



Critical Success Factors for Strategic Alliance

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ABSTRACT

Strategic Alliance plays a key role in present day business by catering the needs of two individual businesses to compliment each others strengths and help to overcome the drawbacks so that they can confidently move ahead to face the challenges in the business. Strategic alliance enables companies to concentrate on developing core competencies, by generating cooperation and collaboration. And a famous phrase states that "two heads are better than one". Strategic alliance is used as a tool for business sustainability. This study concentrates on why and how alliances are shaped and what are the motives for the formation of the alliance focusing on the alliance between Vodafone India and ICICI bank for the launch of M-pesa.

KEYWORDS : strategic, competencies, alliance, motives.

INTRODUCTION

Strategic alliances have altered the fundamental competitive paradigm in many domestic and international markets from traditional firm-to-firm competition to more alliance based, network-vs.-network competition. Strategic Alliances have proved to be an essential building block for companies to achieve stronger and more effective market presence.

Strategic Alliances are now a fact of life for business, an important piece of current operations as well as future strategy. In present context of markets customers are becoming more demanding and sophisticated; companies are finding the competitive landscape dramatically changing. Markets are moving so quickly that is very difficult for one company to stay current on all technologies, resources, competencies, and Information needed to attack, and be successful in those markets. Strategic alliances Offer a means for companies to access new markets, expand geographic reach, obtain Cutting-edge technology, and complement skills and core competencies relatively Fast. Strategic alliances have become a key source of competitive advantage for firms and have allowed them to cope with increasing organizational and technological Complexities that have emerged in the global market.

Why do companies go for strategic alliance?

As discussed earlier company's have their own motives behind every strategic Alliance which are discussed below

- 1. Setting new global standards** - Entering into an alliance can be the best way to establish standards of technology in the sector.
- 2. Confronting competition**-When a high-volume producer decides to attack a new Geographic market, defense is difficult if it does not have comparable size. Alliance between companies is a response which has often led to positive results. It is equally valid to attempt an attack on a leader that has consolidated its own positions.
- 3. Access to a market segment**- In mature segments, a company often wants to develop in a market segment where it is not present through an agreement with another company. In another word to access the unexplored market which is yet to be discovered .
- 4. Uniting forces**- the work collectively handled fetches good results especially in overcoming complex business situations
- 5. Bridging a gap**- If a company does not have the resources or capabilities necessary

to develop a particular strategy, an alliance with one or more companies is the most

logical solution. Making an alliance to gain access to resources and capabilities that

are lacking internally is perhaps the most frequent motive leading a company to seek partners.

Literature review

In this paper an attempt is been made through the light on why two diversified firms one mobile company Vodafone India and another ICICI bank came together to form a strategic alliance. The core concept of these two firms coming together as a part of challenger attack strategy in order to counter attack the challengers move in introducing the mobile wallet services in the market. Vodafone Indian rival Bharati Airtel and ICICI banks competitors Axis bank who had formed the strategy to come up with the very concept mobile money service called Airtel Money which states cash less carry of money through mobile phones.

This service being unavailable with Vodafone they could have fallen back in the race inspite of various other strengths. The case being similar with ICICI bank where they could have provided with an extra feature of mobile wallet service to their customers in order create a good name among them a new alliance evolved out of necessity to overcome competitors move for the launch of new mobile wallet service names m-pesa.

RESEARCH DESIGN

Objective of the study

The study mainly focuses on the critical success factors for strategic alliance between ICICI and Vodafone.

Research methodology

This research is purely based on secondary data which was available through online Vodafone official website and through tariffs brochures from the company and websites of ICICI bank and various articles and journals related to strategic alliance.

ANALYSIS

Case study

This paper is a case study pertaining to the strategic alliance between Telecom major Vodafone India and ICICI Bank to launch of 'M-Pesa', a mobile money transfer and payment service.

Vodafone India and ICICI Bank have brought their mobile banking/wallet solution, the 'm-pesa' across the nation. Vodafone will offer its customers a mobile money account with ICICI Bank and a mobile wallet issued by MCSL. m-pesa is a fast, secure and convenient way to transact on mobile brought to you by Vodafone, through its wholly owned subsidiary Mobile Commerce Solutions Limited (MCSL) in association with ICICI Bank. The service will be available through 1400 specially trained authorized agents across 130 Vodafone exclusive retail stores in Delhi and NCR region.

MCSL has been authorized by Reserve Bank of India (RBI) under Payment and Settlement Systems Act, 2007 for Setting up and Operating a Payment System in India. MCSL is also a business correspondent of ICICI Bank.

M-Pesa empowers the unbanked and under-banked sections of the population gain access to financial services through the mobile phone.

'M-Pesa' has been rolled out in Delhi, Mumbai, Kolkata, West Bengal, Punjab, UP East, UP West, Bihar, Jharkhand, Rajasthan, Gujarat, Maharashtra, Goa, Assam & North East and Haryana and will be made available across the country

Services under m-pesa are:

1. Send money to mobiles and to bank account. Through Neft
2. Withdraw money from bank
3. Prepaid recharge for self and to other numbers.
4. DTH recharge
5. Book railway tickets
6. Pay bills including post paid bill for self, for others and also utility bills like electricity, gas water bills etc

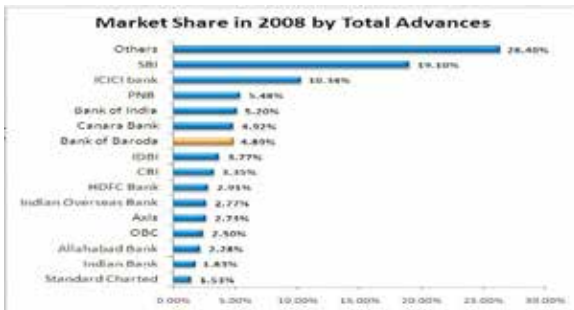
Vodafone India to render this service had to seek the aid with a bank and this was fulfilled with the alliance which bridged between ICICI bank which is the largest private bank in India.

Factors influencing alliance between Vodafone India and ICICI bank is:

Alliance is basically built in order to take the advantages of tie up firms which helps each other to compliment each other's strengths and overcome drawbacks or weakness. Likewise The telephone giant Vodafone has its own strength of having huge urban subscribers and youth as its major component and the competitive edge being the tariff rates and effective plans which make Vodafone to stand out in the crowd and at the same time ICICI bank being the largest private sector bank offering varied products say u name it and the bank is into that particular product or service having many branches across the country and the weakness of both the firms being less concentration on rural market. Hence there is a large opportunity for both of them to explore the unexplored market.

1. Market base factor

This is a factor which focuses on the core competencies of the firms which tie the knots and the strengths of both ICICI bank and Vodafone being the large customer base which make them to stand in the second positions in their fields they have 434 million subscribers as of 31 March 2014. And such companies having equal strengths and hold significant positions in their particular sector enable them to achieve synergy. The chart below shows the market share of both ICICI bank and Vodafone.



Market share of Vodafone India

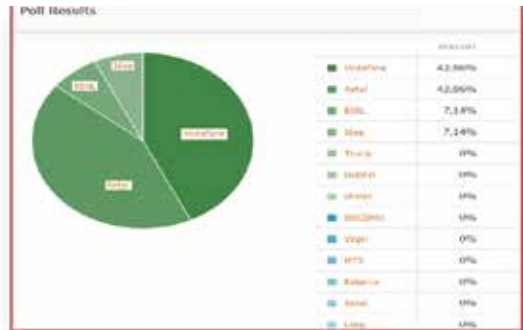
Company	Subscriptions	Market Share
Bharti Airtel	155,796,598.00	23.51%
Vodafone Essar	127,364,842.00	19.22%
*Reliance Telecom	122,362,957.00	18.46%
IDEA	84,289,641.00	12.72%
BSNL	83,591,015.00	12.61%
Aircel	51,831,796.00	7.82%
Uninor	20,305,550.00	3.06%
Videocon	6,011,233.00	0.91%
MTNL	5,152,821.00	0.78%
Loop Mobile	3,062,120.00	0.46%
Stel	2,514,777.00	0.38%
Etisalat	452,574.00	0.07%
Total	662,735,434.00	100.00%

2. Market strength Factor

The major strengths of ICICI bank and Vodafone India is Marketing and advertising

gies have good reach compared to competitors in India, strong and transparent balance sheet, ICICI bank and Vodafone India has the longest working hours and additional services which attracts custom-

ers and Vodafone India has installed automatic bill payment and recharge teller machines which is one of its unique kind. ICICI bank has varied products which offers more than any other private or nationalized bank. Vodafone is always at the forefront to introduce innovative products and services that enrich the lives of customers. And at the same time it is votes No.1 in the best solver for the customer grievances when compared to other telecom services the pole result below shows the best solver.



Experience banking and beyond, only with ICICI Bank



3. Geographical Linkages and coverage's

Vodafone is a telecommunication gaint present in almost all the countries in the world. Vodafone possess the lions share of telecommunication business not only in India but also outside India, in the countries like Africa and the Middle East, Egypt, Kuwait, South Africa, Qatar, Ghana, UAE, Libya, US, Chile, Brazil and other parts of Asia. ICICI Bank has a network of 3,800 branches and 11,162 ATMs in India, and has a presence in 19 countries.



Picture above shows the Vodafone footprints in the world coloured in red.

4. Brand Equity

ICICI Bank, India's largest private sector bank, has been ranked 45th among

the top 100 most valuable global brands according to the BrandZ Top 100 Global. The research conducted by brand equity for this year 2014 revealed that Vodafone India is the most admired marketer. Brand Equity released the definitive listing of the best agencies in the country -the Agency Reckoner. As part of the national research, BE commissioned a sub-study to unearth the most admired marketers of

India.



tomers with an efficient alternative to cash transactions, airtel money will provide airtel customers across the country with a convenient and secure way of making payments through the ubiquitous mobile platform.

In order to make a strategic move against the competitor Vodafone India came up with the alliance with ICICI bank to launch m-pesa.

CONCLUSIONS

This study reveals Strategic alliances between Vodafone India and ICICI bank emphasizes significantly on the core elements to generate and sustain their competitive advantages in dynamic market environments. Both firms has tied knots to work assiduously over time to make the union flourishing and at the same time eye the basic objective of countering the challengers. Without falling in concentrating cost part, speed, knowledge, and technological access. Nevertheless the emphasis is on the future, opening new doors and providing unforeseen opportunities.

5. Strategic move against the competitor.

In Indian telecom industry there is always a tussle between Bharati Airtel belonging to Sunil Bharati Mittal and Vodafone India for the top position in India. But Airtel has secured the safe First position for which Vodafone is aspiring for. Initially Airtel Allied with Axis bank which is the third largest private sector bank in India During 2011 for the launch of Airtel Money the first ever mobile wallet solution in other words Aimed at offering cus-

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