

Current Trends of Startups

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Introduction to the Paper –

New technologies continue to cause massive changes in the startup world. The TV reality show “Shark Tank India” has played a pivotal role in putting the Startup concept reach almost every corner of INDIA. Startup is a newly established business at its first stage of operations, mostly funded by entrepreneurs in their initial period of business. It is founded to develop a unique product or service which can be a scalable business model.

Startup India is essentially an initiative taken by the Indian government that aims at promoting and encouraging the entrepreneurial spirit amongst its citizens.

The startup ecosystem in India is changing, and SME’s or Small and Medium Enterprises are privileged today compared to what it was a decade back. The government has taken various initiatives to establish a favourable Indian Start-up ecosystem, and they have launched a new portal, Start-up India, to promote the growth of Indian Start-ups. With the latest technology, customer-friendly approach, new taxation policy, and relaxation in GST, ease of business registration, the startups in India have become a significant player in the Indian economy. New innovative businesses are coming up frequently, increasing the need for entrepreneurship knowledge.

India has become the third-largest startup ecosystem in the world after the US and China. A record 44 Indian startups achieved unicorn status in 2021, taking the overall tally of startup unicorns in India to 83, with most in the services sector, the survey showed.

As many as eight Indian startups launched IPOs in 2021, both in India and abroad.

In 2021, a startup launched the biggest initial public offering in India's corporate history.

National capital New Delhi has pipped tech city Bengaluru as the new startup capital of India, the Economic Survey points out.

In 2021, 555 districts had at least one new startup as compared to 121 districts back in 2016-17.

Importance of startup in national growth –

When it comes to startups, a general perception is that it needs to be in a developed country where all the resources are available. In truth, that misses the point: startups can begin anywhere, and it's often the countries with the greatest needs that present the biggest opportunities. Startups are at home in underdeveloped countries, nations in conflict, and those countries new to entrepreneurship. Each of these environments offer

untapped problems which startups can take advantage of not just to make a profit, but also to make an impact. Few are listed below -

- Innovation - Startups are the centers of innovation;
- Employment Generation - Startups create jobs which means more employment, and more employment means an improved economy;
- Lowering Disparity - The “dynamism gap” between the large cities and the rest of the country narrows down due to startups;
- Upgrade Standard of Living - Startups boost the economy with revolutionary technology and create new industries over time. When these startups go public, they truly become money-making engines for not just the owners but also for the employees and shareholders;
- Better GDP - GDP (Gross Domestic Products) performs a vital role in improving the economic development of a country. By supporting and encouraging more startups, it is possible to generate more revenue domestically and consumer’s capital will also flow around the country.
- Research and development - Startups can highly subsidize research and development (R&D) of the developing countries as they often deal with high technology and knowledge-based service.

Prime Minister Narendra Modi announced that the country will celebrate January 16 as National startup day as he termed the startups the “backbone” of new India and the engine that will power the nation’s economic growth. The Prime Minister, during his address, had noted that 42 unicorns – companies valued at over USD 1 billion had come up in India last year and that startups are changing the rules of the game. He had added that the golden era of India’s startups is starting now, and that the country is rapidly moving towards hitting a century of unicorns – a hallmark of self reliant and self compliant India.

Need and purpose of the Study –

Gone are those days when India had the world’s lowest entrepreneurial activity, with just 5% of Indians owning a business. (Published in 2018 on Economicstimes.indiatimes.com). Today the scenario is entirely different. According to The State of Indian Startup Ecosystem Report 2021, India has over 5,694 active investors and 38K startups. Hence, the trend of entrepreneurship and startup boom is increasing. However, running a business successfully or starting a new business makes sense when you stay updated about the entrepreneurship trends and develop business acumen.

Objective – The new business opportunities as well as the Government have encouraged entrepreneurship on a grand scale. It is always useful to study the market, market trends to analyse the success of the proposed startup and reduce the possibility of failure.

Hypothesis – There are certain areas or sectors which are trending in startups, the study of which can help to achieve desired success.

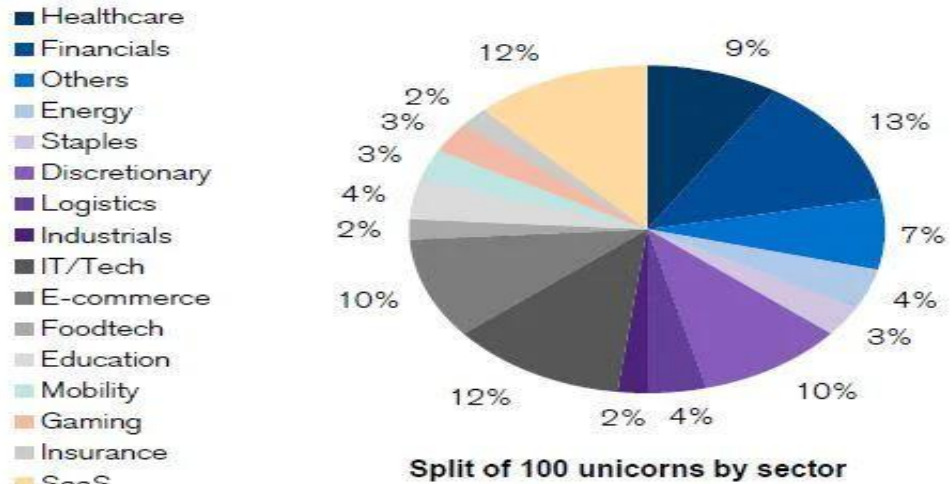
Data Collection: The following article is based on the secondary data. The bibliography list is mentioned at the end. The source is mentioned with the statistical data tables.

Analysis and Interpretation :

1) Following table illustrates the current trend of Startups in India -
A significant number of Indian startups attained unicorn status till date, largely across the Saas, FinTech and EdTech sectors.

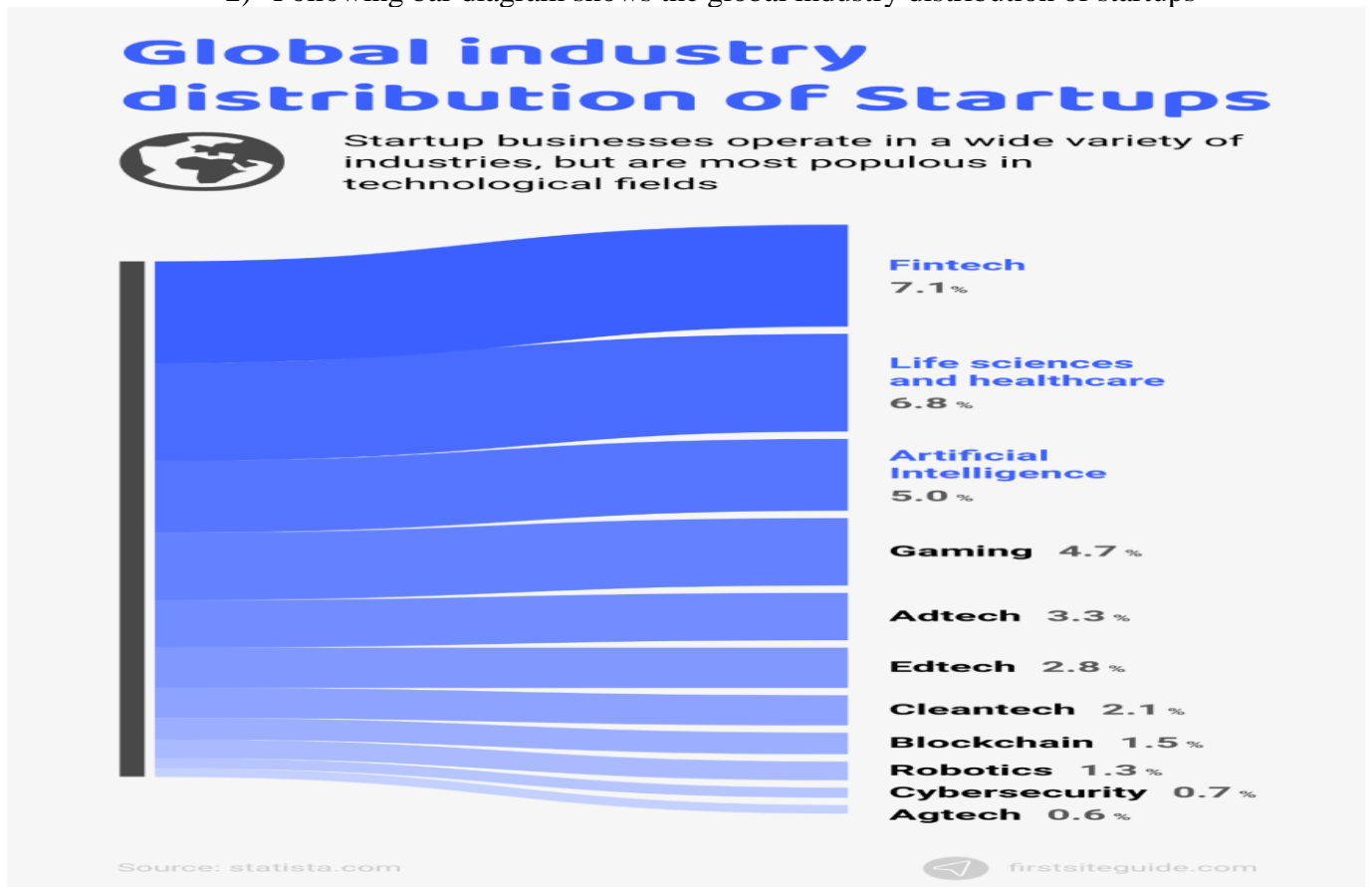
Following pie chart shows the sectoral distribution of unicorns till date.

Sectoral split by number: highly diverse



Source: Credit Suisse

2) Following bar diagram shows the global industry distribution of startups



Findings -

Last year 2020 gave us all, a tough time. More so, for the startups who just began. Because of the pandemic, there were many variations in the way the world operated. This led to a big blow to startup organizations that had just begun their business journey.

As of 25th March 2022, India is home to 100 unicorns with a total valuation of \$ 319.67 Bn.

The year 2021, 2020, and 2019 saw the birth of the maximum number of Indian unicorns with 44, 10, and 9 unicorns coming each year, respectively. COVID-19 has caused a great amount of socio-economic suffering globally, but it is during this time when the resilient Indian Entrepreneurs have worked effortlessly to not only contribute to the economy but to also contribute toward COVID-19 relief efforts. In 2020, we witnessed the birth of more than 10 unicorns. 'It's raining unicorn' has been the motto of the year 2021 with 44 unicorns pumped in the ecosystem and many soonicorns waiting in line.

Geographically, the centre of India's high-tech industry, Bengaluru is India's unicorn capital with the largest number of unicorns headquarters followed by Delhi (NCR) and Mumbai. Traditional sectors such as Fin-tech, E-commerce, Supply Chain & Logistics, Internet Software & Services do dominate the arena but a strong wave of unconventional sectors such as Content, Gaming, Hospitality, Data management & analytics, NBFCs, conversational messaging, cryptocurrency exchanges, D2C, cloud kitchens etc are making their place on the list.

Top 7 trending sectors that are most likely to grow in 2022 – 2025.

1. Cloud Computing

Because of the pandemic, the remote working trend has exploded in popularity. Cloud computing has come to the rescue, making remote working easier and more manageable.

As per International Data Corporation (IDC), a global provider of market intelligence and advisory services, the overall Indian public cloud services market is expected to grow at a CAGR of 24.1% for 2020-25 to reach \$10.8 billion by 2025.

Globally, the cloud computing market size is expected to grow from USD 445.3 billion in 2021 to USD 947.3 billion by 2026.

2. Biotechnology

Just like cloud computing, the biotech sector has grown in prominence as a result of the effective production of vaccinations to combat the COVID-19 pandemic.

Having emerged as an integral part of the Indian bio-economy, currently, the Indian biotech industry holds 3% of the global market share.

With more than 4000 startups in the segment, the Indian biotechnology industry is expected to reach US\$ 150 billion by 2025. Globally, the biotechnology market size is forecasted to reach \$2.44 trillion by 2028, growing at a CAGR of 7.4%.

3. Data Analytics

With things going digital, organizations have more data at their disposal than ever. Because of this, companies are now prioritizing data gathering and research as a vital business operation.

Using data analytics, companies are building solid strategies in product development, customer satisfaction, and more. Data analytics is among the fastest-growing in-demand jobs since 2019 and would continue for years to come, stated a report by LinkedIn.

As per a report, the analytics industry in India is predicted to grow to a market size of \$98.0 billion by 2025 and \$118.7 billion by 2026.

4. Artificial Intelligence

Over the years, AI has emerged as the main driver of many emerging technologies. Be it to manage operations, scale supply chains in response to real-time or predicted demands, improve ROI or achieve cost savings, the demand for AI-powered applications has increased.

As per the latest report by International Data Corporation (IDC), India Artificial Intelligence Market, 2021, India's AI market is expected to reach USD 7.8 billion by 2025.

But as technology is improving, AI is advancing. And with more advancements, AI will continue to act as a technological innovator for the foreseeable future.

5. Internet of Things (IoT)

With technology redefining the potential of everyday products and consumers wanting everything smart, the Internet of Things (IoT) is likely to make regular life easier and experiences better by connecting everyday products with people.

According to a report, the Indian IoT market is expected to reach US\$9.28 billion by 2025 from US\$4.98 billion in 2020.

6. Cybersecurity

With the growth of digital infrastructure and more people online, cyberattacks have gotten quite frequent, and the need for cyber security is more than ever.

Additionally, with the growth of cloud computing, IoT systems, and other internet-dependent tools, the cybersecurity industry has grown leaps and bounds.

According to a report by the Data Security Council of India (DSCI), the Indian cybersecurity services and product industry generated a revenue of USD 9.85 billion in 2021. Globally, the cybersecurity market size is expected to grow to USD 345.4 billion by 2026 from USD 217.9 billion in 2021.

7. Sustainable Products Market

Increasing environmental and climate concerns are pushing businesses and individuals to promote a sustainable way of living. Because of this, businesses are manufacturing a variety of everyday-use products that are earth-friendly.

Changing consumer behaviour and product adoption has led to an increase in eco-friendly products, biodegradable packaging and a zero-waste lifestyle, discouraging single-use plastics.

Following are few points which needs to be kept in mind for all new startups for the potential success Enhanced Digital Awareness and Acceptance:

Because of the new normal, digitization has gained much more traction than before. It will include adopting the newest digital technologies and seamlessly integrating with third-party platforms.

Changing Points of Business Focus:

There will be an increased focus on a variety of areas like international rules and regulations like GDPR, cybersecurity, marketing of brands, reliability of software, work from home operational ease, etc. It will be beyond mere business profits and productivity.

Social Indulgence Will Attract Business:

With changing times, all businesses are looking into creating a different way of connecting to customers/prospects. There is an inclination seen towards more indulgence by startups in social issues, offering more corporate social responsibility. Today's modern-day clients are also looking for organizations that have a bunch of social ethics and a good work culture.

AI Getting More Prominence For Startups:

AI has marked its presence in almost all industry segments, startups are no different. As it begins to influence businesses, startups have been leveraging AI to the best now. AI isn't an easy task and hence there are organizations still not comfortable but with time, ML and AI are sure to assist startups to establish themselves faster and in an effective manner.

'Work From Home' Will Be In Vogue:

The pandemic has paved a new road to the concept of working remotely. It did exist earlier but never did we all realize that remote working could also yield the same amount of productivity as on office premises. Startups

are also keen to stick to this model of working so that they can lessen other expense areas, especially when they are in the beginning phase. Security does remain a concern but startups have learned to handle that with modernized tools.

Robotic Technology Will Spread Its Utilization In Startups:

Though considered a challenging and difficult technology, robotics has emerged as a much-needed technology in the startup sector. The year shall witness increased use of robotic techniques to accelerate establishing the business and refining processes, depending upon the current global scenario.

5G And High-speed Internet To Be The Need For Startups:

5G was already in demand and with the new way of working, the need for the same is felt much more. Startups are beginning to adapt to high-speed internet technologies as they begin to build their business. Business owners feel the need to have good speed connectivity for their functioning so that their processes can execute to the best possible output, even if it means allocating a little extra budget for the same.

Increasing spend on social media and digital marketing:

If we have to pick one of the critical drivers for the startup boom in India, then social media and digital marketing have an essential role in this.

You can easily reach your potential customers through these digital marketing platforms, and you can reduce your marketing cost by promoting your brand and products on social media platforms.

Apart from social media entrepreneurs for business networking and attracting customers, some have built their careers on Social media alone. YouTubers and Bloggers are a good example. Social media is popular because its reach is impressive.

Social Commerce -

Social commerce has made it possible to unlock tier 2 and tier 3 markets and reach low-margin categories in fast-moving consumer goods and groceries, which large e-commerce platforms have not done so far, helping boost the overall e-commerce industry, experts and investors who view the sector as an extension of e-commerce.

There are many more trends that will pop up throughout the year.

With financial uncertainty across the globe, these trends may very well change from the writing of this article. What is certain is that it will be an exciting time for startups and technology overall.

Conclusion:-

Although startups are small businesses that necessitate more opportunities to grow, they certainly contribute to a country's prosperity on many levels, whether the country's economy has been developed, developing, or improving from a crunch.

India is expected to birth more than 250 unicorns or privately held startups with \$1 billion valuation or above, by 2025, according to a latest report from investment fund Iron Pillar. Indian startups raised \$38 billion in risk capital in 2021, making it a seminal year for fundraising, also because a bunch of tech firms went public on the Indian bourses.

Despite private market investors taking a 'wait and watch' approach, due to global headwinds, Indian startups still raked in over \$10 billion in funds during the first quarter of 2022, up from \$5.7 billion in the same period in 2021, according to data sourced from Venture Intelligence.

In addition to this, the time required for Indian companies to turn 'unicorn' has also reduced with 50% of India's unicorn stable achieving \$1 billion of valuation or more, within five years of inception, Iron Pillar said.

Government of India also advised the schools to offer students with mentors from the startup community along with project-based learning to spur entrepreneurial thinking and integrating technology and computer science into all parts of the set of courses.

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