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BBA | Semester III | UK3DSCMGT202

Entrepreneurship and Start-up Ecosystem

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Module 5: Emerging Trends in Entrepreneurship and Digital Ecosystems

Course: Entrepreneurship and Start-up Ecosystem (UK3DSCMGT202) • Semester III • BBA FYUGP Kerala University

1. Contemporary Typologies of Entrepreneurship

The 21st-century entrepreneurial landscape has expanded far beyond traditional mercantile trade and manufacturing, giving rise to diverse, specialized entrepreneurial forms driven by social equity, environmental sustainability, and technological convergence.

Key Contemporary Entrepreneurship Models

- **Social Entrepreneurship:** Applying commercial entrepreneurial principles, innovation, and venture management to solve acute societal and humanitarian problems (poverty alleviation, clean water access, rural healthcare, renewable lighting). Rather than maximizing private shareholder wealth, social enterprises reinvest profits to maximize social impact and systemic societal change (e.g., Muhammad Yunus and Grameen Bank microfinance).
- **Corporate Intrapreneurship:** Fostering an entrepreneurial culture within large, established corporations. Intrapreneurs are given executive freedom, dedicated budgets, and risk insulation to develop innovative product lines, spin-off divisions, or proprietary algorithms within the enterprise (e.g., 3M Post-it Notes, Sony PlayStation).
- **Technopreneurship:** Entrepreneurship rooted in cutting-edge science, engineering, and digital technology (semiconductors, artificial intelligence, biotechnology, quantum computing). Technopreneurs merge high scientific domain expertise with venture scaling capabilities.
- **Netpreneurship:** Digital, internet-native entrepreneurship operating entirely across cloud networks, e-commerce marketplaces, digital media platforms, and SaaS architectures, characterized by ultra-low marginal replication costs and global consumer reach.
- **Agripreneurship:** Transforming traditional subsistence agriculture into market-driven, high-yield commercial agribusiness through precision farming, hydroponics, drone crop surveillance, cold chain logistics, and direct farm-to-fork e-commerce supply chains.
- **Green / Sustainable Entrepreneurship:** Venturing focused strictly on environmental preservation, circular economy architectures, biodegradable materials, carbon-neutral manufacturing, and renewable energy technologies.

2. Women Entrepreneurship: Catalysts, Challenges, and Ecosystem Interventions

Women entrepreneurship represents a crucial catalyst for economic empowerment, gender parity, and community prosperity. Women entrepreneurs operate across micro-enterprises, cottage cooperatives, and venture-backed tech startups, breaking historic occupational glass ceilings.

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Pervasive Structural Challenges Confronting Women Entrepreneurs

- **Patriarchal Socio-Cultural Barriers:** Entrenched gender prejudices questioning female business competence; family restrictions on travel and late-night operational duties; and asymmetric burdens of domestic caregiving responsibilities.
- **Severe Collateral and Credit Constraints:** Lack of independent property ownership or inherited land assets, leading conservative bank loan officers to demand male co-signers or deny commercial loans.
- **Restricted Access to Professional Networks:** Exclusion from informal male-dominated investor circles, industrial trade associations, and executive alumni clubs ("old boys' networks").
- **Marketing and Mobility Limitations:** Difficulties negotiating with aggressive wholesale middlemen and managing transport logistics across remote supply corridors.

Targeted Institutional Schemes for Women Entrepreneurs in India

The Government of India and public financial institutions have established targeted schemes to foster female venture leadership:

- **Stand-Up India Scheme:** Mandates every commercial bank branch to extend bank loans between Rs. 10 Lakhs and Rs. 1 Crore to at least one woman entrepreneur and one SC/ST borrower for greenfield ventures.
- **Mudra Scheme for Women (Mahila Udyami):** Providing collateral-free micro-credit with subsidized interest rate concessions for female entrepreneurs.
- **Trade Related Entrepreneurship Assistance and Development (TREAD):** Extends government grants up to 30% of total project costs to NGOs promoting female enterprise, with balance 70% funded by partner banks.
- **Women Entrepreneurship Platform (WEP):** NITI Aayog's flagship unified digital portal providing mentorship, incubation access, funding linkages, and community peer learning.

3. Franchising Architecture: Mechanics and Commercial Models

Franchising is a strategic commercial alliance where the owner of a proven business concept, proprietary trademark, and operational system (the **Franchisor**) grants a legally binding license to an independent entrepreneur (the **Franchisee**) to operate the business in a designated territory using the franchisor's brand identity, trade secrets, and operational manuals, in exchange for initial fees and ongoing royalties.

Core Franchising Typologies

Franchise Type	Operational Mechanism	Industry Applications
Product / Trade Name Franchising	Franchisee acquires the right to sell specific branded products through exclusive retail outlets.	Automobile dealership networks (e.g., Maruti Suzuki dealerships), retail petrol stations (e.g., BPCL).

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Franchise Type	Operational Mechanism	Industry Applications
Business Format Franchising	Comprehensive turnkey licensing of the entire operational system: store layout, training manuals, POS software, marketing templates, and uniform supplier supply chains.	Fast food restaurant chains (e.g., McDonald's, Domino's Pizza), retail apparel (e.g., Zara), gym chains, and diagnostic laboratories.
Manufacturing / Bottling Franchising	Franchisor supplies concentrated syrup or proprietary chemical formulas; franchisee bottles, packages, and distributes final drinks in designated geographical territories.	Global beverage conglomerates (e.g., Coca-Cola and PepsiCo anchor bottlers).

Strategic Advantages and Inherent Risks of Franchising

For the Franchisee: Proven business model with low failure risk; immediate brand recognition; centralized national marketing campaigns; and turnkey technical training. However, it involves high upfront franchise fees, perpetual royalty deductions (typically 4% to 8% of gross sales), strict operational rigidity with zero creative autonomy, and risk of brand damage caused by other franchisees.

For the Franchisor: Rapid global geographic expansion financed by franchisee capital; motivated owner-operators managing local shop-floors; and steady royalty revenues. However, it requires intense brand quality monitoring and risks legal disputes over territory encroachment.

4. Digital Transformation and the Modern Startup Economy

Digitalization has democratized venture creation, lowering barriers to entry and enabling micro-enterprises to operate globally from inception. Key digital transformation trends driving the entrepreneurial ecosystem include:

- **Cloud Computing Infrastructure and SaaS:** Amazon Web Services (AWS), Microsoft Azure, and Google Cloud allow startups to rent enterprise-grade supercomputing infrastructure on a pay-as-you-go operational basis, eliminating millions of dollars in upfront server capital expenditure.
- **FinTech Payment Gateways and Digital Rails:** Unified Payments Interface (UPI), Stripe, and Razorpay enable instant, frictionless, zero-fee digital transactions, unlocking tier-2 and tier-3 rural consumer markets.
- **Open Network for Digital Commerce (ONDC):** India's groundbreaking open-source digital rail democratizing e-commerce, allowing independent local merchants and MSMEs to sell directly to consumers across all consumer apps without paying exorbitant 30% marketplace commissions to monopolistic e-commerce giants.
- **Generative AI and No-Code Venture Building:** Modern founders build functional software prototypes, marketing copy, legal terms of service, and automated customer service agents in hours using generative AI tools and visual drag-and-drop no-code development platforms.

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5. Social Entrepreneurship and Social Return on Investment (SROI)

Social Entrepreneurship represents a transformative business paradigm that applies entrepreneurial vigor, commercial business models, and innovative management to drive systemic, measurable social and environmental change. Unlike traditional commercial enterprises whose primary fiduciary duty is maximizing private shareholder wealth, a social enterprise exists primarily to advance a public mission (e.g., poverty eradication, universal healthcare, accessible clean energy, rural sanitation). Surpluses generated are largely reinvested into scaling the social mission.

Structural Operating Models of Social Enterprises

- **The Non-Profit Model with Earned Income:** Registered as a public trust, society, or Section 8 non-profit company. The organization provides subsidized products to marginalized communities, funding operations through a blend of philanthropic grants and earned commercial revenues.
- **The For-Profit Social Enterprise (Benefit Corporation):** Registered as a commercial private company, but explicitly incorporating a legally binding social or environmental mission into its Articles of Association, balancing commercial dividends with positive community impact.
- **The Cross-Subsidization / Tiered Pricing Model:** Charging affluent market-rate consumers premium prices to completely subsidize free or ultra-low-cost services for impoverished beneficiaries.
  Flagship Case Study: **Aravind Eye Care System** (founded by Dr. G. Venkataswamy in Madurai, Tamil Nadu). Aravind revolutionized ophthalmic surgery by applying Henry Ford's assembly-line efficiency principles to cataract surgery. Paying patients receive private rooms and advanced lenses, subsidizing identical high-quality cataract surgeries provided completely free of charge to rural indigent patients, performing over 500,000 surgeries annually at global clinical benchmark quality.

Social Return on Investment (SROI) Mathematical Formulation

Social Return on Investment (SROI) is an empirical framework that measures and accounts for the broader concept of social and environmental value creation relative to investment capital:

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SROI Ratio = Present Value of Net Social Benefits Generated / Total Capital Value of Injected Inputs
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An SROI ratio of 4:1 indicates that every $1 invested generates $4 in quantified social and environmental value.

6. Corporate Intrapreneurship and Gifford Pinchot's Commandments

Coined by Gifford Pinchot III in 1985, an **Intrapreneur** is an employee who uses entrepreneurial thinking, innovation, and risk-taking within the boundaries of an established corporation. Intrapreneurship allows massive corporations to counteract bureaucratic inertia, institutional complacency, and employee disengagement by empowering employees to operate as autonomous startup founders with corporate financial backing.

Pinchot's Ten Commandments of Intrapreneurs

1. Come to work each day willing to be fired (embrace courageous innovative risks over timid compliance).
2. Circumvent any orders aimed at stopping your dream (persist against corporate skepticism).
3. Do any job needed to make your project work, regardless of your formal job description.
4. Find people to help you; build a grassroots coalition of passionate co-workers.
5. Follow your intuition about the people you recruit; work only with the best.
6. Work underground as long as you can; premature publicity invites corporate antibodies.
7. Never bet on a race unless you are running in it.
8. Remember it is always easier to ask for forgiveness than for permission.
9. Be true to your goals, but be realistic about the ways to achieve them.
10. Honor your sponsors; keep executive mentors informed and protected.

Institutionalizing Corporate Innovation: Skunk Works and 20% Time

- **Lockheed Martin's "Skunk Works":** Pioneered by Kelly Johnson during World War II, Skunk Works isolated elite engineers in a separate facility with absolute operational autonomy and zero bureaucratic oversight, designing groundbreaking aerospace aircraft (U-2 spy plane, SR-71 Blackbird) in record time.
- **Google's 20% Time Policy:** Engineers were permitted to allocate 20% of their contracted workweek to pursue passion projects of their own choosing, yielding some of Google's most lucrative commercial assets, including Gmail, Google News, and AdSense.

7. Technopreneurship and Deep Tech Commercialization

Technopreneurship represents the synthesis of advanced technological innovation with entrepreneurial venture creation. Unlike traditional retail or service entrepreneurship, technopreneurship focuses on the commercialization of proprietary intellectual property, advanced algorithmic models, hardware robotics, semiconductors, and biotechnology ("Deep Tech"). Key operational characteristics include:

- **High Capital Intensity and Extended R&D Gestation:** Deep tech ventures frequently require 3 to 7 years of intense scientific research and clinical or engineering trials before generating their first commercial dollar.
- **University Technology Transfer Spin-Offs:** Academic professors and doctoral researchers commercialize patentable lab research by establishing spin-off ventures incubated within university research parks (e.g., IIT Madras Research Park).
- **Defensible IP Moats:** Complex patent portfolios and specialized proprietary engineering create insurmountable barriers to entry that protect ventures from fast followers.

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8. Agripreneurship: Digitizing Agricultural Value Chains

Agripreneurship modernizes subsistence agriculture into high-yield, technology-driven commercial agribusiness, resolving chronic inefficiencies in food production and distribution:

- **Precision Farming and IoT Telemetry:** Deploying soil moisture sensors, weather telemetry, and satellite multispectral imaging to optimize water irrigation and micro-nutrient fertilizer application.
- **Controlled Environment Agriculture (CEA):** Hydroponics, aeroponics, and automated vertical farming enabling year-round pesticide-free crop production in urban micro-climates.
- **Direct Farm-to-Fork Digital Platforms:** Ventures like Ninjacart and DeHaat connect smallholder farmers directly with urban retail grocers and institutional restaurants, bypassing multiple tiers of exploitative agricultural commission agents, increasing farmers' income realization by 20% to 35% and cutting post-harvest food waste.

9. Women Entrepreneurship: Trailblazers and Ecosystem Parity

Inspiring case studies of female enterprise demonstrate how women entrepreneurs overcome structural glass ceilings to build iconic commercial empires:

- **Kiran Mazumdar-Shaw (Biocon):** Founded Biocon in 1978 in an industrial garage in Bengaluru with initial seed capital of Rs. 10,000. Confronted with severe gender discrimination from conservative bankers who refused loans and equipment suppliers who doubted female engineering capability, she persevered to build Biocon into Asia's premier biopharmaceutical powerhouse, pioneering affordable insulin and biosimilars worldwide.
- **Falguni Nayar (Nykaa):** After a distinguished 25-year career as a top investment banker, Falguni Nayar launched Nykaa at age 50 in 2012. Identifying a massive unfulfilled demand for authentic cosmetics and curated beauty retail in India, she pioneered an omnichannel model combining a high-growth e-commerce app with physical experiential stores, orchestrating a blockbuster $13 Billion IPO in 2021 as a self-made woman founder.

10. In-Depth Legal Architecture of Franchising Contracts

To avoid catastrophic litigation, franchise agreements must be constructed with precise contractual provisions:

- **Territorial Exclusivity Clauses:** Defining the exact geographic territory (radius or postal zip codes) within which the franchisor covenants not to license another competing franchisee or open a corporate store.
- **Royalty Calculation and Marketing Fund Contributions:** Mandating monthly royalty payments (typically 4% to 8% of gross sales) plus compulsory national advertising fund contributions (1% to 2% of sales).
- **Standard Operating Procedures (SOPs) and Audit Inspection:** Granting the franchisor unannounced inspection rights to audit cleanliness, food recipe compliance, employee uniforms,

and accounting software, enforcing brand uniformity.

- **Non-Compete and Post-Termination Covenants:** Prohibiting the franchisee from operating or owning a competing business within a specified geographic territory for 2 to 3 years following franchise agreement termination.

11. Green Entrepreneurship, Circular Economy, and Sustainable Venture Design

Green Entrepreneurship (also termed Eco-Entrepreneurship or Ecopreneurship) represents commercial venture creation dedicated to solving environmental crises through commercially viable, eco-friendly products, clean technologies, and sustainable operating systems. Green entrepreneurs view environmental degradation not as an inevitable negative externality, but as a major market opportunity to pioneer sustainable alternatives.

The Circular Economy Architecture (Ellen MacArthur Foundation)

Traditional industrial production operates on a linear economic model of *"Take-Make-Dispose"*—extracting virgin raw materials, manufacturing short-lived products, and dumping discarded waste into municipal landfills. In contrast, the **Circular Economy** operates as an industrial system that is restorative or regenerative by intention and design. The Ellen MacArthur Foundation outlines three foundational circular principles:

- **1. Eliminate Waste and Pollution:** Designing products from the outset so that waste does not exist. Materials are designed to be disassembled and reintegrated into biological or technical production cycles.
- **2. Circulate Products and Materials at Their Highest Value:** Extending product lifespans through remanufacturing, refurbishment, repair networks, and sharing models (e.g., equipment-as-a-service).
- **3. Regenerate Natural Systems:** Returning biological nutrients back to the biosphere through composting, organic farming, and regenerative soil restoration rather than chemical degradation.

Extended Producer Responsibility (EPR) in India

Under India's Plastic Waste Management Rules and E-Waste Management Rules, the Ministry of Environment, Forest and Climate Change enacted **Extended Producer Responsibility (EPR)** mandates. Manufacturers, brand owners, and importers are legally liable for the collection, recycling, and end-of-life disposal of plastic packaging and electronic products they introduce into the consumer market. This legislation has catalyzed a thriving green startup ecosystem in waste aggregation, automated recycling robotics, and biodegradable alternative packaging.

12. Platform Economies, Network Effects, and the ONDC Revolution

In digital entrepreneurship, multi-sided platform businesses dominate global markets by facilitating direct interactions between distinct user groups (e.g., riders and drivers on Uber, buyers and sellers on

Amazon).

Metcalfe's Law and the Mechanics of Network Effects

The enterprise valuation and defensibility of digital platform ventures are governed by **Network Effects**—where the value of a service to an existing user expands automatically as more users join the platform. Robert Metcalfe formulated **Metcalfe's Law**, positing that the systemic financial value of a telecommunications or digital network is proportional to the square of the number of connected users (Value $\propto n^2$). Network effects operate across two modalities:

- **Direct Network Effects:** Value increases within the same user group as adoption grows (e.g., WhatsApp: the more friends who use it, the more valuable it is to every individual user).
- **Indirect / Cross-Side Network Effects:** An increase in users on one side of a platform attracts more participants to the other side (e.g., more smartphone users attract more app developers to an app store, which in turn attracts more users).
- **Solving the "Cold Start Problem":** Andrew Chen demonstrated that two-sided platforms face the classic chicken-and-egg dilemma at launch: buyers won't join without sellers, and sellers won't join without buyers. Expert platform founders solve this by artificially subsidizing one side (the "hard side" of the network), providing free software tools to suppliers, or manually onboarding initial anchor supply.

The Open Network for Digital Commerce (ONDC): Democratizing Indian E-Commerce

Initiated by the Department for Promotion of Industry and Internal Trade (DPIIT), the **Open Network for Digital Commerce (ONDC)** is a groundbreaking digital public infrastructure designed to unbundle and democratize Indian e-commerce. Historically, e-commerce operated in closed, proprietary, vertically integrated platform silos (such as Amazon and Flipkart), where buyers and sellers had to use the same proprietary app, and platforms extracted 25% to 35% commissions while promoting their own private-label brands. ONDC unbundles e-commerce into open, interoperable network protocols:

- A buyer using any buyer application (e.g., Paytm, Magicpin) can discover and purchase products from a small neighborhood grocery merchant listed on any seller application (e.g., Mystore, SellerApp).
- Logistics is unbundled: an independent logistics provider (e.g., Shadowfax, Dunzo, India Post) delivers the package.
- Merchants retain complete ownership of their customer data, build independent digital transaction histories to secure bank loans, and pay modest network fees (typically 3% to 5%) rather than punitive marketplace commissions.

13. Generative Artificial Intelligence and the Rise of Micro-SaaS

The emergence of large language models (LLMs) and generative artificial intelligence has fundamentally disrupted the economics of startup creation. Historically, launching a technology startup required raising hundreds of thousands of dollars to hire frontend developers, backend

engineers, and marketing copywriters. Today, a single technical founder—a **Solo-preneur**—can leverage generative AI tools to write boilerplate code, design user interfaces, generate marketing collateral, and deploy automated customer support bots, achieving commercial profitability with near-zero operating overhead.

The Economics of Micro-SaaS Enterprises

Micro-SaaS refers to small, highly focused software-as-a-service businesses built by solo founders or tiny teams (2 to 3 people) targeting specialized, unserved niche problems. Characteristics of micro-SaaS ventures include:

- Targeting hyper-specific niche audiences (e.g., an automated scheduling plugin for veterinary clinics, or an AI resume formatter for nursing professionals).
- Zero venture capital dilution; 100% founder-owned and bootstrapped to healthy recurring cash flows ($10,000 to $50,000 monthly recurring revenue MRR).
- High operating profit margins (typically 80% to 90%) due to cloud infrastructure and automated self-serve payment billing rails (Stripe).
- Location independence, allowing founders to operate sustainable lifestyle businesses from anywhere in the world.

14. Web3, Smart Contracts, and Decentralized Autonomous Organizations (DAOs)

The evolution of decentralized blockchain networks has given birth to **Web3 Entrepreneurship**. Unlike traditional Web 2.0 digital companies where centralized platform corporations capture all network user data and monetization rights, Web3 ventures are built upon open, transparent blockchain protocols, governed by automated smart contracts and community tokenomics.

Decentralized Autonomous Organizations (DAOs)

A **DAO** is an internet-native organization owned and managed collectively by its members without centralized executive hierarchies. Operational rules, capital treasury expenditures, and strategic investments are hardcoded into immutable smart contracts deployed on decentralized blockchains. Token holders vote democratically on governance proposals in proportion to their governance token holdings, pioneering a new organizational form for global venture collaboration, decentralized venture capital syndication, and open-source software development.

15. The Future of Entrepreneurship: Autonomous AI Agents and Synthetic Biology

The frontier of entrepreneurship is expanding rapidly into autonomous agentic systems and synthetic biology:

- **Autonomous Enterprise Agents:** Multi-agent AI systems capable of autonomously executing digital market research, code writing, bug fixing, inventory replenishment, and customer

acquisition campaigns with minimal human supervision, creating radical operating efficiencies.

- **Synthetic Biology and Bio-Manufacturing:** Bio-entrepreneurs programming microbes, yeast, and algae to produce cultured meats, lab-grown leather, sustainable bioplastics, and therapeutic molecules, transforming industrial chemistry through living cellular factories.

16. Cross-Border E-Commerce and Global D2C Scaling

The convergence of international digital payment gateways, localized bonded warehousing, and cross-border logistics integrations has unlocked global markets for Indian **Direct-to-Consumer (D2C)** brands. Independent local brands manufacturing traditional Ayurvedic wellness remedies, organic spices, artisanal handicrafts, and specialized apparel can market directly to international consumers in North America, Europe, and the Middle East through Shopify and global marketplace rails, capturing premium dollar and euro profit margins while operating lean domestic manufacturing bases.

17. The Creator Economy and Audience-First Entrepreneurship

The proliferation of digital social media platforms (YouTube, Instagram, Substack, podcasts) has spawned the **Creator Economy**. In traditional business, founders build a product first and then spend millions trying to buy an audience. In contrast, *Audience-First Entrepreneurs* build a loyal, engaged digital community around their specialized educational or entertainment content first. Once trust and domain authority are established, they launch targeted physical merchandise, digital courses, SaaS tools, or consumer packaged goods directly to their existing audience with near-zero customer acquisition costs.

18. FinTech Disruption: Embedded Finance, Neobanks, and Alternative Credit

The convergence of financial technology (FinTech) and entrepreneurship has dismantled traditional banking bottlenecks for small businesses. Historically, small enterprises struggled to access formal bank loans because they lacked collateral and audited financial accounts. Contemporary FinTech innovators deploy alternative data underwriting models—analyzing GST e-way bills, UPI digital payment velocity, and digital utility payment histories—to approve instantaneous working capital loans within minutes.

Furthermore, **Neobanks** (digital-only banks operating without physical brick-and-mortar branches) provide tech startups and MSMEs with integrated business current accounts featuring automated payroll disbursements, real-time GST tax reconciliation, smart corporate credit cards, and multi-currency foreign exchange wallets, streamlining treasury operations and saving founders hundreds of operational hours.

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19. Ethical Consumerism and B-Corporation Certification

In response to climate change awareness and human rights advocacy, modern consumers increasingly practice **Ethical Consumerism**—deliberately choosing to purchase products from brands that demonstrate environmental stewardship, fair worker wages, and ethical supply chains. To substantiate authentic ethical commitment and avoid accusations of "greenwashing," sustainable enterprises seek formal **Certified B Corporation (B-Corp)** status awarded by the non-profit B Lab.

To achieve B-Corp certification, a company must achieve a minimum verified score of 80 points on the *B Impact Assessment*, auditing corporate performance across five pillars: Governance (mission transparency, ethics), Workers (compensation, health, training), Community (diversity, local economic impact), Environment (greenhouse gas emissions, renewable energy usage), and Customers (ethical marketing, data privacy). B-Corps demonstrate that business can legally operate as a force for good, generating sustainable commercial profits while creating shared public prosperity.

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