India learns to 'fail fast' as tech start-up culture takes root

REUTERS, Bengaluru, India

After ping pong tables, motivational posters and casual dress codes, India's tech start-ups are following Silicon Valley's lead and embracing the "fail fast" culture credited with fuelling creativity and success in the United States.

Taking failure as a norm is a major cultural shift in India, where high-achieving children are typically expected to take steady jobs at recognised firms. A failed venture hurts family status and even marriage prospects.

But that nascent acceptance, fuelled by returning engineers and billions of dollars in venture fund investment, is for many observers a sign that India's $150 billion tech industry is coming of age, moving from a back office powerhouse to a creative force.

"There is obviously increased acceptance," said Raghunandan G, co-founder of TaxiForSure, which was sold to rival Ola this year. He is now investing in others' early stage ventures.

"My co-founder Aprameya (Radhakrishna) used to have lines of prospective brides to meet ... the moment we started our own company, all those prospective alliances disappeared. No one wanted their daughters to marry a start-up guy."

Srikanth Chunduri returned to India after studying at Duke University in the United States, and is now working on his second venture. "I think what's encouraging is that acceptance of failure is increasing despite the very deep-rooted Asian culture where failure is a big no," he said.

The shift has come about, executives say, as engineers began returning from Silicon Valley to cash in on India's own boom, as hundreds of millions of Indians go online.

"Investors too want to find the next Flipkart, and most of them come from Silicon Valley backgrounds, so they bring that culture," said Stewart Noakes, co-founder of TechHub, a global community and workspace for tech entrepreneurs. "That's changing the Indian norms. It's becoming ok to fail and try again."

Big names like Flipkart can also mean the prospect of a lucrative exit for investors, covering a multitude of failures.

To be sure, the pace of change is slow in altering a culture that has produced top software engineers for decades, but - as yet - no Google, Apple or Twitter.

Cheap engineering talent keeps start-ups afloat far longer than in Silicon Valley, where companies last less than two years on average. And the freedom to fail remains restricted to a small portion of India's corporate fabric, booming tech cities like Bengaluru or Gurgaon outside New Delhi.

There is also still no revolving door with big corporates, whom one senior Bengaluru headhunter described as beating down salaries of executives who dared to risk - but then came back.

But big homegrown successes like e-tailers Flipkart and Snapdeal or mobile advertising firm InMobi, as well as the multi-billion dollar firms set up by former executives from the likes of Amazon.com, Microsoft and Google, have created role models, encouraging graduates to take risks.

"With success stories, people accept it as a legitimate exercise," said Ryan Valles, former CEO of coupon site DealsandYou and a former executive at Accel Partners, now working on a new project.

Meanwhile, billions in investor funding have fed the sector.

External cash - as opposed to more traditional bank loans tied to individuals, or family savings - makes a difference. Failing there can involve walking away Silicon Valley-style, not years of court proceedings in a country with no formal bankruptcy law.

There has also been, to date, no major collapse.

"What's happening is healthy: people recognising that some things will fail, that it's largely a failure-based industry, in the same way that movies, music or pharmaceuticals are," said Shikhar Ghosh, senior lecturer at Harvard Business School.

An estimated 70-90 percent of start-ups fail.

But the biggest test may be the first bust after the boom.

REUTERS

The logo of India's largest online marketplace Flipkart is seen on a building in Bengaluru, India.

NATIONAL HOUSING

Sixth from left, Latifur Rahman, chairman of National Housing Finance and Investments, presides over the 16th annual general meeting of the company, held at Lakeshore Hotel in Gulshan, Dhaka on Tuesday. The company announced 15 percent cash dividends for 2014. Md Khalilur Rahman, managing director, was also present.

Solar-powered ATMs to deliver clean drinking water in Pakistan

REUTERS, Lahore

Punjab province is set to launch an innovation for water-short Pakistan: Solar-powered ATMs that dispense clean water when a smart card is scanned.

The two-foot-square prototype machine looks and functions like an ATM, but dispenses water instead of cash. Users are issued a card they can use to claim a daily share of water.

The project, a collaboration between the Punjab Saaf Pani (Clean Water) Company and the Innovations for Poverty Alleviation Lab (IPAL), a research centre in Lahore, aims to install a water ATM on each of a series of water filtration plants being established in rural and urban fringe areas of Punjab province.

The machine is designed to help the government cut water waste and ensure people have access to clean water, said Jawad Abbasi, a programme manager at IPAL.

"The innovative machines will help the government maintain a record of the exact quantity of clean drinking water being dispensed in a day in a specific locality, besides ensuring its quality," he said.

The quality and quantity of water being dispensed will be tracked in real time online, through a central server, he said.

The devices play an audio message upon authentication of a scanned card, after which they dispense water for the user. Green and red buttons enable the user to start and stop the flow of water.

A flow control meter manages how much water is dispensed, and sensors measure the amount of water still available.

In its first phase, the project will cover three districts of Punjab including Bahawalpur, Rajanpur and Faisalabad, all areas with particularly serious water contamination issues, experts said.

Each beneficiary family will be entitled to collect a maximum of 30 liters of clean drinking water daily from the filtration plants with their unique identity card, Abbasi said.

"We are planning to install the machines at 20 filtration plants in the first phase that will benefit some 17,500 families," he said.

He said that his organisation was seeking $23,500 in aid from the UK Department of International Development to put the prototype into production and install more of the dispensing machines at existing water filtration plants in Punjab.

Similar card-based water dispensing systems are already in use in neighbouring India.

According to Punjab Saaf Pani Company, only 13 percent people in rural areas have access to tap water, compared to 43 percent of people in urban areas of Punjab. The province, with 98 million people, is the country's most populous.

The government of Punjab aims to provide clean drinking water to over 35 million people by the middle of 2017 and some 20 billion rupees (almost $200 million) is being allocated for the effort in the upcoming budget, said Muhammad Farasat Iqbal, chief executive officer of Punjab Saaf Pani Company.

"It's one of the top priorities of the provincial government, to ensure provision of clean drinking water in each locality, as access to clean water is a fundamental human right," he said.

Iqbal said the clean water would be provided free of cost but beneficiary communities would pool money each month to pay for maintenance of the ATMs and filtration plants.

According to Pakistan's national drinking water policy, 35 percent of Pakistan's population doesn't have access to safe drinking water. The policy estimates that diseases related to water, sanitation and hygiene issues cost Pakistan's economy about 112 billion rupees ($1.1 billion) each year in health costs and lost earnings.

DHAKA BANK

AKM Rahmatullah, chief coordinator of Law and Order Coordination Committee, presents a crest to Niaz Habib, managing director of Dhaka Bank, at the launch of an initiative at Lakeshore Hotel in Dhaka yesterday to install surveillance cameras at all entrance and exit points and important public places of the capital. The bank donated Tk 15 lakh to the project.

MAGNITO DIGITAL

Holger Hussmann, vice president for device and operating system at Telenor Digital, and Riyad Husain, chief executive officer of Magnito Digital, pose at the signing of an agreement at Magnito's office on Kamal Ataturk Avenue in Dhaka recently. Magnito Digital became the content management agency for WowBox android application in Bangladesh.

FSIBL

Syed Waseque Md Ali, managing director of First Security Islami Bank, opens an ATM booth of the bank at Fultola bus stand in Jessore recently. AKM Abu Sagir Chowdhury, head of general services division, was also present.

National strategy needed to make new development goals work: Debapriya

FROM PAGE B1

Currently, at the inter-governmental negotiations, G77 -- a group comprising all developing countries including China, Brazil and India -- is opposing a move to open up the outcome documents of the Open Working Group as they want to endorse it in full at the summit in September 2015.

"However, there is criticism regarding too many goals and of the ambitious targets and how they will be implemented at the country level given the resource and governance constraints," he said.

The MDGs were mainly about the poor people in the low-income countries, but SDGs are supposed to be for productive employment, urbanisation, infrastructure, standard of governance, income inequality and environmental aspects.

The number of goals reflects the ambition of the agenda. There are 17 overarching goals and 169 targets in the SDGs compared to only eight goals in the MDGs. So, questions are there: will it be possible to successfully implement the SDGs?

Bhattacharya has high hopes about the implementation of the new goals. "The Addis Ababa conference (on financing) is taking place before adoption of the SDGs," he said. Moreover, implementation issues are there for each of the proposed goals, particularly, the Goal 17 is essentially about the means of implementation and global partnership.

Another important feature of the SDGs is incorporation of environmental aspects, which according to Bhattacharya will give enhanced momentum to the implementation of the new agenda. It will also set a new target on developed countries' CO2 emission and their sustainable production and consumption structure that means reducing energy intensity and greenhouse gas emission.

The scope of governance-related targets has also been defined beyond orthodox measures. Now it includes broader elements beyond corruption, such as conflicts, violence against women, and human rights.

How smooth was the journey in shaping the new global agenda? Bhattacharya said tensions were there: for example, in balancing economic, social and environmental dimensions of SDGs, and in interpreting a "universal" agenda when countries are at different levels of development.

The adoption of MDGs was an exceptional moment of international development cooperation, which redefined the relationship between the low-income countries and the developed countries. The most important feature of that redefinition was putting forward poverty alleviation as the core goal in international development. Also, MDGs have re-energised the national governments to refocus on poverty alleviation and human development as national priorities. Some kind of budgetary allocation within the countries and reallocation of foreign aid took place in support of the MDGs.

"Automatically, when the MDGs are coming to an end in 2015, there was a spontaneous expectation that it will be succeeded by another set of international goals," Bhattacharya said. In fact, the UN decided in 2010 to formulate a new set of goals that will consolidate the achievements of the MDGs and improve further.

According to him, MDGs were not fully out of faults despite tremendous success in addressing the overarching goal -- poverty alleviation.

"It (MDGs) did not address the issue of productive employment, and environment-related aspects were marginally touched upon," he said.

The forthcoming new agenda should be informed with the lessons learnt from the MDGs implementation process and address its revealed shortcomings. Bhattacharya explained how the process of the MDGs has led to formulation of the post-2015 agenda.

But there was another process – the Rio+20 Conference on sustainable development in 2012 decided that an Open Working Group made up of the member states will be set up to give shape to this new set of goals where the MDG process and the Rio+20 process – development and environmental dimensions – will come together. Along with the Open Working Group, a number of tracks were opened to do public consultation on the new agenda – within the UN system and beyond because one of the criticisms of the MDGs process was that it was a top-down process and most member countries were never consulted.

This time, he said, the outcome of the Open Working Group is the definitive document that is going to characterise the final outcome of the SDGs. "It is currently based on a very fine political balance," he added.

Bhattacharya also mentioned two other processes -- the July conference on financing and the Paris climate conference in December this year by the United Nations Framework Convention on Climate Change (UNFCCC) -- that will also impinge the progress of the SDGs.

Besides multiple UN processes, there are other parallel processes that will impact the SDG process. Of these, the most important one is the WTO Doha Round, he said. If Doha Round does not deliver, many of the trade and investment-related targets will not be complied with, he said, citing examples of duty-free and quota-free market access, removal of non-tariff barriers, and service exports.

Bhattacharya said, for countries like Bangladesh, there is another important process -- the Istanbul Programme of Action (IPoA) that charts out the international community's vision and strategy for the structural transformation of least developed countries (LDCs) for the next decade with a strong focus on developing their productive capacities.

The IPoA has thought of many goals, targets and matters of interest that need to be integrated in the SDGs. The good thing is that the IPoA is now trying to set up a technology transfer facility. A high-level panel has been set up including representatives from Bangladesh for that.

"What I am trying to say is that there are also many parallel processes, which will complement and define success of SDGs," he said. So, knowledge and negotiation capacity would be of vital importance for countries like Bangladesh to reap benefits from these multiple processes and discussions, he said.

"Unfortunately, capacity of low-income countries including Bangladesh is not up to the mark. We have neither financial resources nor human skills, which is always a matter of concern," he said.

Bhattacharya also addressed how the SDGs will require responsive statistical systems with the capacity to track the development progress of countries across a much broader spectrum of development challenges. Bangladesh lags behind in this area despite some improvement in recent years. He said, out of 120 indicators selected for the Bangladesh country study, data was readily available for only 67 indicators (56 percent). It was also observed that data for a number of important indicators are not available at the level of disaggregation needed. Goal areas related to energy, infrastructure, governance and environment are the ones that particularly suffer from paucity of data.

He said international development framework must take cognisance of national context of the developing countries in this regard. He said the SDG moment is a unique opportunity to address all these issues.

He, however, hailed Bangladesh for its success in achieving the MDGs faster than many other countries. In fact, Bangladesh is one of the above average countries in the global landscape in terms of performance in MDGs as well as for its regular reporting and for providing good inputs in the global reports. In many ways, many countries look upon Bangladesh as a leader, he said.

Though MDGs were North-South relationships underwritten by foreign aid or official development assistance (ODA), that scene has changed now. "Our study shows, MDGs were achieved not for ODA but for own money that came from taxes," he said.

Now Southern countries have 50 percent of the global trade; also there are remittances and innovative finances such as diaspora and sovereign bonds and carbon taxes.

The real challenge is how a country will strike the right balance of all those different sources of financing in its country context, said Bhattacharya.

He said the national-level challenge will start with the point that how a country will integrate SDGs with its national priorities. The next challenges would be data availability and coordination among so many ministries and agencies, he said.

"SDGs are multi-sectoral and multi-dimensional and the role of the line ministries, such as education, health, planning etc, will be supreme. Each ministry will be a leader in its own field. So, coordination among ministries and agencies will be an extraordinary challenge," he said.

There has to be engagement of the private sector, NGOs as well as parliamentarians and local government representatives to create a platform to make SDGs work. Last but not the least -- the accountability mechanisms of the governments and other stakeholders have to be in place. "All these things are not easy to achieve for a low-income country," he said.

"On one hand we can rejoice for a global agenda and aspiration, and on the other, the resources for delivery are also very scarce. There is a mismatch," Bhattacharya said.