Entrepreneurship

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Lecture 16

Commercialization and Disruption as Success Drivers

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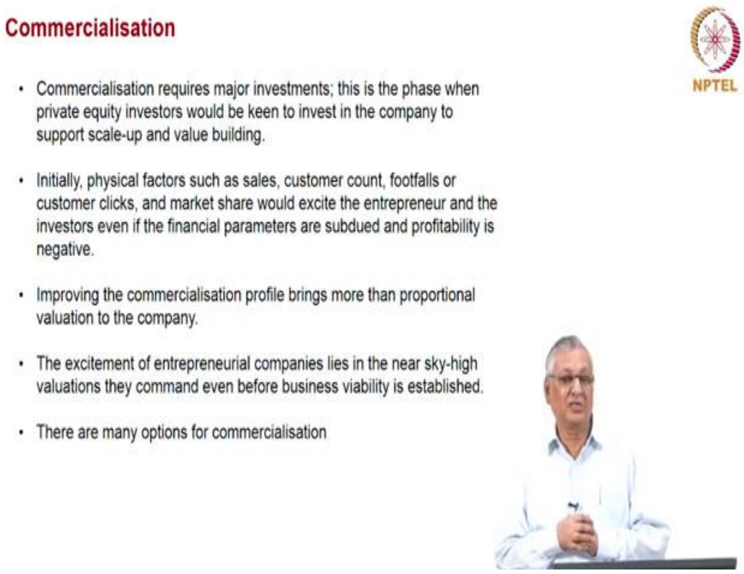

So, we have covered up till now the entire gamut of testing and validation. And we also covered the fact that testing and validation is as important as any other phase. It is not something which is tucked away at the end of the development journey of a product. It is in fact, far more important to clear a product as being appropriate or inappropriate for commercial launch based on a very rigorous objective, unbiased and holistic product testing and development approach.

Once this is done, we come to commercialization. Commercialization requires major investments because when we talk about prototypes, we talk about a few items, maybe 10 prototypes, 100 prototypes, even assuming that the cost of developing a prototype is 20x that of a normal standard product, still the cost is manageable, it can be forecast, it can be budgeted, and it can be managed without big working capital considerations.

But when we talk about commercialization, you need to plan for inventory, you need to think of a dealer channel, you need to think of a distribution channel, you need to fill the products all through the pipeline, which means that you have to be a running industrial operation for you to be commercially ready, let alone commercially be successful. But commercialization is the phase where you require major investments and therefore, you require major private equity funding.

This is the phase where private equity investors will be willing to look at commercialization and support them. And this is also the phase where you demonstrate your strength and conviction and the scalability of the product. And initially, there are a number of ways you can do the commercialization, but the classic metrics of sales, footfalls, clicks, the number of downloads, various other parameters are there, but the financial parameters are also extremely important.

But generally, in today's situation, startups have got certain commercialization principles which are quite different from an established company. In respect of an established company, it is very important for the product to be profitable as soon as possible. The fully accounted cost needs to be met with by realizable price, and then there should be an adequate profit margin, the investments must be recovered and as soon as possible the product must be self-sufficient and it should be profitable on its own.

In fact, many established companies struggle with the loading of the costs when you launch a product. So, different accounting principles are deployed to make sure that the initial product does not suffer the difficulties or the burden of the previous development. But even with that kind of approach it is expected that as soon as possible, hopefully within a year, the product is able to recover its earlier extra costs and it is in a position to balance its costs and prices evenly.

But in this respect of startups, the principles are quite different as demonstrated by the practice, the startup typically has got a new technology which is difficult to prove, but if it is proven, it is likely to take over the market all by itself. We will consider in the next session how innovation can be disruptive and how it could take over the market provided it become successful. Therefore, there is a huge amount of effort involved in making sure that the product excites the market. And how does the product excite the market?

It excites the market when it is available freely and the customers are able to access the product, which means that regardless of the conventional pricing wisdom, regardless of the conventional profit wisdom, the product should be available in the, at the hands of the customers for them to appreciate the product. Therefore, the investors as well as the startups look at scaling up as a great priority when we look at startup launches. We also look at scaling up as a great priority because this is innovation based business.

If you are not agile and innovative at the same time, it is likely that somebody would be equally innovative and more agile and then take your business, therefore, rapid launch and rapid ramp up are also considered extremely important. Therefore, whether one likes it or not by prudent and regular principles of management, startups tend to buy within quotes. The market share, the market presence and rapid growth by deploying high level of funding to scale up.

And all this is driven by the fact that improving the commercialization profile brings more than proportional valuation to the company. So, the excitement of many startups lies not only in terms of the profitability of the company, but more importantly by the sky high valuations that command even before the business viability is established. And there are obviously many options for commercialization.

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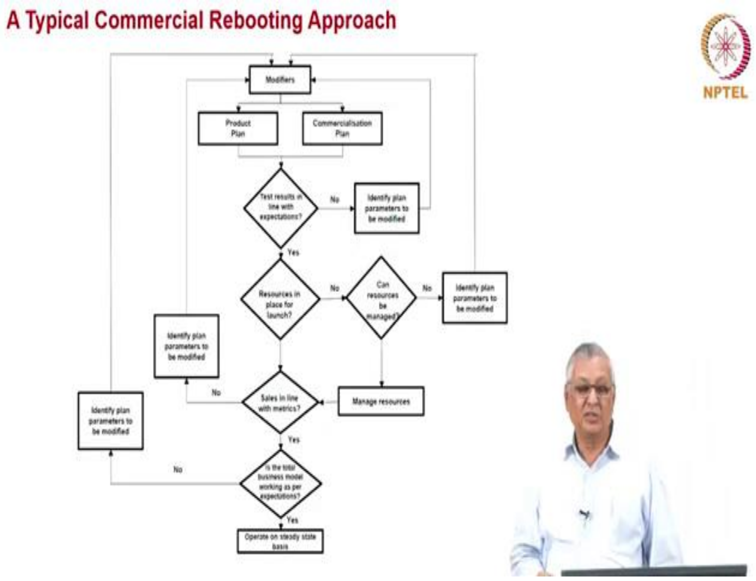

So, I demonstrate here a typical commercial, rebooting approach, I call it rebooting because commercialization need not always the first time right kind of approach. Typically, we have a product plan, we have a commercialization plan. The first question we face is, are the test results in line with our expectations? Two answers, no and yes, if it is no. identify the plan parameters which we need to modify, go back to the modifiers and come back to the revised product plan and revised commercial plan.

On the other hand, we say that the test results are in line with the expectations then we move to the next stage, are we sufficiently resourced? Typically, if you have done a proof of concept prototype at a cost of hundred, it is expected that to launch it to commercially you will require 10 times that to be able to do a launch first launch, first year launch. Therefore, can I manage the resources? And if so, there is an answer. If you think that you cannot manage the resources there is again need to go back to the product plan and commercial plan.

Once you manage the resources, you get the sales and whether they are in line with the metrics and then identify the plan parameters that need to be modified, so it is a kind of iterative process. Why we do this carefully and regularly because many times the sales determines the valuation the company has, the higher the sales the higher the valuation, irrespective of the profitability that happens through the sales therefore, anything which does improvement of sales is welcome for a startup.

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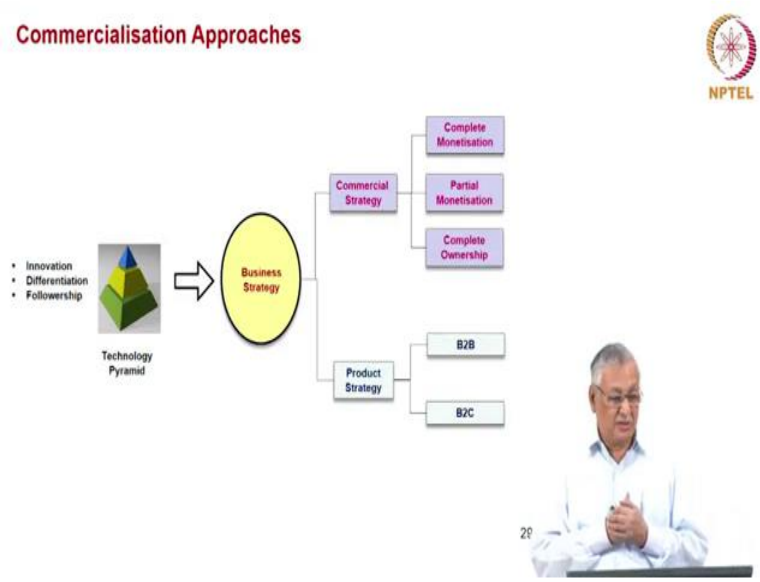

Now, look at the commercialization approaches which are possible. Is not always through sales that startup gains in terms of its commercialization. As we said that there are three types of technological endeavors which are possible in a startup. First is innovation, completely innovative product first time ever, second is differentiation, and third is followership. Followership does not mean that it is not innovative, it is creative in its own way, probably provides you much better cost efficiency, much better quality level, even if the product is similar.

So, the technology pyramid determines what kind of business strategy you have. Once you determine the business strategy you have, there are two components; one is the product strategy, second is the commercial strategy. Product strategy says that do I have the product which goes directly to the business and do I have a product which goes directly to the consumer. So, when we talk about electronic bookstores or electronic retailing, it is the business to consumer, directly it goes to the consumer.

When you look out taxi aggregator’s service, it goes to the consumer. But if you look at let us say a kind of product, which helps telecommunication companies manage their billing and receivables activities, it is a business to business portal, business to business app therefore, is a different kind of product strategy you have.

But regardless of the product strategy you have, the commercial strategy can be of three types; one is complete ownership of what you are doing, that is you sell the product by yourself and then get all the revenues and profits yourself. Second, partial monetization that is you co-license it to somebody else, get some money inside the company and give some money to the outside party.

The third one is complete monetization that is you sell off the company or the technology completely. The last one is which is complete monetization works in biotech area, that is biopharmaceutical area, where you develop a product, take the product through the drug discovery phase, take the product through proof of concept in animal models, probably take, take the product through the human clinical trials, phase one and phase two.

And before you take it up for phase three, where the money required for phase three clinical trial involving thousands of volunteers across the world is very staggering, you may decide to license it out. So that is completely monetizing an asset. Many companies are acquired in Big Pharma space through this methodology. And when complete monetization takes place, obviously, you get huge valuations and the promoters have got the necessary corpus to work on another product or another area as you go forward, so different commercialization approaches are possible in this kind of startup scenario.

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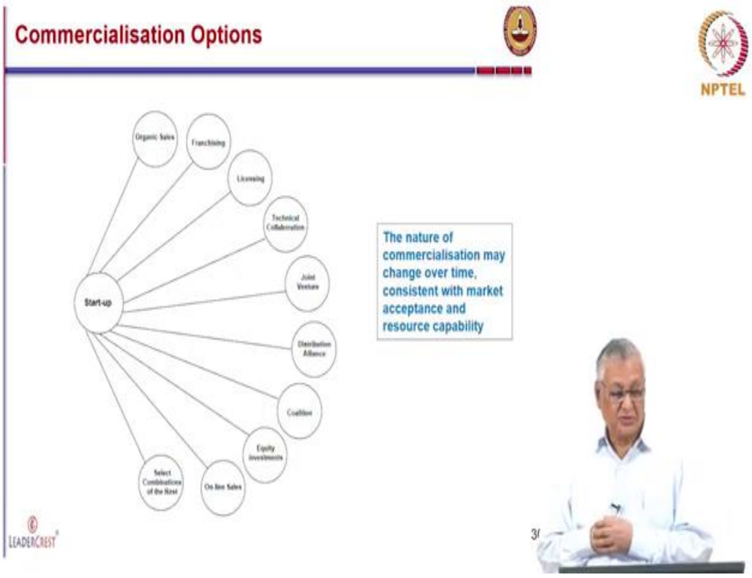

The options for example are as I said this organic sales, that is you sell like an industrial operation, you manufacture the product having developed it and proven it, you select your own distribution channels, you do the supply chain planning like a mature industrial organization, you do the funding for the inventory and you sell.

Second, you feel that you cannot do that you can franchise it to somebody else to sell, you provide the product but then you do not do the dealership activity. The third one is licensing, you do not even do the manufacture. You say that ‘yes’ I got the technology I will license the technology, let somebody else do the product. Or you will give the technology to somebody else for a fee and let that company manufacture the product for you.

You can have a joint venture if you have developed a new wind turbine, you can collaborate with a GE to do it jointly, there is a joint venture. Then you can have a distribution alliance where you decide that you will concentrate only on the development and manufacturing aspects that is where the technology lies and you will not do anything with the marketing area. The other one is to have a coalition that is we discussed earlier that the entire product space is actually an ecosystem.

If you want to develop something, you need a battery manufacturer for an electric vehicle that is, you need battery swapping station, you need a ride handling system. So, all of these people may collaborate and say that yes, we all participate and create a joint venture by which we manage this new product and the new technology. So, a coalition can be formed. Or you can say that I have been holding this company in terms of shareholding by 95 percent, I require huge funding therefore, financially, I will invite a new people and going.

You may decide that I will not go through physical sales; I will do everything online so that I will get minimum effort and maximum returns, and the combination of various options. So, startup once the product is fully proven, validated has a number of options to pursue depending upon the nature of the product, depending upon the appetite for risk.

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We have considered earlier that there are two types of products, B2B products and B2C products. B2C products are Business to Consumer companies which conduct business directly with the customers. Although even when you are dealing with the customers, you may have in business intermediaries that is really not considered a business to business situation. Let us look at FMCG Company that is Fast Moving Consumer Goods company like Hindustan Unilever or Nestle or Britannia.

Obviously when they supply their product they supply to the wholesale agents who in turn supply to the retailers and who in turn display the products and then sell to the consumers. Although the point of sale is the retail but it comes through several layers. It does not mean that Hindustan Unilever is in a business to business situation, actually they are with the consumer, there happened to be the layers that is a business to consumer because the product is sold to the consumer through a particular channel.

But consumer determines, consumer means a whole big population determines how this product is perceived and how the company can go through the development. On the other hand, B2B means it is sold to a few people, and they have got an ability to use the app for their own requirements. For example, you may have an app to control attendance in colleges and schools. There may be thousands of colleges and schools which you would like to target, but you will sell it only to those schools and colleges and they have their system to manage.

Similarly, HR outsourcing, it may be an app which is sold to the companies, not to the individuals. Similarly, the billing cycle app that could be sold to the telecommunication and other companies. So, these are business to business companies, typically in today's digital world, there are far more business to consumer companies than business to business companies.

And general perception is that business to consumer companies have got better valuation because they have better market, which they are trying to address. But there is also evidence that when you have proper execution, business to business companies also have got good valuations and good revenues.

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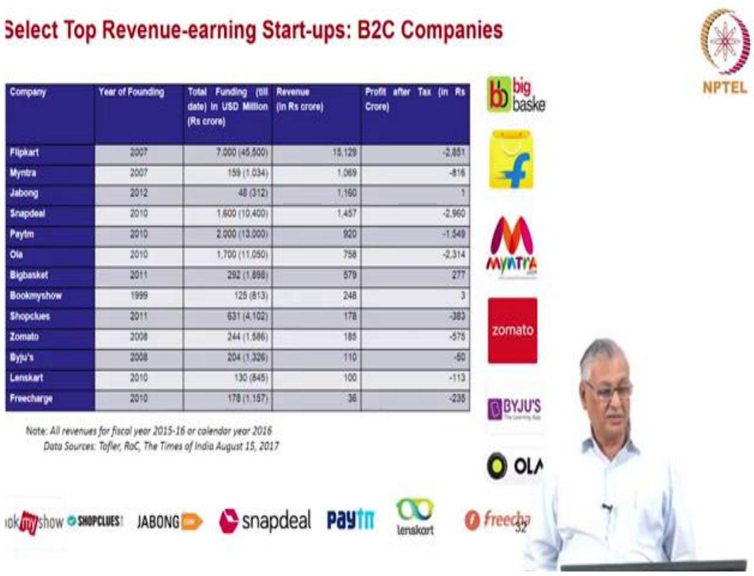

Company	Year of Founding	Total Funding (till date) in USD Million (Rs crore)	Revenue (in Rs crore)	Profit after Tax (in Rs Crore)
Flipkart	2007	7,000 (45,500)	15,129	-2,851
Myntra	2007	159 (1,034)	1,069	-816
Jabong	2012	48 (312)	1,160	1
Snapdeal	2010	1,600 (10,400)	1,457	-2,960
Paytm	2010	2,000 (13,000)	920	-1,549
Ola	2010	1,700 (11,050)	758	-2,314
Bigbasket	2011	292 (1,898)	579	277
Bookmyshow	1999	125 (813)	248	3
Shopclues	2011	631 (4,102)	178	-383
Zomato	2008	244 (1,586)	185	-575
Byju's	2008	204 (1,326)	110	-50
Lenskart	2010	130 (845)	100	-113
Freecharge	2010	178 (1,157)	36	-235

Here we have got select top ranking companies in B2C area. Many of the companies are well known to you. Flipkart, Myntra, Jabong, Snapdeal, these are in electronic commerce, fashion. You got Paytm, which is a digital payments company, you got to Ola, which is a ride handling company, Big Basket grocery supplier, Bookmyshow, which makes concert tickets and other tickets available to you, Shopclues, Zomato, food delivery, BYJU’S online education, Lenskart which provides spectacles on demand, Freecharge for mobile prepaid applications.

And most of them have been founded in between 2005 and 2010. And they have received huge amounts of funding to date and their revenues are just equal to or less than the funding they have received. Therefore, you can say that the revenues are almost annual revenues I mean, these are not cumulative revenues. But if you see for an established company, the revenue to investment ratio will be quite different compared to this, the sales turnover compared to an investment level will be many times over.

Whereas here you can see that the funding is in some cases higher than the revenue and you look at the profit after tax, many companies are actually making losses. In fact, there is probably no digital internet business to consumer company which is having the regular full time profitability. In fact, when Anant was the CEO of Myntra, he said that his goal was to be the first full time profit making ecommerce company that was his goal. So which shows that how difficult it is and how challenge it is to make profits in the internet era, yet as I said they attract huge amounts of valuations, they attract huge amounts of investments.

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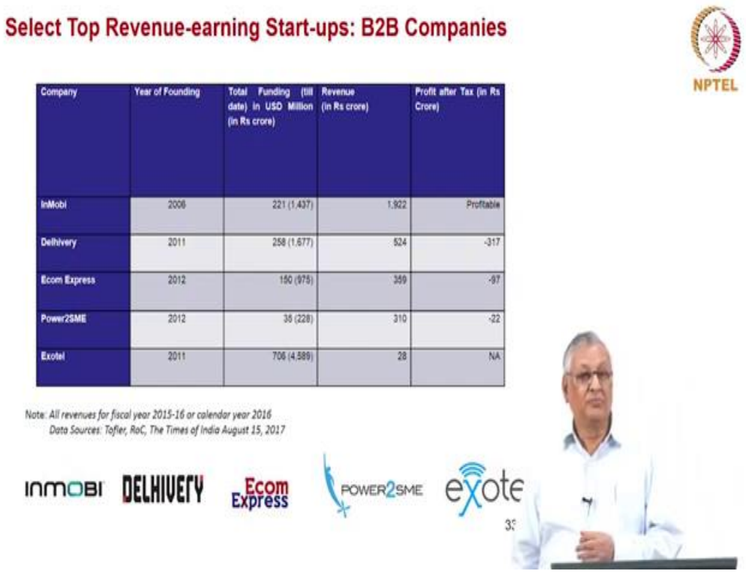

Then we have Business to Business companies; InMobi, Delhivery, Ecom Express which is in the logistics field, Power2SME, Exotel. Now, you will see that InMobi, which is also rated as one of the top 50 disruptively innovative companies in globally has become profitable. And the loss levels in these companies are a bit less compared to the levels in the business to internet companies so there is a difference. So, you can be successful, you can be prudentially profitable in business to business startups, whereas you can be very successful in terms of the footfalls, in terms of the scale up in business to consumer companies.

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So, the tables bring out that digital startups do not follow the conventional business principles of established brick and mortar businesses. In fact, there has been a report recently about the various internet companies, various digital companies. Three years ago, they have made certain revenues and certain losses. Over the last 3 years, those companies have experienced tripling of losses that is losses have tripled along with the revenues, but the valuations of the company have also tripled.

Normally in an established business if the losses triple, the valuations go down more than proportionately, here you have an inverse proportionality which is working. That is the higher the losses, because of the higher the revenues situation, the higher is the valuation. This comes back to the hypothesis which I discussed earlier that the perception of investors is that the startup is doing something fuzzy, doing something for the first time, doing something which the market will eventually buy.

So, even if you are part of a large market, you are spending resources to capture a market share, even if your investment is going into funding losses, what you are achieving is market dominance for a new technology. And once the scale of operation becomes viable, where the technology becomes more cost competitive, you are likely to dominate the market in such a way that you will have more than proportionate profits.

So, the calculation of valuations for digital startups is based on this, there is generally no linkage with either revenues of profitability, it is although huge discounts are offered and market share is gained, market presence is gained, people in the business feel that this is a cost well worth spending to capture the market share and support the technology.

Many times, this hypothesis works because if you are the first to do the electronic commerce and you are there like Flipkart is, it is very difficult for somebody else to emulate this system or mimic the system and become the second company. But at the same time, it is also possible that as with an established principle, the more efficient you are, the more effective you could be.

Even before Flipkart came probably Snapdeal was there as effective electronic commerce company, but Flipkart was much more innovative, much more agile and applied more commercially prudent principles to be able to achieve it's over all national market presence, and therefore, it was more successful although it also continues to make losses, but at least as a expanding organization it provided for itself greater stability and security.

Similarly, if you assume that you are the first therefore, you can find yourself to losses as much as possible because nobody else would enter could also go wrong. There is a digital payments company which has been a pioneer in India, and it has enjoyed the inverse proportionality rule.

That is, although the company has done huge discounting, decided to take on, head on the opportunity provided by demonetization, go into all the rural areas, spread itself into nook and corner and become the preferred payment channel and therefore, took in lots of investments.

But today we have another six companies which are having their own presence in the digital payments area and are proving to be good or tough compensators; some of them are even government sponsored applications. Therefore, it is not always true that the assumption that startups technology is going to be a pioneering technology, it is going to be the dominating technology therefore, it must be supported with funding at any cost, need not necessarily hold out to be true at all times.

Therefore, if you balance out all the considerations, yes, when the technology is novel, when the technology is not really appreciated by the market, it makes sense to fund the losses and capture market share. But at the same time the Prudential principles of management of a company which is making sure that the costs are properly absorbed, properly accounted for and properly remunerated through fair pricing.

Principle to ensure that the investments are turned over, the working capital is turned over in a proper manner, those also cannot be ignored. So, when a startup combines both these parameters, that is the cost of acquiring company within limits, and cost of ramping up the business within limits, and also be aggressive and risk oriented in capturing the market, then probably you will get a very balanced way of developing the market.

These are not easy decisions that could be made. And many times when funding follows the startup saying that, yes, you have the technology, I am going to fund you, it is very difficult to resist the temptation of buying share at any cost, buying presentce at any cost, but underlying that is the need for being effective and efficient.

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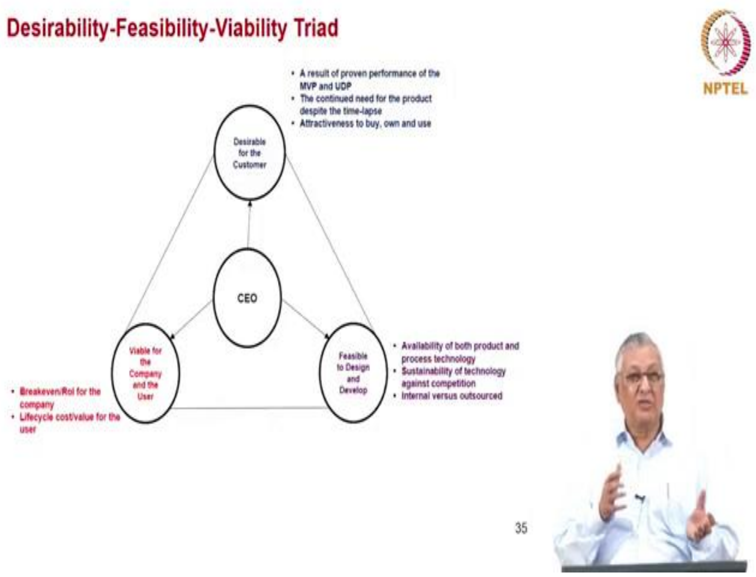

So ultimately summing up all these things; the desirability, feasibility and viability, they determine how good you are at commercialization. As a CEO of a startup, your goal is to ensure that the product you have made is desirable for the customer both in terms of the MVP, the core and the UDP the ultimate. Then, the product should be relevant for the marketplace despite the time lapse which is there during the development phase and it should be attracted to buy own and use, there is a desirability.

Feasibility to design and develop, it should be repetitive in manufacture, it should be efficient, it should be able to establish good supply chain, and good distribution channel and the technology should be sustainable against competition. And you should be able to make prudent decisions between organic versus inorganic development of the product.

And it should be viable for both the consumer as well as for the user in terms of the breakeven, ROI and also the lifecycle cost value for the consumer. If this desirability, feasibility, viability triad is protected, the commercialization is bound to happen on prudential lines as you go forward.

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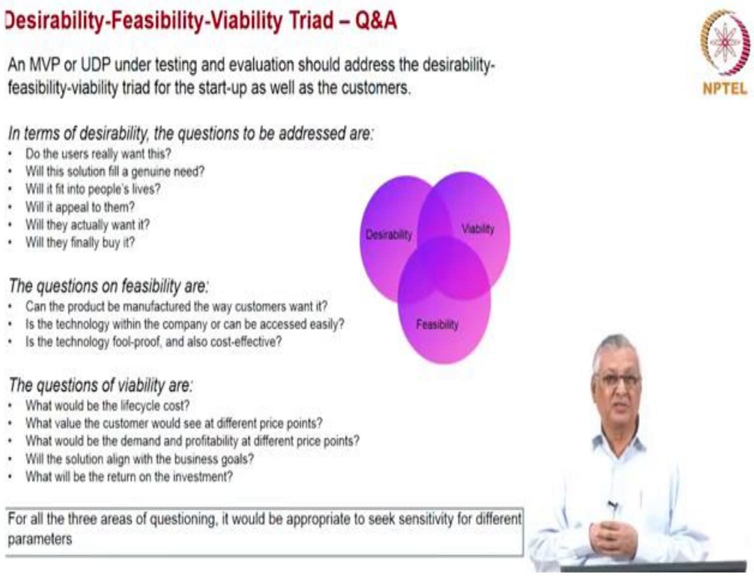

So, their basic questions to be addressed is this desirability, viability, feasibility, the questions to be addressed are; Do the users really want this product which I have made? Will it fit into people's lives? Will it appeal to them? Will they actually want it? Will they finally buy it? So, these are the desirability aspects. The questions on feasibility, can I make the product and the cost which the consumer wants? Is the technology within the company can be accessed easily?

Is the technology foolproof and also cost effective? As regards to viability, you should look at the lifecycle cost of the product, what is the value the customer would see at different price points. Yes, I can do deep discounting, I can do mid discounting, I cannot do discounting as all, but what is the value the customer would see for the product at different points.

Therefore, what would be the underlying demand and profitability at the different price points, which means there it’s a kind of sensitivity, analysis, on the viability of the product, which again depends on the desirability and feasibility that come. If your breakeven is lower because of the answers to the questions then you are in a position to price the product better.

On the other hand, if the product is burdened with high breakeven because of the answers to the previous question, then you will not be able to price the product appropriately. Therefore, this is the kind of moving puzzle as with all the management issues, the desirability, the feasibility and the viability. Some companies take the risk, take the bull by the horns as they say; first scale up, reduce the cost and therefore make it more attractive to the customer.

Some other companies decide to get the customer acceptance first and then slowly ramp up the product, but it depends upon the nature of the product, the pioneering nature or the monopoly nature of the technology and also the execution capabilities of the firm backed by the funding capability. Key is to understand the sensitivity for each of these things.

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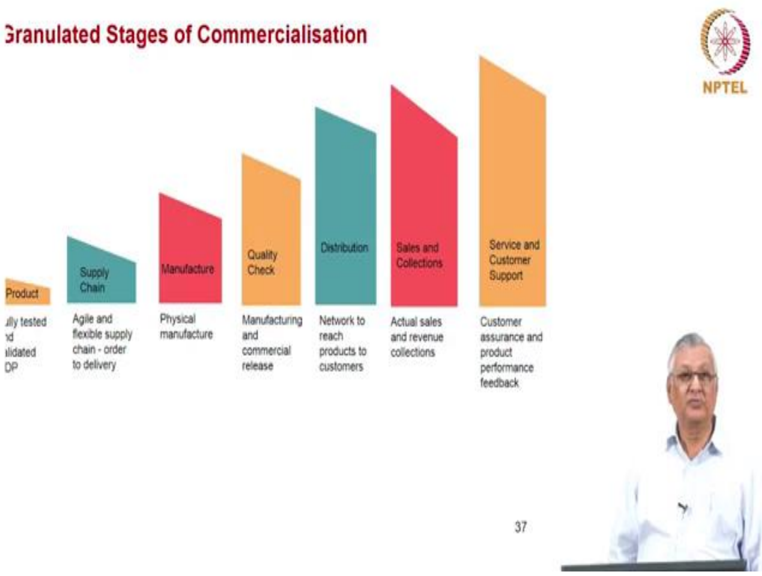

Now, within commercialization, we have got many stages. There are 7 stages which I have put here. First, the product which is fully tested and validated ultimate desirable product. Second stage of commercialization is establishing the supply chain, it should be agile, flexible like a full grown, established company. Fiscal manufacturer, what do I control in-house? What do I outsource?

For example, for a medicine, doing the final formulation within your own company is extremely important? You may choose to outsource research and development, you may choose to outsource the active pharmaceutical ingredient, but you should certainly do the final formulation within yourself so that you are able to control the parameters of the medicine. The quality check, how do I do the quality check, in process at the material stage and also at the finished product stage.

Then how do I have the network to reach to the customer, and actual sales and collection receivables, the billing cycle, the order to delivery, how does the money flow happen, and customer assurance and product performance feedback, how do I ensure that the customer really understands. These seven principles are not different between the startup and the industrial company.

Those startups which appreciate these industrial cycle will be in a position to launch their products on to a commercial scale easily. But those startups who do not have the ability to understand the challenges of industrial cycle are likely to face issues. We will cover in one subsequent session, the transition when you make, when you make and how you make of start up to a mature cooperation and how important it is for ensuring that the startup becomes successful.

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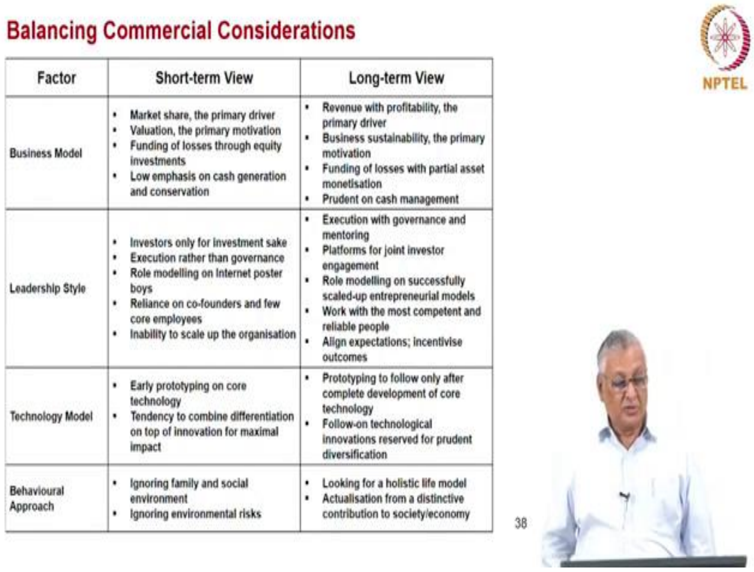

Factor	Short-term View	Long-term View
Business Model	• Market share, the primary driver • Valuation, the primary motivation • Funding of losses through equity investments • Low emphasis on cash generation and conservation	• Revenue with profitability, the primary driver • Business sustainability, the primary motivation • Funding of losses with partial asset monetisation • Prudent on cash management
Leadership Style	• Investors only for investment sake • Execution rather than governance • Role modelling on Internet poster boys • Reliance on co-founders and few core employees • Inability to scale up the organisation	• Execution with governance and mentoring • Platforms for joint investor engagement • Role modelling on successfully scaled-up entrepreneurial models • Work with the most competent and reliable people • Align expectations; incentivise outcomes
Technology Model	• Early prototyping on core technology • Tendency to combine differentiation on top of innovation for maximal impact	• Prototyping to follow only after complete development of core technology • Follow-on technological innovations reserved for prudent diversification
Behavioural Approach	• Ignoring family and social environment • Ignoring environmental risks	• Looking for a holistic life model • Actualisation from a distinctive contribution to society/economy

So, in the commercial considerations is always tempting to take a short term view and it is necessary to take a long term view. So, you look at a business model, the short term view market share is the primary driver, but if you take a long term view, revenue with profitability that would be the primary driver. In the short term view, I exist to monetize the asset and the technology therefore, valuation becomes the primary driver.

Whereas, in the long term view, business viability because I want to draw this startup into a leading company in the industrial world therefore, business sustainability is a primary motivation. In the short term view funding of the losses to gain share through equity investments that is the motivator, whereas in long term view funding of losses, but with partial asset monetization.

If you are developing 4 new drug candidates in 4 different therapeutic areas, you may decide to license out one, so that the other 3 can be funded properly. In the short term view, there is a low emphasis on cash generation and conservation, cash is spent somewhat speedily to gain market share, whereas in long term view there is always prudent in cash management, you always keep the cash to ensure that you are in a position to handle unknown eventualities.

In the leadership style in the short term view, there is a clear distinction of the role investors have and the operating team has, investors are seen only for the investment sake, whereas in the long term view, the view is that the investors also have got an aligned objective along with the startups in ensuring that the company is grown, therefore, there is so much more importance to governance and mentoring in the long term view.

In leadership style of short term startup, it is more on execution, execution and execution, whereas here it is execution with governance. There will be more platforms for joint engagement with investors and other key advisors. Lot of reliance on co-founders and employees in the startup phase whereas, in the long term view you take professionals into consideration, you try to professionalize the organization as soon as possible.

Then, in the startup, short term view there is a lot of difficulty in scaling up of the organization whereas here because of timely professionalization you are able to scale up the organization very effectively. The technology in the short term startup early prototyping, lot of emphasis on core technology. Tendency to offer many things to the customer, so that the customer takes it at any cost.

Whereas, in the long term view, you prove the core and then you follow in a staged manner to make sure that you introduce the technology in a graded follow on manner so that the full impact of the technology is felt more sustainably over a longer time horizon. As far as the behavior is concerned, the short term is completely ignorant or non-cognizant of the family circumstances or friendly circumstances.

Because the passion fires them so much regardless of whatever are the impediments they would like to go forward. They at times ignore the environmental risks also. Whereas from a long term perspective people would like to have a holistic work-life balance, make sure that there is actualization not only from the valuation and revenue and profitability, there is also actualization that occurs because of the contribution that is made to the society and the economy by the startup.

Therefore, if you summarize and look at it from these four factors, which is business model adopted, the leadership style adopted, the technology model that is embedded and the behavioral approach taken, there is clearly a difference between a startup which would do a short term management of its affairs versus a startup which would do a long term management of its affairs.

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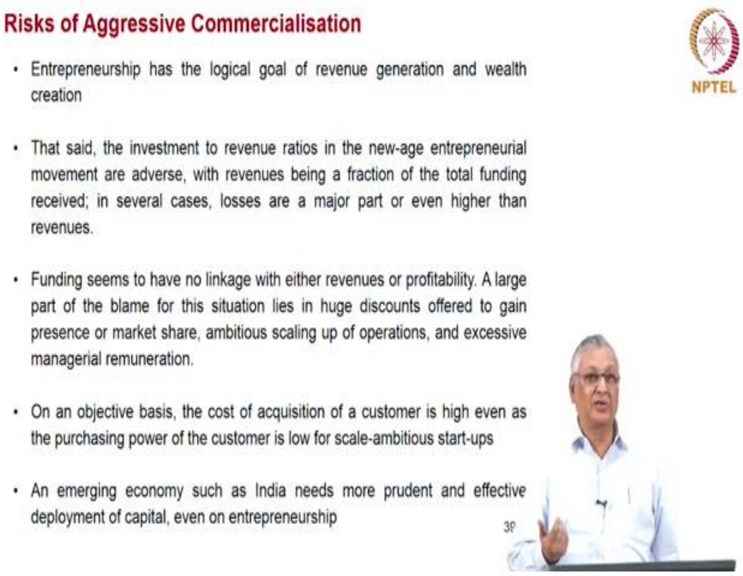

Obviously, there are advantages of aggressive commercialization which we have discussed in the past, but there are also risks. We need to make sure that the logical goal of revenue generation and wealth creation is met in full, which means that we have to control the losses that occur in any startup operation through prudent, there must be ratios setup firm for investment to revenue, there must be ratios set up for governing asset turnovers.

There must be issues set up to ensure development expense to the total expense, to make sure that we lay the foundation for the startup to grow in an orderly fashion. Although the funding may be available, we should be able to take the funding but deploy it in an appropriate manner so that we do not buy shares, we do not buy market presence, we earn it through our product performance.

Then the cost of acquisition of the customer, how high it could be, we should have certain prudential levels. Particularly because India is an emerging economy and it does not have a huge surplus of money floating around. It is important that as we embark on this startup mission we make use of money in a prudent and efficient way rather than splurge, because startups by definition have high mortality rate if not done properly.

So, if you splurge a lot of cash, lot of money on startup development, and many of the startups wither away into the annals of history then it is money, which is lost. On the other hand, even if we do fewer startups, but if we do those startups effectively and efficiently with proper deployment of capital, probably the overall economy would gain in a much more substantive way.

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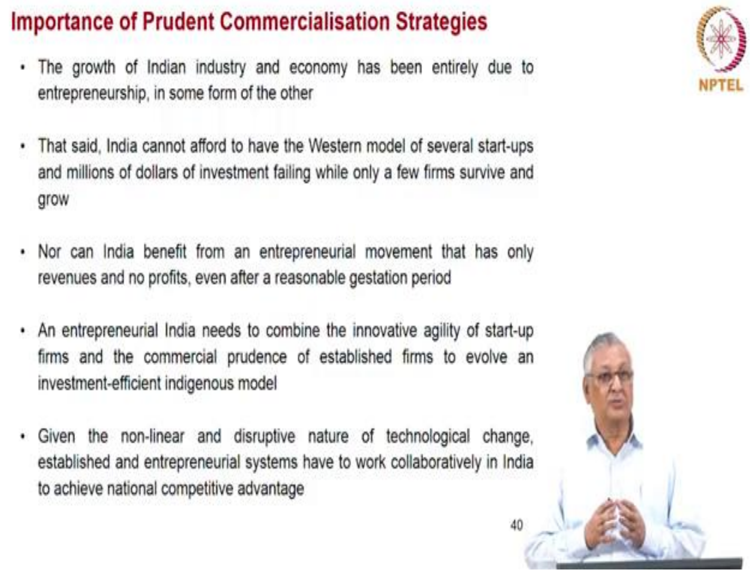

So, to summarize, in a way, the growth of Indian industry and the economy is entirely due to entrepreneurship. Every company which we see today, big, medium or small, has been an entrepreneurial company at some time or the other in some form or the other. Therefore, there is no doubt that entrepreneurship at the core of industrial development. But at the same time, we cannot blindly go by the western model by which several startups and millions of dollars of investment are poured into startup sector but only a few will survive.

If you are able to develop a hybrid model in which the creativity and the innovation of the startup movement is combined with the prudence and the conservatism of an established mature mainstream industry, then we will get an entrepreneurial moment which is very specific to India needs and which could be very helpful for maximizing wealth generation in the country.

Definitely, the technological change is nonlinear, it is disruptive, and it is unpredictable. Therefore, entrepreneurial systems tend to be volatile, tend to be unpredictable, but at the same time, they have to also work collaboratively with each other and with the mainstream companies and vice versa to make sure that we develop this entrepreneurial movement to our national competitive advantage. The commercialization happens in such a way that the investments are frugally and prudently used.

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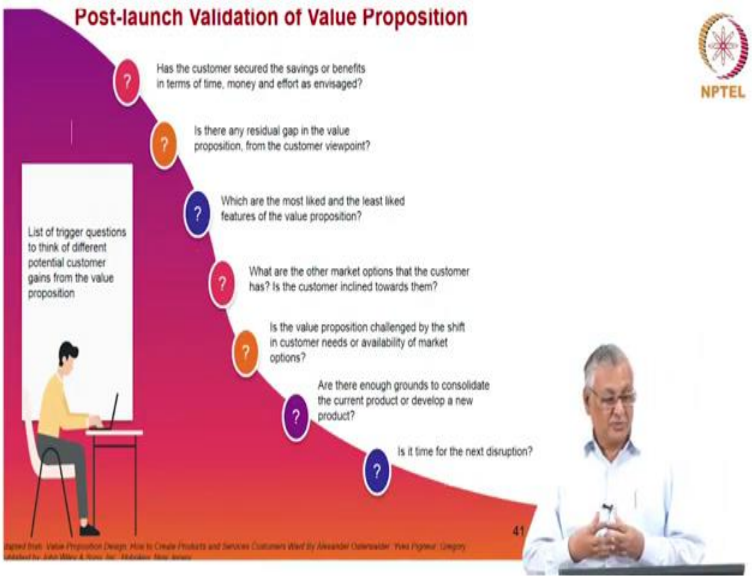

So, to make sure that we stay on this line, we have to continue this questioning attitude, the questioning approach has got 7 factors; one, has the customer achieved the kind of savings or benefits in terms of time, money and effort as envisaged. If yes, obviously, this is a product for scale up and we can go on scaling about the product. Is there any residual gap in terms of value utilization, value maximization?

If so, there is obviously potential for improving the product or introducing other products. What are the most liked features of my product? What are the least like features of my value proposition? And what are the other options the consumer has, does he have to buy this type of product at all? Should he go for some other product, like for example in the printers, should you go for dot matrix printers versus inkjet printers, LaserJet printers, color options, non-color option, number of options are there.

So, what is it likely to be the best course for the customer? Is the value proposition challenged by the time lapse, by the shift in consumer preferences? If so, are there enough grounds to consolidate this product or develop a new product. Is there therefore, a trigger for the next disruption that I as a startup could do?

So, this whole genre of thinking of identifying a problem and solving a problem, it is a never ending quest. Even after you introduce the product, even after you see the product taking off in the market, even after you see the customers enjoying the product, there is always this potential to understand the gaps, to understand the value proposition and to keep enhancing the product width you have and ensure that disruptions take place continuously.

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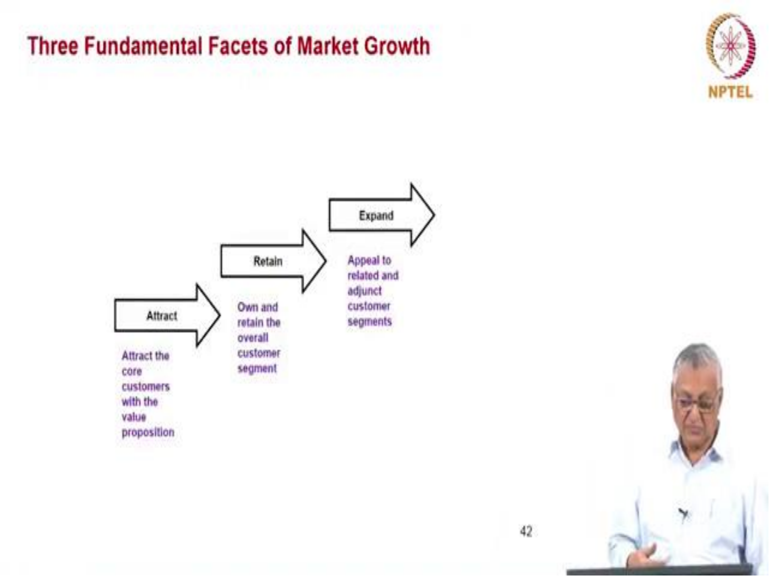

So, at the core of this as a startup, our job is to attract the core customers with a new, well defined, well executed product platform. The second is that, yes, I have got this customer segment, I have made the product and make sure that customer segment is owned and retained by us. And the third is that I have got a technology, I have got a capability, I have got a core product, therefore I have established a very good product market Nexus, which has given me the viability, given me the assurance.

How do I expand, how do I use my technology to develop other products and keep expanding. Whether you see huge companies like Microsoft, Apple or Google or you see smaller companies like Practo medical startup, you will see that once the core is stabilized, once the core is captured, people have got the capability and ability and also the opportunity to get into strategic adjuncts and keep expanding their product market profiles.

So, this is a question of continuous growth to understanding the consumer needs, develop the products which meet their requirements and most importantly going through this phase of ideation, prototype development, testing, validation and commercialization in a seamless and iterative manner. Keeping in mind prudential principles of fundraising, prudential principles of fund deployment, and aggressive at prudential ways of commercialization. When all these things combined together in a seamless fashion in a very effective manner, then we will get a startup model which is very relevant for Indian requirements.