

Idea Breeders of Noida

Thanks to business incubators which provide funds & mentorship to start-ups, the NCR township is seen as an entrepreneurial hub, says J Srikant

THE challenges and hurdles before an entrepreneur are infinite. From infrastructural set-ups to locating funds; from bureaucratic paperwork to marketing woes; and from the starting push to complete sustenance—the path is strewn with hurdles and barbed wires. Mercifully for start-ups in Noida, there are business incubators aplenty. An incubator is a set-up that not only hand-holds a fresh entrepreneur to learn the rules but also provides for funds, track down markets and offer guidance to translate a dream into reality. Thanks to such professionally-run incubators, Noida is increasingly touted as a future entrepreneurial hub.

"A unique eco system is required for a start-up to grow and enter the second level. An incubator is a place that creates such a system," said Aseem Chauhan, CEO, Amity Innovation Incubator (AI). Amity Innovation Incubator, which started in 2008, is one of the two technology incubators present in Noida. The other one is JSS Academy of Technical Education's (JSSATE) Software and Technology Entrepreneur Park which came into being in year 2000.

A business incubator is a specially created procedure that facilitates the growth of an entrepreneur by providing necessary infrastructure, mentorship and support. "Most entrepreneurs come with us with just an idea," says R Raghunandan, chief executive, JSSATE-STEP. "We provide them with assistance right from conceptualising a business plan to providing them with seed funding to kickstart their venture." Apart from their own corpus, incubators also assist the 'incubatees' in arranging funds from outside sources like venture capitalists and angel investors.

Amity Innovation is also planning to come up with a new concept, Crowd Funding, where general public would be able to invest in any of the companies and hold stakes in it. "This will not only help the companies raise any amount of money; it will also be an investment avenue for people who want to park money in smaller companies," said Mr Chauhan.

However, an incubator is not readily available for everyone who is hoping for a start-up. There is a rigorous, multi-phase selection process for all the business proposals that come looking for services of the incubator. "The ratio of successful conversion is somewhere close to 1:200," said Ojasvi Babber, deputy general man-

ager, Amity Innovation Incubator. "Only those ideas which are totally innovative and seem commercially viable are considered." Parameters like the sector in which the company will enter, the team, product scalability and return on investment are considered.

Both AI and JSS have set time limit in which the company has to graduate out of the incubator. For AI it is three years, whereas for JSSATE-STEP it is two years. "The time limit is kept so that the companies don't get too complacent and don't take the facilities for granted," said Mr Raghunandan. Mr Babber adds that even after graduating, the incubatees can always come back for any kind of mentoring or advice.

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However, many of the incubatees felt that the stipulated time period is not enough for them to graduate. "By the time we are able to stand on our feet, we have to move out and start re-building," said one of the incubatees.

The employee size of the companies in the start-up generally doesn't go beyond 10. "If the employee size increases beyond a certain point, we advise the company to move out because of space constraints," said Mr Babber. Currently there are 14 incubatees in AI, out of which 4 are about to graduate.

Amity Innovation Incubator, apart from 14 physical incubatees, also has close to 35 students on the premises and a similar number of virtual incubatees present across India. "As an institute, we felt it was our responsibility to have an incubator to help students who look for jobs, create jobs for themselves," says Mr Chauhan.

There are quite a few successful student ventures to

Nurturing Innovation

Infra, mentoring are the biggest benefits



Graphic: JAYEETA

come out of Amity. Project Agya, founded by Siddhant Satija, a final year student of BTech (CS), is an initiative that provides all the information regarding Indian Armed Forces like the jobs, news and updates.

Biotechnaauri.com, run by Biosys (India), is another student venture co-founded by Ajay Sehrawat, Deepak Kumar and Shiksha. It is India's first biotech career portal providing information on career in Biotech and Life sciences. "Being associated with the incubator gave us a great platform to learn about the nitty-gritties of entrepreneurship by talking to the mentors and to other entrepreneurs," said Mr Sehrawat.

The incubators generally provide a common reception, visitor's room, cafeteria, training room etc. According to the incubatees, the infrastructure has played a major role in helping them grow faster. "The spacious conference rooms, working environments,

which we would not have been able to afford at the onset, helps us give a better impression to our clients," said Vinay Chaddha, founder of GVC systems, an incubatee in AI. GVC Systems moved in to AI in August 2008 and has Delhi Metro as one of its clients.

Along with the plug and play setup, managerial and team development assistance, incubators also provide legal and Intellectual Property Rights assistance.

However one of the most important feature that an incubator provides, is working with like-minded people.

"Almost all incubatees face the same problem and concerns which we discuss amongst ourselves to come up with a solution. Everybody in the incubator feels like a family working together to grow," said Narendra Singh, co-founder & CEO, Mitsyung Infotech.

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Govt Played a Major Role

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Mitsyung Infotech is one of the incubatees at JSSATE-STEP which deals in cloud computing applications. It is working on a concept of building a global healthcare ecosystem.

The government has played a major role in the development of these incubators by supporting and funding them. Both the Noida based incubators are supported by National Science and Technology Entrepreneurship Development Board under the aegis of Department of Science and Technology. NSTEDB is an institutional mechanism to help promote technology intensive enterprises. "There is substantial support from the government which is helping us provide better facilities to the incubatees," said Mr Raghunandan. JSS has capacity for 18 incubations right and is planning to add capacity for 10 more.

Though incubators help other businesses make it big in the market, the incubators in themselves are businesses which are trying to become self-sustaining. "We too have to make sure that the incubator is an economically viable component of the institute and can self-sustain after a while," said Mr Raghunandan.

For this reason, incubators too have different revenue models for generating enough money to be put back into the maintenance of the incubator. The common revenue generator for incubators is the rentals collected from the incubatees. Apart from the rental of ₹2000 per month, Amity also takes 1-10 percent equity in the company and charges 1-1.5 percent of the funding the company gets through Amity.

Mr Chauhan says there are some things that companies, looking to get incubated, should not expect. "The company should not expect to find automatic funding just because they are in the incubator. The rules of getting funds remain the same; just that there is added assistance" He also emphasised that the gestation period is sacrosanct.

Mr Raghunandan said that there is need for lot more incubators in entire India, especially in North India. "We still are woefully short of the required number of incubators in the country." Mr Raghunandan also said that it is tough setting up incubators without the help of government support and that private players should also pitch in, as a part of CSR, to help these incubators.

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