



Cash in Covid-19 Crisis: The Strategic - Synergic Deal Monetized Between Reliance Jio and Facebook

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Abstract: In the crisis time of corona virus where all over the world the business activities are virtually stopped. One deal is highlighted in the Indian market the deal in between Reliance JIO and Facebook. Both are giants in there technical sector and they have proven themselves in the Indian market. The deal is of \$5.7 Billion in India’s Reliance JIO Platforms. Although the amount is big but more importantly the time of investment, the crisis time when all the business activities are standing still. The economy of the world is at depletion and it will take some time to get in balance. In this paper the author is going to explore various aspects of the deal between Facebook and Reliance JIO and the outcomes of the same.

Keywords: Facebook, Reliance JIO, Deal in crisis of COVID-19, COVID-19, Monetization Strategic - Synergic Deal, Cash in Covid-19 Crisis.

I. INTRODUCTION

The deal between Facebook and Reliance JIO is getting attention from various reasons like the time at which the deal had taken place, the amount of the deal, Facebook has become largest minority stake holder in Reliance JIO, possible reasons why this deal, win – win situation between Facebook and Reliance JIO in terms of mutual benefits.

There is no doubt that from this deal the presence of Reliance JIO in the Indian market is got stronger than before. Facebook was already in the Indian market as social media platform provider and holding a good position on the other hand Reliance JIO is also holding a premium position over its telecom competitors who are providing voice and data [Internet] to the users. From this scenario the question rises “why” Facebook invested so much money in an Indian Telecom Company and became largest minority stake holder in the Reliance JIO. This deal is going to change many aspects in coming days two giants are shaking their hands for the most promising Indian market, the valuation of the Indian market can be assessed by this current deal even in this kind of crisis situation. The synergic deal will mutually benefit both the parties in near future.

In coming sections the author is going to discuss in detail about the synergic deal and other components related to the deal.

II. FACEBOOK’S EARLIER DEALS

Facebook has acquired many companies from the year Aug 2005 to June 2020 invested billions of dollars to get hold of digital market and became a big giant that is nearly unbeatable. The following table [Table 1.] shows the acquisition details many big and small companies who can be strong competitors are being bought to cut down the competition. The latest deal with Reliance JIO is not actually an acquisition deal but being the largest minority shareholder in an Indian telecom giant is not a small deal and the timing is most important the crisis situation due to corona virus.

The acquisition strategy of Facebook worked very well, it’s a big sea where big fish eats small fish, this time two big fishes join their hands to take over the market in a synergic deal.

Looking at the data available in the following table Facebook is very aggressive in acquisition and marketing. This gives the big picture of Facebook’s future plans in one of the biggest market in the world, Indian market. The latest entry, Reliance JIO in the telecom sector of Indian market with huge investment and the reach to the deepest interior region of India has shown the potential of the Indian market.

Table 1: Facebook’s Earlier Deals [1]

| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|--------------------------|--------------------------------|-----------------|--------------------|------------------------|-------------------------------|----------------------------------|
| 1 | facebook.com domain name | USA, Boston, Massachusetts | August 23, 2005 | 200,000 | — | — | name change from Thefacebook.com |
| 2 | ParaKey | USA, Mountain View, California | July 19, 2007 | — | Blake Ross, Joe Hewitt | Y Combinator, Sequoia Capital | Facebook Mobile |
| 3 | ConnectU | USA, Cambridge, | June 23, 2008 | 31,000,000 | — | i2Hub | (Court settlement) |



| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|--------------------|---|-------------------|--------------------|---|------------------------------|---------------------------|
| | | Massachusetts | | | | | |
| 4 | FriendFeed | USA, Mountain View, California | August 10, 2009 | 47,500,000 | Paul Buchheit, Bret Taylor, Jim Norris, Sanjeev Singh, 8 others | Benchmark Capital, ex-Google | — |
| 5 | Octazen | Malaysia, Taman Melawati, Kuala Lumpur | February 19, 2010 | — | 2 engineers (remote workers) | — | Websluths |
| 6 | Divvyshot | USA, San Francisco, California | March 2, 2010 | — | Sam Odio, Paul Carduner | Y Combinator, AngelList | Facebook Photos |
| 7 | Friendster patents | USA, Mountain View, California / Malaysia, Kuala Lumpur | May 13, 2010 | 40,000,000 | — | — | — |
| 8 | ShareGroove | USA, San Mateo, California | May 26, 2010 | — | Kent Libbey, Adam Wolff | Elm Street Ventures | Facebook Groups |
| 9 | Zenbe | USA, New York, NY, New York | July 6, 2010 | — | Tom Alison, Will Bailey, Robert Kiefer | — | Facebook Messenger |
| 10 | Nextstop | USA, San Francisco, California | July 8, 2010 | 2,500,000 | Charles Lin, Carl Sjogreen, Adrian Graham | ex-Google | — |
| 11 | Chai Labs | USA, Mountain View, California | August 15, 2010 | 10,000,000 | Gokul Rajaram, Giri Rajaram | Merus Capital, ex-Google | — |

| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|--------------------|--------------------------------|-------------------|--------------------|---|---------------|---------------------------|
| | | | | | m, others | | |
| 12 | Hot Potato | USA, Brooklyn, New York | August 20, 2010 | ~10,000,000 | Saadique Rodgers-King, Justin Shaffer, 6 others | RRE Ventures | Facebook Places |
| 13 | Drop.io | USA, Dumbo, Brooklyn, New York | October 29, 2010 | ~10,000,000 | Sam Lessin | RRE Ventures | — |
| 14 | FB.com domain name | USA, Washington, D.C. | November 15, 2010 | 8,500,000 | — | — | — |
| 15 | Rel8tion | USA, Seattle, Washington | January 25, 2011 | undisclosed | Peter Wilson | — | — |
| 16 | Beluga | USA, Palo Alto, California | March 2, 2011 | undisclosed | Jonathan Perlow, Lucy Zhang, Ben Davenport | — | Facebook Messenger |
| 17 | Snaptu | Israel, Tel Aviv | March 20, 2011 | 70,000,000 | — | — | Mobile |
| 18 | RecRec | USA, San Francisco, California | March 24, 2011 | undisclosed | — | Dogpatch Labs | — |
| 19 | DayTum | USA, SoHo, New York City | April 27, 2011 | undisclosed | Nicholas Felton, Ryan Case | — | — |
| 20 | Sofa | Netherlands, Amsterdam | June 9, 2011 | undisclosed | Koen Bok, Dirk Stoop, Jasper Hauser, Hugo van Heuven, Jorn van Dijk | — | — |



| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|-----------------|--------------------------------|-------------------|--------------------|--|------------|---------------------------|
| 21 | MailRank | USA, New York, New York | June 9, 2011 | undisclosed | Bryan O'Sullivan and Bethany McKinney Blount | — | — |
| 22 | Push Pop Press | USA, San Francisco, California | August 2, 2011 | undisclosed | Co-founder's Mike Matas and Kimon Tsinteris | — | — |
| 23 | Friend.ly | USA, Mountain View, California | October 10, 2011 | undisclosed | Co-founder /CEO Ed Baker | — | — |
| 24 | Strobe | USA, San Francisco, California | November 8, 2011 | undisclosed | Founder and CEO Charles Jolley, other Strobe employees | — | Mobile engineering team |
| 25 | Gowalla | USA, Austin, Texas | December 2, 2011 | — | — | — | — |
| 26 | Caffeinatedmind | USA, California | February 20, 2012 | — | — | — | — |
| 27 | Instagram | USA, San Francisco, California | April 9, 2012 | 1,000,000 | — | — | — |
| 28 | Tagtile | USA, San Francisco, California | April 13, 2012 | undisclosed | Tagtile's founders | — | — |
| 29 | Glancee | USA, San Francisco, California | May 5, 2012 | undisclosed | Three co-founders | — | — |
| 30 | Lightbox.com | UK, London, England | May 15, 2012 | undisclosed | Thai Tran, Nilesh Patel, Five | — | — |

| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|---------------------|--|-------------------|--------------------|---|------------|---------------------------|
| | | | | | employees | | |
| 31 | Karma | USA, San Francisco, California | May 21, 2012 | undisclosed | Lee Linden, Ben Lewis | — | Facebook Gifts |
| 32 | Face.com | Israel, Tel Aviv | June 18, 2012 | 100,000,000 | — | — | — |
| 33 | Spool | USA, San Francisco, California | July 14, 2012 | undisclosed | Avichal Garg, Curtis Spencer, Six employees | — | Mobile engineering team |
| 34 | Acrylic Software | Canada, Vancouver, British Columbia | July 20, 2012 | undisclosed | Two employees | — | Facebook's design team |
| 35 | Threadsy | USA, San Francisco, California | August 24, 2012 | undisclosed | — | — | — |
| 36 | Atlas Solutions | USA, Seattle, Washington | February 28, 2013 | <100,000,000 | — | — | — |
| 37 | osmeta | USA, Mountain View, CA | March 2013 | — | 17 engineers | — | — |
| 38 | Storylane (Mixtent) | USA, Palo Alto, CA | March 2013 | — | Jonathan Gheller, 5 engineers | — | — |
| 39 | Hot Studio | USA, New York, New York, San Francisco, California | March 14, 2013 | — | — | — | — |
| 40 | Spaceport | USA, Burlingame, California | April 23, 2013 | — | — | — | — |



| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|-----------------|--------------------------------|-------------------|--------------------|--|------------|---------------------------|
| 41 | Parse | USA, San Francisco, California | April 25, 2013 | 85,000,000 | — | — | — |
| 42 | Monoidics | UK, London, England | July 18, 2013 | — | — | — | — |
| 43 | Jibbigo | USA, Pittsburgh, Pennsylvania | August 12, 2013 | — | — | — | — |
| 44 | Onavo | Israel, Tel Aviv | October 13, 2013 | — | — | — | — |
| 45 | SportStream | USA, San Francisco, California | December 17, 2013 | — | — | — | — |
| 46 | Little Eye Labs | India, Bengaluru, Karnataka | January 8, 2014 | 15,000,000 | — | — | — |
| 47 | Branch | USA, New York, New York | January 13, 2014 | 15,000,000 | — | — | — |
| 48 | WhatsApp | USA, Mountain View, California | February 19, 2014 | 19,000,000,000 | Co-founder and CEO Jan Koum | — | — |
| 49 | Oculus VR | USA, Irvine, California | March 25, 2014 | 2,000,000,000 | Co-founders Palmer Luckey and Brendan Iribe, Engineer Chris Dycus, and CTO John D. Carmack | — | — |
| 50 | Ascenta | UK, Somerset, England | March 27, 2014 | 20,000,000 | — | — | — |

| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|--------------------|--------------------------------|-----------------|---------------------------|---|------------|---------------------------|
| 51 | ProtoGeo Oy | Finland, Helsinki | April 24, 2014 | undisclosed | — | — | — |
| 52 | PrivateCore | USA, Palo Alto, California | August 7, 2014 | undisclosed | — | — | — |
| 53 | LiveRail | USA, San Francisco, California | August 14, 2014 | 400,000,000 - 500,000,000 | — | — | — |
| 54 | WaveGroup Sound | USA, Burlingame, California | August 26, 2014 | undisclosed | — | — | — |
| 55 | Wit.ai | USA, Palo Alto, California | January 6, 2015 | undisclosed | — | — | — |
| 56 | Quickfire Networks | USA, San Diego, California | January 8, 2015 | undisclosed | — | — | — |
| 57 | TheFind, Inc. | USA, Mountain View, California | March 14, 2015 | undisclosed | — | — | — |
| 58 | Surreal Vision | UK, London, England | May 26, 2015 | undisclosed | — | — | — |
| 59 | Endaga | US, Oakland, California | October 3, 2015 | undisclosed | — | — | — |
| 60 | Pebbles | Israel, Kfar Saba | July 16, 2015 | 60,000,000 | — | — | — |
| 61 | MSQRD (Masquerade) | Belarus, Minsk | March 9, 2016 | undisclosed | CEO, Eugene Nevgen, Sergey Gonchar, Eugene Zatepyakin (co-founders) | — | — |
| 62 | Two Big Ears | UK, Scotland | May 23, 2016 | undisclosed | — | — | — |



| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|-----------------|-------------------------------|-------------------|--------------------|--|----------------------------|---------------------------|
| 63 | Nascent Objects | US, California | Sep 19, 2016 | undisclosed | — | — | — |
| 64 | Infiniled | Ireland, Cork | October 10, 2016 | undisclosed | — | — | — |
| 65 | CrowdTangle | USA | November 11, 2016 | undisclosed | — | — | — |
| 66 | Faciometrics | USA, Pittsburgh, Pennsylvania | November 16, 2016 | undisclosed | Fernando De la Torre | Carnegie Mellon University | — |
| 67 | Zurich Eye | Switzerland | November 2016 | undisclosed | — | — | Oculus VR |
| 68 | Ozlo | USA, Palo Alto, California | July 31, 2017 | undisclosed | — | — | Facebook Messenger |
| 69 | Fayteq AG | Germany | August 2017 | undisclosed | — | — | Facebook Live |
| 70 | tbh | USA, Oakland, California | October 16, 2017 | undisclosed | CEO Nikita Bier, CTO Erik Hazzard, Kyle Zaragoza, Nicolas Ducdodon | — | — |
| 71 | Confirm | USA, Boston, Massachusetts | January 23, 2018 | undisclosed | Bob Geiman, Ralph Rodriguez, Walt Doyle | — | — |
| 72 | Bloomsbury AI | UK, London | July 2018 | 30,000,000 | — | — | — |
| 73 | Redkix | Israel, Tel Aviv | July 26, 2018 | 100,000,000 | Oudi Antebi, Roy Antebi | — | Workplace by Facebook |

| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|---------------|--------------------------------|------------------|---|--|---------------------------|---|
| 74 | Vidpresso | USA, Ogden, Utah | August 13, 2018 | undisclosed | Randall Bennett, Justin Carter, Pauli Ojala, Hassan Salahuddin | Y Combinator | — |
| 75 | Dreambit | Israel | November, 2018 | undisclosed | — | — | — |
| 76 | Chainspace | UK, London | February 2019 | — | George Danezis, Shehar Bano, Alberto Sonnino | University College London | Facebook Blockchain |
| 77 | GrokStyle | USA, San Francisco, California | February 8, 2019 | undisclosed | Kavita Bala, Sean Bell | — | — |
| 78 | Servicefriend | Israel, Tel Aviv | September, 2019 | undisclosed | Ido Arad, Shahar Ben Ami | — | Calibra |
| 79 | CTRL-labs | USA, New York City, New York | September, 2019 | undisclosed, but reportedly between \$500 million and \$1 billion | Thomas Reardon, Patrick Kaifosh | — | Facebook Reality Labs |
| 80 | Packagd | USA, San Francisco, California | September, 2019 | undisclosed | — | — | List of Facebook features & Marketplace |
| 81 | Beat Games | Czech Republic, Prague | November, 2019 | undisclosed | — | — | Oculus Studio |
| 82 | PlayGiga | Spain, Madrid | December, 2019 | 70,000,000 | — | — | — |



| S. No | Company | Location | Acquired on | Acquired for (USD) | Talent acquired | Related to | Used as / integrated with |
|-------|---------------|------------------------------|----------------|--------------------|-----------------|------------|---------------------------|
| 83 | Sanzaru Games | USA, Foster City, California | February, 2020 | undisclosed | — | — | Oculus Studio |
| 84 | Giphy | USA, San Francisco, New York | May 15, 2020 | 400,000,000 | — | — | Instagram |
| 85 | Mapillary | Sweden, Malmö | June 18, 2020 | — | — | — | — |

Source:

https://en.wikipedia.org/wiki/List_of_mergers_and_acquisitions_by_Facebook

According to the above table there are 85 acquisition done by Facebook and looking at the pace of actuation it will grow in the near future, as there is a slump in the world's economy due to corona effect there are chances of some more acquisition. All the acquisition made by Facebook from the beginning is to cut down the potential competition that can arise in near future and to strengthen the position to grab maximum part of the market, people uses whatever application of their choice that will route through Facebook's premises.

RELIANCE EARLIER DEALS

Like Facebook, Reliance is also aggressive in acquisition other big and small organizations and startups for its future pathway. Reliance industries has diversified its business from manufacturing of textiles to the petroleum to the technical – telecom and while doing this the company has acquired many companies their detail are as follows-

The following are the list of companies acquired by Reliance Industries -

- Embibe**
 In April 2018, Reliance Industries had invested **\$180 million** in the edtech startup Embibe over a period of three years. The investment helped acquire a stake of **72.69 %** from Embibe's existing investors. In April 2020, Bengaluru-based startup Embibe received a funding of **Rs 500 crore** from Reliance Industries.

Embibe is an education platform that uses data analytics to deliver personalised learning outcomes for students. It targets students across K-12, higher education, professional skilling, vernacular languages and all curriculum categories across India and abroad. With AI stacks focused on content intelligence and automation, behavioral recommendations, and student intelligence.

Post-acquisition founder and CEO of Embibe, **Aditi Avasthi** has continued to lead the company and might operate it as an independent entity as well. With Embibe's technology, Reliance aims to connect over **1.9 Mn schools and 58,000 universities** across India. It believes that Embibe's highly experienced management team will help enable Reliance realize its vision for the education sector.

- Fynd**

The fashion ecommerce platform Fynd was founded in 2012 by Farooq Adam, Harsh Shah, and Sreeraman MG. Fynd functions via an **offline-to-onlineO2O model** and directly sources products across various categories such as clothing, footwear, jewellery and accessories from prominent brands in India. Fynd sourcing products from the outlets nearest to the customer to optimise delivery time. It has about **8,000 outlets** on board for about 500 clients.

Fynd's in-house product the 'Fynd Store' store managers place order on behalf of walk-ins, in case the desired product is not stocked or not available in the right size in the store. **RIL** acquired a majority stake in Shopsense Retail Technologies Pvt. Ltd which runs fashion portal **Fynd** for **Rs 295.25 crore (\$41.9 million)**.

RIL also has an option to further invest Rs 100 crore in Shopsense Retail Technologies, which runs Fynd, by December 2021. The total investment will translate into an 87.6% stake in Fynd. The investment would enable the group's digital and new commerce initiatives. Reliance has been strengthening investments and acquisitions in the tech and Internet space as it prepares to launch services like e-commerce with the help of its huge reach through Reliance Jio Infocomm.

- Grab**

In February 2019, RIL's wholly-owned subsidiary **Reliance Industrial Investments and Holdings Limited (RIIHL)** will acquire equity shares of **Grab A Grub Services Private Limited (Grab)** in a cash deal worth **\$14.9 Mn or Rs. 106 Cr.** At a later stage, the company will also invest up to \$5.63 Mn (INR 40 Cr) to complete the acquisition deal by March 2021. With this investment, RIL will control **83% equity** of Grab on a fully diluted basis. The investment will support Reliance Group's "digital commerce initiatives and strengthen its logistics services, catering to both B2B (business-to-business) and B2C (Business-to-consumer) segments. The deal would help the company boost its e-commerce model to take on its rival Amazon India and Flipkart in the country. Grab was founded in 2013 by Jignesh Patel, Nishant Vora, and Pratish Sanghvi. Grab provides services ranging from on-demand, reverse deliveries, first mile, and last mile logistics. Some of its clients include **McDonalds, BigBasket, Myntra, Amazon**



Now, Swiggy. It was backed by investors such as SIDBI Venture Capital Arm, SIDBI Venture Capital Limited (SVCL) Aramex, Zomato and Sixth Sense Ventures.

- **Haptik**

On April 3, 2019, RIL announced that Reliance Jio Digital Services Limited has acquired artificial intelligence (AI) firm **Haptik** for **Rs 700 crore**, with Rs 230 crore as the consideration for the initial business transfer that could compete against Google Assistant and Amazon's Alexa. Thus, Reliance will hold about 87% of the business with the rest being held by Haptik founders and employees through stock option grants.

Founded in 2013, Haptik is one of the world's largest conversational AI platforms that lets customers chat with their voice assistants to complete daily tasks such as online shopping, travel bookings, food delivery among others. The company has worked with over 50 brands such as **Samsung, Coca-Cola, Future Retail, KFC, Tata Group, Oyo Rooms, Mahindra Group**, etc. The company expanded to the US in 2018 and the UK in 2019.

With the deal, Reliance Jio is looking to leverage Haptik's capabilities across various devices and touch points in the consumer's journey. Reliance said that the investment is to focus on the enhancement and expansion of the platform, with an addressable market opportunity of over 1 Bn users in India.

- **Reverie**

In April 2019, RIL acquired **Reverie** with majority stake for **Rs 190 crores** (\$27.3 Mn) and will invest Rs 77 crores (almost \$10 million) by March 2021. As part of the acquisition, Reliance will hold **83.3 % equity** capital in Reverie on a fully diluted basis, with the total investment of **Rs 267 crore** likely to be completed by March 2021.

Reverie provides a voice suite (called Gopal) in 12 Indian languages like Hindi, Telugu, Tamil, Bengali, Marathi, Gujarati, Indian English, etc. which can be integrated with both chatbots and Interactive Voice Response (IVR) solutions which companies can use to engage with non-English speaking customers.

Reverie will work towards **integration of its Indic language localization services with RIL's digital consumer platforms**. It will continue to operate independently and serve its existing clients. Reverie would work in collaboration with the Reliance ecosystem for integrating its services in the various existing digital consumer platforms of the group.

- **Saavn**

On March 23, 2018, RIL announced a strategic merger of its digital music service **JioMusic** with music over-the-top platform Saavn with RIL

acquiring a **75-80 % stake** in the merged entity. The company said that the combined entity is valued at over **\$1 billion**, with JioMusic's implied valuation at \$670 Mn and Saavn with a valuation of \$330 Mn.

RIL stated that the integrated business will be developed into a media platform of the future with global reach, cross-border original content, an independent artist marketplace, consolidated data and one of the largest mobile advertising mediums in India.

"The investment and combination of our music assets with Saavn underlines our commitment to further boost the digital ecosystem and provide unlimited digital entertainment services to consumers over a strong uninterrupted network," Ambani had said while announcing the strategic transaction.

JioSaavn has over 200 employees and operates out of five offices in California, New York, Bangalore, Gurgaon, and its headquarters in Mumbai. It offers about **40 million tracks** in 15 languages and has over 900 label partnerships such as, with **Universal, Sony, T-Series, Tips, YRF, Saregama, Eros and Warner Music**.

- **Tesseract**

In August, 2019, Reliance acquired a stake of **80-85%** in Tesseract post the deal that would be valued between INR 150 Cr and INR 500 Cr, the source added. Reliance also announced its mixed reality (MR) platform **Holoboard** that combines augmented reality and virtual reality. Holoboard would be the **first made-in-India AR headset** and works with smartphones. Interestingly, the device is developed by Tesseract.

Tesseract is a Mumbai-based VR startup founded in 2015 by Kshitij Marwah. Tesseract has launched three hardware and two software products in the MR, AR, and VR spaces. The founder claims to have seven patents: one US, three international (130 countries), and three India patents.

Post-acquisition, Tesseract has developed the **Jio HoloBoard** as a native mixed reality headset for JioFiber users. While specifics about the Jio HoloBoard are yet to be revealed, Reliance Jio plans to make the headset available for purchase in the market at an extremely affordable price.

- **Den Networks, Hathway Cable and Datacom**

Apart from getting bigger in the digital entertainment market, Reliance Jio in bought a majority stake in Den Networks and Hathway Cable and Datacom in October, 2018. Jio acquired a **66 % stake in Den Networks** with a primary investment of Rs. 2,045 crores and a **51.3 % stake in Hathway Cable and Datacom** with an initial investment of Rs. 2,940 crores.



DEN claims to have the ability to reach 9.7 lakh homes but has more than 106,000 broadband subscribers. Hathway Cable is owned by the **Raheja Group**, while Sameer Manchanda owns DEN Networks. They both are amongst the biggest players in the cable broadband market.

- **Hamleys**

Reliance Industries completed the acquisition of **British toy retailer Hamleys** for about **Rs 620 crore** (GBP 67.96 million) in an all-cash deal in July 2019 as Reliance Brands had signed an agreement to acquire **100% stake** in Hamleys Global Holdings from Hong Kong-based C.banner International.

RIL stated that Reliance Brands has completed the acquisition of **100 % stake** of **Hamleys Global Holdings (HGHL)** through a special purpose vehicle company set up in the United Kingdom. This acquisition will help Reliance Brands to become a dominant player in the global toy retail industry. Hamleys was founded by **William Hamley** in London in 1760. Now it is one of the world's oldest retailers of toys and has changed hands several times. Currently, Hamleys has **167 stores** across 18 countries. In India, Reliance Retail had the master franchise for the brand and operates 88 stores across 29 cities.

Other Acquisitions

- In the last December, RIL owned subsidiary **Reliance Strategic Business Ventures Ltd (RSBVL)** acquired a **51.78% stake** in robotics and artificial intelligence company Asteria Aerospace Pvt. Ltd for **23.12 crore**. Asteria develops drone-based solutions to provide intelligence from aerial data for military and industrial applications.
- In December, RSBVL also acquired a **85% stake** in **NowFloats Technologies Pvt. Ltd** for **141.63 crore** with a proposal to make further investments of up to 75 crore. Nowfloats offers **SaaS solutions** to small and medium enterprises (SMEs) that enable them to get a digital presence. The investment will further enable the group's digital and new commerce initiatives.
- RIL also acquired open telecom solution provider **Radisy** in June last year for **\$74 million** (Rs. 511 crores). That deal was majorly focused towards enhancing Reliance Jio's presence in the areas of 5G, Internet of Things (IoT), and open source architecture adoption.
- In addition to this, RIL made deals specifically to amplify the occupancy of Reliance Jio by acquiring software companies namely **Surajya Services (EasyGov)**, and **SankhyaSutra. Surajya Services(EasyGov)** is a data solution company that

is popular of its EasyGov online portal that details government schemes and services to citizens. While, **SankhyaSutra Labs** offers high-performance computing software simulation services.

- Apart from this, RIL also invested in entertainment industry. Acquired a 25% stake in film and television production house **Balaji Telefilms Ltd** aka **ALTBalaji** in a deal worth **Rs413.28 crore**. The stake purchase will give Reliance Jio Infocomm Ltd. access to content generated by Balaji Telefilms. RIL also acquired 5% stake in film entertainment company **Eros International** for **\$48.75 million**, as video content becomes a key driver to drive data consumption for its telecom venture Reliance Jio. [2]

Looking at the above data and facts the picture become clear that Reliance is also aggressive in acquisition just like Facebook. Reliance has diversified its business in many direction form core manufacturing of textile and petroleum to the technical side and telecom, Artificial Intelligence, Internet of Things (IoT), software companies, Film and television production, toy retail industry, digital entertainment market, digital music service and many more by either acquiring or started working on it.

The current deal with the Facebook is not the **Acquisition** type as both the organization's past history reflects. This time they are joining hands for the future prospects.

This is a **strategic - synergic deal** will yield the benefits to both the partners in long run. The deal is about getting 9.99% share of Reliance JIO, Facebook has become largest minority stakeholder in the company even by escaping the government rules and regulation. This is the one of the best example of the strategic – synergic deal in the market. As Reliance is deep routed in the deep pockets of Indian market and growing fast in both wire and wireless data and voice as well as in other sectors also like retail sector and Facebook is very willing to enter into the Indian market to the deepest corner although it has it presence through Whatsapp and Instagram platform but lacking in the retail and payment services due to various reasons.

Now it's time to talk about the "deal" between Facebook and Reliance JIO.

THE DEAL

"**The Deal**", between Facebook and Reliance JIO is getting focus due to many reasons such as presence of two giants and leader in their positions in the market. Secondly, the "amount" is also a factor due to the large investment the Facebook has become "largest minority" stakeholder in the Reliance JIO other than the amount figure the time of investment from the Facebook is also an important factor to notice. The "time" is crisis time for whole world and due to corona effect many industries and manufacturing units are not in function and as a result people are either losing their jobs or working on lower



salary, whole economy is at its lowest state. In this crucial time the huge investment will certainly pump up the system and give some relaxation to the system although it's not too much but it will be sufficient to rotate some cash flow and job saver to an extent. Another aspect of the deal is that Facebook as tried to enter into Indian Market earlier but not successful due to "net neutrality" issue but now it's official a part of Indian Telecom giant.

Other than this, Facebook has Whatsapp and Instagram in its pocket and there are other telecom companies like Airtel and Vodafone – Idea Facebook has chosen Reliance JIO, this also reflects the dominant position of Reliance in the telecom sector. Reliance has emerged as the only Indian company capable of competing with US tech groups in the fast-growing domestic market. They range from mobile telecoms and home broadband to ecommerce.

Today we are announcing a \$5.7 billion, or INR 43,574 crore, investment in Jio Platforms Limited, part of Reliance Industries Limited, making Facebook its largest minority shareholder.

This investment underscores our commitment to India, and our excitement for the dramatic transformation that Jio has spurred in the country. In less than four years, Jio has brought more than 388 million people online, fueling the creation of innovative new enterprises and connecting people in new ways. We are committed to connecting more people in India together with Jio.

Our goal is to enable new opportunities for businesses of all sizes, but especially for the more than 60 million small businesses across India. They account for the majority of jobs in the country, and form the heart and soul of rural and urban communities alike. In the face of the coronavirus, it is important that we both combat this global pandemic now, and lay the groundwork to help people and businesses in the years to come.

One focus of our collaboration with Jio will be creating new ways for people and businesses to operate more effectively in the growing digital economy. For instance, by bringing together JioMart, Jio's small business initiative, with the power of WhatsApp, we can enable people to connect with businesses, shop and ultimately purchase products in a seamless mobile experience.

India is a special country for us. Over the years, Facebook has invested in India to connect people and help businesses launch and grow. WhatsApp is so ingrained in Indian life that it has become a commonly used verb across many Indian languages and dialects. Facebook brings together friends and families, but moreover, it's one of the country's biggest enablers of growth for small businesses. And Instagram has grown dramatically in India in recent years as the place where people follow their interests and passions.

We are excited about furthering our investment in India's vibrant digital economy. Our efforts with Jio will be focused on opening new doors and fueling India's economic growth and

the prosperity of its people. We look forward to working with Jio, and to future collaborations in India to advance this vision. [3]

It has been marked as the **largest FDI Deal** in the Tech-sector in India. It's a big deal for the big market, there are many straight and tangled issues related to the deal the strategy behind this is much more complicated as it seems to be. Indian market is complex market there are many niche sectors untapped, the market is opportunist – getting data in "FREE" for one year from JIO attracts millions of customer, discount seeking sentiment are few ingredients that make the scenario more complex.

Both Facebook and Reliance had placed their strategic moves to get the cutting edge over its competitors in recent past. In the current deal between Facebook and Reliance JIO the strategy smell right from beginning like the percentage share is 9.99%, very clever move to avoid any government intervention. In the next section the author is going to explore the same.

THE STRATEGIC MOVE

Each and everything is strategically calculated from the beginning, 9.99% is again the strategic figure to quote here to make this deal possible without affecting Indian government norms or regulation. Both the companies are very calculative in making their moves, like acquisition of different small and big companies who can be beneficial in future they are under their flagship. If we take the example of Facebook, Whatsapp and Instagram are two of them here to quote. The next big thing why, this deal if Facebook already have its presence in Indian market with millions of Facebook users and Whatsapp is also having a subscriber base in millions along with Instagram. This give the smoke of strategy – the strategy of deep market penetration – to the root of Indian Market.

Reliance JIO has deep reach to the internal parts of the Indian market and if Facebook somehow join with the JIO, Facebook can also take the benefits of internal Indian market.

Table 2: Showing the Services delivered by Facebook and Reliance JIO [4]

| Category | Segment | Facebook (Co & Investments) | Jio Platforms + Jio | Reliance Industries |
|----------|----------------------------------|---|----------------------------|---------------------------|
| Capital | Payments Bank | - | Jio Payments Bank | - |
| Currency | Online Payments & Digital Wallet | Calibra + WhatsApp Pay + Messenger Payments | Jio Money Wallet + JioCoin | - |
| Commerce | Health Tracking & Services | Preventative Health Tool | Jio HealthHub | - |
| | Events & Movies Booking | Facebook Local | - | Network 18 Print Commerce |



| Category | Segment | Facebook (Co & Investments) | Jio Platforms + Jio | Reliance Industries | Category | Segment | Facebook (Co & Investments) | Jio Platforms + Jio | Reliance Industries |
|----------|----------------------------------|---|---|--|--------------|--------------------------------|--|---|---|
| | | | | (BookMyShow) | | | | (Content Aggregator) | Eros + ALTBalaji stake |
| | Consumer Electronics | Facebook Marketplace | - | Reliance Digital + Jio Digital Life + HomeShop18 | | Infotainment & News Content | - | JioTV + JioTV+ (Content Aggregator) + JioNews | Network18 News + Digital— Moneycontrol.com, FirstPost etc |
| | Groceries & Everyday Items | - | JioMart | Reliance Smart (+online) + Reliance Fresh + HomeShop18 | Community | Social Networking | Facebook App + Communities + Groups + Dating | - | - |
| | Jewellery & Accessories | Facebook Marketplace | - | Reliance Jewels | | Instant Messaging | FB + Instagram Messenger | - | - |
| | Footwear | Facebook Marketplace | - | Trends Footwear (erstwhile Reliance Footprints) | | Photo/Video Social Networking | Instagram + Lasso (TikTok-like app) | - | - |
| | Wholesales B2B | - | - | Reliance Market | | Messaging + VoIP + Video Calls | WhatsApp | JioChat + Jio4G Voice + JioCall | - |
| | Clothing & Fashion | Facebook Marketplace | - | Reliance Trends + Project Eve + AJIO.com + HomeShop18 | Connectivity | Smartphones | - | Co-branded Devices | - |
| | Toys & Kids | Facebook Marketplace | - | Hamleys | | Feature Phones | - | JioPhone | - |
| | Logistics & Last Mile Delivery | - | - | Reliance Logistics | | Virtual + Augmented Reality | Oculus + SmartGlasses (Project Orion) | Jio HoloBoard MR headset | - |
| | Workplace Collaboration Software | Facebook Workplace | - | - | | Video Calling | Portal | - | - |
| | Financial Software | - | JioGST (GST Software) | - | | Home Security | - | JioCameras | - |
| | Commerce Enablement Software | Meesho + WhatsApp & Facebook For Business | JioMart + JioPOS + MyJio | - | | Set Top box | - | Jio Set Top Box | Multiple System Operators— Hathway, DEN, GTPL |
| | Hiring & Recruitment | Facebook Jobs Listings | - | - | | Set Top Box Camera | - | JioTVCamera | - |
| | Marketing Technology Software | Analytics + Ads + Creators + Biz Manager + Audience Network | JioAds | - | | Internet Routers | - | JioFi | - |
| | Feedback App | - | JioMitra | - | | Media Streaming | - | - | - |
| Content | Gaming Content | Facebook Games | JioGames (MS Game Studios, Riot Games, Tencent, Gameloft) | - | | Mobile Security | - | JioSecurity (Partner Norton) | - |
| | Learning Content | Byju + Ucademy | - | Jio University | | File Transfer | - | JioSwitch | - |
| | Music Streaming | - | JioSaavn | - | | File Backup | - | JioCloud | - |
| | Books & Magazines Content | - | JioMags (now part of JioNews) | Network 18 Print (Magazines) | | Car Tracking | - | JioMotive | - |
| | Entertainment Content | Facebook Watch | JioCinema + JioTV + JioTV+ | Network18 (TV + VOOT + Digital) + | | Set Top Box Remote Control | - | JioHome | - |
| | | | | | | Voice Assitant | Currently under development | HelloJio | - |
| | | | | | | App Store | - | JioStore | - |



| Category | Segment | Facebook (Co & Investments) | Jio Platforms + Jio | Reliance Industries |
|----------|--------------------------|-----------------------------|---------------------|---------------------|
| | Operating System | Currently under development | - | - |
| | Internet Browser | - | JioBrowser | - |
| | Device Damage Protection | - | - | - |
| | Mobile Broadband | - | 4G Services | - |
| | Fiber To The Home (FTTH) | - | JioFiber | - |
| | WiFi Hotspots | - | JioNet WiFi | - |
| | | | | |
| | | | | |

Source: <https://qz.com/india/1843834/the-facebook-reliance-jio-deal-could-create-a-digital-giant/>

The data available in the above table [Table 2] both the companies are working on different platform in different segments like currency, commerce, community, connectivity, content etc. the point to ponder is that in some segment one is present and in other segment other is present like in currency Reliance JIO has JIOMoney but Facebook is lacking in this segment. Similarly in community activity the social media giant Facebook itself and its right and left arm such as Whatsapp and Instagram is there but Reliance JIO is lacking this combination at the level the Facebook has. This synergic- strategy deal will fulfill all the gaps and help both the organization to dominate the market in near future. Other than this Reliance is the Internet Service Provider at the higher pace [4G] this will provide an extra advantage for the deal.

BENEFITS OF DEAL TO FACEBOOK AND RELIANCE JIO

This strategic alliance will yield the fruits of benefits to both the companies in near future as both the companies have something in common and there are some things which are essential to tap the untapped market of India.

In a joint interview, after the deal was inked, Chief Revenue Officer at Facebook, David Fischer and Managing Director of Facebook India, Ajit Mohan, said that a potential collaboration would be JioMart. For years, WhatsApp has worked to build tools for small businesses and taken an avid interest in payment systems. Facebook too has chased similar objectives. By bringing together JioMart, which is Jio's small business initiative with WhatsApp, Facebook plans to connect people with businesses, shops and purchase products, giving them a chance to discover new products. Such thinking reveals an innovative mindset and a creativity that the Indian businesses – caught up in the rigmarole of the day today - could well do with.

With Jio, one of the fastest-growing companies in the world, that justifiably has ambitions to take on Amazon in e-commerce, provide fiber net, run data centres and set up new services like tele health and distance learning, the investment from Facebook will help.

Facebook too stands to gain substantially with this deal. Mukesh Ambani is a prominent voice in India, whose views on business and other matters carry substantial weight. It can certainly help the American social networking site to leave a bigger impression in India.

Ultimately, the Jio-Facebook deal will accelerate India's push for 'Digital India'. Amid the COVID-19 pandemic and the economic slump, this may come with a two-fold advantage for this country – driving the digital transformation and regulating the economy. With JioMart and WhatsApp, Mukesh Ambani, in his video message said it would be possible for around 30 million neighborhood stores to transact digitally. It certainly suggests a transformational shift in the way business is conducted in India.

For Facebook, it is a tempting thought to gain a huge base of users because of the rise of China's TikTok, which has amassed more than 250 million users in India. With Facebook's attempt to build a similar service called Lasso with Jio in their corner, the metamorphosis would be well and truly complete. [5]

A big market, big dream and bigger strategy alliance to achieve the dream to take the bigger share of the market jointly. There is a win – win situation for the both organizations. Let's take an overview of the benefits that would be reaped by Facebook and Reliance JIO in near future.

For Reliance Industries Limited

- There is no doubt in this Reliance will be receiving **tons of money**, which will be most likely to be used to pay the debt of the RIL.
- Along with Facebook Reliance will be able to access the untapped market of the Indian market who is using Whatsapp or Facebook as their social media handle is now accessible for Reliance too for taking the benefits in understanding the preferences and choices of the customers and by knowing that Reliance can give them the preferred choices of product like in grocery and other products.
- With the joint collaboration with Facebook Reliance JIO can full fill the gap or rightly said the digital gap in urban and rural areas of Indian market. As Facebook has its reach in millions of Indian Phones irrespective of their location and ISP.

Facebook's Benefits

- Facebook's Dream of Entry into the **Untapped Indian Market** of India, can now full filled by



joining the hands of Reliance Industries. Facebook's old anticipated plans are re-energized by this deal.

- Facebook's initiative to enter Indian financial sector with the Whatsapp Pay in India, that was declined by Indian government due to some regulations but this time something like this can be seen in real due to strategic alliance between Facebook and Reliance, as reliance JIO Money is already in the market.
- If the strategic alliance for Payments Bank in Indian market the Facebook can initiates Whatsapp as Payment Bank tool for the customers and can take some percentage like between 1 to 4% per transaction for purchasing goods from the JioMart – the online grocery store of Reliance. This would be added advantage for Facebook other than the revenue coming up from the advertisement. It seems quite a new system in India however, the China is already running it quite successfully in its territory through the platform of WeChat.

THE DEAL OUTCOMES

Kirana Stores, JioMart, Whatsapp

Here's a look at various products that Jio and Facebook already have, what could be mutually beneficial for each other, the untapped market of General Grocery Stores in Indian urban and rural market. Those shops doesn't got effected much even after the big retail stores in the market. This time they are going to tap small grocery stores [typical Kirana Stores] mostly Kirana stores are still unorganized and have unlimited potential as they are directly and personally connected to the people living in that area. They have a strong good will in that local area, this can be used by Facebook – Reliance combination. The basic idea is to get involve the Kirana Stores as a part of Reliance JioMart and tap the market. Every grocery sold from the kirana store will someday route through the Facebook – Reliance pathway and revenue to the combination eventually Kirana shop owner will also get benefited as they are selling the goods online and getting their payment online. Furthermore, customers will have the ease of purchasing and payment through Whatsapp – JioMoney payment gateway.

For this the local Kirana shops have to register themselves on the JioMart platform they may be have some charge as decided by mutual decision of Facebook – Reliance combination and customer will also register on the similar platform to take the benefit, the purchasing of goods will be simple like sending message to the friends and relatives. The big change in the retail sector come with the big shopping malls like Shopper stop, Pantaloons, Big Bazar, D-Mart and many like them they started selling grocery at very competitive price and come directly in competition with local Kirna stores but due to high rental, maintenance, only cash deals, lower footfall and now a days due

to COVID-19 situation there is a great loss in the sales many of them are shutting down due to this. Local Kirana stores are still alive in this situation as they are having continuous footfall and most of them are having their own shops if not their rental and other expenses are meet out in COVID-19 situation too. The integration of Local Kirna Stores with FB-RIL will certainly yield a crop of benefit.

Further, to add on this context on 25th April i.e. within just 3 days of the historic deal, Jio Mart, the retailer has gone live in the suburban Mumbai areas of Navi Mumbai, Thane and Kalyan. To order from JioMart, customers just need to add JioMart's **WhatsApp number 88500 08000** on their phones. JioMart sends a link to the customer's Whatsapp chat window and catalogue of products is made available to order from.

Mobile Gaming Platform

India's mobile gaming landscape had been on fire since Reliance Jio's entry into the telecom space. Cheap data costs and easier access to the Internet allowed developers to reach more gamers and players are having more gamesto play on the high speed data provided by Reliance JIO. Reliance JIO is hugely influential in India's changing mobile gaming landscape. Facebook's Game rooms was popular among developers a few years ago.

Facebook Gaming app, Microsoft's Twitch or Google's YouTube Gaming a game streaming platform like these can certainly benefit from Jio's efforts to bring low-latency gaming on its fiber network. If the Indian telecom can convince gamers to be on its network, it could then use these gamers to increase the amount of content available on Facebook Gaming resulting into revenue.

Virtual Reality (VR) Environment

Another concept in which was introduced by Reliance Jio with its broadband connection to the customers. Reliance Jio is among the few big Indian companies that has shown interest in consumer VR. On the other hand, Facebook owns Oculus, which was amongst the first companies to make consumer VR headsets.

Jio already bundles its mixed reality platform — which includes both virtual and augmented reality (AR) experiences — with its broadband service. It could bundle Oculus into this to improve the value proposition.

Video Streaming Content

With Gaming and game streaming aside, both companies also have their own video streaming platforms, they have their own percentage share in different media company like JIO's share in ALTBalaji and EROS etc.. While Facebook has been pushing the Watch platform here in India, Jio already has a set user base on the JioMovies platform — since it's available to Jio subscribers for free. Each platform could enhance the offerings on the other. Facebook recently streamed the Auto Expo event



on Watch and it has a lot of user-generated content, which Jio doesn't have access to. On the other hand, Jio already has relationships in place to get movie content on its platform.

India's video streaming market is expected to grow to 488 million viewers by 2022 from 378 million in 2019, according to a report by the Federation of International Chambers of Commerce and Industry (FICCI) and EY. Facebook and Jio could use their partnership to capitalize on this growth.

Payments Bank

Both Facebook and Jio have shown interest in being involved in the banking/ payments area. While Jio has the JioMoney application, Facebook allows people to make payments through Messenger in the US and WhatsApp is now a UPI-based payments application in India. However, Facebook has a third digital payments endeavor in the works too — the Libra crypto currency service. May be in near future the crypto currency can be integrated or available as an option for making payment as of now it is not a part of Indian Payment system officially.

CONCLUSION

The combined user base of these two multinationals covers the entire Internet audience of the country, this reflects a huge opportunity to do business and tap the untapped market specially the unorganized market - the local kirana store. The deal has moves the Sensex in the COVID-19 phase too and make Reliance a debt free company. The multi-billion-dollar investment done by Facebook in an Indian company [Reliance] in the middle of the coronavirus pandemic shows that India is still a very attractive market on the digital commerce.

Moreover, in long -term if this partnership grows bigger and bigger with constantly as it is likely to be with increasing user base and leverage of Data, companies like Amazon and Flipkart likely won't be able to compete in the market. Another positive factor of the synergic -deal is it is valuable and successful in creating jobs and reducing unemployment and be a business enabler by supporting economy. There are some prominent reasons for the billion dollar deal like – synergic - strategic move, diversification strategy and leading digital payment industry in Indian market.

Apart from this other competitors are not standing still, like Amazon, for instance, is reportedly in talks to buy a 10% stake in Bharti Airtel, India's third-largest telecom operator. Google, in addition to its reported interest in Jio, is considering taking a 5% stake in Vodafone Idea, India's No. 2 telecom company behind Reliance.

Altogether, it seems that the future shopping, gaming and payment scenario is going to change due to the synergic-strategic deal between Facebook and Reliance JIO.

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