

Azure Stratathon - Online Simulation Phase II – Problem Statement

You are at the beginning of the second year of operations, you have a marketing budget of INR 100 lakhs for this year. This time, you are looking to allocate the budget using more detailed analysis. For this, you have segmented the market into Household and Commercial. The details required to help you decide are provided in the annexure below.

For the current analysis, the revenue is based on the PPA rate, panels installed per user and units produced per panel. The panels installed per user is the number of panels that are installed at the user's property, which determines the units produced. It can be assumed 100% of the units produced are consumed by the user. Further, your company incurs variable costs on per customer basis. The company's profit is calculated after considering the marketing spend.

Allocate the marketing expense across the 12 categories – 6 cities and 2 segments to maximize your profits. Remember that the share that you can capture in a city's segment is directly proportional to your marketing spend as well as the marketing expenditure by your competitors in that segment of the city. Accordingly, your market share would be in the ratio of your market spending to total marketing expenditure in that segment of the city.

Important Information:

- 1) Data for profit calculations of Phase I is to be ignored, all data relevant to this phase is provided in the exhibits below
- 2) It is possible that you do not spend any amount on marketing in a city but if you decide to invest then investment is in multiples on 1 lakh only.
- 3) Assume the number of days in both the years to be 365
- 4) Use file – "Competition Scenario from Phase I" to understand your market share from the investments made in Phase I

The final submission link is available [here](#). Submission deadline is 11:15 PM, Nov 8, 2016 (Total - 25 minutes)

Annexure

(Same as tables provided in the enclosed excel sheet)

Exhibit 1: The 6 cities and the solar market

Cities	Market size (Nos.)	PPA rate (Rs / unit)	Cost per user (Rs.)	Sunny days
A	95,680	6	40,000	75%
B	2,03,776	5.25	40,000	80%
C	3,91,040	6.25	60,000	90%
D	1,85,760	6	40,000	87%
E	2,52,000	6.5	45,000	77%
F	1,82,608	5.25	35,000	95%

Exhibit 2: The 2 segments

Particulars	Residential	Commercial
PPA Rate (as a % of city's PPA rate)	120%	80%
No. of panels installed per user	2	10
Units produced per panel	15	15
Market size ratio	4	1
Cost per user (as a % of cost per user in Exhibit 1)	100%	400%

General guidelines:

- The files can be accessed through the following ways:
 - email that we will send you at 2250 hours with the zip file attached or
 - the event page on the Manifest-Varchasva website. Click [here](#) to visit the event page or
 - the drive. The link to the drive is - <https://drive.google.com/drive/u/1/folders/0B7mJnUQLdYysbU5YbXAwUWp2bEk>
- Submissions will be evaluated based on the answer to the questions as per the given data provided participants' strict adherence to the deadline. In case of a tie, the team with an earlier submission will be considered.
- In case of critical issues, send a private message to the FB page of IIM Lucknow's Manifest-Varchasva (<https://www.facebook.com/ManifestVarchasva>) or contact any of the following persons:
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