

By Invitation

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Going down the Digital Transformation Road

The way of survival and gaining competitive advantage these days are best achieving by adopting a digital transformation in every level of operations in any company. Top executives in any company should develop and appoint a new cadre of leaders who will drive digital exploration and change. This is necessary because digital business will be a unique journey, often into unknown territory using emerging management tools and techniques. It is not a prepackaged, one-time transformation like customer relationship management, enterprise resource planning and other waves of technology change. Some new leaders can be developed by accelerated empowerment internally. However, some new blood also will be needed to bring in new skills and a fresh perspective. And this is very critical to be followed in the Kingdom of Bahrain in order embed the digital concept and school of thought deep in the roots of the Bahraini companies and enable them to leverage digital business in every piece of their operations.

Born digital companies, such as Google for example, possess high digital leadership talent sources. Some of these companies have tens of thousands of employees, which makes them large enough to be internally competitive academy firms that sometimes develop more talent than they need. Another source is the mobile telecommunication sector, which grew very rapidly through the nineties and decades later but has since slowed, yielding a surfeit of high-competency, experienced tech business talent. A third source is the top end of the technology management consulting industry.

Further, chief information/digital officers, chief marketing officers, and legal and regulatory officers need to collaboratively and creatively explore and assess the timing of major new market opportunities that digital technologies will enable. These executives must agree how to judge or nudge the triple tipping point, judge when it is most likely to arise or nudge it to occur at a time that suits

the company's competitive need. Sometimes the tipping point can be brought forward, for example, by investing in clever marketing to influence market social acceptability or investing in active lobbying of the regulator to permit the innovation. In other circumstances, the company may wish to delay the tipping point by raising customer doubts and fears, lobbying regulators to control the actions of new entrants, or acquiring key technologies to stop others from gaining access. Thoughtful strategy can adjust the timing of the tipping point to your advantage but never rely on inhibiting a digital innovation indefinitely.

Digital business fundamentally changes the core of products and services. The value that customers experience often becomes more data centric and digitally controlled. Cars have remote control smartphone apps and jewelry is 3D-printed on demand. Both the competencies required to create that value and the pathways to its delivery are unusual, challenging and often resisted. However, once companies engage and start to develop the new competencies and pathways, their power and attractiveness often grows quickly. Traditional players that have enjoyed dominance for decades can find others suddenly seizing these new routes. The walls that once defended one industry from another crumble and lines become blurred and ill defined. Defending your old core will not do; instead, go after the new opportunities and build your part of the new platform before someone else uses it to control your business.

There are many examples of this effect. Apple entered and took considerable market power over the music industry with iTunes. Amazon entered and took considerable control over the book industry with Kindle. Apple is now in the payments business via Apple Pay. Perhaps the most startling of recent times is the way the digital behemoths have been penetrating and starting to set direction in the car industry. Google has its self-driving car experiments and Uber is investing in autonomous vehicle research. By using digital and information technology engineering ideas and principles, Tesla Motors has already become a significant player in the industry.

As digital technology penetrates products, the sensor and software capabilities yield valuable data. Whether collected and stored over time or immediately analyzed in real time, data creates new value. Today, data is commonly collected, processed and accessed in the cloud. In some ways, parts of the value that customers get are moving to the cloud to build a cohesive and suite of cloud-hosted services that are tightly integrated which incentivize customers to get more of such services. Starting the digital transformation journey might seem difficult with an unknown stable destination, but it all clears once the first step is taken with thorough strategic planning.

(The views and opinions expressed in this article are those of the author and do not necessarily reflect the policy or position of this newspaper.)

Gulf Air launches Flight Status facility

Manama

Gulf Air in partnership with GOAG, a global provider of digital flight information, has launched an online Flight Status Facility on the airline's official website gulfair.com.

The facility provides booked passengers with real-time information on their Gulf Air flights including customised flight trackers, destination, weather and flight status alerts via email/SMS/Twitter in English, Arabic, German and French.

Commenting, Yahya Ali Buali, Gulf Air Director Sales & Marketing said: "With this new facility we are keeping our passengers fully abreast of any changes to their journey and giving them destination-specific information so as to enhance their travel experience both with Gulf Air and at their final destination."

"As a leader in the aviation industry, Gulf Air understands that today's connected traveller values transparency and real-time information above all else," said Ev Jordan, EVP Flight Status, OAG.



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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016 BD	2015 BD
Assets:		
Motor vehicles and furniture	17,458	19,825
Intangible Asset	157,818	3
Statutory deposits	495,969	489,457
Investment securities	599,612,775	522,538,022
Term deposits with banks	18,162,059	8,513,934
Premiums receivable	1,975,630	1,813,061
Reinsurance contracts receivable	36,781	19,771
Accrued interest income	8,714,020	7,497,531
Other assets	6,086,843	5,927,799
Bank balances and cash	45,313,828	21,736,824
Total assets	680,573,181	568,556,227
Equity and liabilities:		
Capital and reserves		
Share capital	20,000,000	20,000,000
Statutory reserve	6,424,587	5,904,927
Contingency fund reserve in Oman	179,701	164,921
Investments fair value reserve	(2,077,996)	(5,175,405)
Retained earnings	29,991,593	27,329,429
Proposed dividends	2,000,000	2,000,000
Total equity	56,517,885	50,223,872
Liabilities		
Life Insurance Fund	605,322,348	498,803,289
Employees' end-of-service indemnity	10,611	9,007
Due to The International Agencies Company Limited	37,314	313,220
Due to Life Insurance Corporation of India	105,626	11,399
Zakat and tax provisions	647,254	647,254
Reinsurance contracts liabilities	557,660	317,620
Claims payable	3,076,328	3,166,790
Other current liabilities	4,848,155	5,613,776
Loan payable	9,450,000	9,450,000
Total liabilities	624,055,296	518,332,355
Total equity and liabilities	680,573,181	568,556,227

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BD	2015 BD
Revenues:		
Premiums:		
First year	14,424,052	11,792,529
Renewal	42,492,078	47,858,194
Single premium	95,674,117	90,917,485
Unit link premium	38,868	103,120
Group insurance premium	367,870	2,072
Reinsurance ceded	(295,915)	(144,260)
Discount on commutation of premium	(1,613,100)	(4,118,727)
Net insurance premium revenue	151,087,970	146,410,413
Income from Investments	30,970,324	23,823,352
Other income	1,551,507	747,935
Unrealised gain/(loss) on Investments at fair value through profit or loss	5,050,318	(6,531,049)
Impairment loss recognised on investment securities	(2,352,624)	(2,313,699)
	186,307,495	162,136,952
Expenses:		
Claims incurred	(65,370,239)	(44,517,531)
General and administrative expenses	(8,257,867)	(8,465,668)
Finance cost	(66,076)	(66,844)
Addition to Life Insurance Fund	(107,416,709)	(104,559,582)
	(181,110,891)	(157,609,625)
Profit before zakat and income Tax	5,196,604	4,527,327
Zakat and income tax expense	-	(5,880)
Profit for the year	5,196,604	4,521,447
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net change in fair value on available-for-sale investments during the year	3,097,409	(6,901,349)
Other comprehensive income/(loss) for the year	3,097,409	(6,901,349)
Total comprehensive income/(loss) for the year	8,294,013	(2,379,902)

The financial statements have been audited by M/s Deloitte & Touche - Middle East. A copy of the annual report will be available at the registered office of the Company

Vijay Kumar Sharma
Chairman

Rajesh Kandwal
CEO & Managing Director