

RIGHT NOW

THE STARTUP NEWSLETTER

APR'20

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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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CREATING VALUE & CONFIDENCE
KOLKATA | MUMBAI | CHENNAI | NCR

SportiFan | Imagination has wings



Sarthak Mondal

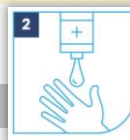
Samrat Ghosh

Arko Biswas

You can call us a talented kid- 'cause we're just 5 months old and we've already started talking. However, just like most kids are, we're also a little picky about who we want to talk to: Entrepreneurs only.

True story: It was the 15th day of the lockdown when the sports-nostalgia started kicking in. We came to understand the importance of sports fandom in keeping up our spirits. And that's when we began to ponder, what made us fall so madly in love with tennis players, football clubs and basketball teams? Well one could say it's solely because of Roger/Rafael/Messi/Ronaldo/LeBron/Steph's showcase of talent, but there's actually a well organized system that's working behind these players, clubs and teams to develop that fandom. That's how we learnt about the concept of sports management and the homegrown startup **SportiFan**.

In this episode of the Right Now Podcast, we'll take you through the story of the **9 months** old SportiFan, put into perspective by its co-founder **Arko Biswas**, an MBA with Marketing from **IIM Raipur** and a co-founder of healthcare start-up which was adjudged amongst the best student run start-up from Asia in USWC 2018, Copenhagen.

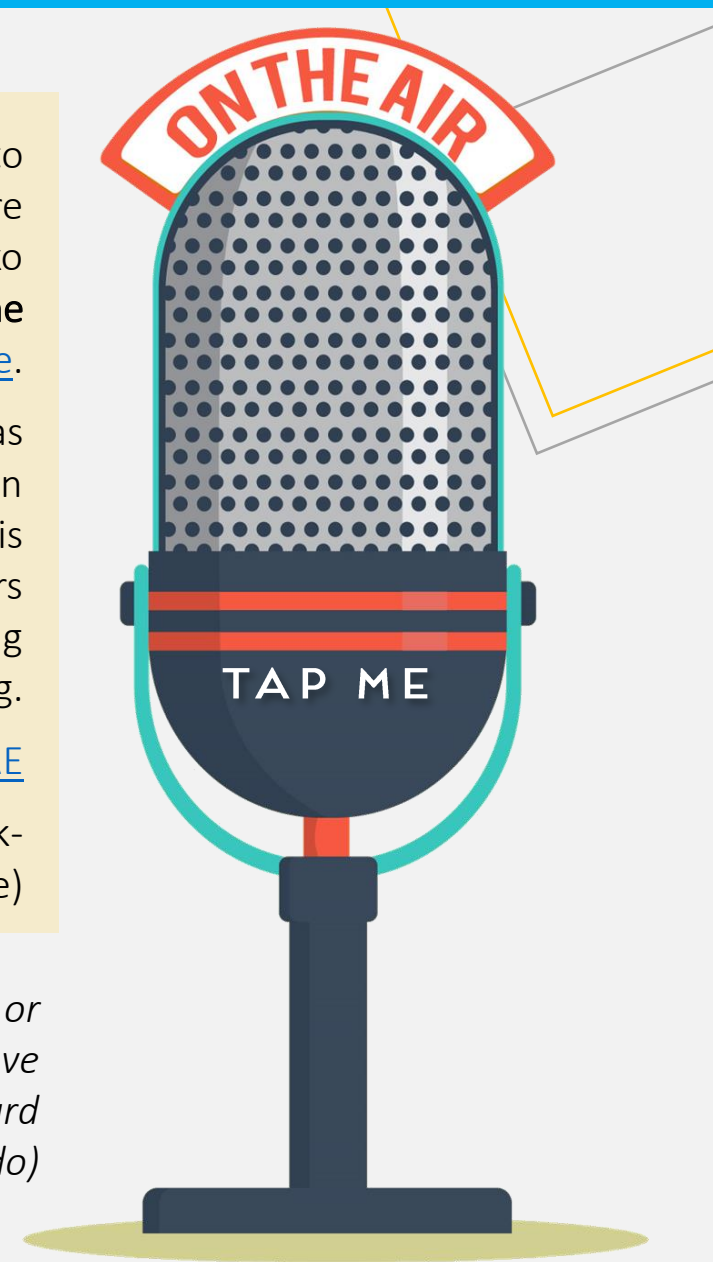


The vision of SportiFan is to connect sports fans, professionals, venues and clubs like never before to enhance the customer journey. Apart from Sport Business Management, which forms the core product offering of the startup, the founders (left to right: Samrat Ghosh, Sarthak Mondal and Arko Biswas) are also actively invested into Sports-tech and have already developed a **patented Goal-line technology**. To find out more, visit their [website](#).

It is especially intriguing to learn how the founders actually met over a WhatsApp group that was created to connect football club Chelsea fans from across India. It was indeed their common passion for sports, combined with their spirit of entrepreneurship that pulled them together to flag off this venture. As Kartikeyan rightly puts it, one cannot stress enough on the importance of having partners who share the same vision and goals as you. Their endured spirit to keep researching and developing even when the economy is at a standstill is truly inspiring.

You wish we had revealed more but we really want you to hear it out for yourself! So tune in [HERE](#) (Ps. If you find the voice quality to be a little imperfect, you would probably relate to your own work-from-home experience)

If you're running 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)



SECTORAL ANALYSIS: FOOD DELIVERY

Back in **January'20**, when the foreigner **UberEats** got acquired by the indigenous Zomato, we all allowed ourselves a smirk. UberEats' paralysis to effectively cater to the **Indian Market** was visible to the naked eye. But now, as we all sit at home and look back, we all will agree, that **exit** could not have been timed better. If you're raising your eyebrows to that, allow us to give you a trip around the quiet pandemonium unleashed due to the lockdown:

Online food delivery orders for Zomato and Swiggy has fallen by **70%** during the lockdown, reported by the Economic Times. The order volume has fallen below **1 million orders a day** when the normal was around **2.5 million** as less than **20%** restaurants are live presently.

Things would have turned worse if it wasn't for the local governments stepping in to allow the **supply chain operations** to resume. Of course, one cannot expect absolute normalcy as most of the casual workers have headed home with **pink slips**. At least now you can find the **usual push notifications** and digital marketing by these delivery companies to let you know that their front shutter might be down but they're still functioning to deliver food at home.

In order to ensure safety, they're also displaying their concern for **hygiene: Rebel Foods**, a renowned **cloud kitchen chain** has started live **body temperature tracker** on its app: providing customers with a live feed of body temperatures of those handling their orders from the cook, kitchen executive to the delivery person.

The delivery giant **Swiggy** has also introduced "**Best safety standard batch**" to deliver from only those restaurants that have rolled out features like temperature control, **sanitation** every **4 hours**, use of masks and safe packing mechanisms.



Question: How do you remain afloat during a time like this when you're only good at delivering food? (5 marks)

Answer: Of course, by continuing to deliver food to the people who **need it most**:

E.g. Food delivery platform **Zomato** has launched a campaign to provide ration to daily wagers who have **lost their livelihood** due to the lockdown. So far, the company has distributed over **100 thousand kits** in more than **20 cities**. Each kit is enough for a **family of 5 for a week**. So, overall the number of kits already delivered by the company will be sufficient to provide over **10 Million meals**. **THANK YOU ZOMATO!**

Ola's food delivery arm, **Ola Foods** has partnered with the state government to distribute over **1000 food packets** twice in a day to migrant laborers across Bengaluru.



After giving us full marks for that answer (ignore the unconventional language) lets also talk about how the food delivery companies have also diversified into the grocery delivery industry, or as Sachin Bansal (co-founder and ex-CEO of Flipkart) calls it, *the **holy grail of e-commerce***:

- Zomato, which was already pondering to enter the grocery delivery segment heard the call of nature and flagged off its **Zomato Market** without further ado.
- Pizza chain Domino's India franchise owner Jubilant Foodworks has announced the launch of **Domino's Essentials**. In partnership with packaged consumer goods major ITC Foods, the delivery infrastructure of Domino's will be leveraged to help customers order.
- Swiggy, which had already forayed in the sector has now also started a hyperlocal delivery service '**Swiggy Genie**' with pick-up and drop-off of items or parcels from anywhere within the city. To maintain the activity level in its app, it is also hosting **curated wellness programme** for quarantined Indians, providing a range of **teleconsultation sessions** with health experts. Besides this, the app also allows users to customise digital and onsite wellness programs for their employees and their dear ones.

Both Swiggy and Zomato have raised **₹264 crore** and **₹38.2 crore** respectively to deal with the crisis. While we extend our sleeping hours at home, it is rejuvenating to see how some are still managing to hustle and for the right cause. It's fascinating to witness the pace with which the startups are reshaping themselves by exploiting their existing value chains. During times like this, what is indeed most important is brand remembrance so that when times are better again, one can restart right from where they left off.



SECTORAL ANALYSIS: CAB AGGREGATOR

We don't know about you, but this lockdown is driving us crazy! And it's not even in an Uber or an Ola, because even they're not plying! TBH, we miss our cab rides so much that we took this opportunity to rate our old cab rides! We recommend you finish your backlog too and, in the process, probably also learn about the cab aggregators' covid-19 response:

It is of course visible to the naked eye that the cab aggregator business has come to a grilling halt. That means, their operations is down by more than **90%**. However, like others have, this is exactly the time to innovate and keep hustling:

Ola cofounder and CEO

Bhavish Aggarwal has proposed to offer **500 Ola Cabs** to the Karnataka government for Covid-19 pandemic-related work. Under this, Ola will provide its cab for healthcare staffers, transportation of medicine and other essential healthcare services for emergencies.

Ola is also diverting its management capacity to '**Ola Food**' to deliver essentials more effectively.



Uber has launched a new service called **UberMedic** to provide transportation support to the **frontline healthcare providers**. The facility will allow healthcare providers to book a cab to and from their homes, healthcare centres and other medical facilities. To ensure end to end safety, partnered hospitals will also provide **personal protective equipment (PPE)** to drivers.

Even the online grocers are now in talks with the ride-hailing platforms to help them resolve the capacity-crunch to deliver essential products on time. However, that's where their opportunities hit the dead end.

Both the cab aggregators are however doing all that's possible to make life a little less difficult for their **driver partners**. For example, Uber has started a '**Uber Care Driver Fund**' to obtain **crowdfunding** to help their driver partners survive this rough phase.

Ola on the other hand has come up with a slew of measures to provide a helping hand to the drivers:

- '**Drive the Driver Fund**': in order to assure financial stability for driver-partners working with Ola, everyone is welcome to donate to this fund. To flag off the fund, Aggarwal has himself donated his **entire year's salary**. Besides this, Ola Group and its employees have also crowdfunded **₹20Cr** to help out the driver-partners. Ola has partnered with South Asian crowdfunding platform **Milaap** to action requests of donation to the Fund.
- All eligible Ola driver-partners and their **spouses** have been covered by a floater sum of **₹30,000** under which they can receive a **compensation** of up to **₹1,000 per day** for a maximum of **21 days** from the date of a positive diagnosis for Covid-19.
- **Sahyog**: for driver-partners with liquidity crunch, Ola is offering an **interest free micro credit scheme**.
- The startup is also **waiving lease rentals** for drivers who operate vehicles owned by Ola. The driver partners are required to return their cabs to the **nearest station** and in return Ola is **waiving monthly instalments**. (Under the company's leasing model, Ola charges a deposit and a daily rental amount between **₹700 & 1,150** beside the non-refundable one time charge of **₹4,000** and a refundable deposit of **₹21,000-31,000**).

A usual ride with an Uber or an Ola along with a light conversation with the driver partner is likely to end with an audible frustration from the driver-side over the '**partnership terms**'. However, the **ongoing act of benevolence** by the cab aggregators will definitely help mend that and **will reap benefit** when the times are good again: The strategy can be seen as a move to ensure that **adding back capacity** when the engine reignites is prompt and effective. The move also shows that even though the cab aggregators have always refused to treat the drivers as 'employees', with age, indeed they have also succumbed to the **higher calling** of the much needed **employer ethics**. As Stan Lee would've liked to put it, ***With great power, comes great responsibility!*** And we're glad that the **Unicorns** recognize their responsibilities well.

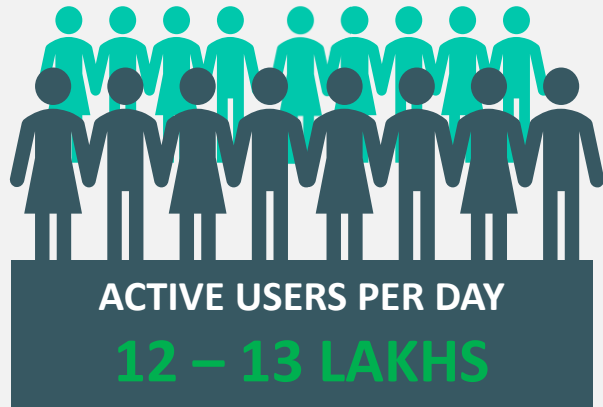


SECTORAL ANALYSIS: GROCERY DELIVERY

Welcome to the alternate world where the things are looking up as usual! What? You didn't think that's possible? Well, TBH we thought so too! Until we bumped into the grocery micro-delivery industry figures:

The co-bosses of the segment, **BigBasket** and **Grofers** have witnessed a **3-5x rise** in the number of orders while the average order value has also gone up by **25%**.

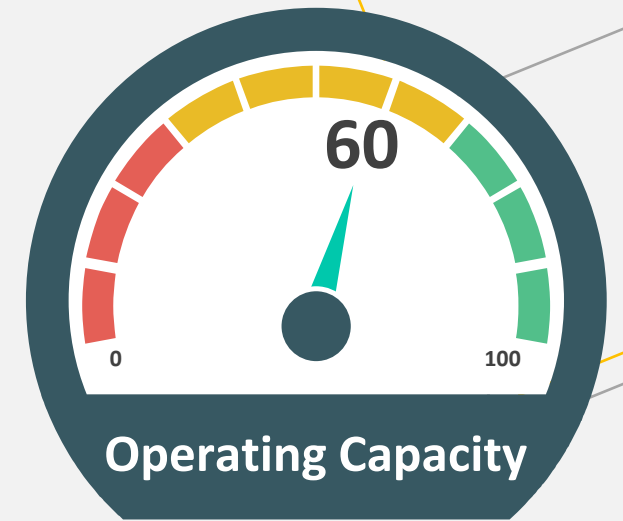
The setback: Both E-Grocers are currently operating at only **60-70% capacity** because of lack of availability of workers and insufficient supplies. Grofers is seeing as much as **12-13 lakh** active users per day, despite having no delivery slots.



Desperate times call for desperate measures: To deal with the situation, the grocers have started delivering in **cabs**. They're actively hiring **gig workers** and also roping in idle staff from restaurants. While BigBasket has partnered with **NRAI** and **Retail Association of India** to offer jobs to those laid off due to the lockdown, Grofers has begun giving on ground staff their share of **essential goods** at the end of the day apart from regular pay, providing them enhanced incentive to stay back.

To deal with the supply-blues, the players have reversed the conventional **supply chain** by sending their own fleet of trucks to **distributor warehouses**.

For a fast response to fix capacity constraints, Big Basket has acquired Milk-delivery firm **DailyNinja** at **₹48 crores**. It has also raised as much as **\$50 million** from the Chinese giant **Alibaba**, as an emergency funding.





In a perfectly timed interview of Grofers' **CEO Albinder Dhindsa** with ET, he took us through their **internal strategies** to deal with the crisis:

- a. In the first 2 weeks of March, their main task was to **prevent hoarders** from cornering supplies to sell on the black market (like setting a **ceiling limit** on how much one can buy at once);
- b. Post that, managing systems, implementing rigorous **safety measures** (like stopping warehouses after every **3 hours** for cleaning) and devising strategies to help scale up to meet surging demands became the key objective;

It seems that the CEO only came out to appeal '**Avengers, Assemble!**' Because now we're seeing a surge of **e-commerce startups** cropping up from all segments, quickly **diversifying** into the grocery cum essentials delivery segment:

Paytm, Meesho, Shopclues and **Zomato** have launched delivery of grocery/essentials. **Flipkart, Amazon, Swiggy** had already entered the segment and are now pursuing it more actively than ever. Real estate platform **NoBroker** has now **partnered** with ecommerce delivery platform BigBasket through which, NoBroker's customers can now place their grocery orders on the **NoBrokerHood** coliving app who gets it delivered through BigBasket. Grocery delivery startup **Milkbasket** has launched a grocery **helpline number** for senior citizens in Noida, Gurugram, Bengaluru and Hyderabad, providing deliveries of groceries and other daily essentials for those who don't have a smartphone.

We acknowledge the good business being done by these startups, providing the much-needed **extra hands** to the e-grofers. We're sure that deep inside, even Grofers and BigBasket are thankful that the avengers are here because **saying no** to customers can do much more harm than good. However, when the clouds finally clear out, the customers will definitely be left with **more options**. While some e-coms will recoil from the venture due to **unfeasibility**, others will foresee **economic rents** by exploiting their existing superpowers (**value chains**). And that's when we believe they'll be headed for an '**infinity war**'.



SECTORAL ANALYSIS: HOSPITALITY (OYO)

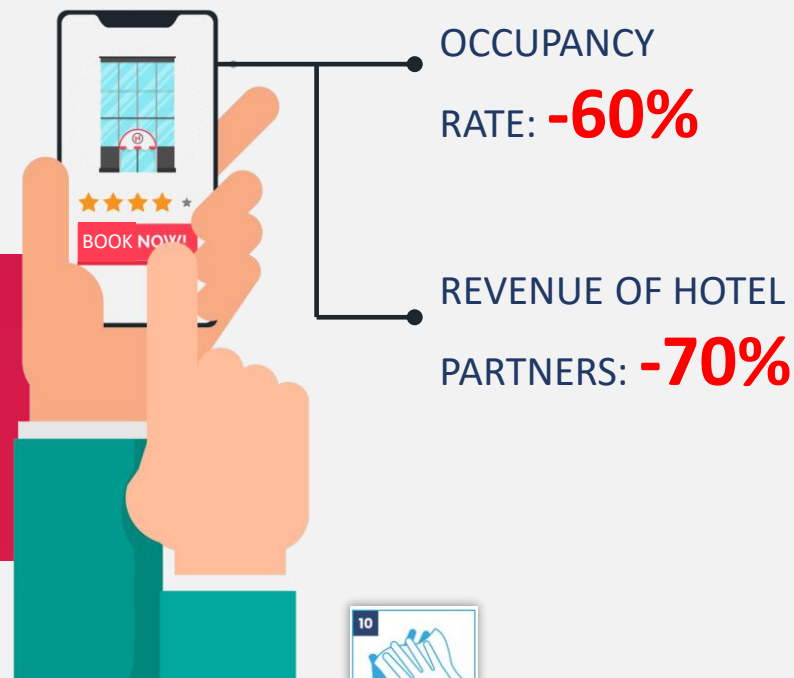
Back in September 2018, the world watched in awe as the then **5 years old** Oyo Hotels and Homes raised a fat billion dollars from SoftBank. With a **\$5 billion valuation**, the startup surpassed the combined valuation of the **Taj** and the **Oberoi** Group of Hotels, which have been around since before Independence. Since then, Oyo hasn't stopped from expanding **across geographies** and we're sure many must have wondered what could possibly go wrong with so much money in its pocket. Well, now it turns out that all Oyo needed was the **World to keep running** and with the recent turn of events, it certainly hasn't stood up to Oyo's expectations.

In the first 2 months of 2020, Oyo was busy consolidating its business to improve its [clingy-red-bottom-line](#). As its top-line got further dependent on the international markets (**36.5% of total revenue**) we wondered whether with the wake of the Covid-19, will their optimism fall sick too? It wasn't until the USA became the **world leader** in Covid-19 cases, the startup, which has already laid off **34%** of its global workforce,

sent **thousands of its US employees** on **furlough** (forcing someone to be temporarily absent from work, often without pay) for up to **3 months**. To further save up the cash reserves for a better future, **Ritesh Agarwal**, founder and CEO, has forgone his salary for the **entire year** and the senior leadership have been asked to take a **25% cut** on their salary.

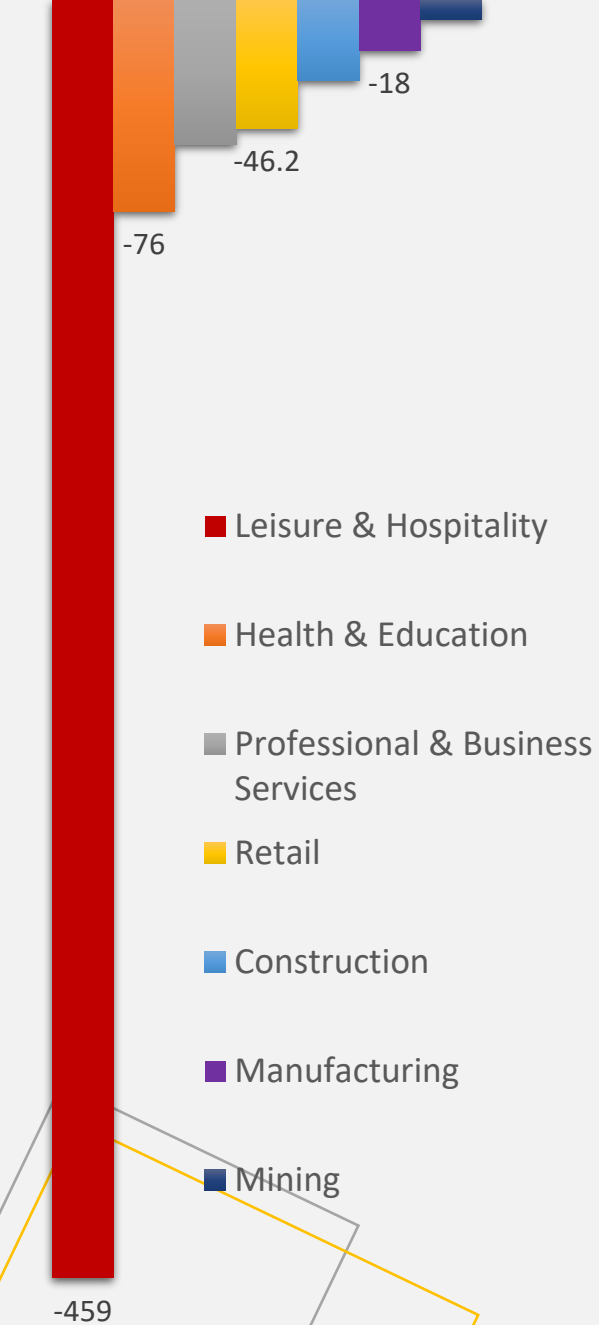
Last but not the least, Oyo has also invoked the **force majeure clause** on its contract with hotel partners through which it is suspending payments like **monthly benchmarks** and any other amount outstanding. It is however no surprise that the **hotel partners**, who are otherwise also a audibly unhappy with Oyo, have been further antagonized by this action as they claim that the force majeure clause was never a part of the '**original agreements**'.

The hit taken by the tourism industry is especially evident from the recent **unemployment figures reported in the USA** amidst the pandemic chaos (Fig. in 000'):



OYO





Yes, let's gasp together looking at the **leisure and hospitality bar** and then let's further observe how Oyo has coiled into its home ground, India, where it finds maximum comfort:

Oyo is in talks with **Delhi** and other State governments to convert its hotel rooms into **subsidized pay-per-use quarantine facilities** or **isolation wards**. Apart from that, it has also teamed up with **Apollo Hospital** which aims to create **5,000 isolation wards**. Under the name *Project Stay I*, the hospital has also roped in other Hotels (for accommodation), HUL (for consumer goods), SBI & Duetche Bank (for digital transactions) and Zomato (for food delivery). From what we understand, the idea is to create an **end to end supply chain** for providing **medical assistance** to those who have contracted the virus, while also effectively keeping them in isolation.

Paytm has also partnered with more than **300 hotels** (including Oyo) in over **60 cities**, to provide accommodation to healthcare workers which can be booked through the Paytm app.

We acknowledge the good business done by Oyo

during such tough times: in developed nations like the USA, Oyo has resorted to furloughs and **not further layoffs** and in the **less developed geographies**, like India, where the government definitely requires a **helping hand** to fight the virus, Oyo has stepped up in innovative ways and in the process, has also managed to keep the **front desk open**. No one can be too sure of when the normal ways of life will return. Chances are, it will **return last** for the tourism industry. **But as long as the fight against the virus is on**, innovation seems to be the only key to survival.



Horwath HTL Sentiments Survey

67% Respondents believe that the hotels will remain affected for more than **4 months**

85% Respondents believe that revenue and occupancy rate will be hit by **over 30%**

81% Respondents believe that average daily rates (ADR) will fall by **10-40%**



INNOVATION AMIDST RISING FEAR AND PANIC



Now that you've washed your hands, grab your daily doze of *Dalgona coffee* and swipe right when you're ready!

The entire editorial board of this Newsletter is absolutely mesmerized by the kind of innovation that goes into making a glass of *dalgona coffee* and specialized *tick off bingos*! Just Wow!

We're also a little guilty that in the process we're probably overlooking the kind of innovation the startups and even government authorities are coming up with to deal with this *shared* crisis.

So we're here to seek redemption:



New Product Development

PhonePe has launched a **Corona Care insurance policy** at a premium of ₹ 156 for those who have tested positive for Covid-19 and are hospitalized. The company has tied up with its insurance partner Bajaj Allianz General Insurance, providing a cover of ₹ 50K for people below 55 years of age. It will also take care of the expenses for 1 month on pre-hospitalization and post-care medical treatment.

IIT Ropar students have developed a **trunk-shaped device** fitted with ultraviolet germicidal irradiation technology, which they recommend placing at the doorstep to sanitize deliveries, including grocery and food as well as currency notes. According to the team at IIT Ropar, the trunk when commercialized can be available at less than ₹ 500 and takes 30 minutes to sanitize items.

Mumbai-based **Log 9 Materials** has developed a **CoronaOven**, which relies on UV-V light and other design parameters to disinfect any surface. The company has claimed that the product can also be used to disinfect objects, personal protective equipment (PPE) and more.

Bengaluru-based **Ethereal Machines** provides a **ventilator splitter** uniquely designed for managing two patients with varying needs via differential pressure splitting. The device also helps in preventing cross-contamination between paired patients.

Bengaluru based startup **Bione** is ready to put on market an **anti-body based rapid test kit** for Covid-19 that will give results at home in 10-15 minutes.

MyLabs has created India's first indigenous testing kit: a **reverse transcription-polymerase chain reaction (RT-PCR) kit** which is manufactured domestically, has a local supply chain and is approved by Indian Council of Medical Research (ICMR).

Sequoia-backed healthtech startup **Qure.ai** has partnered with Italian San Raffaele University Hospital to provide its **Chest X-Ray analysis system** for diagnosing Covid-19 patients. The startup uses AI algorithms to detect brain trauma and diagnose chest diseases.

Healthians has started offering **at-home testing for COVID-19**. Priced at ₹ 4,500, as mandated by the government, the test promises results within 24 hours. Healthians' at-home testing is available for users in Delhi NCR and Mumbai region.



Food Distribution

Zoho Corp, a software development firm has restarted its captive kitchens, which were used to serve the employees, to **distribute 1000 meals a day** in southern Chennai.

Agritech startup **Simply Fresh** is **donating food** and essential supplies to **underprivileged kids** to an orphanage in Arjunpatla, Hyderabad.

Stanza Living said it has launched a **food distribution** drive to supply 5000 meals each week across Delhi, Bengaluru, Pune, Hyderabad and Indore.

Protective Equipment, Hygiene and Other Areas

Reusable diaper brand **Superbottoms** is now developing **reusable cloth face masks** & is serving them to hospitals & other essential service providers in Mumbai without profit.

Car renting startup backed by Hyundai, **Revv** is **offering 1000 cars**, free of cost to healthcare workers

Sonam Motwani led **Karkhana.io** is using technologies like **3D printing**, injection moulding, machining, fabrication, and design facility to **manufacture Personal Protective Equipments** (PPEs) like face shields, aerosol boxes, and goggles, at large scale.

CureFit has taken its entire brand of cult.fit online through **Cult.live**. The **live fitness classes** can be accessed across devices. The service is absolutely free of cost for everyone and involves live classes given by athletes and experts.

Pune-based **Nocca Robotics** which makes robots that clean solar plants has now adjusted its infrastructure to develop **low-cost ventilators**, recognizing the acute shortage.

Logistics startup **Locus** launched an application to **help all the drivers stuck between state borders with the shipment**. In partnership with Bharat Petroleum Corporation Limited and Highway Delite, it will help the truck drivers with information related to the access of facilities like food and availability of safe parking on the highways.



Information and Information Tech

Audio content platform **Khabri** has launched an exclusive **helpline portal** for visually impaired audiences. The platform will allow users to get inputs from experts for medical, psychological, social or financial support.

Digital media startup **WittyFeed** is running a coronavirus campaign to **counter the misinformation and fake news** on social media related to the pandemic, especially for people living outside the metros. So far, the company has produced 70 informative reports on coronavirus which has reached to over 40 Mn people.

CoronaSafe, a network of web developers have taken up the task of **counting the daily cases** by tracking the total number of admissions in hospitals at the unit level on the ground.

Financial Support

Fashion platform **LimeRoad** has launched a new **Financial Clinic** to provide assistance to its seller partners by providing them with solutions around a variety of issues including operational and fixed cost management, inventory and working capital management, access to short term credit etc.

Top **fund managers from leading VC firms**, including Sequoia capital, Accel and LightSpeed Venture Partners and prominent startup CEOs have opened a **100 crore grant** that will back fledging firms working on products and services to combat the pandemic. The **Action Covid Team (ACT) Grants**, possibly the first of its kind globally, has already received 40% of corpus. Any startup working on a scalable solution can send proposals through actgrants.in. Grants disbursed till date:

- a. MyLabs: ₹ 1 crore
- b. Ethereum Machines: ₹ 50 lakh
- c. Karkhana.io: ₹ 20 Lakh
- d. CoronaSafe: ₹ 50 Lakh



Policy Innovations by the Government & Local Authorities

Andhra Pradesh government is using a system that **alerts** the authorities whenever a person who has been advised to be under quarantine, **tries to leave their accommodation**.

The **Bengaluru Police** has started using **drones to monitor** the city residents' compliance with the lockdown and to better strategize police force use.

In **Karnataka**, police wore **coronavirus-themed helmet**, in **Punjab** police performed **Bhangra**, and in **Bengal** police sang **regional songs** to spread awareness about the virus and safety norms.

The **Indian railways** overhauled 2,500 coaches to **create 40,000 isolation beds, available on the move**, equipped according to medical advisories. The railway coaches provide the unparalleled advantage of mobility, allowing them to be deployed as per need to even small towns or rural areas with limited local healthcare infrastructure.

Under Operation Shield, The **Delhi government** began a massive **sanitization drive** in the COVID-19 red and orange zones - using **technologically-advanced machines from Japan**.

Kerala has started off doorstep delivery system of **delivering mid-day meals** to Anganwadi children immediately after the state decided to shut all schools.

Uttar Pradesh government has allocated over **10K vehicles to make deliveries** of essential commodities at your doorstep.

The **Bhopal Nagar Nigam** has started home **delivering fruits and vegetables** to 44K residents of the city.

Kerala Government has also come up with a **door delivery of Cash** with the help of the postal department.

SIDBI has announced **Covid-19 Startup assistance scheme (CSAS)** to provide **working capital financing** up to ₹2 crore, for those that are unit economics positive. Interest rate: 10.5%. Maximum tenure: 36 months.

Maharashtra government is installing **disinfectant tunnels** at crowded places like markets, railway stations, stops among others with the help of Institute of Chemical Technology (ICT), Mumbai.

Punjab Govt has taken its Essential commodities Vendors Online With **COVA Grocery Delivery App**.

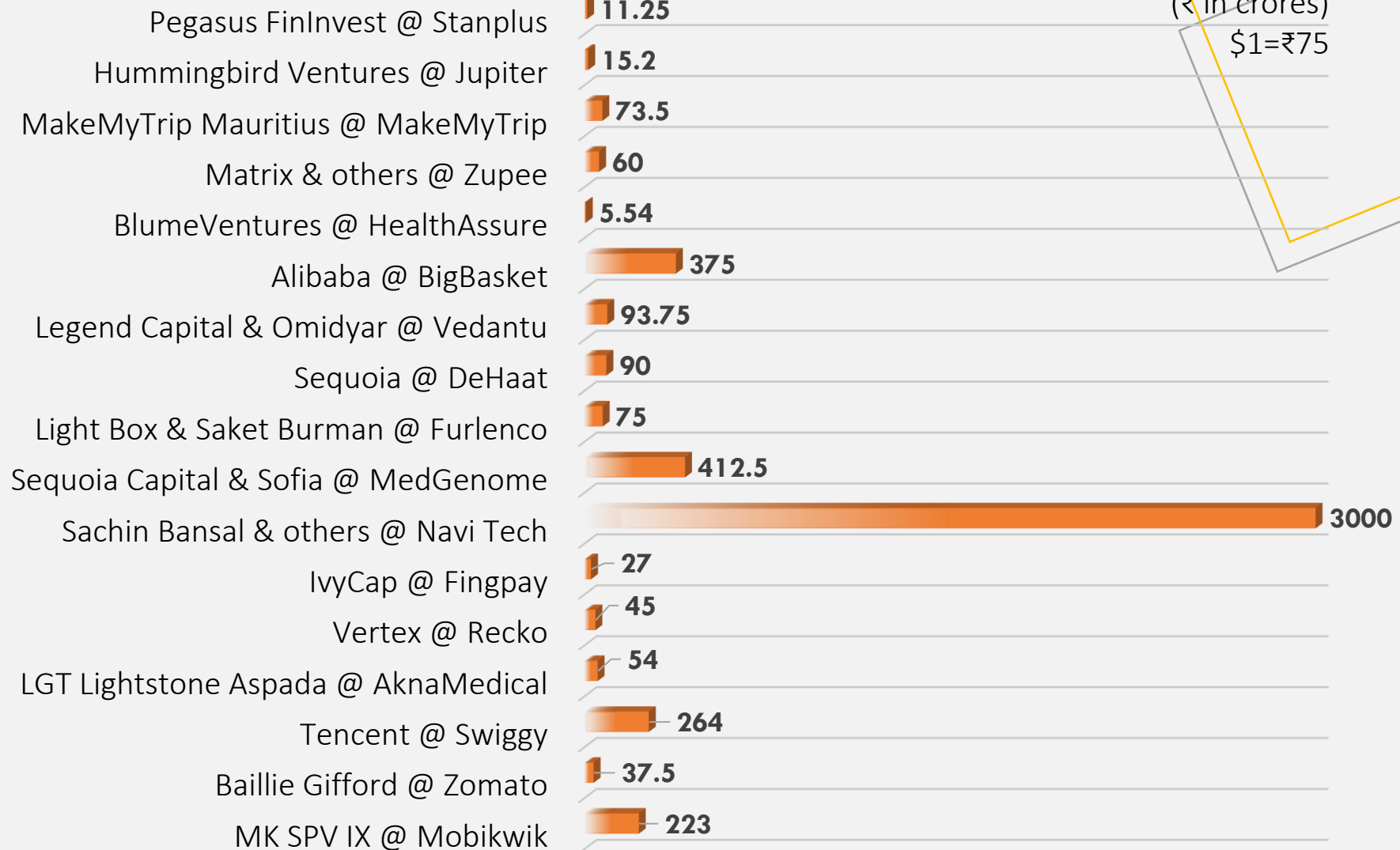


RECENT STAKE GRABS IN INDIAN STARTUPS

Out of the 17 investments, there are **4 startups** are functioning in the **Healthcare** industry having received a combined investment of **₹483.5 crore**:

- a) **Stanplus**: Ambulance services
- b) **HealthAssure**: Primary Healthcare Aggregator
- c) **MedGenome**: Genetic Diagnostics
- d) **AknaMedical**: Healthcare supply chain.

Another **6 startups**, namely **Jupiter**, **Zupee**, **Navi Tech**, **Fingpay**, **Recko** and **Mobikwik**, are functioning in the **Fintech** Industry.



A VIRTUAL INVESTMENT STINT AROUND THE WORLD

It has been established so far, that in tough times like this, innovative and unconventional ideas flourish the most. So let's take a virtual trip around the globe and see what's picking up despite the lockdowns and economic meltdown. (PS. you need not wear hand gloves or face mask to make this trip).

The drill: We are going to talk about 5 companies which have invested years into developing something out of the box and have witnessed a huge spike in demand ever since the virus hit the globe. Let's say we were fortunate enough to identify these stocks a couple of months ago and invested an equal sum of money in each. How much do you think would be the value of your portfolio today?

1 We talked about **Peleton Fitness** in our [January issue](#), which has redefined community fitness by letting people virtually do all the exercises right from their bedroom. Fitness geeks who made daily rounds to the gym were laughing at this concept back then. Since 19th February'20, share price of Peleton has appreciated from \$27.10 to \$33.49, which is a **23%** rise in just 2 month. Guess who's laughing now?

2 "Netflix and chill" is probably the only comforting factor for millennials as the world goes into a lockdown. Given the slightly elevated churn levels during the coronavirus period, the company has forecasted addition of about 7 million users during the March quarter. Experts expect even more. Although the company's production business is on halt, it claims that it has enough new content for the next few months. Shares of Netflix appreciated by **9%** in the past 2 month.

3 Today, you will probably find Zoom Videos Application in every person's smartphone, be it a student, or an office goer or a homemaker. Zoom's daily active users jumped from 10 million to over 200 million in just 3 months, ever since the breakout of the virus.

Flashback: **Zoom Video Communications Inc.**, based out of San Jose, California, USA, was founded in 2011. Its valuation crossed the billion-dollar mark in 2017, and it went public exactly a year ago on 19th April'19, with a valuation of over \$16 Billion by the end of its first day of trading.

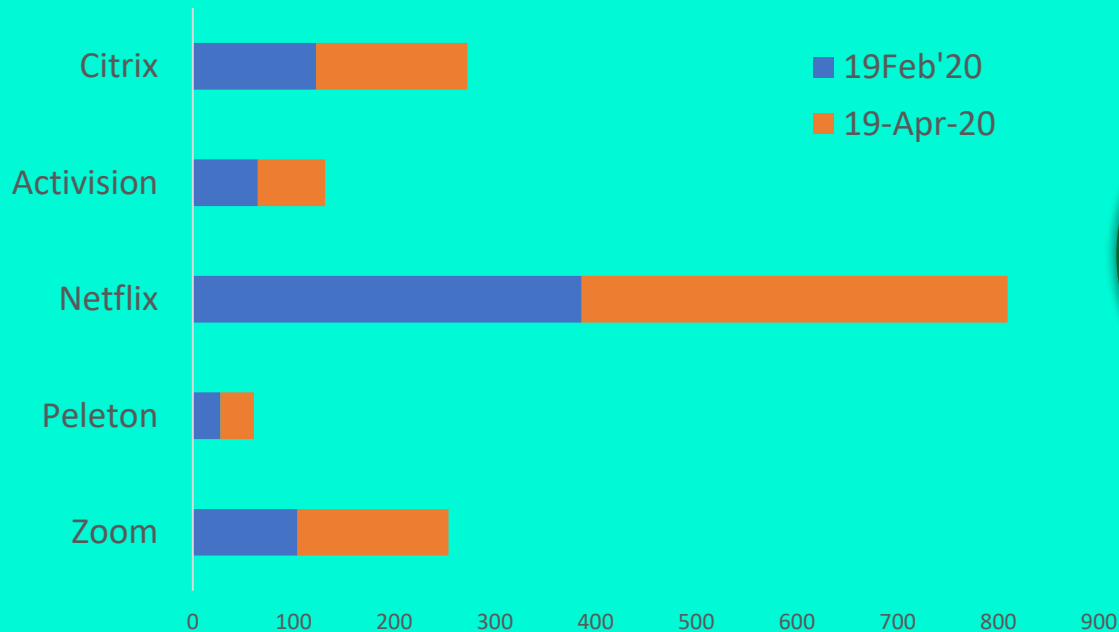
The Big Picture: Since 19th February'20, share price of Zoom has zoomed by a whopping **44%**.



4 As the working class tries to keep the fire burning by working from home, one may resort to server, application and desktop virtualization, networking, and cloud computing technologies provided by **Citrix Systems Inc.** Remote work facilities are the next alternative to flexible lease and private areas in co working spaces. The result? Over the last 2 months Citrix has quadrupled its user base and its share price elevated by **23%**.

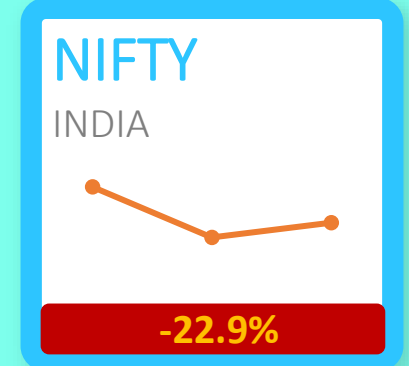
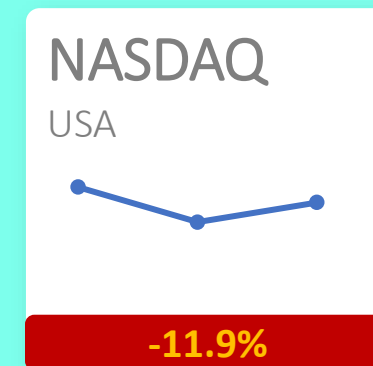
5 Data from Nielsen shows that people do indeed turn to the box (television) in crisis. And among all the alternatives, data shows that video gaming has risen by at least 34% ever since the virus took over the world. One name strikes when we speak of video games – **Activision Blizzard Inc.** Activision's masterpiece - Call of Duty Mobile Game, which has already smashed records, has helped the company add another **4%** to its share price in the past 2 month. (Don't worry, you still beat the market)

And here's the appreciation in the value of your **equally weighted** portfolio over the last 2 months:



Return on Investment
20.6%
(over 2 months)

I know what your next question is. How much did the broader market indices appreciate over the same period? Or should we say depreciate!



LEARNING FROM THE BEST: **THEORY OF GOOD AND BAD CAPITAL**

At a basic level, there are two goals investors have when they put money into a company: growth and profitability. Neither is easy. Professor Amar Bhidé showed in his *Origin and Evolution of New Business* that **93 percent** of all companies that ultimately become successful had to abandon their original strategy – because the original plan proved not to be viable. In other words, successful companies won't succeed because they have the right strategy in the beginning but rather, because they have money left over after the original strategy fails, so that they can pivot and try another approach. Most of those that fail, in contrast, spend all their money on the original strategy – which is usually wrong.

The theory of good money and bad money essentially frames Bhidé's work as a simple assertion. When the winning strategy is not yet clear in the initial stages of a new business, good money from investors needs

to be **patient for growth but impatient for profit**. It demands that a new company figures out a viable strategy as fast as possible and with as little investment as possible – so that the entrepreneurs don't spend a lot of money in pursuit of the wrong strategy. Given that 93 percent of companies that ended up being successful had to change their initial strategy, **any capital that demands that the early company become very big, very fast, will almost always drive the business off a cliff instead**. A big company will burn through money much faster, and a big organization is much harder to change than a small one. **Motorola** learned this lesson with Iridium.

For those of you who do not know about the backstory – Motorola and its co-investors invested as much as **\$6 Billion in Iridium**, to give the world a privilege to make calls from any corner of the globe. However, the whole B-plan failed to create enough traction owing to two major flaws, viz. the mobile handset

weighed a pound, and a person had to be outdoors to place a call and so should have been the receiver of the call. Within **6 months**, the business declared bankruptcy. It was only a decade later, when the business was sold for only **\$25 million**. That is why capital that seeks growth before profits is bad capital.

But the reason why both types of capital appear in the name of theory is that once a viable strategy has been found, investors need to change what they seek – they should become **impatient for growth and patient for profit**. Once a profitable and viable way forward has been discovered – success now depends on scaling out this model.

~excerpts from the book
HOW WILL YOU MEASURE YOUR LIFE
by Clayton Christensen



CONSULTANCY SERVICES TO STARTUPS

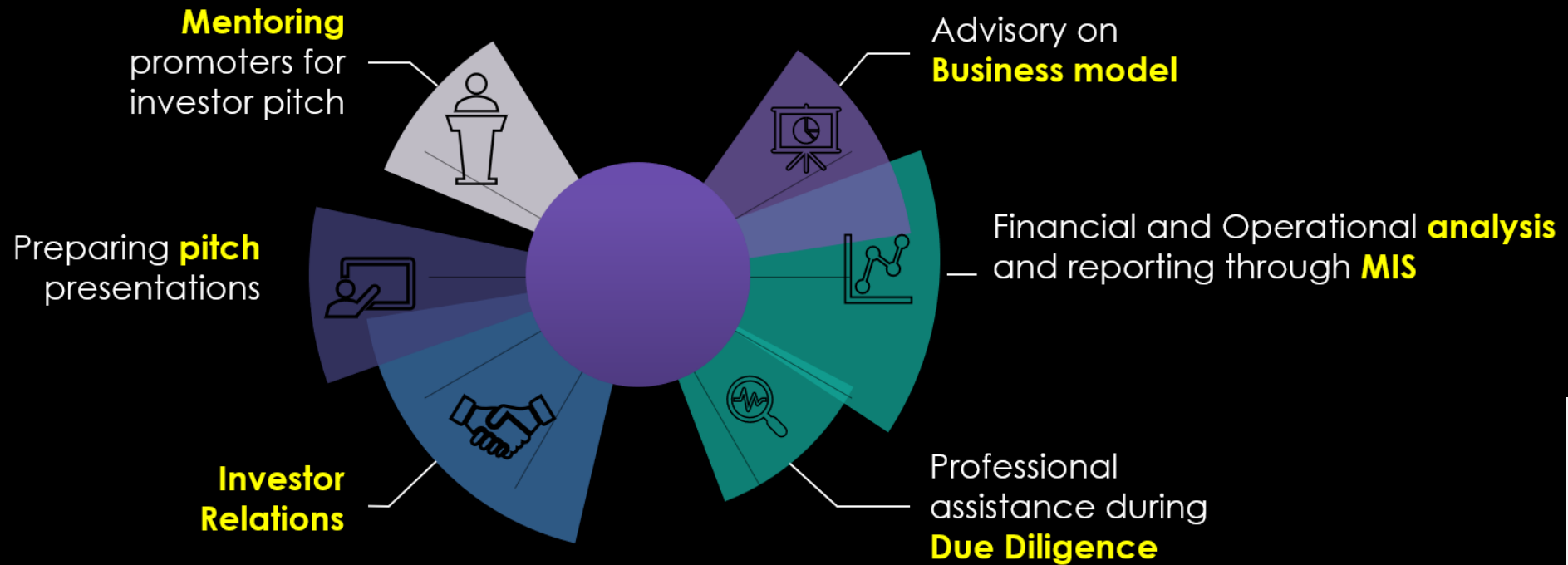
Previous issues:

Dec'19

Jan'20

Feb'20

Mar'20



Note: All the facts and figures have been accumulated from inc42 and the Economic Times.

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Our services are passionately focused on the professional development and success of our clients

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

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