ACCELERATION IN INDIA: INITIAL DATA FROM INDIAN STARTUPS

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EMORY | GOIZUETA BUSINESS SCHOOL
SOCIAL ENTERPRISE @ GOIZUETA
Aspen Network of Development Entrepreneurs | THE ASPEN INSTITUTE

DATA AT A GLANCE

THIS DATA SUMMARY INCLUDES INFORMATION FROM 1,214 VENTURES OPERATING IN INDIA, CONTRIBUTED BY 26 ACCELERATORS.

Indian ventures that applied to accelerator programs were primarily early-stage, for-profit ventures. The majority had not earned revenue in the previous year, and most had not raised investment capital.

Ventures that were selected by the accelerator programs to participate were more likely to report philanthropic capital, but less likely to have employees.

Nearly half of applicants had previously founded an organization. These experienced founders were more likely to have raised equity.

Ventures with women were more likely to have earned revenue and have employees, but less likely to have raised equity than ventures with all-male teams.

Ventures that reported intellectual property were more likely to have raised equity, earned revenue, and have employees.

Indian ventures most often ranked the development of their network and direct funding as the most important benefit accelerators provide.

Most ventures were hoping to raise debt or equity in the coming year and aimed for a median target of $100,000.

ABOUT THE DATA

Since 2005, hundreds of accelerator programs have emerged around the world. Funders, including governments, corporations, and private foundations, are investing in these accelerators for their potential to grow successful ventures, create jobs, and build investor pipeline.

Despite this interest, we know little about accelerator effectiveness or how differences across programs influence venture performance.

To address this gap, Social Enterprise @ Goizueta at Emory University and the Aspen Network of Development Entrepreneurs (ANDE) launched the Global Accelerator Learning Initiative (GALI) in collaboration with a consortium of public and private funders. GALI builds on the Entrepreneurship Database Program at Emory University, which works with accelerator programs around the world to collect and analyze data from the entrepreneurs that they attract and support.

Since 2013, the Entrepreneurship Database Program at Emory University has been partnering with accelerators and entrepreneur support programs to collect detailed data from entrepreneurs during their application processes. These entrepreneurs, including those not selected into a program, are then surveyed annually to gather valuable follow-up data.

In India, the rapid growth in the number of startups and amount of venture capital in recent years has led to the emergence of new stakeholders in the region's entrepreneurial ecosystem. Accelerators and incubators have a role to play in developing ventures that are attractive to investors and have capacity to attract and absorb larger amounts of investment. However, little research has been done on the entrepreneurs attending accelerator and incubator programs and how ventures perform with this specific support.

This report summarizes application data collected from ventures operating in India that applied to participating accelerator programs between 2013 and 2017. After setting aside duplicate application surveys, surveys with too much missing information, and surveys from entrepreneurs who declined to share their application information with the Entrepreneurship Database Program, the observations in this report are based on 1,214 early-stage ventures. Most questions focus on prior-year data, in other words, on business results from the year before applying to acceleration programs.

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WHERE DO THE DATA COME FROM?

26 accelerators and 1,214 ventures contributed data to this report.

The dataset includes information on 1,214 ventures operating in India, 9% of the full sample of 13,495.[1] Twenty-six accelerators contributed data from 49 programs, including some programs operating in India and others that operated elsewhere but received applications from ventures based in India.

TOTAL: 49 PROGRAMS / 1,214 APPLICANTS FROM INDIA

Accelerator	Programs	Applicants
VILLAGE CAPITAL	20	677
VILLGRO	2	196
ZONE STARTUPS	1	91
STARTUP CHILE	2	78
STARTUP CUP	1	32
UNCHARTED	1	22
SANGAM VC	1	19
ECHOING GREEN	2	11
GLOBAL GOOD FUND	1	10
OTHER[2]	18	78

Note on the Full Sample: *This summary often compares data from "India" to the "Full Sample." This refers to those ventures that operate in India compared to the entire dataset. The full sample includes data from 13,495 ventures that applied to one of 178 accelerator programs. These ventures primarily operate in Latin America & Caribbean (34%), Sub-Saharan Africa (27%), USA and Canada (23%), and South Asia (10%).*

Note on Statistical Significance: *This summary often mentions "significant" differences. This refers to differences significant at the p<0.05 level, and always to differences between categories within the India sub-sample or the full sample, rather than differences between the two samples.*

[1] To read a summary of the full data set, visit http://www.galidata.org/publications/2017-year-end-summary.

[2] "Other" includes non-typical accelerator programs as well as programs with less than 10 applicants based in India (including Agora Partnerships, BlueBox Ventures, IDEA Nigeria, Impact Hub Geneva, Jolkona, Maine Accelerates Growth, MassChallenge, NMotion, C5, Peace Tech Accelerator, Points of Light Civic Accelerator, Shujog, StartupLab.MX, Telluride Venture Accelerator, The Yield Lab, Toilet Board Coalition, Transformation Lab of Tecnologico de Monterrey, and University of South Florida).

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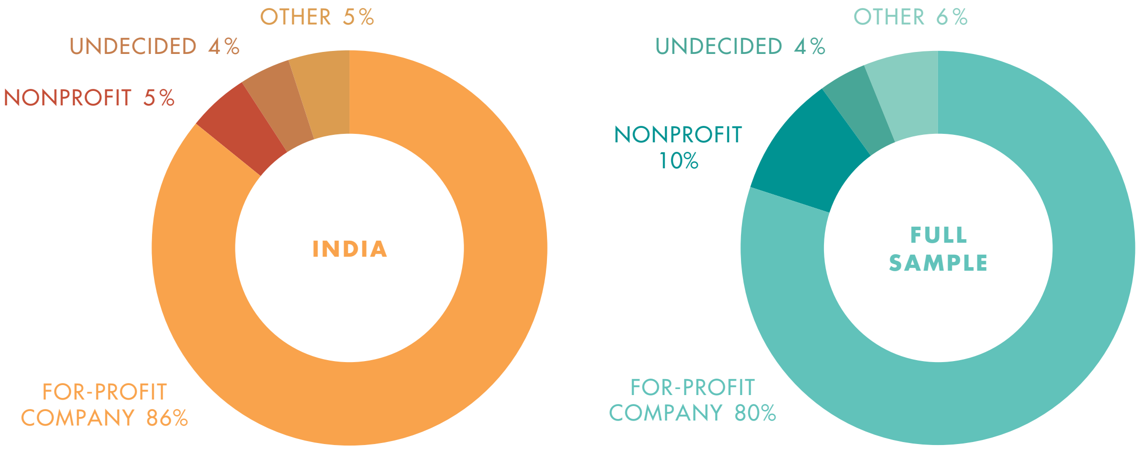
WHAT TYPES OF VENTURES APPLY TO THESE PROGRAMS?

These are early-stage, for-profit ventures, many in the education industry.

The majority of ventures were less than three years old at application (with the average age at two years), and most are structured as for-profit companies.

BUSINESS STRUCTURE

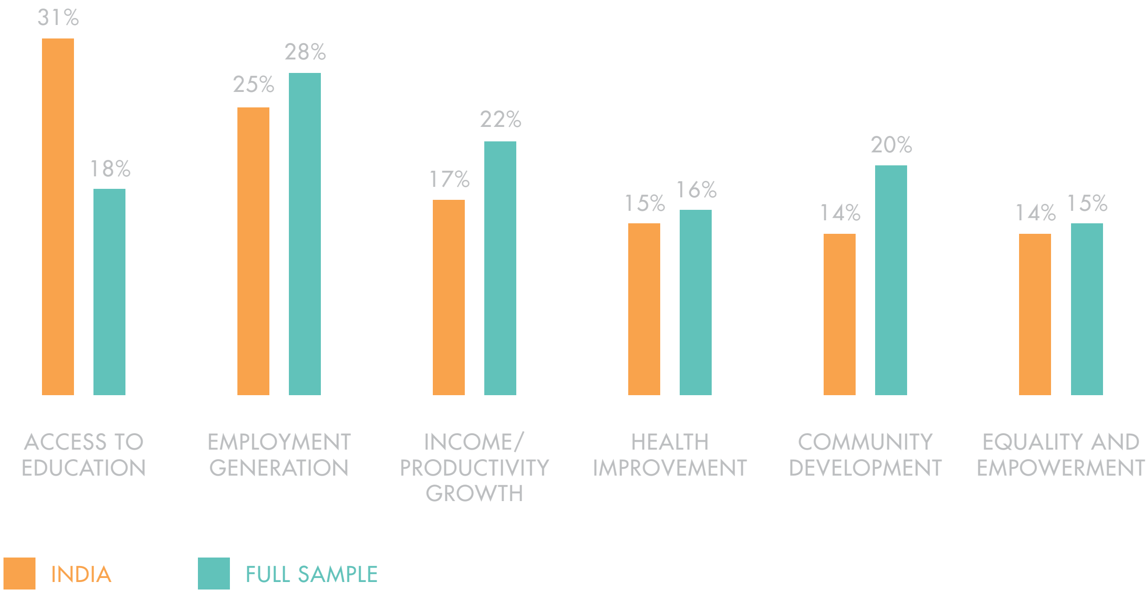


Nearly a third of the ventures in the sample are in the education sector, followed by financial services and health. Access to education and employment generation are the most common impact focus areas.

TOP SECTORS

Sector	INDIA	FULL SAMPLE
EDUCATION	32 %	15 %
FINANCIAL SERVICES	13 %	8 %
HEALTH	11 %	11 %
AGRICULTURE	8 %	13 %
ICT	6 %	10 %

TOP IMPACT OBJECTIVES



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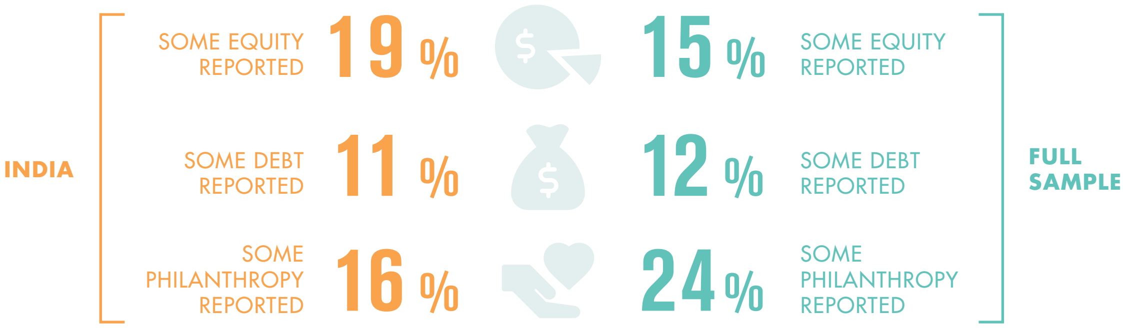
HOW ARE THESE VENTURES PERFORMING?

Most ventures did not earn revenue in the previous year, and most had not raised investment capital.

Forty percent of Indian ventures reported prior-year revenues, less than the full sample at 45%; and 69% reported prior-year employees, more than the full sample at 59%.

Regarding investment, only 28% of Indian ventures had raised any prior-year investment, less than the full sample at 33%. A slightly larger proportion of Indian ventures had raised equity compared to the full sample, but a smaller proportion had raised philanthropic capital.

INVESTMENT RAISED SINCE FOUNDING



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WHAT KINDS OF VENTURES GET ACCELERATED?

Ventures that were selected by the accelerator programs to participate were more likely to report philanthropic capital, but less likely to have employees.

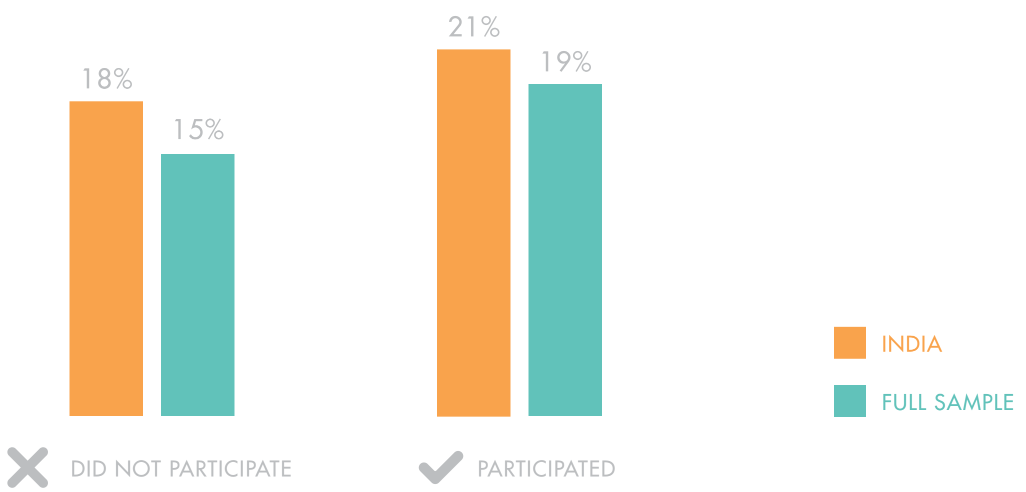
One hundred and three ventures were selected to participate by the accelerator programs, 11% of the Indian sample with available selection decision data.[3] Ventures that accelerators selected were less likely to have employees, but significantly more likely to report philanthropic capital compared to the applicants that accelerators rejected.

ACCELERATOR SELECTION AND VENTURE PERFORMANCE

	ANY PRIOR-YEAR REVENUES	ANY PRIOR-YEAR EMPLOYEES	SOME PHILANTHROPY
DID NOT PARTICIPATE	39%	71%	13%
PARTICIPATED	44%	63%	25%

Similar to the full sample, selected ventures were more likely to report prior-year equity, though the difference was only slight.

ACCELERATOR SELECTION AND EQUITY REPORTED



[3] Most of the accelerator programs in this sample had made their cohort selection decisions when the data file was finalized. The sample for which selection data is available comprises 979 ventures.

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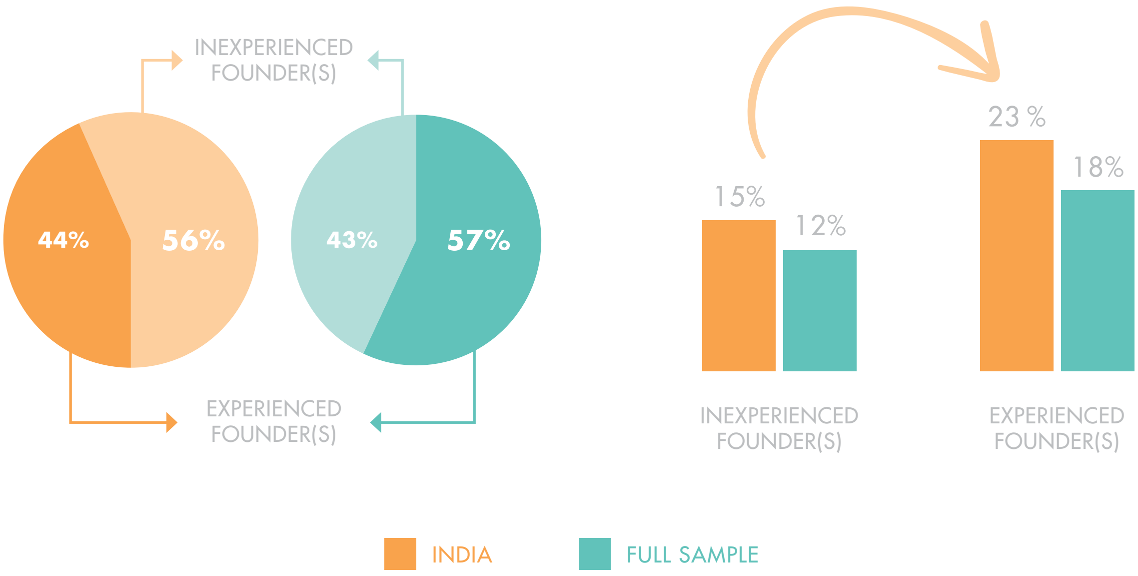
WHAT ARE FOUNDERS' BACKGROUNDS?

Nearly half of applicants had previously founded an organization. These experienced founders were more likely to have raised equity.

Indian applicants tend to be less experienced than the full sample of applicants: 44% reported founding a previous venture, compared with 57% of the full sample. But that experience matters. Experienced founders were significantly more likely to have attracted equity investors: 23% of experienced founders reported equity raised, compared to 15% of inexperienced founders.

PREVIOUSLY FOUNDED A VENTURE | **FOUNDER EXPERIENCE AND EQUITY RAISED**



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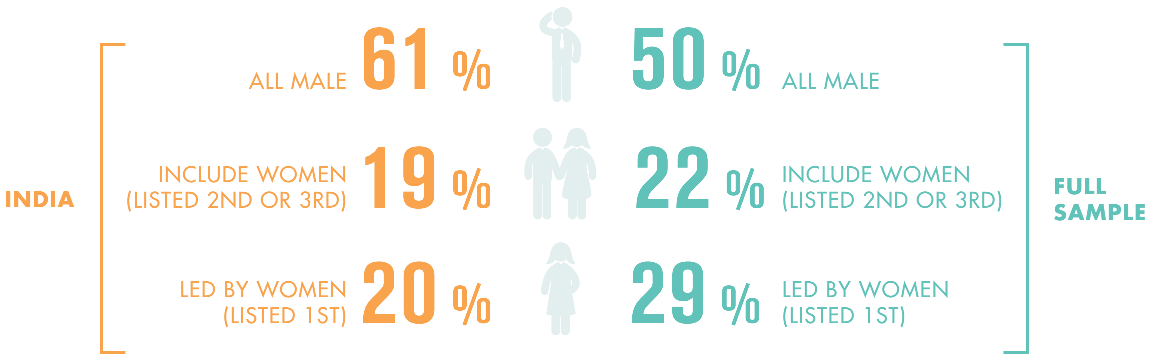
HOW DO WOMEN ENTREPRENEURS COMPARE TO MEN?

Ventures with women were more likely to have earned revenue and have employees, but less likely to have raised equity than ventures with all-male teams.

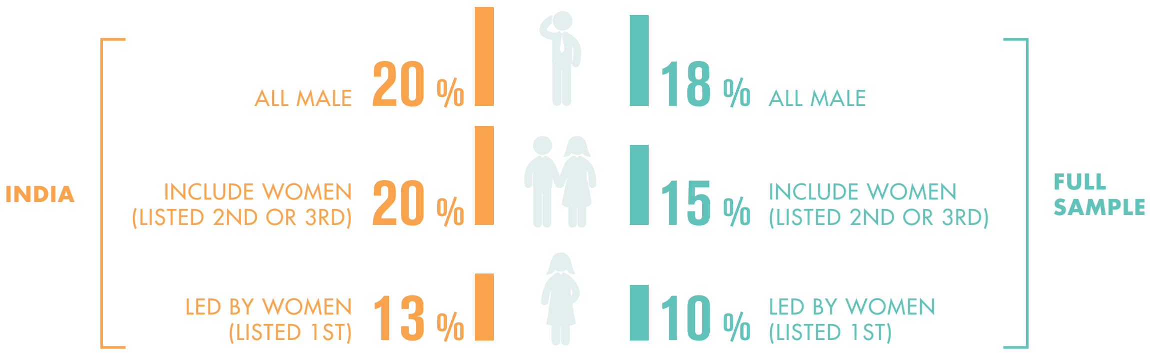
Thirty-nine percent of applicants include women on the founding team, including 20% that appear to be led by a woman founder.

GENDER COMPOSITION OF FOUNDING TEAMS



Thirteen percent of women-led ventures had raised equity in the prior year, less than the average for all-male teams and teams where women were listed as second or third in the list of founders. Regardless of the gender composition, a greater proportion of ventures in India raised equity compared to the full sample.

FOUNDING TEAM GENDER AND EQUITY RAISED



Teams with women were significantly more likely to report prior-year revenues and were also more likely to report employees and philanthropic capital. Similar proportions of all-male teams and teams with women reported some debt.

TEAM GENDER AND REVENUE + EMPLOYEES	ANY PRIOR-YEAR REVENUES		ANY PRIOR-YEAR EMPLOYEES	
	INDIA	FULL SAMPLE	INDIA	FULL SAMPLE
ALL MALE	37%	41%	67%	59%
INCLUDE WOMEN (LISTED 2ND OR 3RD)	45%	51%	75%	66%
LED BY WOMEN (LISTED 1ST)	44%	47%	69%	56%

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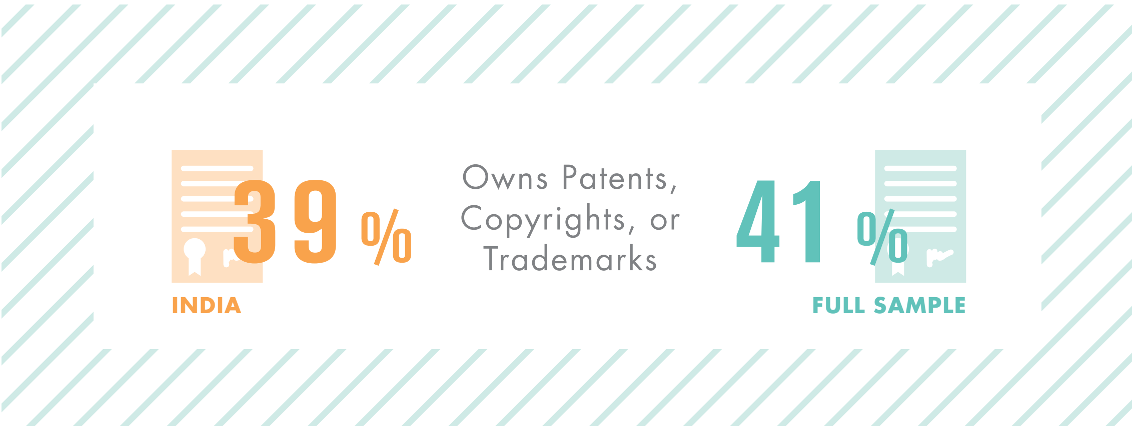
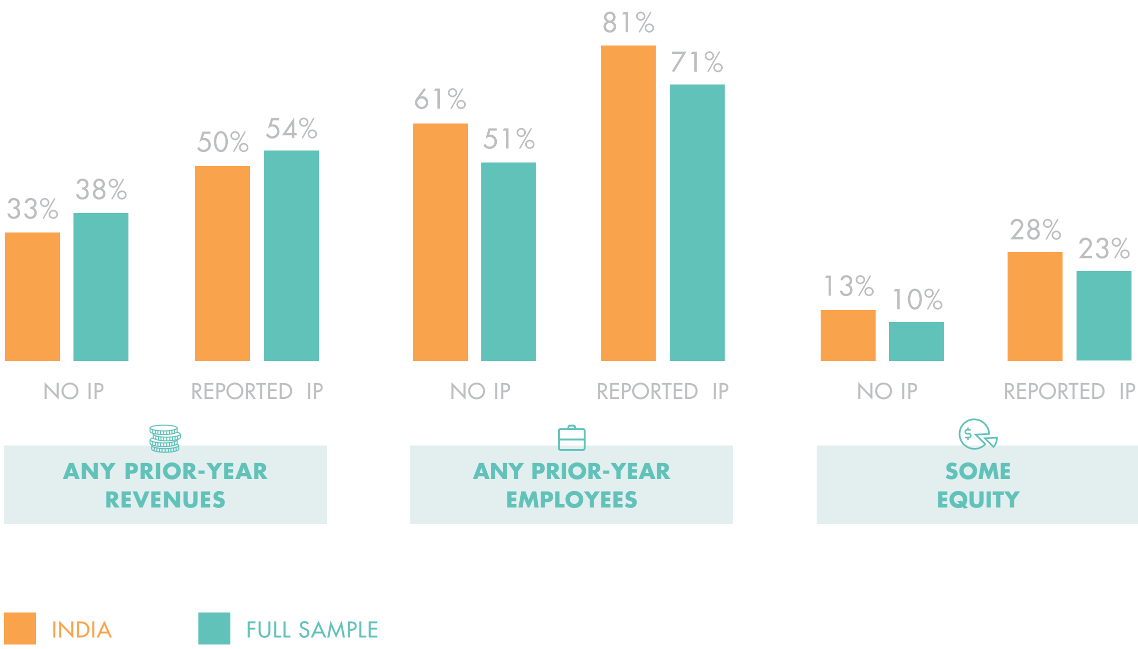
DO THE VENTURES OWN INTELLECTUAL PROPERTY?

Ventures that own intellectual property were more likely to have raised equity, earned revenue, and have employees.

Around 40% of the Indian applicants reported owning patents, copyrights, or trademarks, which is similar to the full sample. Ventures that reported intellectual property were significantly more likely to report prior-year investment (including equity, debt, and philanthropy) as well as prior-year revenue and employees.



INTELLECTUAL PROPERTY AND VENTURE PERFORMANCE



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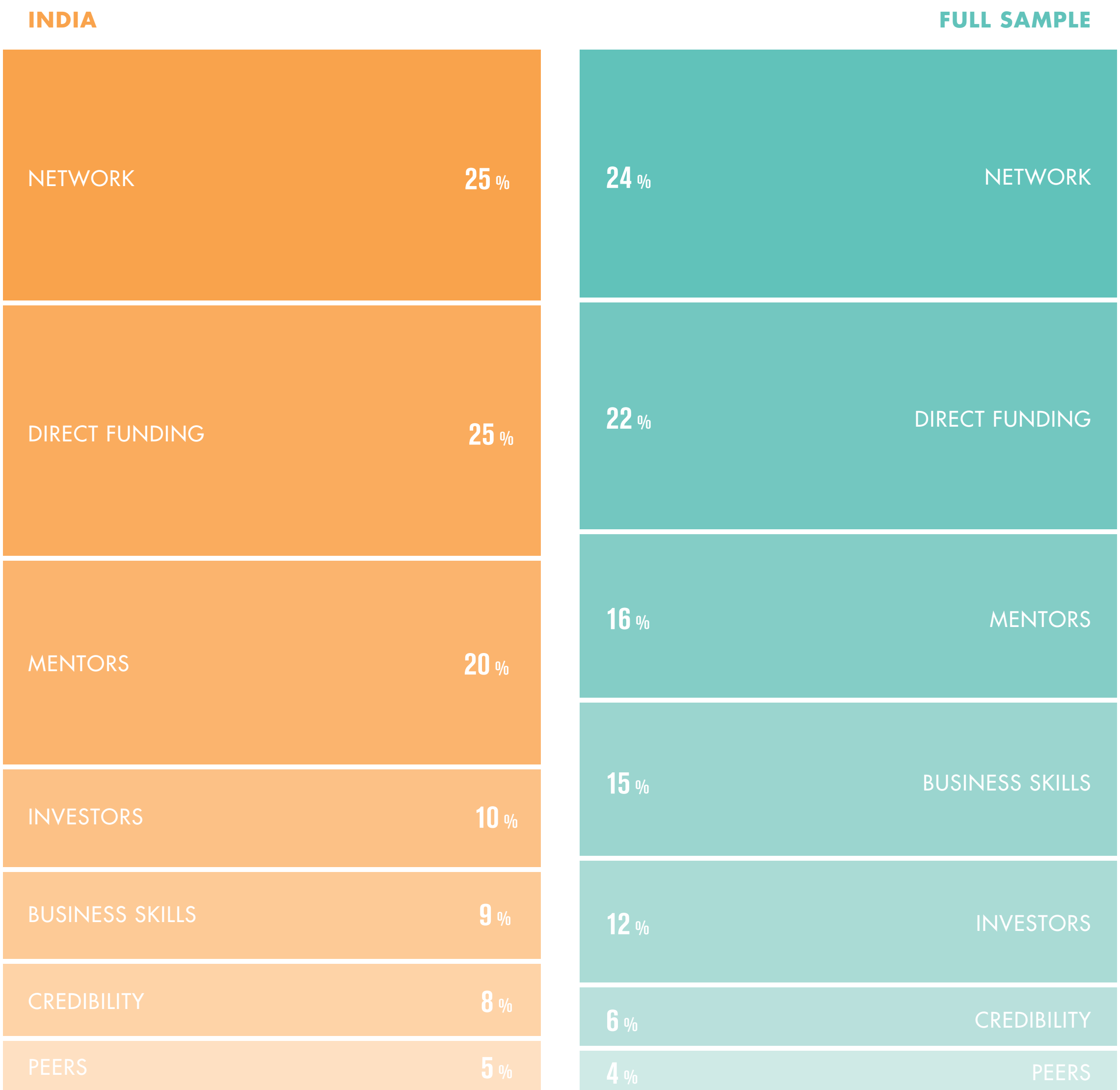
WHY DO ENTREPRENEURS APPLY TO ACCELERATION PROGRAMS?

Indian ventures most often rank the development of their network and direct funding as the most important benefit accelerators provide.

Applicants ranked seven possible benefits of accelerator programs from most important to least important for the venture's development and success.

Indian applicants most often ranked network development and direct funding as their first choice. They prioritized business skills development less often compared to the full sample of entrepreneurs.

PROPORTION OF APPLICANTS THAT RANKED THE BENEFIT AS MOST IMPORTANT



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WHAT ARE APPLICANTS' FUNDRAISING PLANS?

Ventures aimed for a median fundraising target of $100,000.

Seventy-three percent of Indian applicants plan to raise outside debt or equity in the next 12 months, compared to 60% of the full sample. They expect to raise higher amounts, too. The median target is $100,000 for Indian ventures, compared to $10,000 in the full sample.

73 % of Indian applicants plan to raise outside debt or equity in the next **12 months**

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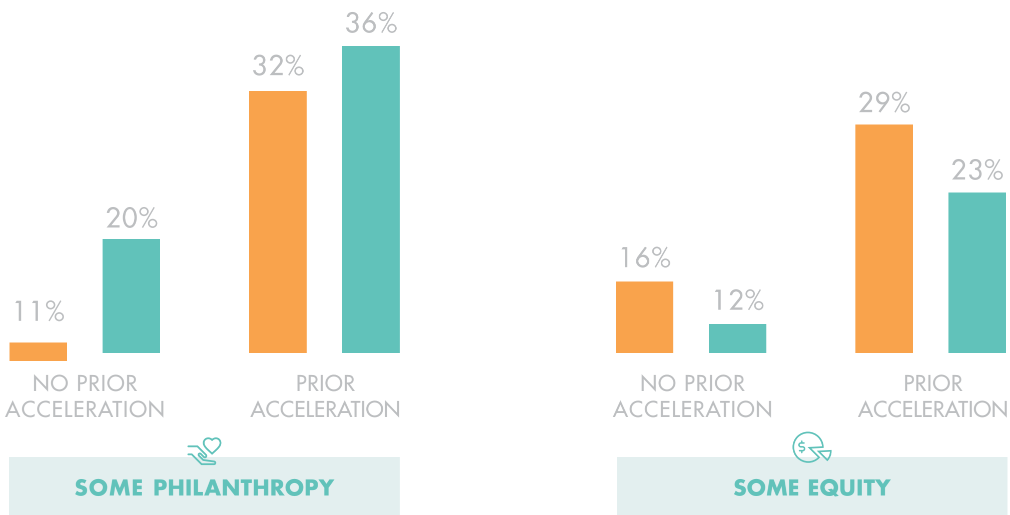
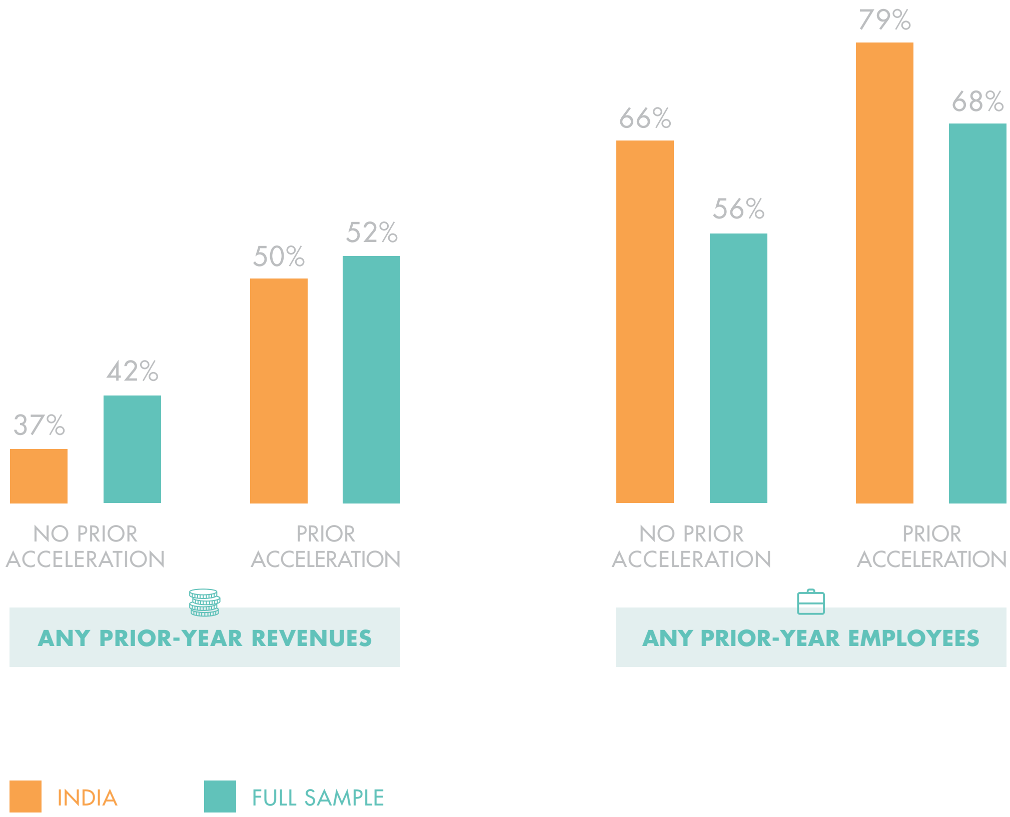
HAVE THESE APPLICANTS BEEN ACCELERATED BEFORE?

Nearly a quarter of ventures include founders who had previously participated in an accelerator, and those ventures are more likely to report a stronger track record.

Twenty-two percent of Indian ventures had at least one founder who had previously participated in an accelerator program, compared to 29% of the full sample. Those that had been accelerated previously were significantly more likely to report prior-year equity or philanthropy raised, as well as to have revenues and employees. These advantages for prior accelerator participants were slightly larger for Indian ventures than for ventures in the full sample.

PRIOR ACCELERATION AND VENTURE PERFORMANCE





WHAT'S NEXT?

The initial insights presented in this report would not have been possible without support from leaders at accelerator programs in India committed to learning more about the effectiveness of their work. Thank you!

We look forward to working with these existing partners to collect follow-up data from both accepted and rejected entrepreneurs and examine the impact of acceleration on these ventures over time. As the dataset grows, we will be able to address more specific questions about early-stage entrepreneurship and acceleration in India and around the world. In addition, the anonymized application data are made available to researchers conducting their own analyses and benchmarking.

Please visit **www.galidata.org** to learn more and access the data.

The Global Accelerator Learning Initiative (GALI) is a collaboration between the ANDE and Emory University designed to explore key questions about enterprise acceleration such as: Do acceleration programs contribute to revenue growth? Do they help companies attract investment? GALI builds on the Entrepreneurship Database Program at Emory University, which works with accelerator programs around the world to collect data describing the entrepreneurs that they attract and support.

The Global Accelerator Learning Initiative has been made possible by its co-creators and founding sponsors, including the U.S. Global Development Lab at the U.S. Agency for International Development, Omidyar Network, The Lemelson Foundation and the Argidius Foundation. Additional support for GALI has been provided by the Kauffman, Stichting DOEN, and Citibanamex Compromiso Social.

To learn more about GALI and to access the data presented here, visit **www.galidata.org.**

GALI
Global Accelerator Learning Initiative

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