

Tech Startups Tap Big Biz for Revenue Boost

Tech ventures now offer services that are becoming indispensable for large Indian corporations, helping them overcome challenges and capitalise on opportunities. Peerzada Abrar elaborates the business of five such firms

Whether it is to sell products, improve customer service or to block pesky calls, startups now offer services that are becoming indispensable for large Indian corporations such as Tata Consultancy Services, helping them overcome challenges and capitalise on opportunities.

TCS, India's largest information technology company, uses Mumbai-based startup iKen Solutions' product to understand customer online purchase behavior for big retail firms. Then there are large telecom companies such as Airtel and Vodafone that use sophisticated call-management products developed by Noida-based mCarbon Tech Innovation to block unwanted calls. "For the last two decades, India's IT field has been known for services culture. In the coming decade, India is going to be known as the product economy," says Paul Singh, Partner at 500 Startups, a US-based seed fund and startup accelerator that has invested in about 400 companies.

He said these startups are playing a role for big firms to tap opportunity of the growing middle class. Often, innovations and services of these small firms have turned into revenue-boosters for their big clients.

ET narrates the stories of five such startups, based on their revenues and impact.

ACQUIRING CUSTOMERS

Virgin Airlines, Expedia, Jet Airways and Make-MyTrip are taking the help of Bangalore-based startup Vizury to analyse massive volumes of digital data on the web and target potential customers. "We are happy with the response to the ads and Vizury's re-targeting clicks have a very good conversion rate," says Belson Coutinho, a senior executive at Jet Airways. The four-year-old firm is expecting to clock revenue of 60-80 crore this year.

However, it has not been an easy journey for the founders—Chetan Kulkarni, Gourav Chindlur and Vikram Nayak—who once worked at US-based Trilogy Software. It was while chatting over lunch at Trilogy that they decided to quit their jobs and set up Vizury in 2008. They pooled in their savings of 1 lakh and converting Chindlur's bedroom into their office.

They ran out of funds after 17 venture capital firms rejected their proposal to develop customer behaviour analytics products. "My wife was expecting and Vikram had to pay a huge lease for the apartment he had bought," says Kulkarni. They almost decided to shut down operations. That is when eight friends and angels came to their rescue, with crowd-sourced funding of \$150,000 (Rs 80 lakh now) in 2009, which was used to develop a customer analytics product.

Vizury got its first major break when Indian online travel portal Cleartrip became their customer. It later bagged big customers such as China-focused travel firm Ctrip, Virgin Airlines and Jet Airways. Last month, Nokia Growth Partners injected the second round funding of \$9 million in Vizury with participation from existing investors Ojas Ventures and Inventus Capital Partners. The firm will use the funds to hire talent, strengthen the company's presence across Asia, Australia and South America and drive research and development. It expects to earn 300 crore in next two to three years.

TAILOR

• MADE CALLS

Airtel and Vodafone are taking help from Noida-based mCarbon Tech Innovation, whose products analyse huge chunks of data, to offer customised services to customers, after taking into account factors such as location, service usage patterns and wallet size. mCarbon's flagship platform Greenroom is a network app store that enables the big telecom operators launch sophisticated network marketing services such as call-management, which blocks unwanted calls on mobiles.

Other products include customer usage and retention-based products such as gifting and retailing platforms, which allows mobile customers to send and receive talktime, data and service packs with their family and friends. mCarbon's technology is helping more than 400 million users across various telecom firms. The firm was started in 2008 by Rajesh Razdan and Brij Mohan Mahendru, who worked together at mobile value-added services provider Comviva. They used their savings and an angel investment from a friend based in the US. It later raised its first institutional funding of about \$5 million from Canaan Partners. The firm, which has close to 100 employees, has revenues of 25-30 crore and a presence in Sri Lanka, Bangladesh and Africa.

BUDGET DIAL

Like mCarbon, Gurgaon-based Knowlarity Communications provides cloud-based communication services that helps companies to reduce costs in sales services, enquiry and support calls. Its clients include beverages maker PepsiCo Inc and consumer products maker Procter & Gamble.

Knowlarity provides a suite of hosted voice applications for call tracking, call notifications, call forwarding, call automation and interactive voice response.

Three-year-old Knowlarity was launched by IIT batchmates Ambarish Gupta and Pallav Pandey in 2009 with their own savings of 20 lakh. They then raised \$2 million in the same year from angel investors in US to scale up. Knowlarity has around 5,000 paid customers. It expects to clock revenue of 30-35 crore next year. Sequoia Capital invested 34 crore in Knowlarity in January.

TAPPING TALENT

Nineteen-year-old student Neema Dangwal was keen to ease her parents' financial pressures, but there were few options to work for women in her village Sunkiya, 182 km away from Dehradun in Uttarakhand. This changed last year when she was hired by B2R Technologies, a rural BPO startup set up near her village by entrepreneurs Dhiraj Dolwani and Venki Iyer. Dangwal, who now earns four times the salary of an average teacher in her village, is part of a team of 200 employees that handles complex knowledge processes outsourced to them by global firms including Eastern Book Company, a leading publisher of law books. This includes analysing and converting millions of physical pages into meta-tags that help lawyers and law firms find the information on the web. The firm also converts thousands of physical pages into e-books read on Amazon Kindle and Apple iPads. Dolwani and Iyer, who worked together at IT major NIIT, are tapping talent in villages in Uttarakhand state's Nainital district near the foothills of the outer Himalayas.

"The pincode has changed from Gurgaon to villages, but the questions have not," says Dolwani, who got the idea of starting B2R during his stint at NIIT, when he observed that majority of people working in BPO's were migrant population from Uttarakhand.

Dolwani, an alumnus of BITS Pilani and Iyer an IIM Ahmedabad graduate launched B2R in 2009 after discussing the idea over a trekking trip in Uttarakhand. They invested 40 lakh as seed capital, which included Dolwani's savings for building a house.

When Dolwani needed funds to scale up and discussed his business plan with the venture capital community, many told him that he was foolish to start a venture where no economic opportunity existed. But social venture fund Aavishkaar understood the value that B2R was trying to create and invested an unspecified amount in the firm. The three-year-old startup, which has five service delivery centres, is now generating revenues of around 2-5 crore and has created employment for over 200 youth from the local community.

The company's goal is to set up 70 such centres employing more than 6,000 youth over the next five years.

ANALYSING CUSTOMERS

Tata Consultancy Services, India's largest software exporter, uses an artificial intelligence product developed by Mumbai-based iKen Solutions to understand customer online purchase behaviour for big retail firms. "The product is a promising end-to-end personalisation solution that assists throughout the life-cycle of an e-commerce consumer," says Sanjay Basu, head of e-commerce at TCS.

iKen, an IIT-Bombay research spin-off, was launched by IIT professor Rajendra Sonar along with Siddharth Goel in 2008. In July, it received an undisclosed amount in funding from India Innovation Fund. "We are now able to climb the shoulders of big gorillas and shoot," says Siddharth Goel, a serial entrepreneur. The firm earns revenues of around 3-5 crore and expects to clock 15-20 crore in the next financial year. "Within the next five-seven years, there will be an Indian startup that starts and hits \$1 billion market capitalisation within 12 months. It is going to happen. It is not a question of if, but when," says Singh of 500 Startups.

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Nasscom Top 10 Technology Startups

<p>Knowlarity 2009</p> <p>AREA OF OPERATION: Cloud Telephony</p>	<p>B2R Technologies 2009</p> <p>AREA OF OPERATION: Rural BPO</p>	<p>Rolocule Games 2010</p> <p>AREA OF OPERATION: Gaming</p>
<p>Knowskape 2009</p> <p>AREA OF OPERATION: Gaming, management training, assessments & research</p>	<p>Reverie Language Technologies 2009</p> <p>AREA OF OPERATION: Digital platforms for global languages</p>	<p>Foradian Technologies 2009</p> <p>AREA OF OPERATION: Technology for education</p>
<p>Vizury 2008</p> <p>AREA OF OPERATION: Digital Ad Platform</p>	<p>IKen Solutions 2008</p> <p>AREA OF OPERATION: Consumer Analytics</p>	<p>TechCello 2009</p> <p>AREA OF OPERATION: Application Development Platform</p>
<p>mCarbon 2008</p> <p>AREA OF OPERATION: Mobile VaS</p>		

<p>Product companies are emerging from India already. Indian product companies will lift our country out of poverty</p> <p>SHARAD SHARMA Chair, Nasscom Product Forum</p> 	<p>It is too early to celebrate the success of product firms from India. We have a long way to go</p> <p>S SADAGOPAN Director IIT Bangalore</p> 	<p>Sales process will become efficient only when buyers come online. The shift hasn't happened yet</p> <p>SHEKHAR KIRANI Partner, Accel Partners</p> 
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