

Startup Ecosystems across Sectors: Lessons from Urban Company

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Abstract - This research paper summarizes startup culture in India along with analysis of one of the most famous and successful service based startup that is Urban Company previously known as 'Urban cap' where evaluation on their revenue and profit/loss is taken in consideration. The other analysis is on sector-wise number of startup coming in India. This paper will help to find the successful rate of startups in India along with an example of service based sector startup.

1. Introduction:

The emerging start-up biological system in India has risen to be a dynamic factor changing the financial scene of the nation. Driven by an explosively tech oriented population, strong web influence, and steady government arrangements, Indian new businesses are thriving over diverse segments such as innovation, e-commerce, fintech, healthcare, Edtech, and Agritech. Metro Cities like Bengaluru, Delhi NCR, Mumbai and Hyderabad have gotten to be major startup centers, drawing in considerable conjecture from both residential and universal speculators. Activities like Startup India, Computerized India, and Make in India have advance fueled entrepreneurial desires by giving monetary help, mentorship, and streamlined administrative systems. In spite of challenges such as administrative complexities and furious showcase competition, Indian new companies proceed to improve and scale quickly, situating the nation as a worldwide hotspot for entrepreneurial movement and mechanical progression.

Basic terms related to start ups:

1. Set up costs refer to all expenses associated with beginning a new operation or manufacturing run.
2. Fixed costs are the out-of-pocket charges related to the production's fixed variables. (Includes machinery)
3. Variable costs refer to expenses for variable production elements such as labor and raw materials.
4. Bootstrapping refers to self-funded startups.
5. Net revenue is the entire amount of sales the business makes after deducting specific costs.
6. Gross profit is the amount of money a company makes after deducting all manufacturing-related expenses.
7. Operating profits: earnings from the business's primary activities.
8. Net profit is the amount of money a corporation has left over after.

2. Sector Wise Start-ups in India:

1. Product Based Start-ups:

Product-based startups in India have made great strides with their focus on innovation, quality and meeting specific consumer needs.

These startups cover a variety of sectors including technology, consumer goods, healthcare, etc., contributing to the country's growing reputation as a hub of entrepreneurship and innovation.

Below are some notable sectors and examples of product-based startups in India:

Key Sectors for Product-Based Startups

- a. Technology and Electronics
 - boAt: Specializes in audio products such as headphones, earbuds, speakers, etc. Known for their elegant design and durability.
 - Noise: Offers a range of smart wearables such as smartwatches and wireless earphones
- b. Consumer Goods
 - Mamaearth: Offers natural and toxin-free personal care products for babies, mothers, and individuals.
 - Wow Skin Science: Offers a wide range of health and beauty products made from natural ingredients.
- c. Healthcare & Biotechnology
 - Biocon: Focused on biopharmaceuticals including insulin and other biosimilars.

- Curefit: Offers fitness and wellness products such as nutritional supplements and health equipment.
- d. E-commerce & Retail
 - Myntra: An online fashion retailer offering a wide range of clothing, shoes and accessories.
 - Lenskart: A leading eyewear brand offering a range of glasses, sunglasses and contact lenses.
- e. Agritech
 - Ninjacart: Connects farmers directly with businesses through a technology-enabled fresh produce supply chain.
 - DeHaat: Provides comprehensive agricultural services including inputs, advisory and market linkages.
- f. Appliances & Furniture
 - Wakefit: Manufacturer of mattresses and sleep related products with a focus on quality and affordability.
 - Pepperfry: Online furniture and home decor store with a wide range of products.

2. Service Based Start-ups:

Service-type startups in India have picked up noteworthy footing over different spaces, catering to the developing request for helpful and proficient administrations. These new businesses use innovation to supply inventive arrangements, upgrading client encounter and operational effectiveness. Here are a few noticeable service-type startup divisions in India:

Key Segments of Service-Type startups:

- a. Food Delivery:
 - Zomato: A stage for nourishment conveyance, eatery disclosure, and audits.
 - Swiggy: Another major player advertising nourishment conveyance administrations over various cities.
- b. Ride-Hailing and Transportation
 - Ola: Gives ride-hailing administrations, counting cars, bicycles, and auto-rickshaws.
 - Rapido: Centers on bike-taxi administrations, catering to fast and reasonable transportation needs.
- c. Healthcare Administrations
 - Practo: Offers online meetings, arrangement bookings, and wellbeing records administration.
 - PharmEasy: Encourages online pharmaceutical conveyance and demonstrative administrations.
- d. Domestic Services
 - Urban Company: Interfaces clients with benefit experts for domestic cleaning, excellence administrations, repairs, and more.
 - Housejoy: Gives a run of domestic administrations, counting upkeep, excellence, and wellness.
- e. Edtech Services
 - BYJU'S: A web learning stage advertising instructive substance and coaching.
 - Unacademy: Gives a wide cluster of online courses and live classes.
- f. Logistics:
 - Dunzo: A hyperlocal conveyance benefit for goods, solutions, and other fundamentals.
 - Delhivery: Specializes in coordinations and supply chain arrangements for e-commerce.
- g. Travel and Hospitality:
 - OYO Rooms: A neighborliness chain advertising budget housing.
 - MakeMyTrip: Gives travel booking administrations, counting flights, inns, and occasion bundles.
- h. Financial Services:
 - Paytm: A computerized installments stage advertising administrations like portable revives, charge installments, and monetary items.
 - Razorpay: Centers on installment door arrangements and budgetary administration devices for businesses.

3. Challenges & Opportunities Challenges:

1. Market Competition
2. Supply Chain Management
3. Compliance with Legal Regulations
4. Innovation

5. Quality Focus
6. Market Expansion
7. Support and Resources Government Initiatives
8. Incubators and Accelerators
9. Funding

4,444 Indian product-based startups are redefining various industries through innovation and a customer-centric approach, contributing to the country's economic growth and technological advancement.

4. How to find Startups are successful?

A startup's chances of success are influenced by a number of important variables that taken together offer a complete picture of the startup's capabilities and performance.

a. **Financial Factors:**

Financial performance, which includes steady revenue growth and profitability, is one of the main measures of success. Businesses that exhibit rising yearly and quarterly revenues are probably becoming more popular in their respective marketplaces. Though not all firms reach this milestone fast, achieving profitability—where revenues surpass expenses—signifies a viable company model. The startup's ability to attract significant money from venture capitalists and other investors is indicative of their trust in its business plan and potential for expansion.

b. **Metrics for Customers and Market Presence :**

Market presence is still another important component. Market share, which shows the startup's competitive position within its industry, can be used to measure this. Retention and acquisition rates that are high are other important markers. High retention rates and a growing customer base indicate that the firm is keeping its existing clientele loyal in addition to drawing in new ones. Long-term profitability depends on satisfied customers, who are frequently represented in favorable evaluations and recurring business.

c. **Creativity and Expandability:**

Promising enterprises frequently take the lead in innovation, consistently enhancing and broadening their range of goods and services. This can include novel company ideas, cutting-edge marketing techniques, or technical breakthroughs. Another indicator of success is the capacity to scale activities effectively. Scalability is the ability of a startup to expand without incurring a corresponding rise in costs, a sign of operational effectiveness and substantial growth potential.

d. **Powerful vision and leadership:**

Ultimately, strong vision and leadership are essential. Startups that have inspirational executives who can guide the business through difficult times have a higher chance of success. Making strategic decisions, managing them well, and being able to adjust to shifting market conditions are all necessary for this.

5. Urban Company as a Start-up:

Urban Company, formerly known as UrbanClap, stands as a leading force in the Indian services startup scene, revolutionizing urban services through the power of technology and innovation.

Let's delve deeper into Urban Company:

1. Overview:

- Established: 2014 Founders: Abhiraj Bhal, Varun Khaitan, Raghav Chandra

- Location: Gurgaon, Haryana, India

- Sector: On-demand Services Business Model Urban Company operates as an online marketplace, connecting customers with a broad spectrum of service professionals.

- Services Offered:

A. Home Services: This includes cleaning, repairs, pest control, painting, and electrical work.

B. Beauty and Wellness: Offers beauty treatments, spa services, haircuts, and fitness training at home.

C. Appliance Services: Handles the installation, maintenance, and repair of household appliances.

D. Carpentry & Plumbing: Provides services from skilled professionals in home improvement.

2. How it Functions:

- User Interface: Customers schedule services through the Urban Company app or website.
- Service Selection: Users have the option to choose from a variety of services and tailor them to their specific needs.
- Professional Placement: The platform matches customers with verified and trained professionals.
- Payment Methods: Payments can be made through various online payment options, ensuring a seamless and cashless transaction.
- Service Delivery: Professionals arrive at the scheduled time to provide the requested service.

3. Key Features:

- Quality Assurance: Urban Company ensures that all service providers undergo thorough background checks, training, and certification.
- Convenience: The platform provides customers with the flexibility to book services at their convenience.
- Focus on Technology: Utilizes technology to create a user-friendly interface and streamline service delivery.
- Customer Support: Offers dedicated support to address any issues and ensure customer satisfaction.

4. Expansion and Impact:

Urban Company has broadened its operations to numerous cities in India and internationally, including markets such as the UAE, Australia, and Singapore.

5. Funding Sources:

The startup has secured substantial investments from well-known venture capital firms, which has allowed it to grow its operations and increase its presence.

6. Innovation:

Continues to innovate by introducing new services, enhancing existing ones, and setting industry benchmarks.

7. Challenges in Scaling Operations:

- Managing a large network of service professionals while maintaining consistent service quality across various locations.
- Adhering to different local regulations and compliance standards for various services.

8. Addressing Regulatory Challenges:

Navigating through various local regulations and compliance requirements for different services.

9. Competition in the Market:

- Facing competition from other service-based startups and traditional service providers.

10. Overcoming Market Challenges:

- Finding ways to stand out in a competitive market and maintain a loyal customer base.

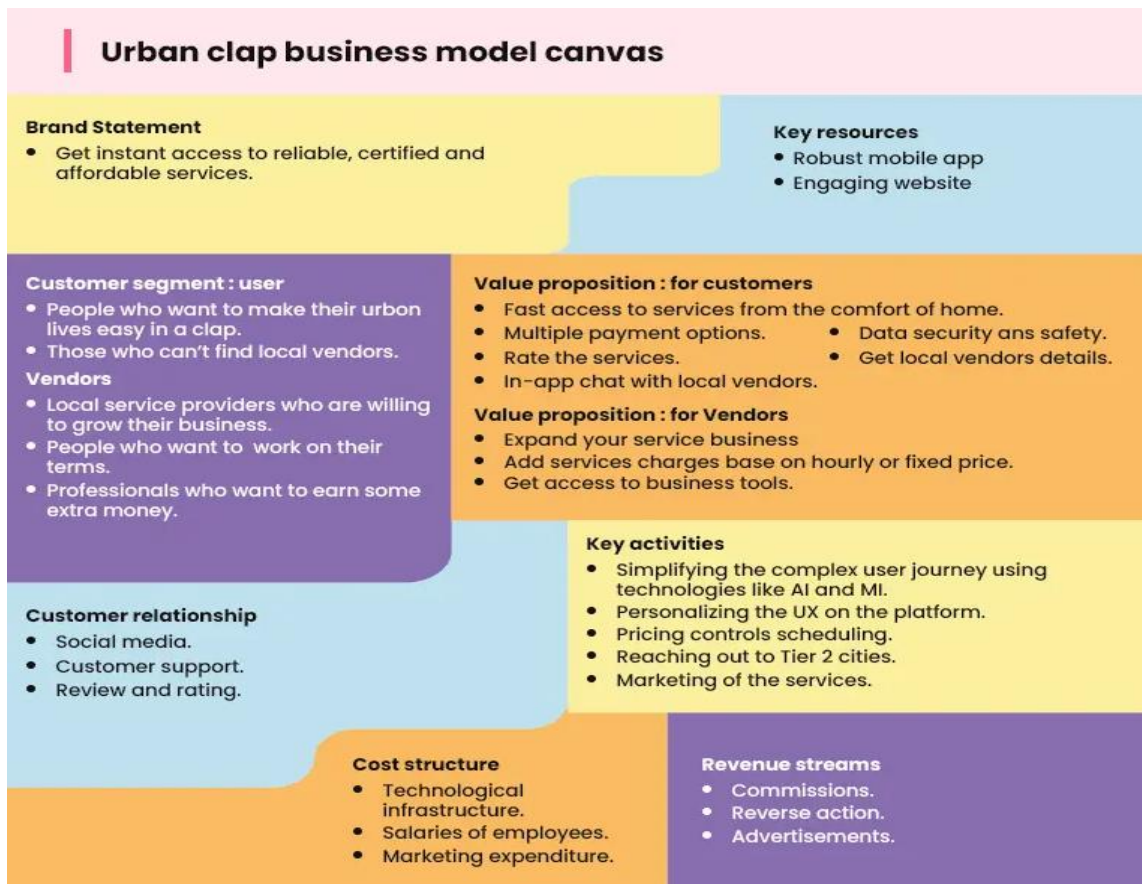


Figure 1: Business Model of Urban Company

Reference- <https://oyelabs.com/urbanclap-business-model/>

**Breakdown of services
 availed by Urban Company
 consumers since Feb 2020**

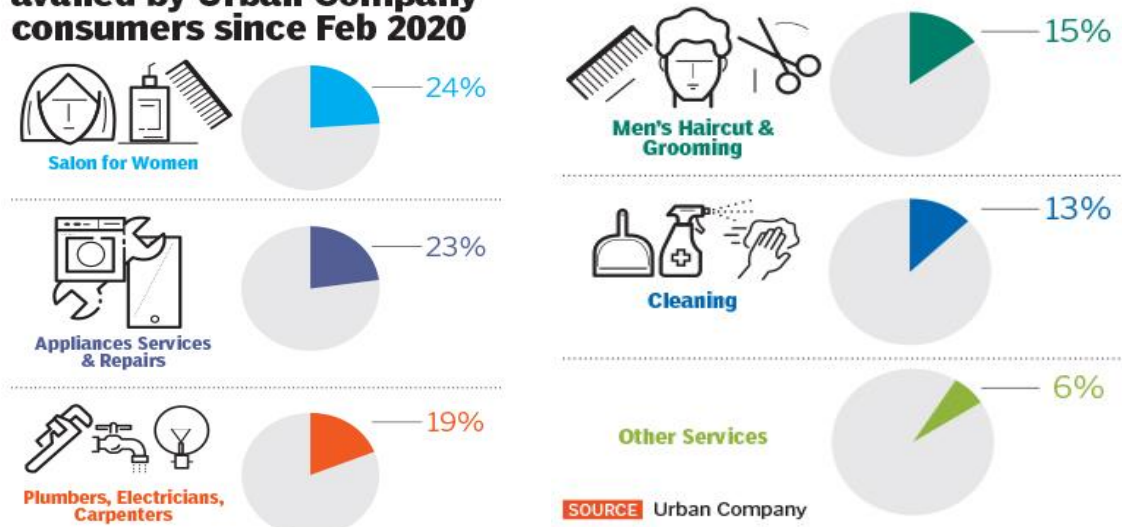


Figure 2: Service and their share offered by Urban Company

Reference- <https://www.forbesindia.com/article/take-one-big-story-of-the-day/how-urban-company-got-a-makeover-and-doubled-revenue/65109/1>

6. Analysis and Calculations:

A. Start-ups Analysis:

India being house to one of the biggest star-ups saw a number of increase in start-up following start-up culture being welcomed in India. It is believed during 90s, foreign MNC coming to India saw a potential in the people and provide them with important skills. It is believed HCL (Hindustan Computers Limited) was the first IT start-up of India in 1976.

1. Sector wise startups in India:

Sector	Number of Start-ups in India Sector wise
Infrastructure	1500
Education	1280
Agriculture	1150
Transportation	1100
Health and Sports	1050
Communication	1020
Entertainment	900

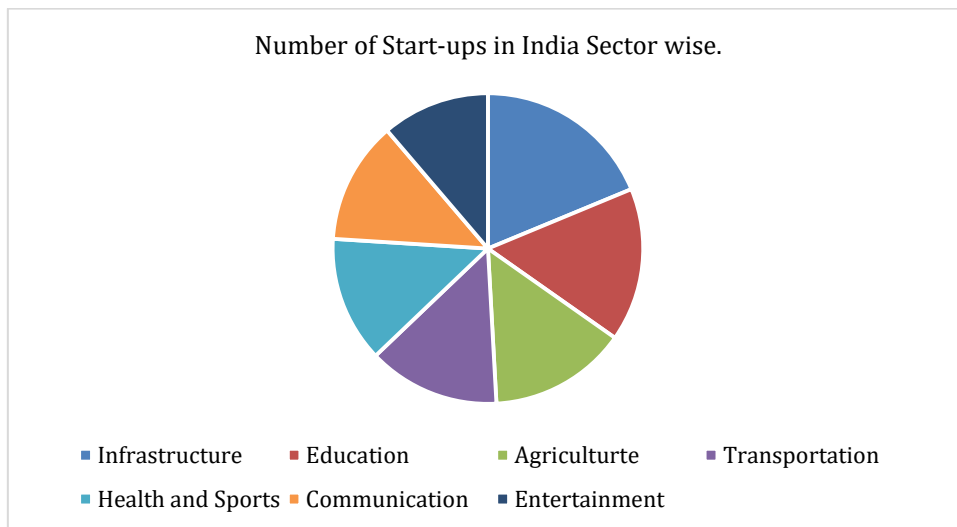


Chart 1: Pie chart of Sector wise startups in India

2. Sector wise successful startups in India:

Sector	Number of successful Start-ups in India Sector wise
Infrastructure	1200
Education	520
Agriculture	400
Transportation	750
Health and Sports	300
Communication	680
Entertainment	450

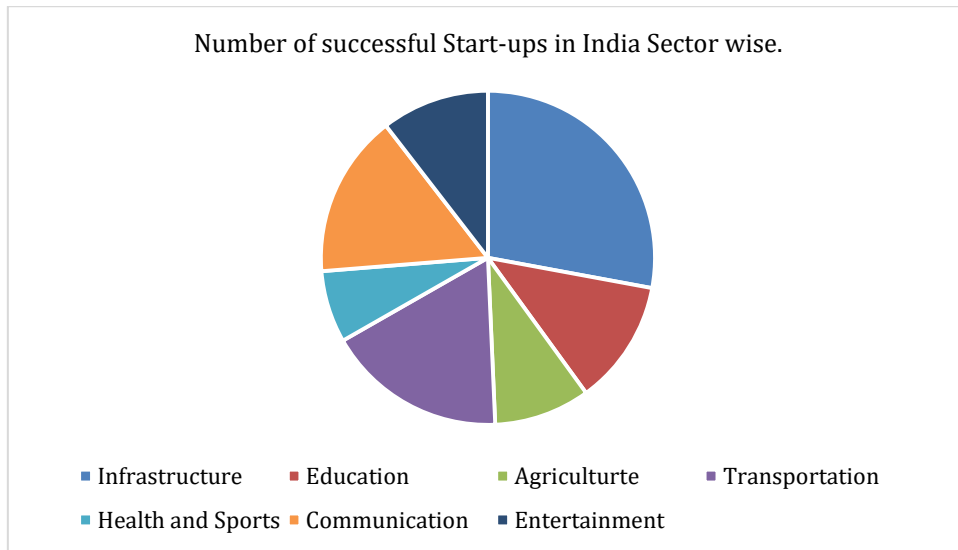


Chart 2: Pie chart of Sector wise successful startups in India

3. Ratio of total startups and successful startups (sector wise) in India:

From above two tables, we deduce that ratio of total start-ups and successful start-ups (successful start-up is a start-up that is profitable) in India is:

Sector	Ratio of all start-ups to successful start-ups
Infrastructure	1.25
Education	2.461538462
Agriculture	2.875
Transportation	1.466666667
Health and Sports	3.5
Communication	1.5
Entertainment	2

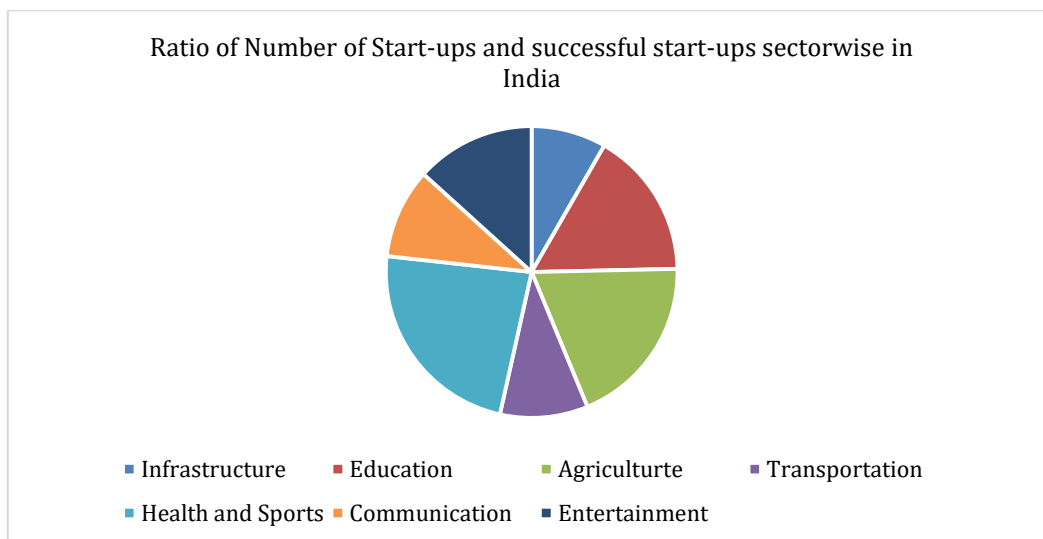


Chart 3: Pie chart of Ratio of Number of Start-ups and successful start-ups sector wise in India

4. Analysis Conclusion:

From above analysis, we can deduce that India is home to one of the largest number of infrastructure start-ups such as GMR group, L&T Infrastructure and Infra Market etc. Due to urbanization of India along with multiple public transport services such as Highways, Airports being constructed by coalition of private companies and government is leading to increase in number of Infrastructure based start-ups in India.

Whereas Health and sports based sectors in India is new to the market. After Covid-19 situation, there is a need of health based startups and that's why there is an increase after 2020 in the sector. Whereas for sports based start-ups, there is no much market as there are top foreign contenders already being present but as E-sports in India is increase, it will lead to broadening of the sector.

The ratio being lowest for Infrastructure and communication being lowest states that these sector have the most successful startups as compared to others. Health and sports having largest ratio tells that the sector being new to Indian market is still booming.

B. Calculations:

1. Revenue of Urban Company:

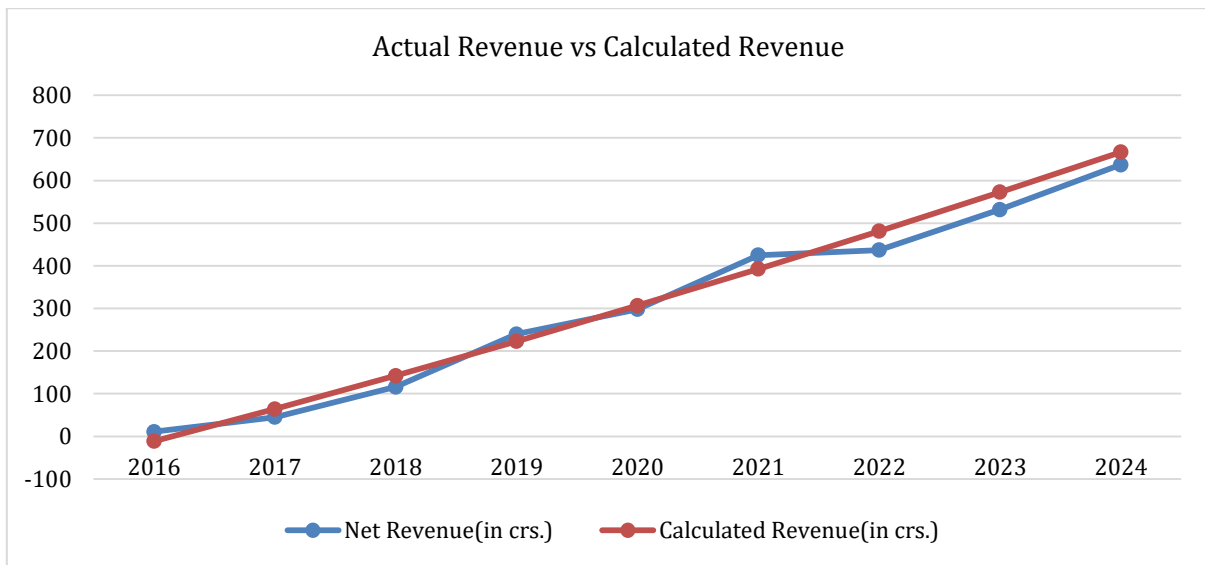
Year	Net Revenue (in crs.)
2016	11
2017	45
2018	116
2019	240
2020	298
2021	425
2022	437
2023	532
2024	637

In graph, x-axis as years from 2016 to 2024 and Y-axis show revenue earned by the company (in crores rs.)

Let's consider 2016 as 1, 2017 as 2.....2024 as 9.

After manually drawing graph an on excel.

We concluded quadratic equation covers maximum number of plots considering $y = Ax^2 + Bx + C$.



Graph 1: Line Graph of Actual Revenue vs Calculated Revenue of Urban Company

$$y = 1.318x^2 + 71.58x - 84.33$$

Where “y” revenue of Urban Company (in crores rs.), and “x” represents 1, 2,3.....(1 represents 2016, 2 represents 2017 and so on.)

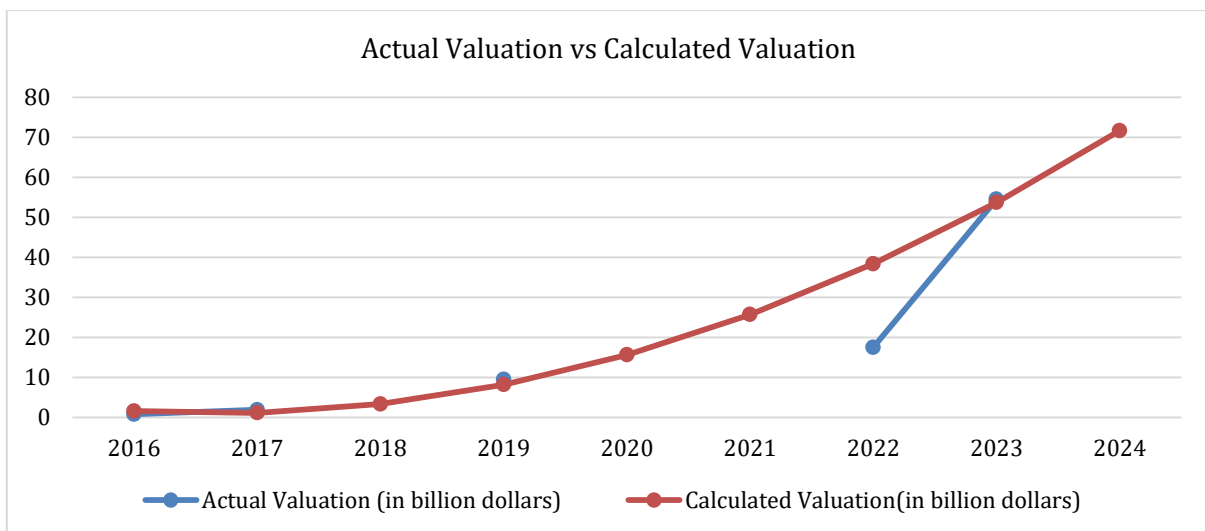
2. Valuation of Urban Company:

In graph, x-axis as years from 2016 to 2024 and Y-axis show valuation of the company (in crores rs.)

Let’s consider 2016 as 1, 2017 as 2.....2024 as 9.

After manually drawing graph an on excel.

We concluded quadratic equation covers maximum number of plots considering $y = Ax^2 + Bx + C$.



Graph 2: Line Graph of Actual Valuation vs Calculated Valuation of Urban Company

$$y = 1.313x^2 - 4.37x + 4.65$$

Where “y” valuation of Urban Company (in crores rs.), and “x” represents 1, 2,3.....(1 represents 2016, 2 represents 2017 and so on.)

7. **Conclusion:**

India's start-ups have shown to be incredibly innovative and successful, boosting the country's economy and generating a great deal of job opportunities. With increased funding and a supporting ecosystem, the Indian start-up scene has great potential to grow further and have an international effect.

From the above analysis and calculation, we can conclude that infrastructure and communication sectors are booming in India market with health and sports increasing their number as a newcomer.

Whereas Urban Company as start up in India has been successful when they became unicorn in June 2021. They became Profitable before tax this year. Soon they going to introduce new services which will increase their revenue as well will provide job opportunities to the needy.

Their revenue and valuation are increasing quadratically and will increase in the next few years. Urban Company's strong market fit, efficient use of technology, and dedication to providing high-quality services are responsible for its start-up success. Notwithstanding difficulties, it has had a big influence on the on-demand services sector and has a lot of room to develop and innovate going forward.

8. **References:**

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9. **Biography:**

Pari Aggarwal

-Currently studying in Bal Vikas Progressive school, Panipat, in class XII pursuing commerce stream (with math) CBSE curriculum.

-School topper in Class 10th (scored 96%), Subject topper in Math, Social studies and Hindi.

- Olympiads- School Rank 1 in ICO (International commerce Olympiad), won gold medal of excellence.

-Scored a 5 in AP Calculus BC and AP Microeconomics

-Swimming –Played at state and district levels and won gold, silver and bronze medals.

- Debate competition and various quizzes –Participated immensely in various events, 2nd position in debate competition
- Participated in various NGO work like blood donation camps by Red Cross society.

Under the guidance of:

Dr. Mamta Jain

- M.Sc (Mathematics) (Double gold medalist)
- M.Phil (Computer Applications) with honours From University of Roorkee (now IIT Roorkee)
- PhD (Mathematics)
- Various papers published in international journals.
- Former Lead Auditor ISO 9001, ISO -22000 School Accreditation Examiner by QCI
- 26 years of teaching experience.

Er. Raunaq Jain

- B.E Mechanical Engineering From Thapar Institute of Engineering and Technology.
- School Physics Topper.
- Mechanical Mentor from session 2019-2020.
- Technical Data Analyst at Deloitte.
- Multiple research papers published.