

# RIGHT NOW<sup>©</sup>

## THE STARTUP NEWSLETTER

MAR'20

We know you know we're good. But you know that's not enough. Drop us a feedback, so we can do better.

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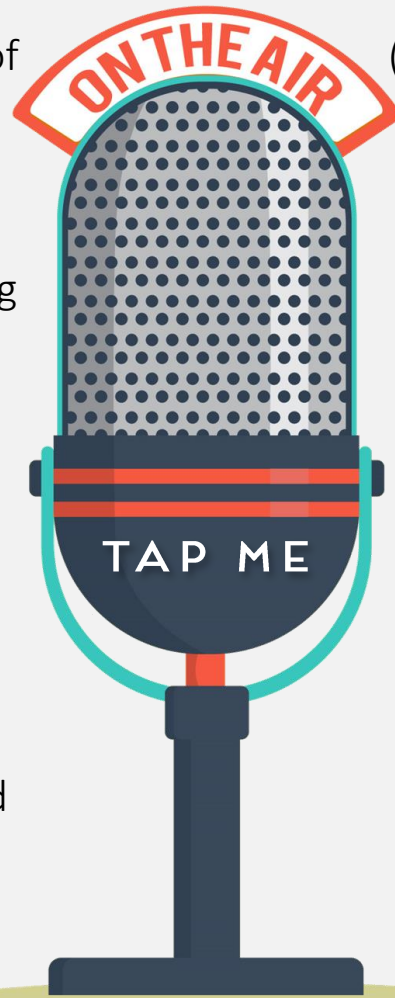


## Sauber | We Mean Clean

We took the advice of Rabbi Yosef Kanefsky who preached, "Every hand that we don't shake must become a phone call that we place." -Since it's the era of not-shaking-hands, we placed an important call and started talking instead. To put it in a more dramatic fashion, after 4 months of planning, 4 hours of interviewing and 4 hours of editing, we're proud to bring to you our First Edition of the 15 minutes of Right Now Podcast:

This Podcast tracks the story of a homegrown entrepreneur, Akshat Jalan who left his stable capital market trader's job to pursue his passion for entrepreneurship.

Found in July 2019, Sauber provides 3 kinds of services: Monthly Maintenance Package, Express Shine Wash and In & Out Detailing of your car(s). [To find out more, visit their [website](#)]



The startup which is currently spearheaded by Akshat Jalan (founder and director) and Shubham Garg (Director) aims to formalize the unorganized car washing industry on the back of state-of-the-art technology and best in class services.

When asked about what are some of the core values on which Sauber runs its daily business on, Akshat answered, 'Customer satisfaction is non-negotiable for us. Customer is a king, because a customer is the only person who can fire a company right from the CEO to the peon just by going and spending their money somewhere else.'

It is especially inspiring to hear how in the wake of the virus, Sauber is now offering free sanitization of cars with propyl alcohol-based sanitizers, to its existing clientele.





## RIGHT NOW PODCAST (contd.)



Akshat Jalan

Shubham Garg

As a message to other young entrepreneurs who are budding with ideas but are hesitant to take the leap, Akshat said, 'I think you know more than you think you do. So, when it comes to betting on yourself, you should go all in, because there is great power in starting.'

'Dream Big, Start Small, Begin Now', Akshat concludes with.

You wish we had revealed more but we really want you to hear it out yourself! So tune in [HERE](#).

The Daily Car Wash Industry of India is estimated to be worth 5 billion dollars, supported by upwards of 75 million cars driven in urban areas. The Industry that has virtually no competitors in the organized sector provides an abundance of opportunities for Sauber.

Creating mass-scale employment for the uneducated youth and saving mammoth amount of water by use of skilled labor, are some of the areas that we especially find appealing.

*Both sides of the podcast entered the room with that first-time-butterflies-in-the-stomach feeling but certainly left with an everlasting experience. If you've got a startup, be it the size of a full-grown tree or a seed that has just germinated, we're interested to have coffee with you (Giving a trailer to the world of your hard Work is something that we also do).*



According to a report released by TeamLease, engineering and MBA freshers are increasingly applying for gig jobs. Gig jobs are temporary and flexible jobs in which one works as an independent contractor/freelancer, instead of being enrolled as an employee. Gig workers encompasses both Uber/Swiggy agents and the higher skilled workers like coders or technology professionals working part-time or as freelancers. Kaushik Banerjee, vice-president of TeamLease, explains in an interview with Business Standard how the average salary of engineers have come down from INR 20,000-30,000 to INR 10,000 to 25,000 in the last 2-3 years. At the same time, a delivery person engaged with Swiggy or a driver engaged with Uber can earn anywhere between INR 10,000 to INR 60,000, including incentives. An average of 540 gig job vacancies are reported at TeamLease on a daily basis, with the sector witnessing a two-fold increase in requirements in 2019 alone.



**While we're at it:** Seeing the surge in demand for gig-workers, a range of startups like Springwork, PickMyWork, Clinikk Healthcare and WorkIndia have come up, providing services exclusively to gig workers. Some of the services include finding daily tasks for the subscribers, offering health insurance to gig workers and executing background screening for organisations.

Bhavjot Kaur, co-founder of Clinikk Healthcare, in an interview with Economic Times, reveals how his startup only concentrates on finding solutions to the healthcare issues of gig workers. While they started with tele-consultations, now they have also onboarded doctors who only look into this segment.

**The Big Picture:** As long as uncertainty looms over the future of the economy, companies will continue to find comfort in employing discretionary work force rather than having to make long term commitments. When this is combined with an ever increasing unemployment in the country (According to CMIE, in 2019, the unemployment rate among the graduates stood at 60%), ASSOCHAM projects the gig economy will grow by a CAGR of 17% of and reach a gross volume of \$455 billion by 2023.



# HANDSHAKES ARE SCARY, NOW BLEAK TOO

Can you imagine, talking to an AI bot, getting your documents verified, maneuvering through the terms, negotiating the price over their algorithms and closing a deal and yet not shake hands.

Well, then how do we conduct business in times when we are barely stepping out of our cocoons. Though technology and remote work services have kept things rolling, but they can never substitute the touch and vigor humans bring to the table. These are stress test times for the established and an opportunity ground for the one budding to demand profiles. One of the biggest hurdles smaller companies encounter is the lack of buffer cash which makes them and their payrolls highly vulnerable to exogenous factors. Founders and CEOs have probably lead all fronts from marketing to finance to supply chain, but in these turbulent times, they are no less than a firefighter trying to rescue victims.

We wonder does the concept of bottom fishing apply to the M&A space as well, do larger companies buy tax shields. The theme of value investing has gained traction in capital markets, but given the limitation of audited data for startups, it is extremely tough to hit the dart in the eye.

As Private equity investments are highly leveraged, the lower interest rate environment urges betting riskier, but the demand landscape had turned them skeptic of the growth potential when the markets are in full gear. Companies that drive value primarily from the future cashflows cashflows can be hugely impacted, with no certain time horizon for recovery.

Ventures shall perhaps foresee changes in consumption patterns that would follow from the learnings of the pandemic, and modulate their product offerings accordingly. Distance learning, commuting patterns and online healthcare facilities can bring a host of opportunities.

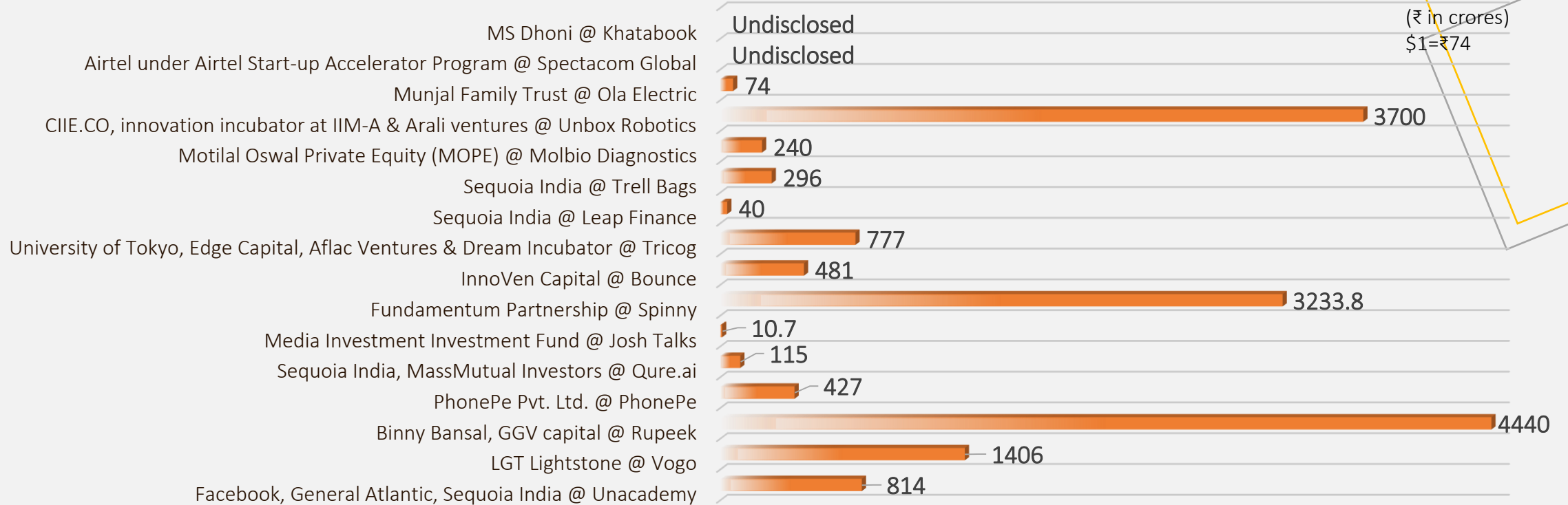
A triple convergence of Brexit, the U.S. China trade war and now Covid-19 could reshape the world's manufacturing supply chains. As we have seen that every big global crisis, changes the way we work, trace and travel. We might see new business and financing models emerge out this time.

We believe that one of the keys things to succeed post crisis would be the ability to quickly adapt to the changes in the business ecosystem as the recovery will give immense opportunity for businesses to front run innovations.



# RECENT STAKE-CRABS AT INDIAN STARTUPS

Source: Economic Times and Business Standard



**January:** PE/VC investment in Indian entities saw a 34% jump to USD 2.5 billion. The interesting part is that the number of deals which stood at 83 were par on an y-o-y basis but the value of credit investments increased 20 fold. The period also witnessed 12 exit deals amounting to USD 461 million.

**February:** PE/VC investment in Indian entities crashed to a 24 months low to USD 1.7 billion. Growth and Late-stage funding rounds found themselves in a virus attack. Demand was found to be softening across sectors.





# PAYTM SHOWING SIGNS OF GOOD BUSINESS

One of the core principles of corporate strategy is to create barriers to entry in order to build a sustainable business. We know it works because we have seen some of the world's most valuable companies like Amazon expanding its network of warehouses and Google expanding its database and data mining capacity from day one. The 2nd decade startups are also learning from the best. While Indian entrepreneurs have shown absolute promise in expanding their topline, time and again, they have also reflected that they understand business well.

In [Feb'20 edition](#) of our newsletter we talked about the launch of the All-in-One Android Point of Sale (PoS) device by Paytm. We believed that the PoS device holds a huge potential of unlocking access to large volumes of transaction data of the unorganized sector by allowing recording of cash transactions and generation of bills. However, as our wise businessman, Vijay Shekhar Sharma (founder of Paytm) correctly puts it, "the device also in a way restricts competition entry, since a user avails an integrated Paytm platform for all sorts of transactions."

The timing indeed could not be better as The National Payments Corporation of India (NPCI) revised Merchant Discount Rate (MDR) for the Unified Payments Interface (UPI) to zero for all domestic transactions from 1/1/20. This essentially means that e-wallets that facilitate UPI transactions (Paytm introduced BHIM UPI facility in May 2018) will no longer receive interchange fees (MDR contributed about INR 1,800 crore to industry revenues in 2019, as per B/S) from banks for these transactions.

In an interview with Business standard, Sharma reveals some enriching details and also defends himself from the industry critics: Sharma says Paytm enjoys 54% share in peer-to-peer payments and a whopping 66% in the merchant's category (currently manages a network of 16 million merchants). He expects a modest 6.25% penetration of the PoS device, into Paytm's existing merchant network by the end of the year.



The PoS device enables Paytm to pocket 30 paise on every INR 100 of card transaction.

The device costs between INR 12,000 to INR 15,000 (covers the hardware and the cloud software) which is payable upfront and also attracts additional subscription fees of INR 500/month. The pricing itself poses concerns over its acceptance by the SME sector, especially because it is above the average market price for a PoS device, which are also usually available on rental basis.

**Bottom line:** In an industry where even cab aggregators (Ola) have their own e-wallets (Ola Wallet), we believe that the introduction of a PoS device for integrated payments, indeed comes as a worthwhile deterrent to competition because let's admit it, a kirana shop will not mind downloading yet another e-wallet from the app store and allowing one more QR code sticker on their front desk, but will now think twice before changing their PoS device, especially with the ease and convenience that Paytm promises to offer. It will be however interesting to observe how the pricing strategy of the PoS device develops following the market response.

**Also note:** Digital Payments See 30% Drop In Metros Due To recent Travel Bans, per Inc 42

### STARTUP TECHNICAL JARGON

#### NEOBANK

A Neobank is a kind of digital bank without any branches. Rather than being physically present at a specific location, Neobanking is entirely online.

Source:  
RazorPay.com

Neobanks don't have a bank license of their own but count on bank partners to provide bank licensed services. Example: Niyo Bharat, PayZello, Yelo





# OYO CAUGHT THE FLU

In the [Jan'20 edition](#) of our newsletter, we talked about the layoffs spree by Indian Startups led by Oyo Hotels and Homes. To give you a brief, Oyo decided to trim down its workforce by 17% from 30,000 as a part of a restructuring plan.

In [Feb'20 edition](#) of our newsletter, we unearthed how Oyo's dependency on the international markets increased from 1% in FY'18 to 36.5% in FY'19, leaving us wondering whether in the wake of the Virus, will their optimism fall sick too?

Since our last issue (23/2/20), 206,494 more people and 140 more countries have been affected by the Pandemic. It appears that amidst the chaos, even Oyo caught the flu. On 5/3/20, Oyo reported that it is additionally laying off as much as 5,000 from its global workforce, of which 3,000 pertain to China. Additionally, it also plans temporary laying-off from its 4,000 discretionary employees in China 'until business recovers'.

**Word:** It is a tough time to do business and probably the toughest for the global tourism industry, but it is only in times of such despair does a true leader arise. Innovation in the face of a healthy business environment has thus far been appreciated, but innovation in the face of a catastrophe of this magnitude will be the make or break for businesses: At this juncture, Oyo has two ways of going forward. Either it chooses to minimize cost by trimming resource strength, per Softbank directive post WeWork debacle, or it chooses to innovate and find new means to survive.

**We ask:** What could be some feasible innovations by tourism players to weather out this tough phase and keep the wheels of their business moving?

**Teaser:** Oyo's Twitter Handle recently reported that its mulling over possible collaboration with the government to convert its associated hotels into temporary quarantine centers.



# AROUND THE WORLD IN A BLINK

## AIRALO

With this startup Airalo, getting an eSIM is more reasonable and convenient than any time in recent memory. The Airalo SIM lets you travel to various destinations. It covers more than 100 places worldwide. One can get the eSIMs at a moderate cost from around the globe. Airalo SIM cards are compatible with all cell phones, tablets and even a few PCs. The upside of Airalo is that where your normal SIM card doesn't work, you can use Airalo to remain associated

## NUEROFLOW

The NeuroFlow digital health application tracks, analyzes and deals with one's psychological prosperity through a simple device. The NeuroFlow instrument supports a journey for an all encompassing prosperity. In any case, not every person can pursue the NeuroFlow application. Since it is a human services instrument, you will require a specialist's note to get its membership. The HIPAA-compliant platform tracks and draws in patients through a suite of devices, remote checking, and social well-being mix.

## LABSTER

Labster is an online platform that gives high school students the chance to perform different lab tests online in a hazard free condition. It is an ideal fit for underdeveloped and developing nations where most students lack access to present day labs for performing Science, Physics, and Chemistry tests and experiments. With Labster, they can find out about the most recent advances, better approaches for testing, and get an encounter of viable learning, directly from their homes. The rationale of the organization is to manufacture effectively adaptable online arrangements that improve adapting fundamentally with standard techniques in significantly decreased expenses

## MEATABLE

Meatable is an organic meat creation organization that produces and sells lab-developed meat in the market. The founders of the organization hold the perspective that present meat creation isn't fit for satisfying future needs, and it is excessively 'cruel' to execute creatures for nourishment. Meatable picks a single cell from the creatures' bodies, and afterward build up the entire organ in labs. In the natural environment, this procedure will take three years, while Meatable can reproduce a similar procedure inside three weeks. Meatable may have discovered the response to expanded food security without compromising on taste, wellbeing, and obviously the genuine meat



# LEARNING FROM THE BEST – PULLING OFF WORK FROM HOME

In a bid to control the spreading virus, businesses across the Globe have asked their employees to work from home. Even several SMEs in India have sought to this measure, despite having inadequate infrastructure. And let's accept it, many of us, individuals and corporates alike, are doing this for the first time, that too at such a large scale. So, we need assistance!

Jack Welch (1935-2020), former CEO of General Electric, shared a few tips back in 2016 on **Managing a Remote Workforce**, some of which are relevant in the current scenario:

**Take the “randomness” out of communication** – Every member of a team must have routine interactions with other members of the team and the team leader over phone/email/video conferencing on a frequent basis. This will eliminate any gap in understanding and vagueness about the scope of work.

**Be clear while allocating tasks** – Every nitty-gritty of the work must be made crystal clear during work allocation, considering the fact that employees will no longer be working under your direct supervision. Every member should have clear understanding of his and others' scope. Clearing doubts over Audio/Video calls should also be encouraged.

**Use data to drive performance** – Keep collecting data that will help you to track progress of work by each member - like number of orders processed, number of reports generated, number of queries resolved, etc. - depending on your nature of work. And don't keep this data secret. Make it available to all members of the team. This will keep them motivated as well as updated.

**From the editors' desk:** This may be a good opportunity for SMEs, to adopt new age software, some of which are either available free of cost or at throw away price.

Here's a list of applications you can try to manage your remote-teams better:

Microsoft To Do – Assign tasks to team members and maintain a to do list;

QuickBooks – Timesheets for resource management;

Google Hangouts – For video conferencing;





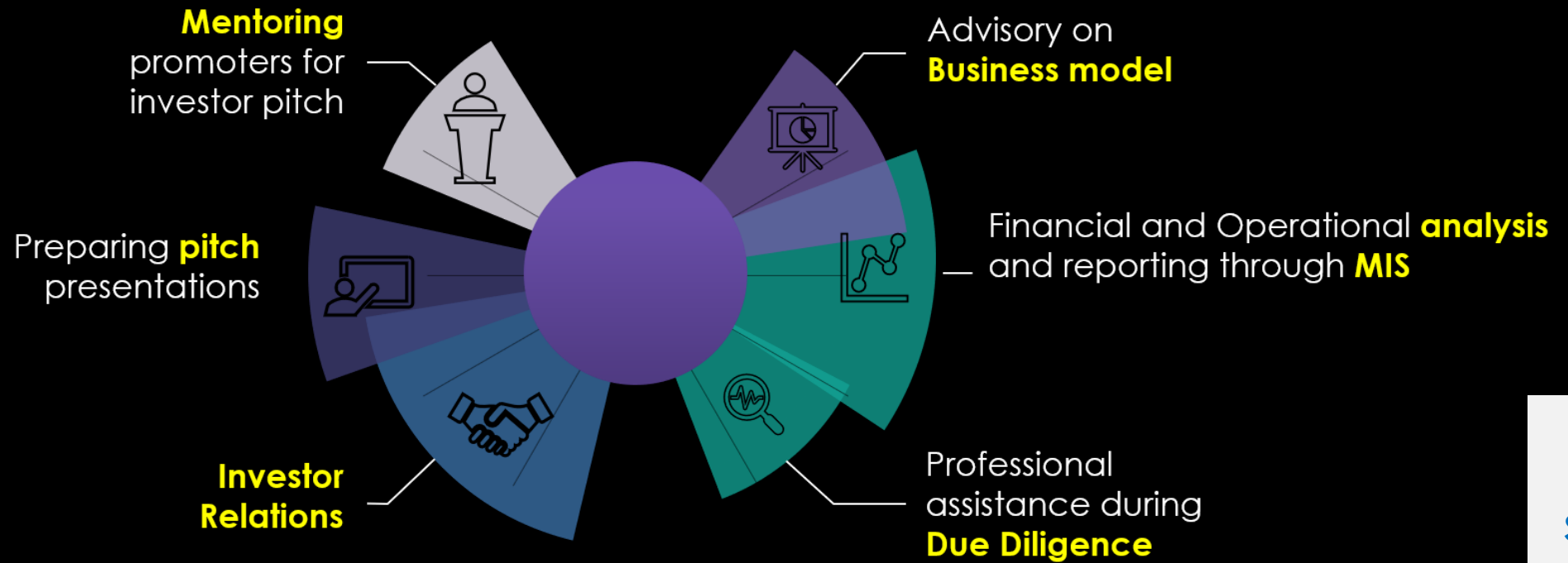
# CONSULTANCY SERVICES TO STARTUPS

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Dec'19

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We would love to hear from you. Leave us a feedback [here](#).

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