was expected to substantially increase the revenue for the government through ever-higher targets for sale. To its credit, KSBCL was able to



achieve this successfully.

Sales have gone up from Rs 300 crore in 2002-03 to Rs 5,600 crore in 2007-08; a jump by 1,700%, in just 4 years.

This has been largely possible because KSBCL adopted a business model that encourages and incentivizes transparency. KSBCL has proved that transparency actually enhances revenue, power, and status

of all stakeholders. The corporation is also non-capital intensive; in fact, KSBCL does not invest a single paisa in its business turnover of Rs 5,600 crore. Though a monopoly, it does not behave like one. It encourages free market: the market decides the liquor price and manufacturers are free to change their prices every day; the number of varieties of products/brands; the product/brand position-

ing; the quantum of production; and the market is free to sell in any area.

Not only this, KSBCL is also industry friendly. It takes care of the concerns of liquor consumers, retail sellers, manufacturers, and government revenue. This has been achieved mainly by widely sharing the information almost on real time basis. KSBCL has also been committed to payments to the suppliers on time, all the time. Technology is another important aspect in the functioning of KSBCL. The people at the depot and sellers are left to do their main task of selling, rather than getting bogged down by procedures, compliances, etc. Technology has equipped them to "sell" while the system takes care of procedure and compliances. While these are some fundamentals that have pushed KSBCL's sales to levels never heard before and our principal player, Agile Lab, has helped in making all these possible.

## Task at Hand

Agile Labs was asked to develop a system wherein data entry of receipts of money, stocks, and stock-outs at depots by DEOs should be simple because they have only an elementary knowledge of working on Word and Excel. They should generate:

- Accurate operational and financial documents like receipt, MIS, sales voucher, etc
- Reports on the depot business in terms of sales and purchases (brand-wise, manufacturer-wise, retailer-wise, period-wise, slab-wise, etc), inter depot transfers, stock position for stock purchase order, stock report for physical verification and audit
- Synchronize all the above data from all depots making it available seamlessly at HO for operational and managerial decision-making
- Head Office should know at any given time what is happening in each

## Challenges

- The company was new
- It had no employees of its own
- All employees were on deputation or outsourced
- Computer and soft skills of employees were not much to talk about
- The company's sales, and its personnel were not limited to one or two locations. Depots were spread throughout Karnataka, including remote areas where communication facilities were limiting
- The size of the operation was huge—100 plus brands, 66,28,450 bottles sold in 2006, 52 depots, 182 distilleries, and 7,800 retailers

depot on hourly basis, about its sales, procurement, etc

KSBCL had to switch its sales from just 183 wholesalers to 7,800 retailers, on account of the orders of government abolishing wholesale trade. Consequently, new databases needed to be created and new depots were to be opened along with fresh business policies and new infrastructure. Not only did the system needed development, it had to be made acceptable to the management as well as at grassroots.

## Meeting the Challenge

This was a huge challenge, but to our surprise, was met substantially by Agile Labs. It has now been accepted and KSBCL feels proud to be working on the system developed on this simple

**The OFS or order for supply is being generated online with digital signature. Manufacturers visiting KSBCL and waiting for OFS is a thing of past**

## The Success

The system/technology is such that

- It is highly flexible, amenable to changes
- Adopts to new challenges in terms of technology changes, process changes, and management changes
- It lends itself for easy integration into outside softwares (in our case the systems developed by NIC)
- Usage is simple. Any newcomer can be trained within just 3 days
- It has stood the test of time
- There have been no major system failures leading to hold ups
- The accuracy of reports is commendable leading to sound business decisions
- The scale of operations that is being managed today with just 3-4 DEOs at depots who without their knowing, create huge but accurate data because of the system in position. Without Agile Labs System and support, this would have taken at least 10 times this number and yet rendering such accuracy, such real time information processing and decision making impossible

yet powerful technology.

The system is lending itself to new initiatives in e-governance and thereby, increasing the comfort feeling at all levels in the company. The government excise department, KSBCL (from MD to DEO), manufacturers, retailers, all have access to the same data, which helps in taking their own decisions. There is no fear of secrecy or holding back in any quarter. All the information is on the table and so it is a fair and level play. The OFS or order for supply is being generated online with digital signature. Manufacturers visiting KSBCL and waiting for OFS is a thing of past.

—Team DQ  
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