ITFC arranges $40m for Prime Bank

STAR BUSINESS DESK

The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IsDB) Group, has arranged a syndicated murabaha financing facility worth of $40 million for Prime Bank Ltd.

The financing facility will support the growing trade business of the bank for SME and corporate segments, said a press release.

Hassan O Rashid, managing director and CEO of Prime Bank, and Nazeem Noordali, chief operating officer of ITFC, signed the agreement at the former's headquarters in Dhaka.

Through this strategic partnership, the ITFC will be supporting the key sectors of the economy by availing vital foreign currency to support the global trade of Bangladeshi importers and exporters.

"This agreement will strengthen our existing bilateral relationship with ITFC and the other syndication partners," said Rashid.

"Our partnership with Prime Bank Limited marks a significant step towards supporting the growth of SMEs and facilitating the import of vital raw materials in Bangladesh," said Noordali.

BRICS SUMMIT

South Africa, China sign power deals

RETUERS, *Johannesburg*

South Africa and China on Wednesday signed deals covering emissions technology, electricity transmission and distribution, and nuclear power on the sidelines of the BRICS summit.

The agreements are part of the South African government's efforts to end record power cuts that are a major constraint on economic growth.

Electricity Minister Kgosientsho Ramokgopa said one of the deals would see Chinese companies share technology to help South Africa's struggling state utility Eskom cut emissions from its coal-fired power plants.

Other agreements would see Chinese firms help Eskom upgrade its power transmission and distribution infrastructure, and share expertise on nuclear power.

Around 200 companies have entered the polyurethane foam industry of Bangladesh over the past 30 years.

PHOTO: COLLECTED

Foam industry firming up

JAGARAN CHAKMA

The market for polyurethane foam is growing in Bangladesh as the material is being increasingly used for making upholstered furniture as well as packaging and insulation, according to industry insiders.

For example, the automotive industry is contributing to the increased use as many car seats and door panels now incorporate foam fillings, they said.

As such, around 200 companies have entered the polyurethane foam industry over the past 30 years.

Big companies like EuroAsia, Pran-RFL, Swan, Karmo, Bengal, Apex, Expo Group, Akhter, HomeTex, Hatil, and Classical Home have established a firm grip on the market.

Besides, big companies like EuroAsia, Pran-RFL, Swan, Karmo, Bengal, Apex, Expo Group, Akhter, HomeTex, Hatil, and Classical Home have already established a firm grip on the market.

Pran-RFL Group entered the market in 2016 under the brand name "Comfy".

The company produces several polyurethane foam products of varying density that have different uses.

These include soft and supper soft foam for mattresses and pillows, rigid foam for fridge insulation, flexible foam for footwear, and high-density foam for car accessories such as seats and panelling.

Kamruzzaman Kamal, director of marketing at Pran-RFL Group, said his company has grabbed about 15 percent of the market for foam products over the past seven years.

According to him, they have invested at least Tk 100 crore so far only for the manufacturing segment.

Kamal believes the business has potential for more branded companies to enter as demand has been increasing by about 10 percent annually for the past three decades.

Echoing the same, Shubhrajit Sarker, head of corporate at Euroasia, said the market for foam products is currently worth around Tk 360 crore annually.

Having entered the foam making business in 2015, Euroasia has grabbed a substantial share of the market since then by delivering quality products and after-sales service.

"By virtue of our quality and commitment, Euroasia has won the minds of customers as an authentic brand in Bangladesh," Sarker added.

Referring to their market analysis, he said the overall demand for foam is worth Tk 30 crore per month.

Besides, the sector has so far created at least 1.5 lakh opportunities for direct and indirect employment.

But other than making furniture and footwear, foam is also used for packaging and insulation.

"So, the growth of e-commerce and subsequent rise in shipping of fragile products has further boosted the demand for foam packaging materials," he said.

Furthermore, the construction industry in Bangladesh has witnessed a surge in foam usage for thermal insulation purposes, Hossain added.

Ali Hossain, general manager of Swan Foam, a leading foam manufacturer, said they have been in the business for more than 30 years and never compromised on quality.

According to him, there is no market data regarding the foam segment even though the material's usage has been increasing in making furniture and other purposes.

Foam usage was once furniture centric but now, it is used in cars, fridges, footwear and more.

Also, the demand in rural areas has increased in line with the peoples' growing purchasing power.

And while around 200 companies are currently involved with the business as it requires little investment, the quality of products made by most manufacturers is considerably limited, he added.

Selim H Rahman, chairman and managing director of Hatil, said they set up a foam production unit as a backward linkage industry so that they can ensure good quality materials in their furniture products.

However, this means that none of the foam produced at their unit is sold in the market.

According to him, the usage of foam is multidimensional, so the market is growing in line with the country's economy.

Also, different sectors develop silently when a country's economy develops like that of Bangladesh, which is not understood by the common people, Rahman added.

Quazi Anwarul Haque, proprietor of M/S RR Enterprise in the Baitul Mukarram area, said the foam making sector is unorganised as the market is still dominated by informal traders.

Creating business value thru cloud technologies

ARIJIT CHAKRABORTI

Many organisations worldwide have embarked on their digital transformation journey through cloud adoption. Leading organisations in Bangladesh are also transforming their businesses rapidly through cloud adoption and by building digital enterprises. Many of these companies started their digital transformation by implementing and adopting enterprise resource planning (ERP) systems, and now, some of them, have started upgrading these systems to cloud-enabled systems. Those who started ERP implementation later, used ERP systems directly on the cloud. Additionally, many organisations have moved their office automation tools, such as emails, and spreadsheets, to the cloud.

The digital initiatives help leading organisations in Bangladesh to enhance their leadership positions and business leaders should start focusing on creating value for their stakeholders.

Moving a system to the cloud or running a set of processes on cloud does not necessarily make an organisation a cloud-powered one. A cloud-powered organisation is likely to reinvent their businesses and create new business models through cloud, is more proactive in realising value by adopting cloud-based solutions and is likely to report higher growth.

To understand how business organisations in the US are creating value through cloud adoption, PwC surveyed more than 1,000 business executives in the Cloud Business Survey 2023. According to this survey, cloud-powered organisations are four times more likely to achieve enhanced business outcomes than other companies. These cloud-powered organisations create value through improved decision-making, increased productivity, increased agility, reducing costs, establishing new revenue streams, faster innovation, and enhanced stakeholder trust.

However, these business benefits only get realised when the business leaders of the cloud-powered organisations create a robust strategy to drive business value. According to the PwC's Cloud Business Survey 2023, these companies drive value through various distinct approaches.

First, cloud-powered organisations are more likely to undertake a multi-faceted approach for cloud adoption. Most of the traditional, linear thinking organisations start with workload migration to the cloud, followed by modernisation of their systems through cloud migration. On the contrary, cloud-powered organisations approach the cloud adoption with the business cases and goals. As a result, these organisations are more likely to run multiple projects parallelly with higher commitment.

Next, cloud-powered companies plan their cloud transformation as an organisation-wide, collaborative effort and usually involve five or more departments in the organisations for this transformation journey. They also ensure that their HR function is fully involved in this transformation journey to address issues related to skilled talent and upskilling of existing employees. Without an upskilled workforce across the organisation, an organisation is unlikely to create value through cloud adoption.

Finally, cloud-powered companies understand that such a transformation is likely to create new business risks for their organisations. To prepare for such risks, the organisations involve their risk management function in the cloud adoption journey to revise their risk management plan and implement it on time. They also plan for an ongoing governance programme of the cloud through regular reviews of regulations controls.

Many organisations in Bangladesh have been successful in rolling out their cloud infrastructure and implementing some of their systems and processes on cloud. It's imperative that these organisations start focusing on driving value for their stakeholders by adopting the distinct approaches highlighted above and transforming their organisations to cloud-powered ones.

The writer is a partner with PwC. The views expressed here are his own.

Big tech to face full force of new EU law

AFP, *Brussels*

The world's biggest digital companies will have nowhere to hide starting Friday, when the toughest EU rules on online content since social media first burst onto the scene enter into force.

The landmark law is part of the European Union's legal arsenal deployed to bring tech companies to heel and enforce order in what officials have described as an online "Wild West".

The Digital Services Act (DSA) forces companies to more aggressively police digital content and protect online users from disinformation and hate speech or face the risk of heavy fines.

From Friday, all eyes will be on how the platforms comply and on how the DSA will change online life in Europe, with experts predicting it could trigger a wave of change beyond the bloc.

"The DSA is part of a bigger strategy to give more power to individuals, to the regulators, to civil society," said Suzanne Vergnolle, a professor of technology law at the National Conservatory of Arts and Crafts in Paris.

"It is another step towards more accountability," she told AFP.

Under the DSA, sites with at least 45 million active monthly users must obey more stringent rules including annual compliance audits and a duty to effectively counter disinformation.

In April, the EU named 19 sites including the Amazon Store, Apple's AppStore, and Google's Play, Maps and Shopping, and clothing retailer Zalando, as well as the social media giants Instagram, LinkedIn, Pinterest, Snapchat, TikTok, YouTube and Twitter (now rebranded X) and the search engines from Google and Microsoft's Bing.

A customer shops at a Casino Hyperfrais hypermarket, in Villefranche-sur-Saone, central France. The eurozone's woes have been inflamed by downturns in the European Union's biggest economies, France and Germany.

PHOTO: AFP

Eurozone economic downturn deepens

AFP, *Brussels*

The eurozone economy is contracting at its fastest rate in three years as a steep decline in manufacturing begins to spread to services, a key survey said Wednesday.

Data from the HCOB Flash Eurozone purchasing managers' index (PMI) survey published by S&P Global fell to 47 in August from 48.6 in July. A figure below 50 indicates contraction.

The figure is the lowest since November 2020, when the world was thrust into an economically crippling shutdown because of the covid pandemic.

"Considering the PMI figures in our GDP nowcast leads us to the conclusion that the eurozone will shrink by 0.2 percent in the third quarter," said

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