

Lessons for India from Global Start-up Ecosystem

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INDIA is in the midst of a start-up revolution ably supported by almost all stakeholders in the start-up ecosystem, including the Government. Due to this wave, India ranks third amongst tech start-up hotspots in the world according to a recent KPMG Report - Technology Innovation findings, March 2018. India is now a part of global startup revolution that continues to grow. According to Global Start-up Ecosystem Report 2018 by Startup Genome, global venture capital investments in startups hit a decade high in 2017, with over \$140 billion invested. Total value creation of the global startup economy from 2015 to 2017 has reached to \$2.3 trillion, with remarkable increase by 25.6% from the 2014-16 period.

In this wave, there is a fundamental shift in the type of companies that are coming up. In the earlier phase, India witnessed the growth purely from internet companies, focusing on digital solutions and apps. This phase has been marked as companies emphasizing more on data analytics, robotics, artificial intelligence and blockchain-based solutions.

According to NASSCOM Report 2017, Indian start-ups have advanced manufacturing strength, where majority of the Startup funding has been raised for Internet-of-Things (IoT), FinTech and EdTech. Other than these, CleanTech, Healthtech and Biotech are the emerging sectors. Progressive initiatives by the government are giving much needed impetus to the start-up ecosystem and this is contributing in improving the performance of the country at the global level. Despite this encouraging growth in start-up ecosystem, India has a lot to learn from the global start-up ecosystem.

For example, Israel is home to around 5000-7000 start-ups and ranks highest in terms of start-ups

concentration with 1 start-up for every 400 people. The country has around 140-170 incubators and accelerators; and most of them have been set-up by Government providing free loans to promising start-ups. As Israel is a small country, right from the beginning the businesses look at global markets for their products and services. Indian businesses need veering from "India as a Market" to a global platform.

The Indian mind-set requires getting away with the stigma of failure in entrepreneurship and accepting it as a stepping stone to success and look forward for innovation-driven economy. With an alarming high rate of Startup failure in the country (over 90% of them fail in the first 5 years), collaborating with Israel can help India learn about innovative business models revolving around areas of necessity.

Known as Fintech hub, Singapore is home for nearly 4,300 start-ups in the fields of Fintech, Digital Media, Big Data and Analytics. The Singapore government supports innovation and entrepreneurship through various financing schemes including equity, business incubator, debt financing and tax incentives.

Singapore fits to be a best example for our country for FinTech sector, where banks have considered fintech companies as their co-creators rather than competitors that disrupted the country's economy. Co-partnering with fintech companies would result in banks offering embedded solutions to enhance customer experience and strengthen their technology. Since Singapore is well-known for world-class education system, Indian universities and academic institutions can collaborate with Singapore Universities to encourage creativity and innovation from the early education.

Similarly, Canada ranks third in the global startup ecosystem. AI,

Health & Life Sciences, Big Data and Analytics, FinTech, Videogames and Advanced Manufacturing and Robotics are the key sub-sectors of Canada. Government of Canada encourages entrepreneurship by providing half of the funding to start-ups. Other financial support includes 500 Startup's Canadian fund; the Scientific Research and Experimental Development Program, a federal tax incentive for companies conducting research, and the Industrial Research Assistance Program, which provides entrepreneurs with funding and advisory services for developing technology.

The Indian Government can also adopt opportunities like Canada, which has launched a procurement program of \$100 million for Startups where in government becomes the biggest buyer of Startup products and services that enhances Startups credibility in the market. Such encouraging steps may be initiated by the Indian government to support few startups. Though Indian government is rolling out various programs, incentives and policies for Startups, collaborating with Canadian Startups for co-innovation would help India receive technology solutions in critical business areas such as sustainability and healthcare.

Every country faces political, social and economical challenges to build an ecosystem that supports and nourishes start-ups that succeed. For building a strong start-up ecosystem, the country needs to assess the requirement at each point and focus on fulfilling these requirements either through policy mechanism or creating a platform that successfully addresses such issues. For policy makers, dedicated investments and tough decisions are required for building an ecosystem that is driven by creativity and innovation.

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