Internship Report on

Evaluation of Supply Chain Process in Mobile Financial Service- bKash

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"Evaluation of Supply Chain Process in Mobile Financial Service- bKash"

Course Code: BUS400

Submitted To:

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<u>**Date of submission: 3rd September, 2018**</u>

Letter of Transmittal

3rd September, 2018

Jubairul Islam Shaown

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BRAC Business School

BRAC University, Bangladesh.

Subject: <u>Submission of Internship Report.</u>

Sir,

I am pleased to submit my report— on Supply Chain of bKash which was approved by you during my internship period for the course, (BUS400). I have tried my level best to properly present all of the aspects of my assigned job. While preparing this report, I have learnt many things regarding supply chain activity of mobile financial service and specially acquired sufficient knowledge from different types of project under it.

In spite of all difficulties faced in preparing the report, I have tried to be as methodical as possible. In case of any further clarification or elaboration of the report, I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Sincerely Yours,

_____

Trina Datta

Acknowledgement

At the very beginning, I would like to express my gratitude to Almighty God for enabling me to complete this report. To achieve the Bachelor of Business Administration Degree, under the course name BUS 400 of BRAC University, internship program is a mandatory part. Without the assistance and guidance of the people around my job environment and also of my academic surroundings, it would not be possible to complete the report productively.

First of all, I would like to show my gratitude to BRAC Business School for illuminating me throughout the journey of my Bachelor in Business Administration and bKash Digital for recruiting me as Intern in Supply Chain & Procurement department. I will be obliged to all the Honorable faculties of BRAC University for their utmost level of help during my University life and in my rest of the life. Besides, I will be thankful to bKash as I have gathered an enormous compact of experience while working on their Supply Chain and Procurement Department.

I am also very grateful to my internship supervisor and honorable faculty of BRAC University, Mr. Jubairul Islam Shaown Sir who guided me to write my internship report and finish my last report of my undergraduate life accordingly. Whenever I asked for direction about the report he always came up with a helping hand. It would never have been possible for me to prepare this report without the support and instruction of my honorable teacher.

I would also like to thank Mr. Rashedul Alam, head of supply chain and procurement department, for selecting me as an intern of his department and my supervisor of bKash Mr. Meer Minhas Uddin (Planning & Strategy Process and Compliance, Reporting), for encouraging me to write the report on the Supply Chain of bKash. Without your guidance at every stage of the report it would be really hard for me to write the report. I will never forget your kind help during my learning period. Last but not the least, I would like to thank, all the members of Supply Chain & Procurement department for their help during very beginning stage of my employment. From the very first day they guided me with proper direction. I could not have prepared this report without their help.

Executive summary

An internship report represents the practical work experience besides all academics theories. This report has been carefully prepared to present the Supply Chain activities of largest Mobile Financial Service of Bangladesh. bKash Limited, a subsidiary of BRAC Bank, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor of the company (bKash, 2018).

This report starts with a brief overview of bKash limited and its current status in the market. It also contains an extensive literature review on Supply Chain of service industry and importance of it in Bangladesh economy. As the concept of supply is new in Bangladesh and especially for service oriented organization like bKash, this literature review gives a support to find out how it is actually important to maintain an appropriate supply chain process for any kind of service oriented organization.

First part of the report explains all about bKash as a whole- about the organization, their activities, product or service, organogram, business partners, value chain etc. Second part of the report describes all the procedure of bKash supply chain from the procurement to distribution. bKash supply chain has a guidelines where every stage of the operation need to be done based on those. Very briefly this report shows all the process of the ideal guideline.

Last part of the report portrays gap analysis of the ideal guideline and the actual practice of the processes. First of all Analysis finds the gap of the procedure and then enlightens the reasons behind it. In additional at the very end of the report recommendations has been provided as per practical information and literature.

Above and beyond, the aim of writing this report is to explain the supply chain process of a mobile financial service which is very new in Bangladesh and to create an opportunity for others to use this as an example- how supply chain works in Mobile financial service.

Table of Contents

Chapter 01

1. Company Profile

The first utilizations of mobile financial service were launched in Bangladesh in mid-2011, and by the end of 2013 they were being used by 22 percent of the adult population (Intermedia, 2014)—a fast start for a large country of 160 million inhabitants. In 2013 registered mobile financial services accounts in Bangladesh grew faster than in any other country (Chen and Rasmussen, 2014).Even though Bangladesh's central bank has approved more than 20 licenses to offer mobile financial services, more than 80 percent of transactions are through a single company—bKash Limited (Hossain, 2017).Six years since its launch, the service has accumulated 30 million registered users and 80 percent of the market share, exemplifying how fast the mobile payments ecosystem is growing and improving people's lives (Hai and Juan, 2018). This growth took place in a market where a massive microfinance industry already operates which indicates that bKash has been able to succeed alongside the microfinance industry in part because mobile financial services meet a completely different need. Difference is that microfinance in Bangladesh has focused primarily on small-scale unsecured credit, while bKash provides a tool for sending payments quickly to others (Chen, 2018). Not only is bKash is the fastest growing mobile money deployment in Bangladesh, but CGAP also estimates that it was the fastest growing mobile financial services business globally during 2013. bKash Limited, has been ranked 23rd on Fortune's third annual 'Change the World' list which recognizes top 50 companies that are changing the world through solving a multitude of societal problems (bKash, 2017)

bKash Limited, a subsidiary of BRAC Bank, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor of the company (bKash, 2018). The ultimate objective of bKash is to ensure access to a broader range of financial services for the people of Bangladesh. bKash is a secure, simple, and affordable mobile payments service that greatly benefits the majority of Bangladeshi people, most of whom lack bank accounts. More

than 70% of the population of Bangladesh lives in rural areas where access to formal financial services is difficult. Yet these are the people who are in most need of such services, either for receiving funds from loved ones in distant locations, or to access financial tools to improve their economic condition. Less than 15% of Bangladeshis are connected to the formal banking system whereas over 68% have mobile phones. These phones are not merely devices for talking, but can be used for more useful and sophisticated processing tasks. bKash was conceived primarily to utilize these mobile devices and the omnipresent telecom networks to extend financial services in a secure manner to the under-served remote population of Bangladesh.

1.1. Mission

The mission of bKash is to provide financial services that are convenient, affordable and reliable; bKash aims to widen the net of financial inclusion. bKash wants to provide a solution for Mobile Financial Services, built on a highly scalable Mobile Money platform, allowing the people of Bangladesh to safely send and receive money via mobile devices (bKash.com, 2018).

1.2. Benefits

There are five core benefits those bKash promises its user which are fast, affordable, secure, convenient and nationwide (bKash, 2018). These benefits are described in a brief below,

Fast

bKash promises it's consumers to be the fastest transaction process. One can send and receive money within minutes through bkash.

Affordable

The sending and receiving money through bKash is very low of cost comparing with global standard. It has been a great advantage for the general people of the country.

Secure

Each and every transaction of bKash is based on a PIN of personal identification number which is very secure. Moreover, the bKash account is fully secure even if one lost his or her mobile. So bKash is promising the best security in transaction of money.

Convenient

bKash is highly convenient for its users. People can send and receive money anywhere and anytime. bKash is serving it's consumers 24 hours a day and 7 days a week.

Nationwide

bKash has more than 160,000 agents nationwide and more than 300 ATMs. So the availability of the service is very high nationwide.

1.3. Products and Services

bKash is providing seven types of services right now (bKash, 2018). Those are given below**:**

Cash In

One can load cash in their bKash account through any of the bKash agent or ATMs. This process is free of charge.

Cash Out

Users are able to withdraw cash from their accounts from the bKash agents as well as from the ATMs. bKash charges a very low service charge for this.

Send Money

Money can be transacted from one account to another account virtually through bKash. The cost is conveniently low and enables users to comfortably send money.

Payment

bKash is available in the majority of market to pay through.

Buy Airtime

People who use mobile are in need of regular airtime. bKash enables it's users to directly buy airtime from their accounts.

International Remittance

bKash has tied up with western union and master card to receive money from the foreign countries which has enabled the rural people to directly receive money from the family members who are living in other countries.
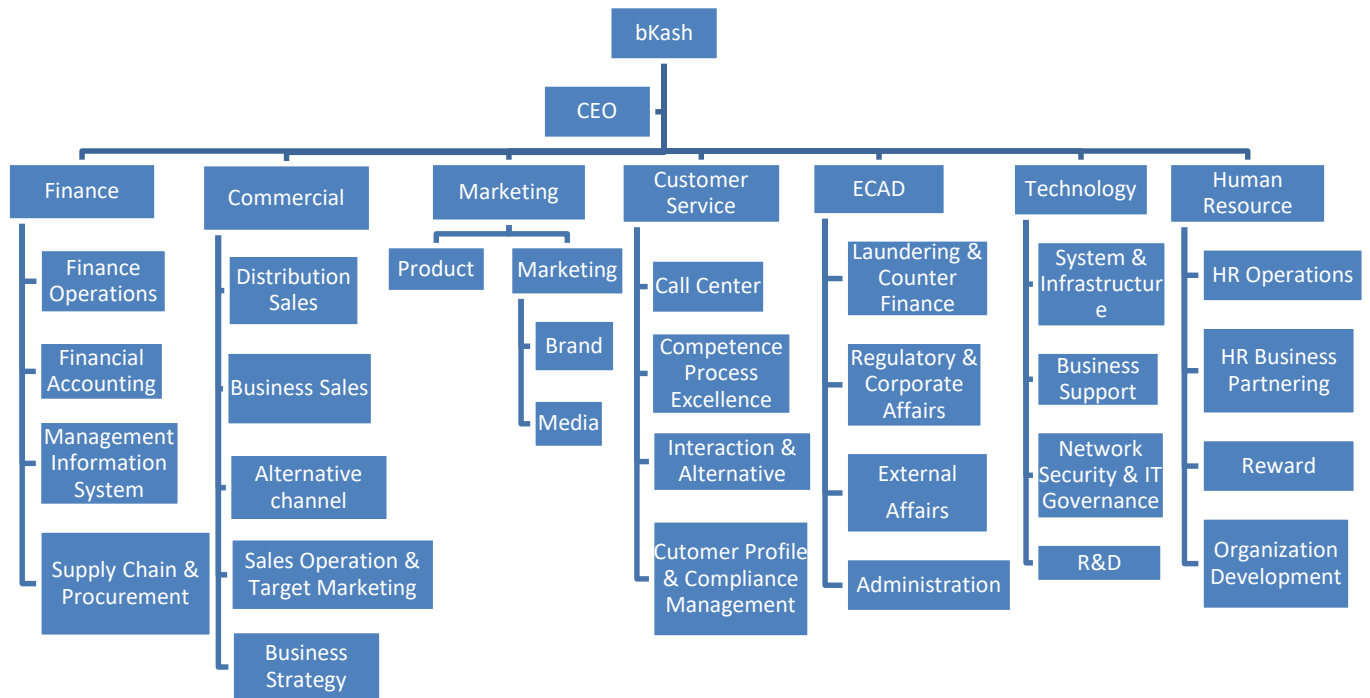
Interest on Savings

Users can enjoy up to 4% of interest annually on their savings in the bKash account
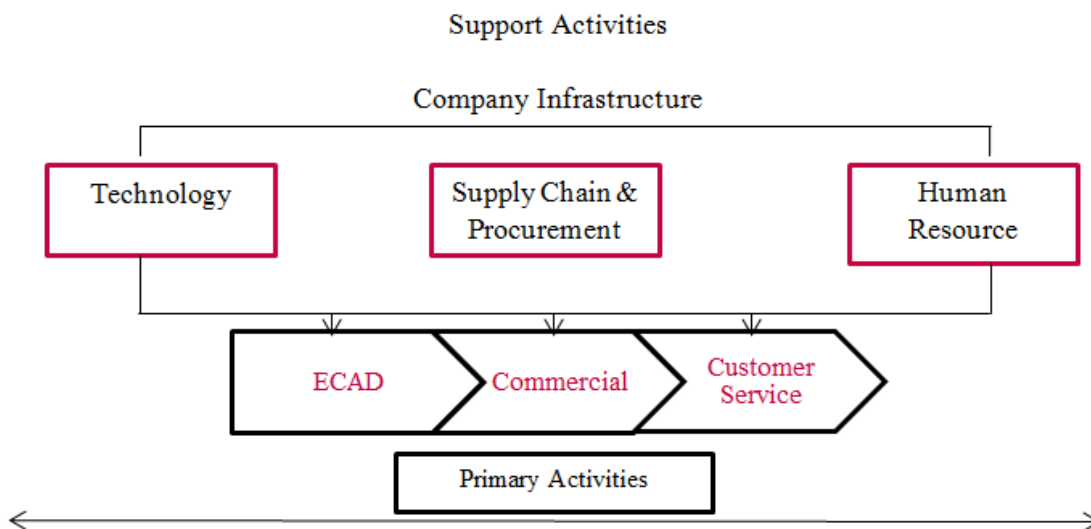
1.4. Partners of bKash
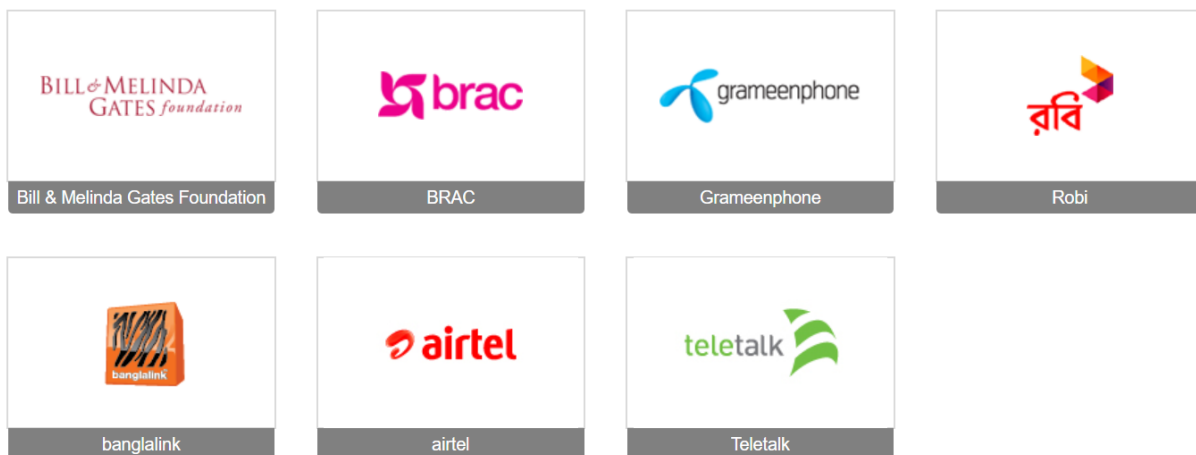
Source: bKash.com

1.5. Organogram of bKash

1.6. Value Chain of bkash

Chapter 2

2. Introduction

It needs no emphasizing that a silent revolution has already taken place in Bangladesh with the mobile financial service spreading all over the country. It is indeed an amazing growing phenomenon in the economy sector. Mobile Financial Service (MFS) is becoming popular at a faster rate in Bangladesh than many of us could comprehend. At a gradually growing pace, more and more Bangladeshis are coming under the network, and even more are expected to avail the service in the coming days once banks start coming up with better offers. The service is aimed at the largely unbanked population of the country who still remain outside the domain of conventional banking as it is not possible to have bank branches in nearly 68,000 villages. Therefore, money transfer through mobile account, or simply mobile banking, has become the right option for the vast unbanked segments. MFS has already left its mark as an efficient and low-cost service to the current users of the country. Among licensed 20 mobile financial services from Bangladesh Bank- bKash has 80% share in the market. Unlike large mobile money businesses in other countries, bKash is not a mobile network operator (MNO) and did not have an existing customer base to which it added mobile financial services. bKash acquired each client on its own. The ultimate service that end user gets has lots of background work that bKash has to follow. Supply Chain is one of the activities that give support to the entire department with the logistics. In the next part of the report this process will be explained briefly.

2.1. Rational of the study

This report has been written based on all the information concerning an overall introduction and other primary details of bKash Limited. The reasons behind writing this report are to primarily describe my ability to adapt and excel in a growing and dynamic organization like bkash. It is also a mandatory requirement for the students of BRAC Business School to engage in a full-fledged internship and writing a follow up report to highlight every activity those are performed

while doing the internship. Basically internship gives a real work experience after all the academic work of undergrad education and this report represents the transition of academic world to corporate culture and environment. My internship opportunity at bKash not only helps me to grow individually, it also improves my perspective in various ways which will help me to make better decision of my life. This internship report will present the supply chain process of a mobile financial service- bKash. There are very few paper on this topic as supply chain is still new in Bangladesh especially for service industry. Therefore, the aim of writing this report is to show how supply chain work in Mobile financial service and what are the challenges that occur while operating the process.

2.2. Statement of the problem

The term of supply chain is new in Bangladesh and specially service supply chain. For service industry supply chain is still in the initial stage. They are building processes but sometimes all the processes those explain in the theories are not possible to follow accordingly. There are some situations when the actual process cannot be followed.

The problem statement of the project is to determine the gap in the process of supply chain bKash as a mobile financial service provider (MFS). In this project I have tried to analysis the process gap of supply chain management through reading documents of bKash supply chian, articles, journals, taking interview from bKash's employees, work experience and work environmental observation. Based on it I have got some findings which are also added in my report. Depending on it I have prepared recommendation which might help bKash supply chain in future.

2.3. Scope and delimitation of the study

While preparing the internship report I have faced following limitations

Confidentiality code

bKash officials maintain a high level of confidentiality about their data and information. For this reason secondary data sources was quiet limited.

Access to information

Interns are not allowed to access the bKash main server. That is why I have faced some limitations of consumer based information.

Unavailability of online information

There are very few paper on service supply chain as the term itself is new. Therefore it was quite tough to do the secondary research on the topic.

Time limitation

Analysis of the paper is only based on four category of the procurement as it would take time to do analysis on 12 categories.

So there is scope of this report from where further study can be done on rest eight categories of the procurement.

2.4. Objectives of the report

Objective of the report is to-

- Find out the supply chain process of bKash
- Analysis the gap between ideal and actual guideline
- Find out the challenges of practicing the process of the operation

2.5. Methodology

The analysis of this research is based on secondary data & merely on secondary data which including online databases, digital libraries, books, journals, conference papers, etc. The secondary data have been collected from different books, journals, procurement procedure of bKash supply chain, previous documents of procurement, newspapers and publications on Bangladesh. Published and unpublished materials and papers available in the internet have also been reviewed for the purpose. On the other hand, interviews of procurement personnel of bkash were the primary data source.

2.6 Literature Review

Supply chain management

The term "supply chain management" has become a popular buzzword, probably first used by consultants in the late 1980s & then analyzed by the academic community in the 1990s (Basak et al., 2014). The world is now becoming resources aware. Successful organizations are very much concern about resource allocation and the efficiency of the work. Supply chain is one of the terms that help organization to be more efficient in terms of resource allocation. The term "Supply Chain" has received many definitions over the past years as it gained popularity, with most definition describing it as a network of different entities interacting together to make materials and information flow (Lummus and Vokurka, 1999). To boost customer satisfaction, reduce operation cost and improve financial performance supply chain management plays a very integrated rule. Supply chain management is a conscious effort to run supply chains in the most efficient and effective way possible and such strategies include product development, sourcing, production and logistics, each of which assists in creating quality products and coordinating their flow to the consumer (Bowers, 2017). The concept of Supply Chain Management (SCM) is based on two core ideas:

1. The first is that practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain.

2. The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their "four walls." Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains. (SME, 2018)

According to Lynch Without a strategy, supply chain and transportation run the risk of becoming cost centers that can negatively impact a brand (Bowers, 2017). So having a strategy for a supply chain is the key to success for a business.

Supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The supply chain includes not only the manufacturers and suppliers, but also transporters, Warehouse retailer and customer itself. Each stage in a supply chain is connected through the flow of products, information and fund. These flows often occur in both directions and may be managed by one of the stages or an intermediary. Here we can see raw materials supplier supply industrial product to the manufacturer, and make the product sale to distributor, distributor sale this product to the retailer by small lot, and final consumer get the product from the retailer (Basak et al., 2014)

Supply chain stages:

- Raw material
- supplier
- Manufacturer
- Wholesaler/distributor
- Retailer
- Customer

Supplier → Manufacturer → Distributor → Retailer → Customer

16

Service supply chain

Any service delivery system can be viewed as a chain or network of activities, which involves number of participants. Just like supply chain in manufacturing, in services also we can see that all the participants are related to each other. The objective of achieving efficiency and or responsiveness is equally important and relevant in the whole network of participants involved in delivery service called service supply chain. The structure of supply chain can vary from a simple serial supply chain to a broad network of supply chain entities.

Service Chain Management can be seen as equivalent to Supply Chain Management (Simchi-Levi et al. 2000; Vollmann et al. 2004). Supply Chain Management is concerned with the planning and management of activities from raw materials to the delivery of finished goods. Similarly, Service Chain Management is concerned with the planning and management of activities from support functions to the delivery of end-user services. The structure of SSC is a complex network, which combines direct or indirect service providers around service integrator (Cheng et al., 2011). SSC consists of a customer, a service provider and an initial service provider (Cheng et al., 2011).

Supply chain practices in Bangladesh

Bangladesh is the most optimistic market and the recent strong performance of the Bangladeshi economy has left local firms in a very optimistic mood (Rahman, 2018). Supply chain practice in bangladesh is totally new. Especially for service industry the sound of supply chain is not so known to all. There are many examples of supply chain in manufacturing industry but in service industry it is very limited. But To take Bangladesh to the next level of development it needs to improve its supply chain management. According to Mominul Islam, behind economic development of every country, efficiency is the biggest driver and this efficiency comes from the supply chain management. A business success depends on how fast product reach to the customers and supply chain management of a business ensure the efficiency of sending the product to the end ensure in a short span of time (The Daily Star, 2018). Over the past three decades, Bangladesh has evolved from a controlled economy to a market oriented economy through a wide range of policy reforms which include reforms in trade policy, industrial policy, monetary and fiscal policy, exchange rate policy, and promotion of foreign direct investment

(Chowdhury, Alam and Habib, 2018). Besides manufacturing service industries are becoming the core of Bangladesh economy. Service sector are becoming largest in Bangladesh and its contribution in the GDP is also growing.

Sector Wise GDP Change in Percentage

Years	Agriculture	Industry	Service	Total
1941-1950	70	4	26	100
1951-1960	62	5	33	100
1961-1970	55	10	35	100
1971-1980	44	11	45	100
1981-1990	32	12	56	100
1991-2000	25	15	60	100
2001-2011	18	30	52	100
2012-2016	17.2	28.9	53.9	100

[Source: www.worldbank.org &

The services sector has been a major driver of exports. The main contributors have been export of workers and a range of other factor and non-factor services. Other service export income also grew significantly although at a more modest pace of 8% per year. Income from remittances and other service is a major source of exports and an important driver of GDP growth. The solid contribution of services sector to export earnings is self-evident (Chowdhury, Alam and Habib, 2018). Therefore development of a stable supply chain in service organization is really important for the economic growth of the country.

Chapter 3

3. Supply chain of bKash

All kind of procurement and distribution of bKash has been took place through Supply chain and Procurement department which works under Finance division. bKash follows centralized procurement strategy with a provision for procurement to meet the day-to-day and emergency requirements for all its offices and functions.

In general, Total Supply chain process performs in following order:

Need Identification and confirmation
Raise and release PR
RFQ Planning and issue RFQ
Bid Evaluation and Negotiation
Procurement approval
PO/ LOA and contract management
Delivery to Warehouse or Destination
Inventory management
Curier service management
GR process
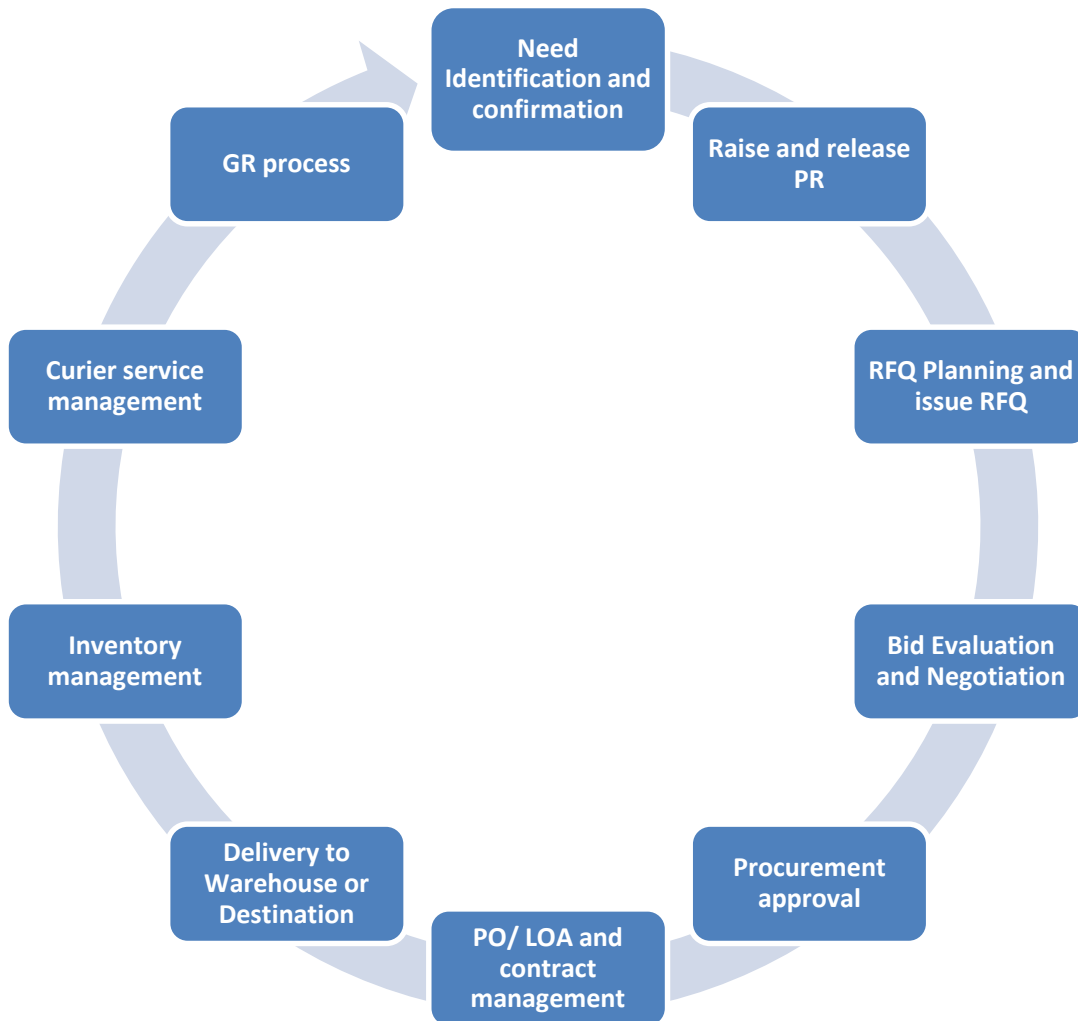
Whole supply chain process starts with purchase requisition that is raised by the user department after analyzing their need. User departments for SC&P are Trade Marketing, Marketing, Technology, Human Resource, External and Corporate Affairs, Administration and Customer Service. The PR is raised in ERP (Enterprise Resource Planning) software- Abacus System which is used by bKash Limited for their operations.

The next stage after the specification is clearly communicated to the supplier, Request for Quotation is sent through emails. After the completion of RFQ planning and strategy, procurement personnel go for issuing RFQ. For that, procurement personnel take an RFQ reference number from RFQ register. After the bid submission a tender should be open within one working day from the date of the bid submission for all relevant bidders. There can be hard copy or an electronic version of the tender opening form. In the case of SoR agreement based procurements, the procurement personnel directly go for requesting the supplier to share all the commercial information in his personal email address. After receiving all the bid submissions, the procurement personnel go for the evaluation of the received proposals. The commercial evaluation has been done after the technical evaluation.

After the effective evaluation process, the procurement personnel go for the negotiation process. The lowest bidder got the work or service to perform. In general, the procurement personnel lead the negotiation in the presence of any other member from the SC&P for the transparency unless the Head of SC&P appoints any other member.

After the confirmation of the offer from supplier, Procurement personnel are responsible for preparing some documents for the approval of procurement. They prepare a Procurement Fact Sheet (PFS), and it needs the approval from the Head of SC&P for awarding the recommended suppliers for goods or services prior to raising Procurement Approval (PA) which is basically the process of receiving approval from procurement approval authority and this has been be done in their Abacus system where the approval follow as per financial limit of authority. The process of PA (Purchase Approval) is followed by the approved PR from the user department. If the process of PR to PO requires more time, and the order needs to be placed on an urgent basis, procurement personnel issue a Letter of Award (LoA) which is a document that registers the purchase of goods or services from suppliers.

After getting PO/ LOA, supplier delivers goods/ services to the destination. Some goods are delivered direct to destination and some goods like POSM (Point of Sales Material- Poster Banner, Sticker) go to warehouse.

Warehouse receives goods from supplier after checking PO/ LOA/ Challan. After getting the goods quality check has been conducted by user and warehouse as per bKash QC process and quality inventory are stored in the warehouse. Based on the stored items inventory database has been updated. Documentations are also being followed here like PO/LOA copy, Challan copy, QC copy, Bin card copy.

Then there is courier service management for handling all the dispatch of the goods to the destination.

3.1. Functions of supply chain management:
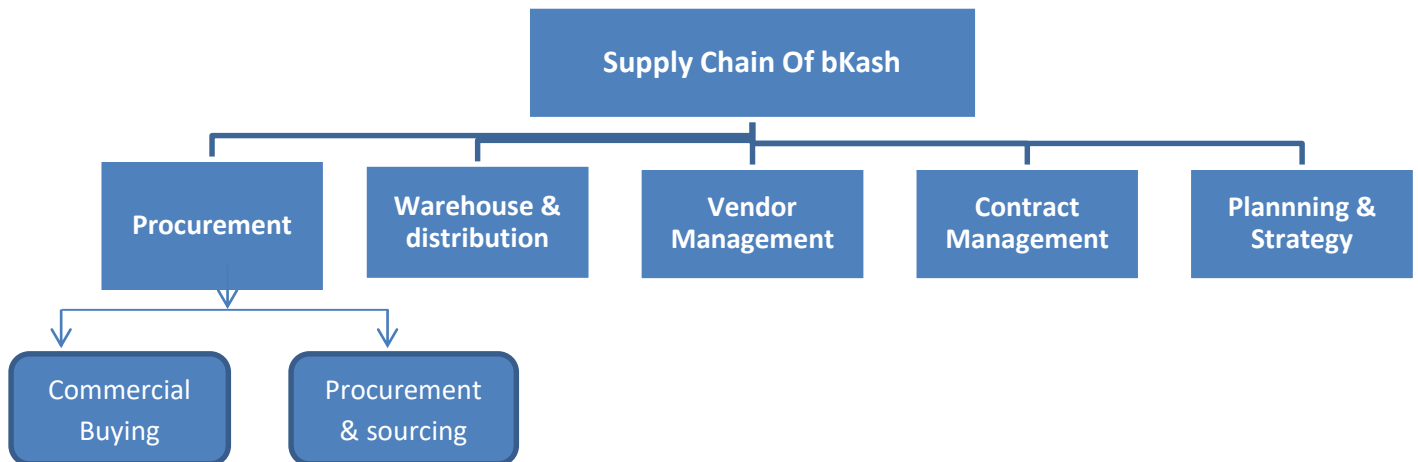
3.2. Procurement

There are two units under procurement function

1. Procurement and Sourcing.

2. Commercial Buying

These two functions look after below mentioned procurement categories

- ➢ Procurement and Sourcing: general supply, outsourcing and general service, fleet, technology, premise rental and renovation
- ➢ Commercial buying: digital print, offset print, out of home (OOH), media buying and events & activation

Commercial Buying

- • **Offset Print**
- • **Digital Print**
- • **Events and Activation**
- • **Media buying**
- • **Gifts item**
- • **out of home**

Procurement and Sourcing

- •**Technology**
- •**Renovation**
- •**Flute**
- •**Outsource and General service**
- •**General Supply**
- •**Primise Rental**
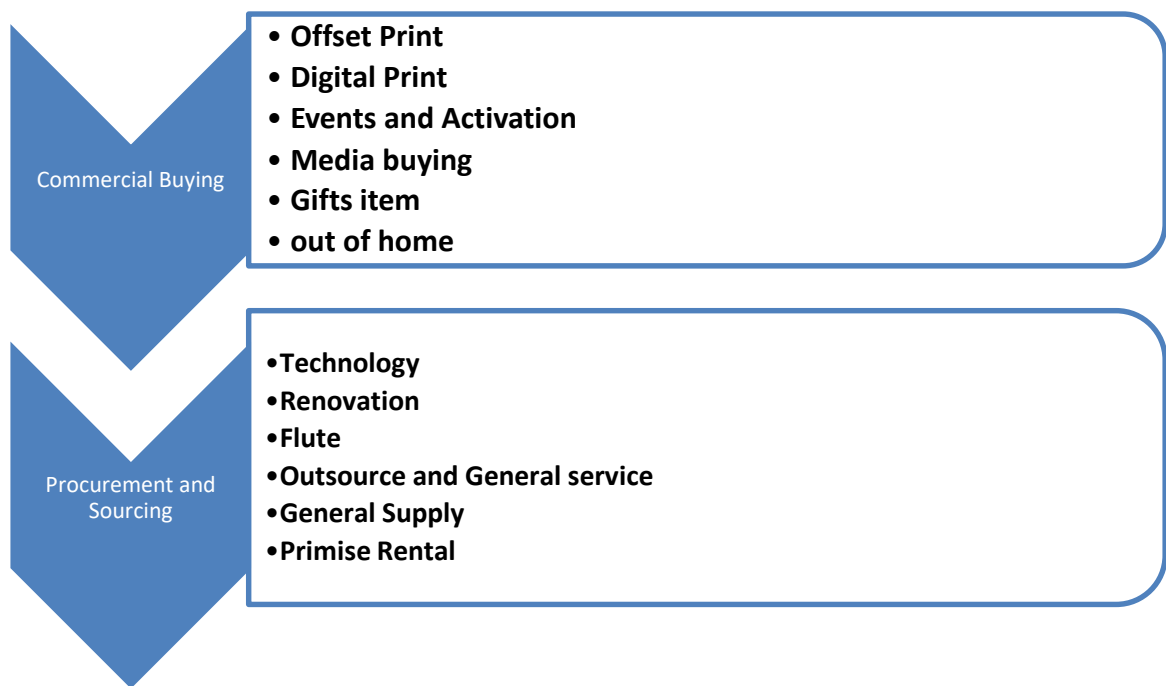
3.2.1. Procurement Process:

Procurement process for all the items are followed by the given order without Out of home and rental premises.

User	Supply Chain & Procurement

Need Identification & Confirmation

Raise & Release PR as Per Approval Authority

Procurement Personnel

Prepare RFQ Package

Define Bid Evaluation Method Criterions

Issue RFQ

Bid Clarification (Optional)

Technical Evaluation/ Go ahead/ Sample approval

Bid submission

Commercial Evaluation

Pre Negotiation and Approval from HoSC&P

Email Invitation to Qualified Bidders for Negotiation

Procurement compliance check

PFS Preparation and Approval from HoSC&P

Negotiation with Qualified Bidders

Raise PA in Abacus & Approval

GR Process

Issue PO/LOA

Need Identification & Confirmation

Total process of supply chain starts with the development of specifications by User Department.

(User departments- Marketing, Commercial, Human resources, Administration, Customer service, IT Etc.) Identifying the need of the department User develops specification of the work.

Raise & Release PR as Per Approval Authority

PR (Purchase requisition) is a formal detailed requisition of goods / Service that user wants to purchase. After identifying any particular need of goods/ service, user raises PR in ERP and it needs to be released after the approval of the authority. A PR must include necessary information of the required goods/ service like scope of work, design and BoQ, correct unit of measurement, delivery location etc.

Procurement Personnel

Approved PR then assigned to procurement personnel who will be responsible to do all the task of procurement activities.

Prepare RFQ Package

Preparing RFQ (request for quotation) package is the initial step of procurement activity. Here assigned procurement personnel make a RFQ package which includes preparing vendor list, generating RFQ number, setting RFQ planning and strategy based on receiving approved PR.

Issue RFQ:

RFQ has been issued through emails only and with necessary instructions for the bidders. Procurement personnel send a formal invitation through email to join the bidding process of the procurement.

Bid Clarification

A RFQ clarification session has been arranged, if necessary, in which functional, technical, commercial and legal aspects of the RFQ are briefed to the bidders. Most of the time clarification

session has been arranged for big projects, for those explanations of the requirement of product or service is important to get a proper result.

Bid submission

After issuing RFQ and clarification, adequate time has been given to the bidders to submit their bid in the tender. Hard copy of the bid has been submitted to the tender box and soft copy in the electronic form to tender @bKash.com.

Technical Evaluation/ Go ahead/ Sample approval

All received proposals/bids, submitted within RFQ bid submission deadline, have been evaluated as per the pre-defined evaluation method and criterions.

Pre Negotiation and Approval from HoSC&P

After evaluation of submitted proposals from bidders, Procurement personnel a prepare a negotiation plan after due analysis which is included proposed price, reference price, target price, payment terms, lead time, warranty, retention money, performance etc.

Email Invitation to Qualified Bidders for Negotiation

After evaluation of all bidders, qualified bidders are invited through email for negotiation meeting.

Procurement Fact Sheet (PFS)

A PFS is prepared after completion of negotiations and is the first stage of procurement approval before it is placed to SC&P Compliance, raised in ERP for approval and issuance of PO. PFS is prepared by Procurement personnel, recommended by Procurement Unit Lead and approved by HoSC&P. A PFS is accompanying all RFQ documents including all negotiations, analysis and the final comparative statement. The final comparative statement is signed by both Procurement Unit Lead and HoSC&P. Once PFS is approved it is placed to SC&P Compliance for compliance approval before it rose in ERP.

Registration of Purchase

All types of purchases (unless otherwise declared as Delegated Purchase in this Procedure) shall be registered as a Purchase Order (PO) in ERP.

GR Process:

After getting the approval for the procurement process for good receiving has been take place. User department close the procurement requisition in the ERP after receiving the goods from the suppliers.

3.2.2. OOH Media Procurement

In out of home (OOH) Procurement bKash basically buy Billboards, Building Painting and Feri branding.

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┌─────────────────────┐
│ Budgetary Approval  │
└─────────────────────┘
          ↓
┌─────────────────────┐
│        RFQ          │
└─────────────────────┘
          ↓
┌─────────────────────┐
│  Board Shortlisting │
└─────────────────────┘
          ↓
┌─────────────────────┐
│    Negotiation      │
└─────────────────────┘
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┌─────────────────────┐
│      Document       │
│    Verification     │
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          ↓
┌─────────────────────┐
│        PR           │
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┌─────────────────────┐
│  LoA/PO+Contract    │
└─────────────────────┘
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In case of new acquisitions of OOH media, RFQ has been followed procedural steps as given below:

User(s) prepare and obtain approval of budgetary note which include number of required boards/buildings/walls/ferries/any other OOH media, preferred locations for the required OOH media, budget for the required OOH media, period of display of the required OOH media and submit the same to SC&P for RFQ. SC&P, upon receiving the approved budgetary note, review requirements, and seek for scope clarifications. After getting the scope of work SC&P issue RFQ and bid evaluation process. SC&P share Pictures, Locations, Sizes to User(s) for shortlisting of proposed boards/buildings/walls/ferries/any other OOH media. With the finalization of the information from user department, SC& P plan negotiation with the suppliers. Here for OOH procurement legal documents matters a lot. Procurement personnel shares relevant legal documents of Suppliers to Contract Management for document verification. Upon clearance from Contract Management on legal documents, Procurement personnel request User(s) for raise and approval of PR. At last Procurement personnel creates PFS with all documents and register for purchase approval.

3.2.3. Renting Premises:

Procedures for renting premises shall follow steps as given in below table –

Activities	Departments/Divisions
Sourcing of premises	Administration
Feasibility study and technical go ahead	Administration
Functional requirements negotiation	Administration
Commercial negotiation	SC&P
Contract preparation and print	SC&P & Legal
Contract signatory	Administration

3.3. Contract Management:

For all procurement those will have contracts to be signed with the suppliers, all the activities in this process will be dealt by contract management team under sc&p. Contract management team shall be responsible to-

- Sign non-disclosure agreement with bKash suppliers and preserve the same;
- Lead and execute the process of new contract, addendum, post contract evaluation and contract close out.
- Negotiation contract and legal terms and conditions;
- Be the contact point for bKash legal department, user department and procurement personnel for clarification of any legal terms and conditions;
- Conduct vetting of contract from procurement personnel, user department, legal department and the suppliers
- Prepare final contact
- Arrange signing of contract by both bkash and suppliers
- Notify respective user department and procurement personnel 03 months before contract expire.

Here the process of contract management start with draft contact which procurement personnel may or may not include with the RFQ pack. It is actually depending on the complexity of the good/ Service. For high value procurement draft contract attached with the RFQ pack is highly encouraged. To include draft contract with the RFQ pack, procurement personnel need to contact with contract management team with SoW of goods/ services. Based on SoW of goods/ service contract management team delivers the draft contract to the procurement personnel within 05 working days.

While making final contract the contract management team ensure all technical, commercial, contractual and legal terms and conditions are negotiated by both bKash and suppliers. Final contract preparation takes in total 15 days which also may depend on the nature of the goods. The final print out of the contract then needs to be signed by the CFO.

Lastly there is post contract management where contact management team maintains the entire contract. If any change happens regarding scope, new scope of work needs to be provided. For contract termination during the effective period user department raise a written request to the procurement personnel with proper justification. Procurement personnel then send it to the contract management team to identify the risk of the termination. Then it is forward to CFO with the recommendation of the contract management and procurement personnel. If CFO approve the termination, contract management send termination letter to the vendor as per developed format. If necessary contract management takes help form legal.

3.4. Supplier Management:

Supplier management basically manage five categories of work

Supplier Enlistment:

Management enlisted supplier in bKash website with the relevant documents like company profile, bank information.

Vendor/ Supplier sourcing from market

For various kinds of projects, supplier management sources supplier from the market.

Supplier's performance Evaluation

After enlisting the vendor in the process, management evaluates their performance based on their performance in different project.

Supplier Audit

In Audit vendor management team visit vendor working places to ensure the work environment that they are promising to follow. Basically they check HSSE (Health Safety Security Equipment) of the vendor.
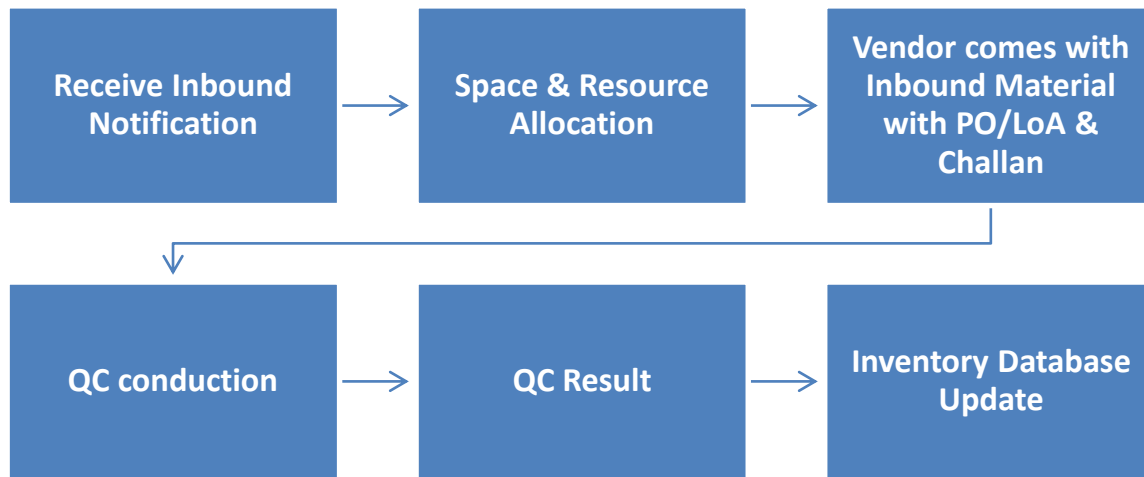
Dispute Management:

Any contradictory issues arises between two/ three parties (user, vendor, SC&P) vendor management coordinate to solve the issues for dispute management.

3.5. Warehouse and Distribution:

Warehouse of bKash has been located in Tejgoan industrial area which is 6500 sft and around 402 items has been stocked there. All the process of warehouse and distribution has been given below:

Indound	→	Inventory Management	→	Outbound

3.5.1. Inbound:

Receive Inbound Notification	→	Space & Resource Allocation	→	Vendor comes with Inbound Material with PO/LoA & Challan

QC conduction	→	QC Result	→	Inventory Database Update

Receive Inbound Notification:

Immediately after PO/LoA issuance WH receives email notification of Inbound Material.

Space & Resource Allocation

Within 3 working days Space allocation & other arrangements has been taken considering the material nature & quantity.

Vendor comes with Inbound Material with PO/LoA & Challan

WH checks PO/LoA, Challan & Physical QTY and stocks material into designated space on the same day. Then WH Update Inbound Register & notify QC team for QC if need.

QC conduction

User shares QC date with WH for necessary QC arrangements. QC Team conducts the QC for Inbound Material and handover the documents to WH within 5 working days.

QC Result

WH prepares and shares the QC report with respective stakeholder. WH sign and seal the Challan for QC confirmation received and provide to vendor within 1 working day. Only QC passed products shall be considered as inventory and be stored at designated zones

Inventory Database Update

WH Inputs data in the BIN Card & Excel Stock: for QC material after QC conducted and Non QC material right after the received of material.

3.5.2. Inventory Management:

Safety stock management

Safety stock may vary in quantity based on nature of products. Quantity of safety stock shall be calculated considering business requirements, storage capacity and value of inventory. Inventory team (in WH&L function) shall notify stakeholders every day on stock status until there is an automatic notification generating system in place. In order to maintain a steady stock level, Users shall initiate and complete the PR approval process early enough that would allow Procurement function to complete the PO and delivery process in due time.

Bin card management

Every stock keeping unit (SKU) has a unique bin card. Bin card has been updated in case of any change in status of a SKU. Bin card include information like- Item name and PO/LoA reference,

Vendor name, Delivery challan reference, Storage date, Storage location, Storage quantity, Dispatch (or allocation) request reference, Dispatch quantity, Distribution house, Remaining (balance) quantity, Name and signature of store keeper and issuer.

SKU storage-life

Storage-life of stock keeping has been decided by the User(s), Procurement and Warehouse functions. SKU of bKash warehouse follows Fast in Fast out (FIFO). SKU found in storage for a significant time (may vary from product to product) and after storage-life SKU has been called Long-aged items. Warehouse function takes necessary actions to inform respective Users about the long-aged items and initiate dispatch or disposal. Disposal approval has been taken from CFO (or delegated authority) with recommendation from HoSC&P as well as clearance from respective User(s).

Damaged stock management

Warehouse always maintains a damaged stock register and update inventory database accordingly. They have necessary measures to dispose damaged stocks which are disposable in nature. Disposal approval has been taken from CFO (or delegated authority) with recommendation from HoSC&P as well as clearance from respective User(s).

Returned products

Warehouse has a register for all returned products and update inventory database accordingly.

If returned products are damaged, guidelines for damaged stock are followed and Returned products shall be stored in separate zone.

Inventory count

Warehouse circulates a report to stakeholders on all stocks at the end of every month and. They also conduct a year-end inventory count in presence of respective stakeholders. So, all discrepancies have been recorded and immediate necessary measures have been taken to find reasons of discrepancies.

3.5.3. Outbound:

Outbound shall be initiated upon receiving request (dispatch requisition) from respective User(s). Responsible WH&L team shall perform outbound operation while adhering to guidelines as given below -
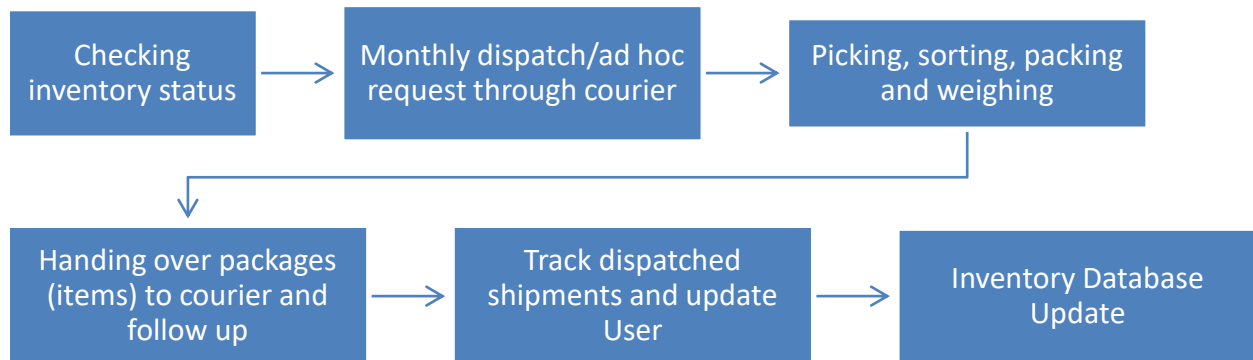
Check inventory status -

If requested items are available in stock, warehouse prepares dispatch schedule. If requested items are not available in stock, then notify User(s).

Monthly dispatch/ad hoc request through courier

WH&L prepares dispatch plan considering

      a. Number of items and volume of quantity
      b. Priority of distribution houses (DH) as defined by Users (i.e. the dispatch requestor)
      c. Dispatch urgency
      d. Resources' availability

WH&L is responsible to share the dispatch plan to User(s) for confirmation. In case of any disagreement, dispatch plan shall be reviewed and revised

Picking, sorting, packing and weighing -

Picker picks items as per the dispatch requisition and place items in packing zone for sorting. At the same time Packer cross match item and quantity of picked items with dispatch requisition and sign the necessary document. Checked items are sorted and packed into sacks (or in any other baggage/cartons) by packer and stitch the same for sealing. WH&L responsible shall review this whole process and approve the same by signing necessary documents.

Handing over packages (items) to courier and follow up -

WH&L prepare challan for dispatch where every detail of package has been mentioned including number of items, quantity, weight and addresses of destinations. Courier service provider check & receive the products and sign dispatch challan. Courier service provider issues consignment tracking number and update WH&L with delivery status at the end of agreed delivery lead time. WH&L share dispatch status including consignment tracking numbers and delivery status with User(s).

Handing over items to User's designated person (hand to hand delivery) -

At the end, WH&L responsible prepare dispatch challan in favor of User's designated person and share the status with User(s). After that WH&L responsible track dispatched shipments and update User(s) accordingly.

3.6. Planning and Strategy:

Policy and procedure development:

Planning and strategy team develop, implement and analyze policies and procedures for all the functions of SC&P (end to end procurement and warehouse). Audit observation and mitigation of the gap in the audit has been done by the planning and strategy team. They also arrange awareness session of policy and procedure with the key stakeholder of it.

SC&P Data Analysis and Report

This team assists data analysis and reporting of all the procurements those are done by procurement personnel. In ERP (Known as Abacus in bKash), where from PR to PO all the process has been done, they develop and maintain new features along with item code generation.

KPI Development & Tracking

Planning and strategy team set goal for SC&P and keep tracking the activities to achieve the goal.

Training

For the development SC&P resource planning and strategy team recommend for training.

Project Management

Any kind of new project of any function has been managed by planning and strategy team. They do the feasibility analysis, road map, SoW design, and implementation, tracking and reporting of the project.

All in all basically planning and strategy team look after all the activities of the SC&P department of bKash.

Chapter 4

4. Findings and Analysis

To find out the gap between ideal process of the supply chain and the actual process of the procurement, among 12 categories of procurement, two categories of procurement has been chosen to do the analysis. These are Media buying and event & activation. Reason behind choosing this three is – Most of my work was related to Media buying and event & activation. Also Media buying has the highest cost in last two quarter of this year and nature of event and activation is different from others. For this report findings are found from the interview of the procurement personnel and previous documents of the procurement.

4.1. Findings from media buying

From the interview of the procurement personnel, it has been come out that all most for all the procurement general process has been applied but when there is any urgency, Planning gap; sometimes all the process of the procurement cannot be followed.

To see the actual procurement process, I have checked the documents named **"FIFA World Cup Russia – 2018 TVC Airing in Nagoric and Maachranga TV"** from where It is find out that media buying procedure for this requisition has been done within one day because of time constraint. User from marketing department took decision to air bKash TVC at final league of FIFA World cup. When purchase requisition raised there was only one day before final league. There might be a gap in planning process of the requisition for which procurement process get fewer time to procedure. Therefore, there was less time to do negotiation planning and strategy which eliminate bargaining power of the procurement personnel. Besides market of TVC airing is also monopoly and there is a matter of syndication which delimits the bargaining power of the procurement team.

In some cases procurement process act totally reverse. From the procurement documents named **"Requirement of additional for the month of June' 18 of app promotion for digital media"** it is found that the supplier did the promotion of bKash in the digital platform but user didn't raise the requisition in the system. After that in July the supplier send the costing and then SC&P

process the procurement so that they can get their payment. Here execcution took place first then the other process. Because of not planning accurately in the first place they needed additional requirement for the promotion in digital media. Therefore, for SC&P there was no scope of negotiation as they already run the promotion before raising PR. Besides the internal issues, there are some government rules and regulations as

Moreover, if there is Schedule of Rate (SoR) contract, then the procurement process has been done at the time of SoR or locking the price. In schedule of Rate, rate for specific project has been fixed by both suppliers and procurement team for specific time being. If there is SoR, then for the specific project procurement process start with RFQ but negotiation and bid evaluation process do not take place as rate has been locked earlier. SoR has been done for the project those are procured frequently like TVC & RDC airing. Benefit of SoR is that as rates are locked, even if price increase in the market bKash gets the benefit of lower price. For any urgent requirement procedure can be done at a very little period of time.

4.2. Findings from Event and Activation

The nature of procurement for event and activation is different from other procurements process. For an example if event is like social evening with government official, then after the confirmation of date and time from the gvt officials time has been selected for the event. Sometimes event time becomes so urgent that over phone negotiation need to be done. From Document of **"bKash employee event"**, it has been found that negotiation and the instructions have been done over phone communication with user and vendor as there was only two days' time before the event to do all the procurement process. Because of the urgency of the work negotiation power become weak and also there is less chance to know about the service of more than   one   vendor.

5. Recommendations

1. Proactive measures/ structured planning for the big events of the year like Boi mela campaign, DITF, Pohela boishak, Eid campaign so that both user and SC & P can combine create values for the organization.

2. As initiated by supply chain commercial buying team preparing SoR with probable events venues i.e. venue rate, food price etc. They can make venue pool and vendor pool for six month or one year where price will be locked for event. Benefits from this pool is that- For any urgent event procurement process will be easier where negotiation will not be needed as price will be fixed in SoR. As price is locked here, bKash will get benefit of price hike also.

3. Communication gap between user and the procurement needs to be diminished. Initiatives in the procurement process to minimize the communication gap need to be taken. Also user needs to be aware about the process of the procurement so that they can cooperate with process properly.

4. For warehouse, ideal guideline has not been established yet. All the process that is shown in the report is based on the practice that is now following in the warehouse of bKash. These activities are not approved by the authority yet. Therefore, it has been recommended to develop an approved guideline for warehouse management with the collaboration of planning and strategy team and warehouse management team.

5. Moreover, in many organizations warehouse management software has been used to control and administer warehouse operations from the time goods or materials enter a warehouse until they move out. In bKash, warehouse management does not have any software to control the whole warehouse management. So it is recommended to develop warehouse management software to manage all the inbound and outbound of inventory in warehouse.

6. Conclusion:

Supply chain management (SCM) is the broad range of activities required to plan, control and execute a product's flow and procurement is the action or occupation of acquiring equipment and supplies. Supply chain management basically control and execute the purchase goods of the whole organization. I have worked in procurement team of the supply chain management of bKash Ltd. Beside that I get good opportunity to learn the whole process of bKash supply chain management. Based on all the information I get bKash my internship report has been written. The report shows all the process and activities of bKash supply chain and the evaluation the process.

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