



Three longs & three shorts: this week's best reads [11th Nov 2018]

At the end of each week, we will share with you our favourite reads. We would be grateful if you could reciprocate. This week's reads focus on the waning popularity of the American MBA, Paytm's roller coaster, the rise of independent publishing and the fix to the Big Four's conflicts of interest.

1. Long read: Business education – the waning popularity of the American MBA

Authors: Jonathan Moules & Andrew Jack

Source: Financial Times

(<https://www.google.co.in/amp/s/amp.ft.com/content/d8ec7cd6-d153-11e8-a9f2-7574db66bcd5>)

Even well established American business schools are seeing a step drop in applications for their MBA courses. Top tier MBAs like Harvard, Fuqua and Haas are seeing falling demand for their MBA courses. Given the red-hot state of the US economy, why is this happening? This article cites three drivers for the waning popularity of the traditional American MBA:

- a) Students now have found many other ways to acquire the skills that an MBA drills into them. For example, online courses in Finance and Marketing or specialist business qualifications in say, supply-chain management, are perfectly viable – and lower cost – ways to acquire valuable skills.
- b) Chinese applicants want to do MBAs in China and the country's high quality university system is catering to this demand. Alibaba, Tencent and their like are heavy recruiters of MBA graduates and they are happy hiring locally trained MBAs.
- c) The opportunity cost of doing a full time MBA when you are in your 20s is very high for talented people (who know they can get good jobs in Tech or Finance without the MBA). For such people, the part-time MBA is a more viable way to get a more rounded business education.

2. Long read: The rickety house of Paytm

Author: Sunny Sen and Jayadevan PK

Source: Factor Daily (<https://factordaily.com/the-rickety-house-of-paytm/>)

As the latest scandal to hit Paytm ripples across the media (the CEO's PA might have tried to extort Rs 20 crores from him or, depending on which story you believe, she might be the victim of other vested interests working in the firm), this story summarises the other scandals to have hit the firm recently (the CEO's brother offered to help a powerful Far Right organisation spread religious propaganda and prior to that a Board member was fired for sexual misconduct). Even more interestingly, the story details how just how extensive a set of competitors Paytm has taken on. For example, in payments – its flagship business – it is up against Google, Whatsapp, Phonepay and Mobikwick. In ecommerce, it is up against Amazon and Flipkart. Its travel is up against Makemytrip and Yatra. Barring payments, in almost every segment that Paytm operates in, it is

behind its competitors (most of whom are specialist “vertical” players. Unsurprisingly therefore, the article ends on a sober note:

“Paytm, is the arrowhead of Chinese e-commerce giant Alibaba in India. The cost of missing the India opportunity will be far too great for Alibaba. So it may yet survive minor scandals at a personal level.

But as Paytm— which has seen a turn of good fortune since it moved away from being a value-added services player in the telecom era to a mobile payments juggernaut— runs afoul of regulators, launches new business at breakneck speed, shuts older ones, and battles competitors in nearly every business it has gone into and takes more than a few tumbles along the way, Sharma’s beliefs will be called into question.”

3. Long read: The New Atlanta Billionaires Behind An Unlikely Tech Unicorn

Author: Alex Konrad

Source: Forbes (<https://www.forbes.com/sites/alexkonrad/2018/10/08/the-new-atlanta-billionaires-behind-an-unlikely-tech-unicorn/#471047ff31a2>)

At Marcellus, we are fans of Mailchimp. In fact you are reading this email thanks to the cost-effective and user friendly platform that Mailchimp makes available for SMEs like Marcellus. This story is about how two self-taught techies in Atlanta used their own savings and 18 years of hard work to build a business with US\$600m of revenues, strong profitability and a valuation of US\$4.2 billion. Leaving aside the zero use of VC funding, what makes Mailchimp even more unusual is its focus on one thing and one thing alone for 18 years – email driven marketing solutions for businesses. Even as social media fever rages, the Mailchimp founders – Ben Chestnut and Dan Kurzius – are happy to focus on a low-tech, unsexy medium of communication.

4. Short read: How a Welsh schoolgirl disrupted the publishing world

Author: Gillian Tett

Source: Financial Times

(<https://www.google.co.in/amp/s/amp.ft.com/content/dac09602-dc96-11e8-8f50-cbae5495d92b>)

In 2011, Beth Reeks a 15-year old Welsh schoolgirl decided to write a teenage romantic novel. So after finishing her homework, she would stay up all night writing her novel. Then she chose a “route to market” which was unique. Rather than hiring a literary agent to find a publisher, she posted three chapters of her boy-meets-girl novel, *The Kissing Booth*, on Wattpad (an online story sharing platform). As comments poured in, Reeks turned to social media – she started a Tumblr blog and a Twitter account to promote her book.

By the time she was 16, Reeks had garnered 19 million “reads” even though her book has not yet published (in the traditional sense). Then, by the time Reeks went to college, her work had been turned into a e-book, then a paperback and this year Netflix released it as a film.

The internet has disrupted traditional publishing. Today, anybody can self-publish on platforms like Lulu, Smashwords and Kindle Direct. If the public then takes to their work then big book and film deals await the really skilful authors. The rest have the self-satisfaction of knowing that their work was made available to the wider world.

5. Short read: As Moore’s law fades, computing seeks a new dimension

Author: John Thornhill

Source: Financial Times (<https://www.ft.com/content/11c1e372-e106-11e8-8e70-5e22a430c1ad>)

Moore's law, named after Gordon Moore, the founder of Intel, implied computing power would double every two years. This did hold true for 40 years contributing immensely to availability of computing power to enterprises and individuals alike and the consequent gains in productivity. However, this law hasn't kept pace in the recent past fazed by physical limitations. Does that mean that we should be prepared for more modest progress in technology going forward? Whilst there is hope through specialist chips to cloud computing to quantum computing, the strongest prospects emerge from a geo-political angle where the US and China driven by national pride and interest spend their way to finding the next big thing.

At the ERI's launch in San Francisco, Kristen Baldwin, a deputy director at the Department of Defense, made it clear that the US was now in a computing race with China. "We want to align our common needs to counter China's desire to be the pre-eminent leader in next generation semiconductors," she said. Chip design is becoming an urgent matter of US national strategic interest, as well as intense commercial rivalry, which may yet be good news for all computer users. Historically, superpower competition has been a great way of spurring innovation.

6. Short read: At Last, a Small Step to Fix Audit's Conflict of Interest

Author: Chris Hughes

Source: Bloomberg (<https://www.bloombergquint.com/opinion/at-last-a-small-step-to-fix-audit-s-conflict-of-interest#gs.0XmJy5Q>)

KPMG's UK arm, fresh off the Carillion accounting scandal, will no longer offer consultancy services to its audit clients in a bid to avoid the attendant conflicts of interest. Whilst this could well be a pre-emptive move before forced upon by regulation, it is welcome nevertheless, given the importance of independent audit.

The importance of audit quality cannot be overstated. Reliable numbers are the foundation of investment decisions. Accounting firms combine audit and consulting services, and the risk is that the vital task of stress-testing company numbers is treated as no more than a loss-leader for more lucrative consultancy projects. This potential conflict of interest may undermine an audit partner's ability to challenge a company's chief financial officer on their preliminary figures.

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