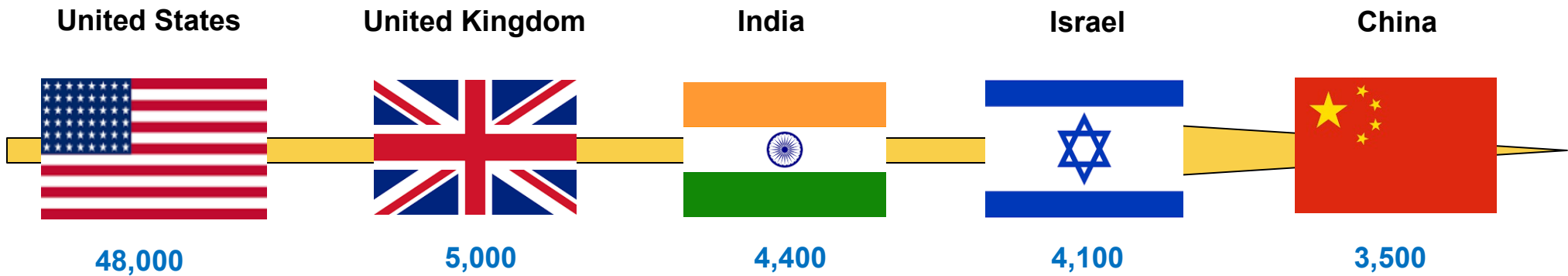




Presentation By:  
**Varun Bajpai**  
Managing Director & Head of  
International Capital Coverage

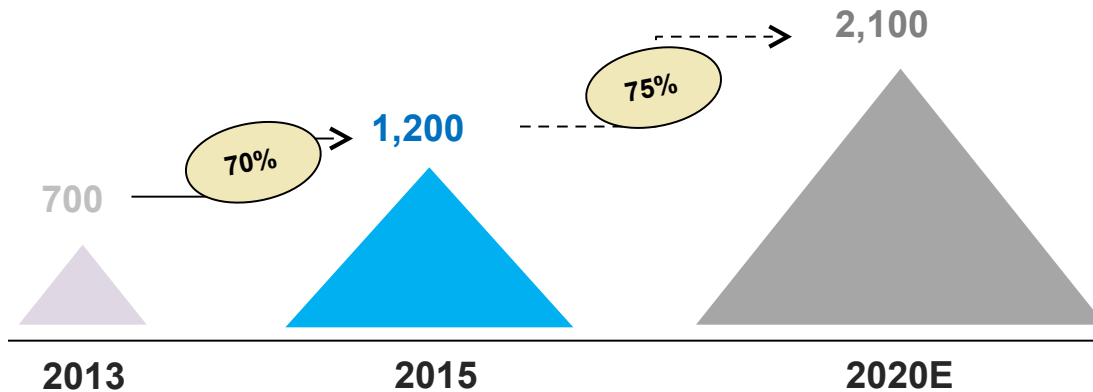
# India: World's 3rd Largest Startup Ecosystem

## Technology Driven Startups by Key Countries

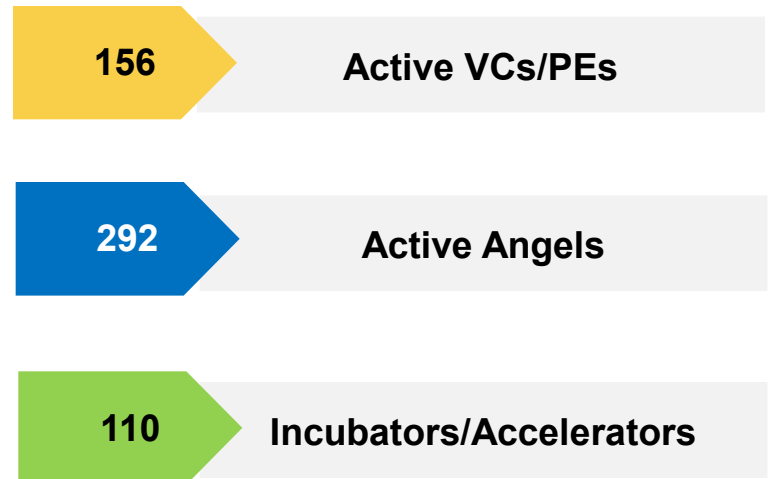


## Strong Growth Indicators

### Technology Startups By Year of Inception

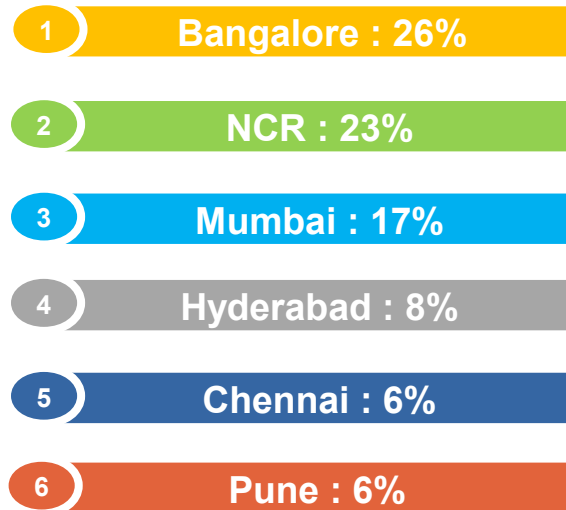


### Quick Facts - 2015



# Startup Activity Picking Up Across All Major Cities

Distribution of Startups (4200+)



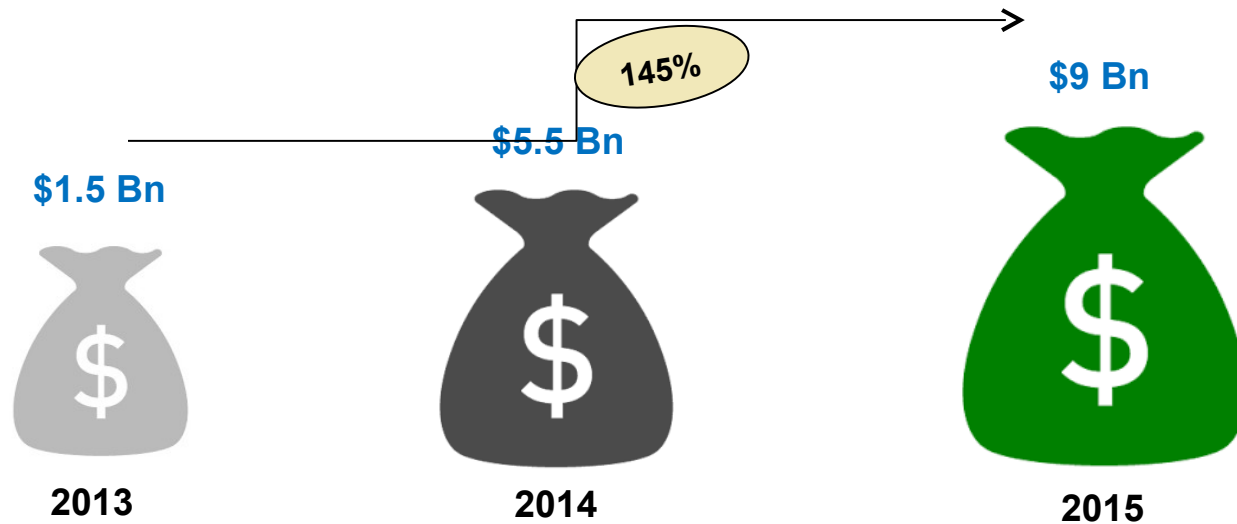
## Top 10 Most Valued Startups Globally (US\$ Bn)

- India does not have a single company within the top 100 most valued companies in the world
- Flipkart has scored the 5th rank among the 10 most valued startups globally
- Several large conglomerates will emerge in Indian corporate history

# India: Fastest Growing Startup Ecosystem

Ecosystem

## 2015 Was a Landmark Year for Startup Funding



- 2015 was a landmark year for Indian startups
- 894 startups raised capital as compared to 418 in 2014

## Startup Funding is Growing at a Frantic Pace

Number of Deals



Active Investors



# 10 Indian Startups Have Joined the Unicorn Club



2007



2007



2010



India's No. 1 local search engine

1996



1999



2004



2010

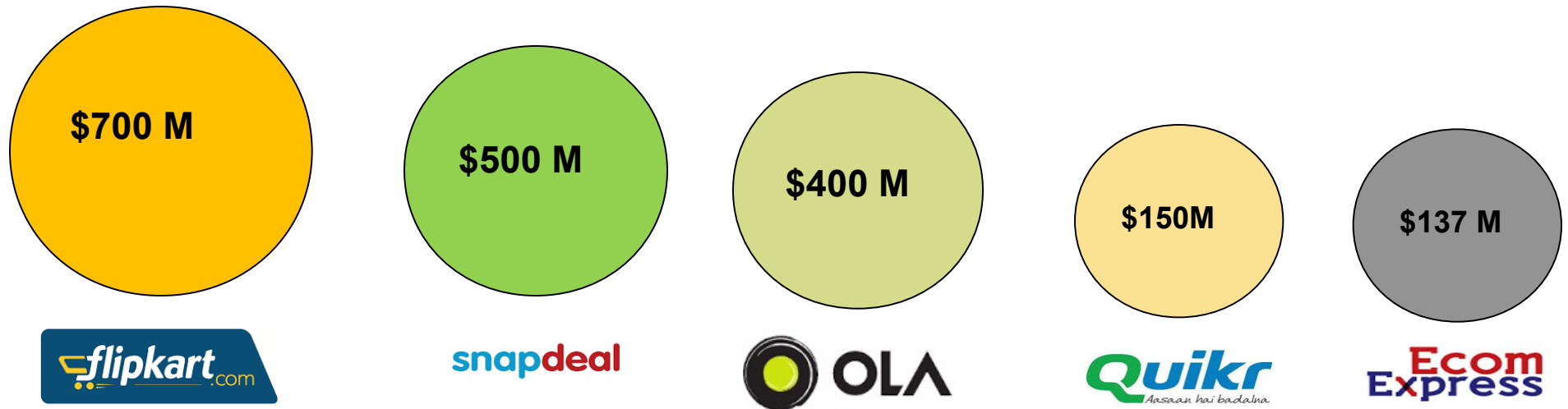
## New Entrants in 2015



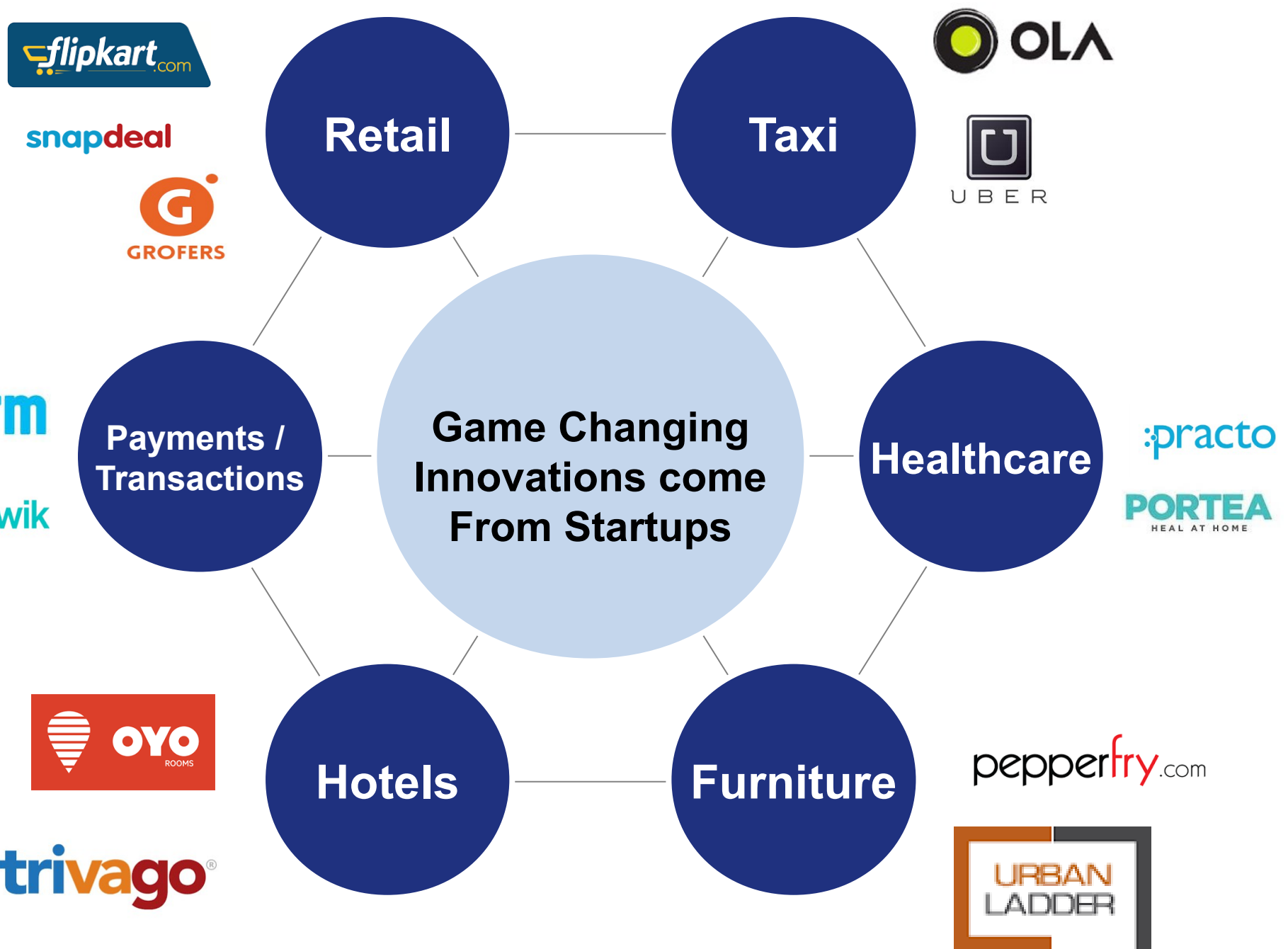
## Many More in Queue.....



# Investors have taken several BIG Bets in 2015!



# Startups are Disrupting Industries



# However the Funding Environment is Changing....

## VC Funding is Tightening

12  
10  
8  
6  
4  
2  
0

Startup funding fell off the cliff in last quarter of 2015 and woes continue in Q1 2016



Quarterly Funding – 2015-16 (US\$ Bn)

## High Cash Burn is Hurting Companies

- High salaries – Pay people with equity rather than a salary
- Premature scaling by building lavish offices – Don't do it if you can avoid it
- Hire people who can either write code or can get you clients

## Ideas are Cheap, Execution is Key

- No meaningful business can be built till you achieve a Lifetime Value per customer > Cost of Acquiring a Customer
- Unit level economics should be profitable to able to scale it to multiple cities
- Some good examples of execution include Ola and CarDekho

## HNI Participation is Increasing

- Increased participation from HNI's is leading to following two scenarios:
  - More capital is available for early stage companies
  - Sometimes lead to unrealistic valuations



# Many start-ups have scaled down or closed in 2016



- Raised 100 Cr from investors in Q1 - 2015
- Unable to raise in Q4 – 2016
- Mass Lay-offs and scale down of operations



- Raised 32 Cr from investors in Q1 - 2014
- Unable to raise further
- Operations closed since Q4 - 2015



- Raised over USD 50 million from investors
- Unable to raise further, poor unit economics and growth
- Shutting down operations



- Raised over USD 11 million from investors in Q3 - 2015
- Business model pivoted 4 times
- Scaling down operations

# What Mature Businesses Need to Learn from Startups

1

## Ditch Democracy

- **Product Innovations can come from any corner of the business**
- **Instead of running projects in a democratic fashion, tap into the passion and drive of your would-be entrepreneur employees**

2

## Be Fast and Flexible

- **Larger corporations are often weighed down by complex layers and processes especially when it comes to new thinking or innovation**
- **Corporations should learn to be flexible in their approach to embrace innovation**

3

## Break Down the Silos

- **Corporate divisions often find them huddled in their own teams, seldom collaborating with others**
- **So think small and share often through a hub where all employees can access all content**

# What Mature Businesses Need to Learn from Startups

4

## Embrace Technology and Experimentation

- Corporations should embody their questions in the form of prototypes (Minimal Viable Product)
- Technology must become the core backbone of the business

5

## Focus on Targeted Marketing

- Focus on targeted marketing campaigns including social media and digital marketing
- Reduce reliance on largely traditional media

6

## Promote Disruptive Strategies

- Promote disruptive strategies within the organization rather than sustaining strategies
- Disruptive innovations are not measure by Rol
- Don't focus on something which is risk free and has already been proven before

# What Startups Need to Learn from Mature Businesses

1

Robust, old world business sense with focus on cash flow / profitability

2

Well thought through strategy / industry approach

3

Solid execution with detail oriented business monitoring

4

Entrepreneurial maturity – People skills and financial prudence

# 2016: A Great Time to Invest

## Innovations in Existing Models

- Some of the best companies of the future will emerge from the companies or entrepreneurs who have the grit to deal with the change in a powerful way
- Startups that have been built with a focus on innovation, rather than adaption, will get to scale and emerge as business leaders
  - Cloud based Global Enterprise Software
  - B2B platforms that streamline a traditional industry
  - Ecommerce enablers and Back end infrastructure providers

## Next Wave of Emerging Technologies

1 IoT



2 Wearables



3 Virtual Reality



4 Robotics



Thank You