Finlatics Investment Banking Experience Program Project 3

1. A sector agnostic fund is a fund that invests in a wide variety of sectors such as the IT sector, the healthcare industries, ed-tech startups and so on. This can be helpful in a way because it can help in minimizing the losses by diversifying the funds. But managing a sector agnostic fund can be headache in its own. The managers of a sector agnostic fund require to have a knowledge of a wide variety of industries in order to invest in them in a profitable way. They also need to have exceptional management skills in order to manage such a diversified portfolio. And here comes the problem; there are very few people who have this required skill set for managing a sector agnostic fund. Therefore, because of the reasons stated, I will go with a sector specific fund.

Sector specific funds are those which concentrate only about investing in a particular set of industry. They don't go about investing in everything they can. This can be quite efficient because the resources can be used in a better way and the research can be done more extensively before investing in a particular company. The research done in the past can also be used in the future as the industry is the same. For example, there are many HNIs and family offices in India which invest particularly in the healthcare sector. They not only provide the financial assistance but can also give managerial and entrepreneurial support which is most certainly required in the early stages of the company.

2. Among many other sectors, the primary focus of my PE fund would be to invest in the healthcare industry. Because of the COVID-19 pandemic, the healthcare sector has seen an evident growth as people are now more focused on remaining healthy and fit. People have now realized that remaining fit and healthy is also quite important. Therefore, my targeted investors would primarily be from the healthcare sector so that they can also provide the managerial and entrepreneurial guidance.

Michael Moritz- Sequoia Capital

Michael Moritz gained the control of Sequoia Capital in the mid-1990s. Sequoia have16 Healthcare investments, some of which include the likes of CloudNine Hospitals, Vasan Eye Care, Practo & 1mg. Overall, Sequoia Capital has invested in 34 healthcare & health-tech companies. In 2015, of the top 5 Healthcare investments, Sequoia was a part of 4 of them, investing twice in Series B & Series C in Practo.

James Swartz- Accel Partners

The Palo Alto head-quartered Venture Capital is the first partner to the most innovate technology entrepreneurs globally. Accel has invested in 15 healthcare companies including some front runners in the space of home-care such as Portea Medical of which it was involved in the Series A as well as Series B. A few of these Healthcare investments though are in the USA, the others are in India. Another investment in CureJoy, a start-up that focuses on expert advice on Cure, Fitness & Beauty is offbeat compared to conventional Healthcare investments. Having Accel partners in my portfolio is going to be a sure thing.

Steve Adalman- Nexus Partners

This Venture Capital fund invests in startups in the United States or in India. Nexus Partners has invested in 5 companies in the healthcare space**.** Of these, Lybrate is one big name in the e-health services space which provides teleconsultations with specialists & super specialists. Nexus

Partners co-invested in the Series A round of Lybrate in 2015 along with Tiger Global and Ratan Tata. The only other Healthcare investment of Nexus Partners, which is headquartered in India is Eye-Q, which is a Gurgaon based start-up focusing in the specialty of ophthalmology. As Nexus Partners is looking to get a strong foothold in India, attracting it towards oneself would surely turn out to be good for the company.

Darren Lobo- Aavishkaar Capital

Darren Lobo is the investment manager of Aavishkar Capital. Based in Mumbai, this investment fund makes equity investments in early-stage social enterprises that focus on the base of the pyramid population from a variety of sectors including agriculture, healthcare, water and sanitation, Education and energy among others. It was the founding investor in Vaatsalya, a healthcare service provider which offers quality affordable healthcare to the semi-urban and rural population, as well as GV Meditech, Swas Healthcare and Mera Doctor.

Paraag Sabhlok- Acumen

Paraag Sabhlok is the portfolio manager for Acumen in India. Acumen is a non-profit venue that raises charitable donations to invest in companies, leaders, and ideas to serve low-income population. Health was Acumen's first portfolio, launched in 2001; since then, their investments have been impacting the lives of millions, including affordable ambulance services, healthcare education, affordable eye care and health insurance and many other services. The Indian ventures they have made an investment in are Drishtee, LifeSpring, Vision Spring and Zigitza Healthcare.

CIEE

The Centre for Innovation, Incubation and Entrepreneurship of the Indian Institute of Management in Ahmedabad (IIM-A) has taken up several initiatives to strengthen India's entrepreneurial ecosystem. Within the healthcare sector, CIIE runs the Piramal Prize, a partnership with Piramal Foundation that seeks to recognize high-impact models proposing innovative solutions which directly or indirectly address India's healthcare crisis. Out of more than 50 Indian ventures investments made by CIIE, two have been made in the healthcare sector: Biosense and Forus Health.

Indian Angel Network

With the tagline of 'For entrepreneurs, By Entrepreneurs' Indian Angel Network (IAN) is the biggest group of Angel Healthcare Investors in the country. It has invested in 6 healthcare companies in the country which are Neurosynaptic Communications, Transcell Biologics, Tattva Spa, Vittas Pharma, Consure Medical & Karmic Lifesciences. Amongst them, Neurosynaptic Communications has its presence not just in India, as the leading telemedicine and digital health solution provider but also operates in South Asia, South East Asia, Africa and the Middle East.

3. As of now, India is moving towards the future of start-ups. The government is also encouraging the youth to start their own businesses in order to make our country self- sustainable. By keeping all this in mind, the most preferred stages for me to invest in a company would be the ideation stage and the first stage of commercialization. This is because the ticket size for investing in a company in its early stages is small, so we can have a diversified portfolio. This will help in reducing the risk factor which would be attractive for the investors.

Ideation stage

The ideation stage is the first stage of the company's life cycle. At this stage there is only an idea upon which everything has to be built. The idea is still looking to become a company. Choosing the right idea and then investing in a better business model will be quite important for investing in this stage of a company. The risk factor is a bit higher at this stage but due to a smaller ticket size, the diversification would be better.

First stage of Commercialization

This is the second stage of a company life cycle. At this stage, the start-up is still new but it has crossed the ideation stage and is looking for a strategy to make its product running in the market. At this stage, the guidance from an expert of the industry is most crucial as the product is trying to find the perfect product- market fit. With the help of the investors mentioned above, the start up can find the guidance it requires to get an early strong foothold in this highly competitive market.

4. Scouting the markets is quite a difficult job nowadays as the market size has grown so much in the past few years due to the sudden development in the technology. The objective while scouting the market would be to look out for the companies which have a unique idea and are looking to enhance the customer satisfaction levels.

Network Driven Scouting

Network driven scouting can be done with the help of experts who have a prior experience in this field, such as investment bankers. Founders of the start-ups reach out to investment bankers in order to raise capital while the investors also look out for investing their money in a company with a potentially bright future. Therefore, investment bankers help as being the common agent between the two. They also have prior experience in this field so they can go through the business ideas of different companies and can present the selected ones to the investors. This would also result in resource management as there would be less companies to choose from.

Institution Driven Scouting

There are many institutions designed to help start-ups and young entrepreneurs. There are incubators which help with the idea generation. There are accelerators as well which help existing companies in sustaining a minimal viable product. Many start-ups come to these institutions and interact amongst each other which also gives rise to more and better ideas. The entrepreneurs in these institutes are also well trained. The accelerators and incubators are also well versed in figuring out which start-ups would attract a large number of investors.

5. The screening process is one of the most vital processes of choosing a suitable company for my selected portfolio. Whether or not a company will be profitable for the investor is to be determined in the screening process. There can be many important variables for the screening process such as nature of problem addressed by the company, size of the market, potential of the company to reach that market, background & qualification of the management team, growth & performance of the company. Since my PE fund is looking to invest in a company at its ideation stage or first stage of commercialization stage, I will be looking for the following factors.

Business Plan

The business plan is one of the most crucial and important part of a start- up. It is dependent on the business plan whether the start-up would be successful in the future or not. The business plan should be spread out for the investor in a smooth and efficient way so that he can understand it easily. It also helps to uncover the potential strengths and flaws of the start- up which will help in rectifying them at the earliest. If we talk about a healthcare start- up, customers need to be attracted towards it. So, the Customer Acquisition Cost and the Customer Lifetime Value needs to be determined accurately.

Potential to reach the market

The potential of a company to reach the market is the ultimate challenge for the company. Even the best of business plans is nothing if the company cannot reach out to its potential customers. For a business plan to be successful, execution and management of the resources needs to be accurate. All this would require the most needed advice from the investors. The investors can help the start- up in reaching the success by sharing his/her experience that he/she has acquired over the period of time.