'Being mediocre is worse than failing'

Anand J & Shalina Pillai |TNN

Gene sequencing firm Medgenome last week raised $30 million from several venture firms, as also Infosys co-founder Kris Gopalakrishnan and former Cognizant CEO Lakshmi Narayanan. The Bengaluru-based firm is one of the biggest such firms in India, helping to find solutions for genetic diseases. Founder Sam Santhosh had been running a software firm Calsoft in the US when gene sequencing piqued his interest.

When and how did you get the idea for your second company?

This idea first formed in early 2003, when the first human genome was sequenced. It got great publicity in the US. Being in the software industry, this looked to me as the equivalent of getting the source code of life. At the same time, it was a challenge since I hadn't studied biotechnology after my 10th grade. But I had time since my software business was well established. So I spent the next few years ramping up my biology knowledge. I did many courses, evening classes and attended conferences. During that time, technologies improved rapidly so the power of sequencing grew and the cost came down. By 2009, I realised that the time was right and I sold my software business. I set up a company called SciGenom Labs in Kochi to research on all living things. The plan was to leverage sequencing technology, and put up a bio informatics team in India. I managed to get a few people in the US to come back to India. Later, the human gene sequencing portion was spun off as Medgenome

You were living in the US. Why did you set up this business in India?

The demand was actually small in India but I knew it would grow. As a business opportunity, it would have been better to set up in the US. But I wanted to do something back in India. I had been in the US for 25 years. There were so many people doing it there already and I wouldn't have made a difference. India had a lot of challenges and opportunities and in the long run, I was sure my bet on India would not go wrong.

Had you mapped the Indian market?

It took a quick study to realise there was no market. Except for sequencing services, which was very small, there was not a lab here. Nobody in India was willing to spend so much on research. That's why I didn't take outside investment initially. Because the possibility of returns for the investor was not clear.

How much of a struggle was it to get the initial customers?

It was a little tough because they couldn't relate to Kochi as a technology hub. People from Delhi, Mumbai would ask, 'What is there in Kochi except for houseboats?' But reluctance was only for a few months. We could quickly show that we had expertise and it was better than giving it off to China or Korea for research. I hired credible scientists. The US pharma companies found us. We didn't know they'd be interested in doing research with us. No pharma company in India is our customer even today.
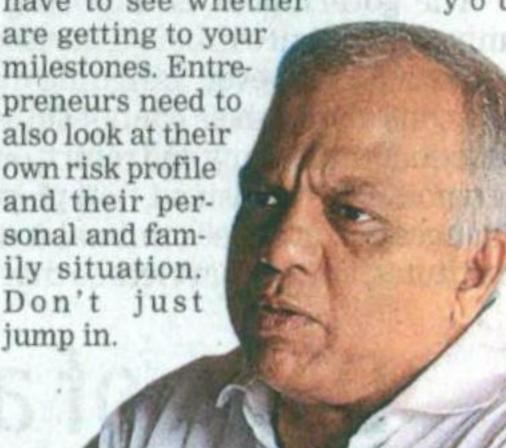
When did you realise it was going well?

By end of 2012, we were making $2 million in revenue. The path was becoming clearer in the medical side and bigger equipments were coming out globally, and we were the first ones to set it up in India. By 2013, Medgenome had enough potential to be spun off from SciGenom. That is when I took outside investment.

How difficult is it to start up in a new sector?

In software I was hands on. I knew I could do it if something comes up suddenly; I could fix it with a few programmers over the weekend. Here my knowledge is all theoretical and I cannot go to the lab and do something. Two days is not enough to solve the problem. But I was overconfident initially and made more mistakes. Now I am more careful. I was told Medgenome would never become big. But I was getting bored of software. This is more exciting, more impactful.

Any lessons for other entrepreneurs?

You will have to learn the business books the hard way. Never settle for mediocrity; it is worse than failure. People will tell you not to let go, but you need to know when to stop. You have to see whether you are getting to your milestones. Entrepreneurs need to also look at their own risk profile and their personal and family situation. Don't just jump in.

SAM SANTHOSH
Founded California Software (Calsoft) in 1992, and was its CEO till 2012

Latest venture
Founded SciGenom in 2012, and Medgenome a year later Medgenome has raised $55 million in funding and employs 370 people

Education
Studied engineering at Calicut University, MBA at IIM-Calcutta