More power to startup incubators

Young startup founders are not that experienced. Their businesses too demand a certain depth of expertise in areas like technology, marketing and creating value proposition. Here, incubators can assist them in their initial phase of development

Prabhu Mallikarjunan

WITH the rise in the number of startups and growing interest in entrepreneurship and the need to recognise good incubators, the Centre has certified 20 private organisations as incubators under the Startup India Action Plan. The Federation of Indian Chambers of Commerce & Industry (Ficci), the Associated Chambers of Commerce & Industry of India (Assocham), Indian Software Product Industry Round Table (iSPIRT), National Association of Software and Service Companies (Nasscom), Indian Electrical & Electronics Manufacturers' Association (IEEMA) and Indian Angel Network and All India Biotech Association (AIBA) are among them.

Young startup founders are not that experienced. Their businesses too demand a certain depth of expertise in areas like technology, marketing and creating value proposition. Here, incubators can assist them in their initial phase of development by providing these various services. In India, it is estimated that there are about 200 startup incubators of which, about 50% are set up in non-metro cities—outside NCR, Bengaluru and Mumbai. According to the industry body Nasscom, there is a 40% year-on-year growth in the number of incubators.

Commenting on the development, Rajat Tandon, vice-president at Nasscom said, "This (government recognising 20 incubators) is the first step towards certification process. We would be assessing and determining the nature of the startup and defining the innovation aspects. Like in Israel, Singapore and other countries, with the government support the startups can benefit in many ways with such initiatives. It will be a learn as you grow approach for us too." As of last week, the government has certified about 160 companies as startups, including Phoenix Robotix, Snapchai Productions, Cheetah Logistics, among others, giving them the tax benefits.

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> **APOORV RANJAN SHARMA,** Co-founder & president, Venture Catalysts

Explaining the need for more incubators in India, Apoorv Ranjan Sharma, co-founder and president of Venture Catalysts said, "In the past, we have witnessed many funded startups shutting down shop due to lack of guidance, business consulting and mentoring. Startups are having high mortality rate of around 75-80%. Hence, setting up a good incubation programme becomes very vital for helping the early stage startups, to reduce the chances of startup failures."

Sharma, who holds a doctorate in incubation, says, "There are mere 200 incubation centres in India to cater to 4,500 odd startups. That is too less a number when compared to US, Singapore and China. To put India on the global innovation map, there is much needed push required to set up more technology business incubation centres to breed and nurture increasing number of startups. The public private partnership (PPP) model will be indeed a game changer."

Beyond helping startups in building a sustainable business environment, startup incubators also share both tangible and intangible resources such as equipment, office space, services such as accounting, computing and legal services and provide the much needed help in raising seed funding, mentoring and training.

Last week, the Kerala government launched what it claimed as the world's first online incubator —SV.Co—exclusively for college students to help them take up entrepreneurship. The programme, modelled on technology incubators in the Silicon Valley, US, offers both regular and virtual incubation with regular incubatees being situated at its physical campus while virtual incubates can use the address of Startup Village for business communications.

Big corporates are also setting up incubator programmes to help the emerging startup ecosystem. For instance, Tata Group launched T-Hub, online payment giant Paypal setup PayPal Incubator, tech giant Infosys, as part of the Infosys Innovation fund, launched Infosys Incubator in March last year.

Hemant Singh, co-founder and chief strategy officer at Houssup, an e-commerce platform for interior design incubated in Startup Oasis Rajasthan, said, "Starting a new business is similar to giving birth to a baby. As the baby is kept under parental super vision during the initial years, every startup needs a lot of guidance, support and positive energy during its formative months. Before reaching the incubator, Houssup was just a vague idea in the minds of founders. The incubator helped us to discover the immediate pain points of the customers which we could not have known before talking to so many people. Later, incubator also helped us making a business plan and how to pitch the startup to investors."

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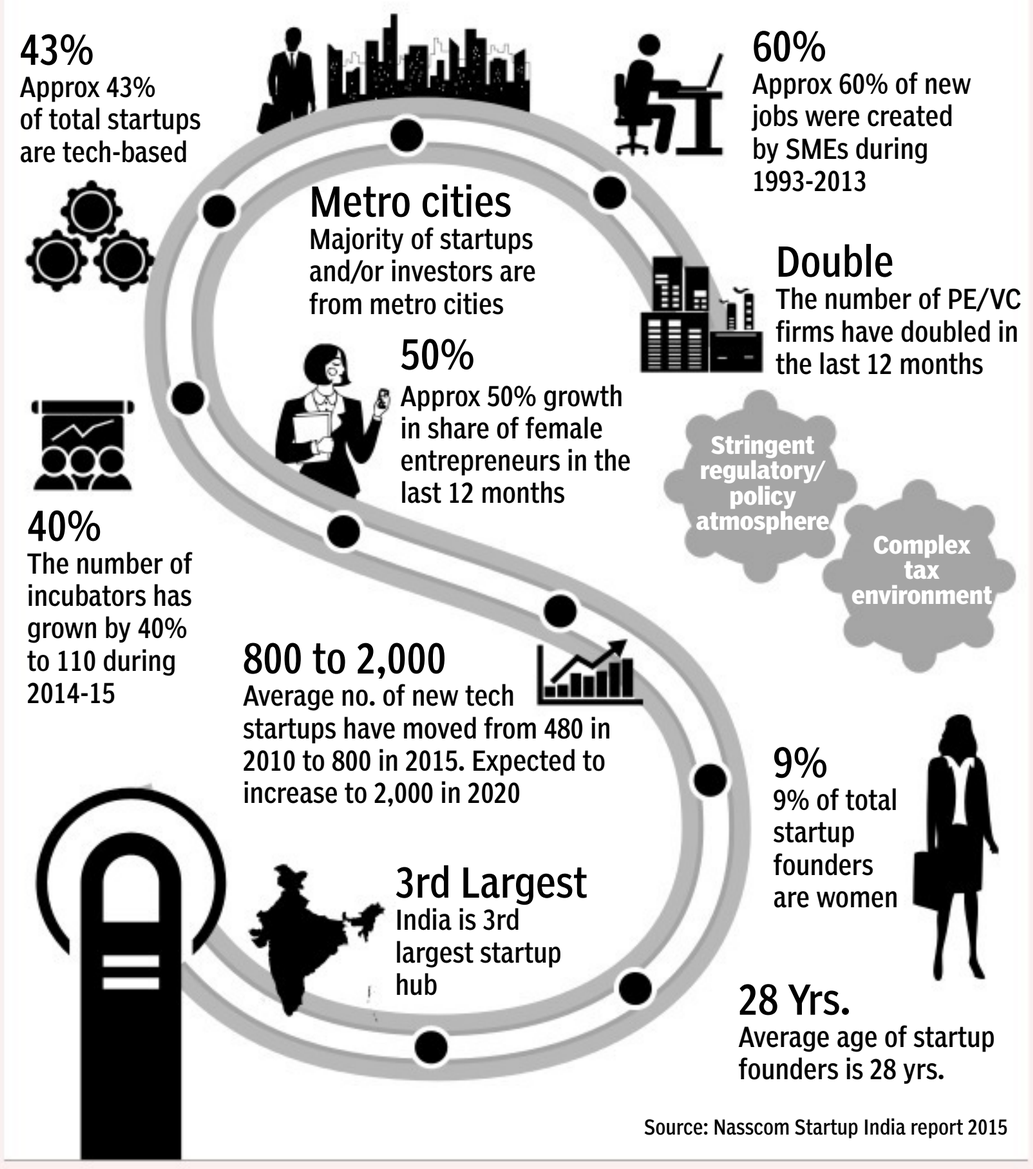
TRACKING STARTUPS



Source: Nasscom Startup India report 2015

Track, analyse, optimise

When businesses like BigBasket, GMR, ITC and Spar need actionable insights on their operations, they turn to AssetTrackr

Sudhir Chowdhary

- Online food and grocery store BigBasket has deployed AssetTrackr devices in all of its customer delivery and warehouse trucks that collect fresh produce. Using the information and metrics provided by AssetTrackr, BigBasketefficiently operates its "Farm to Home" delivery service to ensure that fresh produce is delivered to customers in the shortest time
- Infrastructure major GMR uses the AssetTrackr platform to provide emergency management services (EMS) on the roads they build and manage. Each EMS consists of a pilot vehicle, towing truck and an ambulance. AssetTrackr built a NOC (network operations console) and helped geocode all of the emergency phones along the highways. When an emergency call comes in, the NOC team immediately knows the location and can direct the closest available EMS unit to the accident location
- YatraGenie, a taxi services provider, operates more than 1,500 cabs in the regional long distance markets and uses AssetTrackr technology for online monitoring of the entire fleet to be compliant with the transportation department regulations. Panic button in the passenger side alerts operations staff on any emergencies. Safe driving habits are enforced by monitoring overspeeding vehicles and alerts.

With 300-plus clients gained in less than three years since inception, Bengaluru-based AssetTrackr is a leading telematics startup; the company's solutions enable the safety of people, vehicles and equipment, optimisation of business value for clients via location and usage tracking and analysis. AssetTrackr solutions include enterprise-class, cloud hosted software that's been designed in-house, the company's own and OEM hardware devices for tracking coupled with industry-leading analytics capability that is embedded in the AssetTrackr platform. Among other customers include SPAR Hypermarkets, ABIR Infrastructure, Athena Cabs and Daily Thanthi, one of the largest newspapers in Tamil Nadu.

The telematics startup was founded by Virginia Polytechnic Institute and State University (popularly known as Virginia Tech) and IIT alumni in 2013; revenues have doubled every year since inception and the company has turned profitable in less than three years. "I am pleased that market acceptance and adoption for AssetTrackr's solution has been excellent. Sales have doubled every year since 2013 when we launched," Ashok Yerneni, chairman, AssetTrackr. He is a former IIT-Chennai and Virginia Tech alumni, whose previous stints have included TutorVista, Silicon Graphics etc.

Origin of the idea

Talking about the inception of the company, Ashok says, "We started working on AssetTrackr in 2012. The decision to build a telematics platform targeting India was based on a number of factors that had coalesced—for example, cellular connectivity costs were rapidly declining and India had one of the lowest costs in the world; GPS & GSM/GPRS chipset prices had significantly dropped; Google Maps for India has matured over the last couple of years and smartphone adoption has grown exponentially; location-based information services are exploding and cloud infrastructure has matured with enterprise applications moving to the cloud. Also, when we did our market research, we found that there were no enterprise-level solutions around that catered for the Indian market. That's when we set about aiming to build a reliable and highly scalable product that would have a simple, easy-to-use interface but still operate at an enterprise-level."

Ashok says, "We designed the AssetTrackr platform to be highly modular, scalable and flexible. With our platform based approach, we have been successful in building multiple solutions and target a variety of sectors. In addition to our offering for B2B customers, AssetTrackr also has a solution called SafeKar, for safety of personal vehicles. The solution allows checking vehicle location every 10 seconds, speed, movement, unintended trips, stoppage, and distance traveled and allows remote immobilisation of the vehicle and geofencing of a route for safety of passengers." He adds, "We sell about 3-5 devices a week and have 1000-plus customers for our SafeKar product."

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> **ASHOK YERNENI,** Chairman, AssetTrackr

On the growth path

AssetTrackr has raised about $500,000 in Angel funding and is cash-flow positive, says Ashok. "Sales have been doubling every year since 2013 when we launched." On the future business outlook, he explains: "There's been a fundamental shift over the last two years; Indian business owners are more willing to invest larger budgets into technology. There's an explosion of e-commerce and the need for personnel, asset and vehicle tracking solutions has only become more pronounced and there is huge market opportunity."

With AssetTrackr's multi-product portfolio and solutions across sectors, the company chairman is optimistic to accelerate revenues. "We have always believed in demonstrating business value to our customers and see ourselves not only as a technology company deploying tech solutions but as a solutions enabler who is able to demonstrate business value to customers."

On the present startup environment in the country, Ashok says, "As a business, at AssetTrackr we have always focused on the basics—products, customers, revenues, profitability. Many startups have raised huge sums of money and spent hundreds of millions of VC money to try and grab market share at the expense of profitability. Rationalisation has set in and I believe companies that do not focus on unit-profitability and cost controls will struggle to survive and grow."

So what is needed to stand out and thrive in the present startup ecosystem? Ashok says, "I believe a focus on the basics and solving a real customer need is the key. A true test of a startup is whether the company is solving a need versus nice-to-have. Startups that focus on solving a customer pain-point or an acute need are more likely to succeed than startups that target disposable income or discretionary spend and this is true, whether it is in the B2B or B2C space."

Smartron bats for IoT

Hyderabad-based startup to launch a slew of smart devices for consumer and enterprise markets

BV Mahalakshmi

SMARTRON India, a leading technology OEM company and an Internet of Things (IoT) startup, recently announced a new innings with cricket legend, Sachin Tendulkar. Besides being the brand ambassador of Smartron, Sachin is also a strategic shareholder in the company thus making it his first investment in a tech startup firm. The company recently launched two flagship products, tbook and tphone, fully designed and engineered in India.

Smartron has been operating in stealth mode since August 2014 and is set to launch a slew of smart devices including phones and IoT products for consumer and enterprise markets. "IoT is the basis for every product we develop. We are riding on the IoT wave to innovate in the areas of smart, sensor, robotics, artificial intelligence, cloud and big data technologies to bring next generation smart devices, services and care targeting consumer, enterprise, industrial and infrastructure markets," says Mahesh Lingareddy, founder and chairman. The company has tied up with Foxconn, the world's largest contract electronics manufacturer, to manufacture a range of smartphones, tablets, ultrabooks and IoT devices.

Mahesh, who is also the co-founder and CEO of Soft Machines, a US-based semiconductor company with operations in US, India, and Russia, says that the company (Smartron) aims to build a global product brand from India. Soft Machines, is currently valued close to $1 billion, raising more than $150 million from a diverse group of global investors. It is building a team of more than 275 employees with development operations in the US, India and Russia. Prior to founding Soft Machines, Lingareddy worked at Intel, where he held a series of engineering and management positions.

Funded by investors from the US, India and Middle East, Smartron has R&D centres in Hyderabad and Bengaluru and supporting teams around the globe to enable technology sourcing, marketing and sales. It is working closely with vendors, partners and customers to co-create and collaborate in building a strong product ecosystem.

> IoT is the basis for every product we develop. We are innovating to bring next-gen smart devices and services targeting consumer, enterprise and infrastructure markets
>
> **MAHESH LINGAREDDY,** Founder & chairman, Smartron

Mahesh say, "IoT offers a huge opportunity to build a variety of next generation smart devices that are more autonomous and intelligent with integrated cloud services and support. India has only focused on services over the last two decades." He adds: "China started as a manufacturing hub but is now home to many fast growing brands, such as Lenovo, Huawei, Xioami, Alibaba, Baidu. A strong product ecosystem is the key to long term growth and value.

"With IoT, we are going from a handful of devices per household to tonnes of devices like wearables, smart bulbs, smart cameras, smart appliances etc. It is no longer just a desktop/laptop PC and a smartphone/tablet. The challenge is to make all these devices talk to each other and move the data across these devices seamlessly in order to provide timely and highly intelligent information to the user," Mahesh says. The company has launched an "open innovation platform" called crowdtron through which it plans to source a range of IoT products and offer them through the smartron tronx platform. It plans to partner with various local manufacturing firms to encourage local manufacturing ecosystem.

Mahesh opines that India lacks a robust innovation infrastructure. "It is very difficult to build capital intense R&D driven companies which require a long time to market and break-even. Everyone is focused on building another restaurant or food app. But, now we need real product companies and brands." He elaborates: "There has to be an ecosystem approach, and this requires collaboration amongst companies. It involves hardware, software, cloud, services and support, which is very capital intensive and would take a long time to market. Some of the verticals are not mature hence it requires one to be patient until these markets reach that stage."

According to Mahesh, the IoT wave offers a huge opportunity from hardware to software to services to support. "For India of Things to become IoT, we will have to address the product ecosystem and innovation infrastructure challenges. Additionally, we will have to bring back our roots of great innovation and shift our focus to products," he adds.