

## Institutional marketing for high-growth business incubators

- An IndiaCo experience

We have focused the article on the following aspects that we think are critical to any incubator, we have specially taken our experience in writing this article and highlighted the following

- Institutional marketing for high-growth business incubators - explaining, describing how important marketing strategies are incubators, exploring the concepts of endo-marketing and strategic alliances to position competitively.
- What are the challenges and main difficulties with marketing strategies for incubators?
- What, on the other hand, are the returns and benefits, positive externalities, etc of a well-thought marketing plan for incubators and their clients?
- In most developing countries' incubators, marketing still is one of those painful things not dealt with properly and aggressively.

We have highlighted the experience from our perspective and discussed this from our experience at IndiaCo (in India and abroad)

We have presented as a case study along with a case study of another incubator that we assisted in to adopt a similar model to IndiaCo.

### Acknowledgments

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## 1.1 Classical role of Business Incubators in a Developing Country

The Traditional role of a business incubator is primarily to strategically accelerate the growth and development of high growth start up companies by providing them with a strategic combination of targeted resources and services. These services are usually designed and developed (as per the requirements of the individual client) or orchestrated by the incubator's management and offered to the client either through the incubator's business network or on a one on one basis through the incubator itself.

The goal of business incubators especially in a developing nation is to be able to assist in creating successful companies, one important aspect that is missing in most incubators is the ability to "self sustain" that leave the program financially viable and the incubator as self sustaining. These graduate companies in turn should have the potential to create jobs, revitalize neighborhoods, commercialize new technologies etc. all of which in turn should result in the strengthening of local and national economies.

The traditional model of business incubators consists of a group of start up companies with a high growth potential; that are located in a common physical space sharing mentorship from the host of the incubator and its administrative services. The host of the incubator usually a university or government entity or private incubators like IndiaCo; provides technical and marketing assistance and funding / or assistance in procuring funds to the firms till they become strong enough to operate on their own. The essential difference here is that unlike other incubators in developing countries, IndiaCo decided to go private and for profit. IndiaCo's investment philosophy too is different from most other incubators, in a way that it itself makes investments in the companies it has conviction in before raising the funds through other funding sources.

In addition to this traditional model of operation, modern day incubators are also focusing on incubation that is not restricted to and by physical boundaries; or "Virtual Incubation" as we here at IndiaCo call it. IndiaCo works with its affiliate companies across geographical boundaries through its virtual incubation model offering them business-to-business services online. IndiaCo's virtual incubation services are available to help start-up businesses expand in technology based sectors like Nanotechnology and materials, Information Technology, Biotechnology, Manufacturing - Design & Process Enhancers etc. IndiaCo enables these businesses to grow by linking them to networks of more established businesses, industry professionals, the investor community and funding bodies and other sources of assistance.

In order to get all its initiatives in sync with its overall organizational objectives, it was important for IndiaCo to formulate an effective Institutional marketing strategy. The chapters that follow, discuss the IndiaCo story and present a case that talks about how Incubators can incorporate these aspects into their own marketing plans and evolve from "theory" to "practice".

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### **1.2 Institutional Marketing**

Institutional marketing deals with the way an organization or incubator plans to position and market itself in the public eye. There are various factors and activities that form an important part of the institutional marketing efforts of an organization. Typically the marketing strategy of an incubator should take into consideration the following aspects.

*Mission and Objective:* The mission of an incubator is primarily to be able to assist in creating successful companies, and the objective is that when these graduate companies leave the incubator, it should be self sustaining. Therefore the purpose of the marketing plan should revolve around how to achieve these goals and the activities involved in doing so.

*Services:* An incubator's services are primarily offered to benefit its portfolio companies. Therefore in order to be able to make the best service offerings, an internal analysis of historic information relating to the incubator's services should be done in order to determine how many services were started by the incubator in the recent past and how well were they received by the incubatees, which among these services were the most popular or successful, which services brought in the maximum revenues and which were the services that failed and what were the reasons for there failing.

*Target segments:* At any given point of time an incubator's portfolio consists of companies from different industry segments or clusters as IndiaCo terms them. In order to leverage the maximum benefit for all these companies, we suggest that the IndiaCo model be implemented wherein all these companies can be segregated in industry clusters like telecom, Information Technology and energy and chemicals etc. Since the requirement of all companies across a segment are similar, it becomes easier to service them and understand the value adds that can be made for them and also synergies that can be brought into place with other companies or institutional bodies in the same vertical or even across segments.

*Competition:* It is wise for any incubator to do a competitive analysis with its prime competitors. Along with getting a competitive edge, this should also be done for self assessment as this would always inspire the incubator to come up with better services that would improve the quality of the companies graduating out of it.

*Market Risk Situations:* This aspect should take into view the market that the incubator is addressing which would in turn be the market that its incubatees are addressing. An incubator should always keep an eye on the market risk situations so that it can mentor its incubatees accordingly. These market risk situations can include sudden change in the demand for a product, new product introduction, change in the technology trends and unusual action by competition etc.

*Management Functions:* As per the suggested model, the management function should consist of the top management which would look after the overall working of the incubator, Operational and transaction teams which would take care of the day to day operations and transactions of the incubator and finally domain specialists that would take of the working of the individual industry segments. Other than these there has to be the marketing team which takes care of the marketing activities of the incubator, the network relationships, and also explores synergies between other companies in the incubator or within the relationship network.

*Strategies:* This aspect deals with the overall business strategy of the incubator, in terms of the industry verticals that it wants to work in, the criteria for taking companies into the incubator and how does it plan to work with them, what are the services that it would offer them, value adds and synergies that it can provide the. Also of most critical importance is how it will raise funds to invest into these companies or verticals or if it would invest its own proprietary funds into them

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and finally what is the exit that the incubators or other investors can look at when the company graduates. Different scenarios and combinations of these strategies have to be worked out in advance to be able to counter any problems that arise during implementation.

*Promotional Tools:* An incubator like every other organization needs to depend on promotional tools for marketing and publicity. The various promotional tools that an incubator should use are:

- a) **Print Advertising:** print advertising should focus on the market segment to which the message is being sent to. The content of the message should have an impact on the target audience, so that it generates enquiries. For this it is also wise to consult members of the target segment, on their requirements and aspirations.
- b) **Seminars and Training Programs**
- c) **Newsletters:** Incubators should have regular external publications and media releases related to new developments with the portfolio companies, their achievements, new products and revolutionary technologies etc.
- d) **Direct Mail Operations:** Regular email contact should be maintained with the business network and potential client database.
- e) **Website:** The website of any organization gives the preliminary insight about its capabilities. A website is a very effective promotional tool and can generate a substantial number of business queries. It is therefore important to keep the website informative, interesting and regularly updated.
- f) **Word Of Mouth Publicity:** Word of mouth publicity is one of the most important form of promotion for an incubator, as this is usually propagated through its own portfolio companies that act as brand ambassadors and talk to other companies and institutional bodies.

### **1.2.1 Criteria for the "Go To Market" Strategy for Business Incubators**

Every institution often needs to fulfill certain supporting aspects or criteria to formulate a successful Marketing strategy. In case of Business Incubators most of these criteria revolve around its portfolio companies and its supporting ecosystem. The requisites that an incubator needs to look at to implement a successful marketing strategy are:

#### **a) Critical Mass of High Growth Companies**

The marketability of any incubator is just as strong as the cumulative strength of the companies that it is working with in terms of product orientation and growth potential. It is these incubates that make the incubator self sustaining and leave its programs financially viable when they graduate. Furthermore upon graduation these companies go on to become role models for other aspiring start ups depending on how well they hold on, on their own. It is essential therefore for any incubator to have a critical mass of these high growth, high potential companies, which go on to become ambassadors for the incubator's brand name.

#### **b) Excellent Management Team, support and mentoring**

It is of vital importance for incubators to have an excellent management team, which is highly qualified and has substantial working experience in international business environments. Also the expertise of these professionals can be harnessed to generate revenues through consulting services that can be offered to small and mid-sized enterprises that want to expand internally or

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make their foray into the international markets. There has to be a strategic consulting management team of these professionals who would monitor the overall implementation of processes and the working of the incubator.

### c) Availability of Local personnel, Technologies and infrastructure

Availability of local resources plays an important role on the overall objectives of the incubator. The marketing plan of an organization takes into account and also depends on these resources in order to achieve its goals, therefore the timely availability of resources, technologies and the basic infrastructure that is needed for the functioning of the incubator have a huge impact on the results that the incubator has planned to achieve.

### 1.2.2 Marketing Strategies

Marketing of technology incubators differs from marketing of any other kind of services or products in the sense that the intention of marketing of the incubator is essentially to increase its visibility among a selected group of people/organizations whose association with the incubator will lead to the benefit of the portfolio/tenant companies that are present within the incubator. It is often said that an incubator is as good as the quality of companies that graduate out of the incubator. The quality of companies that graduate out of the incubator in effect is a derivative of the kind of services provided by the incubator and the associations that the incubator has which can be effectively leveraged by the portfolio companies during their incubation period.

It has been found that the following sets of people/organizations are instrumental to companies during their incubation period;

- 1) Angel funds/venture capitalists – for seed funding and mentoring
- 2) Schools and Universities – for technology inputs and human resource (internships etc.)
- 3) Past and Current entrepreneurs – for serving as mentors to existing entrepreneurs and ensuring that the learning curve for them can be shortened
- 4) Network of companies (of various sizes) – that will provide business development opportunities to the companies within the incubator
- 5) Network of service providers – service providers of various kinds when attached to an incubator tend to offer services at preferential rates on account of the quantity of work available from the incubator thereby passing on the benefit to the individual portfolio companies.

As such the various marketing strategies that have been mentioned below are in line with the objective that has been mentioned above.

- 1) **Portfolio Showcases;** this mode of marketing is essentially to attract angel funds and venture capitalists to the incubator. A portfolio showcase is essentially an event wherein all the companies in the incubator present their business plans to the investor community. The investor community evaluates the plans and provides suggestions to the entrepreneurs with follow up meetings with them if required. However the main thrust in this mode of marketing is the quality of companies that are present within the incubator. With high quality of companies within the incubator the popularity of the incubator among the investor community increases substantially as it serves like a one stop wherein they get to evaluate several companies at one time.

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- 2) **Boot Camps and Business Plan Competitions**; this mode of marketing is essentially to create awareness among the institutions and the student community about entrepreneurship in general and about the various opportunities available for the students to work with entrepreneurs in the incubator.
  
- 3) **Entrepreneur/Mentor in residence programs**; these programs aim at getting start ups coached by experienced entrepreneurs. Entrepreneurs are invited to the incubators wherein they personally coach the incubate companies about different the different aspects of entrepreneurship, the problems and challenges faced and the best de-risking strategies to overcome them.

### 1.3 Problems Faced by Incubators in Developing Countries

IndiaCo has had experience with working with incubators across different geographies. Based on our observation, the most common problems that incubators face in developing countries are:

- a. Lack of innovative high growth start ups / projects
- b. The government policies are hazy and do not offer too much flexibility.
- c. Unavailability of Capital – The absolute lack of funds at the “Seed Stage” leads to the dying of strong ideas.
- d. On account of low regulatory compliances investors are shy of investing in ventures
- e. There is a paucity of basic operating infrastructure
- f. Lack of structured approach to the process of technology commercialization
- g. Insufficient understanding of IP protection and patenting laws
- h. Self Sustenance is almost always an issue

The segment that follows explains what steps IndiaCo implemented, the journey and experiences while working with incubators and enterprises.

We have also attempted to find solutions to the above mentioned problems faced by incubators and have tried to explain them with the help of a real IndiaCo case study. The following segment has been further divided into two parts; A – that outlines IndiaCo’s own marketing initiatives and B – IndiaCo case study.

Names of the incubator in the case study and other organizations involved with IndiaCo have not been disclosed for privacy reasons.

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## Part A

### 1.4 The IndiaCo way – a Holistic Approach

#### About IndiaCo

IndiaCo Ventures Private Limited (IndiaCo – [www.indiaco.com](http://www.indiaco.com)) is a private equity group that specializes in mobilization of resources for enabling innovation through the lifecycle of an enterprise; IndiaCo has been recognized by various multilateral agencies and is currently supported by InfoDev (a World Bank initiative).

IndiaCo follows an equity model unlike most venture capitalists or incubators; its approach to building companies is holistic and its processes to enterprise creation function like the “Five” basic elements of nature.

**Earth** - functions as the root, ground, or source within each phenomenon, solidity.

This symbolizes the Conviction that IndiaCo has in the capabilities of its portfolio companies and how it stands besides them in all their tests. Proof of this is the fact that IndiaCo invests its own money into its incubatee companies before going to any investor, and then works closely with these companies to support all the activities that accelerate their growth.

**Water** - entails flow, continuity, penetration.

This aspect symbolizes the market penetration and reach that IndiaCo enables its portfolio companies to get through its network of relationships. Also it is symbolical to the perseverance with which it continues to work with them providing the Value add and support that inspires enterprises to grow “faster”.

**Fire** - entails life, heat, activity, clarity in the mind

Sometimes change is inevitable for growth. IndiaCo feels that it is important to shake things up a little at times to inspire people to achieve more. This is done by raising the bars higher every time one of its incubatee companies achieves some of its goals and is ready to take the next steps for its growth. This change is induced by enabling strategic alliances, tie ups, partners, mergers and acquisitions etc. for its companies within or outside the ecosystem.

**Air** - depicting change, movement, maturity, life supporting.

This element symbolizes the life support that IndiaCo provides to its portfolio companies/client companies in the form of infusion of funds, introductions other funding bodies or investors etc, value add services and support services like valuations, introduction to other companies/ portfolio companies/client companies, etc in the ecosystem.

**Space** - intelligence, communication, formlessness, creative potential.

IndiaCo values and encourages the innovation and creative potential of its Incubatees and performs all activities required to support them like finding synergies for their technologies or sourcing technologies that they might need to grow or finding synergies with other members of the ecosystem with which they can work in order to grow faster.

IndiaCo provides the following resources to the portfolio companies that it engages with;

- Network: Relationships with Fortune 1000 companies, private equity investors, federal agencies, research institutions and emerging technology companies

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- **KMS: IndiaCo Knowledge Milestones and Systems** is a common interface which stores and shares information within the IndiaCo network under a secure environment. IndiaCo KMS keeps the track of cross border initiatives which involves the flow of information between companies. It acts as a central data repository that stores information related to the companies at various stages of their lifecycle, investor communities, technology banks and centers of excellence across the globe.
- **Government Relationships:** Affiliations with domestic and international agencies

### 1.4.1 IndiaCo – Marketing Tools

#### *a) InfoDev Initiative*

IndiaCo is one of the very few “for – profit” companies in the world that has the honor of being funded by the World Bank under its InfoDev initiative. Through this initiative IndiaCo works with various high growth technology start ups across technology segments, under its IndiaCo incubation Clusters initiative. Also as a result IndiaCo is very well connected with the Global InfoDev incubator network and works closely with its other members in the following way:

#### **Market Opportunity Analysis**

Strategic assessment of market trends relative to the respective industry in the Sub-continent and identifying key market players that are potential partners/customers etc. for the companies within the other incubator’s portfolio.

#### **Assistance in setting up Development Centers in India**

The cost arbitrage offered by India for software development is significant and well documented. IndiaCo can facilitate setting up of Development Centers in India for firms that are backed by another incubator and are looking at a distributed delivery model for their solutions.

#### **Opportunity to partner with IndiaCo portfolio companies**

IndiaCo has invested in over 50 startups till date. This represents a vast pool of potential customers, alliances, competitors etc. for technology companies working with the other incubators within the InfoDev network. By associating with IndiaCo such companies would get ready access to all IndiaCo portfolio companies. This in itself can act as a preliminary marketing exercise for these companies looking to set up bases in India offering them a unique chance to identify local partners that would ease their pain of entering a new market.

#### **Access to large and medium sized enterprises through the IndiaCo network**

In addition to investing in startups IndiaCo works actively with several large and medium enterprises in the public and private sectors. IndiaCo’s management team advises most of these enterprises and assists them in devising acquisition & growth strategies in addition to promoting a spirit of entrepreneurship. IndiaCo’s portfolio companies work actively with these enterprises as vendors, collaborators and in certain cases as suppliers.

#### **Assistance in setting up a local marketing office**

Enterprises based out of these incubators can enlist IndiaCo’s assistance in identifying local partners and graduating to setting up their own subsidiaries in India with the sole purpose of marketing their solutions in the Indian Sub-continent.

IndiaCo has a well defined and proven methodology for facilitating such setups and plays a critical role in smoothening any and all procedural hassles faced when entering a new market.

Furthermore, IndiaCo plays an operational role in all its ventures and is always keen on assisting its portfolio companies by provisioning not only customer introductions but also,

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advising on the best methodology to be adopted when approaching each of them. Through its vast network in India as well as overseas, IndiaCo can successfully assist a relatively new entrant in the Asian market set up marketing channel and forge the local alliances for managing the supply chain etc. that are crucial for the success of such a venture.

### **Access to Government & Private Labs to facilitate Joint/Contractual R&D**

For enterprises that have a critical stake in promoting further R&D of their offered solutions India boasts of one of the largest talented skill pool sets in the world.

IndiaCo works closely with several Public & Private R&D labs assisting them in spinning in and spinning out technology. IndiaCo can coordinate Joint/contractual R&D programs for other incubator based enterprises with India based R&D institutions keen on exploring such an option for reasons of cost arbitrage or scarcity of skill sets within their own region etc.

### **Infrastructure facilities**

IndiaCo has furnished facilities at Pune, India of over 40,000 square feet several startups are housed at this facility and the facilities boast of plug and play offices with full electricity backup, broadband connection etc.

### **Incubation facilities**

IndiaCo has an ecosystem that boasts of the best Service Providers in every field critical to early stage enterprises. The services offered by these firms' range from Auditing to Legal and Intellectual Property support etc.

In addition to this, all companies housed at the IndiaCo premises gain access to a shared pool of support staff that are equipped to take care of routine maintenance functions.

### ***b) Technology Transfer Efforts***

As is mentioned above, IndiaCo works closely with several Public & Private R&D labs assisting them in spinning in and spinning out technology. On the other hand it also has mandates from some of its corporate affiliates to scout for technologies that would meet their specific requirements. By doing this IndiaCo brings together a platform through which innovation gets to the market. IndiaCo assists in the transfer of technologies from its technology affiliates to its portfolio companies and also assists them in building young high growth companies around this innovation.

### ***c) Global Network***

Through the InfoDev and its technology transfer initiatives IndiaCo is connected to a global network of incubators, companies and research organizations.

### ***d) Events and Seminars***

IndiaCo organizes events and seminars from time to time that act as meeting ground for most of its portfolio companies to interact with its bigger corporate partners, investors, venture capitalists and its technology affiliates.

The following events and training activities have been carried out at IndiaCo for the benefit of all the entities that are present within the ecosystem.

### **Venture Showcase:**

The Venture Showcase is an event where the entrepreneurs are allowed to present their business plans to investors, service providers, and other entrepreneurs in order to get a feed back, advice and a potential investor to invest in the business plan.

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### **Technology Showcase:**

The Technology Showcase event is to present technology from the Research Labs/ Technology Company to entrepreneurs/ investor/ advisor/ business affiliate to explore technology commercialization and to bring about disruptive technology to the market.

### **Academic Bridge:**

This event is specially designed for the budding entrepreneurs at the various institutes that are associated with the organization. The main idea of this event is to give these young entrepreneurs a real life feel of start-ups and an overall understanding of the challenges and opportunities faced by start-ups. This is done by facilitating exchange of resources between entrepreneurs and the academic community, for the purpose of innovation, invention and learning.

### **Founders Forum:**

The "Founders Forum & Networking" Series is designed to increase the interaction between the Founders of Incubator, Member companies, Entrepreneurs and Advisors. The meetings feature a guest speaker and time is reserved for exchanging information.

### **IPR Training:**

These training sessions are held for entrepreneurs to realize the value of IPR and the importance of legally protecting any IP that is present within the business that they are operating. The sessions also have discussions forums whereby people from the legal and technical fraternity clarify any of the queries that are raised by the promoters of the company specific to their businesses.

The above mentioned training sessions and seminars also function as networking events for the portfolio companies.

### ***e) Milestone Program***

The management team at IndiaCo works with the entrepreneur/enterprise in a structured manner and guides the company through the various stages of the "Milestone Program" that is designed and documented at IndiaCo that take into consideration the requirements of the early stage entrepreneurs in developing nations. The following stages are adopted in the milestone program;

- 1) **Acceptance:** The first Milestone pays attention to accepting a proposal provided by the entrepreneur. The management team at IndiaCo reviews the business synopsis submitted by the entrepreneur followed with a discussion with entrepreneurial team. Preferences are given to companies that have a solid concept and that concept to be protected using IPR that can address a global market.
- 2) **Assessment:** Assessment Milestone has two stages; the assessment of business plan by a separate advisory board is done in the first stage. The second stage is the assessment to develop the company's business systems.
- 3) **Planning:** the planning milestone provides the opportunity for the entrepreneur to plan every aspects of the business in details.
- 4) **Product Development:** this phase involves systematic documentation, development and deployment of product is conducted.
- 5) **Marketing/Sales:** The marketing / sales strategies are finalized based on the outcome of the previous milestones.
- 6) **Fund Raising:** At this stage the company's works with the management team in showcasing itself as a potential investment opportunity to strategic investors and raising the second round of capital that is required to inspire exponential growth of the company.

In the typical Milestone process, the entrepreneur will be walked through these six Milestones in order to effectively develop the business plan.

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Each **Milestone** is drafted using the basic five phases of Project management i.e.

- Initiating Phase, Planning Phase, Executing phase, Controlling Phase and Closing Phase. The initiating phase provides the triggering steps of each milestone. The planning steps explain the steps that are needed to be carried out for the proper implementation / execution of the Milestone.
- The executing phase explains the actual performance that need to be carried out in providing the respective Milestone deliverables. The controlling phase is incorporated in order to build quality checkpoint within the Milestone.
- Finally the closing phase explains the actual deliverable / end result.

Each Milestone is interdependent and completion / closing of the previous Milestone need to be established before going to the next one.

Once the company moves through the milestone program it is ready for the second stage investor that can come in, albeit at a higher valuation. The exit to the investors can come in the form of management buy-back, mergers and/or acquisitions or by getting the companies securities listed on the stock exchanges in the country.

Once the company graduates from the incubator the promoters of the company as well as the management of IndiaCo are in constant touch with regards to the growth plans of the company. The international network at IndiaCo is made available to the company's even after they graduate from the incubator. The management of IndiaCo actively to work with these graduated companies even after they have been listed on any of the stock exchanges.

### Part B

#### 1.4.2 A Case Study

##### About the Incubator ABC

The technology based incubator ABC from the School of Engineering XYZ was created with the sponsorship of the government through a Fund for Economic Development. The incubator was created in January, 2003 as a non-for-profit technology-based incubator whose goals are the creation of new ventures, the commercialization and transfer of new technologies, and the promotion of the entrepreneurial spirit within the University and the country.

The incubator provides a support structure and a favorable environment for the development of new companies throughout the university's community. Also, the incubator offers all the necessary resources so that, once graduated from the incubator, the new company can thrive in the marketplace with the consequent benefits for the entrepreneur and the community. The development of companies from university's research also increases the resources available for continuing research and development in new technologies.

The incubator's goal is the creation of 50 high growth companies within a 10 year period. Also, it was expected that each graduated company will have, in average, sales of over 1 million dollars and will create approximately 5 high value added jobs.

##### Past History of the Incubator

- The Incubator Project was started in January 2003
- The basic model revolved around the Brazilian Institute, in Brazil incubators are fairly subsidized by the government

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- The proposed model to the “Government Agency” was on “Pay-for-Service” plus 5-7% Equity position in the companies.
- Time frame to achieve self-sustenance – 3 years from start of operations
- The incubator started operations in the commercial arm of the “School of Engineering”

### **Problems faced by the incubator**

- Education and cultural upbringing that prohibited the entrepreneurs from taking “risk”
- Hesitation/Unwillingness of entrepreneurs to pay cash in lieu of services rendered
- The entrepreneurs believed that “Capital” was the sole obstacle , and that alone could lead to the creation of successful ventures
- Lack of knowledge in the ability to market the product or service (entrepreneurs do not know their customer well)
- Most business ideas seemed to have low level of innovation (most of them were integrating existing technologies or simply providing “Non Value added services”)
- Lack of reach - “geographical dependence” on the physical location of the incubator.
- Lack of operating revenues
- Missing eco system that could integrate investors, entrepreneurs and the users of products/services on one single platform.

### **Recommendations made by IndiaCo**

- **Generate revenues for Operations through Consulting assignments**
  - It was noted that several key members from the core management team had graduate degrees and substantial business and consulting experience.
  - It was recommended that the management take up consulting assignments from larger concerned (not a part of the incubator) to generate revenues that can be used for operating expenses.
  - This will reduce the dependence on the funding agency and will ensure sustainability beyond the period of the grant.
- **Structure and Implement a Technology Commercialization Program**
  - It was noted that the incubator was operating out of one of the prestigious universities of the country.
  - The university has an engineering school of repute.
  - It was recommended that a “Technology Commercialization” program be structured in association with the university that will allow the incubator to commercialize the technologies developed within the university to technology adopters within the country and globally.

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- It was also recommended that the Incubator forge a tie-up with a law firm of repute that can assist them with the legal issues related to IPR and licensing.
- **Creation of a “Virtual Incubation Program”**
  - It was noted that the incubator could only serve the entrepreneurs in close proximity.
  - It was recommended that a “Virtual Incubation Program” be structured and launched that will allow the services of the personnel beyond the “Brick and Mortar” incubator.
  - It was suggested that a premium be charged to companies wishing to reside physically within the incubator, thereby allowing only the serious few who might need increased “Touch Time” as they launch their businesses.
- **Formation of an “Angel Fund” for “Mentoring” and “Funding” promising ventures**
  - It was recommended that a formal “Angel Fund” be formed and operated.
  - The fund would comprise of “Lending Partners” who have been former entrepreneurs and venture capitalists.
  - Regular presentations to the “Angels” would allow them to select promising ideas and “Mentor” them till they achieve a stage where they can be funded.

### **Entrepreneurship Education through Events and Seminars**

- It was noted that too much of time of the management team was being spent on educating the entrepreneurs.
- It was recommended that regular seminars and “Boot Camps” be held for students within the university and the entrepreneurs within the community to educate them on entrepreneurship. This also had the potential of being a “Revenue Stream” by itself.
- It was also recommended that regular events be held and international speakers be hosted to increase awareness of the entrepreneurs with regards to the technology innovations, business models etc. at the global level.

### **Conclusion**

- Based on the recommendations given by IndiaCo the incubator was re-structured to form various business units that have a clear focus on revenue generation and enterprise creation.
- Regular events are being held at the incubator to increase the interaction between the entrepreneurs, financiers and end-users.
- The incubator is exploring options to work with IndiaCo on how they can utilize IndiaCo's Virtual Incubation Program to benefit their entrepreneurs.

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### The Road Ahead...

Since its inception IndiaCo has been active in the arena of incubation and technology transfer. IndiaCo's mission under the technology transfer program is to increase the rate of commercialization of technologies coming out of R&D houses and university labs. The incubation initiative works in tandem with the technology transfer initiative in spinning out commercial ventures developed around the technologies that have been transferred.

Since its inception, IndiaCo has constantly been an implementer of the policy of "Think local act global". On account of this it has been able to forge partnerships with some of the incubators and centers of excellence in other developing nations. The intention here was to provide our portfolio companies insights and access into these markets and at the same time allow the portfolio companies within these incubators potential partners for entering into India (which has been developing as one of the biggest markets).

IndiaCo has now gone on to become a listed entity (BSE Listing). This listed incubator will operate like an "equity Fund" but function like a "Listed investment company".

IndiaCo will deploy its proprietary funds (strategic investments) directly through the holding company into the portfolio companies through this structure. Any other market investments will flow into the structure through individual industry vertical SPVs (special purpose vehicles). This structure offers distinct advantages to both the investors and the portfolio companies.

#### Advantages to Investors:

- An array of untapped investment opportunities coupled with management bandwidth that will ensure the smooth operations of the portfolio companies
- A structure that allows them the flexibility to invest in the holding company, a sector of choice or just the company of choice
- Documented legal structures and corporate governance compliance
- Assistance in catalyzing exit

#### Advantages to Portfolio Companies:

- A wide pool of resources in terms of management personnel, sector-specific advisors and a variety of partnerships that can be leveraged for business development
- Being a part of a publicly listed entity gives it the required size and credibility that can be leveraged for attracting investors, facilitating business development and attracting and retaining talent
- Opportunity for business development among other portfolio and associated companies.

This initiative is already operational at IndiaCo, however it is felt that implementation of the IndiaCo model in other developing nations would also lead to the creation of self sustaining incubation and technology development centers.

*Disclaimer: The IndiaCo corporate font is "Tahoma – 10" which is used for all communication and documentation. Therefore the same has been used for presenting this chapter.*