

Boring but High-Potential Niches in Software/IT

Avoid Passion-Driven Tech Markets (Nikhil Kamath)

Nikhil Kamath warns that industries “overcrowded with passion” often yield poor financial returns ¹. In such fields (e.g. consumer entertainment or trendy consumer apps), many participants care more about the idea than profit, which drives intense competition and low margins. Kamath advises entrepreneurs to focus instead on practical, profit-driven areas. He even cautions *not* to mimic existing ideas but to pursue something unique – “if you do something truly unique...within an Indian context, that’s where success lies” ². In software/IT terms, this means steering clear of hype-fueled sectors (like over-crowded gaming or social media apps) and looking toward essential but overlooked problems.

Seek Monopoly in a Small Niche (Peter Thiel)

Peter Thiel makes a similar point: avoid red-ocean markets and aim for monopoly in a narrow segment. He argues it’s far easier to “start small, then monopolize” ³. In practice, a startup should target a limited market it can dominate, then gradually expand, rather than diving into a huge, crowded market. Thiel even promotes the “last mover advantage”: being the final and dominant player in a space yields the greatest future value ⁴. Taken together with Kamath’s advice, the strategy is to identify a unique, under-served problem in tech, solve it thoroughly, and face minimal competition. (“Don’t mimic what’s out there,” Kamath stresses – find an original solution ².) This creates a defensible niche – essentially a mini-monopoly – in which profitability is high and competition is low.

Lucrative “Boring” Niches in Software/IT

Experts note that many of the most profitable tech companies work on unsexy but critical problems ⁵ ⁶. Such **boring startups** aren’t chasing buzzworthy trends; instead they solve concrete, “mission-critical” problems for businesses ⁵. For example, they might provide specialized software for supply chains or regulatory compliance – tools people *don’t* tweet about, but can’t live without. These companies typically charge premium prices for deep value, so they require less outside funding and yield higher profit margins ⁶. In effect, focusing on boring tech niches often means facing little competition (few people are interested in these problems), which lets the company capture a large share of a small market – exactly Thiel’s ideal scenario.

- **Vertical Enterprise Software:** Build software tailored to one industry’s needs. For instance, VinSolutions created a CRM system just for car dealerships (with features specific to auto sales) and became the market leader in that niche ⁷. In contrast, generic platforms like Salesforce or HubSpot didn’t fit those dealers’ workflows. By deeply solving one sector’s pain points, a vertical SaaS product can effectively corner its market. As one founder notes, vertical-specific solutions face far less competition and can grow a loyal customer base more easily ⁸.
- **Infrastructure & Integration (“Glue”) Services:** Provide back-end tools or APIs that other software relies on. Famous examples are AWS (cloud hosting), Twilio (SMS/voice APIs), DocuSign (e-

signatures), and Kubernetes (container management) ⁹. These services aren't glamorous, but once businesses adopt them, they rarely switch – creating a quasi-monopoly. Each becomes a critical piece of others' tech stacks, “gluing” systems together ⁹. Targeting this space means building the infrastructure that everyone else depends on (e.g. a specialized data platform, security gateway, or industry-specific API), which tends to generate stable, subscription-like revenue.

- **AI/Automation for Legacy Industries:** Many sectors (manufacturing, logistics, healthcare, finance, government) still run on outdated systems – think spreadsheets, paper forms, and Windows XP software. Automating these messy workflows with AI and software can unlock enormous value. As one analysis puts it, “these aren't sexy markets...in B2B AI, boring equals billions” ¹⁰, because heavy-regulation industries are *waiting* for smart tools to modernize them. (画像The above image illustrates the stacks of paper and documents common in such industries.) Practical examples include AI-powered document parsing for banks, workflow automation for hospitals, or predictive maintenance tools for factories. These applications aren't in the headlines, but they directly improve efficiency in large organizations.
- **Regulatory & Compliance Tech:** Handling taxes, legal documents, finance compliance, or industry regulations is tedious but mandatory. Software that streamlines KYC/AML checks, GST/tax filing, inventory audits, or audit reporting is inherently in demand. Successful “boring” startups often focus on these niches – solving specific pain points that recur year after year ¹¹. For example, automating tax filing or inventory tracking may seem unexciting, but it solves a real burden for businesses, and customers will pay for reliability. Pandurang Jadhav notes that many profitable startups grow by focusing on such clear, recurring problems (taxes, logistics, trading platforms, cloud infra) instead of flashy ideas ¹¹.

Indian (and Global) Opportunities

This approach is highly relevant in India. India's quiet tech success stories often follow the “boring” playbook. For example, Zerodha (stock brokerage) and Zoho (SaaS business software) grew profitably by solving concrete needs, not by chasing hype ¹². Zoho famously built an entire suite of SaaS tools out of a small town in Tamil Nadu and grew to a billion-dollar business without major outside capital ¹². As funding slows globally, experts believe the “fundamentals-first” startups will win out over vanity projects ¹². In India today, many industries remain under-served by tech – think rural logistics software, vernacular education platforms, healthtech back-office tools or local-language AI services, as well as fintech products for microfinance or small businesses. These are large markets (e.g. millions of small shops, farms, or clinics) but not as sexy as consumer social apps. By targeting such sectors – building unique IT solutions for real problems (as Thiel would recommend) – Indian entrepreneurs can establish dominant positions. Over time, a product that serves one state or industry can potentially expand nationwide or even internationally. In sum, both in India and globally, the advice is the same: *find an underserved, “boring” problem and solve it uniquely*. These niches may attract fewer competitors and can ultimately yield steady growth and profit over the long term ¹ ¹².

Sources: Advice and examples are drawn from public interviews and writings of Nikhil Kamath, Peter Thiel, and industry analysts ¹ ³ ¹⁰ ⁵ ¹², among others. These sources highlight the strategy of avoiding crowded passion markets, targeting niche problems, and building fundamental technology that customers depend on.

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5 6 7 8 9 **Why I Love Boring Tech Startups**
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10 **How to Build a Boring AI Startup That Quietly Hits \$10M ARR | by Divad Sanders | The Startup | Medium**
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