



Start-ups and many ventures are gearing up with cash inflows raised from investors. It involves not only Indian investors but also Foreign investors in the form of SoftBank, Sequoia etc. but these funding are in later stage of the start-up once they have started making a mark in the market. There are beginners who require funding to support their idea and this is where the incubators come in.

This month we will focus on how these incubators play a pivotal role in supporting the start-ups and what are the challenges they face.

Do share in your views and how you are finding innovative ways of supporting your idea.

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Role of Incubators in supporting Start-ups

Year 2015 has been referred to as year of start-ups. We can see many new ventures coming in the market and few of them raising capital or funds from various Venture capitalists, Angel Investors etc. But raising million or billion

UPCOMING EVENTS

- IP Conference, Bangkok on 15th – 17th Sept'15, The Landmark
- IP Conference, 10-11 Sept'15, Hotel Lalit,

dollar funds is only half the success factor for any start-up. The main survival for a start-up is proper guidance and incubation period. The ones who successfully survive this incubation period are able to raise hefty funds and impress the investors.

This newsletter brings to you how incubators help start-ups in their initial stage. It explains how an incubator plays a critical role in supporting a start-up in its naïve stage. Business incubators are organizations or institutions geared towards seeding up growth and success of a start-up or early-stage company. Most of the start-ups are restricted by the amount of money; they cannot grow without funds, many of the innovators or entrepreneurs are not very qualified in terms of business acumen or making their idea sustainable. Incubators understand business more than investors; they do value addition by providing appropriate platform to the entrepreneurs.

The main support by incubators is in the form of mentoring, providing infrastructure and wider network including other start-ups, investors and potential partners. They help in providing access to global group advisors and deep domain experts. "At TBI@KEC we provide infrastructure with flexibility in scaling up and down, Financial Assistance upto Rs.50 lakh, Facilitation and Mentoring and Launching Product. Above this synergy between TBI@KEC and Host institution is great, so every facilities available may be well utilized then and there when demand arises, such as Hostel accommodation and bus facilities for employees of incubates" says PS Kannan, Sr. Manager at Kongu Engineering College, Incubator.

Approach and factors considered to select a start-up for incubation: Incubators have stringent process and factors consideration to enrol a start-up for incubation. These factors and processes though similar may vary based on each incubator's need. They normally look for four criteria

Mumbai

- *Chief Innovation Officer Summit, 16-17th Sept'15, Sydney, Australia*



Trivia / Think about it!

We can accumulate patents without innovating. Non-practicing entities (NPEs) accumulate patent portfolios in order to profit from infringement settlements and extract license fees. Derisively called patent trolls, NPEs have grown rapidly. NPEs sued less than 250 companies in 1998. By 2010, that number shot up to 2,600. Major NPEs like Intellectual Ventures own an estimated 10,000 – 15,000 patents. Some argue they aggregate rights to facilitate technology licensing. Yet, most of these companies contribute little to the economy except the dividends generated for shareholders from suing manufacturers.

in any ideas, project/product or service, they are:

- Innovativeness/ Uniqueness
- Technical feasibility
- Commercial Viability
- Socio-economic need or impact

At DLabs, Indian Business School incubator, they follow a pretty standard process where they invite applications from start-ups, which are then evaluated in a series of stages. So, they go from 100 companies to 20 in one filter. Then these prioritized ones are put in front of an investment committee which helps them select the final ones to move forward with; tells Dheeraj Batra, Co-founder of Dlabs.

Challenges for Incubators: The main challenge is in finding great and innovative ideas which has scalability and addressing the felt need/ problem. Mostly the ideas are into ecommerce or software sector, they get easy funding and have short development cycle. If the idea is into core applications or hardware related it is very difficult to convince investors as the customer base is very limited and they have a longer development cycle which takes time to give returns. Investor community is not much open to such sectors. “Incubators biggest struggle is with funding to attain and/or maintain self-sufficiency. Differentiation against other incubators is also a major challenge” says Dheeraj Batra.

Other challenge is faced in terms of mentoring the start-ups. Krishnaveni of SINE-IITB tells that, start-ups come with ideas and jump into it without analysis. They look for easy money, fast growth and large revenue streams within a short span of time. This becomes a challenge to set their mind set to make it sustainable and bring clarity into their business path.

Advantages of an incubator as an institution: There are many incubators which are linked to various institutions like IITs, IIMs or business management schools. As an institution they definitely have an edge over the organizational incubators. As an educational institute it has more



What's new at Scinnovation?

- Glad to share that we have launched our cool, new video which is available for viewing, sharing and liking on [Scinnovation Video](#)
- Our team is growing and we welcome Padmakar Roy as Associate, IP Consulting & Innovation Platform in our NCR office. Padmakar is a passionate and opinionated guy with strong experience in IP due diligence and research. We welcome him to our team and wish him a fruitful career at Scinnovation

advantages say

- Incubatees have access to large pool of talents at much affordable cost and students work as intern to get hands on experience while they study.

- Faculty expertise may be availed then and there when need arises.

At SINE-IITB also, they can leverage the wide alumni network and various resources at IIT for technical support, branding, laboratory set-up to grow their idea. Many students also work as interns in the start-ups so the talent pool is available easily.

Future plans w.r.t. improving or scaling incubators: Arpit Agarwal of Blume Ventures feels that incubators should also be able to provide shared services like accounting and legal services to the start-ups. Currently the support is limited to only mentoring and raising funds for the start-ups. Other plans which incubators have are

- Providing opportunity, support and ecosystem for Student/ Campus start-ups
- Bring on board more mentors
- Networking with peer groups for mutual benefits

There is also lack of ideas in hard core sectors like mechanical or medical. At SINE-IITB they plan to get into life sciences, healthcare, hardware or medical devices related fields. Many investors also want to invest in health care, green technology. Further they plan to increase capacity, infra limited to few companies, bring in diff activities to accelerate program, enable within ecosystem to have easy transition of incubatee towards exit to comfortably move ahead. In next three years they plan to have a research park where researchers can setup their research.

Feedback from entrepreneurs:

1. "As a Startup company, we have got all necessary guidance from the incubator. This has made a great change

in our efforts. The guidance is in all forms like technical, business, legal, documentation etc. The marketing techniques provided by them are very useful for selling the newly developed products" - **Mr.V.Kesavamoorthi, K Square Automation Pvt Ltd (Staff turned Entrepreneur)**

2. "TBI@ Kongu has been a very helpful place for budding entrepreneurs like me. The timely financial help in the form of soft loan through DST and the guidance provided have been indispensable to my company. The kind of pressure that the faculty members have been putting forth on my progress has kept me on my feet. Thinking ahead, planning for the future, forecasting the finances and progressing along the project in a time bound fashion been helpful at every stage of my project. I would like to thank KEC, TBI and DST for all their help and encouragement" - **Dr.S.Krupakar Murali, Multiversal Technologies**

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