

# Landscape Study of Accelerators and Incubators in India

DECEMBER 2017

# About the Partners

## **ANDE**

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, we believe that SGBs can help lift countries out of poverty. ANDE is a program of the Aspen Institute, a nonpartisan forum for values-based leadership and the exchange of ideas.

## **AUTODESK**

Autodesk, Inc., is a leader in 3D design, engineering, and entertainment software. Autodesk helps people imagine, design, and create a better world. Everyone—from design professionals, engineers and architects to digital artists, students and hobbyists—uses Autodesk software to unlock their creativity and solve important challenges. Autodesk is committed to helping early-stage hardware start-ups and entrepreneurs in the social, cleantech, and environmental sectors. Autodesk Sustainability and Foundation supports these social entrepreneurs to get to market faster through its technology impact initiatives. Today more than 115 million designers, engineers, architects, creative artists, students and hobbyists use Autodesk software and apps to unlock their creativity, build better products and solve important challenges impacting the world. For more information visit [autodesk.com](https://www.autodesk.com).

## **RESEARCH TEAM**

Devyani Singh, Abigayle Davidson, Genevieve Edens  
(Aspen Network of Development Entrepreneurs)

## **ACKNOWLEDGEMENTS**

This report would not have been possible without the participation of dozens of organizations that responded to the survey and shared their data and program details with us. We are grateful to Preeth Gowdar (Enclude) and Priya Balijepalli (Autodesk Sustainability and Foundation) for reviewing early findings from the survey and sharing their valuable insights. Finally, we thank Jui Gangan, BIRAC (Biotechnology Industry Research Assistance Council), and Capria Ventures LLC for supporting the research by facilitating outreach with several accelerators and incubators working in India.

# Contents

<b>Background</b>	1
<b>Data Highlights</b>	2
<b>Key Findings</b>	3
1. Type of Accelerator/Incubator	3
2. Year of Establishment	4
3. Geography	4
4. Goals and Objectives	6
5. Program Duration and Structure	7
6. Venture Stage and Sector of Focus	8
7. Type of Support Provided	10
8. Funding Sources	11
9. Energy and Environment	12
<b>Next Steps and Future Research</b>	13

# Background

Over the past several years, the number of accelerators and incubators in India has been growing at a rapid pace. As the government of India has ramped up its support for entrepreneur incubation in the country (through initiatives such as Start Up India, the Start-Up Assistance Scheme, and the support for incubation centres by NITI Aayog), accelerators and incubators have garnered greater attention. These programs that help early stage businesses grow and attract investment are considered a key part of the ecosystem that supports entrepreneurs.

The landscape of entrepreneurial support in India is quickly evolving. This report seeks to add clarity to the profile of accelerators and incubators in India – their structure, objectives, goals, funding, and the financial and non-financial support that they offer.

This research was conducted by the ANDE India Chapter with the support of Autodesk Sustainability and Foundation and in partnership with the Global Accelerator Learning Initiative (GALI).

## ABOUT THE DATA

GALI's Global Accelerator Survey identifies accelerators around the world and surveys these organizations to provide insight into the characteristics of accelerators in various geographies and contexts. In early 2017 the ANDE India Chapter identified 259 accelerators and incubators working in India, and, in collaboration with the GALI team, surveyed this group with a version of the Global Accelerator Survey that was adapted to the Indian context. Sixty accelerators and incubators responded to this survey with information about their programs in India.

In India, the terms 'incubator' and 'accelerator' are often used interchangeably and thus, this report does not attempt to differentiate between these two groups, instead focusing on the overall landscape of these organizations in the region.

## ABOUT THE GLOBAL ACCELERATOR LEARNING INITIATIVE

Since 2011, hundreds of accelerators have launched around the world far beyond Silicon Valley in places like Nairobi, Mexico City, and Mumbai. Investors, development agencies, and governments are excited by their potential to drive growth, spur innovation, solve social problems, and increase employment opportunities in emerging markets.

Despite this interest, rigorous research on the effectiveness of acceleration methods has not kept pace. We currently know little about their effectiveness or how differences across programs and models influence entrepreneur performance.

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

# Data Highlights



## Sample Characteristics

- University accelerators and incubators made up the largest portion of the respondents, at nearly one-third.
- Over half were structured as non-profits, followed by 32 percent for-profits, and 10 percent hybrids.
- Two-thirds ran their first acceleration or incubation program after 2013.
- Nearly 70 percent were headquartered in Tier-1 cities, with a visible yet nascent traction in Tier-2 and Tier-3 cities.



## Sector Focus and Impact Objectives

- The top sectors of focus were agriculture & food, healthcare/life sciences, and energy.
- Three-quarters of the respondents reported to work specifically with ventures that have a social or environmental impact objective.
- Over half of the respondents indicated a focus on energy or environment.
- Sustainable energy, access to energy, and energy and fuel efficiency emerged as the top impact objectives.



## Program Structure

- Over 60 percent of the respondents ran in-person programs, and the most common program duration was 3 to 6 months.
- With a median size of 9 and an 11 percent acceptance rate, cohorts were small, programs were selective, and early-stage ventures were mostly likely to receive support.
- One-third provided direct funding and equity was the most popular investment instrument.
- Mentoring and networking connections were the top services offered.



## Funding Sources

- At 43 percent, philanthropic grants were the most common funding source for programs, followed by government support.
- One-third of the government-supported respondents received funds from the Department of Science and Technology.

# Key Findings

## 1

### TYPE OF ACCELERATOR/INCUBATOR

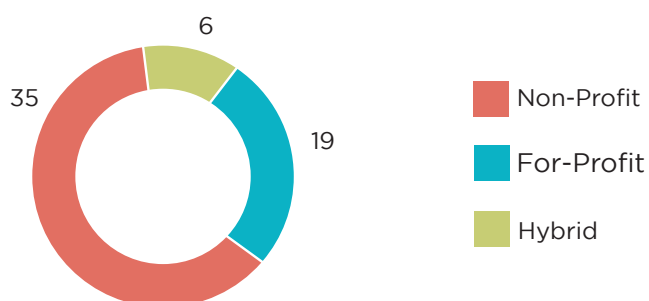
**University programs are the most prominent, and most accelerators/incubators are non-profits.**

Respondents could identify themselves as one of four types of accelerators/incubators – Corporate, Government, University, and Independent/Others. Nearly one-third identified as university programs, highlighting the important role played by universities in supporting entrepreneurs.

Type of Program	Number of Respondents
University	19
Independent/Other	13
Government	9
Corporate	6
Did not indicate	13
<b>Total</b>	<b>60</b>

Thirty-five respondents (58%) were structured as non-profits and nineteen (32%) were for-profits. Most of the non-profit respondents (29 of 35) received funding from the government or philanthropic organizations, while most for-profit respondents (16 of 19) received support from corporations, investors, or through fee-based services.

#### Legal Status



*The hybrid business model consists of a non-profit organization with a profit-earning arm.*

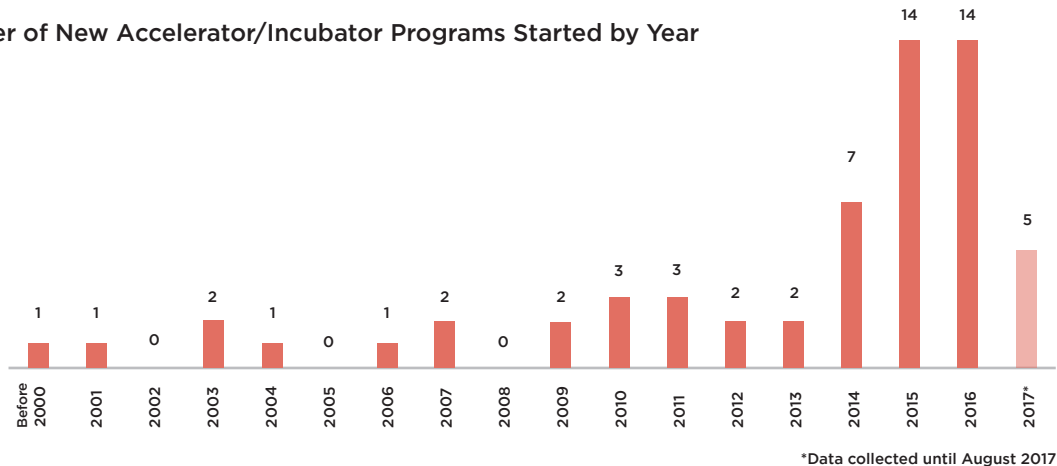
## 2

## YEAR OF ESTABLISHMENT

The number of accelerator/incubator programs increased after 2013.

Two-thirds of the respondents (40 of 60) ran their first acceleration or incubation program after 2013. The uptick in new programs could be attributed to the Indian government's recent initiatives focused on building an ecosystem that promotes entrepreneurship.<sup>1</sup>

## Number of New Accelerator/Incubator Programs Started by Year



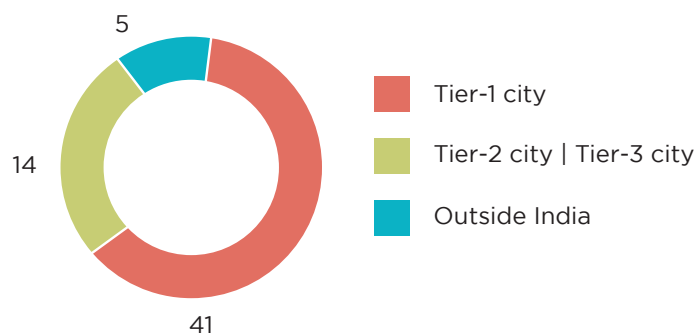
## 3

## GEOGRAPHY

More than two-thirds of the accelerators/incubators are headquartered in Tier-1 cities.

Two-thirds of the respondents (41 of 60) are headquartered in one of the eight Tier-1 cities<sup>2</sup>, with the majority in Bangalore, New Delhi, and Mumbai. Less than a quarter run programs in Tier-2 and Tier-3 cities<sup>3</sup>, indicating a visible yet nascent traction outside Tier-1 cities.

## Distribution by Geography



<sup>1</sup> "Micro Small and Medium Enterprises (MSME) Sector", Page 10, 2014-15 Government of India budget highlights: <http://pib.nic.in/archieve/others/2014/jul/gbEngHighlight.pdf>.

<sup>2</sup> As per the classification of cities used by the Government of India, the eight Tier-1 classified cities are Ahmedabad, Bangalore, Chennai, New Delhi, Hyderabad, Kolkata, Mumbai, and Pune.

<sup>3</sup> The Tier-2 and Tier-3 cities reported in the survey were Deoria, Faridabad, Gandhinagar, Gurgaon, Jaipur, Mysore, Nagpur, Noida, Patna, Pune, Ranchi, Roorkee, Sonapat, Tiruchirappalli, Trivandrum, Udaipur, Varanasi, and Verna.





## 4

**GOALS AND OBJECTIVES**

**Most accelerator/incubator programs support ventures that aim to create a social or environmental impact, and ‘helping ventures gain market traction’ is a top goal.**

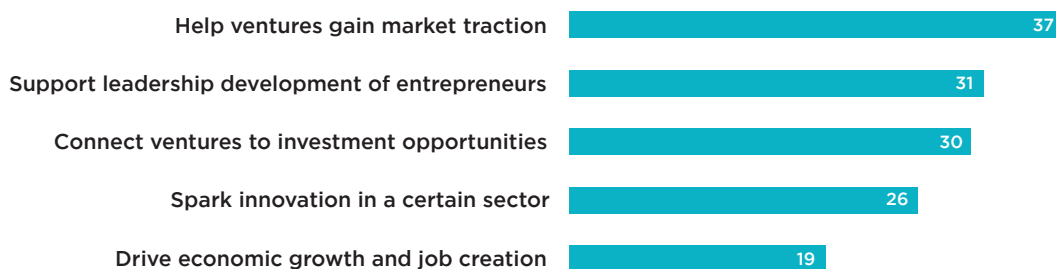
Forty-five respondents (75%) reported that they worked specifically with ventures that have a social or environmental impact objective.

Sustainable energy, access to energy, and energy and fuel efficiency were the top impact objectives, followed by agricultural productivity, health improvement, and employment generation.

Impact Objective	Number of Respondents
Sustainable energy	30
Access to energy	29
Energy and fuel efficiency	27
Agricultural productivity	26
Health improvement	26
Employment generation	24
Pollution prevention & waste management	23
Access to clean water and sanitation	23
Access to education	21
Water resources management	18
Income/productivity growth	16
Capacity building	15
Access to financial services	16
Natural resources conservation	14
Community development	13
Access to information	13
Sustainable land use	11
Disease-specific prevention and mitigation	12
Equality and empowerment	11
Food security	10
Affordable housing	9
Biodiversity conservation	7
Human rights protection or expansion	5
Conflict resolution	4
Generating funds for charitable giving	3
N/A (no specific focus)	1

When asked to rate the goals of their accelerator/incubator programs, over 60 percent of the respondents rated “helping ventures gain market traction” as a top priority, while “driving economic growth and job creation” was prioritized by less than 35 percent.<sup>4</sup>

**Top Priorities of Programs**



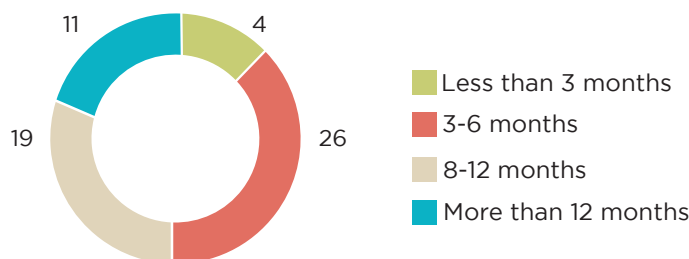
# 5

## PROGRAM DURATION AND STRUCTURE

Programs typically last between 3 and 12 months and are conducted in-person.

Most respondents (82%) reported a typical program duration of less than 12 months, with the most common being 3 to 6 months.

**Program Duration**

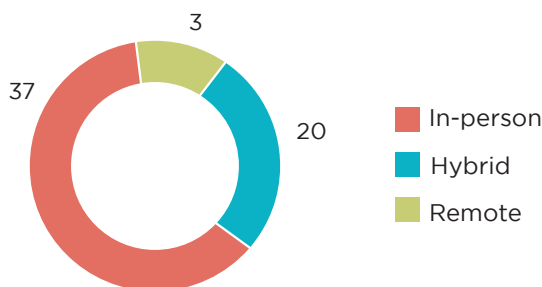


Respondents selected one of the following structures to describe their program engagement:

- In-person (e.g. entrepreneurs meet in person with fellow entrepreneurs and program facilitators)
- Remote (e.g. your activities take place in a virtual/web-based space)
- Hybrid

Thirty-seven respondents (62%) conducted in-person programs and twenty (33%) used a hybrid program structure.

**Structure Of Program Engagement**



<sup>4</sup> Respondents were asked to rate each goal on a scale from 1 to 10. The bar chart displays the percent of respondents that rated each goal above the average of their ratings of all the listed goals.

## 6

## VENTURE STAGE AND SECTOR OF FOCUS

**Cohorts are small, programs are selective, and early-stage ventures are most likely to receive support. Agriculture & food, healthcare/life sciences, and energy are the top sectors of focus.**

**Size of programs:** The median cohort size of the programs was 9 ventures in 2016.

**Program selectiveness:** On average, 11 percent of the ventures that applied for acceleration/incubation support were accepted in 2016.

Respondents were asked about the stage of ventures that they support based on four classifications<sup>5</sup>, namely:

1. Idea-stage (entrepreneurs have little more than an unproven idea, so the focus is on testing the idea and identifying a product-market fit)
2. Start-up (company is in the process of being set up)
3. Early-stage (may have initial market traction but require further funding and will likely not yet be generating profits)
4. Growth stage (demonstrate viability, growth, and potential profitability)

Eighty-three percent of the respondents supported early-stage ventures, followed by start-ups at 65 percent. University and government respondents supported ventures across the spectrum while corporate and independent respondents focused more specifically on early-stage and growth-stage ventures.

### Stage of Venture Supported



<sup>5</sup> The venture stages (idea-stage, start-up, early-stage, and growth stage) and their descriptions were developed based on prior ANDE research and Nesta's study "Business Incubators and Accelerators: The National Picture," April 2017.

Thirty-four respondents (47%) ran programs with a specific sector focus. Agriculture & food, healthcare/life sciences, energy, and water & sanitation were the top sectors.

### Sectors of Focus

	Agriculture & Food	19		Consumer/Retail	4
	Healthcare/Life Sciences	19		Hospitality/Travel/Tourism	3
	Energy	14		Logistics & Distribution	3
	Water & Sanitation	13		Media & Entertainment	2
	Environment	11		Business Services	2
	Information and Communication Technology	11		Real Estate	1
	Financial Services	9		Other	3
	Education	8			

*'Other' sectors include AIML (Artificial Intelligence Markup Language), electronic system design manufacturing, and handicrafts.*



### Focus on Biotech

Biotech in India has attracted a significant amount of attention over the past few years. A third of the respondents indicated biotechnology as a vertical of focus, which includes biopharma, stem cells, bioinformatics, med-tech, agribiotech, and industrial biotech/biofuel.<sup>6</sup> Of the 20 respondents with a focus on biotechnology, nine were university accelerators/incubators, and five were government accelerators/incubators. Fourteen received financial support from the government, which covered 70 percent (median contribution) of their operating expenses.

<sup>6</sup> The definition of biotechnology-focused ventures has been contributed by the Biotechnology Industry Research Assistance Council (BIRAC), a not-for-profit Section 8, Schedule B, Public Sector Enterprise, set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product development needs.

## 7

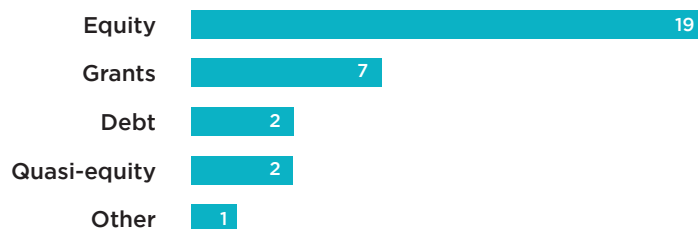
## TYPE OF SUPPORT PROVIDED

**Equity is the most common investment instrument, and mentoring and networking connections are the top services offered.**

Fifty percent of the respondents reported that they directly funded ventures in addition to other services. Of the twenty-three that provided details about their 2016 investments, nearly all took an equity stake, one-third provided grants, and less than five provided debt or quasi-equity.

The nineteen respondents that reported their investment amounts had invested a total of over \$4 million in 124 ventures in 2016, with a median of \$110,000 per respondent. The median number of ventures supported in 2016 was five.

### Forms of Investment Offered to Ventures



*'Other' forms of investment include sponsorship.*

Nearly all the respondents provided mentoring and networking connections to ventures. University and government programs typically provided nearly all the listed services, while corporate and independent programs more commonly reported networking, mentoring, and investor connections. Training, laboratory space, and office/work space were more common among university programs.

Non-Financial Services	Number of Respondents
Mentoring	58
Networking connections	56
Funding advice	55
Access to investors	51
Seminars/workshops	47
Training	45
Office/work space	41
Legal/accountancy support	40
Laboratory space	23
Other	15

*'Other' support types include access to clients, market, resources, and business support providers; in-field support and validation; co-creation, building technology block for ventures, and design and technology support; consulting and due diligence services; HR and anchor company support, creation of manuals, and accredited testing and manufacturing facilities.*



### Access to Investors

Of the fifty-one respondents that provided ventures with access to investors, forty-eight (92%) facilitated connections with potential investors through one-on-one matchmaking, and thirty-five (67%) through investor events like demo days.

## 8

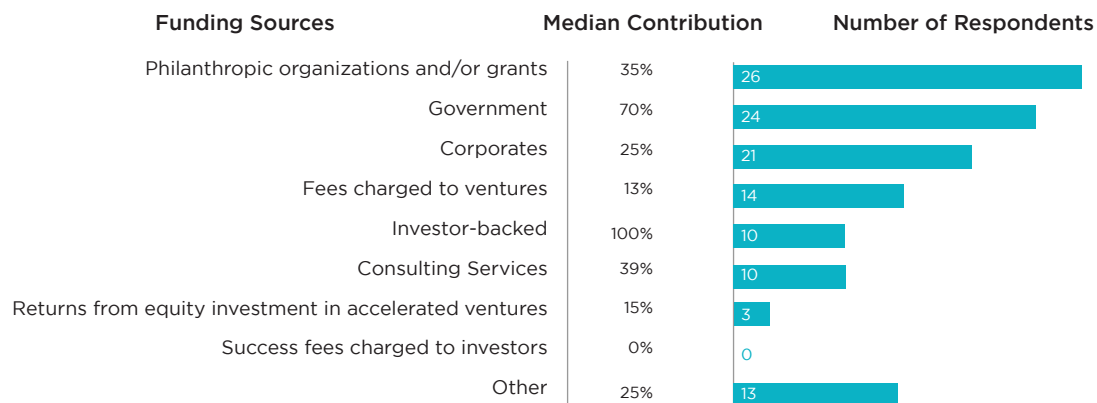
## FUNDING SOURCES

**Philanthropy is the most common funding source, followed by the government.**

**Funding sources:** Of the fifty-seven respondents that shared information about their funding sources, forty-six percent received funding from philanthropic organizations and/or grants, followed by forty-two percent from the government, and thirty-seven percent from corporates. Less than a quarter of the respondents were investor-backed, very few generated revenues from equity returns, and none relied on success fees charged to investors.

**Degree of funding coverage:** Respondents shared the proportions of their budgets that came from each funding source. Respondents that were investor-backed or government supported received a large portion of their budgets from those sources, while those that received philanthropic grants or corporate funding relied on these sources for a smaller portion of their overall funding.

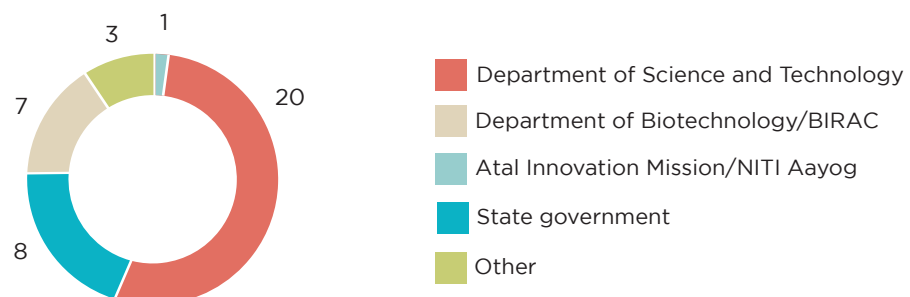
**Diversity of funding sources:** Roughly forty percent of the respondents relied entirely on a single type of funding, which ranged from philanthropic grants to government or corporate support.



*'Other' sources include self-funding, internal cross-subsidising, university support, training programs, and individual donors.*

The majority of government-supported accelerator/incubator programs received funds from the Department of Science and Technology, followed by approximately one-third from state governments, and one-third from the Department of Biotechnology and Biotechnology Industry Research Assistance Council (BIRAC).

### Breakdown of Government-Funded Programs



*'Other' sources of government programs include the Ministry of Electronics & Information Technology (MEITY) and the University Grants Commission (UGC).*

## 8

**ENERGY AND ENVIRONMENT**

**Energy and the environment are key areas of interest.**

Thirty-five respondents (58%) reported having a focus on energy or the environment; the focus being most common among university and government programs.

A respondent was categorised as being environment or energy-focused if:

1. Environment or Energy was selected as a sector of focus; or,
2. Access to energy, biodiversity conservation, energy and fuel efficiency, pollution prevention & waste management, or sustainable energy was selected as a top impact objective.

Energy and environment-focused respondents primarily reported government, philanthropic, or corporate support, with fewer being investor-backed or reporting other sustainable sources of funding.

**Funding Sources for Environment or Energy-Focused Respondents**

Sources of Funding	Number of Respondents
Government	17
Philanthropic organizations and/or grants	17
Corporates	16
Consulting services	8
Fees charged to ventures	8
Investor-backed	6
Returns from equity investment in accelerated ventures	2
Success fees charged to investors	0
Other	9

*Sample size: 35*

# Next Steps and Future Research

The objective of this report is to understand the landscape of accelerators and incubators in India and pave the way towards a more in-depth understanding of the field. We encourage accelerators and other entrepreneur support organizations in the sector to work with us to continue to add clarity to this emerging landscape. Specifically, this study reveals the following areas for further investigation:



## Track the growing landscape

The accelerator and incubator landscape is rapidly evolving in India. Two-thirds of the organizations that we surveyed had programs that began less than four years ago. This spike in number appears to be more dramatic in India than the global trend, where there has been a steady increase in the number of accelerators since 2011.<sup>7</sup> With limited research conducted so far, we need to continue tracking the development of accelerators and incubators as the sector matures in India.



## Understand business models

Nearly all the respondents' revenue came from philanthropy, government, or corporate support. The model established in Silicon Valley, where the accelerator is structured as a seed fund, is more challenging to replicate in emerging markets where capital is scarcer and exits are fewer. Leveraging corporate support is one opportunity for funding in this environment. With corporate social responsibility undergoing rapid evolution in India as corporations are increasingly expected to be socially and environmentally accountable, incubators and accelerators are primed to take a more strategic approach to leveraging corporate partners.<sup>8</sup>



## Assess accelerator/incubator impact

A majority of the respondents' business models do not rely on equity returns. Given that future financial returns will not serve as the measure of success, accelerators and incubators with philanthropic, government, and corporate funding have a stronger burden of proof to show that they are making an impact. To tackle this, the rigorous data collection and analysis managed by the Entrepreneurship Database Program at Emory University aims to help individual organizations assess their impact and build evidence for the field about what works in acceleration. With a critical mass of participation from Indian accelerators and incubators, we will be able to address more specific questions about early stage entrepreneurship and acceleration in India going forward.

<sup>7</sup> Global Accelerator Survey results available at [www.galidata.org/accelerators](http://www.galidata.org/accelerators).

<sup>8</sup> An amendment made in the Companies Act allows corporate social responsibility (CSR) contributions to incubators and accelerators that are providing support to for-profit ventures working with social objectives.



## INVITATION TO JOIN GALI

We invite interested accelerators to join the Entrepreneurship Database Program to begin developing a more comprehensive understanding of acceleration practices and impact.

Through participation, our accelerator partners gain:

- Deeper insights from reports about applicant pools, selection biases and impacts on revenue, employment and investment growth based on all entrepreneurs who apply to your program. These reports are valuable for programs that want to demonstrate impacts to program funders and supporters; and
- Visibility from the broader GALI network, which provides benefits for those looking to develop more visible platforms for participating entrepreneurs.

We invite you to indicate your interest by answering a few questions at: [www.galidata.org/contribute](http://www.galidata.org/contribute).



For more information, contact:

**Devyani Singh**

[devyani.singh@aspeninstitute.org](mailto:devyani.singh@aspeninstitute.org)

Aspen Network of Development Entrepreneurs



THE ASPEN) INSTITUTE