



Value creation and
sustainable growth

The Blueprint for Startup Profitability in India

SAP

grow | for Scaleups
with SAP

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**Avinash Gupta**

Managing Director & CEO - India
Dun & Bradstreet

India has emerged as the world's third largest start-up ecosystem with emerging innovation hubs across Tier 2 and Tier 3 cities highlighting the inclusiveness of the Indian start-up ecosystem proliferation. They have been at the forefront of innovation in India while reinventing solutions to upend the status quo of traditional business models.

While Indian start-ups have been facing funding and valuation challenges in recent times, we remain optimistic about their future success. We believe that Investors sitting on 'dry powder' will look at aspects such as Unit Economics and intent to become profitable while balancing scale and innovation along with governance policies in place while assessing valuations and making investment decisions. Making data and analytics driven strategic decisions and implementing new-age technology, start-ups can navigate macro-economic headwinds as well as rapidly changing consumer-behavior leading to a sustainable business model.

Dun and Bradstreet globally is committed towards helping start-ups and small businesses grow and thrive in an ever-changing business environment. Our data and solutions have assisted many such companies in identifying potential customers, getting better market access to global markets, increase customer confidence, assessing creditworthiness of customers and suppliers as well as upskilling internal teams. Our proprietary DUNS number and DUNS registered solutions are testament to creating global visibility for start-ups.

With our increasing focus on supporting the start-up ecosystem in India, we are pleased to present this whitepaper. This report provides a deep-dive into the current Start-up ecosystem and associated landscape with strategic insights on evolving and changing dynamics in start-up valuations, their aspirations on public listing, major sectoral trends and the role of technology in their growth journey.

We hope this report provides you with a unique perspective on the evolving start-up landscape in India and maximizes your information aspiration.

**Sanket Deodhar**

Vice President and Head, Digital Native Business,
SAP Indian Subcontinent

Over the years, I've witnessed the remarkable growth of India's start-up ecosystem. This report offers a comprehensive insight into this vibrant landscape, covering key statistics, funding trends, and start-ups' challenges and opportunities. It encapsulates the innovation, resilience, and growth journey that defines our entrepreneurial spirit.

In these pages, you will explore India's start-up realm profoundly—its triumphs, challenges, and evolving dynamics. This report offers a panoramic view of our entrepreneurial landscape, from illuminating statistics to nuanced discussions on funding trends and sectoral insights.

India's start-up ecosystem is a testament to our collective potential, fuelled by visionary entrepreneurs, robust infrastructure, and relentless innovation. As we celebrate the achievements of nearly 300,000 start-ups and over a hundred unicorns, we acknowledge the hurdles they surmount and the transformations they catalyse. Start-ups have generated over 1.2 million jobs and are pivotal in technological advancements, particularly in remote areas.

Beyond economic metrics, start-ups are architects of societal change, enriching lives and fostering inclusive growth. Their journey resonates deeply with our commitment to leveraging technology for meaningful impact and sustainable progress, instilling hope for a brighter future. Despite challenges such as funding limitations and regulatory obligations, the growing market, supportive policies, and vast talent pool present significant opportunities for growth and innovation.

This report highlights that Indian start-ups raised USD 2.77 billion across 326 deals in the first quarter of 2024, with significant contributions from the e-commerce, FinTech, and HealthTech sectors. Bengaluru leads in funding and deal numbers, showcasing the regional dynamics within the ecosystem, while Tier II & Tier III cities emerge as innovation hubs.

As we navigate the ever-evolving digital frontier, this report serves as a guiding compass, illuminating pathways for entrepreneurs, investors, and policymakers alike. I commend the authors for their insightful analysis and unwavering dedication to capturing the essence of India's start-up narrative, providing valuable support and information to our audience.

May this report inspire us to continue pushing boundaries, nurturing innovation, and shaping a future where every idea has the power to spark change.

**Sudakshina Ghosh**

Sr. Director, Customer Advisory Practice,
Consumer Industries and Unicorns & Digital Natives,
SAP India

We believe and are inspired by the potential that India's start-up segment has created and will continue to create in future. Start-ups are true innovators and are changing the established paradigms of businesses, connecting consumers, serving newer markets through digital business models, leveraging power of ecosystems and giving a platform to India's extensive tech-talent to shine.

SAP has strategically partnered with start-ups, equipping them with a cutting-edge digital foundation to accelerate their growth trajectory. As a result, four out of five of India's publicly listed unicorns have chosen SAP, recognizing the unparalleled value of a robust digital core to run better. In today's competitive business landscape, start-ups with global aspirations demand a trusted partner to navigate hypergrowth, ensure compliance in diverse markets, mitigate supply chain disruptions, and safeguard investor interests – all areas where SAP has proven excellence and continues to build on.

By leveraging SAP's Cloud solutions and the game-changing GROW with SAP offering, start-ups have unlocked innovative growth models, optimized operations to fund further innovation, and seamlessly transformed their mission-critical systems at low business risk. These partnerships solidify SAP's pivotal role in driving the success of start-ups in the ever-evolving business landscape.

This report highlights strategic growth levers for start-ups across key verticals. Agri-tech start-ups are addressing supply-chain gaps through better farm-to-market linkages. Fintech innovators are changing the paradigm of lending through data & AI as continue to strengthen their portfolio in a evolving regulatory environment. Edtech start-ups are pivoting business-models in a post-pandemic world to deliver flexible learning models. Consumer-tech companies continue to elevate customer engagement, delighting connected consumers of today with ever better service delivery models. Health-tech companies will build on data and digital infrastructure to deliver close-looped health outcomes.

We at SAP are inspired to be a partner to these journeys and more. We are invested in ensuring start-ups scale to become industry leaders of tomorrow. With SAP, start-ups have the potential to accelerate growth while delivering on unit-economics outcomes and build business-models for the world.



EXECUTIVE SUMMARY

Key Takeaways



>1,00,000

recognised startups in India



113

Unicorns out of India



~USD11 Bn

Funds raised in 2023



>1.2 Mn

employment opportunities generated by 2023



~85%

respondents mentioned that Unit Economics and a clear path to profitability is important for enterprise valuation



~79%

respondents believed that adoption of Enterprise Applications integrated with new-age technologies is important for scaling and improving unit economics



40%

of tech startups in 2023 emerged from Tier II and III cities, making them innovation hubs



> 70%

of respondents believe that robust corporate governance measures are necessary for attracting investors and preparing for public listing



> 80%

of respondents prioritize ROI and scalability when selecting Enterprise Applications



~ 75%

of respondents are investing in or considering new-age technologies.

Key Takeaways

- India holds 3rd position in the global start-up ecosystem, followed by the United States and China. The nation hosts around 3,00,000 start-ups, including 113 unicorns.
- In 2023, Tier II and Tier III cities emerged as innovation hubs and 40% of total tech start-ups originated from here.
- Start-ups are increasingly leveraging DeepTech. In 2023, 25% of the newly founded tech start-ups were using DeepTech.
- As compared to January and February 2024, a decent rise in funding was seen in March 2024. The funding raised was US\$1.18 billion in March 2024 as against US\$ 875 million in February 2024 and over US\$ 700 million in January 2024. However, on a Y-o-Y basis, Q1 2024 witnessed a decline from US\$ 3.5 billion in Q1 2023.
- Nearly 85% of the start-ups believed that Unit Economics and a clear path to profitability is increasingly playing a vital role in Enterprise Value.
- 71% of the respondents mentioned that having appropriate corporate governance practices is increasingly becoming important for investors and eventually being ready for public listing.
- 79% of respondents believed that adoption of Enterprise Applications integrated with new age technologies is key to measuring rapidly changing customer behavior and making strategic decisions to scale and improve unit economics.
- Most start-ups have or are looking to invest in new-age technologies.



START-UP LANDSCAPE IN INDIA

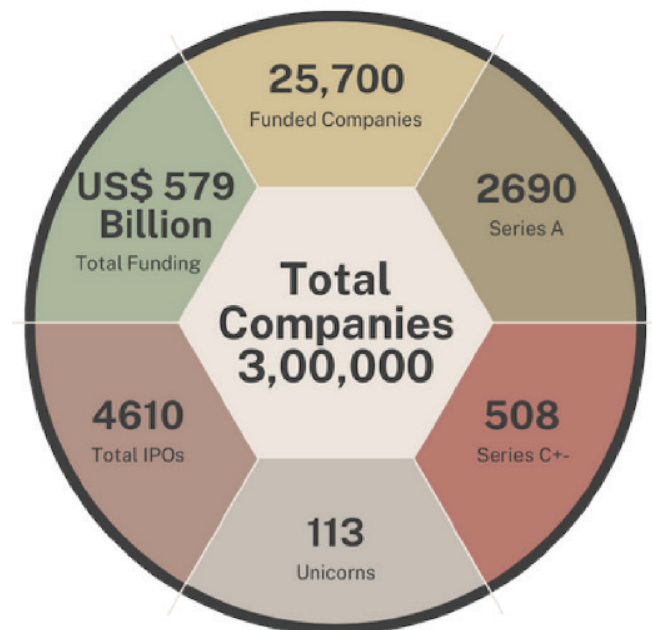
OVERVIEW OF START-UPS IN INDIA

START-UP ECOSYSTEM IN INDIA: BROAD OVERVIEW

With a population exceeding 1.4 billion, India stands as one of the world’s fastest-growing economies. The country has a substantial number of tech-savvy youth, a growing middle class, a vibrant consumer market, and a favorable regulatory environment. These factors collectively foster India’s emergence as a global hub for entrepreneurship, innovation, and technological advancement, fueling rapid growth within its start-up ecosystem.

India ranks third globally in terms of its start-up ecosystem, following the United States and China. India is home to almost 3,00,000 start-ups, including 113 unicorns, across diverse sectors such as FinTech, HealthTech, Logistics, EdTech, and e-commerce. This dynamic landscape has expanded significantly over the years, embracing emerging sectors like DeepTech, SpaceTech, Artificial Intelligence, and Electric Vehicles (EVs). Additionally, over 1,36,000 start-ups have been recognised by DPIIT till recently.

INDIA - KEY START-UP STATISTICS (AS OF FEB 2024)



Source: Tracxn

5 TOP FUNDED START-UPS

Company	Founded	Current Stage	Private Funds Raised
Paytm	2000	Public	US\$ 3.56 billion
Zomato	2008	Public	US\$ 1.79 billion
Lenskart	2010	Series J	US\$ 1.76 billion
ACKO	2016	Series E	US\$ 489 million
Make My Trip	2000	Public	US\$ 39 million

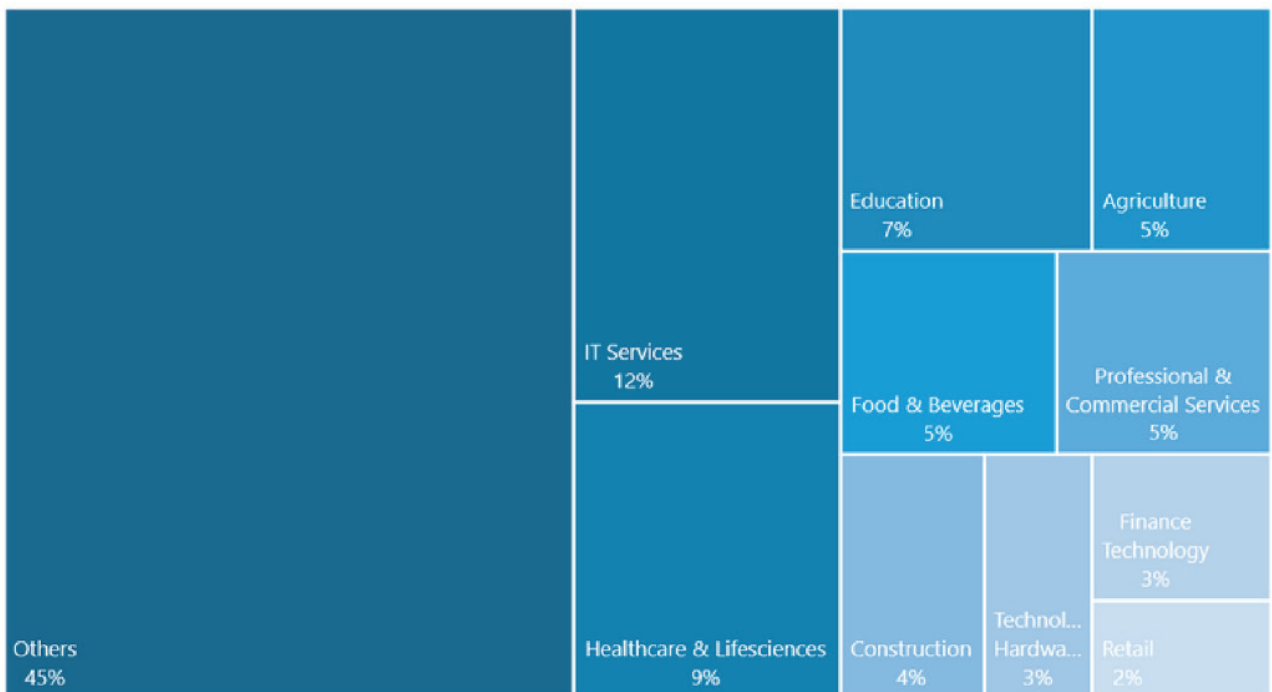
Source: Tracxn

Favourable government policies, ample venture capital, increased internet penetration, digitisation, and a growing talent pool are some of the factors that have contributed to the growth of key sectors in India. Some of the sectors benefitting from these conditions include FinTech, FoodTech, AgriTech, e-commerce, transport and logistics technology, enterprise applications, EdTech, auto technology, and travel and hospitality.

The Indian start-up ecosystem has played a crucial role in job creation, generating over 1.2 million employment opportunities by 2023. Start-ups also contribute to workforce empowerment by investing in ongoing education and professional upskilling. Moreover, they have pioneered innovative technologies and solutions that enhance the quality of life of people, particularly in remote areas, thereby bolstering local communities and the national economy. The collaborative efforts of investors, entrepreneurs, mentors, and other stakeholders further propel India's economic growth.

The entrepreneurial spirit in India extends beyond metropolitan areas, as start-ups increasingly thrive in Tier II and Tier III cities, contributing to decentralised economic development.

SECTOR-WISE DISTRIBUTION OF RECOGNISED START-UPS AS PER DPIIT



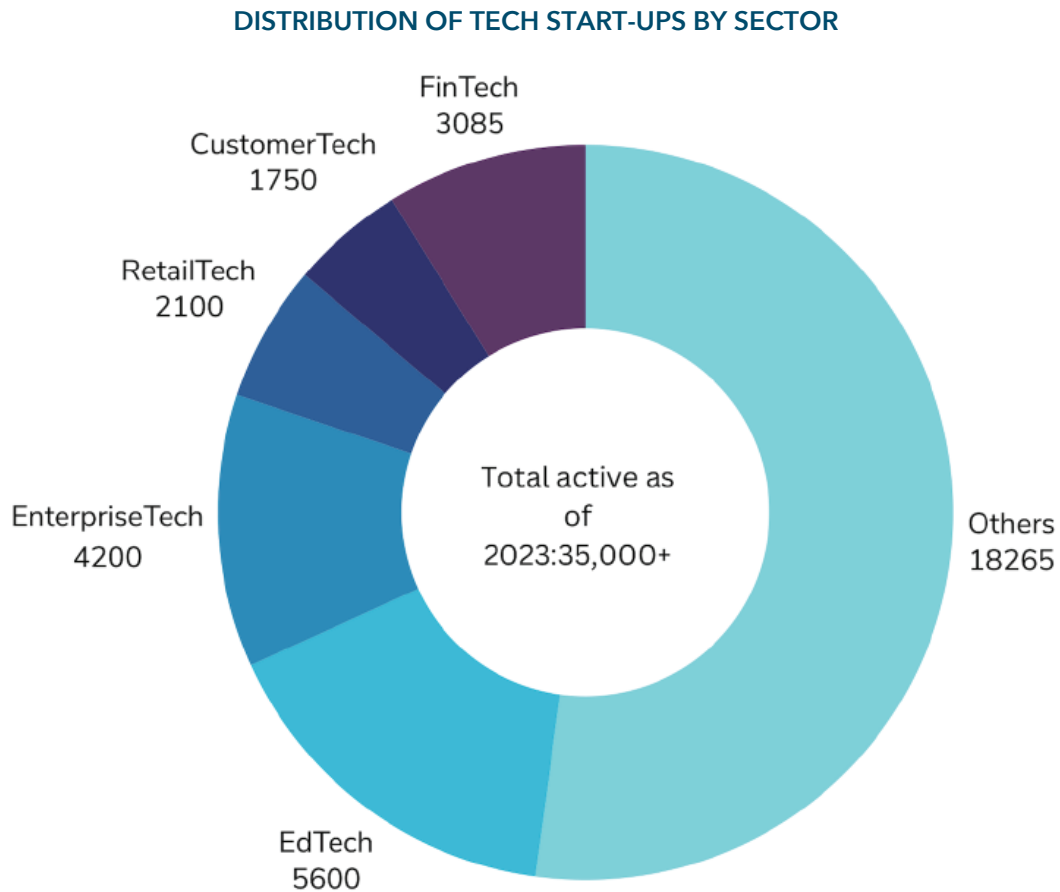
Source: Ministry of Corporate Affairs (as of Feb, 2023)

INDIAN TECH START-UP LANDSCAPE

- Start-ups are capitalising on new-age technologies to pave the way for their growth. More than 950 new tech start-ups were founded in 2023.
- There are 4,380 DeepTech start-ups in India as of April 2024.
- DeepTech funding was around US\$ 500 million in 2023 and is predicted to increase in 2024.
- For optimisation of operational costs, automation of internal processes and increasing organisational efficiency start-ups are using DeepTech. As per Nasscom, 25% of the newly founded tech start-ups in 2023 were leveraging DeepTech.
- More than 100 Generative AI start-ups in India are building vertical and horizontal applications.

[START-UP LANDSCAPE IN INDIA]

- Better internet penetration in India, changing patterns of consumption and digitalisation of enterprises have given a fillip to Tech sectors like Fintech, HealthTech, RetailTech, EdTech, ConsumerTech, EnterpriseTech etc.



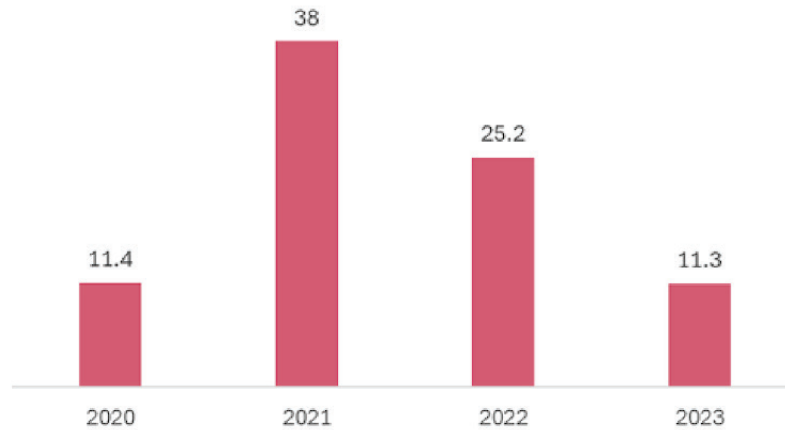
Source: Ministry of Corporate Affairs

RISING PROMINENCE OF TIER II AND TIER III CITIES

- Tier II and Tier III cities emerged as innovation hubs and 40% of total tech start-ups originated from such emerging hubs in 2023.
- Tier II and Tier III cities have built their unique brand by capitalising on their core competencies. They have become the hub for different types of services/industries like Ahmedabad in Gujarat for Fintech and BFSI; and Mysuru in Karnataka for cybersecurity.
- Cities like Chandigarh, Jaipur, Madurai, Indore, Kochi, Warangal, Hubli, Raipur, Vishakhapatnam and Guwahati among others host 15% of the country's tech skill pool. These Tier II and Tier III cities can contribute to substantial cost savings as real estate rentals and talent pool costs are lower here compared to metropolitan cities.

FUNDING TRENDS

FUNDING TRENDS 2020-23 (US\$ BN)

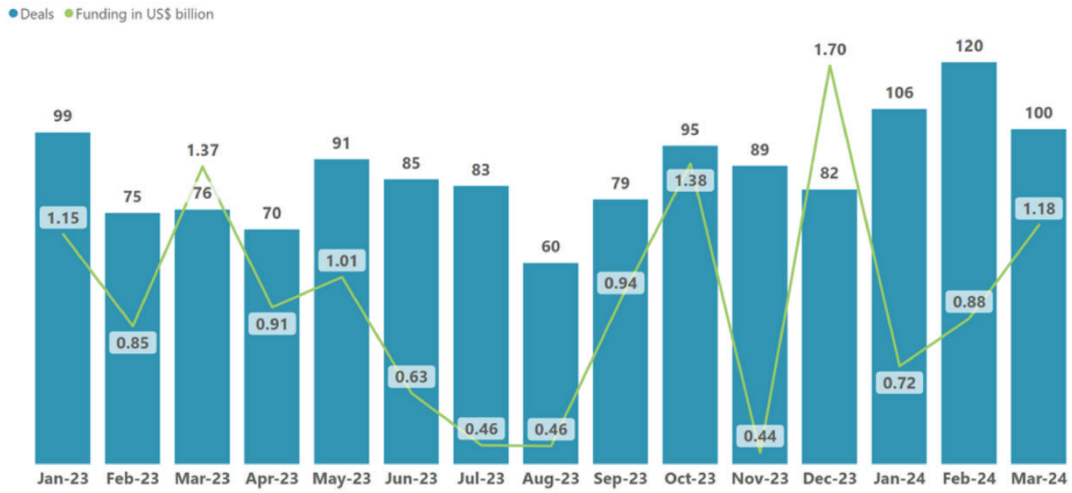


Source: Entrackr

- In 2023, more than US\$11 billion of venture capital was raised by around 984 start-ups. Start-up funding declined from US\$ 38 billion in 2021 to US\$ 25 billion in 2022 to US\$ 11 billion in 2023.
- Amidst a global slowdown, investors globally focused more on efficiency and profitability as valuation metrics for start-ups and this led to more watchful or cautious investments and resultant slowdown in funding.
- In March 2024, a decent rise in funding was seen as compared to January and February 2024. The funding raised was US\$1.18 billion in March 2024 as against US\$ 875 million in February 2024 and over US\$ 700 million in January 2024. However, on a Y-o-Y basis, Q1 2024 witnessed a decline from US\$ 3.5 billion in Q1 2023.
- In Q1 of 2024, Indian start-ups raised US\$ 2.77 billion across 326 deals. This included 213 early-stage deals totalling up to US\$ 898 million and 74 growth-stage deals amounting to US\$ 1.87 billion.
- Investment outlook for the rest of 2024 is being viewed with cautious optimism as investors sitting on cash are focusing on strong fundamentals, unit economics and a clear path to growth.

MONTH ON MONTH FUNDING (JAN 2023 TO MARCH 2024)

DEAL TRENDS (JANUARY 23 - MARCH 24)

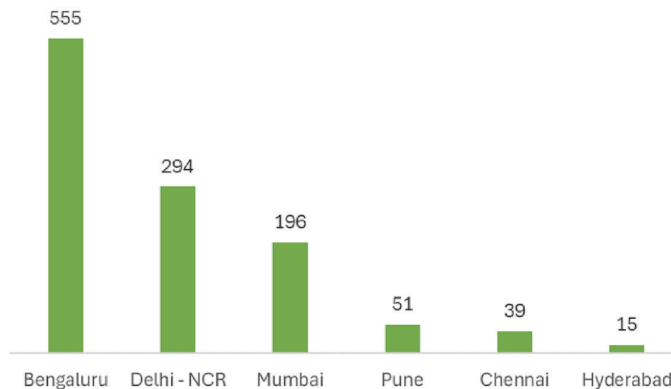


Source: Entrackr

REGIONAL DYNAMICS

- Governmental efforts have led to increase in the number of start-ups recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) in states and union territories over the years.
- In 2023, Maharashtra with 5,801 DPIIT recognised start-ups was at the top, followed by 3,426 in U.P. and 3,291 in Gujarat.
- Top funding grosser: In Q1 of 2024, Bengaluru-based start-ups took the lead with 122 deals, contributing around 54% of the overall funding. This was followed by Delhi-NCR and Mumbai with 77 and 54 deals, respectively. Pune, Hyderabad, Chennai, Kolkata, Jaipur, Ahmedabad, and Thane fast became hotspots for start-ups.
- During 2023, Bengaluru was at the top with 433 start-ups raising above US\$ 6.2 billion in funding. This amounted to 55% of the total funding in the year. Delhi-NCR-based start-ups followed with 217 deals amounting to US\$ 2.2 billion. Mumbai, Chennai, and Pune were the other top cities just like 2021 and 2022.

TOTAL DEALS BY CITIES (JANUARY 23 - MARCH 24)



Source: Entrackr

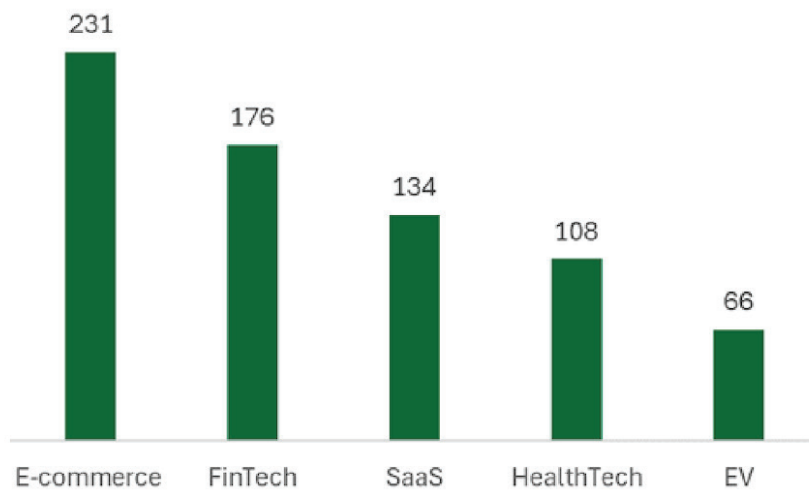
Source: Entrackr

TOP INVESTORS

- Inflection Point Ventures, Blume Ventures and Venture Catalysts were the leading investors giving a funding boost to the tech start-ups in Q1 2024.
- LetsVenture, Acee!, and Blume Ventures have been the top investors in the Indian tech space in 2023.
- Venture capitalists look into certain aspects before making any investment in start-ups. These include the proficiency of the management team; competitive edge the product or service has; viability of the business concept and plan; market size and growth potential; innovation that can differentiate your product; risk judgement etc.

SECTORAL DYNAMICS: E-COMMERCE BEATS FINTECH TO GARNER MAXIMUM FUNDING

TOTAL DEALS BY SECTORS (JANUARY 23 - MARCH 24)



Source: Entrackr

E-commerce start-ups including D2C brands emerged as the top-funded sector during the period between January 2023 to March 2024 followed by FinTech, Saas, HealthTech, EV, AI and EdTech start-ups.

MAJOR DEALS IN THE LAST ONE YEAR



Source: Entrackr

- Others among the Top 10 were Capillary Technologies, Vivifi, Perfios, AiDas, ShareChat, Lohum, and Wow! Momo.
- In early-stage funding, mPokket, Krutrim and International Battery Company (IBC) were the top gracers.

CURRENT START-UP ENVIRONMENT: CHALLENGES AND OPPORTUNITIES

A set of unique challenges are faced by the start-ups in India including funding limitations, regulatory obligations, market volatility, fierce competition as well as acquisition and retention of manpower.

- **Funding Limitations:** Start-ups in the early stages often have issues in growing and scaling their business due to presence of conservative or risk-averse investors, limited availability of venture capital and lack of strong ecosystem for early-stage funding. Alternative financing sources like incubators and accelerators, crowdfunding and angel investing networks can help mitigate these limitations.
- **Regulatory Obligations:** Start-ups who are in early stages and have limited resources often find it difficult to navigate through complex legal and regulatory obligations, which include obtaining mandatory permits and licenses, complying with data protection and privacy laws, and adhering to tax and labor regulations.
- **Market Volatility:** Due to low brand recognition, low financial resources and high operational costs start-ups at early stages are vulnerable to volatile market conditions. Market fluctuations affect investors' attitudes and consumer spending. Higher resiliency and quick adaptability to changing economic and market conditions is a must.
- **Competition:** There is severe competition in the Indian start-up ecosystem as multiple firms are trying to grab market share in various industries. [5:04 PM] Acharya, Naina Constant innovation, product differentiation, quick adaptation to fluctuating market dynamics, identification niche markets and effective collaborations are some ways that can help start-ups stay abreast.
- **Manpower Acquisition and Retention:** It is a constant challenge for start-ups to acquire and retain talented manpower. Demand for skilled professionals is often higher than supply. So, start-ups need to develop and foster a favourable work culture, provide ample training and scopes for professional growth, and offer good remunerations.

OPPORTUNITIES FOR START-UPS: INDIAN ENTREPRENEURS TO SUCCEED THROUGH TRANSFORMATIVE CHANGES

A set of unique challenges are faced by the start-ups in India including funding limitations, regulatory obligations, market volatility, fierce competition as well as acquisition and retention of manpower.

- **Growing market:** A population of over 1.4 billion gives Indian start-ups a wide scope for scaling and expanding their business and fostering innovative services and products.
- **Supportive Government Policies:** The Government of India has been bolstering entrepreneurship through various programs like Atal Innovation Mission, Start-up India, Make in India along with tax incentives, relaxed regulations, provision for mentoring etc.
- **Talent Pool:** Start-ups in India have access to a large talent pool of educated and skilled young workforce. This can be aptly used to infuse innovation, giving the firm a competitive edge and scale operations.

- **Digital Transformation and Innovation Hub:** With the rapid rise in internet penetration, use of Smartphones, IoT, Blockchain and AI, fast proliferation of digital transformation is taking place in India. Start-ups can benefit from this environment, offer innovations, build up digital solutions, provide tech-driven services and boost e-commerce platforms.

FEW ONGOING AND NEW INITIATIVES BOLSTERING THE START-UP ECOSYSTEM

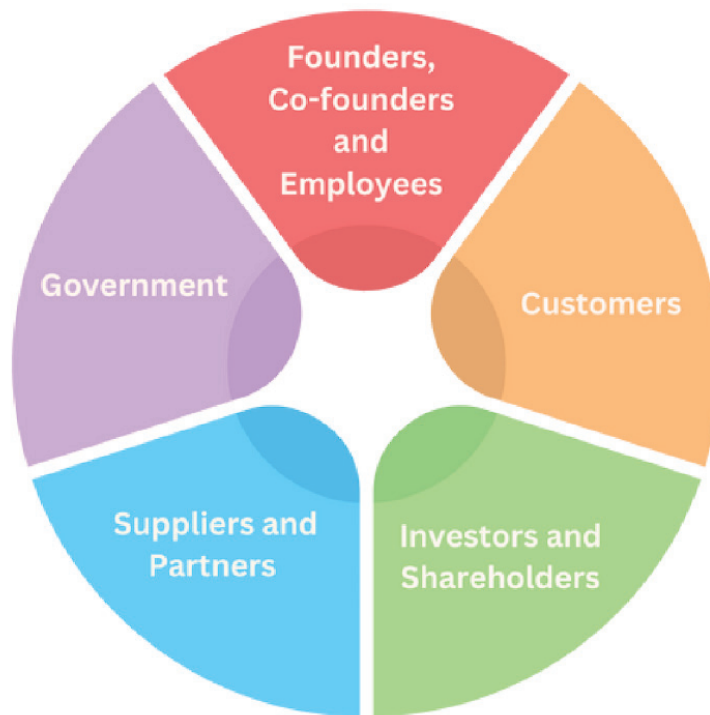


Source: Entracker

To promote an environment of innovation and entrepreneurship in the nation, the Indian government is helping start-ups through tax exemptions, credit guarantee schemes, legal support in patent filing, academia and industry support, relaxing rules for public procurement, etc.

- **Atal Innovation Mission:** Launched in 2016, it provides about 10 crores over 5 years to emerging start-ups to foster innovations in varied sectors like agriculture, healthcare, transportation, education etc.
- **Multiplier Grant Scheme:** Initiated by the Department of Electronics and Information Technology, the scheme grants two crores to start-ups per project for less than two years. It aims to promote collaborative R&D among various sectors for the development of goods and services.
- **Start-up India Initiative:** Launched in 2016, DPIIT recognises eligible companies as start-ups to give several benefits. These include access to tax benefits, easier compliance, IPR fast tracking, handholding and providing industry-academia partnerships.
- **Dairy Entrepreneurship Development Scheme:** Launched by the Department of Animal Husbandry, Fisheries, and Dairying, it focuses on creation of self-employment in the dairy sector. It provides back-end capital for bankable projects for 33.33% of the total project cost for farms that belong to the SC/ST category and 25% for general category candidates.

KEY STAKEHOLDERS IN INDIAN START-UP ECOSYSTEM



- **The Start-up Team:** Founders, co-founders and employees contribute with their vision, operational and strategic plans, potential, knowledge, skills and creativity. Bringing in investments, the right talent pool, retaining them, and building up a strong organisational culture and reputation are in the hands of the founders and co-founders of the start-ups.
- **Customers:** By 2026, 1.18 billion people across the country will have access to smartphones, i.e. over 80% of India's population. Faster digital adoption, social media influence, health consciousness, local brands, sustainability, etc. influence consumer preferences. Start-ups that adapt to changing consumer trends and preferences have more scope for growth and profitability.
- **Investors & Shareholders:** Funding challenges were seen in 2023, however, investors focused more on sectors like FinTech, DeepTech, HealthTech and ClimateTech. Sustainable business models, technical innovations and adaptability to changing marketing trends can pave the way for better investments in 2024.
- **Suppliers & Partners:** Big corporations and organisations provide services to start-ups to help fasten their growth. These include cloud services, legal support, business services, management enterprise software etc. In January 2023, Microsoft tied up with the Indian Space Research Organisation (ISRO) to bolster Indian space-tech start-ups by providing them with technology platforms and tools, mentoring them to scale and become enterprise and market-ready.
- **Government:** Due to sustained efforts of the Government, the nation has 1,36,613 DPIIT recognised start-ups as of May 2024. Every state has at least one recognised start-up. The government has relaxed the FDI policy to let start-ups make 100% foreign direct investments for the procurement and manufacturing of satellite systems. The AI-based platform Start-up India Investor Connect works to ease investment opportunities by connecting start-ups with investors. Till date, it has registered 5,969 start-ups and 120 investors.



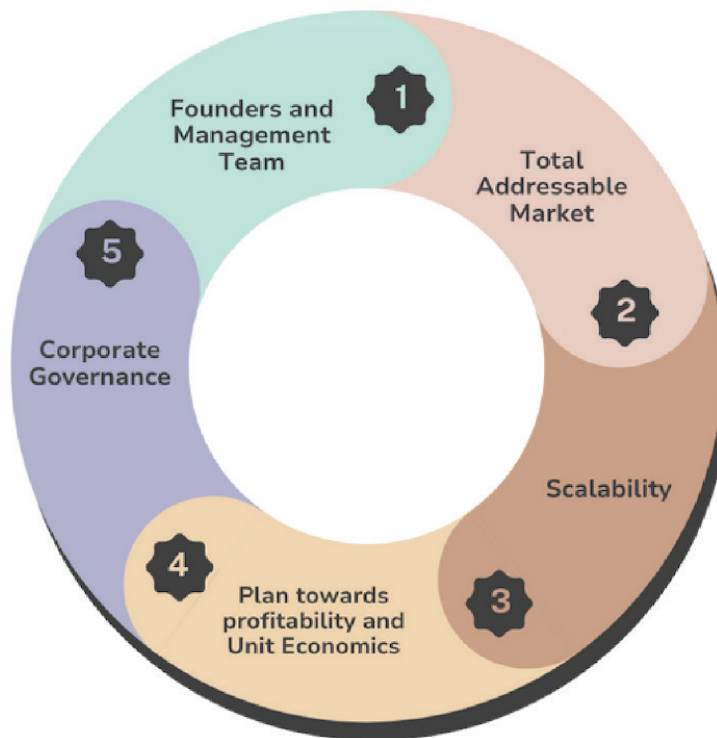
NAVIGATING BETWEEN SCALING AND UNIT ECONOMICS

NAVIGATING BETWEEN SCALING AND UNIT ECONOMICS: VALUE CREATION AND SUSTAINABLE GROWTH LAYS THE FOUNDATION FOR START-UPS' PROFITABILITY

As the Indian start-up ecosystem matures, many underlying issues have come to light, such as the pursuit of growth at the expense of profitability, replication of international business models without significant localisation, and at times, unchecked founder ambitions.

Post the pandemic, the exuberance began to cool off. The global economic slowdown, coupled with tightening funding from investors, led to what is often termed as the 'funding winter.' Start-ups now face the challenge of sustaining operations through internal cash flows rather than relying on external funding. This has emphasised the importance of unit economics, efficient capital allocation, and lean operations. As per various respondents, investors may continue to remain cautious before funding start-ups with high burn rates.

TOP 5 FACTORS ASSESSED BY VCS WHILE INVESTING START-UPS



As per respondents, many start-ups in the last two years have been working on unit economics to become more attractive for investors to explore.

“ Investors now a days prefer utilisation of fresh funding towards expansion, technology and automation, innovation and hiring rather than utilising fresh cash to manage Working Capital

- Founder of a EdTech start-up ”

UNIT ECONOMICS AND THEIR IMPORTANCE IN START-UPS

NEARLY ~85% OF THE RESPONDENTS MENTIONED THAT UNIT ECONOMICS AND A CLEAR PATH TO PROFITABILITY IS INCREASINGLY PLAYING A VITAL ROLE IN ENTERPRISE VALUE

Unit Economics is used by companies for analysing cost to revenue ratio per unit. The unit may vary between various sectors. For example, it may be the “user” for a consumer tech company, but mobility tech companies may use “ride” as their unit. However, the principle remains the same. For start-ups, generating profits initially may be a challenging task as companies have to manage certain fixed costs at initial stages. However, if operational costs per unit are substantially higher than the revenue generated per unit, the start-up needs to modify its strategy, thus, leading to better gross margins.

Initially unit economics may not be optimal, with inefficiencies in sourcing, marketing and supply-chain as well as incentives to capture market share. However, the management has to have a clear strategy and intent to guardrail unit economics and path to profitability from the initial stages, even if it is work in progress. It becomes exponentially challenging to fix it later which may lead to reorienting strategy, cutting scale and to some extent changing the business model.

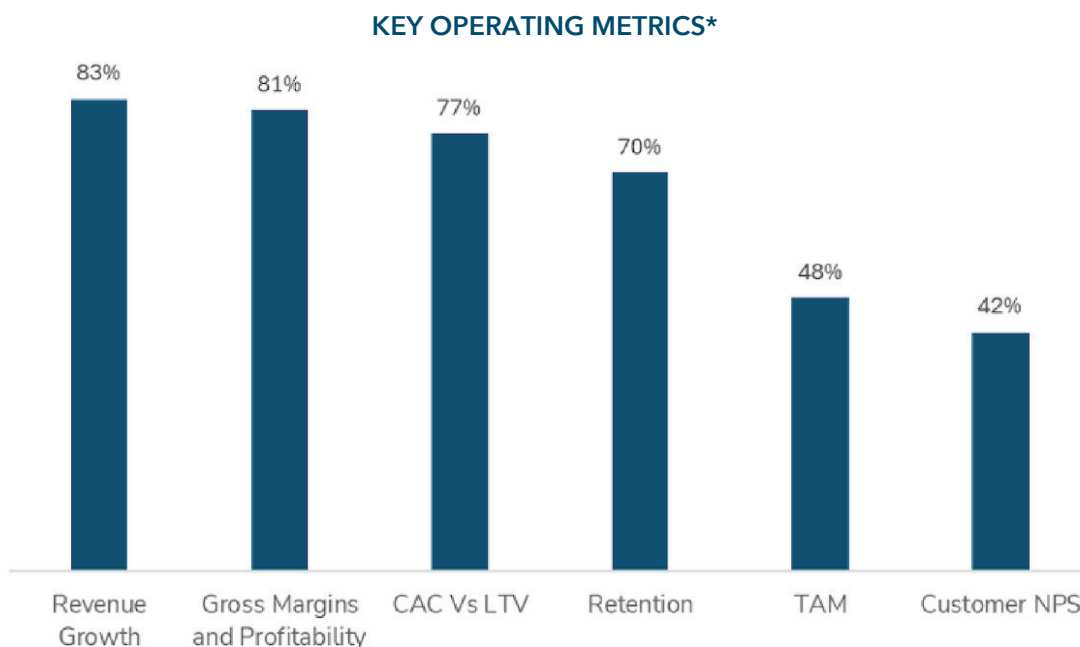
- **Shifting trend from GMV to GM:** Many start-ups were earlier focusing on building traction and demonstrating Gross Merchandise Value (GMV) growth and investors were willing to pay high valuations for this, incentivising the founders’ prioritisation of sales at any cost over margins/ profitability. However, given the hyperlocal nature and fragmentation of the supply chain, the economies of scale were not as favorable as in a manufacturing/services set-up. With slowdown in funding, many companies are in the process of amending their business models to bring Gross Margins (GM) into the positive zone. In most sectors, the path to profitability is becoming a hygiene factor for fund-raising.
- **Working on product-market fit with rapidly changing customer behaviour:** For achieving sustainable growth and profitability, entrepreneurs need to keep track of changing consumer behaviour and market trends. Identification of ideal customer segments, verification of value proposition, adapting growth strategy as per evolving market and regional dynamics and iterating product features and pricing based on customer feedback are some of the ways product and market fit should be optimised. Such strategic decisions should be based on automated data analytics and business intelligence.
- **Realistic growth strategy:** Many start-ups are of the view that trying to expand rapidly without understanding regional variances and nuances of different customer types (target audience) can often lead to financial setbacks and in the long run, damage the business. Sustain first by focusing on pilots across segments and regions and try to replicate success with similar end-users across geographies. Additionally, initial focus is essential on key areas like customer engagement, employee development, strengthening communication with cross-functional teams, managing operational/transaction costs carefully, streamlining and tracking business process efficiencies, delivering quality, and adopting appropriate technology solutions. Lack of a strong backend may lead to major problems towards customer experience once scale is achieved.
- **Metrics Measurement and Improvement through technology adoption:** Management needs to track key business metrics through early adoption of technology in automating processes and decision making through business intelligence and data analytics. Identification and tracking of key metrics for scale and unit economics makes it easier to improve efficiency and make data driven strategic decisions. It also helps them identify the most profitable segments of their business and increase efforts on growing them.

“ Growth and profitability should not be an either-or choice. Founders need to focus on unit economics from day one. If it is an after thought or in tough times, it leads to difficult choices and painful executions

- CEO of a FinTech start-up



KEY METRICS THAT IMPACT START-UPS' VALUATIONS AND UNIT ECONOMICS: TOWARDS BUILDING A SUSTAINABLE AND PROFITABLE ENTERPRISE



* Response to the question - What are the key operating metrics being tracked?

Source: Primary Surveys

- **Revenue Growth and Gross margins:** Most start-ups mentioned that an appropriate balance has to be maintained between revenue growth and unit economics. Apart from overall transaction values or Gross Merchandise Value (GMV) in many cases, valuations are impacted by actual revenue of the company. Net Merchandise Values (NMV) are also being tracked by many start-ups as a measure of a more realistic performance. Additionally, start-ups are increasingly focusing on improving GMs (gross margins) by working towards optimising and streamlining operational expenses by using tools providing relevant business insights and customer behaviour.
- **Customer Acquisition Cost (CAC) vs Customer Lifetime Value (LTV):** As per many start-ups this is amongst the key metrics to track and manage Unit Economics. CAC is the total cost associated with acquiring a new customer. This includes marketing and sales expenses, as well as any associated upfront costs (discounts, promotions, rebates etc.). Many companies also look at operational costs of onboarding the customer as part of the CAC. LTV on the other hand, is an estimate of the total value that a customer will bring to a business over the course of the business relationship. Simply put, the calculation is total revenue (one time and recurring) less cost of servicing and retaining the customer over time. It may be based on historical LTV decided by a customer's current value based on their past transactions or

predictive LTV through a customer's future LTV based on past behaviour. Different sectors have different ways to measure these metrics, however, the essence remains as above. For example, in AgriTech, CAC may include spend on reach out and educating farmers, onboarding on platforms or through channel partners, advisory, value added services cost through apps, local/ rural channel partner cost and promotional incentives, etc. Eventual value may come from various aspects such as recurring sales of input material, cross-sales of other services such as finance and subscription model. On the other hand, B2B or B2C AgriTech companies (Farm-to-Plate), may typically consider CAC and LTV similar to an e-commerce company covering onboarding and promotional costs of customers as CAC and potential purchase of agri-produce as the value. On the other hand, a digital payment fintech company may consider advertising and promotional spends such as scratch cards, cashbacks, discounts, etc. as part of their CAC to incentivise more customers to conduct higher transaction through their platform. In return, its LTV is dependent on the number and value of customer merchant transactions, cross-sell of other financial services and advertisement revenue divided by existing number of customers.

- **Total Addressable Market (TAM) and Market Share:** TAM is an important factor considered by many VCs to look at the scaling opportunity for many start-ups. TAMs are not only related to the existing product or service being offered but also the potential value added products that may be offered. For e.g., a consumer tech start-up catering to grocery requirements mentioned that they are looking to increase customer transaction value by offering value added dairy products such as Ghee and Paneer apart from their regular dairy products. Additionally, an important measure towards assessing scale is estimating the market share the company is capturing by disrupting traditional players as well as tech based peers. Value-added requirements of customers need to be assessed in cohorts by appropriate customer behavior data analysis. Integrated analytics modules play a big role in making such strategic decisions.
- **Retention and Churn:** Most start-ups in their target to reduce CAC, are focusing on repeat customers and referrals from satisfied customers in order to reduce marketing and advertisement spends. Quality of products and services along with a good customer experience leads to lesser customers leaving your platform and an increased probability of repeat business as well as referrals. To assess retention and churn, different sectors look at different matrix. For example, many consumer tech/ e-commerce start-ups also look at factors such as bounce rate, conversion rate, average order value, return rate, number of active users and related metrics to assess retention and churn. Similarly, EdTech companies look at factors such as how many students are taking additional courses, subscriptions, referrals, etc. to identify metrics such as Monthly Recurring Revenue (MRR) and Average Revenue Per User (ARR). On the other hand, HealthTech companies look at factors such as teleconsultation completion rate and patient activation rate.
- **Customer Net Promoter Scores:** B2C start-ups mentioned this as an important metric to measure customer loyalty and possibility if increase in referrals. For example, the satisfaction rating/ customer experience rating of some MobilityTech and LogisticTech companies.
- **Supply-chain efficiency and wastage:** This metric is mainly being tracked by start-ups involved in supplying products to end-consumers. Wastage measurement and efficiency measurement in supply-chain cover aspects such as loading, unloading time, transit and delivery time, delivery route optimisation and wastage levels at inventory facilities (especially for perishable items).
- **Fintech specific metrics:** Lending FinTechs additionally track metrics such as Assets under Management, Loan servicing costs, Loan processing time and Collection efficiency (in case the company is responsible for collections as well).

Start-ups like to be investment ready and with increasing focus on unit economics, technology and applications backed strategic decisions help in improving the above metrics. Funded start-ups eventually may look at public listing. SME exchange is another listing that start-ups mentioned as a good alternative for public fund-raising.

KEY MEASURES REQUIRED TO BE IPO READY

FACTORS TOWARDS IPO READINESS



* Response to the question - What are the key metrics/ measures that need to be in place to be IPO ready?

Source: Primary Surveys

- **Mature and Sustainable Business Model:** Investors need a transparent understanding of the business model and predictability across business dimensions.
- **Profitability:** Improving historical trend of unit economics and clear path to profitability (if not profitable yet) along with improving portrayal of all relevant key metrics is important towards being IPO ready. Cash positivity even before positive EBITDA (earnings before interest, taxes, depreciation, and amortisation) is becoming increasingly important for investors.
- **Appropriate Corporate Governance Practices:** Effective management of financials, policies, and interactions with shareholders and boards is crucial. Companies need to have prudent accounting norms and transparency in revenue reporting policies along with strong business and financial MIS tracking, data protection and privacy norms, streamlined approval and accountability processes, risk management policies, appropriate board representations and responsibilities and streamlined contract processes. Implementation of technology solutions which are audit- proof/ ready and compliant with regulations is crucial.
- **Transparency:** Investors need a clear view of where funds raised are being planned to be deployed and the aimed outcome of such investments.
- **Professional Management and Organisation Structure:** A streamlined professional management is important post a certain scale apart from founders running the show. Professional management and organisation structure brings in appropriate processes to run things smoothly by focusing on data-based decision making to manage on ground issues.
- **Brand Awareness and Customer Satisfaction Scores:** Good brand value amongst target audience is important for B2C start-ups.

VALUE DRIVERS AND UPCOMING TRENDS

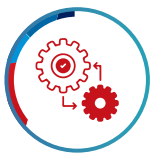
AGRITECH



Specialised Platforms to Partnership



Focus on new age areas such as
RuralTech, Biotech and DeepTech



Data integration with Public datasets



AgriTech

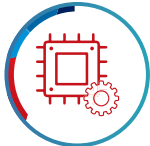
- The scaling potential of AgriTech solutions lie in leveraging farmer connect to diversify revenue streams.
- The focus on meeting multiple farmers' needs is an organic extension of the prevalent single-dimensional AgriTech models.
- The unit economics improves with businesses shifting to platforms. However, the transition to platforms has its own challenges, given the need for diverse skill sets and a strong technology backbone.
- Another shift, which is underway, is the **convergence of AgriTech** and FinTech through technology.
- **Platforms to Partnerships:** The success of platforms in the agricultural space depends on partnerships at multiple levels with
 - a) Buyers (including modern trade, ecommerce, institutional, Horeca, mom-and-pop stores);
 - b) Aggregators, traders and processors;
 - c) Village-level ecosystems such as Farmer Producer Organisations (FPOs), village-level entrepreneurs (VLEs);
 - d) Academic institutions, especially state universities and Krishi Vigyan Kendras (KVKs) for field trials;
 - e) Government bodies, especially the village and district administration;
 - f) Financial institutions and insurance companies;
 - g) Regulatory bodies for compliances and approvals;
 - h) Other start-ups offering complementary services and products.
- **Shift to Specialisations:** The challenging decision of scaling horizontally or vertically is a conundrum among AgriTechs. Horizontal expansion (multiple crops, geographies, customer segments) drives scale but vertical integration (going deep into few supply chains) unlocks margins.
- **Proprietary databases and integration with Agristack:** Many start-ups are developing proprietary databases of farmers in the crops and regions they operate in. Integration of a farmer database with public datasets such as Agristack, will be able to facilitate first/last mile connect with farmers. Such integrated databases backed by the Government will help agritech start-ups build advanced algorithms assisting in mass scale adoption of their platforms by farmers and related value chain stakeholders.
- **Supply chain solutions to RuralTech and DeepTech:** Many supply chain tech start-ups are focusing on building tech-stacks for supply chain components such as procurement, inventory monitoring, demand aggregation, route optimisation, post-harvest loss reduction etc. Such companies are also looking to diversify into RuralTech to cater to the non agricultural needs of the farmers. Respondent also mentioned the requirement for integration of DeepTech solutions in their supply chain solutions which could include products for rapid soil testing, quality checks, harvest schedules, crop yield estimation through remote sensing, etc.
- **Agri-Biotech** is another potential high-growth category for the future, with increasing emphasis on organic farming and food safety.
- **ClimateTech and Building Climate Resilient Solutions:** Solutions around climate resilience, which was on the periphery of AgriTech, may gain traction given the unprecedented need and opportunity to build climate-smart solutions.

VALUE DRIVERS AND UPCOMING TRENDS

FINTECH



Open Banking



Embedded Finance



Rapid adoption of new-age technology
and automation of credit risk scoring



FinTech

COMMON TYPES OF FINTECH COMPANIES IN INDIA:

- o **Payments:** These offer digital payment solutions, such as mobile wallets, online payment gateways, and peer-to-peer (P2P) payments.
 - o **Lending:** These offer digital lending solutions, such as personal loans, business loans, and credit cards.
 - o **InsureTech:** These offer digital insurance solutions, such as health insurance, life insurance, and car insurance.
 - o **InvestTech or WealthTech:** They offer digital investment solutions, such as stock trading, mutual funds, and cryptocurrency trading.
 - o **RegTech + Cybersecurity:** With formalisation of the economy, Regulatory Techs (RegTech) are gaining importance. RegTechs are focusing on easing compliance procedures and automating routine time-consuming tasks. RegTechs focus on coming up with solutions that are targeted to new and complex regulations, litigation and regulatory remediation areas faced by financial institutions (FI), combined with overall reduction in their cost compliance.
-
- **Open Banking (or BaaS, Banking as a Service) and API integration:** Open banking is a growing trend that allows third-party service providers to access customer data through APIs. It can create a more competitive marketplace, drive innovation, and increase transparency. It enables secure data sharing and collaboration between financial institutions, technology companies, and customers. Users can allow their financial data to be accessed by authorised third-party service providers and leverage personalised solutions such as budgeting apps, investment platforms, and loan marketplaces.
 - **Embedded Finance:** Embedded Finance involves fluidly incorporating financial services and products into non-financial platforms, like e-commerce websites, mobile apps, or other digital landscapes. Technological advancements, such as Application Programming Interfaces (APIs) and cloud computing, have contributed to the rapid growth of embedded finance. Various industries, including e-commerce, ride-sharing, healthcare, and social media platforms, are assimilating embedded finance to offer a more comprehensive customer experience.
 - **Artificial Intelligence and Machine Learning:** The fintech industry is leveraging AI and ML to automate tasks such as managing client data, detecting human errors, recommending management strategies, preventing fraud, and performing quality checks. Predictive Analytics, Chatbots and self-learning apps can provide insights into customer behavior and help improve financial services. Advancements in technology-such as artificial intelligence (AI), machine learning (ML), optical character recognition (OCR), and data analysis-all make it possible for lenders to process loan applications and other financial services faster and more accurately than humans. This is also helping with further streamlining the e-KYC process. Combining these technologies drives most of the automation solutions currently on the market. For example, OCR leads the way, which can read any document just like a human underwriter would. However,

when augmented with AI, OCR can extract information into usable data and even learn to process it far more efficiently and accurately than humans.

- **Neobanking:** These digital-only banks offer everything a traditional bank offers: online account opening, virtual bank cards, instant payments, budgeting tools, and much more.
- **Buy Now Pay Later (BNPL):** This emerging fintech trend allows users to make purchases and defer the payment over time. With BNPL, customers can split the total amount into smaller, interest-free instalments, usually over a fixed period. It is gaining popularity especially, among the youth due to its simplicity, quick approval process, and the absence of interest charges if paid on time.
- **Biometrics:** Biometric authentication through facial scans, fingerprints and iris mapping is a rapidly evolving trend in digital payments. The use of biometrics in financial technology is significantly enhancing security, reduced fraud, and improving the user experience.
- **Regulation Technology:** Businesses and financial institutions need to adhere to numerous regulations and laws like maintaining customer data, accounting records, tax and income reports, etc. Regulatory Technology leverages technology like compliance monitoring, data analytics, risk management tools, and reporting systems to facilitate regulatory compliance in the fintech industry.
- **Increased focus on cyber-security and fraud prevention with evolving regulatory norms:** Using artificial intelligence, advanced algorithms and machine learning, fintech companies are looking to improve identification of fraudulent activities and repeated defaulters a lot more successfully apart from collection efficiency. This includes monitoring account activity, flagging suspicious transactions, and implementing real-time fraud detection systems.
- **Automated Credit risk modeling:** Most institutions and businesses are seeking quicker and more effective methods to analyse customers' financial and credit profiles, prevent fraud and automate credit approval. Innovations like using customers' online activities to predict credit behaviour and AI-driven credit scoring are being sought as tools to help streamline this process and make it more cost-effective.



VALUE DRIVERS AND UPCOMING TRENDS

CONSUMERTECH/E-COMMERCE



Rise of D2C market, Hyperlocal delivery
and Omnichannels



Subscription driven businesses



Increased focus on personalisation
through technology



ConsumerTech/ E-commerce

- **Rise of D2C market:** Increasing internet users, rising income, and changing buyer persona has led to the rise of the D2C Market in India. Now, B2C companies are selling directly to consumers through digital channels and subscription services, bypassing traditional distribution channels. The growth of the direct-to-consumer is also backed by improved digital capabilities such as payments, analytics and personalisation.
- **Omnichannel Retail:** Traditional brick-and-mortar retailers are actively embracing e-commerce to create seamless omnichannel shopping experiences. This trend presents opportunities for businesses that can bridge the gap between online and offline retail, offering consumers a unified shopping experience.
- **Augmented Reality (AR) to visualise purchases:** Many E-commerce businesses are actively looking at adding AR to encourage customers to virtually “try on” a product.
- **Growth in subscription models:** Respondent mentioned that with a subscription in place, it is more likely to increase customer stickiness. Subscription models have proven successful online, and many start-ups are finding innovative ways to turn products and services into subscriptions to keep customers loyal for a longer term. Subscription success requires a long-term mindset and a close eye on unit economics, technology use and seamless customer service.
- **Multiple Payment Options:** By bringing in multiple payment options, B2C players boost their sales as it enables them to target a wider consumer base. Several e-commerce companies are collaborating with fintech players to provide affordable credit options such as BNPL for a better shopping experience.
- **Increasing personalisation and focus on targeted growth approach through the use of technology:** By leveraging technology and integrated enterprise applications, it has become possible to improve personalisation for the customised needs of customers. Using analytics, companies provide personalised experience and make relevant suggestions to their customers. Additionally, companies are looking to bring in more efficiency in their business by analysing customer behaviour and regional dynamics in cohorts in order to make targeted marketing, sales proposition and delivery channel decisions.
- **Multichannel customer support:** While customer call centres are still preferred for a personalised experience, live chats and chatbot tools with advanced AI capabilities are gradually becoming important to improve customer service levels.
- **Rise of Hyperlocal Delivery:** The hyperlocal e-commerce model, characterised by quick and localised deliveries, is gaining substantial traction such as grocery and food delivery platforms.

VALUE DRIVERS AND UPCOMING TRENDS

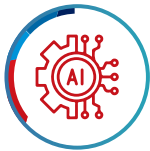
EDTECH



Focus on up-skilling and reskilling compared to coaching



Advanced technology to improve student learning



Automation of Assessments



EdTech

- **Focus on upskilling and re-skilling:** Apart from student coaching, a major area of focus is reskilling/upskilling professionals for career advancement. EdTech start-ups mentioned that many Indian employees anticipate a significant shift in the skills required for their roles in the next 4-5 years. Going forward, personalised learning is set to take center stage, with technology serving as a powerful enabler for tailoring learning journeys to individual skills and interests. Traditional institutions face challenges in adapting swiftly to market demands, making edtech platforms pivotal in filling industry skill gaps. As digital natives, these platforms respond promptly, delivering up-to-date courses to meet the immediate upskilling requirements of the evolving workplace.
- **Gamified Learning:** Gamification is the integration of game mechanics with conventional learning approaches. This enables teachers to incorporate more fun and interaction into the curriculum.
- **Automated Assessments:** Automated assessment tools may be increasingly used to evaluate students' progress. This gives teachers and administrators better insights into student performance and areas that need improvement. Automated assessment tools can also provide analytical data to help students identify weak areas and work on them. In addition, automated grading tools allow teachers to grade assignments quickly and accurately, reducing the time needed for this task.
- **Local Language:** Another area for upskilling is having online classes in local vernacular languages suited to the needs of the target audience.
- **Personalised Learning with AI:** AI algorithms will advance tailoring educational content to the unique needs and learning styles of students. This adaptive learning approach ensures personalised progress, reinforcing concepts when needed and advancing to more challenging material when ready. Respondents mentioned that students need platforms where they can learn according to their capabilities and interests to improve their performance.
- **Augmented Reality (AR) and Virtual Reality (VR):** The education sector is undergoing massive transformation and AR/VR are the two technologies driving this transformation. It makes effective learning possible by engaging students through motivating methods. It is also known to boost learning retention, personalise the learning experience, and reduce reliance on theoretical knowledge.

VALUE DRIVERS AND UPCOMING TRENDS

HEALTH TECH



Growing acceptance of Telemedicine
and Digital Prescriptions



Rise of Healthcare SAAS



Use of technology to address India's
Doctor-Patient ratio issues



Health Tech

- **Growing Acceptance of Telemedicine and Digital Prescriptions:** India has seen a growing acceptance of telemedicine post the pandemic. The drive to increase the availability of affordable internet and mobile connectivity has made it easier for patients to consult with doctors online. The use of AI and machine learning for medical data are helping to improve patient outcomes and increase access to care, while also reducing costs. This will be especially beneficial in rural and remote areas, where access to healthcare is often limited. In addition, telemedicine can also help reduce the burden on India's already strained healthcare system by providing quicker and more efficient access to medical care.
- **Augmenting Doctor Capacities with AI and ML:** AI and ML are being explored by tech start-ups to enhance doctors' capabilities and address India's poor doctor-patient ratio. While AI won't replace human doctors, it can assist by processing data to provide real-time insights to doctors, aiding in better patient management. Technologies like AI and ML can contribute to early intervention in healthcare, encouraging proactive health-seeking behaviors and improving overall health infrastructure.
- **Technology based self-service to reduce agent workload in online pharmacy:** The rising support-cost-per-order prompted some online pharmacies to deploy self-service. Self service acts as a layer between customers' repetitive queries and the agent's workload, thereby allowing agents to focus on only those customer queries that warrant their attention. With backend knowledge databases that customers can browse and AI-chatbots that offer 24/7 query resolution, some companies are looking to achieve higher ticket completion without any agent interaction. This also reduces customers' need to wait for an agent to respond to their questions.
- **The Rise of Healthcare SaaS:** Healthcare software as a service (SaaS) has become an increasingly popular solution for healthcare organisations looking to improve their efficiency and quality of care. Healthcare providers need solutions to store electronic health records and population health management data. SaaS based solutions help healthcare providers manage patient medical records, appointments, and billing information. Additionally, regulatory compliant Enterprise Applications are also in focus to help in data protection and cybersecurity.

VALUE DRIVERS AND UPCOMING TRENDS

MOBILITY/ LOGISTICS TECH



Demand augmented by Hyperlocal deliveries



Digitisation of Supply-chain and Warehousing Automation




Micro-mobility services gaining traction in urban centres



Mobility/ LogisticsTech

- **Increased demand for last-mile delivery segment:** With the rise in demand for hyperlocal deliveries, it opens new opportunities in the logistics and last-mile delivery segment.
- **Deepening of technology in the digitised supply-chain:** Even with the transition to a more digitised supply chain, most of the offerings in the market provide largely track-and-trace solutions. Clients are now looking for more advanced offerings such as predictive analytics, route optimisation and a higher level of automation. Companies building and offering such advanced capabilities should see good interest from the investor community.
- **Micro Mobility services:** Micro mobility is gradually gaining acceptance in certain urban centres to avoid traffic congestion in India. Some app-based start-ups provide these light electric 2W on rent for traveling limited distances. They are using ML solutions to efficiently manage vehicle demand and supply. The solutions also feature IoT technologies from a tracking perspective.
- **Warehousing Automation:** Logistics companies are deploying robotics and advanced warehouse management systems to optimise tasks such as sorting, picking, and inventory management. This automation not only enhances efficiency but also reduces errors and operational expenses. Additionally, adoption of predictive analytics and forecasting helps optimise inventory management and supply-chain planning.
- **Usage of Advanced Robotics:** As the e-commerce market expands and volume of parcels moving to and from warehouses gains velocity, we shall see increased use of robotics, IoT devices and other automation tools to reduce manual intervention and increase throughput.





**INCREASING ADOPTION
& INTEGRATION OF
ENTERPRISE APPLICATIONS
& TECHNOLOGY**

INCREASING ADOPTION AND INTEGRATION OF ENTERPRISE APPLICATIONS AND TECHNOLOGY - KEY TOWARDS START-UPS SUSTAINABLE GROWTH

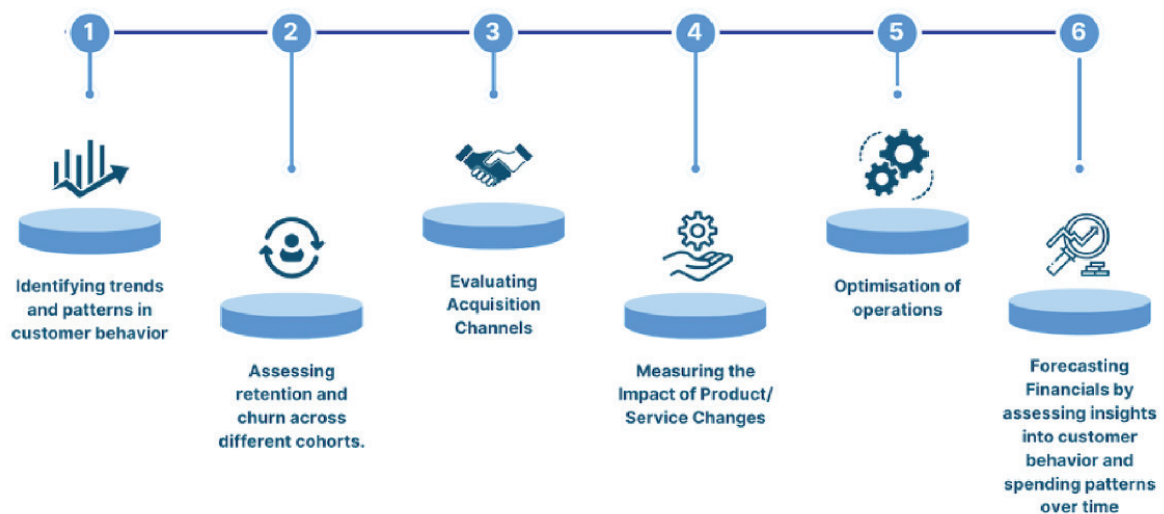
79% RESPONDENTS BELIEVE THAT ADOPTION OF ENTERPRISE APPLICATIONS INTEGRATED WITH NEW-AGE TECHNOLOGIES IS KEY TO MEASURING RAPIDLY CHANGING CUSTOMER BEHAVIOR AND MAKING STRATEGIC DECISIONS TO SCALE AND IMPROVE UNIT ECONOMICS.

Most Start-ups mentioned that consumer behavior is evolving at a much faster pace than ever before with the digital age. Start-ups need to swiftly understand evolving customer behavior across cohorts and provide customised solutions and customer service to stay ahead of competition.

Analysing customer behaviour and customer engagement followed by improving efficiency in internal operations is key to making strategic decisions while improving unit economics. Through fostering innovation, offering what they want, building good customer relationships, retaining them, validating products, and refining marketing strategies to suit the ever-dynamic customer sentiments helps differentiate them from their competitors.

This can be done by leveraging data and intelligence from enterprise applications including in built and customised MIS trackers, dashboards, cohorts and integration of various in-house and outsourced platforms. Additionally, integrating enterprise applications with new age technologies is key to growing efficiently.

IMPORTANCE OF ENTERPRISE APPLICATIONS IN IMPROVING CUSTOMER EXPERIENCE



- **Identifying trends and patterns in customer behavior**, such as usage frequency, engagement, and purchase behavior. Analysing these trends allows businesses to better understand the factors that drive customer requirements and accordingly focus on areas for their respective target audiences.
- **Assessing retention and churn across different cohorts:** Trends and data related to healthy user retention curves will show stable or increasing engagement over time, indicating high customer satisfaction and low churn. Conversely, analytics portraying a declining curve may indicate lower customer satisfaction or product-market fit, which can negatively impact unit economics.
- **Evaluating Acquisition Channels:** Comparing the activities of different customer cohorts acquired through different channels enables businesses to assess the effectiveness of their acquisition strategies. This information helps companies optimise their marketing efforts and focus on channels that provide maximum LTV and lowest CAC.
- **Measuring the Impact of Product/ Service Changes:** Data analytics from integrated enterprise applications can also be used to evaluate the impact of new product features, change in service attributes or pricing changes on customer behavior. Monitoring changes in engagement levels basis these changes allow businesses to determine whether they have achieved the desired effect on customer satisfaction and retention.
- **Optimisation of operations:** Analysis of factors such as employee productivity, TATs for various processes and activities, wastage levels trend (for supply-chain start-ups) apart from streamlined business processes improves overall efficiency and helps reduce costs.
- **Forecasting Financials by assessing insights into customer behavior and spending patterns over time:** Understanding these patterns by using applications with integrated advanced analytical tools enables companies to make more accurate projections of their future cash flows and make informed decisions about resource allocation and growth strategies.

ROLE OF TECHNOLOGY IN CORPORATE GOVERNANCE

71% OF THE RESPONDENTS MENTIONED THAT HAVING APPROPRIATE CORPORATE GOVERNANCE PRACTICES ARE INCREASINGLY BECOMING IMPORTANT FOR INVESTORS AND EVENTUALLY BEING READY FOR PUBLIC LISTING.

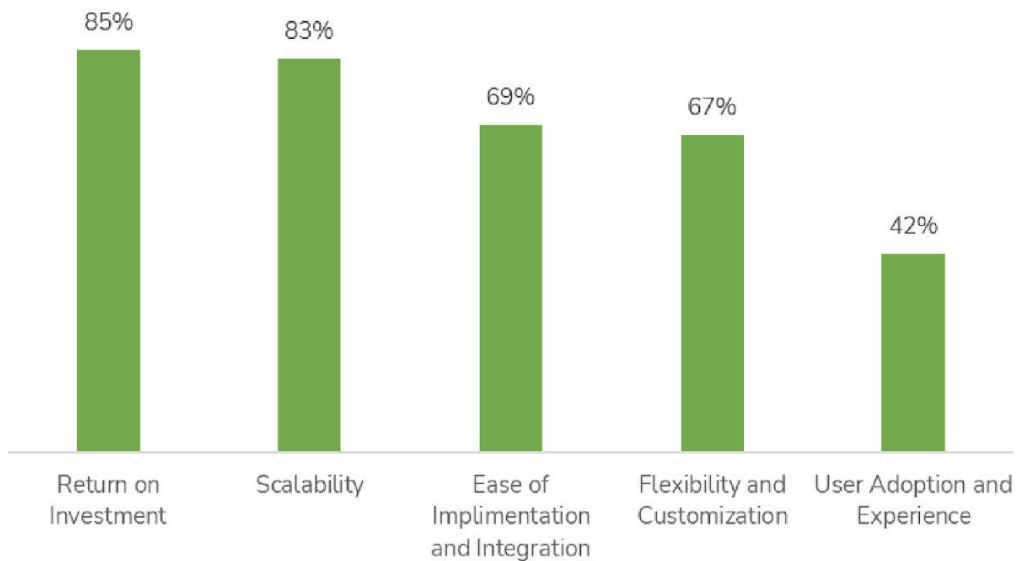
Key areas where Enterprise Solutions help in Corporate Governance Practices:

- **Accurate and Transparent Reporting:** Corporate governance relies on accurate reporting for trustworthy data. Companies need to consolidate data to get a unified view of operations. Integration of Enterprise Applications allows to consolidate data across business function systems and therefore helps automate routine tasks, streamline workflows, and reduce risk for human error. This helps in well-informed decision-making by key stakeholders, by providing visibility into financial transactions, HR activities and other critical business operations.
- **Security and Data Privacy:** Enterprise tools can provide comprehensive user and group security with access controls and multi-factor authentication to restrict data and application accessibility as needed. Furthermore, these tools help in meeting regulatory data protection and privacy norms by employing factors such as data encryption and masking, backups, OLP, detection of data erasure, intrusion and anomalies and keep the company audit-proof.

- **Enterprise Contract Management Systems:** Advanced, cloud-based enterprise contract management platforms provide a centralised repository for all contractual agreements, enabling enterprises to manage the entire contract lifecycle efficiently.
- **Approvals and Accountability:** Automating approval processes digitally helps in streamlining approval processes without manual intervention. Moreover, such solutions provide comprehensive audit trails and controls that promote accountability. The systems track every transaction, ensuring that all actions are recorded and traceable. This not only facilitates internal auditing but also helps companies to comply with regulatory requirements.

FACTORS CONSIDERED WHILE EVALUATING ENTERPRISE SOLUTIONS

AS START-UPS INCREASE THEIR INVESTMENT IN ENTERPRISE APPLICATIONS, KEY FACTORS THEY LOOK AT WHILE SELECTING ENTERPRISE APPLICATIONS:



Source: Primary Surveys

NEW AGE TECHNOLOGY

77% OF RESPONDENTS MENTIONED THAT THEY HAVE OR ARE LOOKING TO INVEST IN NEW AGE TECHNOLOGIES

In the age of digital disruption, start-ups in India are proactively integrating new age technology to unlock their full potential. Embracing such transformational tools can revolutionise the way start-ups operate efficiently, drive growth, and elevate customer experiences. Most start-ups are evaluating technologies across AI/ML, LLMs, Generative AI, DeepTech, IoT and Blockchain to navigate evolving customer requirements, improving customer experiences and bringing efficiency in operations.

SECTORAL VIEW ON ADVANCED TECH ADOPTION

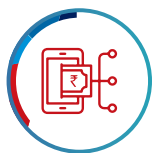


“ We leverage AI prediction to minimise wastage and boost efficiency within the food supply chain. Despite the industry norm of 30-35% wastage, our strategic use of predictive analytics with Gen AI integration has remarkably reduced it to just 3-4%

- Head of Marketing
of a Farm-to-Plate
Agritech Start-up



- **Precision Agriculture:** AI-powered drones and sensors help in monitoring crop health, soil moisture levels, and pest infestations with precision. This data enables farmers to make informed decisions regarding irrigation, fertilisation, and pest control, thus optimising resource usage and increasing yields.
- **Crop Monitoring and Management:** AI algorithms analyse satellite imagery and sensor data to provide real-time insights into crop growth patterns, enabling farmers to detect issues early and take corrective actions promptly. This leads to better crop management and higher productivity.
- **Predictive Analytics:** Machine learning models analyse historical data, weather patterns, and market trends to predict crop yields, disease outbreaks, and market prices. This helps farmers in making strategic decisions related to planting, harvesting, and marketing their produce.
- **Smart Farming Solutions:** IoT devices and AI-enabled farm management platforms automate tasks such as irrigation, fertilisation, and pest control, reducing labor costs and human error. These solutions also provide real time insights and recommendations to farmers, enabling them to optimise farm operations efficiently.



“ Utilising AI chatbots and voice bots, we currently manage our verification process extensively through AI. Exploring future automation is a priority, and as technology progresses, integrating AI into credit risk and analytics becomes a potential avenue

- CEO of a market place lending Fintech Company ”

- **Chatbots and Virtual Assistants:** AI-powered chatbots and virtual assistants provide instant customer support, answer queries, and assist with account management, thereby reducing the need for human intervention and improving operational efficiency.
- **Predictive Analytics:** Machine learning models analyse historical financial data and market trends to predict customer behavior, market dynamics, and investment opportunities. This enables fintech start-ups to make data driven decisions and develop innovative products and services that meet the evolving needs of their customers.
- **Credit Scoring and Risk Assessment:** AI algorithms analyse vast amounts of alternative data, including social media activity, utility bill payments, and smartphone usage patterns, to assess creditworthiness. This enables fintech start-ups to offer loans to individuals and businesses that may have been overlooked by traditional banks due to a lack of credit history.
- **Fraud Detection and Prevention:** AI-powered fraud detection systems analyse transaction data in real-time to identify suspicious patterns and prevent fraudulent activities such as identity theft, account takeover, and payment fraud. This enhances security and trust in digital financial transactions.



“ The business has evolved over the years; everything is personalised, and every cost element is managed at a micro scale. You have to build systems and processes in line with that evolution

- CEO of an E-Commerce company ”

- **Personalised Recommendations:** AI algorithms analyse user preferences, browsing history, and purchase behavior to offer personalised product recommendations, thereby enhancing the shopping experience and increasing customer engagement for e-commerce and retail start-ups.
- **Predictive Customer Analytics:** Machine learning models analyse customer data to predict future behavior, identify high-value customers, and segment the target audience for personalised marketing campaigns.
- **Virtual Try-On and Augmented Reality:** AI-powered virtual try-on and augmented reality (AR) solutions enable consumers to visualise how products will look or fit before making a purchase, particularly in fashion, cosmetics, and home decor sectors.
- **Customer Engagement:** AI-powered chatbots and virtual assistants provide instant support and guidance to customers, improving engagement and satisfaction. Companies offer round-the-clock assistance, answer queries, and resolve issues promptly, enhancing the overall customer experience.



“ We utilise AI to offer pre purchase clarity by visualising to customers their potential smiles post-treatment and monitoring treatment progress effectively

- Co-Founder of an Online Dental Care products and Services start-up ”

- **Diagnostic Accuracy:** AI-powered algorithms can analyse medical images, such as X-rays, MRIs, and CT scans, with high precision. Start-ups are developing AI-based diagnostic tools that assist healthcare professionals in detecting diseases and abnormalities more accurately and efficiently, leading to early detection and better patient outcomes.
- **Predictive Analytics:** AI algorithms analyse patient data to predict disease progression, identify at-risk individuals, and personalise treatment plans. HealthTech start-ups are using predictive analytics to improve preventive care, optimise resource allocation, and reduce healthcare costs.
- **Telemedicine and Virtual Consultations:** AI-powered chatbots and virtual assistants facilitate remote consultations, triage patients, and provide medical advice based on symptoms. HealthTech start-ups are developing telemedicine platforms that connect patients with healthcare providers, offering convenient access to healthcare services, especially in underserved areas.
- **Personalised Medicine:** AI algorithms analyse genomic data and patient profiles to personalise treatment plans and medication dosages. HealthTech start-ups are developing precision medicine solutions that consider individual variations in genetics, lifestyle, and environmental factors, leading to more effective and targeted therapies.

- **Ride-Hailing and Shared Mobility:** AI algorithms power ride-hailing platforms, optimising route planning, matching drivers with passengers, and predicting demand. Start-ups leverage AI to enhance user experiences, minimise wait times, and optimise pricing for both passengers and drivers.
- **Last-Mile Delivery:** AI plays a crucial role in optimising last mile delivery logistics for e-commerce and logistics companies. Mobility start-ups are developing AI-driven delivery route optimisation algorithms, drone delivery solutions, and autonomous delivery robots to streamline last-mile operations and reduce delivery time.
- **Predictive Maintenance:** AI-powered predictive maintenance systems analyse vehicle data, such as engine performance and sensor readings, to identify potential maintenance issues before they occur. Mobility start-ups are deploying AI-driven predictive maintenance solutions to minimise downtime, optimise fleet performance, and reduce maintenance costs for vehicles in India.



“ We've integrated IoT technology into every car component, enabling us to anticipate failures, monitor component health, and alert our design and supply teams about widespread issues

- Founder of an EV Platform ”



“ New-Age tech plays a very important role in Edtech companies as we are focusing primarily on personalised learning patterns for our students

- CFO of an EdTech Start-up ”

- **Personalised Learning:** AI enables personalised learning experiences by analysing students' learning patterns, strengths, and weaknesses. This allows EdTech platforms to provide customised content, adaptive learning paths, and targeted exercises, ensuring each student can learn at their own pace and according to their individual needs.
- **Language Processing and Translation:** Natural Language Processing (NLP) enables language translation and voice recognition technologies, which are particularly beneficial in a linguistically diverse country like India. These technologies make educational content accessible to students in different regional languages and improve communication between teachers and students.
- **Intelligent Tutoring Systems:** AI-powered intelligent tutoring systems simulate one-on-one tutoring by providing real-time feedback and assistance. These systems can help students understand complex concepts, offer hints, and correct mistakes, making learning more interactive and engaging.
- **Data Analytics:** Companies leverage big data and analytics to gain insights into student behavior, learning outcomes, and course efficacy. This data-driven approach helps in continuously improving the educational content and delivery methods.



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