

Gearing for a Tough Race

As home services startups accelerate from taking baby steps to maturity beyond their years, J Vignesh takes a peek into how they are gearing up for 2016

Sarabjeet Kaur, an employee with a horticulture company in Mumbai, wanted her geysers fixed but did not know any electrician, until she heard of Taskbob, a home services startup which connects customers and service providers through a mobile application. Kaur's problem was fixed in quick time, once she registered for the service.

However a lot of work goes on in the background to ensure that such service is delivered. The initial challenge being to convince servicemen like plumbers and electricians and carpenters of the benefits of working with unknown digital entities.

Amit Kumar, chief operating officer of Mumbai-based Zimmer, recounted how he with his cofounders Gaurav Shrivastava and Anubhab Goel went to the many housing colonies in Mumbai searching for servicemen. "We sat, interacted and had tea with the servicemen and their families so that we could understand their psychology. We wanted to connect with them and know their aspirations," he said.

They urged the servicemen to attend a workshop, bringing along their associates, to be inducted into Zimmer. Six turned up. Kumar and team kept repeating the exercise, and each workshop had more servicemen coming in. Presently, the platform employs close to 700 servicemen, whom it calls 'champs'.

After spending much of last year hiring or aggregating handymen and putting rudimentary systems in place—for background screening, training, acquiring customers—the startups will be focused this year on solidifying their business structures, and staying alive.

"The sector was a small baby in 2015, now maturity will come in," said Aditya Rao, founder and CEO of Tiger Global-backed LocalOye.

An important aspect of 'maturing' is ensuring consistent service quality, easier said than done when that involves managing thousands of blue-collar workers. In other words, execution—the bane of Indian startups—has to be top-notch. Startups also have to be able to convince more customers that it is not only convenient to use their services, but also safe to allow their men into their homes. Towards this, a lot of planning is underway.

Services startups are striving hard to put in robust systems, first to get the right people onboard. They are engaging background verification companies to whet scores of handymen, and conducting core skills tests, face-to-face interviews and behavioral tests. After induction, the servicemen undertake

How do you focus on consistent customer experience? How do you differentiate the service of one brand from another? What is the customer experience differentiator and how do you define quality, what goes into it? The one who answers this quickly will be the winner

PRATEEK SRIVASTAVA,
Founder and CEO of Basil Advisors



We saw lots of companies come up in the services sector in the last 12 months, mostly seed-funded. However, since not a lot of series-A financing is happening and funds are pulling back, this year I anticipate a bunch of startups shutting down

MUKUL SINGHAL,
Principal at SAIF Partners

training in soft skills—how to speak with customers, be on time, be well-groomed.

Housejoy plans to get established brands to train their service providers, such as bathroom fittings maker Jaguar to train their plumbers on the best way to fix a faucet. "We are also planning to have customised training modules for our service providers. Much of quality is also on reaffirmation of processes. We need to keep stressing on how to do a particular job. We would feel extremely satisfied if we ensure that 100 percent of our servicemen reach the homes of the customers at the exact said time," said Saran Chatterjee, CEO of Housejoy, which recently raised ₹150 crore funding led by Amazon India.

Feedback ensures underperforming servicemen are weeded out. "If a serviceman gets less than a three-star rating for more than three times, he/she is delisted immediately," said LocaOye's Rao.

Several home services companies have become prominent in the past year, grabbing the attention of investors and customers by stitching together a highly-fragmented market pegged at close to \$100 billion (₹6.6 lakh crore) in India. But the space has become hotly contested and is set for a round of consolidation, sparing not more than two-three large companies. Which means the startups have to rush headfirst into a maturing phase to sustain.

"How do you focus on consistent customer experience? How do you differentiate the service of one brand from another? What is the customer experience differentiator and how do you define quality, what goes into it? The one who answers this quickly will be the winner," said Prateek Srivastava, founder and CEO of Basil Advisors.

Srivastava also said monetization will have to become more intelligent, maybe by allowing established brands associate with these home services startups to get closer to customers.

"We saw lots of companies come up in the services sector in the last 12 months, mostly seed-funded. However, since not a lot of series-A financing is happening and funds are pulling back, this year I anticipate a bunch of startups shutting down," said Mukul Singhal of venture capital firm SAIF Partners, which as backed UrbanClap. "Companies that have reached critical mass of financing and scale will lead some amount of consolidation. It will be a good way to expand teams and (fix) product gaps."

"The startups are in a rush. "This year, we want to reach 10 times the number of customers," said Varun Khaitan, cofounder of UrbanClap. "We are also improving our speed of service to truly become 'on-demand'. For example, a customer presently has to wait for two hours to get an electrician. We want to bring it down to half an hour. We also want to aim for a 'round-the-clock' model."

Many also want to expand beyond Mumbai, Delhi-National Capital Region, Bengaluru and Pune, increase the number of services to meet a customer's every need. This would ensure that these startups do not go down the way of US-based on-demand housecleaning startup HomeJoy, which shuttered in July.

J.Vignesh@timesgroup.com

TOTAL FUNDING ₹1,906 crore

HOME SERVICES AND LOCAL SERVICES



MAJOR PLAYERS- INDIVIDUAL FUNDING AND INVESTORS



Saran Chatterjee, CEO,
Housejoy

Housejoy

₹176 cr

- Amazon India
- Matrix Partners
- Vertex Ventures Israel
- Qualcomm Ventures
- RTP Ventures



Wedding Photography

LocalOye

₹33 cr

- Tiger Global
- Lightspeed Venture Partners

Aditya Rao,
Founder, LocalOye



(From L-R) Abhiraj Bhal, Varun Khaitan, Raghav Chandra, cofounders of UrbanClap

UrbanClap

₹244 cr

- SAIF Partners
- Accel
- Bessemer Venture Partners



(From L-R) Some of the services offered by UrbanClap: Fitness, yoga and carpentry

TOP INVESTORS AND NUMBER OF INVESTMENTS

- Bessemer Venture Partners (3)
- Tracxn Labs (3)
- Brand Capital (2)
- Helion Venture Partners (2)
- Lightspeed Venture Partners (2)
- Matrix Partners (2)
- Mumbai Angels (2)
- Orios Venture Partners (2)
- SAIF Partners (2)
- Tiger Global (2)

Taskbob

₹8 cr

- Orios Venture Partners
- Mayfield Fund

This year, we will bring down cost of services on our platform and also make it a round the clock on demand business

VARUN KHAITAN,
Cofounder of UrbanClap



Amit Kumar, COO,
Zimmer

Zimmer

₹16 cr

- IDG Capital Partners
- Omidyar Network
- Sherpalo Ventures



Amit Kumar in an interaction with Zimmer's 'champs' or servicemen

CHALLENGES

- Assurance, reliability and better service
- Generating more repeat orders
- Innovation, both in technology and on-ground operations
- Upgrading training
- Retaining both customers and servicemen through repeat orders
- Making the matching engine more robust
- Becoming a truly 'on-demand' service
- Moving towards cheaper service
- Providing more services

SERVICE ROUND THE CLOCK

SAFETY OF BOTH CUSTOMERS AND SERVICE PROVIDERS

EXPANSION TO OTHER CITIES

SOURCE: TRACXN LABS

In Focus

Times Internet Acquires Micro Content Application Viral Shots

Our Bureau

Times Internet, the digital arm of Times of India Group, has acquired the Gurgaon-based micro content application Viral Shots, for an undisclosed amount. Viral Shots curates stories from over 300 social and web destinations and presently estimates over 100 million screen views every month.

The company was founded by Shalini Tewari and Kumar Apurva and provides content shots- each with a picture and about 60 words - presented in a number of formats.

"We found the format and curated content of ViralShots very addictive and their engagement with users was amazing," said Miten Sampat, vice-president for corporate development at Times Internet.



Viral Shots currently serves differentiated content in English, Hindi, Bengali and Telugu and will be available in all major Indian languages by mid-2016.

"We are now very excited that we can leverage the deep understanding that the Times group has in the content and mobile space to grow even faster" said Shalini Tewari, founder of Viral Shots.

Investment Company Endiya Mops Up ₹100 cr in First Close

Payal.Ganguly@timesgroup.com

Hyderabad: Early-stage investment firm Endiya Partners has raised ₹100 crore in its first round of fundraising. It will focus on startups in technology, consumer internet services and healthcare.

Founded by managing partner of Ventureast Tenet Fund Sateesh Andra, venture partner Ramesh Byrapaneni and investment manager Abhishek Srivastava, Endiya Partners was granted Securities and Exchange Board of India approval in August 2015. It has invested in Bengaluru-based crash analytics startup for mobile apps Hansel and pre-Series A round of food technology company innerChef founded by Rajesh Sawhney of GSF Accelerator.

"We will continue to run the existing portfolio of Ventureast Tenet Fund and will manage the exits. There will be no new investments," said Byrapaneni. "We will be



looking at digital healthcare startups, medical devices and point-of-care and chronic disease management solutions," he said.

Last year several venture capital firms changed their strategy to pick companies early on at the pre-revenue stage, a trend that is likely to continue in 2016.

"Financial institutions including SIDBI and family offices in India are part of our fund and we plan to get a few more partners

from overseas ahead of the final close of the fund in the next few months to raise a total of ₹200 crore. For this fund we have stayed away from retail (individual) investors," said Sateesh Andra, managing director at Endiya Partners.

The corpus of ₹200 crore will be raised from five-six partners and will be utilised to fund nearly 25 companies over the next three years. "This year alone we will be investing in close to 10 startups. For the technology start-ups, we will look at companies in the sector of IoT, SAAS, electronics and semi conductors as the local consumption of these components is high and most of it will be developed locally by the companies," said Andra.

The investments will range from ₹8-10 crore for 10-20% stake in the company. "We will also work with the portfolio companies on methodology and help them out with domain knowledge. Our focus is on companies with IP or product flavour and ideas which have a global appeal," said Sruti Komarappagiri, vice president of Endiya Partners.

The fund will also participate in follow-on rounds, with some of the limited partners co-investing with the fund.

In Brief

BankBazaar Inks Two Partnerships

Shashwati.Shankar@timesgroup.com

BankBazaar.com has partnered with financial company Au Financiers to introduce a home loan product tailored to rural areas and with loan agency Capital First to offer loans for those buying used-cars. Interest rates will depend on a customer's profile and can be as low as 9.8% for low-risk ones to as high as 18% for high-risk profiles. "Tie-ups with NBFCs open up the opportunity to tap the underserved markets for credit products, such as home loans as low as Rs.5 lakh," said Adhil Shetty, CEO, BankBazaar.com. According to Manoj Tibrewal, COO of Au FINANCIERS, the partnership with the fintech startup will enable them to reach untapped markets in India, that have not explored the online financial market.

Used car loans will be the first to be integrated and introduced to the non metropolitan cities across the country.