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Beyond Valuations: How India's Tech Startups Embrace the Era of Prudent Growth?

Vikram Gupta
IvyCap Ventures

Bhawna Bhatnagar
WeFounder Circle

Vinod Keni
Qi Ventures

Sandeep Goel
Moglix

Sunil Kumar
Shiprocket

Surya Mantha
Unitus Ventures

Mayuresh Raut
Seafund

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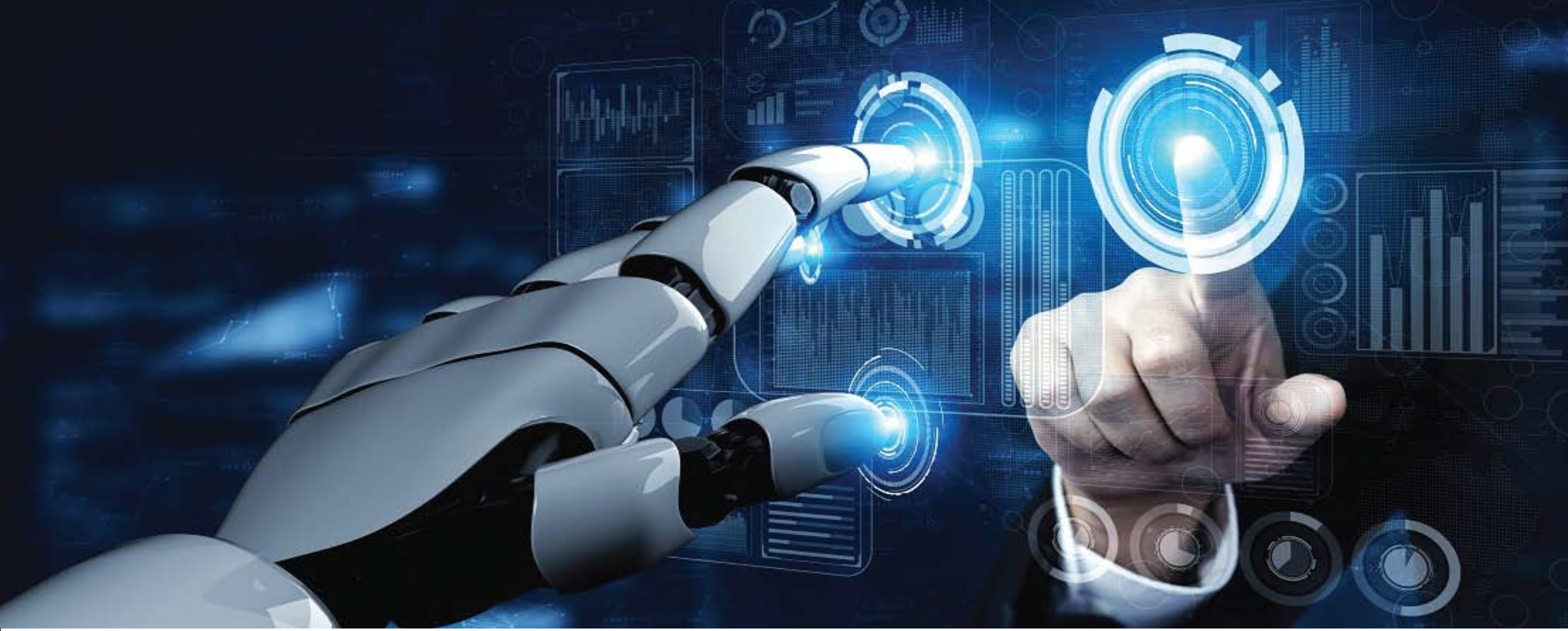
Beyond Valuations: How India's Tech Startups Embrace the Era of Prudent Growth?

As the fervor of chasing unicorns gives way to a more cautious approach, the nation's entrepreneurial spirit remains undaunted. Startups and their investors are adapting, redefining priorities, and embracing new business models and cost efficiency. This cover story delves into the remarkable evolution of India's startup narrative, exploring the forces behind the shift, the sectors that shine amid challenges, and the strategies propelling these visionary ventures toward a future of lasting success

Amit Singh



In the not-so-distant past, India's tech startup ecosystem experienced an unprecedented boom, riding high on waves of funding and soaring valuations. The year 2021 witnessed an investment frenzy that seemed surreal, as startups scaled at an astonishing pace, capturing investors' imagination both domestically and internationally.

Fast forward to 2023, and the landscape of many Indian startups and their once-celebrated founders appears marred by controversies, corporate governance lapses, employee layoffs, and more severe issues. A prime example is prominent Edtech player BYJU'S, which achieved a remarkable $22 billion valuation in 2022. However, the present scenario finds it facing severe criticism for non-compliance with local regulations, undisclosed financial outcomes, and adopting aggressive sales practices, among other concerns. Influential investors have significantly reduced BYJU'S valuation by more than fifty percent, a noteworthy shift that hasn't stemmed from formal funding cuts.

Other startups grappling with devaluation include OYO in hospitality, Ola Cabs in ride-hailing, Swiggy in food delivery, PharmEasy in healthcare technology, and Pine Labs in financial technology, among others. Not long ago, these entities gained accolades for entering the coveted 'unicorn' status (startups valued at $1 billion or above), and even the esteemed 'decacorn' status (valuation exceeding $10 billion). Yet, the current year of 2023, in stark contrast to the dream-like trajectory of 2021, resembles a blazing house engulfed in flames, endangering any startup lacking prudence. This situation raises a fundamental concern: Has the era of unicorns reached its end? A more pertinent question arises: Have startups recognized the pitfalls of chasing valuations?

Experts point out that during the pandemic, central banks globally adopted expansionary monetary policies, leading to significant investments flowing into alternate asset classes like private equity and venture capital. This resulted in an unsustainable surge in startup valuations. Vikram Gupta, Founder & Managing Partner of IvyCap Ventures, shares, "The inflation surge in 2021 led to a remarkable spike in asset values driven by

"Investments of over $100 million in Series C and D deals experienced a massive surge in 2021. Investors were willing to accept deals at significantly higher valuations, contributing to inflationary pressures."

VIKRAM GUPTA,
Founder & Managing Partner, IvyCap Ventures

"Closing rounds, which previously took three months, now extend to six months or more. This particularly affects Series A and above rounds, impacting market sentiments."

BHAWNA BHATNAGAR,
Co-Founder, WeFounder Circle

overwhelming demand that far exceeded their available supply. This phenomenon was particularly pronounced in India, where investments of over $100 million in Series C and D deals experienced a massive surge during that period. Investors were willing to accept deals at significantly higher valuations, contributing to inflationary pressures."

"However, as the pandemic's impact subsided, central banks raised interest rates due to spiraling inflation, signaling the end of easy money. Geopolitical tensions arising from the Russia-Ukraine war added to uncertainty and risk aversion. Investor sentiment towards the startup ecosystem plummeted as a result," adds Surya Mantha, Managing Partner of Unitus Ventures.

Redseer's analysis reveals that these macro factors led to a 70 percent decline in total funding, plummeting from ~$50 billion in FY22 to $15 billion in FY23. Recession in developed markets like the US and Europe, along with a decline in technology stock values, dealt blows. The slowdown in consumer internet growth further contributed to the downturn.

Bhawna Bhatnagar, Co-Founder of WeFounder Circle, adds, "Closing rounds, which previously took three months, now extend to six months or more. This particularly affects Series A and above rounds, impacting market sentiments."

Sentiments amidst fluctuating valuations

The race to enter India's coveted unicorn club seems to have paused. Amid the funding winter, no new startup has secured the unicorn tag after Tata 1 MG entered the club of 108 unicorns in September 2022. Valuations that once appeared invincible now wear humbler attire, prompting profound questions about the sustainability of these sky-high assessments.

From a psychological perspective, a valuation drop can dent a startup's confidence, perceived as a decline in market sentiment and investor trust. Sandeep Goel, Managing Director of Moglix, details, "Founders and team members buoyed by previous valuations might feel disillusioned or concerned about the company's prospects. It can also lead to questions about the

business's viability and its ability to fulfill its mission."

However, it's crucial to note that while valuation is important, it's not the sole indicator of a startup's worth or potential. "A valuation drop should be viewed as a recalibration of expectations and an opportunity for introspection. Startups should look beyond valuations and focus on the core problems they're solving and the value they provide to customers. This perspective can help maintain confidence and motivation within the team," adds Goel.

Vinod Keni, Co-Founder & Managing Partner of Qi Ventures, supports, "The shift towards caution and devaluations isn't a negative development; rather, it marks a return to more prudent investment practices. For quality companies with sound business models, sustainable capital availability remains unaffected."

According to Goel of Moglix, "Startups with high burn rates and regular funding requirements may need to negotiate lower valuations to continue their operations during the funding winter. Conversely, startups with a healthy financial position may comfortably wait for market conditions to improve before fundraising."

In this scenario, embracing frugality becomes an indispensable virtue. "Startups must introspect whether they are allocating resources excessively to processes, personnel, or infrastructure. Drawing a parallel to dining choices, comparing dining at a Michelin-star restaurant to preparing a meal at home can yield insights," highlights Sunil Kumar, CTO of Shiprocket.

He adds that the funding winter essentially acts as a filter, segregating substantial businesses from the plethora of startups. A robust foundation of fundamentals will inevitably emerge as the touchstone determining which entities will endure this phase.

In essence, startups need to construct a robust case that evokes investor confidence, effectively showcasing their steadfast fundamentals and the latent potential for exponential growth.

Criteria shaping funding decisions

The shift in the funding landscape isn't exclusive to startups; investors are

"The shift towards caution and devaluations isn't a negative development; rather, it marks a return to more prudent investment practices. For quality companies with sound business models, sustainable capital availability remains unaffected."

VINOD KENI,
Co-Founder & Managing Partner, Qi Ventures

7 Tenets for Retaining Investor Confidence: Sandeep Goel, MD, Moglix

Retaining investor confidence during funding downturns requires a combination of strategic measures that demonstrate fiscal discipline, operational efficiency, and a sustainable growth trajectory. Here are some strategies that startups can consider:

Fiscal discipline: Startups should prioritize fiscal responsibility and prudent financial management. This involves careful budgeting, cost optimization, and avoiding unnecessary expenditures. Demonstrating a disciplined approach to financial management can reassure investors about the startup's ability to navigate challenges.

Quality revenue generation: Instead of chasing high-volume, low-quality revenue, startups should focus on generating revenue from sustainable and scalable sources. Prioritizing customer value and long-term relationships over short-term gains enhances the quality of revenue, which is more appealing to investors.

Balanced KPIs: Startups should strike a balance between growth-oriented key performance indicators (KPIs) and profitability indicators. Metrics like Gross Merchandise Value (GMV), gross margins, EBITDA, and cash flows should be monitored and managed collectively to ensure a sustainable growth trajectory.

Avoiding market randomness: During funding downturns, there might be temptations to chase trends or follow market randomness to secure short-term gains. However, startups should stay committed to their core mission and avoid making hasty decisions that deviate from their long-term strategies.

Cultural clarity: Maintaining a strong organizational culture that aligns with the startup's mission is crucial. Startups should focus on building a cohesive and motivated team that shares the same values and commitment to the company's goals. This consistency can foster investor confidence.

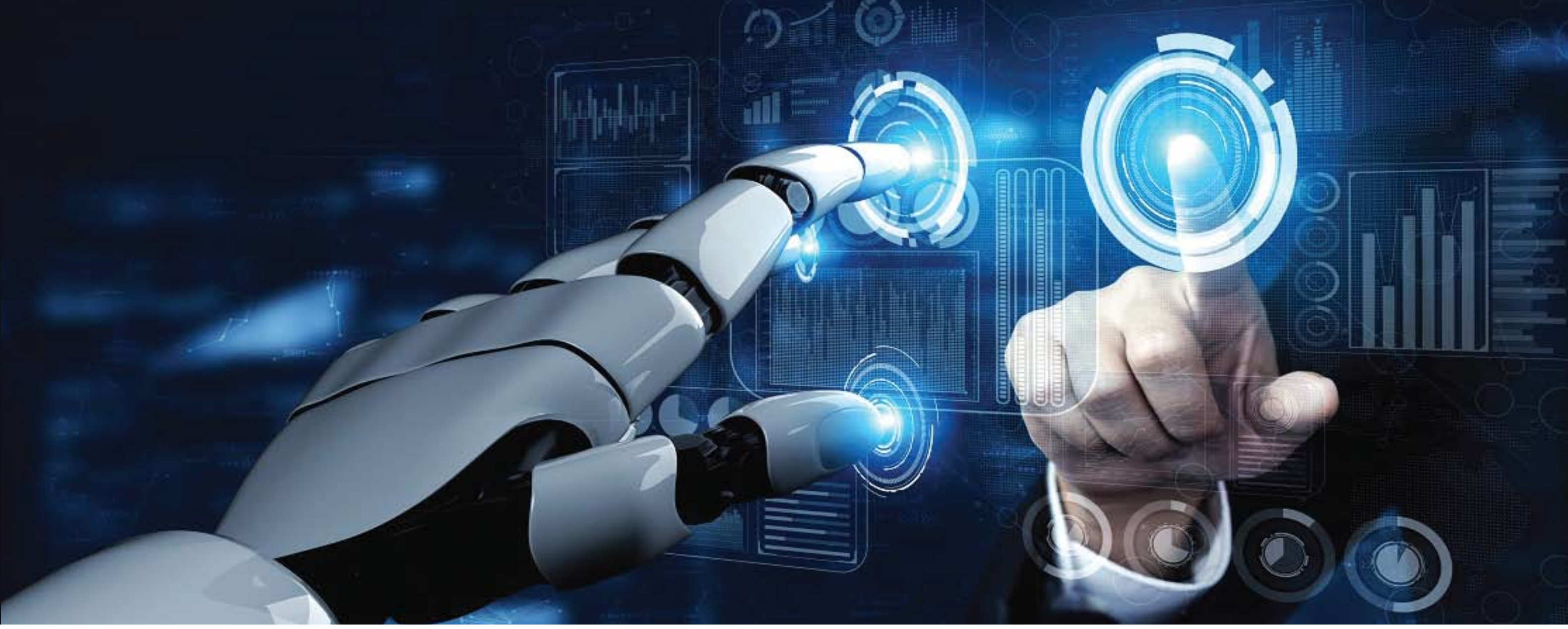
Operational efficiency: Streamlining operational processes, supply chains, and distribution mechanisms can showcase the startup's agility and ability to navigate challenges effectively. Efficient operations contribute to cost savings and a better overall business outlook.

Transparency and communication: Open and transparent communication with investors about the startup's challenges, strategies, and progress is vital. Honest communication fosters trust and shows that the startup is proactive in addressing market uncertainties.

In essence, startups can retain investor confidence during funding downturns by demonstrating fiscal discipline, prioritizing quality revenue, balancing growth and profitability metrics, avoiding market randomness, nurturing a strong organizational culture, focusing on operational efficiency, and maintaining transparent communication with investors.

"Startups with high burn rates and regular funding requirements may need to negotiate lower valuations to continue their operations. Conversely, startups with a healthy financial position may comfortably wait for market conditions to improve before fundraising."

SANDEEP GOEL, Managing Director, Moglix



recalibrating their funding criteria in this new era. The cost of capital has risen, and one can no longer afford to continue burning capital. Founders must judiciously deploy capital, as investors now seek metrics like profitability, return on equity (RoE), and return on ad spend (RoA), which wasn't the case earlier.

Investors are returning to basics, focusing on business models that exhibit capital efficiency. "With the era of abundant cheap capital fading, startups must showcase their ability to operate efficiently and achieve profitability within a reasonable timeframe. Investors now seek visibility into the startup's financial trajectory, including projected profitability and the path to positive cash flow. There's also an emphasis on realistic capital needs and how efficiently these resources can be utilized," explains Keni of Qi Ventures.

He adds that startups should realize that investors are more than mere capital providers; they're partners in the journey. This partnership demands open and consistent communication. Entrepreneurs should maintain transparency about their business's progress, challenges, and strategies, fostering a collaborative atmosphere.

Mantha of Unitus Ventures emphasizes that while early-stage investing remains robust with competitive deals being funded, later-stage deals have become more challenging. Investors now demand startups demonstrate positive and sustainable unit economics. As startups progress to Series A and beyond, investors demand proven 'Product Market Fit' (PMF) and a scalable business model with a clear path to profitability.

Experts point out that rapid growth within five years could elevate the probability of subsequent failure. "Investors are thus inclined towards founders grounded in their approach, well-versed in their industry, and dedicated to crafting enduring, profit-generating ventures. Building with the expectation of a swift acquisition in 4-5 years might be tempting, but it's a risky assumption to stake an enterprise on," shares Mayuresh Raut, Co-Founder of Seafund.

He further adds that in 2023, businesses with solid product-market fit, positive

" Startups must introspect whether they are allocating resources excessively to processes, personnel, or infrastructure. Drawing a parallel to dining choices, comparing dining at a Michelin-star restaurant to preparing a meal at home can yield insights. "

SUNIL KUMAR, CTO, Shiprocket

10 steps for balancing profitability and growth: Sandeep Goel, MD, Moglix

The balance between profitability and growth is paramount for startups, especially during challenging times. Prioritizing one at the expense of the other can lead to unsustainable practices or missed opportunities. Striking a balance ensures that the startup's growth trajectory remains viable, its operations are financially sustainable, and it can weather fluctuations in the market.

Startups can employ several strategies to effectively strike this balance:

Unit economics: Startups should analyze the cost of acquiring and serving customers against the revenue generated from those customers. Ensuring positive unit economics is a step toward sustainable growth.

Profitable segments: Identify the most profitable customer segments, products, or services. Allocating resources to segments that yield higher margins can contribute to overall profitability while selectively investing in growth areas.

Pricing strategies: Evaluate pricing strategies to ensure that the value delivered to customers justifies the costs incurred. Pricing should not only cover expenses but also contribute to profitability.

Scalable operations: As the startup grows, operational efficiency becomes more critical. Streamlining processes, supply chains, and distribution networks can lead to cost savings, contributing to both profitability and growth.

Customer retention: Retaining existing customers is often more cost-effective than acquiring new ones. Focus on customer satisfaction and providing ongoing value to maintain a loyal customer base.

Cash flow management: Startups should monitor cash inflows and outflows to ensure that there's enough working capital to sustain operations and fund growth initiatives.

Measured expansion: When expanding to new markets or launching new products, startups should adopt a measured approach. Rapid and uncontrolled expansion can strain resources and hinder profitability.

Funding strategy: If external funding is sought, startups should carefully consider the terms and conditions. While growth is a priority, an overly aggressive funding strategy might lead to a dilution of equity and long-term control.

Scenario planning: Prepare for different market scenarios and have contingency plans in place. Being adaptable and responsive to changing market dynamics can help balance growth and profitability in uncertain times.

Long-term vision: Keep the long-term vision in mind. Sustainable growth and profitability are interconnected and contribute to the startup's overall success and resilience.

In conclusion, the balance between profitability and growth is critical for startups' sustainability. By understanding unit economics, focusing on profitable segments, optimizing pricing strategies, maintaining efficient operations, retaining customers, managing cash flow, planning expansion carefully, and staying committed to a long-term vision, startups can effectively strike this balance.

economics, and strong leadership will still secure funding. "We're essentially reverting to valuation norms of 2019-2020. Hence, startups that haven't found their market fit, lack positive unit economics, or face internal leadership issues will struggle to attract capital. Many of them might even fail," he highlights.

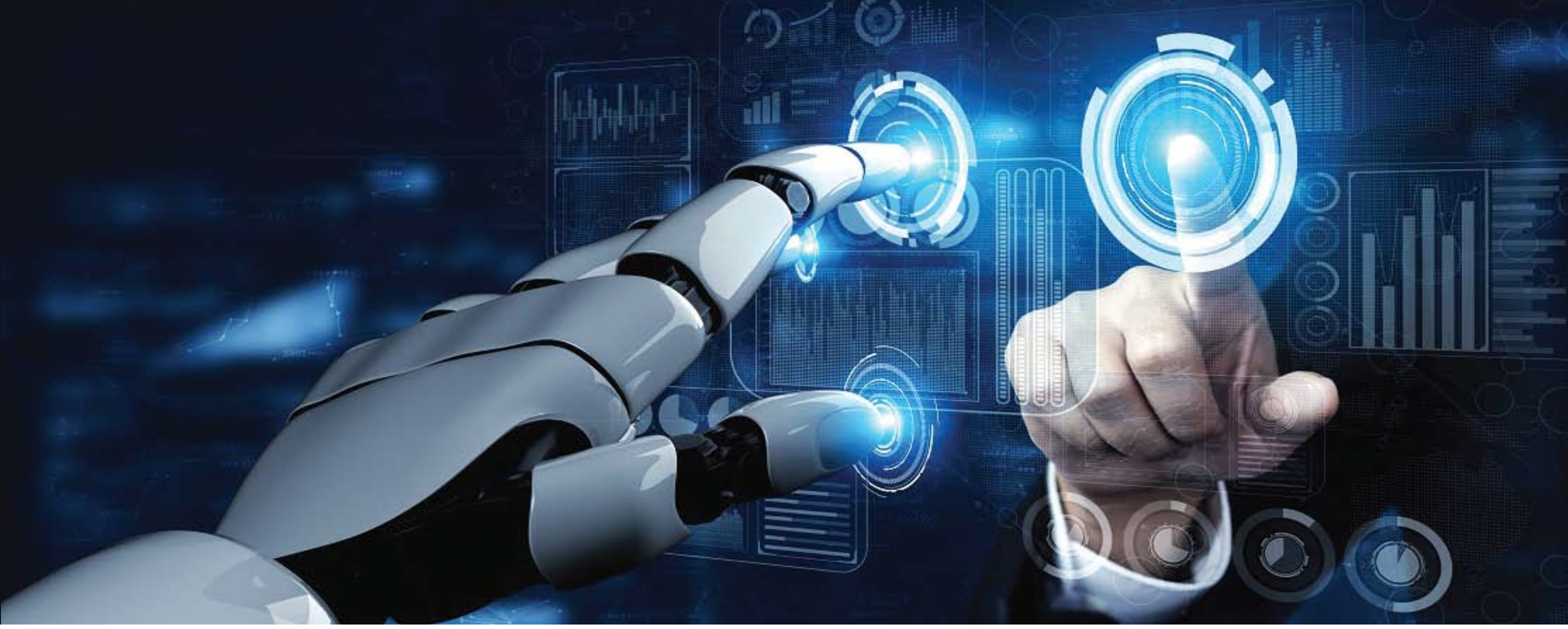
Overall, investors are taking a more cautious and informed approach, ensuring startups are well-prepared to navigate potential challenges. This shift doesn't hinder quality startups; rather, it promotes a more sustainable and resilient ecosystem.

Pursuit of profitability

FY22 was an era of free money, and market sentiment revolved around chasing growth. Investors made risky bets on high-growth companies for better returns, while startups burned more cash, aiming for hyper-growth. However, with purses now clenching tighter than before, investors have taken a backseat, focusing only on startups that prioritize profitability, unit economics, and revenues.

Hence, startups across sectors are leveraging profitability levers to expedite their journey toward profitability and reduce burn rates. Listed tech startups have notably improved their EBITDA margins over the last 5 quarters. For instance, Zomato increased take rates from restaurant partners and improved delivery cost recovery from customers. Similarly, Airbnb raised take rates from guests and hosts and optimized cost discipline in workforce and marketing.

The April-June earnings posted by companies like Zomato, Freshworks, and Delhivery showed that frugality could yield favorable results even in a short time. While Zomato grabbed headlines for its first-ever quarterly profit, Freshworks and Delhivery saw



significantly narrowed losses.

According to a Kotak Institutional Equities report, Zomato's employee costs as a percentage of revenue fell by 1,069 basis points to 14%. Similarly, its advertising expenses as a percentage of revenues declined by 664 basis points to 13%. Policybazaar reduced its losses by cutting customer acquisition cost-related marketing expenses.

Freshworks kept operational expenses in check, with cost heads like research and development, sales and marketing, and general administration marginally falling to $163,507 despite a 19% increase in revenue.

Delhivery's operating revenues increased 11% to Rs 1,930 crore, while expenses declined slightly. A decline in its largest expense category — freight, handling, and servicing costs — contributed to this improvement. Delhivery embraced backward integration through acquisitions across the value chain.

Furthermore, a Redseer analysis suggests that startups improved their profitability in FY22, with around 50% of unicorns projected to become profitable by FY27. However, ~20% of unicorns may face challenges due to unclear business models, plummeting demand, and regulatory roadblocks. Some startups might pivot, get acquired, or cease operations.

Marketing innovations to stand out

In a crowded and competitive market, startups are innovating in branding and marketing strategies to differentiate themselves. From leveraging social impact narratives to fostering authentic connections, these strategies exemplify the power of unique positioning.

"Amidst budget-conscious marketing strategies, startups are increasingly embracing hyperlocal marketing, focusing efforts on specific geographic regions or communities. Founders are becoming influencers, building personal brands to guide narratives and reach target customers," says Bhatnagar of WeFounder Circle.

Unique experiences through gamification, collaboration, and experiential marketing foster early community building, she adds.

"Investors now demand startups demonstrate positive and sustainable unit economics. As startups progress to Series A and beyond, investors demand proven 'Product Market Fit' (PMF) and a scalable business model with a clear path to profitability."

SURYA MANTHA,
Managing Partner, Unitus Ventures

“Building with the expectation of a swift acquisition in 4-5 years might be tempting, but it’s a risky assumption to stake an enterprise on.”

MAYURESH RAUT, Co-Founder, Seafund

Technology, often seen as growth fuel, is now an essential tool for startups seeking marketing efficiency. “By leveraging advanced analytics, startups gain deeper insights into customer behavior, preferences, and pain points, enabling more precise marketing efforts. Customer acquisition strategies embrace a multi-channel approach, diversifying platforms from social media and influencer collaborations to content marketing and personalized email campaigns. This approach widens reach and effectively resonates with diverse audience segments,” elaborates Gupta of IvyCap Ventures.

In the pursuit of revenue growth, tech startups increasingly adopt value-driven marketing principles. Rather than merely showcasing product features, they strive to articulate unique value propositions addressing specific customer needs. This value-centric approach fosters brand loyalty and generates word-of-mouth marketing through satisfied customers, he adds.

Experts highlight partnerships as valuable assets during this transition phase. “Collaborating with other businesses helps startups access new markets, reduce costs, and expand their customer base. These partnerships are mutually beneficial and contribute to controlled spending,” says Keni of Qi Ventures.

He adds startups can consider tiered pricing models or freemium offerings to cater to a diverse customer base. The goal is to balance revenue generation with customer value.

Maintaining a culture of innovation is equally crucial. “Startups should consistently strive to improve products or services, responding to customer feedback and market trends. Innovation doesn’t require exorbitant spending; it can arise from a focused approach to addressing customer needs,” adds Keni.

Customer experience should remain a top priority. Exceptional customer service generates positive word-of-mouth and drives sustainable growth.

Alternative fundraising tactics

The fundraising playbook

is being rewritten as startups explore alternative tactics to secure capital in a post-boom era. As traditional VCs tighten their purse strings for equity investments, venture debt emerges as a viable alternative. "Venture debt not only provides an alternative funding source but helps founders avoid dilution at less-than-optimal valuations," shares Mantha of Unitus Ventures.

Besides venture debt, revenue-based financing (RBF) has gained substantial traction. RBF providers receive a regular share of revenue until a predetermined amount is paid, he adds.

Crowdfunding platforms, both reward-based and equity-based, have emerged as popular avenues, allowing startups to tap into a wider pool of individual investors, Gupta of IvyCap highlights.

Shining Bright: Thriving industries

Despite challenges posed by the funding winter, certain industries have thrived. Notable sectors include fintech, securing $2.1 billion in funding, followed by e-commerce ($1.1 billion) and enterprise tech SaaS ($683.9 million). Cleantech also performed well, with $271.3 million raised across 32 deals. Moreover, the resurgence of interest in AI, particularly Generative AI, has boosted investments. Additionally, agritech has seen significant investments recently, shares Bhatnagar of WeFounder Circle.

According to a report by Chiratae Ventures and Zinnov, Indian SaaS startups secured triple the funding in 2022 compared to 2019. Funding to the sector increased from $871 million in 2019 to $2.7 billion in 2022.

Sectors like AgriTech, HealthTech, and DeepTech with a focus on IoT and Generative AI, along with various areas in B2B SaaS, hold tremendous promise. E-commerce, cleantech, cybersecurity, AI & machine learning, and biotechnology have also demonstrated resilience, offering lucrative opportunities for startups despite the funding winter, Gupta of IvyCap Ventures discloses.

These sectors are poised for substantial growth. According to Redseer analysis, the top four sectors expected to drive the highest profit pool are fintech and financial services, B2B SaaS, and eCommerce.

Envisioning India's startup landscape

All investment cycles experience ups and downs. A period of funding slowdown is essential for startups to achieve massive growth. As the world's third-largest startup ecosystem, India will rebound from this short funding winter. After all, if winter comes, can spring be far behind?

The future of India's startup ecosystem is undeniably promising, driven by the nation's burgeoning macroeconomic strength and inherent entrepreneurial spirit. Investors will increasingly shift focus from growth metrics alone to a holistic evaluation of startups' health. "Metrics like gross margins, free cash flows, and sustainable unit economics will gain prominence alongside growth indicators. Startups will place greater emphasis on achieving sustainable growth rather than rapid expansion at any cost," shares Goel of Moglix.

He adds that the startup ecosystem will extend beyond metropolitan hubs, with increasing activity and innovation in Tier 2 and 3 cities. This decentralization will contribute to a more inclusive growth narrative.

Moreover, awareness among domestic high-net-worth individuals (HNIs) and family offices about startups' potential is growing. This increased interest will ensure a steady availability of capital. "As startups gain access to diverse funding sources, they'll have more flexibility to choose partners aligned with their vision and goals," says Keni of Qi Ventures.

Furthermore, China's altered global position presents a golden opportunity for Indian startups. With a unique vantage point, they can capitalize on India's emergence as the last substantial frontier market with democratic governance and corporate standards. This provides an optimal environment for Indian startups to collaborate with global corporations, details Raut of Seafund.

He concludes that the industry is transitioning from software-focused businesses to those built on physical assets, such as material science, pharmaceuticals, robotics, defense, and aerospace.

Government Initiatives have Significantly Impacted the Startup Ecosystem

In the ever-evolving landscape of the Indian startup ecosystem, adaptability and resilience have become more crucial than ever. In an insightful conversation with Amit Singh, Bhawna Bhatnagar, Co-Founder of WeFounder Circle, delves into the challenges and opportunities that startups are facing during the funding winter. With a keen eye on market dynamics and a wealth of experience, Bhawna shares her perspectives on the strategies startups are employing to navigate this period of uncertainty. From innovative marketing tactics to the impact of regulatory changes, she offers valuable insights for both aspiring entrepreneurs and established startups aiming to thrive in the evolving market

BHAWNA BHATNAGAR
Co-Founder of WeFounder Circle

Amit Singh: What are the most common challenges faced by startups during the funding winter, and how are they adapting to overcome them?

Bhawna Bhatnagar: In this challenging market for startups seeking substantial rounds of funding, we've observed a significant drop. Industry data reveals a 77% decline in funding for Indian startups during the first seven months of 2023 compared to the previous year. Amidst this, startups confront several common challenges, including:

- Lengthened funding cycles: Closing rounds, which once took three months, now extend to six months or more. This particularly affects Series A and above rounds.
- Heightened investor caution regarding valuations: The optimism and outlook of two years ago have taken a backseat. Investors now scrutinize business foundations, unit economics, and the route to profitability more closely.
- Limited funding leading to strategic shifts: Startups are compelled to pivot their strategy, prioritizing quicker revenue generation over riskier ventures.

To combat these hurdles, startups are recalibrating their approach. They are tightening expenditures, curbing marketing and hiring costs, and diligently tracking milestone achievements.

Amit: How have regulatory changes and government initiatives influenced the funding landscape for tech startups in India?

Bhawna: Government initiatives have significantly impacted the startup ecosystem. The Startup India program, a key policy drive, provides funding, tax incentives, IP rights support, and international event access. The GIFT City fund facilitates acquisition financing, paving the way for strategic M&A deals. Additionally, investor-friendly measures, like zero GST for GIFT IFSC-registered firms and provisions for transacting in USD, facilitate cross-border transactions.

Further, the government's increased FDI limit in sectors like defense and insurance has opened doors for more capital and innovation. Substantial support comes via grants and fund-of-funds, exemplified by:

- DIPP providing Rs 600 crore (+Rs 25 crore Interest) to SIDBI, which further committed Rs 623 crore to

17 VCs.
- A proposed Rs 10,000 crore Fund of Funds by Mar 2025, averaging Rs 1,100 crore per year.
- Initiatives like Credit Guarantee Scheme, Atal Innovation Mission, and Pradhan Mantri Mudra Yojana are fostering the local startup ecosystem.

Amit: Can you identify specific industries or sectors where startups have witnessed substantial growth despite the funding winter?

Bhawna: Despite the market challenges, certain sectors have garnered more funding volume. Notable sectors include fintech, securing $2.1 billion in funding, followed by e-commerce ($1.1 billion) and enterprise tech SaaS ($683.9 million). Cleantech also performed well, with $271.3 million raised across 32 deals. Moreover, the resurgence of interest in Artificial Intelligence, particularly Generative AI, has boosted investments. Agritech has seen significant investments recently.

Amit: How are tech startups adapting their pitch and business models to align with the preferences of cautious investors?

Bhawna: Tech startups are recalibrating their approach to attract cautious investors. They are:
- Prioritizing clear paths to profitability from the outset, showcasing customer acquisition metrics, revenue growth, and key performance indicators.
- Focusing on practical business models, outlining revenue generation, pricing strategies, and potential upselling/cross-selling avenues.
- Addressing risks upfront and outlining mitigation strategies.
- Emphasizing long-term vision and strong IP to create a distinctive market position and reassure investors.

Amit: What are some unconventional marketing and branding strategies that startups are using to stand out in a crowded market?

Bhawna: Amidst budget-conscious marketing strategies, startups are increasingly embracing:
- Hyperlocal marketing, concentrating efforts on specific geographic regions or communities.
- Founders becoming influencers, building personal brands to steer brand narratives and reach target customers.
- Content-centric thought leadership personas, cultivating communities and engagement indirectly.
- Hosting events and workshops to enhance brand awareness and customer interaction.
- Unique experiences through gamification, collaboration, and experiential marketing to foster early community building.

> Initiatives like Credit Guarantee Scheme, Atal Innovation Mission, and Pradhan Mantri Mudra Yojana are fostering the local startup ecosystem.

Amit: In light of recent challenges, what are the key areas where startups need to focus their efforts to stay competitive and relevant in the evolving market?

Bhawna: Startups must concentrate on:
- Building a business with a clear vision, path to profitability, and scalability.
- Adopting a tech-first approach from inception; paying attention to customer needs and adapting based on market trends.
- Adopting resource-efficient and lean working models to achieve initial MVP and early traction.
- Utilizing the support of incubators and accelerators for early-stage startups.

Amit: With international investors eyeing the Indian market, what measures can startups take to attract foreign investments and expand their global reach?

Bhawna: Startups seeking overseas investment and global expansion should:
- Develop a unique core offering targeting a specific market segment.
- Showcase a strong month-on-month revenue trajectory combined with robust technological differentiators.
- Identify products/services adaptable across geographies at a favorable price point. There are several US, UK, EU, and Dubai-based investors looking for such solutions that either don't exist or are very expensive in their geographies.
- Seek strategic angel investors with cross-border networks.
- Explore third-party and government cross-border facilitation programs.

Amit: What advice would you give to aspiring entrepreneurs looking to venture into the Indian startup space amid the changing dynamics of the post-funding surge era?

Bhawna: For aspiring founders entering the dynamic post-funding surge era:
- Identify genuine problems and devise lean, scalable solutions that can turn profitable soon.
- Collaborate with mentors, advisors, and a dedicated founding team who invest in you and encourage financial discipline.
- Embrace financial discipline and an ability to adapt swiftly.
- While raising funds, maintain a two-year runway and keep your burn as low as possible.
- Balance the fine line between building and conserving resources for a successful journey.

Startups are Scrutinizing Burn Rates & Exploring Ways to Achieve Profitability Sooner

MAYURESH RAUT
Co-Founder and Managing Partner, Seafund

As we sit down with Mayuresh Raut, Co-Founder and Managing Partner, Seafund, he gave unparalleled insights into the startup landscape during the funding winter phase. In a detailed conversation with Amit Singh, he provides a candid overview of the challenges startups are encountering and the innovative ways they're navigating these obstacles. From adapting to changing valuations to leveraging unconventional marketing strategies, this interview unveils the dynamic strategies that entrepreneurs are employing to stand out and succeed in an ever-evolving market

Amit Singh: Can you elaborate on the most common challenges faced by startups during the funding winter phase and how they are working to overcome these challenges?

Mayuresh Raut: The startup landscape has its own cycles, and funding winter phases are something we've encountered periodically. It's a natural part of the investment ecosystem, occurring roughly every five to seven years due to the lifecycle of various asset classes. Startup founders who have been through these cycles before are more prepared to tackle the challenges. However, it's essential to understand the current scenario.

In 2023, businesses with solid product-market fit, positive economics, and strong leadership will still be able to secure funding. But the valuation landscape has shifted. We're essentially reverting to valuation norms of around 2019-2020, which is a significant change from the recent past. On the other hand, startups that haven't found their market fit, lack positive unit economics or face internal leadership issues will struggle to attract capital. Many of them might even fail.

This trend is already in motion due to the excess capital influx from 2021 to mid-2022. Startups that were dependent on the availability of easy money are now experiencing the reality of tighter funding conditions. As a result, they're being forced to reassess their strategies.

Amit: How have regulatory changes and government initiatives impacted the funding landscape for startups in India?

Mayuresh: Regulatory changes and government initiatives have played a crucial role in shaping the funding landscape for startups in India. Unlike some other countries, India has chosen to treat public goods as truly public, rather than letting big tech companies keep them within their walled gardens. This approach opens up opportunities for startups to access valuable data and create innovative solutions.

Initiatives like the National Payments Interface (NPI) and healthcare reforms have enabled startups to access critical data through APIs, fueling innovation. Structural reforms such as the Goods and Services Tax (GST) and Fastag have further formalized the economy and provided startups with untapped data.

Moreover, the Indian government has actively supported startups through various schemes, tax exemptions, and incentives. This environment has attracted both local and international investors, as it provides a platform for startups to create solutions that align with India's growing digital economy.

> India's strategic placement within the global supply chain is becoming increasingly evident. As China's dominance diminishes, India stands poised to fill the "plus one" position in the manufacturing realm.

Amit: Could you highlight sectors that have experienced significant growth despite the funding challenges?

Mayuresh: The decline in funding has affected all the sectors equally, but there are some that have been affected particularly badly.

EdTech is an example. As you very well know, most investors overlook the fact that the pandemic was not going to be the way the world was gonna operate. That was just an aberration. We will eventually go back to a hybrid world.

However, there are a few sectors that have managed to still stand up well. At least in the short term, SaaS will still continue to attract a whole lot of money.

FinTech is an area where India has a huge lead over even mature markets like the US. This is one of the areas where India is a few years ahead of the Western world, and this will again play to our advantage. The growing middle class and the increasing number of micro-transactions through platforms like UPI and payment stacks contribute to the growth of FinTech.

In addition, e-commerce as a space will continue to rise because there are huge untapped spaces. A lot of Bharat still has to be pulled into the digital economy space.

Emerging sectors such as electric vehicles (EVs) and digitization of traditional industries like manufacturing and logistics are also on the cusp of significant expansion. These sectors are not only vital for India's growth but also attract attention from investors due to their long-term potential.

Amit: How are startups adapting their strategies to align with cautious investor preferences and market demand?

Mayuresh: The strategies that startups are adopting depend on their stage of development. For those that have already secured funding, the focus is on recalibrating their valuation and financial goals. It's essential to set realistic targets based on the current valuation landscape. Burn rates are being scrutinized more closely, and startups are actively exploring ways to achieve profitability sooner.

Early-stage startups, however, are concentrating on demonstrating their product-market fit. They are intensively gathering data from customer interactions, refining their offerings, and closely monitoring key metrics like customer acquisition cost (CAC) and lifetime value (LTV). The emphasis is on showing tangible value to investors.

Amit: Can you share examples of unconventional marketing and branding strategies that startups are using to stand out in a crowded market?

Mayuresh: In today's fast-paced world, convenience and personalization are key differentiators. Startups that provide inclusive content, build strong communities, gamify user engagement, or offer tailored recommendations stand out. For instance, parenting-focused startups like FirstCry provide not only products but also valuable content for parents. Robinhood gamified investing, attracting a younger audience. ClearTax simplified tax filing, offering convenience to users inundated with complexities.

The startups that create unique experiences or align with customers' values also gain an edge. Brands like Patagonia, which emphasizes environmental causes, resonate with consumers looking beyond just products. These strategies help startups engage with their audiences on a deeper level.

Amit: It's evident that international investors are increasingly showing interest in the Indian market. Despite a cautious approach, funds from foreign investors are flowing into India. In this context, what strategies do you think startups should adopt to attract investors?

Mayuresh: The origin of investment, whether foreign or Indian, doesn't hold paramount importance, especially in the realm of venture capital. Our focus as investors, much like startups, is governed by a specific time frame. We operate within the constraints of returning capital to our own investors, be it high-net-worth individuals, family offices, or institutional investors. Our investments often hinge on well-defined investment theses or sector-specific strategies.

However, the crux lies in acknowledging that while we might have a broader perspective on technological and economic shifts in the next 3 to 5 years, founders possess an unparalleled understanding of their domain. Their expertise and comprehension of their industry often exceed ours. This becomes a pivotal fallback for investors. A remarkable founding team that intimately grasps their product, coupled with unique insights into their sector, can sway investor decisions.

It's worth noting that the most pragmatic founders comprehend that a decade or more is typically necessary to forge a sustainable business. This is particularly relevant in economies like ours, where regulatory frameworks are evolving. Comparing this longevity to the half-life of radioactive materials is intriguing. Rapid growth within five years could, in fact, elevate the probability of subsequent failure. Investors are thus inclined towards founders grounded in their approach, well-versed in their industry, and dedicated to crafting enduring, profit-generating ventures. Building with the expectation of a swift acquisition in four or five years might be tempting, but it's a risky assumption to stake an enterprise on.

Amit: What advice would you give to aspiring entrepreneurs who are considering entering the Indian startup landscape, particularly in the current scenario?

Mayuresh: Entrepreneurs, by nature, possess distinctive qualities. Their resilience, ability to rebound from setbacks and persistent optimism distinguish them. This drive keeps them upright even when circumstances seem daunting. Entrepreneurs are exceptional at both maintaining an unwavering focus on their projects and observing the broader business landscape.

Today, Indian startups must recognize a fundamental shift. China's global position has altered significantly in recent years. What was once viewed as a dependable growth partner for the Anglo-Saxon world is no longer the case. This shift presents a golden opportunity for Indian startups. With their unique vantage point, they can capitalize on India's emergence as the last substantial frontier market with a democratic framework and corporate governance standards. This provides an optimal environment for Indian startups to collaborate with global corporations.

India's strategic placement within the global supply chain is becoming increasingly evident. As China's dominance diminishes, India stands poised to fill the "plus one" position in the manufacturing realm. This shift is buttressed by the Indian government's dedication to fostering growth in key sectors, such as manufacturing, electronics, defense, and electric vehicles. Founders should remain watchful of these evolving dynamics.

However, the advice is not to blindly jump onto trending sectors but to leverage these shifts in their business strategies. Even if not directly operating in these fields, understanding these changes can help founders align their ventures for success. The transition from byte-based businesses to those grounded in physical applications is underway. Sectors like material science, pharmaceuticals, robotics, defense, and aerospace are gaining prominence. As startups look to the future, recognizing these changes and tailoring their strategies accordingly could be the key to sustainable success.

The Balance between Profitability and Growth is Critical for Startups' Sustainability

In the dynamic realm of startups, few stories resonate as strongly as that of Moglix, a pioneering force in the B2B e-commerce sector. In this exclusive interview, Sandeep Goel, Managing Director of Moglix, shares his expert perspective on fostering a resilient startup culture, navigating funding challenges, striking the balance between growth and profitability, and envisioning the future of India's tech startup ecosystem. In an exclusive interaction with Amit Singh, he uncovers the essence of Moglix's journey, the invaluable lessons it holds for aspiring entrepreneurs and seasoned investors alike, and the insights and strategies that have propelled Moglix's success

SANDEEP GOEL
Managing Director of Moglix

Amit: Can you provide insights into the major factors contributing to the funding winter observed in India's startup ecosystem?

Sandeep: The funding winter experienced in India's startup ecosystem can be traced to a series of interconnected events that have collectively dampened investor sentiment and impacted the flow of capital. As the pandemic situation began to stabilize, new challenges emerged on the geopolitical front. The conflict in Ukraine, followed by subsequent geopolitical tensions, introduced additional uncertainties in global markets. The resulting macroeconomic instability, coupled with the pandemic's lingering effects, led to a subdued outlook among investors.

A critical contributing factor to the funding winter lies in the divergent valuation trends observed between public and private markets. While private markets saw valuations and expectations remain high, public markets experienced fluctuations and corrections. This discrepancy in valuation metrics created a sense of unease among investors and prompted them to reevaluate their funding decisions.

Moreover, cyclic corrections are inherent in the startup ecosystem and tend to occur periodically. These corrections are often driven by a confluence of factors, including market sentiment, valuation realism, and macroeconomic conditions. While these corrections are not unusual, their timing and intensity can influence investor confidence.

In essence, the funding winter in India's startup ecosystem can be attributed to a combination of factors, including the COVID-19 pandemic, geopolitical tensions, valuation discrepancies between public and private markets, and cyclic corrections. These factors collectively shape the investment landscape, leading to a cautious approach and reduced funding availability.

Amit: Could you expand on the impacts of valuation drops on startups' confidence and growth plans?

Sandeep: The impact of valuation drops on startups' confidence and growth plans is a multifaceted dynamic that involves both psychological and strategic considerations. Valuation drops, often triggered by funding winters or market corrections, can have varying effects on startups depending on their business models, growth stages, and overall market perception.

From a psychological perspective, a valuation drop can dent a startup's confidence, as it is perceived as a decline in market sentiment and investor trust. Founders and team members who may have been buoyed by previous valuations might feel disillusioned or concerned about the company's prospects. It can lead to questions about the viability of the business and its ability to fulfill its mission.

However, it's crucial to note that while valuation is an essential metric, it's not the sole indicator of a startup's worth or potential. A valuation drop should be viewed as a recalibration of expectations and an opportunity for introspection. Startups should look beyond valuations and focus on the core problems they're solving and the value they provide to customers. This perspective can help maintain confidence and motivation within the team.

Strategically, a valuation drop can serve as a wake-up call for startups to assess their business models, operational efficiency, and sustainability. The decreased valuation can prompt a shift towards achieving profitability, refining unit economics, and prioritizing prudent growth. This recalibration can ultimately lead to a more resilient and sustainable business model.

In conclusion, while valuation drops can initially impact startups' confidence, a shift in focus from valuation-centric thinking to problem-solving and sustainability can help startups weather the storm. The key is to use valuation drops as an opportunity for self-assessment, course correction, and a renewed commitment to fulfilling the startup's mission.

Amit: Could you provide more insights into the strategies that startups can adopt to retain investor confidence during funding downturns?

Sandeep: Retaining investor confidence during funding downturns requires a combination of strategic measures that demonstrate fiscal discipline, operational efficiency, and a sustainable growth trajectory.

Startups can retain investor confidence during funding downturns by demonstrating fiscal discipline, prioritizing quality revenue, balancing growth and profitability metrics, avoiding market randomness, nurturing a strong organizational culture, focusing on operational efficiency, and maintaining transparent communication with investors.

Amit: How important is the balance between profitability and growth for startups, and what strategies can they employ to strike this balance effectively?

Sandeep: The balance between profitability and growth is paramount for startups, especially during challenging times. Prioritizing one at the expense of the other can lead to unsustainable practices or missed opportunities. Striking a balance ensures that the startup's growth trajectory remains viable, its operations are financially sustainable, and it can weather fluctuations in the market.

By understanding unit economics, focusing on profitable segments, optimizing pricing strategies, maintaining efficient operations, retaining customers, managing cash flow, planning expansion carefully, and staying committed to a long-term vision, startups can effectively strike this balance.

> While early-stage investing remains robust with competitive deals being funded, later-stage deals have become more challenging. As startups progress to Series A and beyond, investors demand proven 'Product Market Fit' (PMF), a scalable business model with a clear path to profitability.

Amit: Can you share your insights on the future of India's tech startup ecosystem and the emerging trends you foresee?

Sandeep: The future of India's tech startup ecosystem is undoubtedly promising, driven by the nation's burgeoning macroeconomic strength and the inherent entrepreneurial spirit that exists across the country. As the ecosystem matures, several trends are likely to shape its trajectory:

Investor focus on health metrics: Investors will increasingly shift their focus from growth metrics alone to a more holistic evaluation of startups' health. Metrics like gross margins, free cash flows, and sustainable unit economics will gain prominence alongside growth indicators.

Rise of sustainable growth: Startups will place greater emphasis on achieving sustainable growth rather than pursuing rapid expansion at any cost. The lessons learned from funding winters will underscore the importance of building resilient and self-sustaining businesses.

Global innovation and expansion: Indian startups will continue to demonstrate their potential for global innovation. We can anticipate the emergence of Indian startups as global leaders in diverse sectors, competing on an international scale.

Deep-tech and AI advancements: India's growing talent pool and technological expertise will drive advancements in deep-tech areas like artificial intelligence, machine learning, and blockchain. These technologies will be integrated into various sectors, transforming industries and business models.

Evolving consumer behavior: Changing consumer behavior, accelerated by the pandemic, will lead to increased adoption of digital solutions across sectors like healthcare, education, and e-commerce. Startups addressing these evolving needs will witness significant growth.

Focus on B2B innovation: The B2B space will witness innovation and transformation similar to what we've seen in the B2C sector. Startups catering to specific B2B needs, such as industrial procurement, will play a pivotal role in reshaping traditional industries.

Government initiatives: Continued support from government initiatives like "Make in India" and the promotion of digital infrastructure will provide a conducive environment for startups to flourish.

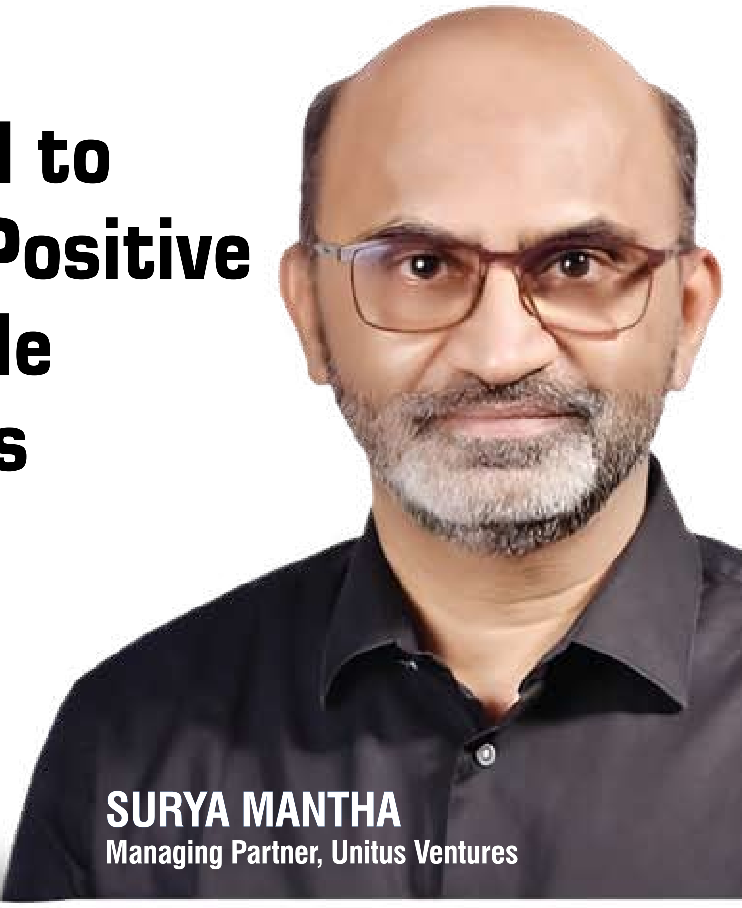
Rise of tier 2 and 3 cities: The startup ecosystem will extend beyond metropolitan hubs, with increasing activity and innovation in Tier 2 and 3 cities. This decentralization will contribute to a more inclusive growth narrative.

Sustainable ESG practices: Startups will integrate Environmental, Social, and Governance (ESG) practices into their operations, driven by investor demands for ethical and sustainable business models.

Fintech evolution: The fintech sector will continue to evolve, with a focus on democratizing financial services, expanding digital payments, and integrating blockchain-based solutions.

In summary, India's tech startup ecosystem's future holds a blend of sustainable growth, global innovation, deep-tech advancements, evolving consumer behaviors, and a broader geographical footprint. With the right strategies and adaptability, Indian startups are well-positioned to lead the next wave of technological and economic transformation.

Startups Need to Demonstrate Positive and Sustainable Unit Economics



SURYA MANTHA
Managing Partner, Unitus Ventures

Amidst the evolving dynamics of India's startup ecosystem, the term 'funding winter' has become a buzzword, signifying the challenges and transformations that startups are currently navigating. In this illuminating interview, Amit Singh had the privilege of engaging in a candid conversation with Surya Mantha, Managing Partner, Unitus Ventures. With a wealth of experience in the startup investment realm, Surya delves deep into the factors underpinning the funding winter phenomenon, its repercussions on startups, and the strategies that successful entrepreneurs are employing to not only weather the storm but also flourish. Exploring a wide spectrum of subjects, from the role of incubators, accelerators, and venture capital firms in supporting startups during these times to the emerging alternative fundraising methods, this interview provides a comprehensive understanding of the intricacies shaping India's startup landscape.

Amit Singh: What were the major factors that contributed to the funding winter in India's startup ecosystem?

Surya Mantha: The funding winter in India's startup ecosystem can be attributed to several factors. Central banks across the world adopted expansionary monetary policies to address the recessionary impact of the pandemic. This led to significant investments flowing into alternate asset classes, such as private equity and venture capital. As has been the case in the past as well, this resulted in an unsustainable surge in startup valuations. However, as the impact of the pandemic subsided, central banks raised interest rates because of spiraling inflation, signaling the end of easy money. Of course, investments in private companies dried up. To make matters worse, geopolitical tensions from the Russia-Ukraine war added to the uncertainty and risk aversion. Investor sentiment towards the startup ecosystem plummeted as a result.

In the last several quarters, there have been significant markdowns in inflated valuations, leading to a more rational approach in the market. This shift has brought about a renewed focus on profitability and sustainable growth for startups. While early-stage investing remains robust with competitive deals being funded, later-stage deals have become more challenging. Investors now demand startups to demonstrate positive and sustainable unit economics. As startups progress to Series A and beyond, investors demand proven 'Product Market Fit' (PMF), a scalable business model with a clear path to profitability.

Amit: Can you identify specific industries or sectors where startups have witnessed substantial growth despite the funding winter?

Surya: Despite the funding winter, startups with compelling value propositions, strong execution capabilities, and product-market fit have managed to grow.

SaaS companies, for example, attracted investors with their cash-generating models. According to a report by Chiratae Ventures and Zinnov, Indian SaaS start-ups successfully secured thrice the amount of funding in 2022 as compared to 2019. The overall funding to the sector increased from $871 million in 2019 to $2.7 billion in 2022. Apart from SaaS, non-consumer fintech and artificial intelligence startups also attracted investors.

At Unitus Ventures, we have always believed in investing in sectors that demonstrate resilience and potential for growth. We continue to stay focused on investing in Jobtech, Fintech, Climate, and SaaS. Our particular focus is on companies that are proactively using Generative AI to become more efficient and effective.

Amit: What role do incubators, accelerators, and venture capital firms play in supporting startups during the funding winter?

Surya: Funding winter or not, incubators, accelerators, and venture capital firms must provide startups with vital support, strategic advice, mentorship, and resources to help them grow. And of course, deploy additional capital if needed and support their fundraising efforts.

> "While early-stage investing remains robust with competitive deals being funded, later-stage deals have become more challenging. As startups progress to Series A and beyond, investors demand proven 'Product Market Fit' (PMF), a scalable business model with a clear path to profitability."

At Unitus Ventures, our experience as business operators has been key to supporting our portfolio companies.

Amit: In your experience, what are the key factors that investors are now looking for before making funding decisions?

Surya: We're back to what investors want to see: founders with a vision and know-how on growing the company while being careful about unit economics. Other key factors include a longer cash runway, product-market fit, and a clear path to profitability. These factors increase the likelihood of securing investment. At Unitus Ventures, we continue to prioritize supporting and partnering with companies that exhibit these attributes.

We recently launched the Unitus Opportunity Fund (of Rs 300 Crore) where we will invest in the best companies from our earlier funds.
All these companies have demonstrated product-market fit (PMF) and have seasoned management teams and marquee investors on the cap table. As an 'early growth' asset basket, it is a terrific opportunity for Family Offices and HNI's to participate in private assets where most of the mortality risk has been taken out and there is significant upside for value growth.

Amit: With traditional funding sources undergoing changes, what alternative fundraising methods are becoming more popular among tech startups?

Surya: As traditional VCs tighten their purse strings for equity investments, venture debt has proved to be a viable alternative. Not only does it provide an alternative funding source for startups, but it also helps founders avoid dilution at less-than-optimal valuations.

Besides venture debt, there has been a substantial rise in revenue-based financing (RBF). RBF providers receive a regular share of the revenue until a predetermined amount has been paid. Some of the popular platforms helping startups raise revenue-based financing are GetVantage, BHIVE Investech, Klub, and Velocity, among others.

Amit: What lessons can aspiring entrepreneurs learn from startups that overcame challenges and achieved remarkable growth in this environment?

Surya: Aspiring entrepreneurs should prioritize customer-centricity and stay committed to solving real-world problems to increase their chances of success in any sort of business environment.

Adaptability and resilience are essential traits. Successful startups demonstrate the ability to adapt their strategies quickly in response to changing market conditions. They are resilient, persevere through tough times, and learn from failures. Flexibility and a willingness to pivot when necessary are both critical in navigating uncertain times and finding opportunities for growth.

Navigating Transformation: Canon's Roadmap to Innovation and Growth

In an enlightening conversation C Sukumaran, Senior Director- Product & Communication Centre, Canon India, unveils the company's strategic roadmap for 2023 and beyond. From redefining office experiences to revolutionizing the world of photography and navigating the shifting terrain of the professional printing industry, Canon's commitment to transformation shines through. Sukumaran provides insights into the company's efforts to fuel digital transformation across sectors, enhance productivity through cutting-edge printing solutions, and empower channel partners

C SUKUMARAN
Senior Director- Product & Communication Centre, Canon India

What is Canon's "Strategy of Transformation in 2023" and how does it pertain to the existing product line-up?

India is a diverse country with immense business potential and embracing the transformative landscape, we have embarked on the next phase of growth in 2023 with 'Henkaku' (Japanese for transformation) as our core mission. Initiating the mission with the launch of 'Live office' in Mumbai and Kolkata, we now have our entire product ecosystem to be experienced on one single platform.

At the product level, we have taken significant strides in the first half of this year, maintaining a strong foothold in the mirrorless camera portfolio by expanding the EOS R camera lineup with the EOS R8, EOS R50, and EOS R100. Further, empowering users with advanced printing solutions, we launched 16 new consumer printers. On the B2B front, to enhance the digital transformation journey of businesses, we are continuously exploring new business propositions through our diverse office automation solutions. Further, we also marked our foray into the cyber security domain in collaboration with ESET, a global cybersecurity leader, to enable organizations to optimize workflow efficiently with comprehensive cybersecurity solutions. Similarly, revolutionizing the professional printing industry, we have introduced innovative products keeping in mind the evolving customer needs. Therefore, with a quality-first approach across pillars, we are committed to revolutionizing experiences and upholding our legacy as a total hardware and software solutions provider.

How does Canon's latest range of printers enhance productivity across verticals and provide cost-efficient solutions for users in the current hybrid working environment?

With the aim of optimizing printing processes, reducing downtime, and increasing efficiency, we launched 16 new advanced printers, as part of the PIXMA, MAXIFY, and imageCLASS series. Designed with state-of-the-art technologies, these printers empower user segments including home, students, SOHOs, SMEs, governments, and corporate customers to push their boundaries of efficiency, productivity, and creativity.

The printers in the PIXMA series are directed towards new-age working requirements of home and SOHO consumers, providing high-yield prints backed by easy ink refilling. On the other hand, the latest MAXIFY GX series ensures low-cost printing and water-resistant prints. Lastly, addressing the diverse demands of small and medium businesses (SMBs) and enterprises, the new imageCLASS series offers high-speed printing and automatic duplex printing in a compact design.

How is Canon fueling digital transformation and streamlining operations across different sectors like BFSI, Healthcare, SMEs, etc.? What products are helping in achieving operational resilience without compromising on security?

We have been supporting

businesses, irrespective of their size, in their pursuit of digital transformation. Our endeavor is to consistently introduce innovative technologies that simplify repetitive daily tasks, resulting in improved convenience, efficiency, and productivity across industries.

Document management systems have become essential across sectors for documentation and compliance purposes, by simplifying and streamlining systems and digitizing all paper-based administrative tasks. Through our range of digital solutions such as document and cheque scanners, curated tools, cloud services, and document management solutions (DMS), we are revolutionizing the digital transformation journey for our clients, enabling them to enhance their operational efficiency. We have seen a significant surge in demand for our office automation tools and software solutions including Therefore, Uniflow, and Kofax. These solutions are highly sought after as they play a crucial role in data analytics and assisting organizations on their digital transformation journey. Moreover, through our partnership with ESET, we are now providing businesses with enterprise-grade cybersecurity solutions, enabling them to strengthen their security and effectively safeguard their digital assets.

What are the new avenues in which Canon is fueling the passion and demand for photography/ videography?

With multiple emerging segments and new avenues for imaging technology, we have been innovating our product portfolio to fuel this demand further. One significant area of focus for us is to revolutionize the booming cinematography segment in India. Aiming to maintain a strong foothold in this space, we have recently added EOS R5 C to our Netflix-approved range of cinema cameras to empower filmmakers with technologies that are at par with their unique and compelling storytelling narratives.

Additionally, we are actively working to support the requirements of content creators and vloggers encouraging them to make engaging and high-quality content. We have an ongoing campaign titled 'Creator Mode On' for the EOS R50, wherein we are collaborating with influencers across cities from different genres. On the other hand, both the EOS R100 and the PowerShot V10 have emerged as high-impact cameras targeted at smartphone natives due to their compact and stylish design. For these two cameras, we most recently announced the 'Some Things are Best Left to Canon' campaign which captures the seamlessness associated with Canon photography, unhindered by any lags. Notably, we have also witnessed a growing trend in photography from consumers in Tier II and III markets, especially in the wedding segment. And we are actively responding to these evolving needs by launching products such as that of the latest EOS R8 which is poised to become a favorite among wedding photographers. Further to educate our users, we have been collaborating with our Canon EOS Ambassadors across genres to share first-hand user knowledge and encourage the community to understand how our technology can be best used to suit their interests.

How do you see the professional printing industry growing post-pandemic? What are the latest innovations from Canon to help customers adapt to the evolving landscape?

The commercial digital printing industry in India has been witnessing double-digit growth year on year for over a decade, with an increase in the adoption of digital printing by various sectors, including government, healthcare, and AECM, among others. With the market performing exceptionally well, we are anticipating even stronger growth in 2023 compared to previous years. The rise of On-Demand Printing, driven by the introduction of new applications and the desire to maintain lower inventories, is a significant trend witnessed in the printing sector.

Early this year, we launched the revolutionary and cutting-edge imagePRESS V Series range- including imagePRESS V1000 and imagePRESS V900 Series- exhibiting a perfect synergy of superior technologies that truly set it apart from other models in the market. Suitable for light and mid-production print environments, the new series offers users features such as versatility, viability, volume printing, vibrant colors, and a visionary print partner for best ROI & business growth. 2023 was also marked with the launch of imagePROGRAF TC-20M, a compact 4-color all-in-one large format printer that is designed to provide optimal productivity for remote worksites, small offices, and retail outlets.

What is Canon's overall roadmap or strategy for channel partners?

Channel partners have always played a significant role in Canon's success story. As one of our key stakeholders, they have enabled us to strengthen our foothold in the industry and reach out to a diverse range of customers. We have a strong distribution network through our partners across the length and breadth of the country and we aim to continue and expand our presence.

To empower them further, we have several ongoing initiatives like regularly organized webinars on how Canon products and solutions can be beneficial for their business as well as for their customers. There are set training programs for our partners and their sales teams to upskill them in selling solutions, and how to effectively use digital marketing for their businesses.

Staying true to Canon's philosophy of ensuring customer delight, we will continue to focus on expanding our partner ecosystem further with a special emphasis on micro-distribution and regional outreach.

ISODA Elects Vinod Kumar of Satcom Infotech as President

(From L to R – Kamal Gulati, Amit Shah, Ravi Jalan, Vimesh Avlani, Zakir Rangwala, Vinod Kumar, Prashant Jain, Ajay Bhayani, Sanjay Srivastava, Ravi Kumar, Satya Das)

The Infotech Software Dealers Association (ISODA) has elected the new leadership team and Vinod Kumar, CEO, Satcom Infotech as President during its 15th Annual General Meeting on August 10, 2023. The gathering, which brought together nearly 100 members, was hosted in the heart of India's tech hub, Bengaluru's Silicon Valley. Notably, this year welcomed the addition of a new Karnataka chapter.

Key priorities for the upcoming year include amplifying the industry's collective voice in governmental and trade circles, fostering startup initiatives, expanding ISODA's reach to non-metro cities, facilitating skill development through training, and promoting market growth for OEMs in India.

The newly elected leadership is as follows:

- **Chairman:** Prashant Jain – JNR Management Resources India
- **President:** Vinod Kumar – Satcom Infotech
- **Vice Chairman:** Zakir Hussain Rangwala – BD Software Distribution
- **Vice President:** Ajay Bhayani – Ambisure Technologies
- **Secretary:** Vimesh Avlani – Graftronicsstainability
- **Treasurer:** Ravi Jalan – Shakti Enterprises
- **Regional Secretary (East):** Satya Priya Das – Logarhythm Consultancy
- **Regional Secretary (North East):** Tapan Ghosal – Data Crown Computers
- **Regional Secretary (Gujarat):** Gaurang Patel – Natraj Infotech
- **Regional Secretary (North):** Kamal Gulati – ITS Technology Solutions
- **Regional Secretary (Rajasthan):** Manoj Tiwari – Rise Tech Software
- **Regional Secretary (South):** Ravi Kumar Rajeseharan – V4 Technologies
- **Regional Secretary (West):** Amit Shah – TAS Technologies
- **Regional Secretary (Karnataka):** Sanjay Srivastava – Login Infotech

The AGM was followed by a dynamic Business Summit on August 11, bolstered by the support of leading technology vendors like Sophos, Clear Touch, Acer, 42 Gears, Ecaps, as well as metal sponsors Protean and Adrenalin. The summit fostered vibrant interactions between vendors and partners, setting the stage for collaborative business ventures.

Channel Point

Embracing Prudent Growth: India's Tech Startups Move Beyond Valuations

Friends! This issue, we want to delve into an exciting topic that is shaping the landscape of India's tech startup ecosystem - the era of prudent growth. In a world often obsessed with valuations, it is refreshing to witness a shift towards a more sustainable and responsible approach to building successful startups.

India's tech startup scene is no stranger to rapid growth and skyrocketing valuations. However, recent years have seen a paradigm shift as entrepreneurs and investors realize that valuations alone do not guarantee long-term success. Instead, there is a growing focus on building a solid foundation, fostering profitability, and ensuring sustainable growth.

One of the key drivers behind this shift is the realization that sustainable growth leads to a more stable and resilient startup ecosystem. By prioritizing profitability over mere valuations, Indian tech startups are building businesses that can weather market uncertainties and economic downturns. This focus on prudent growth allows startups to make strategic decisions, optimize operations, and achieve profitability without compromising their long-term vision.

Another important aspect of the era of prudent growth is the increasing emphasis on unit economics. Startups are now paying closer attention to the economics of their business models, ensuring that each unit sold or acquired adds value to the overall growth trajectory. This approach not only helps in achieving profitability but also attracts investors who are looking for well-grounded and sustainable opportunities.

Furthermore, the era of prudent growth encourages Indian tech startups to diversify their revenue streams and explore untapped markets. By expanding beyond their core offerings and venturing into complementary sectors, startups can reduce their reliance on a single product or service, mitigating risks and creating additional avenues for growth.

In addition, the focus on prudent growth fosters a culture of innovation and efficiency. Startups are encouraged to think creatively, optimize resources, and find innovative solutions to industry challenges. This mindset is not only beneficial for the startups themselves but also for the overall development of the Indian startup ecosystem.

The era of prudent growth is not without its challenges. Startups may face pressure from investors or stakeholders who prioritize short-term gains over long-term sustainability. However, by staying true to their vision and embracing a sustainable growth mindset, Indian tech startups are setting themselves up for long-term success.

As a part of the Indian tech startup community, I am thrilled to witness this shift towards prudent growth. It inspires confidence in the resilience and potential of our startup ecosystem. By focusing on profitability, unit economics, diversification, and innovation, India's tech startups are charting a path that ensures their long-term viability and contributes to the overall growth of our nation's economy.

Let's continue to support, encourage, and learn from these visionary entrepreneurs who are redefining success in the Indian tech startup landscape. Together, we can build a future where prudent growth and sustainable practices are the pillars of success.

KALPANA SINGHAL, Editor
(E-mail: kalpana@techplusmedia.co.in)

TECHPLUS MEDIA

EDITOR: KALPANA SINGHAL
CONTENT HEAD: Amit Singh
CONSULTING EDITOR: Rajneesh De
NEWS ANALYST: Ishita Gupta
CORRESPONDENT: Bhawna Thapliyal
NEWS REPORTER: Anindita Majumder, Urmi Saha

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ASSOCIATE ANALYST
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SALES:
Anushikha Singh | Pratap Jana

PRODUCTION HEAD:
Aji Kumar

WEBSITE:
Gaurav Rana

PROMOTION:
Amit Pandey, Nikita Gurung

CIRCULATION:
Pratap Ram

FINANCE:
Inder Pal

HEAD OFFICE:
370A, Sant Nagar, East of Kailash, New Delhi
Tel: 41625763, 26237405, 41620042
Email - kalpana@techplusmedia.co.in

MARKETING OFFICE:
10 UF, West Wing, Raheja Tower,
MG Road, Shanthala Nagar, Ashok Nagar,
Bengaluru, Karnataka-560001

Delhi: 91-8178321837 | **Mumbai:**91-98997 01316
Kolkata & Guwahati: 91-9331072026
Bangalore: 91-8851119532

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