

Startup Journey + Digital Products Landscape **5th Aug 2024, Session 3**



DESAI SETHI
SCHOOL OF ENTREPRENEURSHIP

ENT 603 : INTRODUCTION TO ENTREPRENEURSHIP

GUEST SESSION



IDEAS TO VENTURES

AKSHAY SAXENA

CO-FOUNDER
AVANTI FELLOWS
CLASS OF 2006



HARSH SHAH

CO-FOUNDER
FYND
CLASS OF 2010

MONDAY, AUGUST 5


7:00PM-8:30PM

LA 002



**INSTITUTION'S
INNOVATION
COUNCIL**
(Ministry of Education Initiative)



 IIT Bombay 2006-2010

 Hostel 3

 B. Tech - Metallurgical Engg & Materials Science

 E-Cell OC

 Opera Solutions 2010-2012

 Fynd 2012-2024 (Google +Reliance backed)

 Angel Investor (70+)



 IIT Bombay 2001-2006

 Hostel 2

 B. Tech/ M.Tech - Chemical Engineering

  Insight Editor, Basketball Captain

 BCG 2006-2009

 Harvard Business School 2009-2010

 Avanti Fellows

 Heartflow (\$2.5B)

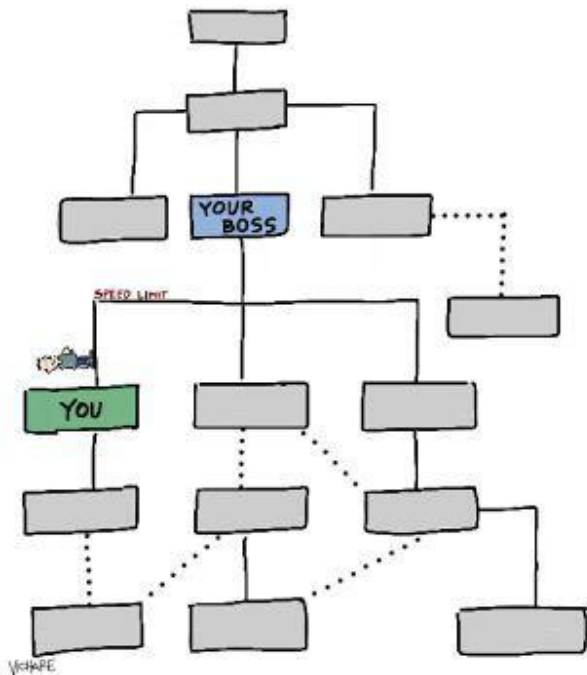
 Angel Investor (30+)

To Get Started -

Why Do You Want to/Would Want to Create A Venture?

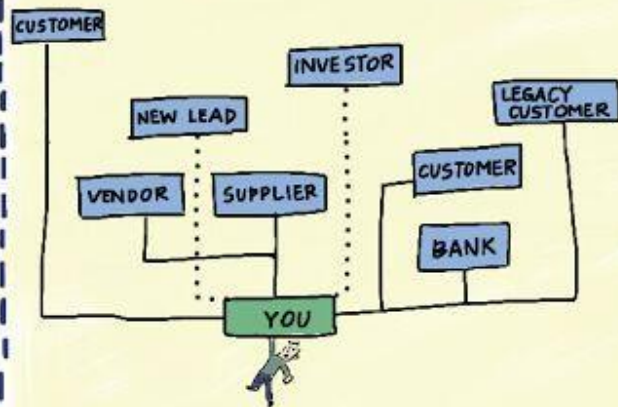
ORG CHART

Corporate Job



Own Venture

You are ^{NOT} your own boss...



Founder's Mindset

1. Ownership Mindset - Output Ownership and Initiative-Taking

2. Continuous Improvement - Build Your Range

3. Maximising The Area Under The Curve v. Optimizing for Peak

4. Life is An Infinite Game

How do you identify problems?

1. RANT List - *Urban Company*

2. Observe in your surroundings - *Fynd*

3. Talk to people working in spaces you are interested in - *Heartflow*

4. Top Down Industry White Spaces - *Solar Square*

Find co-conspirators

Marriage

Of Convenience

With Honesty in the Relationship

Growing v Diminishing Markets

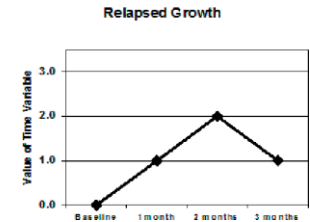
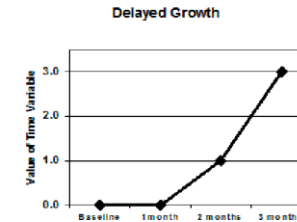
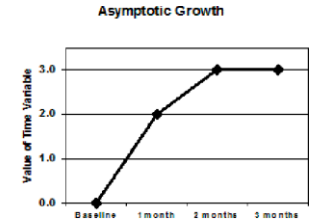
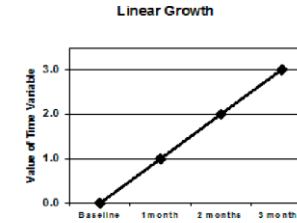
1. Understand Macro Trend

2. Remove BlackSwan Impacts

3. Identify Drivers of Macro Demand

4. Understand Effect of Macro Drivers

5. Identify Slope of the Curve Today, 3Yrs from Now, 5 Yrs from Now



TECHNOLOGY RISK

MARKET RISK

make something people want and
sell it profitably to many of them in perpetuity.

BUSINESS MODEL RISK

SCALING RISK

DEFENSIBILITY RISK

3 trends are transforming India's digital consumer behaviours

1

Preference for digital interactions

Indians prefer researching products via search engines, e-commerce platforms, brand websites, video platforms and social media.



of digital consumers begin their search for a new product online, instead of visiting a physical store or seeking offline recommendations

They also prefer digital modes of communication such as text messaging, in-app chat support, emails or social media.



of digital consumers prefer digital communications for customer support interactions

2

Convenience, value and trust as key drivers

Across most internet sectors, conveniences like ease of delivery, frictionless payment, ease of checkout, user experience, etc., are amongst the highest ranked drivers for usage¹ along with value factors like price, promotions, discounts and rewards.

Trust is also ranked highly in sectors like B2C e-commerce, online medicine delivery and ride-hailing.

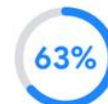


of digital consumers rank trust as a Top 3 driver² when using B2C e-commerce

3

Sustainability is increasingly top of mind

Indians are more and more willing to pay a premium for sustainable options.



of digital consumers are willing to pay a premium for food deliveries that use electric vehicles

Similarly, they are willing to forego some convenience for more sustainable options.



of digital consumers are willing to take a longer route with less traffic to reduce emissions

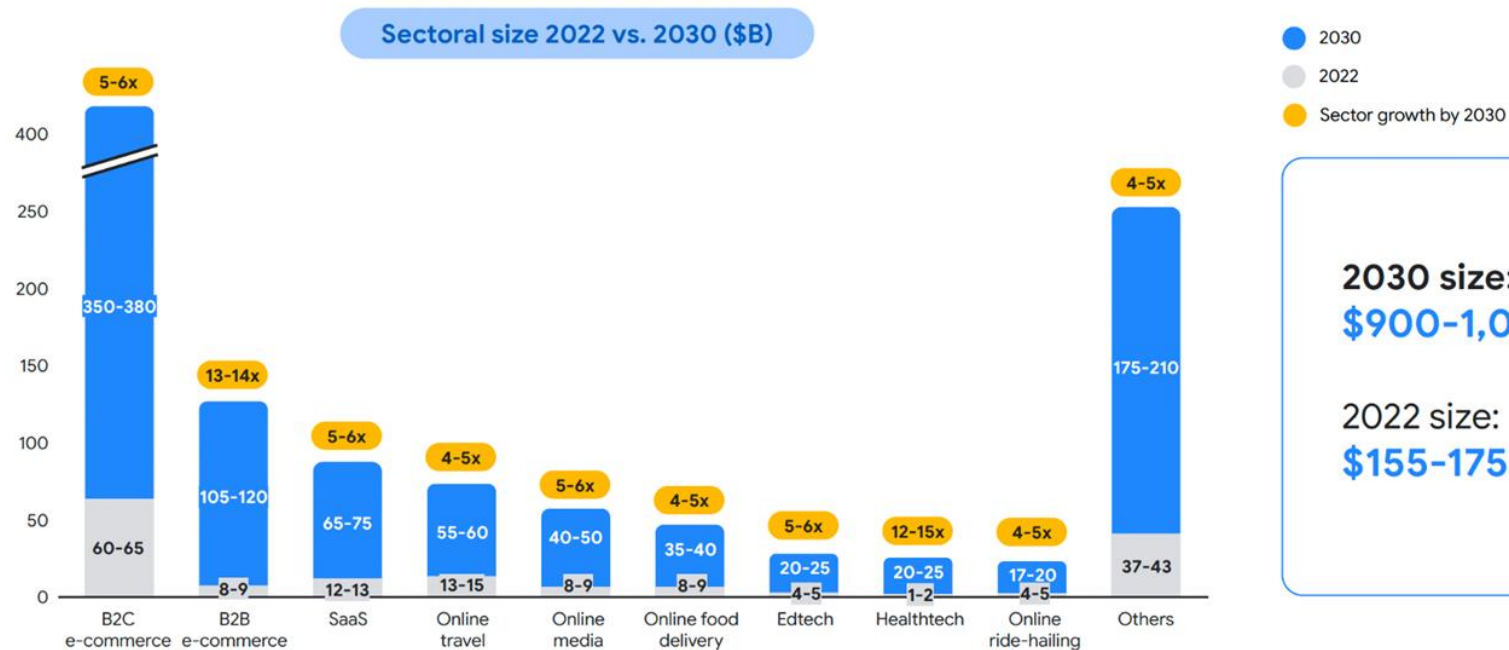
Indian consumers are willing to compromise on aesthetics for sustainable options.



of digital consumers are willing to pay a premium for biodegradable packaging for groceries

Note: 1. Across all age groups. 2. Consumers ranked Top 3 drivers from a set of 13 distinct options
Source: Google commissioned Kantar e-Conomy India consumer survey, Bain analysis

All sectors poised for exceptional growth, with e-commerce taking the lion's share



2030 size:
\$900-1,000B

2022 size:
\$155-175B

Notes: B2C e-commerce includes product and service e-commerce across categories, including grocery and goods sold by Indian merchants overseas via e-commerce platforms; B2B e-commerce includes upstream commerce such as raw material buying (including farm inputs) and downstream commerce such as finished goods supply to channel partners; SaaS includes software applications that are delivered over the internet and accessed via licensing (only companies with Indian or Indian-origin founders with majority of the workforce based out of India are considered); Online travel includes online bookings of flights, hotels, buses, rail, and car rentals; Online media includes digital advertisements, gaming (browser-based, smartphone, tablet, console and PC games), and video/audio streaming services; Online food delivery includes delivery of food ordered online using app or website; Edtech includes K-12, post K-12 and test preparation; Healthtech includes e-pharmacy, teleconsultation, e-diagnostics and online fitness and wellness; Online ride-hailing includes ride sharing through app or website for cars, bikes, and autos; Other consumption sectors include Insurtech (retail life and non-life insurances), online utility bill payments (including mobile recharges) and online auto-retail (new and used cars and two-wheelers); Estimated exports in each sector are also included.

Source: Bain analysis.

Digital tools are enabling MSMEs to drive efficiencies including improved productivity and effective business management

Key challenges



Non-standardised and/or siloed manual processes



Cumbersome processes (i.e., filing GST returns)



Cash flow management and customer credit recovery issues (i.e., as a result of 90 days payment terms)

Impact of digital adoption

10M+

MSMEs now use Vyapar GST billing software (as a free mobile app)

74%

of medium enterprises are likely to move to cloud applications in 2022¹

Digital solutions

Low-cost, pay-per-use software is centralising business processes management

- Startups such as Zoho offer affordable cloud suites to help MSMEs with their business management needs, including customer relationship management (CRM), customised enterprise resource planning (ERP) and human resources management.
- Digital solutions such as employee self-service (ESS), human capital management (HCM), and customer resource management (CRM) are now being offered in Indian languages across T2+ India

Solutions are helping tackle specific business functions, such as tax compliance and invoicing

- Software platforms such as Clear and Vyapar assist companies with software for GST filing, e-way bills, tax deducted at source (TDS), e-invoicing, income tax return filing, etc.
- Such platforms help maximise tax savings and/or other compliance requirements, including legal drafting and government registrations.

Low-cost automation are helping streamline (e.g., payment reporting platforms help manage account receivables)

- Platforms such as Recordent leverage data to help MSMEs manage and monitor their credit risks.
- Recordent has assisted with recovery of receivables worth \$300M² via timely reminders and calls, automated legal notices, etc.

Notes: 1. According to a study conducted by International Data Corporation (IDC) - System Analysis Program Development (SAP) called, "The State of Midmarket Enterprises in India", December 2019; 2. As per Recordent website as of December 2022; GST = Goods & Services Tax.

Source: Bain analysis.

India is well-poised to become a **major digital exports hub** over the coming decade



India's exports are currently under-indexed compared to other markets in Asia

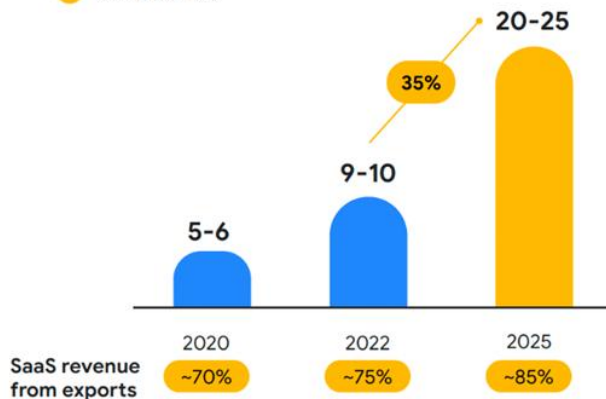


SaaS is a key driver of Indian digital exports

	India	China	SEA
Share of global population	17.6%	17.7%	7.3%
Share of global GDP	3.3%	18.4%	3.3%
Share of global exports	2.4%	12.7%	7.1%

India SaaS exports (\$B)

● CAGR ('22-'25)



Indian SaaS companies represented ~5% of global revenues in 2022 and is **expected to reach 7-8% by 2025.**

Notes: SEA=Southeast Asia, includes Indonesia, Philippines, Vietnam, Thailand, Malaysia, Singapore; Population share pertains to 2022, exports and GDP shares pertain to 2021; Exports include both merchandise and service exports.
Sources: PopulationPyramid.net, The World Bank, Bain analysis.

IITB Startups in the Digital Products Space

1. Toppr **Edtech**

2. Stable Money **Fintech**

3. NoBroker **Consumer PropTech**

4. Netcore **B2B SAAS MarTech**

5. Kratos Gaming Network **Gaming**



GPTs → Age of AI

1. Professional Services - Lawyers, Accountants, Experts

2. Creating Content at Scale - Design, Marketing

3. Coding Copilot

4. Digital Companion

5. Truth/Fact Checking - Hallucination Control

B2B

OR

B2C

Ability to get Design Customer
Customer Acquisition

Can rely on a single GTM motion
GTM

Risk of Concentration of Revenue
Customer Behavior

Larger ACV/LTV
Revenue Potential

Founder Led Sales
Capital Efficiency

Need to get to critical mass of to test
Customer Acquisition

Multiple Acquisition Channels to test
GTM

Distributed Revenue
Customer Behavior

Relatively Lower ACV/LTV
Revenue Potential

Capital/Channel Led Growth
Capital Efficiency