

Chapter 16

Supply Chain Startups in India: A Cross Case Comparative Analysis

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ABSTRACT

Supply chain management (SCM) has become a critical business function. SCM has become such a specialized function that dedicated firms on SCM has emerged. Startups in SCM domain target to reduce the inefficiencies through technological interventions and innovative business models. This chapter focuses on 10 Indian supply chain startups. These startups were analyzed based on supply chain drivers, supply chain operation reference model (SCOR), and using business model canvas (BMC). The case data was collected through secondary sources and analyzed through the cross-case analysis. It was found that the SCM startups were focusing more on transportation driver. SCOR model analysis demonstrated that the SCM startups assisted in operational area of the SCM where they carried out operational activities and decision making. BMC analysis revealed that startups were asset light and resources held by these startups were the financial funding which the firm secured through venture capitalists and software development teams.

INTRODUCTION

Startup has become a buzz word globally. The dictionary meaning of the word “Startup” indicated a flourishing business enterprise (Merriam Webster, 2017). According to Government of India (GOI), an entity was defined as a startup when it has been established for not more than seven years since the date of incorporation. Additionally, the turnover shouldn’t have increased beyond INR 25 crores in these 7 years. Last but not the least criteria were that it should be working with innovation, development, deployment and commercialization of new processes or new products driven by intellectual property and technology (Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, 2017). Startup has also been defined as a company which is in initial stages of foundations and is often backed

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by funding from the founders as they fund the venture to gain market share of products or services for which they believed that there exists a demand. (Macaulay, 2017). The short-term financing generally came from the founders and the long-term financing came from the Venture Capitalists (VC). VCs are lured by venture potentiality of the company (Investopedia,2018). Another way of looking at a startup was as an entrepreneurial venture which has been fast emerging and aimed to meet the demand through innovative business model. (Rao, 2017) Startups have the capability and the business model to scale up the business footprints.

Startups in India

It has been reported that the decade of 2010s in India has been best suited for the growth of startups as India has been judged as the fastest growing economy by Central Statistics Organization (CSO) and International Monetary fund (IMF) (Indian Brand Equity Foundation, 2018). The current Indian growth rate in Gross Domestic Product (GDP) has been around 7% (Economic survey, 2016-17). India has been the third largest startup base in the world. It 2016 India had around 4,750 technology startups and about 1,400 new start-ups being founded in 2016 (Momentous rise of Indian Startup Ecosystem, NASSCOM, 2015). It has been reported that the GOI schemes were supporting the environment for the growth of the startups (Agarwal, 2017). Recently, the GOI had initiated a campaign of “Startup India” which aimed at building a strong ecosystem for nurturing entrepreneurial growth in India (Economic Survey, Ministry of Finance, Government of India, 2016-17). One can also note that for India, Moody’s rating for ease of doing business had improved (Press Information Bureau, Government of India, Ministry of Finance, 2017) and the improvement was the result of government initiatives which had made entry and exit from business easy for the companies (Workloft, 2017). Startups have been driven by innovation and this emphasized the need for protection on intellectual property rights. GOI for the first time adopted a comprehensive National Intellectual Property Rights (NIPR) policy to lay future roadmap for intellectual property (Economic Survey, Ministry of Finance, Government of India, 2016-17). Thus, the importance of startups in India has become significant in present day scenario.

Significance of Supply Chain Startups

Supply Chain Management (SCM) has been defined as the material and informational interchanges in logistical process, stretching from acquisition of raw materials to delivery of finished products to end users (vendors, service providers, and customers) as links in the supply chain (Council of SCM, CSCMP Glossary,2013). Another widely accepted definition was that SCM is the design and coordination of a network through which organizations and individuals get, use, deliver, and dispose of material goods; acquire and distribute services; and make their offerings available to markets, customers, and clients (LeMay et al.,2017). Thus, one can comprehend that coordination in supply chain was necessary for a responsive as well as an efficient strategy. (Singh, 2011)

The term supply chain restructuring has been used in terms of streamlining operations, elimination of redundancies for cost savings and becoming responsive to customer demands. The supply chain restructuring has its core in manpower, technological interventions and flow of information. Thus, these are the areas in which startups helps firms in achieving cost effective and efficient supply chain.

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