



New Opportunities for CAs in Startup

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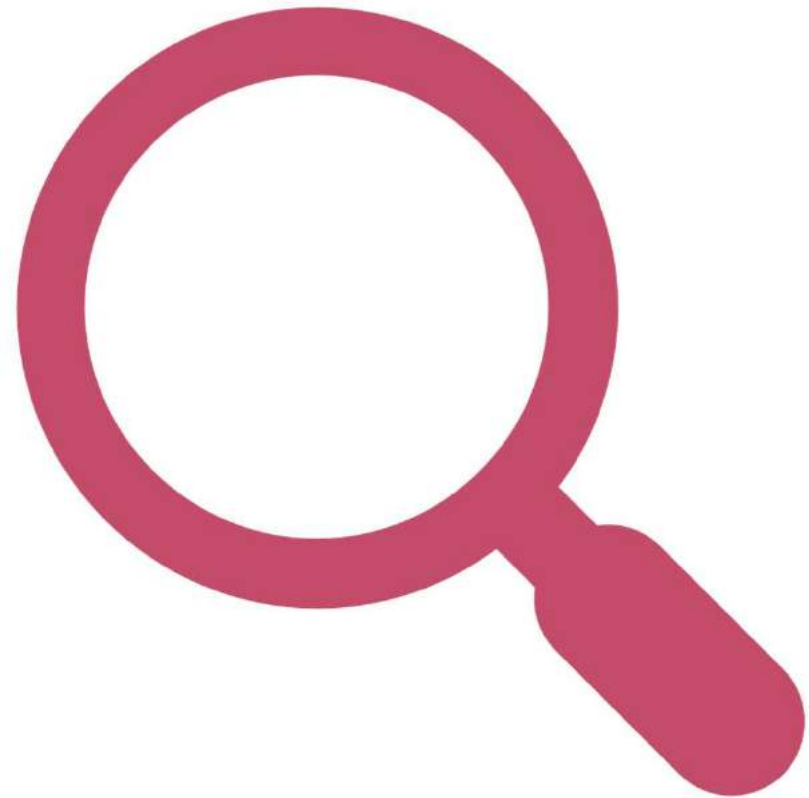


Decoding the Template for finding New Opportunities



10 “Ready-to-sign” Startup Engagement Opportunities

Decoding the Template for finding New Opportunities



Conventional Practice Areas for CAs



Financial Accounting



Auditing &
Attestations



Tax Compliances



Advisory & Litigation

Conventional Clients for CAs



Manufacturing



Trading



Service Companies

Existing Opportunities: Analysis

Areas of Practice



Financial Accounting



Auditing & Attestation



Tax Compliances



Advisory & Litigation

Potential Clients

- Manufacturing
- Trading
- Service Companies

[Indian Companies or Foreign Companies wanting to set up business in India]

How to find New Opportunities?

New Areas of Practice

New Potential Client Type



New Areas of Practice



Finance



Legal



Strategy & Management



Operations



Technology



Human Resource



Investor & PR Relations



Marketing

New Areas or Practice (Cont...)

- **Strategy & Management**
 - Corporate Strategy (Design Vision and Mission, Strategic Plans, Implementation Roadmap, Process Set Up)
 - Business Model Transformation (Value Proposition, Customer Segments, Cost Structure and Organizational Structure etc.)
- **Operations**
 - Business Operations
 - Process Development and Improvement
 - Sourcing & Procurement
 - Partner/ Vendor Onboarding and Business Process Outsourcing
- **Technology**
 - Technology Adoption & Digital Transformation

New Potential Clients & Opportunities

- **Strategy & Management**

- Corporate Strategy (Design Vision and Mission, Strategic Plans, Implementation Roadmap, Process Set Up)
- Business Model Transformation (Value Proposition, Customer Segments, Cost Structure and Organizational Structure etc.)

- **Operations**

- Product Development
- Business Operations
- Process Development and Improvement
- Sourcing & Procurement
- Partner/ Vendor Onboarding and Business Process Outsourcing

- **Technology**

- Technology Adoption & Digital Transformation

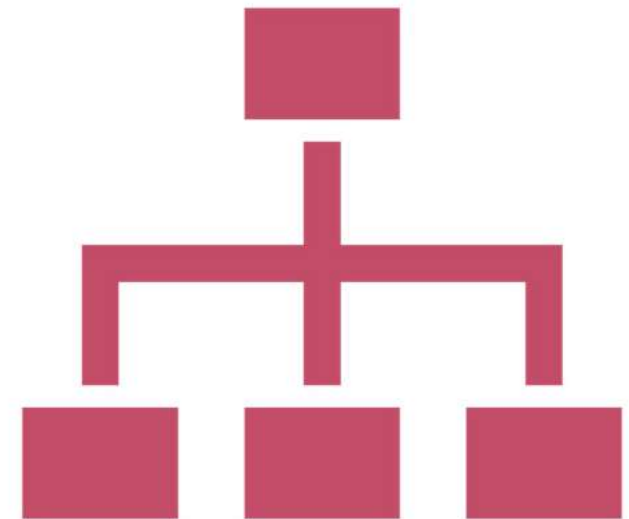


Startups

Evaluating Startup Service Needs

Function Wise Analysis

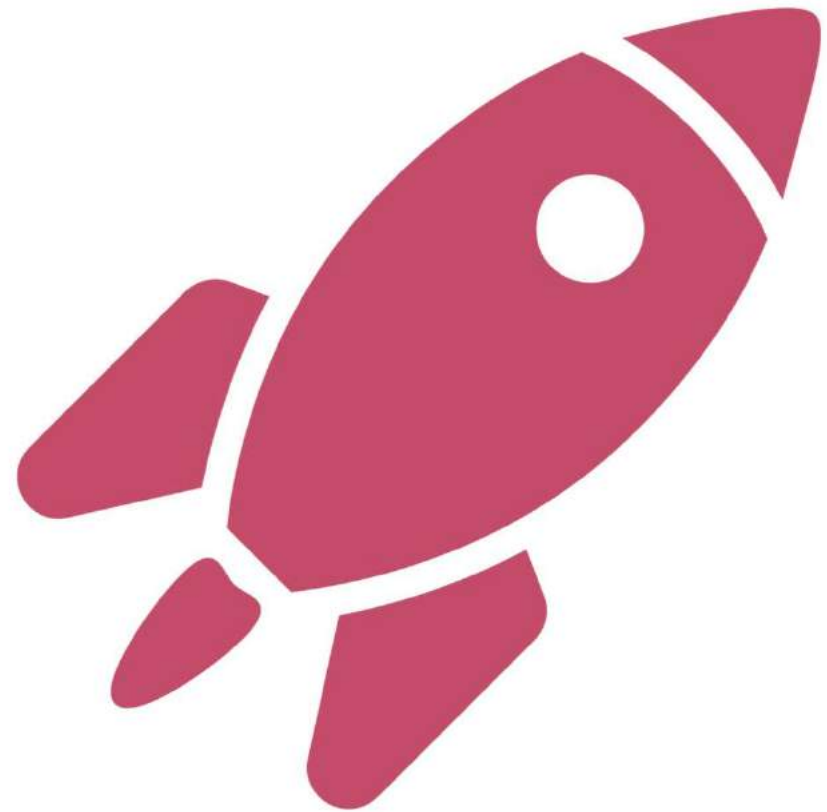
- **Strategic Management** – Business Model, Roadmap, Org. Structure & Team Building
- **Operations** – Product Development, Process Development, Scaling Strategies, Outsourcing, Cost Optimization etc.
- **Marketing, Partnership & Alliances** – Market Research, Strategic Partnerships and Alliances, Global Expansion Strategy etc.
- **Finance & Legal** – Funding Preparation, Finding Investor, Investor Relations, Policy Development, ESOP, Advisory Arrangements etc.
- **Technology** – Product Development, Digital Transformation, Data Security Audit, Organization-wide technology implementation



Evaluating Startup Service Needs

- **Ideation Phase:**
 - Business is still just an idea with no certainty about the problem to be solved, ideal solution as well as the pathway to build that business and future roadmap
 - Key Activities: Market Research, Idea Validation, Business Model Development
- **Validation Phase:**
 - Product Development
 - Proof of Concept
 - Pre-seed or Seed Fund Raising
 - Organization Structure & Team Building
- **Early Traction**
 - Process Development
 - Vendors & Partners Onboarding
 - Series A and next funding
 - ESOP Planning
- **Growth**
 - Corporatization of Startup
 - Expansion

10 Ready-to-sign Startup Engagement Opportunities



1. Startup Foundation Building Service

- Thousands of people are there with ideas in mind but no clear visibility regarding how to execute them
- Relevant for Ideation Stage Founders/ Startup
- Activities would include:
 - Market Research
 - Idea Validation
 - Problem & Solution Refinement
 - Product Strategy Development
 - Business Model Development
- CAs can possibly engage as Advisor retaining some equity in the company with/ without fixed fee.
- If Equity Advisor, Pick your Start-up wisely. More than the Start-up idea, founding team is relevant.

2. Startup Registration and Seed Fund Application

It would include the activities related to business registration which we have been conventionally doing.

Besides this, Startups can obtain DPIIT Startup Recognition which entails following key benefits:

- Exemption from some labor and environmental laws
- Angel Tax Exemption
- Tax Holiday for 3 Consecutive Years out of first 10 Years under section 80-IAC of Income Tax Act, 1961
- Eligible for Startup India Seed Fund Schemes and other funding/ grant schemes from government
- Relaxation in public procurement norms
- For more details, visit [Startup India Website](#) or [My Video](#)

Startup India Seed Fund Scheme – Seed grant up to Rs. 20 Lakhs across all sectors by Govt. of India. For more details, visit [Seed Fund Website](#) or [My Video](#)

3. Cofounder Agreement Drafting

Startup Cofounders are usually friends, Colleagues or Family Members and therefore, they do not document their mutual understanding with respect to their association and rely on oral discussions.

Not having a cofounder agreement is risky in both cases: Whether the Startups fails or succeed

Cofounder Agreement would enable the founders to document their understanding with respect to their roles and responsibilities, investment amount, equity distribution and vesting conditions, other engagements – whether part time or full time, remuneration to be drawn and mechanism for dispute resolution, if anything arises.

This could be a fixed fee-based engagement where the CA act as a negotiator and also assist in drafting and executing the agreement.

4. Incubation and Accelerator Application



Startups Incubators and Accelerators are very relevant for any startup as they give opportunity to groom as a founder, industry network as well as fund raising opportunities.



However, finding the right incubator and/or accelerator and making an application is a time-consuming process which usually can not be delegated by the Founder to any of the team member as it needs business expertise.



CAs due to their industry expertise, business acumen as well as good drafting skills are perfect fit to assist founders to get incubated at most suitable incubation and acceleration centers.



These could be fixed + success fee-based engagements with the Start-up.

5. Product Development Advisors

- With SaaS Startups being the hottest industry trends, product development is becoming complicated and tough day by day.
- Product Development entails two things:
 - Offering best features
 - With simplest and most attractive UI/ UX
- Product Advisors help Startups to:
 - Advising on the Product-Market Fit (Ideal Product for that industry and the target audience)
 - Product Development Strategy
 - Product Hiring
 - Product Audit and Feedback
 - Compliance and Security Check of the product
 - Hiring relevant for industries such as FinTech (Crypto Currencies, Neo Bank etc.), Legal and other SaaS products
- CAs can engage for a fixed fees or equity-based compensation.

6. Government Liaisoning

Laws are ambiguous for several sunrise sectors such as Artificial Technologies, IoT, Robotics, Drone Technology, Electronic Vehicles, Renewable Energies Defense Technologies etc. which requires policy clarification/ amendment.

Some of the sectors are now being regulated (such as Drone Technology, EVs) and/ or incentivized through Government Grants & /Procurements

This requires Startups to engage with Government & Regulatory Authorities for sectoral approvals, registrations, policy clarification or amendments.

Startups needs people with exceptional understanding of laws & policies, drafting skills, business acumen as well as good connects with government officials.

CAs can engage as Advisors with startup for Fixed + Success Fee Model on such engagements.

7. Process Development


In Startup World, “Today’s work is tomorrow’s process”. They are usually result-oriented and believe in getting the work done.

Therefore, there are usually no SOPs defined, policies documented which are very vital for organizational efficiency.


CAs can assist Startups to formulate, implement and advise on SOPs across all functions of organization such as people hiring and management, procurement, payroll management, vendor onboarding, IT Security, Accounting and Financial Management, Payment Processing, Legal Documentation and standardizing templates for invoices, NDAs, Employee Agreements and other business contracts.

8. Strategic Partnerships and Alliances

Strategic Partnership and Alliances are very relevant for any organization to grow.



Startups usually find it difficult to manage this growth channel ongoing as working on Strategic Partnerships and Alliances requires business acumen, exceptional communication and negotiation skills.



CAs could be very useful for such high-expertise business process outsourcing work.

9. ESOP and Cap Table Advisory

Equity is probably the greatest important thing for any Startup.

The cap-table of the startup is subject to frequent changes as shares are issued to various stakeholders from time to time such as advisors, investors and employees, with different vesting dates.

Therefore, Startups requires dedicated consultant/ inhouse resources to advise on and manage the cap table of the startups and ensure that it is compliant with the relevant laws.

Besides this, ESOP Planning and Implementation is also really important for the Startups to be able to retail the best talent.

CAs can add significant value as ESOP Advisor and managing the Cap Table of the Startup.

10. Fund Raising & Financial Audits

- Startup Fund Raising involves several things such as:
 - Pitch Deck Drafting
 - Business Plan Drafting
 - Financial Projections and Modelling
 - Valuation
 - Due Diligence
 - Finding Investors
 - Term Sheet and Share Agreement Drafting
 - Closing the Funding Round and taking care of legal compliances
- CAs can certainly help with all these services.
- Building a pool of potential Startups Investors could be the best way to approach this work.
- With the increased trends of mis-usage of funds by Startups Founders and not following the principle of prudence, there is an emerging need for forensic audits for usage of raised funds by founders. CAs can be the caretaker/ auditor of funds on behalf of Investor to ensure that the funds are used in the best possible manner.

Any
Questions ?

