

# Incubation Process

Kerala Startup Mission (KSUM) is designed to provide a springboard to budding entrepreneurs who wish to launch themselves into the world of technology based business careers. Entrepreneurs' bright ideas to develop a product or service using advanced technology solutions can find a fertile ground in Kerala Startup Mission. KSUM is designed to provide entrepreneurs all the support to make technology based business ventures successful. The highly innovative and productive environment of KSUM provides entrepreneurs the right ambiance to build up technology ventures at international standards. KSUM is restricted to high tech startups with technology products and innovations within a limited time frame that literally makes the entrepreneur seriously work on his product idea and boost him to come up with a 'Market viable prototype.

The incubation stages comprised of;

- a) Pre-incubation Stage (3-6 months)
- b) Incubation Stage (6-12 months)
- c) Accelerator Stage (3-6 months)

## **Pre-incubation Stage**

Preincubation stage mainly focuses on ideation stage, where technologists having a potential innovative idea can be provided with a co-working space. During this period, the entrepreneur takes up the role of a 'techno-evangelist' who develops the idea into a proof of concept and prepares him for understanding the technical feasibility of the idea proposed. Sometimes, a number of potential innovations or startup teams may come out of this co-working ecosystem. KSUM will be supporting the startups by mentoring or by creating the right platform for networking. Once a marketable technology/product idea evolved, a company can be formed and KSUM can look at for Incubation Stage. KSUM shall assist the innovator in getting grants from DST/DSIR for the ventures.

## **Incubation Stage**

Incubation stage will be 6-12 months where startup companies graft product development and prepare themselves for marketing. During this stage, the entrepreneur takes up the role of a 'Technopreneur', who brings all his efforts (such as technology, team, seed money) to build a market viable prototype (MVP's). KSUM at this stage will allot them specific seats/modules along with funds or grants as applicable under department scheme and right mentorship. KSUM can also offer a wide array of value added services like entrepreneur trainings and workshops, skill

development programmes, leadership programmes, R&D facilities, International tie-ups etc to speed up the incubation cycle. The incubation stage enables the entrepreneur to be ready with an 'innovative technology' in the form of marketable product that can primarily drive the market, and which is easy to pitch before an investor/VC in future.

### **Accelerator stage**

Accelerator stage will be of 3-6 months, and this will be a business tools box and a holistic business advisory service, resembling the traditional management consulting or mentoring, but adjusted to fit for the startups. The focus of accelerator stage shall be on rapid growth and to sort out all organizational, operational, financial and strategic difficulties that may be facing the business under KSUM guidance through a highly systematic approach. The startup shall be presented to VC's and investors (Strategic & Financial).

### **Membership Criteria**

The selection of entrepreneurs for membership in KSUM will be based on the recommendation of an expert committee specifically set up for the purpose. The criteria for acceptance are the following:

1. The business activity proposed is in the advanced technology area. The company must meet the definition of a "technology-based company" (An organization which pursues commercial applications of science/technology-based innovations; employs a high percentage of technicians, engineers or scientists; or requires extensive R&D to produce new products or services).
2. The venture proposed is a corporation, partnership or sole proprietorship.
3. Demonstrate a need for incubator services.
4. Demonstrate capability for business viability and growth.
5. The business plan submitted by the entrepreneur is sound.
6. In the absence of a proper business plan, the request for membership will be accepted provisionally if business proposal looks promising prima-facie to the expert committee.
7. The entrepreneur will submit a proper business plan to TBI, which will be reviewed by the expert committee before final acceptance.

8. The business proposed should have significant technology content / employment potential / revenue generation potential / export earning potential.

9. The entrepreneurs may or may not have a track record in undertaking entrepreneurial ventures.

10. A first time entrepreneur should have the requisite aptitude in promoting the venture. The expert committee will assess this through personal interview, review of past activities, background check, references etc.

### **Selection Process**

i) Determination of eligibility by TBI based on preliminary application.

ii) TBI and the entrepreneur will sign a mutual nondisclosure agreement (NDA)

iii) Submission of complete application package:

a) Copy of the entrepreneur's business plan

b) Entrepreneur's tax returns for prior three years if applicable.

c) Details of company's corporate structure, bylaws, ownership, etc.

iv) TBI sets up an expert committee to evaluate the application.

v) The expert committee reviews the application based on but not limited to the following criteria:

a) Merit of the business proposal

b) Background and experience of the entrepreneur

c) Financial viability

d) Status of the business plan, market research and feasibility studies

e) Growth potential

f) Applicant's commitment-both financial and personal time-to the venture

g) Business references

h) Make up of the management team

i) To what extent is the entrepreneur developing technology, or using technology for a unique business purpose?

j) How effectively does the entrepreneur demonstrate an understanding of the environment facing the venture in its target markets, and a reasonable strategy to achieve stability and growth?

k) How clear is the entrepreneur's need for the types of services that the incubator offers?

l) Is the venture product or service-based? Product-based ventures, by their nature, have a greater potential for significant economic impact, but innovative service businesses will also be considered for the program.

m) Market knowledge and experience (market definition, markets serviced, competition, SWOT analysis etc.)

vi) The entrepreneur gives a presentation of the business plan to the expert committee and clarifies all the questions.

vii) Due diligence by the expert committee (including background and credit check of entrepreneur)

viii) Decision by expert committee.

ix) if the company is found to be

### **Post Admission Process**

Once the decision is made to admit the entrepreneur to the incubation programme of TBI, the following activities are undertaken:

1) License agreement is executed between TBI and the entrepreneur.

2) Jointly set short-term objectives for the venture's performance.

3) Develop a written plan of work for the venture.

4) Set up the venture's financial management and budgeting systems.

5) Identify mentors, consultants, service providers or resource centres to assist the entrepreneur in achieving his goals.

## **Review**

KSUM will review the formal performance of each company. The expert committee gauges the progress of the company against its objectives. The expert committee also evaluates the quality and impact of the business assistance provided by T-TBI. Any further assistance in the form of mentors, consultants, service providers or resource centres required by the entrepreneur is identified during this review.

## **Duration of Incubation Programme**

The duration of license to operate in the incubator program shall be for a term of 6 months namely 'Pre-Incubation'. An extension of one more term of 1 year shall be considered on a case-by-case basis based on the recommendation of the expert committee. These entrepreneurs shall move out of incubator at the end of the license period whether they have graduated\* or not.

The entrepreneur has to submit a formal application to the expert committee highlighting all factors responsible for the delays in the plan. The application should show the strategies adopted by the venture in overcoming the problems faced by the company.

## **Graduation**

The venture shall graduate from the incubation programme when any one of the following conditions is fulfilled.

- i) The revenue stream of the company is adequate for self-sustenance.
- ii) The entrepreneurs have been able to tie up investors to finance the expansion plans of the venture and the incubator support is no longer necessary.
- iii) The entrepreneurs have sold the venture to a larger company.
- iv) Expiry of the period specified in the license agreement.

If any of the above events takes place the venture will be treated as graduated from incubation programme and the membership in the incubator will be discontinued.