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Start-up: F is the word

Commonfloor seeks to redraw property search market with tech and passion

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A START-up birth needs at least three Fs. The first is Friends, who back you with brain and seed money. Then comes the Family, which, according to Commonfloor co-founder & CEO Sumit Jain, should be tapped but discarded soon (their money is good, but advice isn't) . Then come Fools; the people who are inspired enough to risk joining you.

Once these three Fs are in place, the rest will fall in place. "We never scouted for investments. Investments happened over coffee", says Sumit, an IIT Roorkee grad who chucked an Oracle job to follow his business instincts.

Techies Sumit, Lalit Mangal and Vikas Malpani are aiming to redraw the property search market with an ace device named Retina—basically a cardboard headgear that costs just ₹500. When placed over a mobile, Retina "allows you to view, review and assess multiple properties from anywhere", eliminating the need for physical checks to decide on a property.

"Typically it takes 12 months, 72 hours of search and 300km of travel to finalise a property", claims Sumit. But with Commonfloor, which also has video view of properties on its website, hundreds of properties can be viewed sitting at home or office. And property dealers, buyers and renters are loving that comfort.

The company now covers around 1,000 housing projects and 4,000 properties in 200 cities, with plans to expand these numbers rapidly to hit revenues of $1 billion by 2020.

In the Commonfloor business model, its services (like videographing properties) to buyers and sellers are free. It only charges property dealers for every enquiry they get through its website. "We charge only for lead, because that is the only thing we can track", says Sumit.

But Sumit says it's a strong revenue model, considering that realty is a $80-billion market in India. Accel Partners and Tiger Global have bet $50 million on this revenue model. Google Capital also made its first investment (reportedly $10m) in India in the seven-year-old Commonfloor.

But the start-up co-founders aren't much bothered about the money part. Their thrill is in changing the market, innovating and growing the company. "We are the first to do Retina in the world... we're innovating a lot. We have some 130 data points about buying properties. We're educating the buyers..We're thinking of how to bring every household to Commonfloor. We're visionaries", Sumit is excited.

When the three friends left their jobs, Commonfloor was not the goal. They only wanted to create technology-led new markets. They had ₹1 lakh each, just enough to last a year. Midway they ran out of money, then they created app for a company to ride the storm. "We realised early that money is neither the problem nor the solution. Passion, courage, conviction, can you be there, can you stand there and make sure you're the last man standing? It is these things that count."

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SUMIT JAIN,
co-founder & CEO, Commonfloor

Sumit is not worried about venture capitalists cannibalising the company either. He says start-up founders should not worry about their stake. "Which is better, you have 100% stake but your company is worth only ₹1 or you have 1% stake, but your company is worth ₹1,000 crore? As founders we're passionate about building the company. And investors help us realise it. Moreover, investors too have a reputation to manage. If they mess with one start-up, nobody will approach them after that."

Also, even if investor stake goes up, control will still be with the founders. "VCs cannot run hundreds of companies. Even if you have 100 cars, you need drivers to run it. So ownership doesn't matter...We're confident that we're building a company that will last beyond our lives. My biggest priority is that I should be able to help people."

"If you create a value, you can monetise that value someday. I can make money by selling my kidneys also. Making money is not the toughest things, but how you make money matters. How am I creating value? Am I creating value for home buyers, brokers and employees?" he asks.

Now one knows why start-up is a youngsters' game. After 40, you cannot talk like this. Or perhaps, think like this. Even if you think and talk like that, it won't be so easily convincing!