Cracking the Channel Code

How Data Sutram piggybacked on the right channels to scale their business

Next Generation Entrepreneurship Fellowship
Week 2 : Build | Activate

WADHWANI
FOUNDATION

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"I have built a product that can be used by multiple sectors but will I ever have knowledge of all these sectors? Not really! That's why having a solid channel strategy is important so that our partners can drive our strategy and accelerate the success of our company" - Rajit Bhattacharya | CEO & Co-founder of Data Sutram

Founder Background

Ankit, Aisik and Rajit were three entrepreneurially driven college students in Jadavpur University pursuing their Bachelor's Degree. In their college days, along with academics, they also worked with Xelpmoc Technologies - a data analytics and design venture. During their stint, they had the opportunity to work directly under technology pioneers like Sandipan Chattopadhyay, ex-CTO of Just Dial. During their multiple interactions with data scientists on projects for multinationals like HDFC and Future Group, they discovered a persistent problem - while companies had huge mandates to become data-driven, they were unable to implement the mandates to their potential. On double-clicking the problem they discovered that most companies do not have access to information that is needed to create accurate data models to be able to predict the business outcomes to cater to the business needs.

To address this gap, in September 2018, in their final year of college, Ankit, Aisik and Rajit set out on a quest to create an ecosystem that would provide quality information that the market was lacking by building a platform that would connect over 250 plus data sources, taking in the satellites, mobile phone and every other source of data layered with proprietary algorithms which would clean, blend and structure data into valuable information. This led to the inception of Data Sutram.

Data - The New Oil

Data is used by nearly every organization today to empower them to make informed decisions and thus reduce risks and positively influence key business metrics. The adage - " Data is more valuable than oil" seems more relevant today than ever and its importance is exponentially increasing by the day. If you want to know the weather of a particular place you are travelling to, your stock portfolio performance for the last two

years or the probability of your favourite sporting team winning - data is at the heart of each of these measures.

Data in the early days was collected through surveying and sampling by companies like Nielsen, IRI, but today it is collected from multiple sources like smartphones, satellites, IoT devices etc. Every piece of software today is generating data. The fundamental problem however remains, that unless you are Google, Amazon or Facebook, you do not have access to the rich data to make informed decisions. Unlike software, data works on volumes. Unless you have the volumes and the right sources, the data models will not be accurate. It becomes a case of garbage in, resulting in garbage out.

Thus data scientists require rich and accurate data sources to build data models that can help their businesses make informed decisions.

Data Sutram chartered their path to becoming that one-stop product company to solve these challenges.

And the Journey Begins

The data industry is a complicated one. Unlike other products and services that can be directly consumed, data requires multiple additional layers to make it consumable. While Data Sutram was creating quality information, it needed a layer of analytics to convert it into actionable output that a business team can consume. It needed tools to generate reports and a business intelligence tool to help visualise this data. These are must-have additional services to make sense of the data.

Data Sutram soon realised that they did not have a direct market fit, that is, they needed to provide a layer of service on top of their product to become relevant in the market. In order to find a product-market fit, they acted as a holistic service provider for their first five customers. They used their data, which was their core product, and added the required layer of analytics to solve the customer's business problems. In simple words, they gave their data context based on the information the customer was looking for. The business problems could range from the information required for a store opening, for customer acquisition, for risk modelling, etc. Data Sutram took a unique approach where they had a customer-first outlook to help them solve their business problem while having a product-first outlook to polish their core offering.

From zero to one:

Data Sutram started as a company not focusing on any particular sector. Their customer acquisition strategy was to profile customers into early and late adopters. Being an innovation first company, they decided to focus on early adopters of technology resulting in Wellness Forever being one of their first customers. Wellness Forever is a retail brand chain in Maharashtra with a heavy focus on a data-driven approach. Data Sutram integrated their data pipelines with Wellness Forever and helped them build several use cases for marketing, branch opening and other business units. To make the product relevant for a retail business like Wellness Forever, they had to add multiple service layers over their product. This resulted in the product shaping up with a retail lens, deviating from the original vision of the company.

This experience taught them that they should focus more on sectors that do not demand complete service offerings from Data Sutram and instead can take their product and build their own solutions on top of it. Harnessing this learning, they approached multiple sectors like BFSI (banking, financial services and insurance) and pharmaceutical.

The BFSI sector turned out to be a golden ticket for Data Sutram as the industry was well equipped and capable of dealing with data using its own resources. While Data Sutram was getting a grip of the BFSI sector they realised that their product was solving some very real and fundamental problems for multiple sectors. With a lack of sectoral knowledge and an incomplete solution, they started to brainstorm on how they can possibly scale across sectors.

Hitting the Bull's eye!

While Data Sutram was selling to their first set of customers, they were very happy and satisfied with the direct sales approach as it validated their product, gave them valuable feedback and helped them build multiple use cases for their product. However, this happiness was short-lived as it wasn't a scalable approach and they needed a more practical way of entering different industries.

This is when they stumbled upon the idea of channel partners!

In Rajit's words, "*I'm building a company which can have 30 sectors on top of my product. I will never have knowledge of 30 sectors. And that's why the channels are important. That's why the partners are important in each sector because the partners are going to drive your entire strategy going into that sector.*"

Out of the entire universe of channel partners that are available, picking the right partners was their next task at hand. The partner would have to help Data Sutram complete the solution for that industry, by building on their core product, as well as helping them distribute their core product.

To reach its utmost potential Data Sutram used three types of Channel partners:

1) Analytics Companies: These companies were already catering to Data Sutrams target sector and were delivering analytics services to them. They had the necessary relationships and had built trust with these clients. The incentive for these partners has added revenue by building additional solutions for the clients with Data Sutram's core product.
2) Consultancy Companies: Today many traditional strategy consulting firms have built a much stronger data consulting practice and require market insights to build more accurate plans and develop effective strategies. When these consulting partners saw the application of the same product across the other sectors that they closely worked with, they began implementing Data Sutram's core product as pilots across sectors. This gave the company a foot in the door into different sectors organically.
3) Technology first companies: These companies are poster boys for data and technology and build applications for varying business needs such as marketing, acquisition, expansion strategy etc. Such companies turned out to be ideal partners for Data Sutram as they understood how to leverage the product to its fullest potential with an army of data scientists working on multiple use cases and solutions.

A brush with channel partners was a goldmine of insights for the founders. They picked up some valuable lessons and pitfalls to avoid while activating channel partners.

Rajit explained, *"I think one of the fundamental things that I missed out on while building the channel strategy was forgetting how much incentive I bring to my channel partners? For example, I had one of the largest pharmaceutical consultancy players who was not really scaling up my product, and I never knew why. Aeons later, I figured out that the incentives were too small for them. As a monopoly provider in the market, launching another product did not bring any added value to them. So you need to understand your partner, what value you bring to the table, and you need to know how to incentivize your partner and make it very practical for them to sell your product or service."*

A great example of how they entered a sector while building a win-win-win value proposition for the customer, for the partner and for themselves was their venture into the manufacturing industry with Accenture as their partner. Companies like ITC and JK paper were Accenture's customers at that time. One of the largest paper manufacturers in India wanted to understand the demand for paper in different areas across the country. Accenture, their analytics consultant, used Data Sutram's product to retrieve information on the stationary shops across geographies, points of consumption, footfall and other necessary indicators to calculate demand. Accenture added their layer of analytics on top of this data to provide an indicative number to that demand. The incentive for Accenture here was the service contract with the client using Data Sutram's product while providing a holistic solution for the customer's business need.

The Right Mix

Now it was critical for Data Sutram to build a strategy that had the right mix of direct sales, growth marketing, referrals and channel partners.

In such a situation, it becomes imperative for an organisation to prioritize their efforts in order to get optimal results.

Data Sutram decided to put direct sales on the back burner, and take a channel partner first approach to fuel growth.

As their second priority, they started building a stronger sales engine on the back of a marketing strategy. While they started out with outbound only, where their sales representatives would contact potential customers on various channels like email and LinkedIn, they began experimenting on activating an inbound strategy. This would involve building marketing collateral such as case studies and customer stories, blogs, articles and advertising material. This would help potential customers discover Data Sutram when a need for their solution would arise. Data Sutram's goal was to move into a complete inbound model moving forward.

Teaching Note -
Direct Sales Vs Channel Sales -
https://www.saleshacker.com/channel-sales-direct-sales-strategy/

Bull's Eye Framework -
https://fourweekmba.com/bullseye-framework/

Inbound Vs Outbound Marketing -
https://www.marketo.com/articles/inbound-vs-outbound/

Beware: Your customer is not your user

One of the major differences between a B2C and a B2B buying process is, unlike B2C, the purchasing decision-maker is usually not the end-user of the product in B2B. The same was applicable for Data Sutram as well. While the stakeholders in charge of signing the deal were CXO designations, the everyday users of the product were data scientists in their organisation.

This presented a two-fold challenge to Data Sutram:

1. Swooping the CXO level audience off their feet by showcasing positive business outcomes by using the product
2. Ensuring the user community adopts the product to its fullest capacity to deliver the promised results

The founders soon realised the power of creating accurate target audience personas to focus their efforts on. This included profiling the prospects, understanding their needs, gaps in their current solutions, tangible benefits of using Data Sutram, whether they required complete solutions or just their core product, as well as potential objections and roadblocks.

This ensured that they utilised one of their most valuable resources well - the time invested in approaching the right audience.

They say experience is the best teacher, and Rajit concurs, *"I think what I realized is that we spent a lot of time on certain customers, and I saw my business team really go ahead and push. Whereas probably the reason for the customer not to convert was that he or she was not clear on the value. What I feel we did was that we focused on pushing rather than empathizing with the customer. We have fixed that now."*

This skill helped the team ink more deals, but they noticed the product being underutilized in many cases.

The value they were able to communicate to the CXO audience was not trickling down to the end-users. Building customer success teams turned out to be the solution to this

conundrum. The teams spent time with the users, helped them on board and understand the product and the value it could deliver while making their lives easier.

In this customer-user hierarchy, ensuring that the value proposition is communicated to each and every stakeholder was their invaluable takeaway.

Overcoming the Market Creator's Curse

The journey of creating a new product and hence a new market for the product has been quite a ride for Data Sutram. The central question that they were asked or rather expected to answer at every pitch to a new client was - "Why do I need you in my life?"

Data Sutram answered this question using a 4 ingredient recipe

1) Storytelling: They started building stories around the first few customers and the successful ways in which their product was used by these customers. The stories were stitched around the central theme of how the product was able to make the business better for these clients. These stories enabled them to change the perspective of the next set of customers.
2) Convey impact by showcasing ROI: The next step was to start backing up all these success stories with real numbers to give the customers a sense of quantifiable benefits. The sales team is thus able to convince the buying centre with actual data on the ROI they can expect by implementing the product.
3) Branding: FOMO or fear of missing out became a strong stimulator for late adopters to jump on the bandwagon as it creates a sense of not being at par with their competitors and peers. Having a strong brand is imperative to create this FOMO effect.
4) The talk about tomorrow: Future-proofing is no longer a buzzword. As customers build strategies for stronger future growth, the company communicated the role it could play in that growth story.

These pointers opened doors to many new clients for Data Sutram and accelerated their growth.

Data Sutram Today:
The company has crossed major milestones in the year 2021. They raised their third round of investment from IIFL, doubled up the team and their ARR exponentially increased by 600% year on year. Recognition and validation by top industry bodies

such as Nasscom 10000 startups, Inc 42 and being acknowledged as the best growth strategy winner by Netapp Excellerator have been the icing on the cake!

The Next Leap:

Moving forward, the mission of Data Sutram is to create a community of data scientists who can use the fundamental data that they are creating in various ways. They are inspired by the way Google Maps are now used by multiple startups like Swiggy and Ola for their unique use cases and thus believe that their true success is in educating customers, educating users and data scientists about the never-ending unique ways in which their offering can be used. This is the ultimate long term goal for Data Sutram to scale up and beyond. In a nutshell, Data Sutram envisions its product as the universal source of truth for data.