


Six Challenges a Hardware Startup Faces in Kerala

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1. The Red Tape

Ideas and ideologies are not enough, and it does not matter if you have the next game changer idea, is the first thing to learn, if you are to start a startup in Kerala (hardware/software). The government does have numerous support schemes and facilities promised on papers; but if you are to incorporate your company the first thing to deal with is the red tape. You can finish out the online incorporation process through MCA portal if you are opting for Private Limited Company or an LLP, within a few days (Thank God its online, and internet till today is bribe free), but the next process, such as getting the commercial license and other clearance require attention of state regulatory authorities where still manually filled papers are passed. Tackling this red tape is a big challenge for beginners, as you may have to visit these regulatory authorities daily for the next few months. However it teaches you the most important quality required for an entrepreneur, "Perseverance".

2. Investment

Obviously its hardware and being into electronic/electrical hardware field is not cheap. The demand is much more than that of two computers which is quite sufficient to start off a software firm. Entrepreneurs will face very hard time managing funds even in ideation stage. This is a daunting task but every hardware start up have to have brain storming sessions in analyzing the ideas they have and forming a definite list of only "the must have" hardware units required for taking their idea forward. Giving time to think and exploring the possibilities can minimize your starting investment, which is quintessential for sustaining your business. Getting financial support, from banks in Kerala is a hard job done unless you have ticking numbers in your balance sheet. Investors are hard to find in Kerala, and the Government's aid for young entrepreneur demands time. So the mantra during your startup days should be conserve funds and survive. Remember, "after winter comes the spring", so keep your hopes high.

3. Tackling Labor Unions and Union Porters

Kerala is not a manufacture friendly state, although a startup venture is often saved from the labor union problems existent in larger manufacturing companies, even start up is not sparred if your company needs to trade bulky items. You will have to please these quite unpleasant & non-working, proclaimed union enrolled porters; and make no mistake, they will charge you heavy. One can move through Labor commission enforcing law upon them, but if done so, beware these are revengeful souls. But the experience you earn by dealing with them is quite useful; you will learn how solve labor issues, how to smile and calm an angry mob with nothing but your words.

4. Finding Clients

Due to existing labor issues, smooth functioning of larger industries are doubted by owners and they are reluctant to invest in Kerala. As a result the hardware startup has a very sparse local market if the business is in such an orientation. If its an entrepreneurship idea and the start up is trying to attract investors and/or potential buyers; still Kerala has only got software big guns and if at all you have to attract such potential customers/investors you have to travel out. This reduces the exposure you can gain if you are to start in Kerala. If the startup is manufacture oriented and limited to existent products, such as LED bulb manufacturing , electronic choke manufacturing etc. the manufacturing costs incurred due to higher labor charges and raw material costs. Tackling these situation needs well planned and dynamic business plans with a lot of patience and perseverance.

5. Raw Material Costs

Higher raw material costs is a challenge every hardware entrepreneur in Kerala have to deal with and make a sacrifice on. Higher material costs compels interstate purchases, which raises the time to market standard and lower the trust factors. Coordinating purchases from multiple vendors requires dedicated procuring team to keep the communication process proper to ensure the correctness of the delivered goods and speed of delivery. Replacement of damaged units with an interstate dealer is also a difficult process to manage and incur unexpected cost escalation. Being an electronics enthusiast and an innovator myself, the greatest challenge I have faced and still facing in Kerala is the lack of raw materials; it is always a hard time finding the required components in Kerala. The only way to tackle this problem is to make good business relations with selected interstate raw material vendors and hope the situation in Kerala will change.

6. Diversifying the business

To quote Mr. Sreekumar, CTO of Experion Technologies, "There comes a point in business where numbers tend to matter more than passion especially when you consider the fact that you have to survive in this fast paced world". Mr Sreekumar is a hardware enthusiast (and one of my most inspiring mentors) and the young group started Experion technologies as a purely technical electronics and image processing based company but had to divert to a purely software oriented company for the better prospects it offered in the region and to the mere fact that, for the company to survive, numbers does matter. Diversification hence is a very essential part in every company and especially hardware oriented firms where huge amount of investments are required to sustain and compete. Always diversify towards a common market need where the market still has opening and generate a regular fund flow from them, and let the niche ideas and dreams you have be funded from a part of this constant revenue. Once you have a prototype of your next big innovation; you can always attract investors or potential clients, and even isolate your innovation forming a separate entity; as that will allow you to have more flexibility in investment options and others. But till that prototype rolls into market; survival is the mantra and diversification is the way.