There has never been a better time to be bold and imaginative

Dr Sam G Samdani *is a senior industry expert in global chemicals and agriculture practice at McKinsey & Company, a global management consulting firm. In this interview with* **Eresh Omar Jamal** *of The Daily Star, Dr Samdani talks about the benefits Bangladesh can obtain from digitisation, the Fourth Industrial Revolution, and how countries must evolve in order to keep up with the ongoing economic changes caused by rapid technological advancements.*

You co-authored a book some years ago called "Going Digital: Realising the Dreams of a Digital Bangladesh for All". What is its central thesis?

The book is actually the outcome of a request from a friend, who reached out to me saying that the party in government had "Digital Bangladesh" as one of its election points. What we wanted to say is that this is a unique point in time. Digitisation means that physical assets, which used to be a constraint for a resource-poor country like Bangladesh, are no longer a constraint. In fact, you could argue that for a city-state like Singapore—also resource-poor—that could be a benefit, because they are a lot more motivated to be creative as to how they can take advantage of that resource poverty.

Our point was that digitisation is a theme we should learn more about. If you read the book, you will see there is a chapter called "Reporting live from where the future has already happened". What I meant by that is, what Bangladesh aspires to do has already happened in some other parts of the world. We can learn from countries that are already ahead of Bangladesh by 50 to 100 years, and use that to get there, not in 50 or 100 years, but in 20 years. And I hope we made a compelling case to say that it is possible.

How can developing countries such as Bangladesh benefit from the ongoing digitisation and other technological advances?

Digitisation does not require a lot of capital. In the past, if you were to develop a business or start a new company, you needed significant start-up capital, which you still do to build a cement factory or food-processing factory.

But to start a business with digital technology either through an app or website, what you need is creativity. So, if you encourage creativity and imagination, new and innovative businesses can thrive and that can be of huge benefit.

Doesn't it make human capital more essential?

Yes, that's a good point. And that's where I think Bangladesh has an advantage—the reason being that Bangladesh is a highly populated country, some would say, overpopulated. The conversation has changed over the last 15-20 years. Overpopulation was considered a problem, now it could be turned around into an asset. For young people who are hungry and energised to really do something with their life, I think this is the time to be bold, creative and imaginative.

In Bangladesh, if we can motivate the young generation and also equip them with the right set of tools, capabilities, education and training, this is a time of phenomenal opportunities. Access to knowledge through YouTube and other channels today is unprecedented. I would encourage young people to really take advantage of this because there has never been such a situation before when you could start something big with so little financial capital.

To give you an example, look at how Google started—two graduate students in their dorm rooms—and Facebook too. The point is, we have to give young people the courage to dream big and really help them when they fail. Failure is nothing to be ashamed of. In Silicon Valley in the US, failure is taken as a badge of honour, because you can learn something from it.

What is the Fourth Industrial Revolution and how is it different from previous revolutions?

The First Industrial Revolution was essentially steam-engine-driven. The second was when generating electricity became possible. The third happened in the 1940s and 50s when computers were introduced and you could automate a lot of routine tasks including counting, data management and other numbers-driven activities. The Fourth Industrial Revolution is connecting all of that. The idea is that there are different phases of development of industries and the future is now connectivity.

There are three essential ingredients of the Fourth Industrial Revolution: first, connectivity, which is key; second, flexible automation; and third, intelligence—artificial or human. The Fourth Industrial Revolution is fundamentally different from the first three, because you can have a social network of things, not only of people. It is no longer limited to a company, as you can have the entire supply chain integrated into

Dr Sam G Samdani

the "industrial internet".

How will the Fourth Industrial Revolution change the global job market?

I think there is a concern—and it's a valid one—that there will be some job losses because certain tasks are so mundane and routine that machines can do them far faster, cheaper and better. In fact, a lot of these tasks are so boring that humans should not be doing them. And humans would probably be happy that those would be taken away because a lot of them are hazardous and those could be done much safer by machines.

But how do you now transform the jobs in a way that people would be able to do them better, faster in an augmented way by machines? This will require a lot more creativity than in the past. But we have to be careful, because there is a danger. In the past, people used to say there are three classes—upper, middle and lower. Now some fear that there will be another class below them—the "useless class"—meaning that there will be no use for them because they will not be able to contribute in any way to the economy.

So we have to encourage people, through training, to develop the skills that are going to be needed. Now you could ask: "What are those skills?" The short answer is that nobody really knows. But in the past, people would

need to know how to read, write and do arithmetic. Now you have to add data literacy to that.

What should countries do to best adapt to the technological changes currently happening?

In terms of preparedness, I think different countries will have different kinds of challenges depending on where they are in terms of economic development. But a country like Bangladesh should also look at what countries like Europe or the US did 20-30 years ago—that we could be doing today.

I would say we have to do some kind of strategic roadmap type of exercise where we say, what are our current capabilities in terms of human resources and other endowments in terms of natural resources, etc. And we also have to be flexible and ready to capitalise on any breakthrough technologies that may be coming.

What are some of the leading evolving technologies today?

We at McKinsey did a report several years ago called "disruptive technologies". We picked 12 out of about 100 technologies that we looked at. It included things like advanced materials, next-generation genomics that is going to revolutionise agriculture as well as pharmaceuticals and chemicals by changing the structure of life. We also had others like fracking technologies and mobile internet.

It is only a starting point, not meant to be an exhaustive list of new technologies. But "disruptive technologies" is a category you have to keep an eye on. And there will be some surprises. New breakthroughs will happen, like when machines will be able to read a book and write a summary better than any human. That is the kind of breakthroughs that Artificial Intelligence can compete, probably outcompete humans, in terms of synthesising huge amounts of knowledge that is currently not possible.

How are Big Data and AI changing the industrial landscape?

On the supply side, there is a lot of data available now which was not available before. A lot of work is underway to find out how to make sense of that data and create what is called "actionable intelligence". The idea

is to convert the data—or you can be even selectively strategic about what kind of data you tap into—so you can make sense of them. And that is a part of analytics.

Data science brings the concept of algorithm that can learn from new data, given a training set of data, to train an algorithm. There are probably going to be new breakthroughs to make sense of the large volume of data out there, so we have to wait and see how data science revolutionises everything we do with data.

But what data is doing is making everything more evidence-based, because you have the back-up of data based on actual measurement of the system that you are monitoring or trying to improve—whereas, previously, you had to rely a lot more on intuition, judgement and experience. So that is definitely a new way of operating, which is being adopted across the board, across all industries.

What is your opinion on the privacy concerns related to Big Data?

It's a huge issue. It's somewhat of a sensitive issue, because currently there is a perception that there is a lot of data out there that is being collected without our knowledge. Whenever we go to Google to search for something, they have cookies to monitor what we are looking for, where we are located using Google Maps, etc. And these companies that are collecting this data have to be very responsible so that the data cannot be used against the people who are providing the data, sometimes unbeknownst to them.

In certain parts of the world such as Europe, they have some regulation that enables the users to give permission to companies to use cookies. So, that gives them some sort of control. And such control is increasingly being offered, but not everyone is sophisticated enough to know how their data can be misused and their privacy can be compromised.

So there needs to be a lot more education, awareness and some level of regulation. But regulation also comes with the problem of regulators being too slow and playing catch-up with the development of technology. Ultimately, there needs to be far greater awareness. And opting whether you want to be in or out has to be made simpler.

Let's grab 2020 with both hands

RMG NOTES

MOSTAFIZ UDDIN

I have recently written articles focusing on two of Bangladesh's competitors in the global apparel sourcing industry: Vietnam and, to a lesser extent, Ethiopia. I believe it is healthy to discuss the competition and hopefully all these countries can together spur each other onto greater things.

But what about Bangladesh? How can our merits be judged in isolation? Much has been written about Bangladesh in recent months, with concerns in some quarters that growth in ready-made garment (RMG) exports might have plateaued. Some even fear we could be set for a downward trend.

I am not convinced. In assessing Bangladesh's merits and future prospects, I believe two major issues must be factored in. The first is safety and compliance.

It is difficult to overstate the importance which the international apparel retailers place on factory safety and compliance at the current time. To offer some perspective here, consider that just recently there has been a tragic factory fire in New Delhi, India, killing more than 40 workers as they slept. This fire took place in a multi-storey factory building, which is said to have been housing garment production on at least one of the floors. There are suggestions that this fire was caused by a short circuit as various outlets were all attempting to draw power from the same source. It was an accident waiting to happen.

Another competitor, Pakistan, has been beset with similar safety and compliance issues in its textile industry. While I understand that there are plans to introduce a safety initiative in Pakistan—called the Life and Building Safety (LABS) Initiative, backed by the Dutch Sustainable Trade Initiative IDH—rights groups have already said this initiative lacks teeth as there is no union participation or brand accountability. This same initiative is being introduced in Vietnam.

Both these and other garment manufacturing hubs are about to find out how incredibly difficult and complex it is to drive safety improvements across a whole industry. It takes money, time, resources and extremely hard work as well as a huge amount of political goodwill. There are no short cuts when

it comes to factory safety. To that end, Bangladesh is way ahead of the pack. It has the trust of international apparel brands because it tackled safety issues head-on in the wake of the Rana Plaza disaster via the Bangladesh Accord and Alliance. It will take several years for competitors to catch up in these areas. In the meantime, Bangladesh can continue to make major strides in other areas—indeed, it is already doing so in areas such as technology upgrades, circularity, sustainability and by broadening its product mix.

In the same period, textile and apparel exports were up by 10 percent from Bangladesh to the USA. This is a remarkable jump. What is most exciting here from a Bangladeshi perspective is that many economists expect this extra trade to stick to Bangladesh. Why? Well, it has become clear in recent months that brands are sick and tired of the trade war between the US and China, which has now gone on for almost 18 months. They cannot afford to wait around while these

two countries sort out their differences, and so are heading out of China for good.

There is clear evidence that many US brands see Bangladesh as the next best bet. Ralph Lauren is the latest US brand to make a major commitment to Bangladeshi sourcing. Brands see Bangladesh as a viable alternative to China because, as well as being a leader in safety and compliance, training of the workforce of the future here is world class, while many RMG operators continue to import new and expensive machinery. We also have diversity of product portfolio—from denim to jumpers, to shoes and T-shirts. Could we diversify more? Of course, we could. But I believe brands recognise the strides that continue to be

many major factories in Bangladesh are benefitting from this shifting landscape.

made by Bangladesh's RMG sector and have faith that factories here are investing in the future.

Brands also recognise that, unlike its main rivals, Bangladesh has done most of the hard work where safety and compliance is concerned. Factories here have had to make huge investments in this area, often on very expensive remedial works. Now that much of this capital outlay has been undertaken, factories are free to invest in other areas—sustainability, value-adding technology and other areas which will enable

factory owners to gain an edge on their international competitors.

As we head into 2020, then, let's all focus on the many positives in our RMG industry and stop getting bogged down in issues that are beyond our control. The global apparel industry is in a state of flux, with the fall-out from China's declining market share becoming clearer by the day.

Huge swathes of business are there for the taking and Bangladesh is more than capable of handling them. Let's grab this opportunity with both hands.

The second factor which stands in Bangladesh's favour is the China issue. There were some very interesting figures out just recently which showed that textile and apparel exports from the US to China have declined rapidly in the past year.

The figures show that in terms of value, Chinese exports of apparel and textiles in the year to date for October 2019 were 5.6 percent down on the corresponding period for October 2018. In terms of units sold, there was a 2.2 percent decline. The figures show how the ongoing trade war is hitting Chinese exports to the US. Indeed, since the start of the Trump presidency, brands such as Uniqlo, Levi's, Crocs, Calvin Klein and Tommy Hilfiger have shifted manufacturing out of China, and

Bangladesh has the trust of international apparel brands because it tackled safety issues head-on in the wake of the Rana Plaza disaster.
PHOTO: AFP

CROSSWORD BY THOMAS JOSEPH

ACROSS
1 Eiffel Tower setting
6 Sightseeing trips
11 Precise
12 Sound-related
13 Piper of rhyme
14 Eat from the pasture
15 Smoker's discard
17 Was ahead
18 Sheriff's sidekicks
22 Sweeping story
23 Party snack
27 Quick looks
29 Fable finish
30 Former Spanish coin
32 Takes the prize
33 Stadium picnic

35 Sit-up targets
38 Fans' favorite
39 Osaka setting
41 HMO fee
45 Ease up
46 Dwelling
47 Appraised
48 Pretend

DOWN
1 Vitality
2 Chopping tool
3 Squealer
4 Bar container
5 Swagger
6 Wrestling duo
7 "— Town"
8 River of Russia
9 Tear down

10 Winter glider
16 Quirk
18 "Ed Wood" star
19 Fencing sword
20 Diner desserts
21 Shaken collectible
24 Opera piece
25 Gasp for air
26 Different
28 Tough to clean
31 Lend a hand
34 From the area
35 Not quite closed
36 Rum-soaked cake
37 Petty fight
40 Dined
42 Poker prize
43 Hoopla
44 Desire

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YESTERDAY'S ANSWERS