

# 'To succeed, start-ups must have open culture'

Silicon Valley expert Rajeev Madhavan shares his views on venture ecosystem

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*Rajeev Madhavan is a founder and General Partner of Silicon Valley-based Clear Ventures, where he focuses on early-stage technology investments. Madhavan's specialties are software-oriented technology, product definition, sales acceleration, recruiting and scaling.*

*He has been a venture investor in over 35 companies. Prior to founding Clear Ventures in 2014, Rajeev founded three successful start-ups in Silicon Valley. In an e-mail interview, Madhavan shares his views on the venture ecosystem in the US and his plans. Edited excerpts:*

## **What are the main similarities and differences between the start-up ecosystem in the US and India?**

I believe both the countries have a good talent pool. One difference is that the US has always had much greater focus on enterprise companies, which is comparatively a new trend in India. Differences in the consumer-focused companies lie in their growth structure. In the US, the focus is on getting as many users as quickly as possible. In India, that is less of a challenge. The challenge in India is the number of suppliers and ground troops. Almost everything needs to be driven from the supply side.

One of my personal investments is in Bengaluru-based, on-demand driver aggregator company DriveU. It offers drivers for private cars. It has created a new category in the mobility space that attracted my attention. DriveU's main challenge is in ensuring that it has enough supply of curated, background-verified drivers to meet the growing demand for their service. This is the same issue for larger companies in this space, such as Ola or Uber.

Another example of this is an Indian company called Livspace. They are online shopping destination where you can design, decorate and furnish your dream home. Livspace is growing. Their

limitation to growing even faster is ensuring they have enough high-quality suppliers coming on board quickly enough. In the US, getting to a large number of users in a given geography tends to be metric.

## **We understand that it is becoming much more difficult for Indian start-ups to raise the next round of funds. What could be the reasons for this?**

Valuations are currently unrealistic worldwide, it's not just in India. The truth is that good companies will get the funding they need to succeed. We are focused on finding companies with a great team, a large market opportunity and an excellent technological foundation. When we find companies like that, and we feel they are valued realistically, we will fund them.

## **What has been your experience so far in investing in Indian start-ups?**

It is more challenging to succeed as a start-up in India because the support network is not as robust as in Silicon Valley. In the US, I can refer a start-up to lawyers, accountants, candidates to hire and advisors because there are so many good ones. The network in India isn't as sophisticated and experienced as the network here.

Indian founders in India are a little less trusting of their board of directors, which is unfortunate. This was the mentality, when expats here started our first companies, but over time that has changed. A healthy relationship between

the Board and founder is one where the founder sees them as the talent who can help, not a "vs. them" mentality. A founder who works closely with the Board and advisor is more likely to succeed.

Finally, although this can happen in the US, many Indian start-ups have less of an open culture. Highly successful US companies are open with investors, advisors and employees. The value of this openness is that people will come together as a team to address the company's biggest challenges. In a closed culture, you don't gain the benefits of many minds working on the key problems that a start-up undertakes.



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**RAJEEV MADHAVAN,**  
Founder, Clear Ventures