

straight from the gut



The most important requirement to be an entrepreneur is self-belief. If you do not have faith in your own idea, how will you make others believe in it?

YOGESH BANSAL
FOUNDER, APNACIRCLE

A well-known name on board is not enough to become a success

Way before social media emerged as a buzzword in the digital world, **Yogesh Bansal** launched a start-up **ApnaCircle** in 2006. His early experience in building a social media venture in the US helped crystallise the idea. While in the US, he also got in touch with **Hotmail** founder **Sabeer Bhatia** who acted as a sounding board when he began to work on **ApnaCircle**. In 2009, the company was merged with France-based career networking site, **Viadeo**, and a similar site in China, **Tianji**. The group later bought **Unyk**, a Canadian social networking site. The merger with **Viadeo** was a cashless, stock-swap deal and **Bansal** is now on the **Viadeo** board. The combined entity had a turnover of around 18 million euros for the calendar year 2010. In conversation with **Radhika P Nair** of *The Economic Times*, **Bansal** explains how having a well-known name on board is not enough to become a successful venture.

NO SUBSTITUTE TO HARD WORK

I knew **Sabeer Bhatia** personally and professionally when I was living in the United States. I had collaborated with him on a venture. So it was not very difficult to convince him with my idea of **Apna Circle**. While it is good to have a person with the experience of **Sabeer Bhatia** on the Board of Directors of my company, it did not make it any easier to make the company a successful venture. He is a great sounding board, but that does not mean I do not have to work as hard as any other entrepreneur.

SELF-BELIEF

The most important requirement to be an entrepreneur is self-belief. If you do not have faith in your own idea, how will you make others believe in it? Being associated with an eminent personality definitely helps, but many entrepreneurs think that he will pave the way for the company to become successful. That is not the case at all. He is not going to spoon-feed you. You need a great, but simple idea, an excellent team and you should market the idea really well. All this, you will have to do for yourself. No one else is going to do it for you. There were times when **Sabeer** questioned the business sense in my idea. But it was my confidence in the venture that convinced him.

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TEAM BUILDING

I had put all my money into the venture and wanted to make it work. For this, the team is very important. Not many people in India had heard of social networking when I started out. I had to work hard to make my team believe in me. I showed them what my earlier start-up, which was also a social media venture, was all about, how it worked and how it became successful and was sold off to another company. Communication is the key.

TEAM RETENTION

Employee retention is always a major problem for start-ups. I used to set simple-to-reach milestones. When the employee would reach that target, he could feel good about himself and looked forward to future targets. We go for dinners together at least once a month. We play table tennis together regularly and we have family interactions as well, so that there is a personal relationship among team members. I also used to tell the employees to be problem solvers and not just problem identifiers. I used to ask them to innovate and come to me with suggestions for solutions. If they were good we would implement those solutions. This made them feel they were a part of the decision making process.

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When start-ups begin to behave like the big boys

Internet and mobile start-ups are acquiring smaller firms and setting up incubation funds to invest in peers. **Peerzada Abrar** and **Sreekala G** elaborate on the trend.



I found that the network that link start-ups with larger companies in the sector was missing in traditional incubation centres, established at various universities and research centres

AMRUTH B RAVINDRANATH
FOUNDER, IDEAWAVELABS



We are looking to incubate at least 3-4 companies this year in areas such as wireless marketing, social gaming and marketing technology

CHRIS GEORGE CEO, EBS WORLDWIDE



We are trying to build an ecosystem. Start-ups are hungry not only for cash but for brain power as well

ALOK KEJRIWAL FOUNDER, 2WIN GROUP

SEVEN deals worth over \$60 million in five years is what the M&A scorecard reads like at digital marketing company **Ybrant Digital**. Last fortnight, the Hyderabad-based firm raised fresh capital of \$48 million in debt and equity from a clutch of investors, including **Oak Investment** and **ICICI Bank**, which will help finance two more acquisitions in the US this year.

Elsewhere in Delhi, **One97 Communications**, a mobile value-added services firm, has set up a \$100-million fund — **One97 Mobility Fund (OMF)** — in collaboration with PE major **SAIF Partners** to invest in new start-ups focused on the mobile ecosystem.

As the number of internet and mobile transactions increase dramatically across the country, young companies such as **Ybrant Digital**, **EBS Worldwide**, **One97 Communications** and **Jasper Infotech** are buying up other start-ups, launching technology platforms and incubation funds in a bid to stay ahead in the race for new innovation and growth.

Industry experts say such growth models are attempts by small firms to kick-start the creation of a vibrant entrepreneurial ecosystem.

Similar ones exist in mature markets such as the US and also Israel where government-run organisations fund start-ups and provide incentives. "We are trying to build an eco-system. Start-ups are hungry not only for cash but for brain power as well," says **Alok Kejriwal**, a serial digital entrepreneur and founder of **2win group** of companies.

Kejriwal has invested \$100,000 in digital advertising solutions start-up **Hover Technologies**.

NEED TO INNOVATE

"Marketing services firms are finding it challenging to stay ahead in the race for new innovations with the expanding market," says **Pallav Nadhani**, co-founder,

FusionCharts Technologies, a Kolkata-based firm. Buying into other start-ups or acquiring them is one way to plug the gap, he added.

"Lot of start-ups are coming up with interesting technologies, but don't have resources to scale up," said **Nadhani**, who has joined hands with another start-up **Indus Net Technologies** to set up a ₹2-crore fund. The new venture called **Seeders** will invest between ₹5 lakh to ₹15 lakh per venture for an equity share of between 12% to 20% in each start-up.

MARKET ACCESS

For small start-ups, such networks that link them with larger companies in the sector is proving to be a huge benefit. Similarly, **Amruth B Ravindranath** set up **IdeawaveLabs (IWL)** last year. The Bangalore-based technology firm would blend digital technologies, design, animation and neuro psychology to predict consumer behaviour.

Finding clients was a problem for him, until he met up with **EBS Worldwide**, a marketing services firm that incubated his firm in return for an equity stake. In return, **EBS** got access to cutting-edge technology and new business ideas.

"I found this network was missing in traditional incubation centres established at various universities and research centres," said **Amruth**, a BITS Pilani alumnus. He also co-founded another start-up **Vita Beans** two years back, which uses neuropsychology framework to simulate human behaviour. The combined revenue of both firms is now at ₹1 crore.

Another entrepreneur **Satyajit Joshi**, who started **User Postulo**, a human experience design firm, is also an early adopter of the incubation model. When he found it challenging to reach to more customers and have a better technology platform, he also tied up with **EBS Worldwide**.



AS THE NUMBER OF INTERNET AND MOBILE TRANSACTIONS INCREASE DRAMATICALLY ACROSS THE COUNTRY, YOUNG COMPANIES ARE BUYING UP OTHER START-UPS, LAUNCHING TECHNOLOGY PLATFORMS AND INCUBATION FUNDS

"It is a symbiotic relationship in which we provide resources and get knowledge, innovation and equity stake in return. We are looking to incubate at least 3-4 companies this year in areas such as wireless marketing, social gaming and marketing technology space," said **Chris George**, CEO, **EBS Worldwide**.

INCUBATION MODELS

For **One97**, the OMF fund will help the company gain access to cutting edge ideas and new innovations in the mobile space. Besides capital investment from \$500,000 to \$5 million, OMF will offer access to its technology and network as well as mentor raw entrepreneurs in business issues such as hiring, cash flow management and fund raising. "We also have a vision for smaller players to access meaningful capital, mentorship and resources," says **Ishan Gupta**, general manager, **One97 Communications**.

To scale up in hyper competitive marketing services space, two-year-old start-up **Jasper Infotech** has also adopted the incubator model. The Delhi-based firm, which just raised a second round of funding of \$12 million, has set up an incubation fund with a corpus of \$2-million to nurture younger firms in the sector.

"We will invest between \$50,000 and \$250,000 in start-up firms. The idea is to enable companies and entrepreneurs in the marketing services and technology sector in India to scale their products rapidly," said **Kunal Bahl**, chief executive at **Jasper**, who expects to acquire or take equity stake in three companies this year by using the innovation fund.

Jasper, which owns group buying services company **SnapDeal.com**, will use the fund mainly to back ideas in areas such as efficient brand promotions, social media and mobile marketing.

In June this year, the firm acquired a Bangalore-based group buying firm, **Grabbon**, which brought in national market reach in 30 Indian locations and has also extended services to five overseas spots.

TECHNOLOGY BOOST

Some emerging companies have realised that in the fast-moving value-added-services (VAS) space, they would not be able to generate products quickly enough to remain on top of the game. So they are setting up technology platforms. Bangalore-based **OnMobile**, a telecom VAS company has started **OnMobile Developer Network** — on which developers can create products.

"We bring our expertise, which we have developed over the last 10 years. We partner with companies who have great ideas but do not have the size and business capacity to develop the idea," said **Ahmad Kamal**, vice-president for network and products unit at **OnMobile**.

GLOBAL REACH

For companies such as **Ybrant**, acquisitions are a way to expand in overseas markets. "We plan to acquire two companies in the US, which are engaged in affiliate networking and mobile gaming applications segment. The aim is to enter new markets including China, Russia and Brazil," says **Suresh Reddy**, chairman & CEO of **Ybrant Digital**.

Industry estimates suggest that online advertising spending including mobile will grow from \$45.6 billion in 2010 to \$51.9 billion in 2011. "The ad spend on the Internet has exceeded that of traditional medium like print in European markets. With India and developed nations adopting third generation and fourth generation mobile technologies, mobile advertising is also going to see great momentum," says **Jehil Thakkar**, executive director at audit and consulting firm **KPMG**.

The launch of low-cost tablet computers planned by many companies will also open up opportunities for digital media, he says. **Ybrant's** acquisitions so far include Internet firms such as US-based **Leeks**, **AdDynamix**, Serbia-based **VoloMP**, Israel-based **Oridan**, Argentinian firm **DreamAd** and Australia's **Max Interactive**.

"Lot of entrepreneurs are now setting up incubation funds or acquiring other start-ups. There is a belief that next **Googles** and **Facebooks** are going to emerge from the India, because the market is maturing. They want to participate in this growth at an early stage," says **A Suryanarayanan**, chief operating officer of **NSRCEL**, an incubation cell at **IIM Bangalore**. (With inputs from **Radhika P Nair**)

Business of finding the right dose

CELLWORKS CARVES A NICHE FOR ITSELF IN SIMULATED DRUG TRIALS

WHEN **Taher Abbasi** made the decision to relocate to India after an exciting time with start-ups in California, it was never a easy one. The new start-up in Bangalore seemed exciting, and was at the same time that much riskier.

Today, the company he founded — **Cellworks Group** — has carved a niche for itself in the high-tech game of simulated drug trials. By mapping out various parts of the human body in precise detail, **Abbasi** and his team are able to show how effective a drug can be for diseases such as cancer and arthritis.

"This can cut the costs of a drug company by one-fourth as it develops the drug," says **Abbasi**. A major portion costs incurred by pharma biggies like **GlaxoSmithKline** or **Pfizer** is the millions of dollars poured into its development. According to a study by **Bain and Company**, pre-clinical and clinical trial costs by pharmaceutical firms add up to around \$2 billion every year.

Compared to this figure, only about 25 novel drugs are approved for marketing. Out of this, a blockbuster drug like **Lipitor** (which alone got **Pfizer** \$11.4 billion) will come once in many years. A blockbuster drug is one that generates sales of more than \$1 billion (₹4,500 crore), and such returns justify the risk the drug companies take while investing in development. Without such returns, shareholders will not be inclined to support more drug research.

Cellworks's model is part of the systems-biology approach and measures the changes in the rate of reaction in the human body with change in the type of inputs.

"Such a model is a mesh of biology and mathematics, and is pivotal to generate parts of the body that are particularly vulnerable to an attack by, say, a certain form of cancer," explains **Abbasi**.

In his lab, **Abbasi's** team vary the composition and dosage of the drug and the corresponding reaction is seen in real time, as happens in a real human. This platform is also used to understand the pathways through which the drug has maximum im-



Teamwork: **Taher Abbasi** (right) discussing the project details with his team members

pact, and also see possible toxic effects. Given the complexity of the model, **Cellworks** employs biochemists, mathematicians and doctors. **Cellworks** is poised nicely at a time when global biggies are about to lose patent protection for some of their blockbuster drugs. Through the company's technology, the drug firms will be able to catch potential side-effects before advanced trials. "So, in-

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stead of spending almost half the development cost over eight years only to know its not going to work, we are now in a position to make predictions much earlier and save resources," says professor **Utpal Tatu** of **IISc**, who has previously worked with **Abbasi's** team. This can also prevent future side-effects, which often result in costly withdrawals. Two years ago, **Merck** had to withdraw its blockbuster **Vioux** from the market for serious side-effects in some patients. "We are looking at a good revenue stream in

some years, as we see **Cellworks's** technology as revolutionary for the industry," says **Ramesh Radhakrishnan**, partner, **Artiman Ventures**, who are lead investors in the company. The total investment in **Cellworks** stands at about \$10 million (₹45.3 crore).

Currently, **Cellworks's** revenues of \$2 million (₹9.06 crore) come from a series of one-off projects for "tier-1" drug companies, which include customised stuff and also testing of technology at much reduced prices.

The company is now looking at developing therapies and concentrating on cancer and arthritis as thrust areas. "We expect revenue from the fully developed model from 2012 onwards, and will keep expanding to include more diseases in the next 2-3 years," says **Radhakrishnan**, for whom developing a good platform is the main thing. "It's like the iPhone — once it is there, and you got the 'wow' factor, you can lead the market."

Cellworks is now designing therapies, but won't reveal much on that. "We don't want to talk much about that right now," says **Radhakrishnan**. For **Abbasi**, coming back to India has given the satisfaction "of being part of something so innovative, and with a positive contribution so society."

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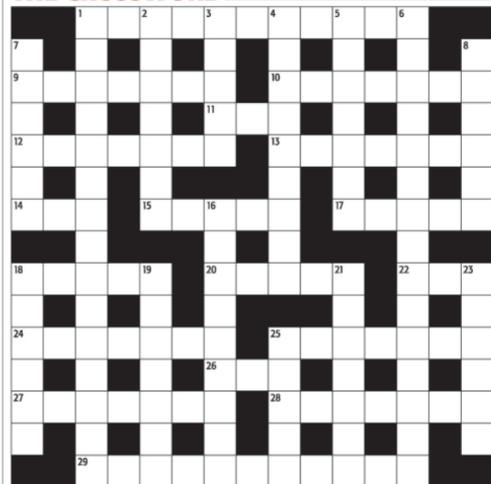
DILBERT

by S Adams



THE CROSSWORD

4855



ACROSS
1 Don't be put off taking a single side move (4,3)
9 Looks like good wishes (7)
10 Furniture helpful to an actor (7)
11 Like some delightful place a Welsh girl left for the city (3)
12 Admirer of impudence given a set of books (7)
13 Has that woman visited the liquor shop? (7)
14 Aim to give a mate a day off (3)
15 Rate a casual worker as an all-

rounder (5)
17 Take an odd turn back for instance to avoid contact (5)
18 Take a break on the Adriatic coast (5)
20 They're done with the establishment of ownership (5)
22 Desire to make money in the Far East (3)
24 Hurried round to pull back after getting a gaunt look (7)
25 Didn't sound good-tempered when given a break (7)
26 Tree down in the forest (3)

27 Ask for rent adjustment so one can get food (7)
28 Please move to the right and fall back (7)
29 One's heard to cancel praise as one gets the stuff around (11)
DOWN
1 Very pleased to be in a top position (6,9)
2 It's not the same art Ivan might have devised (7)
3 Attack while filming (5)
4 Go round in a whirl when it's hard to see the light (9)
5 Little kid starting at last to be given time off work (7)
6 Eyes party spread as if it's old news (10,5)
7 Voting system creating a fever in Eastern Europe (6)
8 Notes about call out from the centre (6)
16 One doesn't want matters to get out of hand in church (9)
18 Moved to show one's afraid (6)
19 Not the most discreet of people handling money? (7)
21 Lash out at many a bulb producer (7)
23 Draws attention to what's good in revealing pictures (6)
25 Ask for quiet message to produce growth (5)
Solution to 4854
ACROSS: 1 Fracture. 5 Camper. 9 Negative. 10 Spares. 12 Lute. 13 Altogether. 15 House of Orange. 19 Latin American. 23 Upholstery. 25 Coma. 28 Dragon. 29 Obdurate. 30 Rakish. 31 Statuary.
DOWN: 1 Finale. 2 Aught. 3 Tote. 4 Revolve. 6 Ample. 7 Parthenon. 8 Reserved. 11 Golf. 14 Burn. 15 Hatchback. 16 Ode. 17 Rack. 18 Flounder. 20 Mate. 21 Rarebit. 22 Lately. 24 Looks. 26 Omaha. 27 Suit.