

Tech Start-ups Win Over Big Business with Niche Products

Finding Solutions

● Company: **Deltecs InfoTech**
Product: Drona, a platform that streams videos and other content to mobile phones and provides instant user analysis. Clients: Airtel, SBI, Railways



● Company: **ElectraCard Services**
Product: Tailor-made payments solutions. Clients: Deutsche Bank, SBI, ICICI



Company: **Sanovi Technologies**
Product: Platform that automates disaster recovery process. Clients: SAIL, YES Bank, HDFC

● Company: **Analec**
Product: Software solutions for capital and i-banking industry. Clients: BNP Paribas, DBS Vickers, Bank of China



● Company: **Eka Plus**
Products: Commodity trading and risk management software. Clients: Hindalco, Noble Group, Louis Dreyfus



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Start-ups making tailor-made technology products are finding eager buyers in large Indian companies, a measure of their sophistication that is putting them in a position to aim for ambitious growth.

In recent months, a clutch of start-ups has won the trust of finicky blue-chip clients such as Bharti Airtel, Steel Authority of India and State Bank of India by providing solutions that are specialised and service that is personalised.

Among them is Deltecs InfoTech, a four-year-old company which has developed Drona, a platform that streams videos and other content to mobile phones and provides instant analysis of usage patterns. Earlier this month it convinced the telecom-to-energy conglomerate Essar Group, which relies extensively on video broadcasts over the Internet to connect with employees, that Drona is what it was looking for.

"None of my senior management will go to the website to check a training video, but they might actually see it if it is streamed on their phone," said Jayantha Prabhu, Essar Group's chief technology officer, who chose Drona after finding that even companies such as Cisco and Oracle do not have a matching offering.

For Divyesh Kharade, the co-founder of the Mumbai-based Deltecs, orders from large companies means that ambitions for growth have soared. While earlier Kharade was targeting revenue of ₹1 crore for Deltecs, it is now ₹100 crore.

"Earlier, large companies would not opt for a product from an unknown start-up, but that is changing now," said the Deltecs co-founder.

India's Tech Products Sector Growing Rapidly

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Kharade's company Deltecs worked closely with its first client Wipro Technologies to fine-tune Drona, which is now also being used by telecom major Airtel.

The technology products sector, long overshadowed by the country's \$76-billion (₹5.7 lakh crore) IT services industry, is growing rapidly. India is home to 2,400 product companies that earned a combined \$2 billion, according to industry body Nasscom. Around 1,100 product start-ups were launched in the past five years and overall revenues jumped 22% in the same period.

Apart from niche customised solutions, start-ups also offer a high level of personalised service that is gaining plaudits from customers.

"When you are using the product of a small company, the CEO of the firm is accessi-

ble to you whenever needed. This is not the case with large companies," said Shameek Bhargava, managing director and head of the Asia-Pacific cards business for Deutsche Bank. The German bank is a customer of start-up firm ElectraCard Services, which offers tailor-made payment solutions for the Indian market and counts SBI, ICICI Bank, Federal Bank, IndusInd Bank and Deutsche Bank among its clients.

BR Bhatt of Corporation Bank, which was the first to sign up the start-up, called the ElectraCard platform flexible because it allows the payment of income tax and LIC premia, mobile recharge and other such services through ATMs. The five-year-old start-up, in which MasterCard is an investor, is targeting a 50% increase in sales to ₹90 crore this year. Technology entrepreneurs are also using prior

professional experience to build products in areas of their specialisation. Indy Sarker, who co-founded Analec in 2003, has used investment banking and capital markets experience to develop ResearchWise, a platform that automates the entire supply chain of investment research, launching two new products. With offices in Singapore and Gurgaon, the start-up now has around 60 clients, including BNP Paribas, Religare Capital Markets and Bank of China. It expects to earn revenues of \$30-40 million in five years.

John Norris, BNP Paribas' executive director and head of client and research management solutions, equities & derivatives, for Pan Asia, said Analec's ability to support and execute additional requirements was one of the reasons for choosing its products. "A niche product compa-

ny can adapt products quickly depending on market demand. This reduces the time taken to get the product to market," he said.

The focus on large clients also ensures larger deal sizes for start-up firms.

"A product venture might be able to sell to a number of small firms faster, but a single enterprise deal could be much larger than all the SMB deals put together," said Karthik Ananth, director of advisory firm Zinnov.

Essar has been seeking specialised software from start-ups since 2008, when it first bought disaster recovery management packages from Sanovi Technologies. The Bangalore-based company offers a product which automates the entire disaster recovery process and has a portfolio of over 60 clients, including YES Bank, HDFC and ING Vysya.