



# **High-tech entrepreneurship in India**

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## Global entrepreneurship monitor (GEM) findings in India

- GEM, a joint research by Babson College and London Business School, quantifies various factors that determine entrepreneurial activity globally
- India fares fairly well on the entrepreneurship scale:

Parameters for measuring entrepreneurial activity	Global Av	India
TEA * Index - overall	9	17.9
TEA Index - men	13.3	19.46
TEA Index - women	8.5	9.62
Ratio of impact of start-up vs entrepreneurial activity of existing firms	5	10
Level of necessity start-up activity (%)	33.3	27
* Total entrepreneurial activity (TEA) index measures # of start-up entrepreneurial ventures		

- Small entrepreneurial new firms created 33 million new jobs in 2003

Source: GEM & [www.outlookmoney.com](http://www.outlookmoney.com)



## Trends influencing high-tech entrepreneurship in India

- The rapid pace of globalization and the fast growth of Asian economies present tremendous opportunities and challenges for India
- Increasing outsourcing to India not just for services but also for core business, engineering activities & cutting edge R&D work
- IT off-shoring industry has spawned market for number of ancillary industries like entertainment, media, transportation, hospitality, infrastructure etc
- “Micro-Multinational” model gaining popularity providing globalization of talent, markets, business models & capital
- Migration of number of Business Unit functions
- World class knowledge of technology, markets, systems; adhering to global quality standards
- Strong US linkages especially with SV, known for its entrepreneurial culture
- Estd. > 50% of SV VC portfolio leverages India connectivity, in some cases being a pre-requisite for investment



## Enabling environment in India

- IP protection, information security, telecommunication infrastructure probably most advanced in the world, government policies provide the right environment
- American-born children of Indian immigrants emerging as the new generation of high tech entrepreneurs - equally familiar with both cultures and operate in a transnational context
- Returning Indians who have held leadership positions and or have access to leading edge technology and exposure to global operations
- Availability of role models and aspirational success stories
- Mushroomed new high tech clusters eg in and Hyderabad which offer infrastructure including broadband access and a skilled labor pool



## Enabling environment in India ... contd.

- Culture changes – ‘business failure de-coupled from personal failure’
- Access to high end technology
  - Semi-conductor fabs, nano-technology parks etc being setup
  - Pharma, life-sciences, biotech & other industries becoming attractive
- High value early stage opportunities arise from :
  - Knowledge of high technology development across the world
  - Availability of talent that has exposure to both MNC & start-up work
  - Potential to service both international and the under serviced domestic market
  - The SV/US – India corridor resulting in strong relationships and a huge network
  - Changing mind-set of willingness to take risk and wanting to succeed
- Thus Innovative Technology / Intellectual Property based product and services companies are being seeded



## Challenges in India

- Challenges in India:
  - McKinsey & Company survey shows two skill gaps in most Indian start-ups:
    - entrepreneurial (how to manage business risks, build a team, identify and get funding); and
    - functional (product development know-how, marketing skills, etc.)
  - Indian entrepreneurs have very little access to “Risk” capital
- Changing trends mitigating above challenges:
  - Various educational institutions like IITs and ISB provide right skills that promote entrepreneurship and also incubate start-ups
  - Seed/ angel funding VCs increasingly seeking opportunities
- Though successful in services, India still unable to compete effectively with China in manufacturing

**Thank you**