

# Two Amazon Developers Created a \$24.9 Billion Amazon Killer

**E** [entrepreneurshandbook.co/two-awkward-indian-developers-built-a-24-9-billion-amazon-killer-kickstarted-by-amazon-itself-43ff252303b](https://entrepreneurshandbook.co/two-awkward-indian-developers-built-a-24-9-billion-amazon-killer-kickstarted-by-amazon-itself-43ff252303b)

October 14, 2020



Flipkart co-founders Sachin Bansal and Binny Bansal. They're not related. Flipkart

Neither Sachin nor Binny Bansals put a lot of effort into school.

Sachin has a long history with video games and would isolate himself for weeks in his room.

He passed IIT Delhi entrance exams with flying colors but found himself possessed by video games *Quake* and *Age of Empires*. His grades suffered. As a result, he would have to stay an additional year at the school just to score enough credits.

Binny was less into the extremes — but he was, by all measures, as average as it gets. His grades were OK — though not outstanding. He had a calm, analytical personality. He also had a girlfriend — “the rarest thing” at IIT Delhi.

Ironically, it was Sachin’s “extra” year at the Institute when the two met. How do two ordinary developers build a \$25 billion Amazon nemesis? Apparently, by imitating Amazon itself.

*Story based on .*

## Sixty Engineers

That's how many Amazon employees when it opened its first office in Bangalore in 2004.

Some of them were Indian-origin developers, soaked in Amazon's customer-centric worldview, sent from Seattle. Others were local developers — like Sachin and Binny — who made it through a grueling recruiting process.

The Bangalore office was nothing like India had seen before. People didn't wear suits here — they wore shorts and flip-flops.

With perks like free cab travel, subsidized food from expensive caterers, the latest computers, fast internet and outsized salaries, Amazon quickly became the ultimate destination for any computer science graduate.

Unlike other tech companies in India at the time, Amazon valued initiative and discourse over hierarchy. Junior engineers were encouraged to challenge their American superiors.

*The Emperor Has No Clothes* was an internal award given to anyone who could point out flaws in Amazon's India-built products. It was, in essence, a well-funded startup, left to its own devices.

“Three dozen people out of Amazon's early hires, along with the Bansals who joined later, would go on to become entrepreneurs, influential tech leaders and investors in India's startup world. Apart from Flipkart, many of the founding members of notable early startups including Infibeam, TutorVista and Chakpak, came from this batch.”

Amazon's stint in India didn't last long. With troubles in China, Amazon decided to withdraw from yet another difficult market in 2007. Much of the senior leadership left the company, along with its spirit.

Bangalore's Amazon started resembling a regular office. Sachin and Binny got bored.

‘This doesn't work ... working for someone doesn't work for us,’ Sachin said on one of their work-evading workdays.

## **‘Who reads books anyway?’**

---

By all measures, starting an internet company was considered a radical idea in India at the time. With no entrepreneurship culture in place, engineers were expected to get jobs — not invent them.

The Bansals' initial idea was a product-review site. Their plan was to manipulate their website's search engine optimization to show up among Google's first search results and earn a commission by referring users to the products they reviewed.

They quickly realized a fatal flaw in their plan: most products available on India's e-commerce scene were crap.

“When all suppliers are substandard, there’s no value in comparing them. [...] The Indian market, on the other hand, had failed to pick up primarily because the shopping sites were notoriously poor in usability, product quality, delivery — nearly every aspect of e-commerce.”

Neither Sachin nor Binny wanted to ‘get their hands dirty’ — what did two developers know about handling suppliers, sourcing products, and managing deliveries?

Both of them, however, saw Amazon’s success firsthand — and decided to follow its footsteps. 500 Rupees and a few late nights later, an online book store was born, registered under a domain Flipkart.com.

Getting the first customers wasn’t glamorous. Their first customer — V. K. K. Chandra — came from a link, which Sachin posted on Chandra’s blog. Binny and Sachin would literally spam their website links on all book-related forums and comment sections they could find.

Another thing the Bansals did was set up an eBay account and sell books with “Flipkart” stickers on them. These stickers advertised a lower price compared to eBay — incentivizing the customer to look for their next book on Flipkart.

Even though Sachin and Binny started gaining momentum, nobody believed that their ridiculous online book store could amount to something serious.

“Who reads books anyway?” said one of their former IIT friends, whom the Bansals tried to recruit, unsuccessfully.

How silly they must feel now.

### **3 reasons why Flipkart became a \$25 billion company**

---

For most people close to Sachin and Binny, Flipkart was an unexpected success. However, it succeeded precisely because it followed rigid business principles.

#### **1. They took a business model that worked and applied it to the Indian market**

---

So many people believe that you have to be completely original when looking for your next big idea. That you have to invent something, to change the world in a grand way.

But change doesn’t always mean improvement. And being different doesn’t always mean being better.

Sachin and Binny didn’t bother themselves with being original — for all practical purposes, they stole the entire business idea of their former employer, Amazon. Which, apparently, isn’t such a bad thing.

“As the French writer André Gide put it, “Everything that needs to be said has already been said. But, since no one was listening, everything must be said again.” If we’re free from the burden of trying to be completely original, we can stop trying to make something out of nothing, and we can embrace influence instead of running away from it.” — Austin Kleon, *Steal Like an Artist*

## 2. They relied on logic, not opinions of others

---

In their search for investment, the Bansals pitched to every major investor in India. None of them saw potential in the idea of two engineers.

One of the investors offered them to get regular jobs. Another offered to buy them out for a fraction of their former Amazon salary. It was humiliating.

I’m not even talking about friends and family. While Sachin’s parents — business owners themselves — were supportive of Flipkart, pretty much everyone else thought poor Bansals were throwing their lives away.

They didn’t let the external pressure stop them. Instead, they relied on logic.

*Would more and more people in India have internet access over the coming years?*

*Would more and more people embrace online purchasing?*

*Is there a significant problem other e-commerce players have?*

*Can we solve this problem?*

Since the answers to these questions were ‘yes,’ Bansals pursued their idea. Today, they’re called visionary. Back then, they were called madmen.

## 3. They started with the easy thing

---

Often times when entrepreneurs plan their ventures they get obsessed with the Grand Plan. If they’re going to build an e-commerce website, it’s going to have all the products in the world.

With Amazon experience, Sachin and Binny knew better than that.

They knew that Amazon chose books for a reason. Books are easy to categorize and display online. Books do not perish — so you can store them for a long time. They’re also easy to get (most of them are.)

Many would be discouraged by low margins on books — how will you become a millionaire by making 1% off a \$1 book sale?

The Bansals understood that the challenge they were facing was that of trust. Most people in India did not trust online retailers due to poor customer support and overall user experience.

Once that problem is solved, Flipkart could — and did — start offering other, more profitable products.

## It was fun while it lasted?

---

Today, Flipkart is a mini Amazon of its own, with a strong emphasis on electronics, clothing and furniture. In 2019, it sold \$6 billion worth of items in India.

Amazon, however, is catching up fast. Since re-launching in India in 2012, Amazon conquered a third of the e-commerce market, and is now almost even with Flipkart.

The Bansals made the smart move. In 2018, they sold the majority stake to Walmart for \$16 billion. And, in 2019, they continued offloading their shares.

Why compete with Amazon? The major reason why Sachin and Binny were able to succeed with Flipkart was that Amazon didn't want to enter the region for so long.

Instead, they took a paycheck, left the battle to the behemoths, and are spending their days — and money — investing in other promising startups in India.