

Hardware: The Struggling Segment Of The Indian Startup Ecosystem

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India is one of the hottest startup hubs in the world today. Numerous startups across the country have successfully established themselves as big players in the market. Of late, the Indian Startup Ecosystem has improved significantly. The primary drivers of this unprecedented growth are improved and easy access to capital, the presence of a massive domestic market, and an increase in nurturing mentors and incubators.

According to Somshubhro Pal Choudhury, a renowned face of the corporate world, India witnessed tremendous growth in the software front **but has miserably failed on the manufacturing front**. He stated:

“Around 2010-12, we saw the emergence of the system design trend with many multinational corporations (MNCs) and design houses beginning to do design work in India...This was good news for ‘Design in India,’ but manufacturing was still being done overseas.”

The rapidly escalating and maturing startup ecosystem in India is encouraging budding entrepreneurs and accelerating innovation. Government initiatives such as Design in India, Make in India, and Startup India, are empowering startups across the country to boost their innovation process. Such efforts have shifted the focus to the manufacturing sector. This bodes well for the hardware startup ecosystem in India. While most Indian startups primarily focus on e-commerce and software, the hardware ecosystem has so far taken a backseat.

While it is considerably easy for software startups to gain a strong foothold in the market, thanks to the strong backing and bulk of useful information readily available for them, **it is quite on the contrary for hardware startups in the country.**

Funding

The foremost challenge for every hardware startup is to get the financial aspect sorted out. Hardware startups require more funding than software startups as assembling and developing the product from scratch is one that demands a considerable amount of capital. Gaining the support of investors becomes tough as being a new player in the market, not many are ready to trust your product and invest in it. Having a concrete and well-charted business plan is a must to get the attention of VCs and angel communities.

Designing

Developing a prototype of a product is a meticulous task, one that requires a great deal of time and effort. And you cannot just rely on one prototype either. While this process is time-consuming, taking the successful prototype to the level of mass manufacturing is another herculean task for hardware startups. Also, procuring the raw materials for the product at affordable prices can be difficult at times.

Target Market

Identifying the target market for a product is essential for any startup. Unfortunately, this is where most startups lose their way and end up targeting all the wrong segments of the market. Just as researching for developing the prototype is important, so it is pivotal to have a good market knowledge. Hardware startups need to study the market sectors and see in which sector their product could be the most useful. This requires thorough research, but once the target market segment is identified, it becomes so much easier to curate the products accordingly.

Then vs. Now

Previously, most hardware startups used to be clueless about the basic things such as where to look for help, which markets to target, how to go about innovation and manufacturing, etc. However, the situation of hardware startups has significantly improved. Today, the number of hardware-centric accelerators and incubators in the country is rapidly increasing, providing hardware startups the necessary backup during the early stages.

Accelerators such as Intel India Maker Lab and Bosch, play a nurturing role for hardware startups by offering mentoring, funding, infrastructural incubator services, and so on. But this isn't enough. One of the biggest challenges for hardware startups is to find the right market opportunities in the fast progressing industry. It is a known fact that most Indian businesses fail because they cannot keep themselves updated with the latest technological developments. This needs to change immediately if the Indian startups want to make it big nationally as well as on the global platform.

Incentives and government aid can help transform the game for hardware startups. For instance, if prominent manufacturing firms associate with hardware startups, the volume of business for these startups and their market reach would expand. Such large magnates of the industry can help hardware startups by providing them with large contracts against a small percentage of the profit made. Also, government incentives can be a great boost for hardware startups. Singapore government's initiative is a fine example of this. Singapore government offers incentives to firms and organizations that procure products from startups. Similarly, if the Indian government also encouraged such incentive schemes, hardware startups would have more exposure in the market, which would undoubtedly mean increased sales.

So, while there have definitely been remarkable improvements in the hardware startup ecosystem in India, there still remains scope for improvement. Increased participation of the government, large industrial magnates, and incubators can improve the standing of

hardware startups and most importantly, encourage innovation.