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## Context to the nugget

Roopa talks about the flexible capital model at Omidyar Network (ON) and discusses how they do a combination of investing in tech enabled start-ups driving social impact and grants to organizations to impact a sector. She also discusses the unique characteristics of the next half billion in India that has access to the mobile phone and will come online in the next 5 years and how this presents a unique opportunity for these consumers and for businesses targeting them.

## Transcription

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**Deepak Jayaraman (DJ):** If you could talk a little bit about Omidyar network and how is different from some of the other impact investing firms around

**Roopa Kudva (RK):** At Omidyar network we invest in early stage entrepreneurs who have innovative ideas very often leveraging technology to achieve social impact at scale and we have a business model which is quite unique we are neither a VC nor a foundation and this unique business module steam from two fundamental beliefs, number one the belief and the power of the business to do good and second the believe and the power of a non-profit to build a strong ecosystem for entrepreneurs whether it be through policy or through market infrastructure and these beliefs are what live to our dual cheque book model, we therefor do both early stage equity investments in for profit start-ups and we also make grants to non-profit and we call this module a flexible capital module, so what's this flexible capital model enables us to do is to actually have a wider tool kit than any VC would have, than any impact investor would have or any foundation would have.

**DJ:** And how do you walk that tight rope from a capital allocation perspective, how do you think about how much gets deployed in each bucket?

**RK:** So what is interesting is that the same investment professional makes investments in for profits as well as the grants to non-profits and we treat our grand dollars as well as our equity dollars equally and is the investment professional who decides, what's the best use of the dollar so typically it's a market innovation of some kind would be a for profit equity investment but if it is to support organizations that work on policy agenda, policy reform or organizations that build sector infrastructure typically these would be non-profits and we would give a grant just to give you an example if you take the education sector we have invested in a company called aspiring minds, it's a small start-ups which does assessments for jobs through computerised adaptive test and that's the company in which we are equity investors, we have also provided a grant to teach for India which produces the teachers who you think of as critical sector infrastructure, similarly we have given a grant to an organization called the education alliance, which is an organization which works to promote public private partnerships in education and so together you can see how the combination

of these three investments can help to move an entire sector and we really believe that if you can impact or accelerate the development of an entire sector we will affect or impact far more many lives that anyone single firm can do and if we have to move an entire sector it is important to have this holistic view of policy, sector infrastructure and disruptive innovators and so that's where the two cheque book module comes in.

**DJ: How do you think about outcomes in success? What is success look like at a firm level at an investing professional level?**

RK: So the success on different levels and on different parameters, so at the highest level, it has to do with social impact. So what is the scale of our impact? The breath of the impact very simply it could be as simple as how many lives have we touched to the depth of the impact so how much does our investment touch and individual life and how much does it helped transform an individual life could be one way of looking at it on the financial side it's much easier because then you use the standard metric of multiple of invested capital or IRR as any other firm would do we also have measurements for sector level impact the way by we identify in advance what we will consider as markers in the development of the sector which we could deem as success of course and all of this we have to be humble because in the work that we do, it's very difficult to attribute success to us always we can talk about our contribution but to claim attribution for sector change or for depth of impact in an individual life I think becomes a bit challenging.

**DJ: Picking on one of the themes you are passionate about and you have recently released a report innovating for the next half billion talk to us about what's the play here?**

RK: We believe that today in India the mobile phone can be the biggest drivers of social impact with the costs of smart phones coming down and with data becoming cheaper we have more and more people coming online for the first time through their mobile phones today, and over the next five years we expect that 500 million people will come online in the India for the first time through their mobile phones and this is a population which is often referred to as the next half billion, what this means is that business now find it much easier to access this population than they could ever have imagined before and therefore this population now represents that interesting and attractive opportunity for businesses, however in order to build successful businesses targeted at the segment it is very important to understand that the next half billion are very different from the first wave of internet users they are different in terms of their income levels, their education levels, their skillsets, their language skills and even their social and cultural context and so there for the barriers that they face or they perceive while using the internet are unique and its only if entrepreneurs can understand these barriers and figure out how to address these barriers, can they build successful businesses targeted at the next half billion and these barriers could be several absence of adequate local language content on the internet, the internet content is dominated by English and so now you have increasingly businesses which are providing local language content so that's one barrier which businesses are addressing the second is for example the reticence of women to come online because the primary use of smartphone and the internet is social communication and entertainment there's a perception amongst this segment of the population that internet is quote unquote is a bad influence for women it exposes them to bad influences can destroy marriages and perceptions like this are actually reinforced by television serials and things like that with the result that a lot of women self-sensor, we did an interview with a women and she told us that I have access to the internet but I never go on Facebook and I never go on WhatsApp cause I don't know what I will see and maybe I will see something that I am not supposed to see so if you have women in large numbers self-restricting their use of the internet you are actually cutting out one half of an important consumer demographic and so there for the businesses that help and encourage women to come online, like we have invested in a company called Healofy which is an app for pregnant

mothers in tier 2 and tier 3 cities you are seeing good traction I think those kinds of businesses which make it safe and comfortable for women to come online and use the internet again will be successful with the segment of the population their social and cultural context again is very different you and I are very used to the shopping cart symbol and proceed to check out on an ecommerce website but essentially these symbols are try and replicate what is an offline consumer experience originally not even in India but from outside India but the shopping experience for the person in the next half billion is not going into a super market or a mall and picking things off the shelf and putting them in the basket their shopping experiences are walking up to the store standing behind a counter having a conversation with the shopkeeper behind the counter who takes thing off the shelf and helps them make the purchase, therefor these symbols like shopping cart and proceed to check out are not only alien to them but can also be intermediating, so I think the entrepreneurs who build businesses which tackle things like this I think have great potential to successfully address the segment.

**DJ: In terms of nature of your nature and the exposure in this theme of half billion are there specific sub segments you are going after?**

RK: Yes I think we have identified seven barriers and we are trying to build a portfolio of investments which address each of these several barriers and they have include things like reticence of women to use the internet, local language content building trust and confidence in transacting online adaptation to the social and cultural context and things like that

**DJ: So it's interesting that you sort of picked behaviours and you are going after people who are debotting those behaviours.**

## Reflections from Deepak Jayaraman

DJ: As an executive coach, I could relate to the distinction that Roopa makes between contribution and attribution when it comes to traceability of impact. In the Social Impact world, a lot of the discussion often ends up being either or when it comes to Social Enterprise Versus Not for Profit. So, it was interesting to see Omidyar Network leveraging the power of financial capital in enabling tech driven firms to drive social impact and the power of grants to drive policy agenda, policy reform or sector infrastructure.

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## End of nugget transcription

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### Roopa Kudva - Nuggets

- 29.00 Roopa Kudva - The Full Conversation
- 29.01 Roopa Kudva - Omidyar Network and innovating for next Half Billion
- 29.02 Roopa Kudva - Early formative years
- 29.03 Roopa Kudva - Growing through the ranks at CRISIL
- 29.04 Roopa Kudva - Transitioning to a General Management role
- 29.05 Roopa Kudva - Choosing career direction post CRISIL
- 29.06 Roopa Kudva - Flexing leadership style at Omidyar Network
- 29.07 Roopa Kudva - Developing a sense of judgment
- 29.08 Roopa Kudva - Women Leadership - The barrier that doesn't get spoken about as much
- 29.09 Roopa Kudva - Perspectives on Success
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- 29.11 Roopa Kudva - In summary - Playing to Potential

### **About Deepak Jayaraman**

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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