

Ashok Jhunjunwala, Co-founder, TeNeT

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good products," says Sudhir Sethi, Chairman and Managing Director of IDG Ventures. The funding, ideally, should be large enough to pay for the initial mistakes and getting the right team in place, he says. For example, Aujas Networks and ConnectM, two product design companies incubated by IDG Ventures, got funding of \$3 million and \$10 million, respectively, which helped both in the marketplace.

Amit Agarwala, CEO of Amdale Software, a successful product of TeNeT, feels that TeNeT's failing is that it does not have a structure for entrepreneurs to tap into. While the expertise is there for the asking, sometimes the entrepreneur doesn't even know what to ask. "There are no templated answers or frequently asked questions (or EAQs). This is important for a start-up, so that the wheel does not have to be reinvented each time," he says.

The lessons have not been lost on TeNeT's founders. Jhunjunwala learnt that passion alone does not get you business success. And learnt this the hard way, when his pet project, n-Logue Communications, aimed at improving rural communications and enterprises, went to pieces. "We started it without looking at market conditions and hoping that everything would work out. When the environment did not improve, we refused to pause, and instead over-expanded our rural kiosks network," he recalls.

The other learning was that products should provide value through innovation and not just lower costs. "Multinationals simply bring down costs (after we launch) while our own costs go up with ad-

ditional features," says Ramamurthi, who had witnessed the death of an excellent pulse oxymeter developed by a colleague because the MNC in the field lowered costs.

R. Ramaraj, President of the Chennai chapter of The Indus Entrepreneurs, and Senior Advisor, Sequoia Capital, says: "Incubators should never...micromanage matters for entrepreneurs." This is something Jhunjunwala admits to learning, when he says: "We don't interfere as much as we did in the past."

Fortunately, many of the factors that had hampered entrepreneurial growth are starting to get addressed at RTBI, the rural incubation initiative at TeNeT. Even there, much more needs to be done. ROPE's Sreejith, for example, would like the bond be-



tween him and RTBI to be more formal — and thus more committed — which would only happen if RTBI raises its own funds and backs him when he needs further resources.

Alok Singh, CEO of Novatium, is a die-hard TeNeT loyalist. "TeNeT has certain limitations, but I would still rate it among the best incubators in the country and recommend others to it," he says. Every entrepreneur, he says, has to understand that after the incubation he is entirely responsible for his company — it is his baby and not TeNeT's.

The eco-system of TeNeT today is definitely in place through sheer toil and trial and error. What could see it through is the passion of Jhunjunwala and his team. "(He) truly inspires youngsters, particularly in RTBI. They get motivated when they realise that their entrepreneurship will also benefit a larger fabric of society," says Vijay Babu, CEO of Vortex. Babu had set up the successful iSoftTech with TeNeT's help but opted to sell out in 2006.

In the years ahead, that advantage and its lessons from past mistakes could help TeNeT in its stated mission of creating a couple of billion-dollar companies from ground up. India's most storied incubator would have delivered then. ©

The Seven Habits...

...of a highly effective incubator

1. Aim for the best combination of entrepreneur plus idea
2. Incubate new entrepreneurs along with mature ones
3. Have a focus, but don't be too narrow
4. Selection by entrepreneurs, investors and academics
5. Help entrepreneur get the right team, product, pricing
6. Incubator should arrange enough initial capital
7. Prepare the company to get the next round of capital