KPMG

Mumbai Innovation Central

A global innovation hub for startups in Maharashtra

January 2020

home.kpmg/in

Uddhav Balasaheb Thackeray
Chief Minister
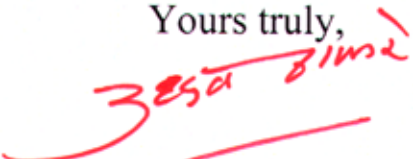Maharashtra

Mantralaya
Mumbai-400 032

22nd January, 2020

FOREWORD

The Indian startup ecosystem is third largest in the world and is trailing only behind the US and China. Driven by a strong entrepreneurial culture and innovative ideas of startup founders, the country is already making its presence felt on the global stage. While the credit for this achievement goes to various states, Maharashtra and especially Mumbai, has played a key role in developing a robust startup ecosystem, encouraging young minds to take up entrepreneurship and create jobs for the youth.

With an aim to bolster job creation and attract investments, the Maharashtra government is taking measures to amend the industrial policy and develop a conducive environment to enhance the ease of doing business in the state. Recent announcement on Package Scheme of Incentives- including GST refund was an initial step towards it. In addition, the government is focusing on upskilling the youth by building more educational institutes and Skill Development Centers (SDCs) such as a planned SDC in Shendra Industrial area. The underlying objective of these initiatives is to enable the youth to develop a progressive mindset, inculcate leadership and entrepreneurial skills, thereby contributing to the overall economic growth of the state.

Startups of the state would play a crucial role to meet this objective and help make Maharashtra a Trillion-dollar economy by 2025. Hereafter, I congratulate TiE and KPMG in India for coming up with the idea of 'Mumbai Innovation Central' which would augment the startup ecosystem of the state. My government will provide full support to the initiative and make Mumbai the # 1startup destination.

Yours truly,

(Uddhav Balasaheb Thackeray)

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Introduction

Mumbai – the city of dreams, has been an entrepreneurial hub for decades driven by its strategic location i.e. connectivity to other parts of the world, and vast talent base pushing to prove their potential. Over the years, Mumbai continues to be a popular destination for entrepreneurs and is currently the third largest startup hub in India[1].

The city, which is home to several conglomerates and financial institutions, has emerged as a fintech hub and has a rich presence of various enterprise-tech based startups. This could be attributed to increasing government support and existence of a conducive business environment driven by the presence of investors and a huge customer base, both in the business to business and business to customer (B2B and B2C) space.

However, despite a supportive ecosystem, high real estate prices, low availability of tech talent and crowded public transportation inadvertently restrict the growth of startups in the city. That said,

Mumbai is still the home to many experienced industrialists who could mentor startups or provide the necessary support to nurture an integrated ecosystem, inching Mumbai closer to international innovation hub such as New York, London and Beijing.

However, with an aim to overcome the existing challenges in Mumbai, KPMG in India with an objective to overcome these challenges, KPMG in India in association with TiE, taking cues from Station F – one of the largest startup hubs in the world – is proposing to build 'Mumbai Innovation Central (MIC)' which would be a co-living and co-working incubation space in the heart of the city.

With this backdrop, we are pleased to announce the release of this thought leadership report, which focuses on providing an overview on Mumbai Innovation Central and its proposed role in creating a robust startup ecosystem in Mumbai and Maharashtra.

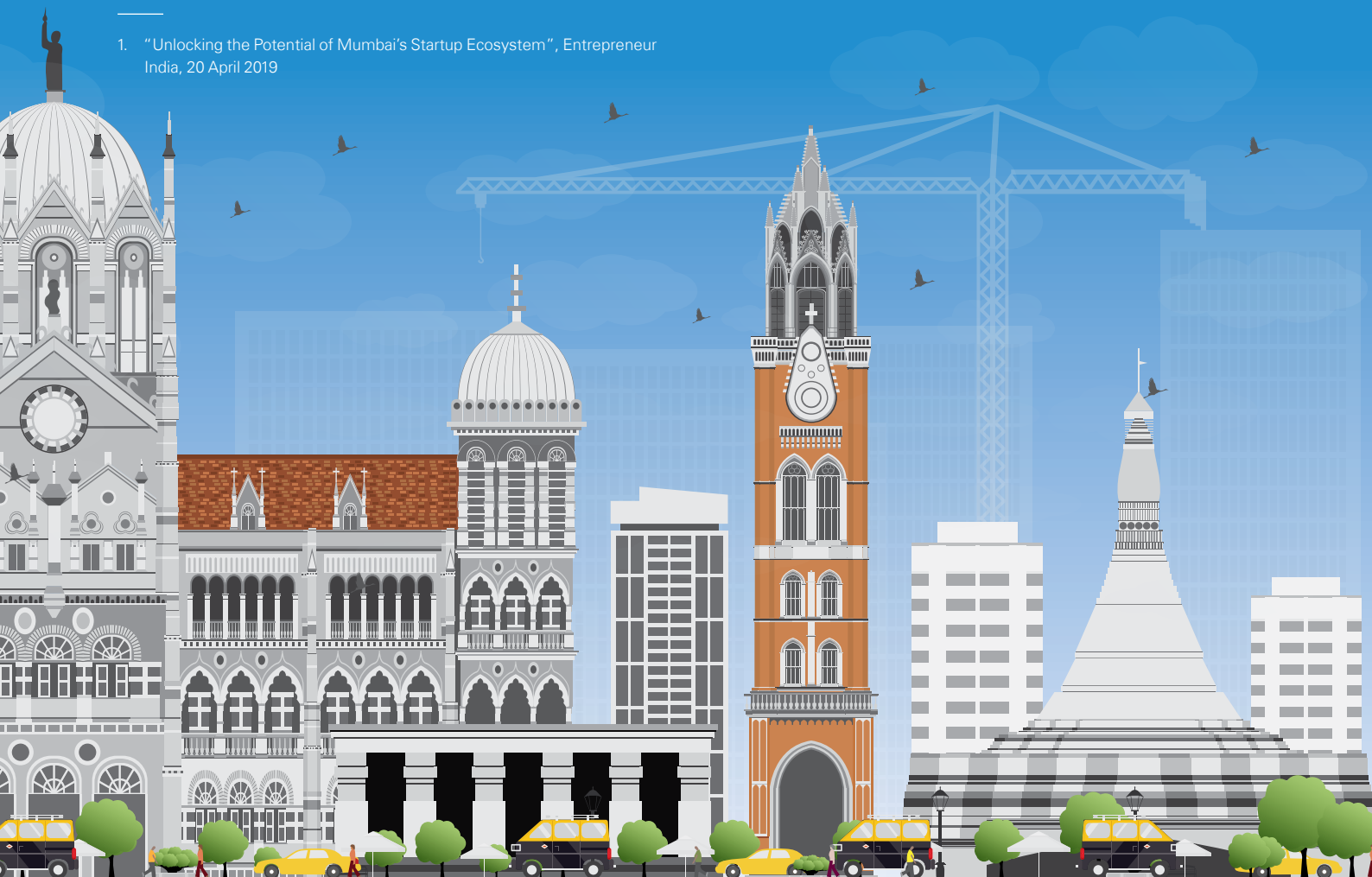## Arun M. Kumar
Chairman and CEO
KPMG in India

Pradeep Udhas
Office Managing Partner - West
KPMG in India

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1. "Unlocking the Potential of Mumbai's Startup Ecosystem", Entrepreneur India, 20 April 2019

Startup landscape in Mumbai

Mumbai is no stranger to the idea of entrepreneurship and since the pre-Independence era, it has witnessed the rise of several noted Indian entrepreneurs. Over the years, this city has assumed prime importance in the financial landscape of India and houses the headquarters of some of the most important financial institutions in the country such as the Reserve Bank, the two national stock exchanges and all three Domestic Systemically Important Banks (D-SIBs). Decades after independence, Mumbai continues to be a prime entrepreneurial hub and a popular destination for startups, contributing more than USD5.2 billion to India's GDP annually[2].

Currently, with an active startup base of over 9,000 companies, Mumbai is the third largest startup hub in India, with e-commerce, enterprise tech and fintech being the popular sectors. Mumbai has witnessed a doubling of the number of startups from 4,582 in 2017, driven by continuous support from the government. Recently, the government has launched various schemes to extend support such as Maharashtra State Innovative Startup Policy 2018, Fintech Policy 2018 and Maharashtra State Innovation Society.
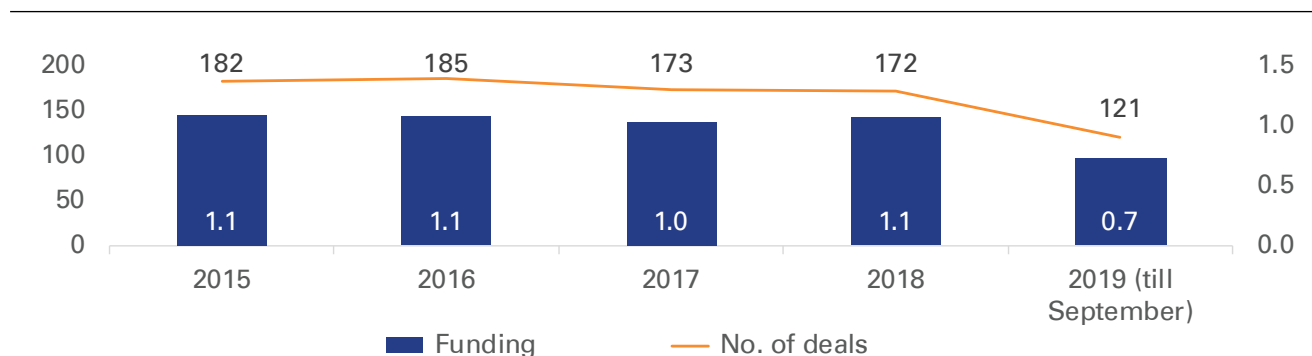
However, despite government support and the presence of major financial institutions, Mumbai ranks third, after Bengaluru and Delhi NCR, in terms of the total funding raised by startups. One of the primary reasons could be the lack of startups such as Ola (headquartered in Bengaluru), Paytm or Oyo (headquartered in Delhi NCR) which were able to attract funds worth approximately USD1 billion in a single funding round[4,5,6]. The silver lining however, is the presence of multiple startups with valuations upwards of USD500 million in Mumbai who might be able to attract large investments in the near future.

2.1 Funding and investment scenario

The combined market valuation of all startups in Mumbai was estimated at USD12 billion[7] in 2019. While funding has been consistent across the last few years, the number of deals has witnessed a decline indicating an increase in the average ticket size.

Figure 1: Total funding / number of deals, Mumbai (USD billion)

	2015	2016	2017	2018	2019 (till September)
No. of deals	182	185	173	172	121
Funding	1.1	1.1	1.0	1.1	0.7

■ Funding   — No. of deals

2019 in numbers[7,8]

Market valuation:	Total funding:	No. of deals:	Average ticket size	No. of unicorns:
USD12 billion	USD726 million	121 (Jan-Sep 2019)	USD6 Million (Up by 3 per cent since 2016)	2

Source: 2018 was the year when Indian startups attracted new investors, welcomed new 'unicorns' and began showing signs of maturity, Your Story, 9 January 2019; The YourStory 2017 Startup Funding Report – $13.7 billion invested across 820 deals, Your Story, 23 December 2017

2. "The Economy of Mumbai – India's Commercial Capital", India Briefing, 5 March 2019

3. "The startup ecosystem in India is scaling new heights. Here's why", Your Story, 3 December 2019

4. "Paytm gets $1 billion topup in latest financing round", Economic Times, 25 November 2019

5. "Oyo founder Ritesh Agarwal investing $700 m in $1.5-B fresh round", Economic Times, 8 October 2019

6. "SoftBank comes calling again to infuse $1 billion in Ola, Economic Times, 4 December 2018

7. "Delhi Has 7000 Startups Worth $50 Billion; Beats Mumbai, Bengaluru To Become Largest Startup Ecosystem In India!", Trak.in, 11 September 2019

Though most startups depend on venture capital funds, private equity and debt financing contributed nearly 20.0 per cent to the total funding during the first half of the 2019. As the third largest startup hub in India, Mumbai accounts for 18.9[8] per cent of all startup deals that took place during the first half of 2019. Some of the major deals include those of Toppr, Innovcare Lifesciences, SARVA and the latest unicorn – Dream 11.

Unicorns and Soonicorns

Mumbai's wait for its first unicorn ended on a sweet note when it witnessed the inclusion of two companies to the unicorn club in 2019[9]. The first was the fantasy gaming platform – Dream 11 with a net valuation of USD1.5 billion and the second was CitiusTech, a health tech startup valued at USD1.8 billion[10]. According to Inc42[11], 9 out of the 30 potential unicorns in the next few years are headquartered in Mumbai, including CarTrade, FINO PayTech, Pepperfry, Nazara and a leading online movie ticketing service provider.

The success of these soonicorns is likely to depend on their ability to attract funds from international investors and their competitiveness against global unicorns and soonicorns.

> **Investing in the right talent and great culture is extremely important for any startup to grow. If you have the right culture, hire great people, they will over-achieve and attract similar people to work with them. Setups like Mumbai Innovation Central (MIC) will help startups in both these areas. I am sure we will see many great startups coming out of MIC.**

Harsh Jain
Co-Founder & CEO
Dream Sports

> **In Mumbai, having a co-living & co-working space will really help mitigate the infrastructure and high rental overhead issues on startups. The Mumbai Innovation Central will attract a large number of entrepreneur and I hope to see a huge growth in the number of Unicorns and Soonicorns coming from MIC as a result.**

Anuj Rakyan
Managing Director
RAW Pressery

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8. "Indian Startups Raised $5.85 Bn Funding In First Half Of 2019", Inc42 Data labs, 10 July 2019

9. "Funding Report - Indian Startup Ecosystem", Your Story, accessed on 22 January 2020

10. "India's unicorn tribe grows faster than ever this year", Live Mint, 20 July 2019

11. "30 Indian Soonicorns That Have the Potential To Be Unicorns By 2020", Inc42, 28 March 2019
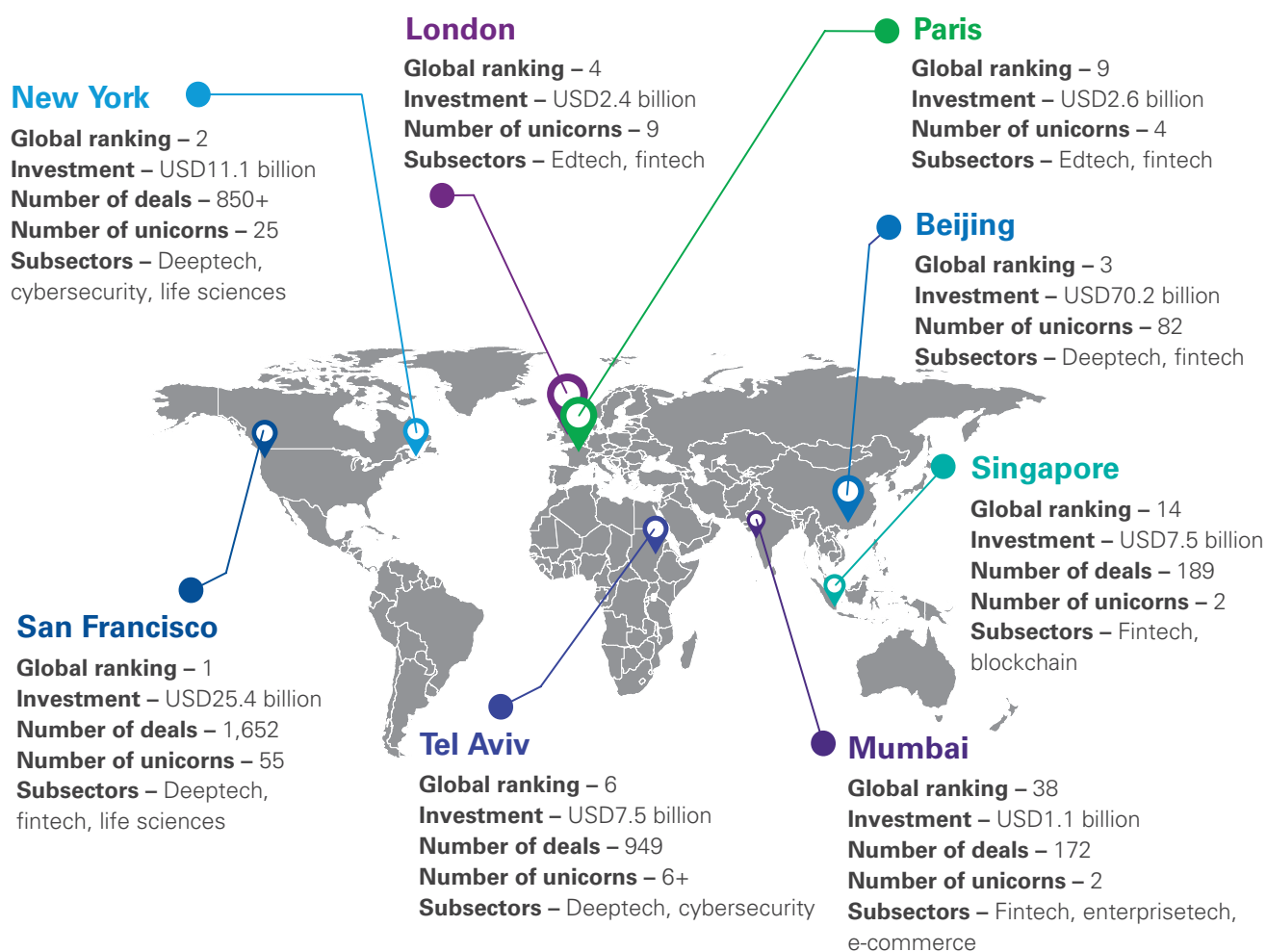
2.2. Mumbai versus the rest of the world

According to a report published by Startup Genome[12], Mumbai features among the 12 most promising startup hubs which have the potential to be included in the list of top 30 global startup ecosystems within the next five years. Bengaluru, ranked 18th, is the only Indian city to feature in the list of top 30 startup ecosystems at present.

Figure 2: Startup ecosystem in major cities (2018)[13,14,15,16,17]

New York
Global ranking – 2
Investment – USD11.1 billion
Number of deals – 850+
Number of unicorns – 25
Subsectors – Deeptech, cybersecurity, life sciences

London
Global ranking – 4
Investment – USD2.4 billion
Number of unicorns – 9
Subsectors – Edtech, fintech

Paris
Global ranking – 9
Investment – USD2.6 billion
Number of unicorns – 4
Subsectors – Edtech, fintech

Beijing
Global ranking – 3
Investment – USD70.2 billion
Number of unicorns – 82
Subsectors – Deeptech, fintech

Singapore
Global ranking – 14
Investment – USD7.5 billion
Number of deals – 189
Number of unicorns – 2
Subsectors – Fintech, blockchain

San Francisco
Global ranking – 1
Investment – USD25.4 billion
Number of deals – 1,652
Number of unicorns – 55
Subsectors – Deeptech, fintech, life sciences

Tel Aviv
Global ranking – 6
Investment – USD7.5 billion
Number of deals – 949
Number of unicorns – 6+
Subsectors – Deeptech, cybersecurity

Mumbai
Global ranking – 38
Investment – USD1.1 billion
Number of deals – 172
Number of unicorns – 2
Subsectors – Fintech, enterprisetech, e-commerce

Note: Global rankings were referred from Global Startup Ecosystem Report 2019 published by Startup Genome, September 2019

However, despite being one of the largest startup hubs in India, Mumbai needs to catch up with its global peers on certain parameters. And, in order to secure its position among the leading global startup hubs, the city need to make progress towards building infrastructure, mentoring young talent and taking measures to prevent migration of startups looking to scale up operations.

12. "Global Startup Ecosystem Report 2019", Startup Genome, 13 September 2019
13. "These NYC Startups Raised the 20 Largest Funding Rounds in 2018", Alley Watch, 31 December 2018
14. "London Startup Investors, Venture Capitalists, and Other Funding Options for Entrepreneurs", Founder Institute, 18 January 2019
15. "Corporate Funds Are Taking Over Israel's Startup Scene", Calcalist, 19 June 2019
16. "San Francisco Is Eating California's VC Dollars", Crunchbase, 27 September 2019
17. "Paris is one of the 5 cities that could displace Silicon Valley", Sifted, 20 September 2019

2.3. Advantage Mumbai – The city of dreams

Mumbai has always been the city of dreams and the financial hub of the country. The city that started as a major port city soon transformed into a major industrialist hub and a key contributor to the country's economy. Driven by its robust entrepreneurial culture, Mumbai has been home to some of the largest conglomerates of India, with few of them existing and growing since pre-independence era.

Mumbai as a city has several factors from geographical to financial which works in its favor. The city has the most number of billionaires in the country and as per a report by New World Wealth published in October 2019, Mumbai with a total wealth of USD960 billion, is the only Indian city to feature among the world's top 20 wealthiest cities[18]. This also prevails in the fact that Brihanmumbai Municipal Corporation (BMC) is the richest civic body in India[19]. Hence, given a strong financial and entrepreneurial background of Mumbai, the city has every available resource to be a popular destination for startups.

In addition, there are several other factors which contribute to the Mumbai advantage:

Favorable startup ecosystem	Huge customer base	Strategic location
• **Robust investor base:** Presence of both of India's stock exchanges i.e. BSE and NSE in Mumbai which has led to many prominent stock market traders, investment bankers and private equity funds to make Mumbai as their headquarter. In addition, the city has presence of various financial institutions and VCs, creating an exhaustive investor base • **Presence of incubators / accelerators:** The city is home to various incubators such as Society for Innovation and Entrepreneurship (SINE), Centre for Incubation and Business Acceleration (CIBA), and several corporate backed accelerators providing support to technology and sector focused startups • **Talent availability:** Mumbai houses one of the premier institutes of India i.e. IIT Bombay as well as other institutes such as Indian School of Design and Innovation, Indian School of Management and entrepreneurship and several other educational institutions which nurture talent and entrepreneurial mindset	• As per a report by Asian Age in 2018, Mumbai, with a population of 12.73 million and 26,357 persons per sq km*, was the second most densely populated cities in the world. Owing to its large population, the city provides access to a large huge customer base, especially in the B2C space • In addition, the city is a media and entertainment hub has a presence of multiple banks and financial institutions, along with headquarters of various corporations making it a popular destination for fintech, media-tech and enterprise-tech players	• Mumbai has its proximity to several key and upcoming cities such as Pune. Presence of many universities and colleges in Pune would enable a good flow of talent. This would help startups build their talent pool, especially in new age skills such as, Artificial Intelligence, Machine Learning etc. In addition, there has been a big focus on making the Mumbai-Pune corridor more efficient and now with the national highways and train connectivity, the time taken for commute has reduced drastically

* Mumbai second most populated city in world, Asian Age, 10 September 2018

These factors contribute to making Mumbai a lucrative hub to start an entrepreneurial journey. Given the evolving ecosystem and the measures taken by the government to address some of the challenges faced by the startups, Mumbai is on a steady path to become a global hub of innovation and the #1 startup hub of India.

18. Mapped: In India's wealthiest city, the ultra-rich and slum dwellers share neighborhoods", Quartz India, 18 October 2019

19. "How India's richest civic body earns and spends", Bloomberg Quint, 6 February 2019

2.4. Key challenges faced by startups in Mumbai

According to a study done by Oxford Economics[20], nearly 90.0 per cent of Indian startups fail within the first five years and Mumbai unfortunately is not an exception. In 2019, the city witnessed shutdown of few startups including task management service provider Russsh[21] and cryptocurrency venture – Koinex[22].

Some of the major challenges[23,24,25] faced by Mumbai based startups are outlined below.

Limited availability of tech talent	High cost of living	Commute related challenges
Attracting proficient developers remains a challenge for most Mumbai-based startups owing to the limited tech talent pool in the city.	Mumbai has the highest cost of living among Indian cities and ranks 67th among 209 nations according to the Mercer's Cost of Living annual survey, 2019. Delhi ranks 118th and Bengaluru ranks 179th on the same list.	High cost of real estate in the central business districts have forced young migrating techies to re-locate to the suburbs of Mumbai, which leads to increased commute time.
Tech talent in the city is prone to migration to Bengaluru and NCR which provide better long term career opportunities.	This translates to higher salaries and greater rental fees for startups causing a drain on resources and limiting their ability to scale up operations.	The average commute speed in Mumbai is the slowest among all Indian metro cities and was measured at 18.5km/h in 2019. A slow commute to work could result in a decline in productivity.
Mentoring young tech talent also poses a major problem.	Ola Cabs, Quikr, Freecharge, Porter are among those startups who decided to shift base before scaling up operations.	Waterlogging during monsoons further aggravates the issue.
InstaMojo, a payment gateway, cites the dearth of tech talent as one of the major reasons to shift its headquarters to Bengaluru in 2015.		

However, most of these challenges could be addressed by building an integrated startup ecosystem in Mumbai which could provide much needed respite from high operational costs, guide young entrepreneurs and attract national and international investors.

> **Maharashtra state government has an encouraging policy for public procurement through startups. However, it needs seamless and vigorous execution. This is possible by requiring different ministries of the Government to empanel startups in their procurement process, thus helping them in delivering impact and growing organically. In addition, lack of infrastructure and of easy commute options are major roadblocks which the Maharashtra state government should address to make Mumbai the Startup hub of the country.**

Poyni Bhatt
CEO
Society for Innovation & Entrepreneurship (SINE) - IIT Bombay

20. "90% Of Indian start-ups fail within the first 5 years: An IBM And Oxford Study", Inc42, 20 May 2017

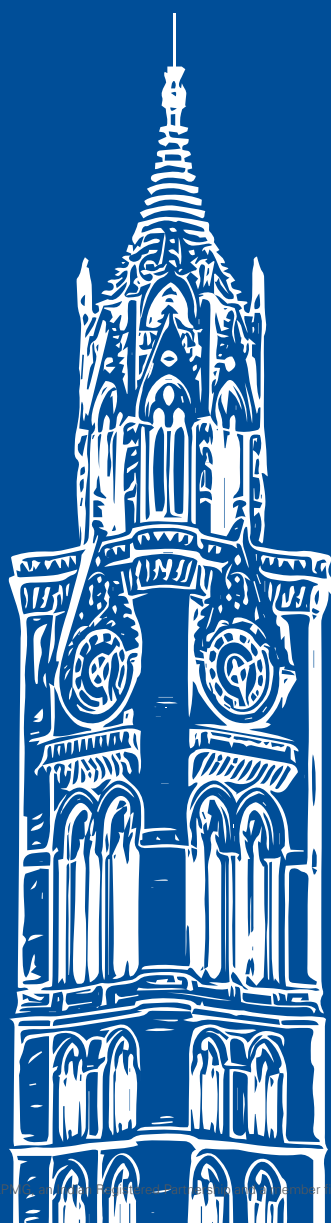21. "Mumbai-based task management service startup RUSSSH shuts shop", Your Story, 3 June 2019

22. "Another top Indian crypto exchange, Koinex, is shutting down amidst regulatory uncertainty", The Block, 27 June 2019

23. "Next Bengaluru: Which other cities have the best chance of replicating garden city's startup success?", Economic Times, 1 October 2015

24. "Average commute speed in Bengaluru drops to 18.7 kmph", Deccan Herald, 30 August 2019

25. "Mumbai among top 20 most expensive cities in Asia for expatriates: Mercer", Live Mint, 28 June 2019
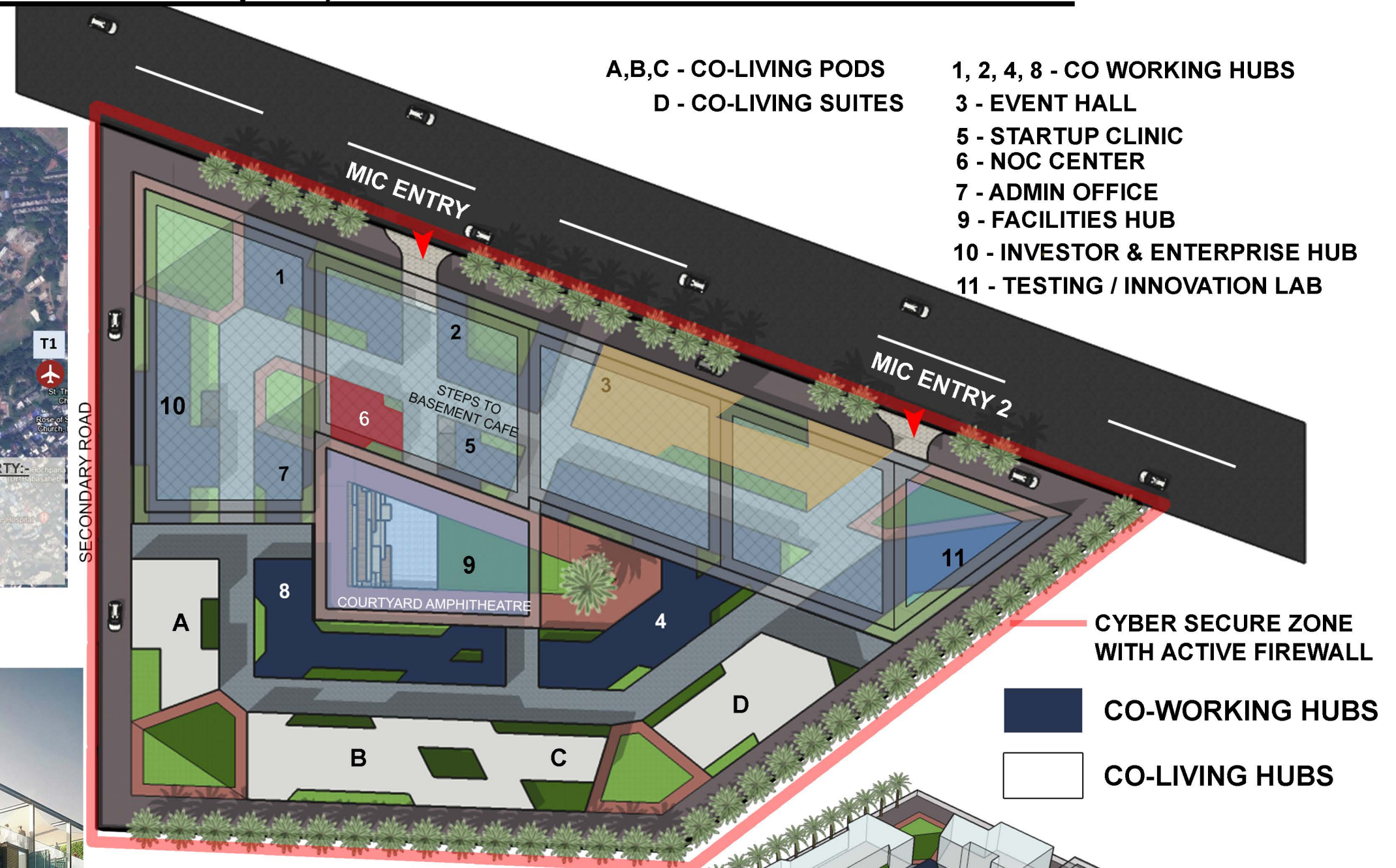
Mumbai Innovation Central: A closer look

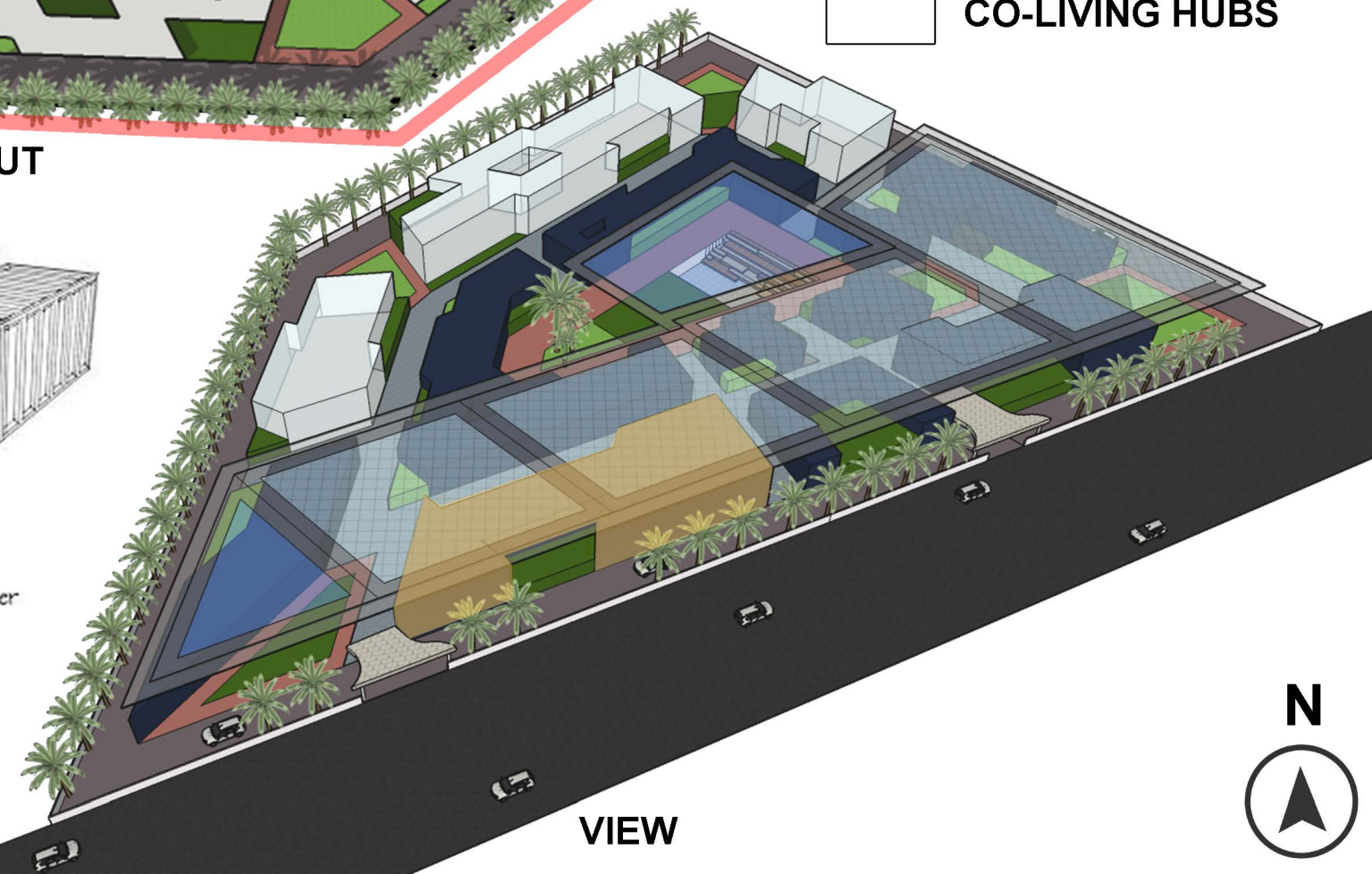# MUMBAI INNOVATION CENTRAL (MIC) - REPRESENTATIVE ILLUSTRATION

KEY PLAN

MIC

LANDMARK DISTANCE FROM PROPERTY:-

T2 INTERNATIONAL AIRPORT = 7.8 KMS
T1 DOMESTIC AIRPORT = 5 KMS
SANTA CRUZ RAILWAY STATION = 2.9 KMS
BANDRA KURLA COMPLEX = 2.8 KMS
IIT POWAI = 16KMS

ILLUSTRATION OF HUBS

A,B,C - CO-LIVING PODS
D - CO-LIVING SUITES

1, 2, 4, 8 - CO WORKING HUBS
3 - EVENT HALL
5 - STARTUP CLINIC
6 - NOC CENTER
7 - ADMIN OFFICE
9 - FACILITIES HUB
10 - INVESTOR & ENTERPRISE HUB
11 - TESTING / INNOVATION LAB

MIC ENTRY

MIC ENTRY 2

SECONDARY ROAD

STEPS TO BASEMENT CAFE

COURTYARD AMPHITHEATRE

CYBER SECURE ZONE WITH ACTIVE FIREWALL

CO-WORKING HUBS

CO-LIVING HUBS

LAYOUT

40'

8'6"

8'

40' Shipping Container

VIEW

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With an aim to overcome the challenges and boost the startup ecosystem in Mumbai, KPMG in India along with TiE Mumbai recommends developing – 'Mumbai Innovation Central (MIC)', a robust entrepreneurial ecosystem, under one roof to help startups build a strong foundation and grow their business.
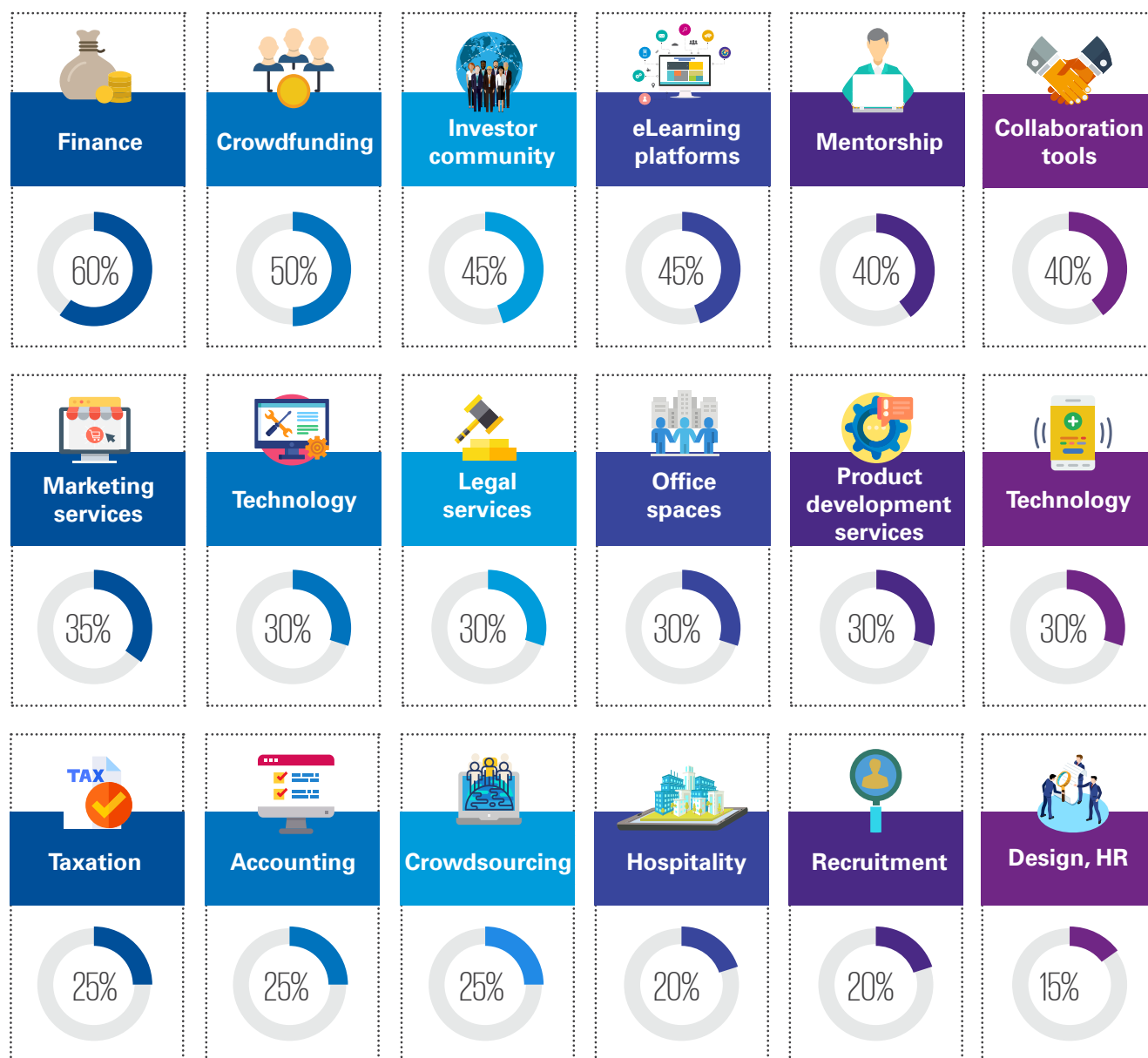
3.1. Purpose of the initiative

Startups form the core part of any incubator, however, elements such as office space and design, networking events and activities, partnerships with service providers and consultants play an essential part of nurturing any startup. MIC is aimed at establishing a collaborative community of like-minded entrepreneurs working in cohesion to develop their business. It would assist these companies across their life cycle, starting from prototyping to scaling the business, and providing opportunities to expand their network within their respective business domains.

This vision could be facilitated through the provision of numerous services such as affordable co-working and co-living spaces, events to facilitate collaboration between industry experts, corporations and startups, consultative and mentorship programmes, dedicated space for establishing a tech lab and provide necessary equipment to develop proof of concepts and prototypes etc.

KPMG in India has conducted a quick survey with Mumbai-based early stage startups (~20) to understand their core requirements. Below is a snapshot of the percentages of startups requesting for respective services[26].

Finance	Crowdfunding	Investor community	eLearning platforms	Mentorship	Collaboration tools
60%	50%	45%	45%	40%	40%

Marketing services	Technology	Legal services	Office spaces	Product development services	Technology
35%	30%	30%	30%	30%	30%

Taxation	Accounting	Crowdsourcing	Hospitality	Recruitment	Design, HR
25%	25%	25%	20%	20%	15%

26. "KPMG in India's startup survey 2020"

> "
>
> The MIC is a wonderful idea and will help all startups grow together in an organic way. This campus can help propagate the concept of 'water cooler ideation' which in essence is when people live and work together, they cross pollinate ideas and propagate innovation. Strategically located in the heart of Mumbai, MIC will pay for the investment many times over with the value created by innovative startups, VCs, academia and the government in the same community.
>
> "

Sasha Mirchandani
MD and Founder
Kae Capital

> "
>
> The Mumbai Innovation Central is a wonderful concept to bring the entrepreneurs together and bolster the startup community in Mumbai, TiE Mumbai offers all its support and expertise to the MIC to make Mumbai the innovation hub of the state.
>
> "

Atul Nishar
President
TiE Mumbai

> "
>
> MCGM spends huge amounts of money on infrastructure development, perhaps the largest across all the cities in India. Yet, the city grapples with many problems such as recurring potholes, inadequate recycle of waste, lack of concerted beach cleaning activities to name a few. MCGM recognizes that several start-ups have cost effective solutions to address those challenges.
>
> "

Praveen Pardeshi
Municipal Commissioner of Mumbai
MCGM

Select co-working/co-living incubation centres: An overview

T-Hub[27]

Established in 2015, T-Hub is a public private partnership between the Telangana government, three central academic institutes – Indian Institute of Information Technology Hyderabad (IIIT-H), Indian School of Business (ISB) and the National Academy of Legal Studies and Research (NALSAR) and private entities.[28]

Services provided –

- **Co-working space:** The hub provides co-working space to select startups for a duration of 6 months, extendable to a maximum term of one year depending on the merit of the idea
- **Professional services:** The center also offers legal assistance services (e.g. patent filing). Additionally, enterprise applications and services are also provided at discounted rates
- **Mentorship:** Industry experts guide and mentor startups to help them scale up
- **Funding opportunities:** Although the center does not fund startups directly, it introduces startups to prospective investors and helps them attract funding
- **Marketplace opportunities and programmes:** The hub hosts various programmes which challenge startups to solve a real-life business problem for corporates. Startups therefore get an opportunity to showcase their products and services in front of well-known MNCs.

550+ Startups incubated

60+ Startups funded

INR13.3 billion Total funding raised by startups

37+ Exclusive programmes

115+ Mentors

Sydney Startup Hub[29,30]

With an aim to create jobs and increase the diversity of the New South Wales (NSW) startup community, Sydney Startup Hub (SSH) was set up in February 2018. Established with an investment of INR1.7 billion (AUD35 million) from the NSW government, which would be spent over a course of five years period[31], Located in the heart of Sydney's Central Business District, SSH is home to Australia's leading startups, incubators, accelerators and innovation programmes.

Services provided –

- **Co-working space:** The center collaborates with four leading co-working communities (Fishburners, Tank Stream Labs, The Studio, and Stone & Chalk) to provide low cost co-working space. Cost per desk ranges from INR26,839 to INR41,479 (AUD550 to AUD850) per month
- **Coaching and mentoring:** The hub arranges workshops, mentoring, accelerator programmes across different sectors – such as the Studio focuses on media, entertainment and creative industries, while Stone & Chalk focuses on financial services
- **Access to industry accelerators:** The Sydney hub provides startups access to leading business accelerators such as Microsoft, Optus, Caltex and Cicada Innovations
- **Regional Landing Pad:** The center offers free desk space and other infrastructural support to rural and regional entrepreneurs, and connects them to the Sydney ecosystem
- **Collaborative events:** It also enables collaboration and networking through various events organised by co-working spaces, incubators and accelerators.

480 Startups based in SSH

2500 people

INR8.9 billion funding raised by startups within the four coworking spaces

295 events organised – since opening

27. T-Hub website, accessed on 14 January 2020
28. "So, what exactly is Hyderabad's T-hub? All you need to know", The News Minute, 6 November 2015
29. "NSW spends $35m on 11-floor Sydney CBD startup hub", Financial Review, 13 July 2017
30. "A Guide to Sydney Startup Hub", Haymarket HQ, 25 October 2019
31. "NSW spends $35m on 11-floor Sydney CBD startup hub", Financial Review, 13 July 2017

Station F[32,33,34]

The idea for establishing Station F was conceived in 2013 when the founder, Xavier Niel, observed that the startup ecosystem in France was quite fragmented. This led to the establishment of Station F in June 2017. The objective was to create a 'university-like' environment with programme options across various domains. The center has collaborated with leading industry corporations including global technology companies, financial services firms, global sports apparel company, etc. to offer industry specific programmes.

Services provided –

- **Low cost co-working space:** Station F provides a dedicated desk at a price of INR15,355 (EUR195) per month, which is comparatively lower than the cost of other co-working spaces in Paris
- **Affordable co-living option:** It provides a co-living space - 'Flatmates' – comprising 600 bedrooms to offer affordable housing solutions. Fee packages range from INR31,418 to INR62,916 (EUR399 to EUR799) per month depending upon the size and amenities offered. It also includes Wi-Fi, cleaning and utilities services
- **Mentorship and guidance workshops:** Mentors from multi-national corporations assist startups in accelerating their business
- **Administration services:** The center provides access to experts from nearly 35 public administration, assisting startups across areas such as intellectual property, taxes and regulations
- **Access to digital tools:** The center provides workplace collaborations tools such as Slack and HAL, to augment tasks such as booking meetings rooms
- **Tech lab:** It also provides access to various equipment such as 3D printers and laser cutters to IoT-based startups.

40+ VC funds

1000+ Startups incubated

4 Mentorship offices in campus

30+ Exclusive programmes

600+ Collaborative events

> "
> At STATION F, our DNA is to offer startups and entrepreneurs the most relevant services possible and to make entrepreneurship accessible to everyone. Since the beginning of the project, we've seen that housing was a big pain point and barrier for them, especially when they come from abroad or from underprivileged backgrounds. With Flatmates, we're offering an affordable housing solution, 10-min away from our campus and all inclusive. This is key to achieving our mission.
>
> — Spokesperson at Station F
> "

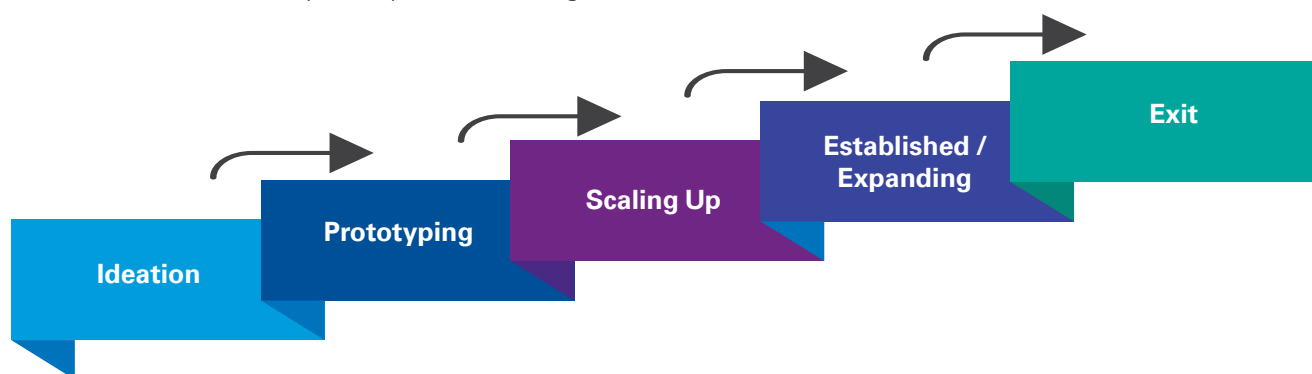32. Paris is pitching itself as the next-best thing for tech startups", Quartz, 03 July 2019

33. "Flatmates", Station F, accessed 15 January 2020

34. "Home Page", Station F, accessed 15 January 2020

3.2. Service offerings for startups

Mumbai Innovation Central aims to be a one stop shop for all startups and proposes to offer a host of services, which could help entrepreneurs throughout the lifecycle of a startup – from ideation, prototyping to scaling up and exiting the business.

Ideation → **Prototyping** → **Scaling Up** → **Established / Expanding** → **Exit**

Below are a set of services that MIC aims to provide[35,36,37]:

Low cost co-working space

To overcome the challenge of burgeoning real estate prices in Mumbai and provide startups with office space at an affordable cost, it is imperative for MIC to provide a co-working space. It could include the following features:

- **Subsidised rentals for startups:** Cost per desk should be competitive or lower as compared to the other office or co-working spaces
- **Shared infrastructure:** Enclosed working spaces for people on a shared basis such as, wi-fi, conference rooms, lounges, etc.
- **Configurable and move-in ready:** Customisable space which could be personalised to the maximum extent, basis the requirement of different startups. In addition, the space should be ready to move in, to help startup avoid up-front costs and the hassle of setting up an office space.

Affordable co-living space

High housing rental prices is a major concern for entrepreneurs with limited financial footing. This serves as an opportunity for MIC to provide co-living spaces to entrepreneurs, and in-turn attract more number of startups within their ecosystem. Some of the facilities which MIC could provide in their co-living space might include:

- Standard rooms with basic amenities such as Wi-Fi, utilities and house cleaning services, basic furniture and recreational spaces
- The co-living space could be in close proximity to the MIC facility in order to reduce travel time for the residents

MIC could also partner with co-living startups operating in Mumbai, which would assist in reducing the initial upfront cost of establishing a co-living space.

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35. "Incubator T-Hub partners six tech giants to give its startups free services, training", Tech Circle, 25 July 2018

36. "Startup programs on campus", Station F, accessed on 13 January 2020

37. "T-Hub launches angel funding programme for startups in Telangana", Livemint, 29 August 2019

Mentorship programmes

Provide mentorship/incubation programmes to startups across different industry vertical which would be managed by a corporation, academia, industry experts, or a startup network

- Each programme would have a dedicated selection process and the startup would be provided tailored accompaniment and support

- The programmes would guide startups throughout the lifecycle of their journey / product such as idea validation, iteration, building prototypes, augmenting the business models and developing a go-to-market strategy.

Guidance through industry accelerators and startup clinics

With an aim to drive innovation in key sectors of Mumbai (such as Fintech, Enterprisetech, Mediatech, etc.) and increase the penetration of emerging technologies (such as Artificial Intelligence (AI), Machine Learning (ML), Augmented Reality (AR) / Virtual Reality (VR) etc.), MIC would try and collaborate with various corporates and industry bodies to onboard their accelerator programmes

- Under these programmes, selected startups would receive guidance along with an opportunity to work and scale up under the aegis of the corporates

- Leverage startup clinics to provide periodic services such as regulatory, taxation, IP advisory, among others

- In addition, the companies would get access to MIC's network of mentors, industry specialists, investors, service providers and community.

Access to the investor community

MIC campus would have presence of investors/venture capital funds to help startups with fundraising or guide them with pitching

- MIC could collaborate with and on-board key VC funds in Mumbai to develop a robust investor community in the campus

- In addition, MIC could also aim at launching a funding programme to help startups raise capital such as T-Angel, a funding focused programme launched by T-Hub in partnership with LetsVenture. Under the programme, shortlisted startups would receive guidance through bootcamps and dedicated mentoring to develop a robust investment plan to raise capital.

Digital infrastructure and tools

MIC would aim to collaborate with various technology service providers such as HubSpot, Zoho and cloud service providers etc. to provide digital infrastructure and tools/ applications to the startups

- Partner companies would provide startups with easy to use infrastructure and applications at an affordable/low cost

- These companies could also conduct workshops, webinars and one-to-one meetings with startups to help them to adapt technology faster

- Additionally, MIC could collaborate with Managed Security Service Providers (MSSPs) to outsource the cybersecurity function, focused on offering incident detection, containment and response services. By opting for an MSS solution, MIC would be able to outsource a significant portion of their security costs and complexity of security management to the MSSP in exchange for a monthly subscription fee.

Administrative services

MIC would include experts from various public services to guide the startups with their queries on laws and regulations. Presence of these services on campus would be an added advantage for startups, as sometimes public services are time consuming and difficult to navigate. Here, startups could get:

- a one-to-one guidance from the members on various aspects such as intellectual property, taxes, legal, etc.
- access to workshops with experts on Indian laws and regulations

Tech lab (testing lab)

A tech lab in the MIC campus would facilitate startups to build their ideas into prototypes / products through its digital fabrication and prototyping facilities

- MIC-based startups could get access to the Tech Lab at a discounted price including tools such as 3D Printers, laser cutters, printed circuit board (PCB) printing, CNC machines, Internet of Things (IoT) Kits, embedded computing and network devices, etc.
- In addition, MIC could also support startups with professional training and provision of technology equipment

To cater to this, MIC could partner with necessary hardware and software solution providers for the implementation and support services required to facilitate the operation of devices and equipment in the tech lab.

Collaborative events

An event space at the MIC campus to organise collaborative events – ranging from hackathons to innovation challenges and masterclasses, would be key to develop a startup community. These events would provide additional platforms for entrepreneurs to interact and collaborate with each other, which in turn would enable them to share learnings and build a highly effective network. In addition, the events would provide opportunities to startups to network with corporate organisations and investors, which could further helps entrepreneurs raise funds and grow their business

- MIC, in collaboration with academia, investors, mentors, service providers and the government, would aim to conduct national and international events

In addition to the above-mentioned services, the startups would have access to a robust community and would be surrounded by like-minded entrepreneurs, which would help share knowledge and drive innovation.

> **Co-living can become a great enabler for entrepreneurial ecosystems as it offers a hassle-free life wherein people can focus on their work and leave all worries behind. Not just that, co-living generally is more economical option as well, which is critical for early phases of entrepreneurship   every penny matters.**

Nikhil Sikri
Co-founder and CEO
Zolostays

3.3. Location assessment

Mumbai (including Mumbai City, Mumbai Suburban district and Navi Mumbai), with a total area of 705 square kilometer[38,39,40] is one of the largest and densely populated cities in India. Given a favourable geographic landscape and a huge customer base, coupled with the presence of various corporate houses and financial institutions, the city has witnessed emergence of various popular destinations for startups. However, each location has its positives' as well challenges, spanning around real estate cost, connectivity and availability of talent.

Considering the above pointers, we have shortlisted Mumbai University's Kalina Campus as an ideal location for Mumbai Innovation Central and have tried to compare it with few other locations which are emerging startup hubs in Mumbai.

Figure 3: Comparison of probable locations for MIC[41]

Parameter	Andheri-East	Lower Parel	Mumbai University	Powai
Startup presence	High	High	Low	High
Real estate affordability	Moderate	Low	High	Moderate
Connectivity	High	High	High	Moderate
Availability of talent	Moderate	Moderate	High	High
Presence of startup ecosystem (such as presence of investors, incubators etc.)	High	High	Moderate	High
Proximity to business centers	High	High	High	Moderate
Events and networking opportunities	High	High	Moderate	High

Legend	High	Moderate	Low

Note: The above table has been prepared basis the information availability on the secondary sources and indicates a relative comparison amongst each other

> Mumbai has a rich history of enterprise building and some of India's biggest conglomerates are based here. These Industrialists and businessmen have created huge job opportunities and new markets which made Mumbai the city of dreams. Startups should now take up the mantle and build on this legacy that is Mumbai, cosmopolitan diaspora, huge reservoir of capital and mentorship and an economy at the brink of exponential growth.

Harish Mehta
Founder & Executive Chairman
Onward Technologies Ltd

38. "District at a Glance", Mumbai City, Government of Maharashtra, accessed on 9 January 2020

39. "About district", Mumbai Suburban District, Government of Maharashtra, accessed on 9 January 2020

40. "Navi Mumbai Municipal Corporation", accessed on 9 January 9, 2020

41. "KPMG in India's analysis 2020"

Mumbai University Kalina Campus[42]

What's working well?

- **Availability of talent:** University of Mumbai has a long list of entrepreneurs and leaders among its alumni including the likes of Uday Kotak and Nirmal Jain. The departments of information technology and computer science nurture quality technical talent

- **Proximity to business centers:** The campus is within an hour's drive from major business hubs in Mumbai including the Bandra-Kurla Complex, Andheri East, Powai and Lower Parel

- **Low cost of space:** Availability of space in the university campus which is publicly owned is expected to be at a cheaper price compared to office spaces in Powai, Lower Parel or Andheri

  University of Mumbai has already identified 40,000 square feet of land in the campus for setting up of an incubator, with an additional 10,000 square feet of land at its ready disposal

- **Presence of venture capitalists:** The region surrounding the campus has offices of major venture capital funds such as Milestone Capital Advisors, Nirvana Venture Advisors, Sea Link Capital Partners, Epiphany Ventures, among others.

Bottlenecks

- **Absence of an established startup ecosystem:** The region adjoining the campus has limited startup presence due to high rental expenditures. The average monthly rent for office space ranges between INR150 (Santacruz and Kalina) and INR270 (BKC) per sq. ft.

  The region also lacks the presence of major incubators and accelerators.

Ways to overcome the challenge

- **Establishment of incubators and accelerators:** In January 2019, Mumbai University inaugurated their first incubation center at the Green Technology building within the Kalina campus

  Mumbai University also received a INR50 million grant from the Maharashtra State Innovative Society, which is yet to be sanctioned

- Although the center is not yet operational, they have started receiving applications from interested candidates and organisations

  This indicates that such an initiative could foster the development of a startup ecosystem in the Mumbai University campus.

> There is a need for academic institutions and venture capitalists and accelerators to come together on a common platform to build a conducive ecosystem to accelerate the growth of the startup ecosystem in Mumbai, making it a global hub of innovation

Dr. Suhas Pednekar
Vice Chancellor
University of Mumbai

42. Six months after its inauguration, Mumbai University's incubation center yet to get allotted space", Indian Express, 2 August 2019

3.4. Sources of funding[43,44,45,46,47,48]

Establishing a concrete startup incubation ecosystem, comprising numerous co-working, co-living and other startup enablement services, generally requires a significant amount of funding. Below are some examples of incubation ecosystems which were facilitated through various funding models:

Government funding	Public Private Partnership (PPP)	Private funding

• **Kerala Startup Mission,** set up in 2002, was established and funded entirely by the State Government of Kerala
 	
• **T-Hub** business incubator is funded entirely by the Government of Telangana
 	
  - Phase 1 of the incubator received an investment of INR400 million from the Telangana Government
 	
  - Further, the state government has planned to invest INR3 billion for establishing Phase 2 of the incubator.
	• **Block71,** or more commonly referred to as Blk71, was funded through a PPP model
	
	  - Stakeholders involved in establishing the incubation ecosystem include National University of Singapore Enterprise, Media Authority of Singapore and SingTel Innov8
	
	• **MaRS Discovery District,** which opened its doors in 2005, received an initial funding of INR607.5 million (USD14 million)
	
	  - Funding was received through a combination of sources: private donors, University of Toronto, provincial and the federal government
	
	  - However, majority of the initial investments were made by private donors.
		• **Station F** was funded entirely by Xavier Niel, a businessman in the telecom industry
		
		  - The initial investment outlay to establish Station F was nearly INR18.3 billion (USD285 million)
		
		• **Cambridge Innovation Center (CIC)** was privately funded and established by Tim Rowe and Andrew Olmsted in 1999
		
		  - In March 2018, CIC raised a fresh round of funding of INR3.8 billion (USD58 million) from HB Reavis to expand their network of innovation centers globally.

The key ideology behind the establishment of aforementioned startup incubators was to build a robust startup ecosystem, by bringing different startups, entrepreneurs and industry experts under one roof to nurture varied startup ideas, rather than focus on generating a return on investments.

43. "300 crore for T-Hub phase-2", The Hindu, 09 June 2019

44. "Second phase of T-Hub, India's largest startup incubator to come up in 3 years", Your Story, 02 November 2015

45. "Backgrounder of MaRS", MaRS Discovery District, accessed 16 January 2020

46. "About", MaRS Discovery District, accessed 16 January 2020

47. "We went inside the world's largest start-up campus, located in Paris", CNBC, 10 January 2019

48. "Cambridge Innovation Center raises $58 million to grow its coworking hubs globally", VentureBeat, 14 March 2018

Recommendations

To implement the idea of MIC, the government and the governing body would have to follow a phased approach and keep following prerequisites in mind.

Doing the groundwork	Formulating the ecosystem	Introducing key mentorship programs
• Establishing an advisory board • Developing a proof of concept • Creating an online presence • Setting up a blockchain-based system to manage documents • Generating awareness through marketing.	• Identifying the right team to manage the MIC • Identifying ecosystem partners and service providers • Shortlisting startups.	• Academic programs in Entrepreneurship • Setting up regular startup clinics.

Doing the ground work

- **Establishing an advisory board:**

  The advisory board could comprise members from KPMG in India, TiE and other industry associations. These corporations would be responsible for shaping the vision and mission of MIC, as well as incubating its business plan. The key actions taken by this board would revolve around:

  – Establishing a strategic roadmap

  – Developing the layout of the facility

  – Documenting key programmes and services to be offered to startups

  – Identifying probable partners to provide these services

  – Drafting a financial model for MIC.

  This advisory committee would play a critical role by enabling the MIC to provide strategic business guidance pertaining to – business operations, external operating environment, governance policies and investment plans.

- **Developing a proof of concept:**

  The advisory board would develop an exhaustive course of action which would include the entire blueprint of MIC covering details around co-working and co-living space, services to be offered, ecosystem partners, funding, pricing, amongst others. However, in order to create a comprehensive structure of MIC, the advisory board could:

  – visit various startup spaces around the world to get a view of the requirements

  and prerequisites to be considered while establishing a startup hub

  – interview various startups to understand their pain points and expectations from MIC

  – meet several investors, corporates, incubators, and key stakeholders of the ecosystem to take their opinions and suggestions

  This would help develop a holistic view and differentiate between the 'essential', 'important' and 'good to have' things at MIC.

- **Creating an online presence:**

  An online presence will be created through a website and a smartphone application to present a definitive idea regarding the purpose of MIC. This would assist in positioning the incubation center's brand and establishing credibility, especially while collaborating with investors, industry experts and attracting startups. Key action items to achieve this would include:

  – Designing the website with a focus on ease of navigation and search engine optimisation to enhance visibility and click-through-rate

  – Releasing a smartphone application to enable startups to register for relevant programmes, events and workshops, on the go

  Establishing a robust online presence would ultimately assist in driving collaboration and connecting like-minded entrepreneurs and industry experts within the startup incubation ecosystem.

Doing the ground work (cont.)

- **Setting up a blockchain-based system to manage documents:**

  Startups generally face issues pertaining to adherence to several policies and procedures that need to be maintained while running a business. There are several tools and methodologies available in the market, but lack of awareness and a common knowledge platform leads to startups losing time in conducting research and testing of these tools. As a result, MIC would focus upon the following:

  – Developing a centralised blockchain-based repository comprising tools and services for startups to leverage as a standard operating procedure

  – Using a blockchain ledger would democratize the process of updating and sharing tools, services, accounting standards etc. on the platform, as the technology allows everyone connected to the blockchain network to add, modify and verify the data. The blockchain technology is designed in a way that there is no central authority or data storage location. Each member on the blockchain network would be responsible for some part of the data

  – Partnering with an appropriate vendor to deploy a blockchain-based document management platform, and manage on-going maintenance of the solution

A centralised repository for managing documents would not only assist in streamlined access to relevant resources and tools, but also assist in enhancing data security for the entire incubation facility.

- **Generating awareness through marketing:**

  After establishing a proof of concept, essentially to understand the challenges and needs of startups, MIC could undertake the following action items to execute their marketing strategy:

  – Identifying target 'buyers' and the market in which they operate

  – Devising a market positioning statement

  – Establishing a competitive pricing strategy for programmes and services offered

  – Collaborating with a sponsoring organisation to develop promotional materials, such as brochures, newsletters and press releases.

Although the above efforts are necessary, 'word of mouth' is equally important for entrepreneurs to learn about the incubation hub. Therefore, an incubator manager would be employed to establish formal connections, through the advisory board, as well as by leveraging their business contacts.

Formulating the ecosystem

- **Identifying the right team to manage MIC:**

  While laying the groundwork for MIC, the advisory board, along with the incubator manager, will devise an organisational chart and define the role of each member within MIC. As the number of staff during inception is limited, MIC would focus on aspects pertaining to:

  – Selecting individuals with prior knowledge and experience of the startup ecosystem, with a view of the global startup ecosystem

  – Hiring administrative and operations personnel to ensure that the incubation hub is running smoothly

  – Outsourcing or hiring contract-based staff for certain business functions such as security, maintenance and reception staff

  – Utilising interns from Mumbai University for specific purposes, such as developing financial spreadsheets or marketing of MIC

Therefore, it becomes critical for the incubator manager to structure the roles depending upon the tasks which need to be accomplished within the facility. Further, it assists in formulating the amount of people and the kind of background necessary to accomplish the job within the stipulated budget.

Formulating the ecosystem (cont.)

- **Identifying ecosystem partners and service providers:**

  Establishing a robust partner ecosystem is another critical aspect which MIC would focus upon, in order to provide the startups with the credibility and visibility of being a part of MIC. Following are the key action items which MIC would plan to undertake in this regard:

  – Defining partnership models, such as allowing partners/service providers to organise workshops within the incubation hub or allowing them to offer products/services to startups

  – Developing a value proposition for partners/ service providers, such as providing them a platform to showcase their products and enhance credibility in the innovation ecosystem

  This would not only assist startups in leveraging the vast experience of established corporates to develop their business but would also provide these corporations access to a community of startups for partnership and development of new products/services.

- **Shortlisting startups:**

  MIC would implement a process to select startups that apply to the incubation hub. Startups would be offered different programmes and services on the basis of a screening process to identify potential businesses which could become the next unicorn. Some of the key aspects of the screening process would include:

  – MIC would not be selecting the startups solely on the basis of business performance, but numerous other factors related to values, and business that would assist in solving real-world problems rather than emulating a solution that already exists

  – Identifying and selecting startups or entrepreneurs from diverse backgrounds that employ a team which has diverse profiles, cultures and values

  – MIC would not be focused on startups that develop solutions related to only a certain type of technology, rather it would consider businesses with varied solutions and operating across different industries

  Nurturing a community of entrepreneurs from diverse backgrounds would assist in driving better conversations, thereby fueling innovation. Presence of startups and entrepreneurs from varied backgrounds would further drive participation from corporates and investors across industry domains.

Introducing key mentorship programmes

- **Academic programmes in entrepreneurship:**

  There has been a big boom of startups in the last decade, and the near future would witness these startups entering in to the maturity stage. However, one of the biggest roadblocks for startups during the start on the entrepreneurial journey is the fear of failure. This fear is still preventing some of them from becoming entrepreneurs with the added of fear of society. To overcome this challenge, the MIC could have a programme launched - 'Bachelors/Masters in Entrepreneurship'

  – A two-year post-graduation programme for budding entrepreneurs which would have a curriculum curated by the startups and for the startups

  – It would act as a platform for the students to pilot their startup idea and during this journey they will also be coached and mentored by successful entrepreneurs.

  – Entrepreneurs who could not succeed on their startup journey in these two years, would be able to graduate out of the MIC with a degree which could help them with employment otherwise.

  A robust mentorship programme driven by industry stalwarts coupled with a safety net provided in terms of an added educational qualification, would give the confidence to many individuals to take the route of entrepreneurship.

Introducing key mentorship programmes (cont.)

- **Setting up regular Startup Clinics:**

  The incubation center would be conducting regular "Startup Clinics" by partnering with various industry associations and corporates. The sole aim of these clinics would be to provide guidance and mentorship to startups to help them scale and expand their business

  - Startup Clinics would assist in counseling startups in specific aspects of their business, such as operations, finance, technology, policies, regulations or legal facets, which growth stage startups need to consider while expanding horizontally or vertically within their business domain

  - Further, Startup Clinics could also assist in directing entrepreneurs with issues apart from scaling and expanding, and ones which are more specific to the business model of their startups, such as viability of the revenue model or customer acquisition cost as compared to the lifetime value of the customer.

  This would create a collaborative environment within the incubation ecosystem, providing numerous opportunities to startups to network with industry bodies and corporates. Moreover, Startup Clinics could provide a forum for entrepreneurs to validate their business model and take appropriate actions to successfully grow their business.

> "The concept of Masters in Entrepreneurship will enable more youngsters to follow the entrepreneurial path and incorporating a block-chain ledger will democratize several accepted frameworks, which in effect will greatly reduce the Go to Market time for startups. These recommendations as part of the Mumbai Innovation Central will help boost the startup community in Mumbai."

Sandeep Singhal
Co-founder
Nexus Venture Partners

Notes:

Acknowledgements

KPMG *josh* IT SHOWS

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