

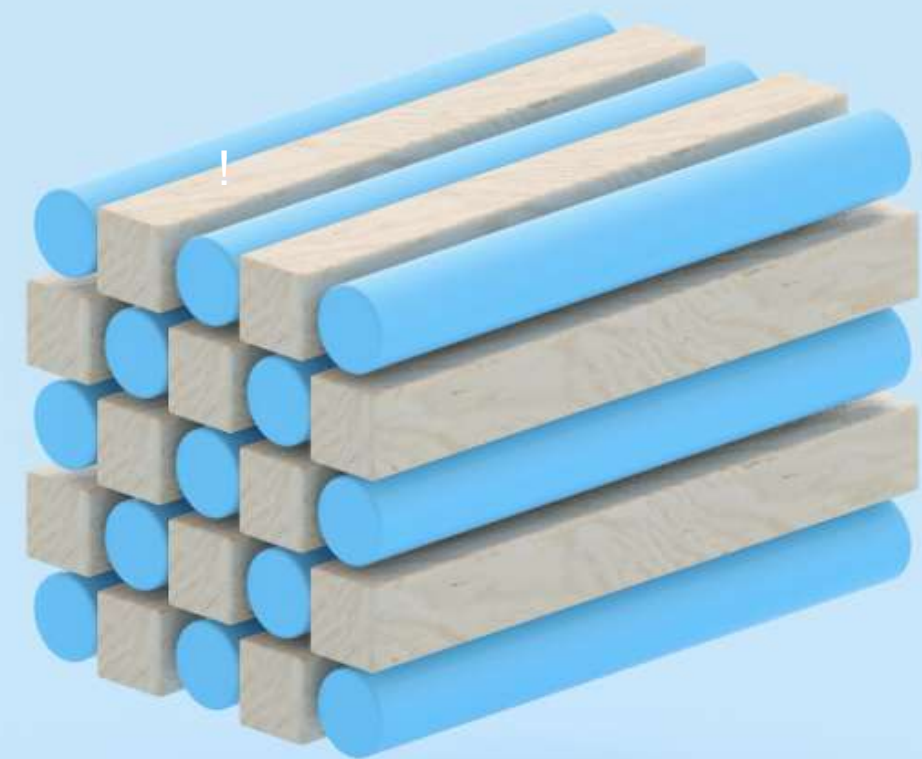
NETAPP
EXCELLERATOR



LEVERAGING START-UPS TO UNLOCK DIGITAL OPPORTUNITIES IN LARGE ENTERPRISES

SEPTEMBER 2020

In a world full of generalists, NetApp is a specialist. We're focused on one thing, helping your business get the most out of your data. NetApp brings the enterprise-grade data services you rely on into the cloud, and the simple flexibility of cloud into the data center. Our industry-leading solutions work across diverse customer environments and the world's biggest public clouds. As a cloud-led, data-centric software company, only NetApp can help build your unique data fabric, simplify and connect your cloud, and securely deliver the right data, services and applications to the right people—anytime, anywhere.



About the Authors

NETAPP
EXCELLERATOR

The **NetApp Excellerator** program is NetApp's global open innovation offering, connecting small businesses with the resources and support they need to succeed. The program offers equity-free grants, access to technology, business mentorships, and investor connections to divergent thinking start-ups looking to create value and innovate in their ecosystem. The offering launched in India in 2017 and continues to create tangible business outcomes.

zinnov

Founded in 2002, **Zinnov** is a leading global management and strategy consulting firm, with core expertise in Product Engineering, Digital Transformation, Innovation and Outsourcing Advisory. Over the past 18 years, Zinnov has successfully consulted with over 250+ Fortune 500 customers to develop actionable insights that help them in their transformation journeys. Zinnov is committed to empowering leading technology companies drive meaningful business outcomes, leveraging a combination of consulting and platforms to deliver value.



Madhurima Agarwal
Director, Engineering & Leader
NetApp Excellerator



Pari Natarajan
CEO
Zinnov



Sanjay Nath
Co-Founder and Managing Partner
Blume Ventures
Advisor for the Report

In the last few years, the Indian start-up ecosystem has exploded globally, with B2B start-ups truly coming into their own by creating and offering enterprise-grade solutions. Between 2014 and 2019, B2B start-ups clocked in strong growth at 36% CAGR. The number of B2B unicorns (start-ups with a valuation of USD 1Bn and more) 14 out of 32 Indian unicorns – reflects this consistent high growth. Also, out of the total 4200+ B2B start-ups in India, nearly 63% of them are working on Enterprise Tech, Banking, Financial Services & Insurance (BFSI), Healthcare, Retail, and Automotive verticals.

B2B start-ups can play a major role in accelerating digital tech adoption in large enterprises across verticals, given the increasing leadership mindshare that digital technologies and Digital Engineering are gaining. With Digital Engineering spend expected to witness double digit growth, enterprises across verticals are focused on harnessing digital technologies, with AI and Data Analytics being adopted across the value chain.

To fully tap into the potential offered by B2B start-ups, enterprises are increasingly leveraging structured collaboration programs that open a variety of use cases and solutions. Currently, R&D centers in India run about 60+ active innovation programs across 18 different industry verticals. While these programs are helping start-ups scale quickly, they also enable enterprises to accelerate their digital journeys and explore newer use cases and solutions.

Focused on B2B start-ups, the NetApp Excellerator is a global program launched by NetApp. The program actively partners with start-ups to create tangible business outcomes. So far, NetApp Excellerator has engaged with more than 1600 start-ups and facilitated several go-to-market opportunities.

This report provides insights and views on the B2B start-up ecosystem, the digital focus of enterprises, and the role of collaborations. The report shows how enterprises like NetApp are creating value through structured innovation programs.

The Indian B2B technology start-up ecosystem is growing rapidly. Not only they constitute 44% of all the total base, but also 43% of all Indian unicorns are B2B. The fact 3 of 7 unicorns in 2020 (YTD) are B2B start-ups very well reflects the rapidly maturing ecosystem.

Digital transformation is central to every large enterprise core strategy. As large enterprises make extensive investments there is a clear preference for use of big data, analytics and AI/ML to protect existing business and find new growth strategies. Start-ups have proven to be a key enabler of digitalization goals of large enterprises.

On-going experience has clearly highlighted the need for a new-age digital infrastructure for corporates to unlock new opportunities and for need of structured start-up programs to drive effective collaboration for tangible business outcomes. Both are a must-have in today's day and age.

NetApp Excellerator is one example of how a corporate can accelerate its digital strategy by collaborating with start-ups to not only solve internal business requirements but also deploy solutions for customers too.

TABLE OF CONTENTS

- 1 Indian B2B tech start-up ecosystem continues to grow rapidly
- 2 Start-ups have emerged as key enablers of digital transformation for large enterprises
- 3 To effectively leverage start-ups, New-age infrastructure and structured programs are essential for corporates
- 4 NetApp Excellerator enables large enterprises to unlock digital opportunities effectively

INDIAN B2B TECH START-UP ECOSYSTEM CONTINUES TO GROW RAPIDLY



43% of all Indian unicorns are B2B

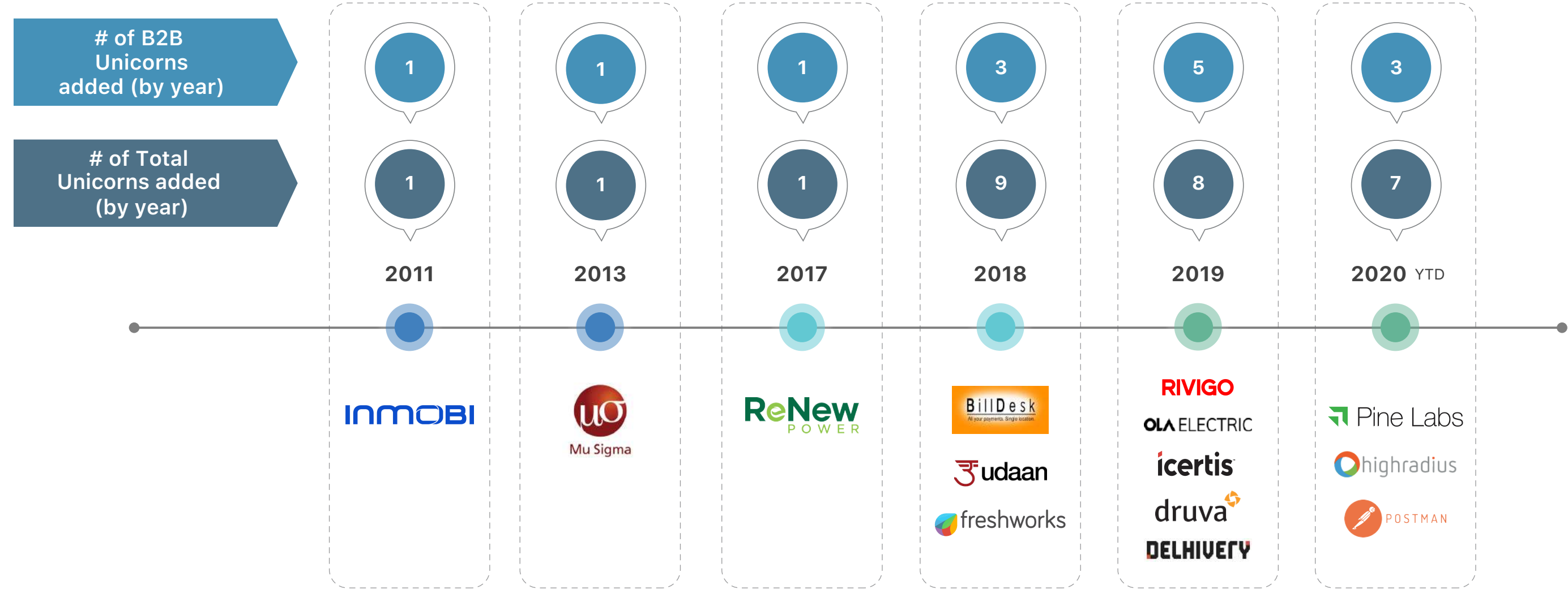
14

B2B Unicorns

32

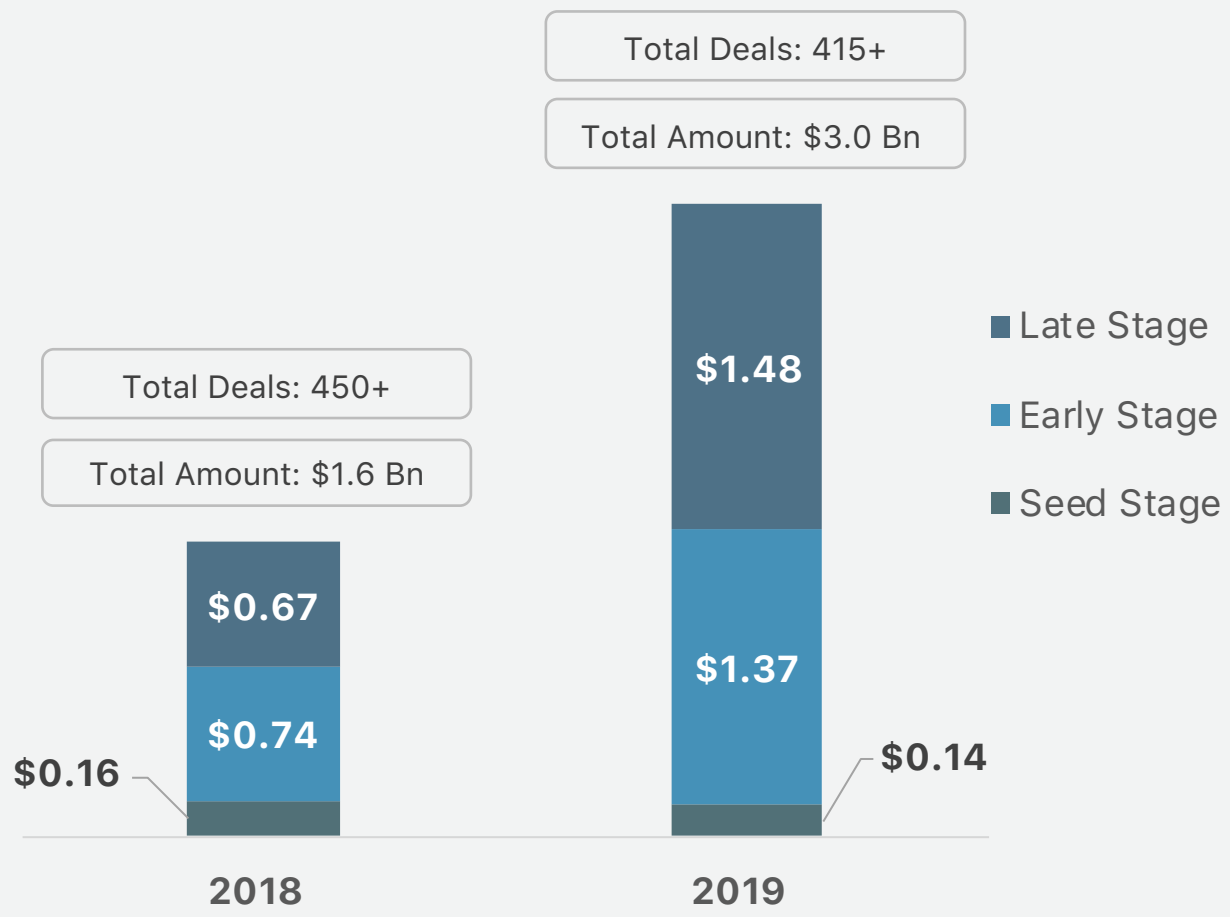
Total Unicorns





Source: Zinnov CoNXT Research and Analysis. A unicorn refers to a privately held tech start-up valued at \$1 Bn or more. For purpose of this report and to cover unicorns, we are not considering our definition for tech start-ups. i.e. Companies incorporated in 2014 and beyond. Unicorns are updated as of 7 Sep 2020

Stage-wise Equity Investments received by calendar year (USD Bn)



Insights

~ 3 Bn

Total equity funding received by B2B start-ups in 2019

415+

Number of B2B start-ups funded in 2019

2X

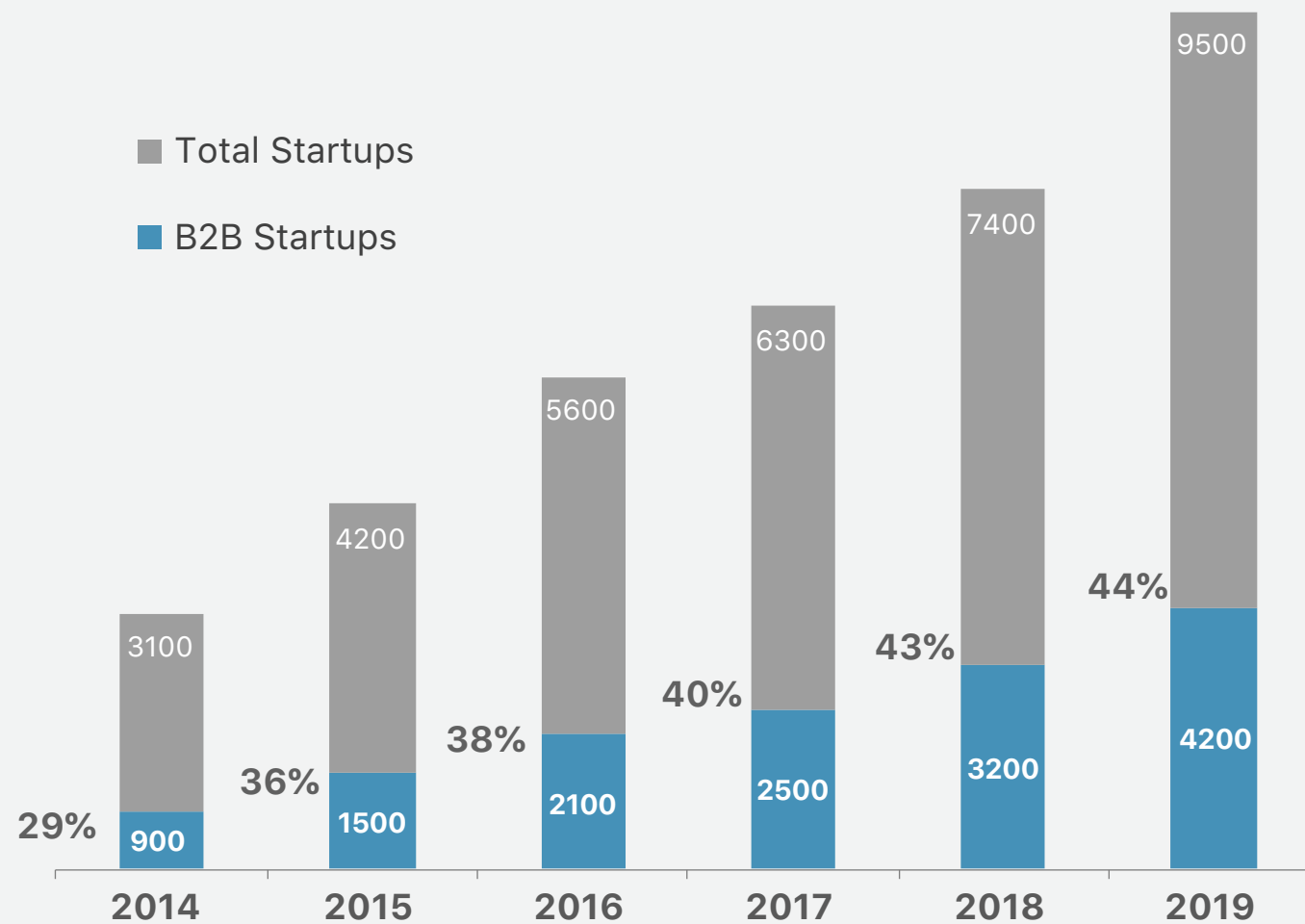
Growth in average and Median ticket size of funding in 2019 (as compared to 2018)

Most Active VC Firms



Overall, share of B2B start-ups continues to rise each year

Growth of B2B Start-ups vs Total Number of Start-ups



Key Drivers

Rise of Digitalization

- Global Digital Engineering Spend was ~30% of the total ER&D Spend in 2019
- Cloud-born technology start-ups are enabling enterprises to build innovative business solutions

Made in India, for the World

- With the advent of Cloud technologies, entrepreneurs are building enterprise products for the world from India

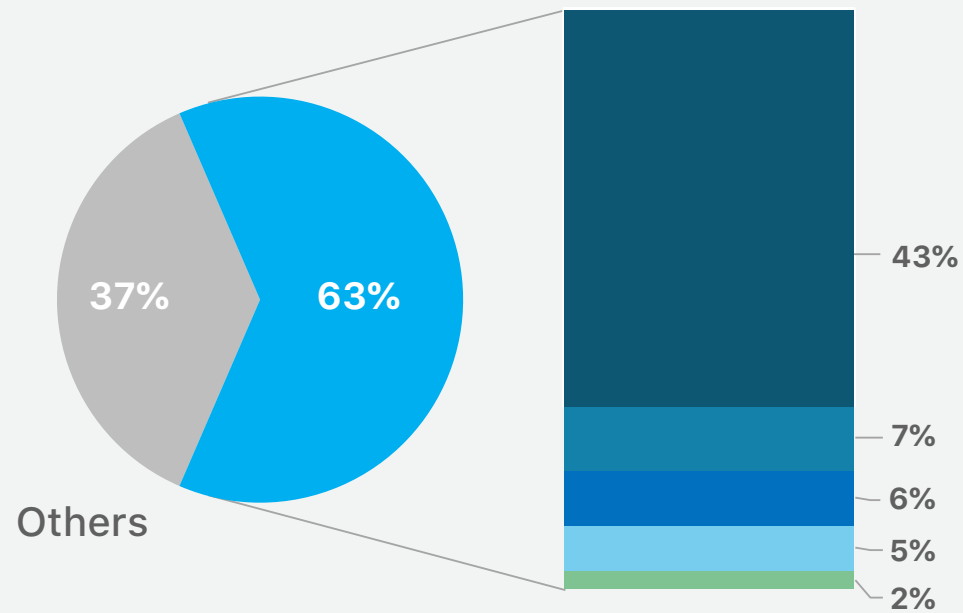
Proximity to R&D centers of Global MNCs

- India has 1450+ Global MNCs contributing and driving global Digital Transformation mandates for HQ

Presence of Digital Talent

- Abundant presence of digital technology talent in India

Distribution of B2B Start-ups by Industry



Others include HRTech, SCM & Logistics, Industrial & Manufacturing, Real Estate & Construction etc

Growth Drivers



Enterprise

- Rapid digital adoption and transformation of enterprises
- Inherent cost advantage in scaling products & solutions as compared to B2C



BFSI

- Increasing adoption of digital solutions by Banks
- Gradual shift to open banking model



Healthcare

- Adoption of technology-centric solutions
- Rise in ICT use cases with digitization of Hospitals & Clinics



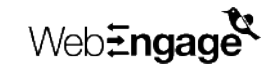
Retail

- Increasing traction for Ecommerce enablers & change in consumer buying behavior
- Digital transformation of SME's

Illustrative Examples



- **YoI** - 2006
- **Last Funding** – Series B Round for 125 Mn in 2020
- **Description** - AI-enabled software that automates payments, receivables, and treasury processes



- **YoI** - 2011
- **Last Funding** – Seed Round for \$171K in 2018
- **Description** Multi-channel predictive marketing automation suite



- **YoI** - 2014
- **TotLast Funding** – Series C Round for 75 Mn in 2019
- **Description** - Integrable payment gateway solutions for organizations



- **YoI** - 2014
- **Last Funding** – Series D Round for 42 Mn in 2019
- **Description** - Provides provides working capital for SMBs in India



- **YoI** - 2015
- **Last Funding** – Series C Round for 19 Mn in 2019
- **Description** -Enterprise data operations and orchestration software



- **YoI** - 2016
- **Last Funding** – Series A round for 16Mn in 2020
- **Description** - AI-based decision support tool for diagnostic images

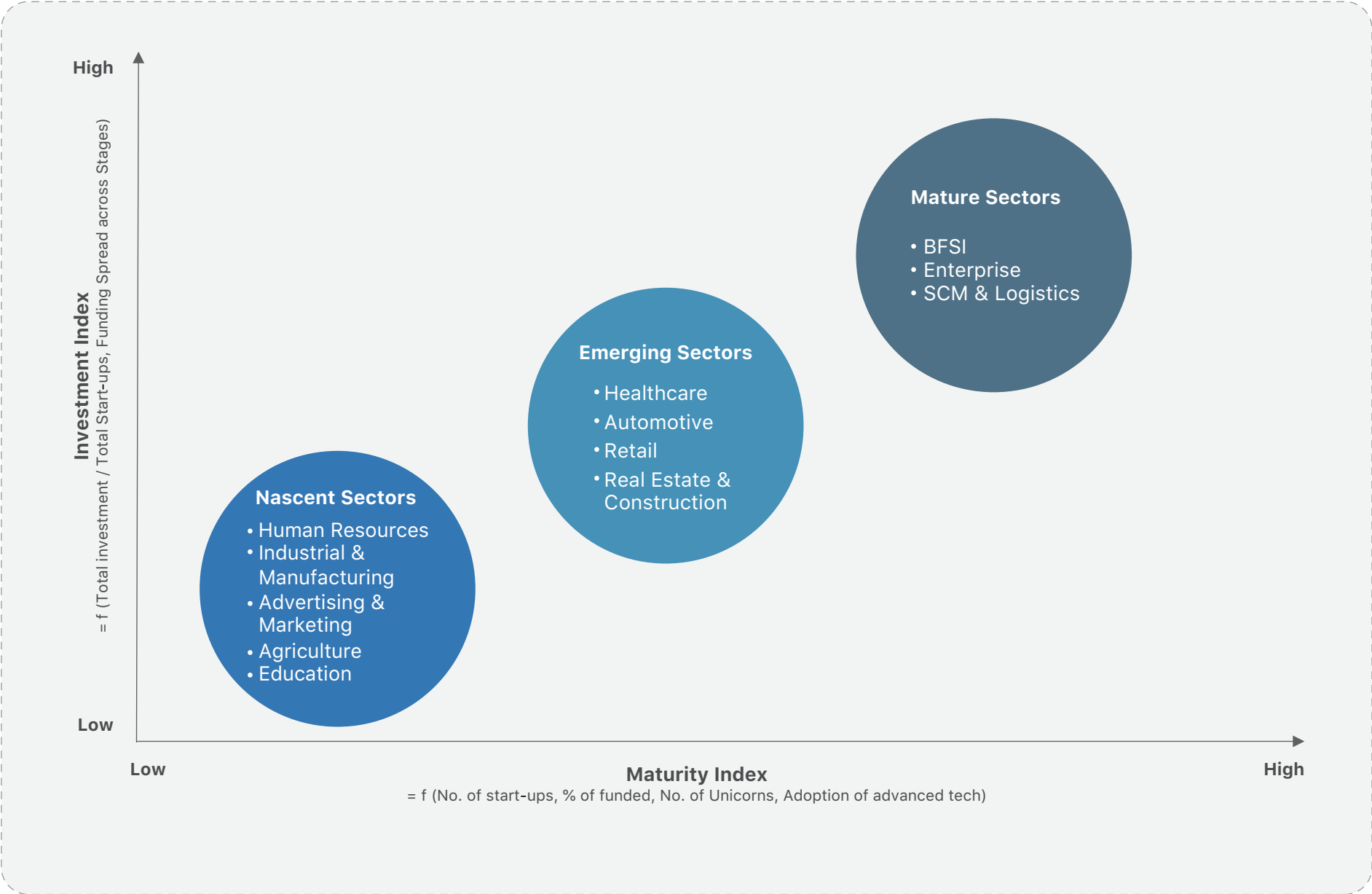


- **YoI** - 2011
- **Last Funding** – Undisclosed Series A Round in 2017
- **Description** Cloud based data visualization and analytics platform



- **YoI** - 2012
- **Last Funding** – SeriesB Round for 5.5 Mn in 2019
- **Description** Provider of AI-based pricing optimization solution

BFSI, Enterprise, SCM & Logistics are the most mature sectors with strong participation from entrepreneurs and investors alike



MATURE SECTORS

Sectors with a high percentage of funded start-ups, number of unicorns with high adoption of advanced tech, and hence high investor activity

EMERGING SECTORS

Sectors with a relatively low percentage of funded start-ups, number of unicorns with medium to high adoption of advanced tech, and hence medium to high investor activity

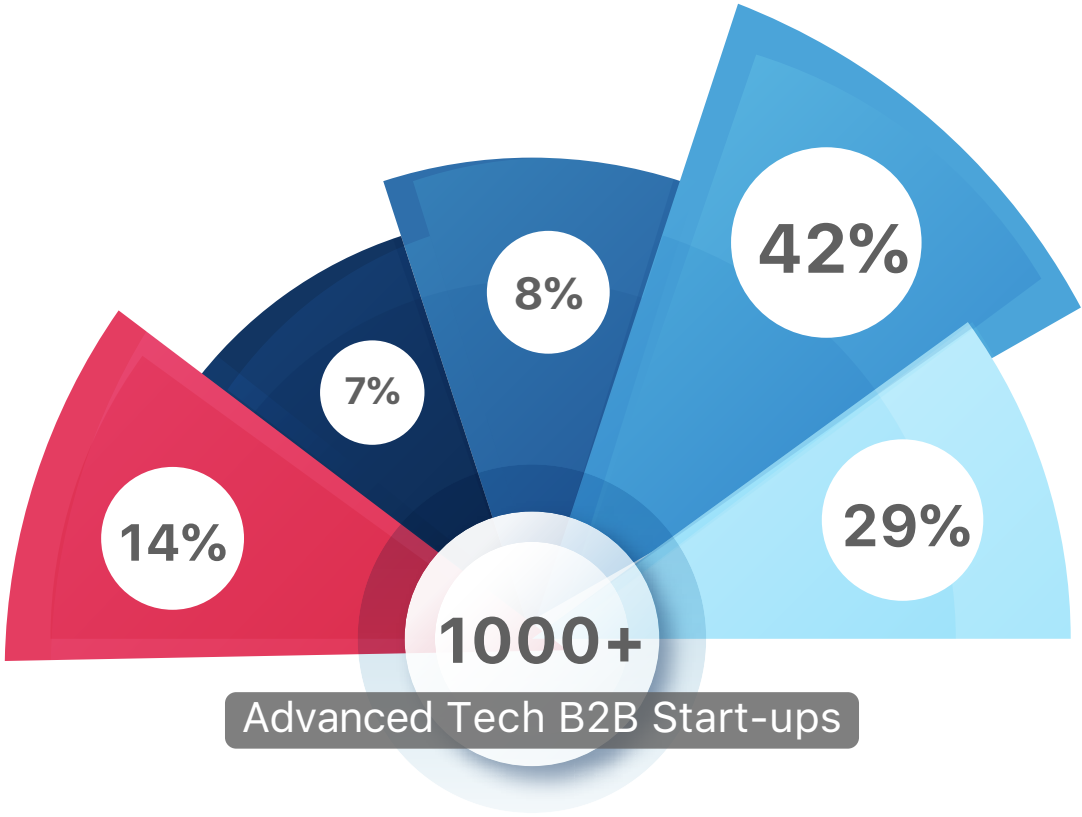
NASCENT SECTORS

Sectors with a low percentage of funded start-ups, with low to medium adoption of advanced tech, and hence low to medium investor activity

Source: Zinnov CoNXT Research and Analysis

Advanced Technology Split

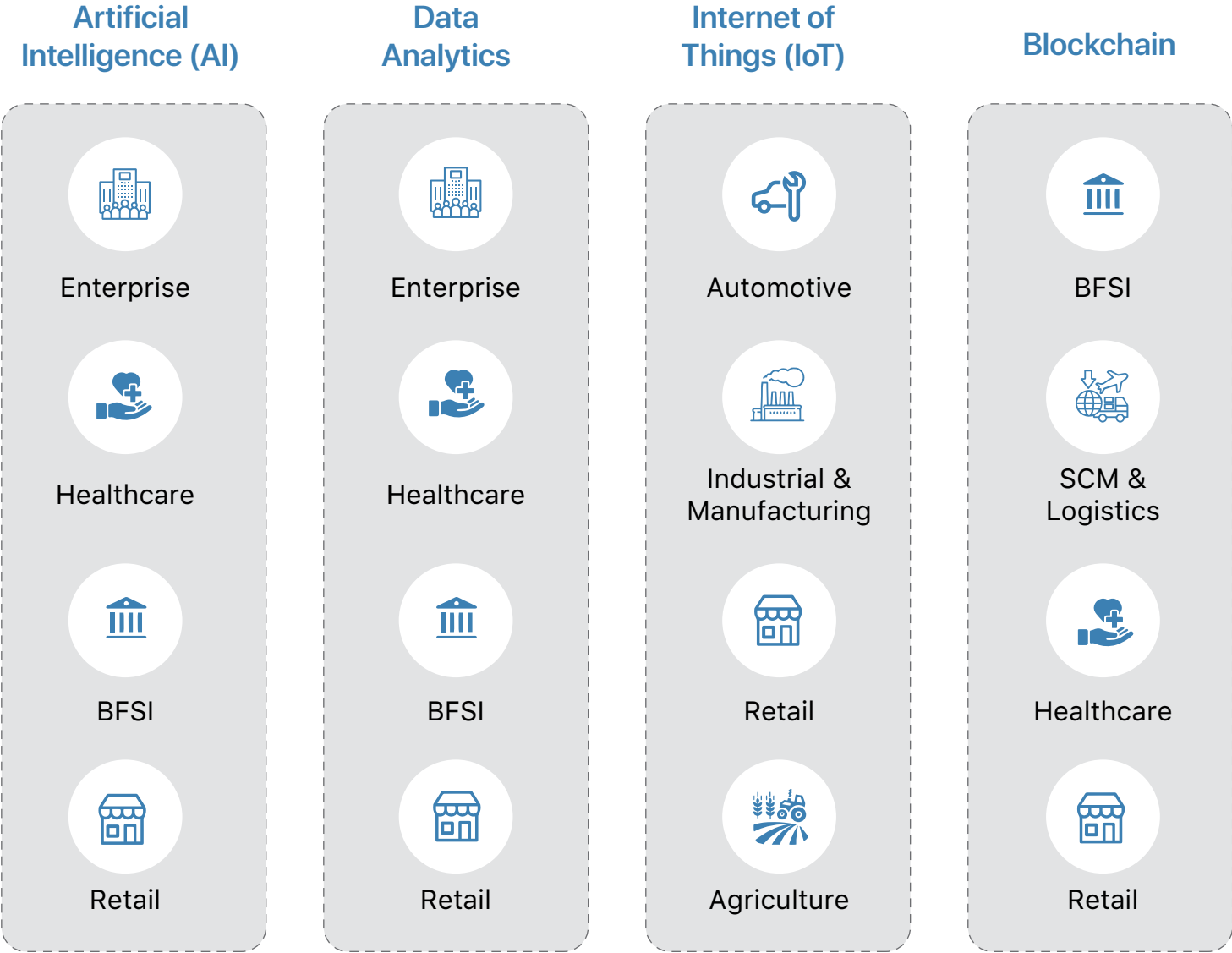
18% of all start-ups in India are Advanced Tech start-ups
 Share in B2B pool – 24% Share in B2C pool – 11%



■ AI / ML ■ Big Data & Analytics ■ IoT ■ Blockchain ■ Others

Others include Drones, AR VR, 3D Printing, RPA, Chatbots, etc.

Adoption of Advanced Technologies by Industry verticals



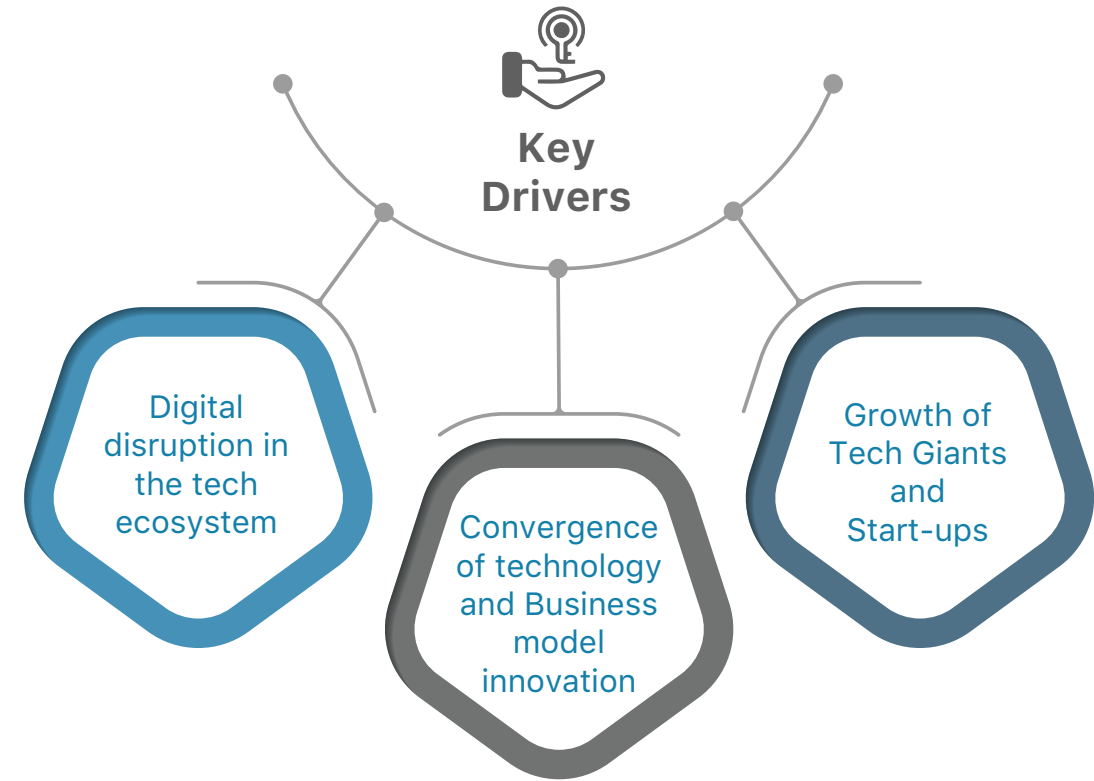
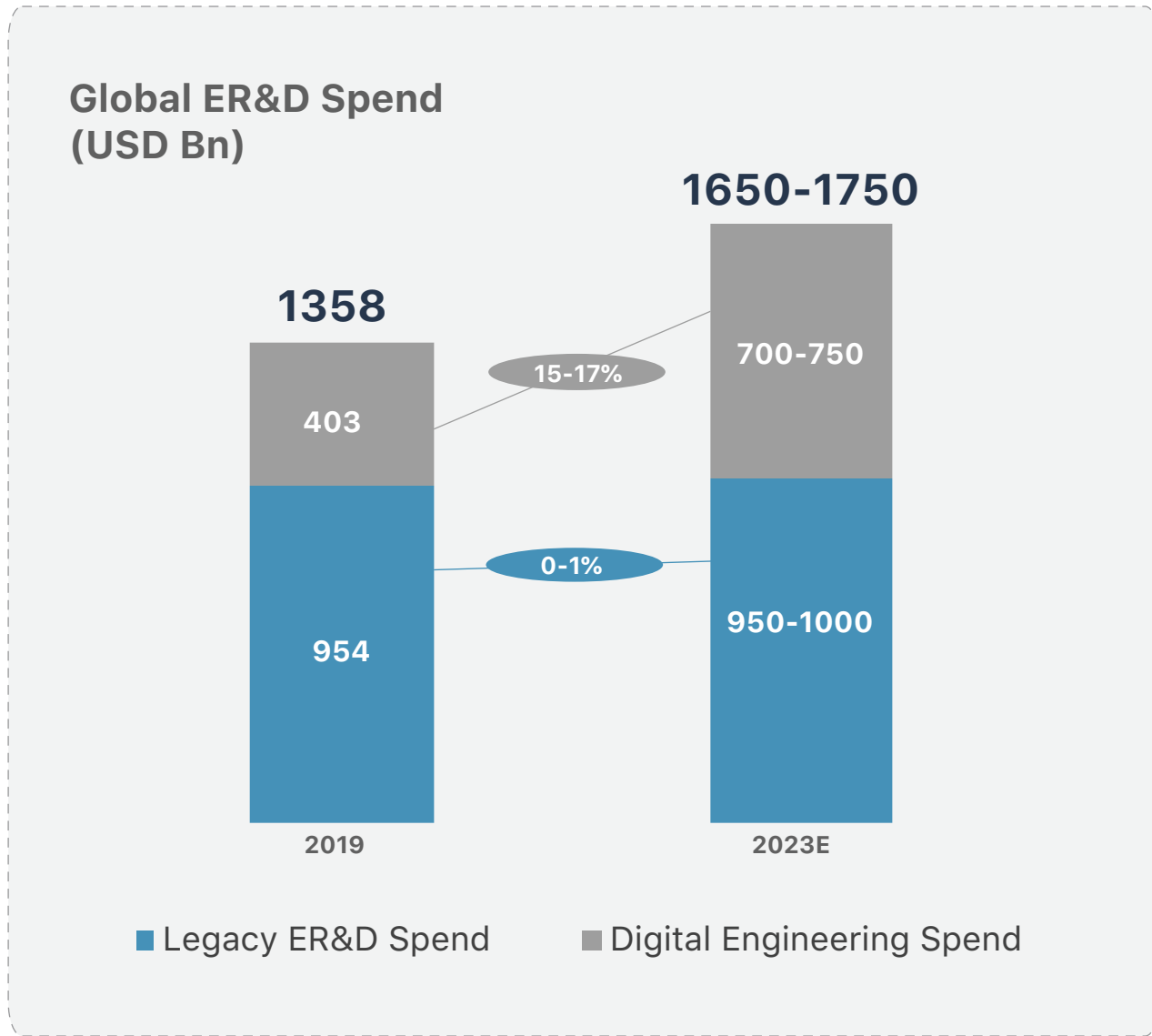
Adoption depicted for top four industry verticals

Note: Analysis of start-ups founded from 2014 to 2019
 Source: NASSCOM Zinnov India Tech Start-up Landscape Report 2019; Zinnov CoNXT Research and Analysis,

START-UPS HAVE EMERGED AS KEY ENABLERS OF DIGITAL TRANSFORMATION FOR LARGE ENTERPRISES



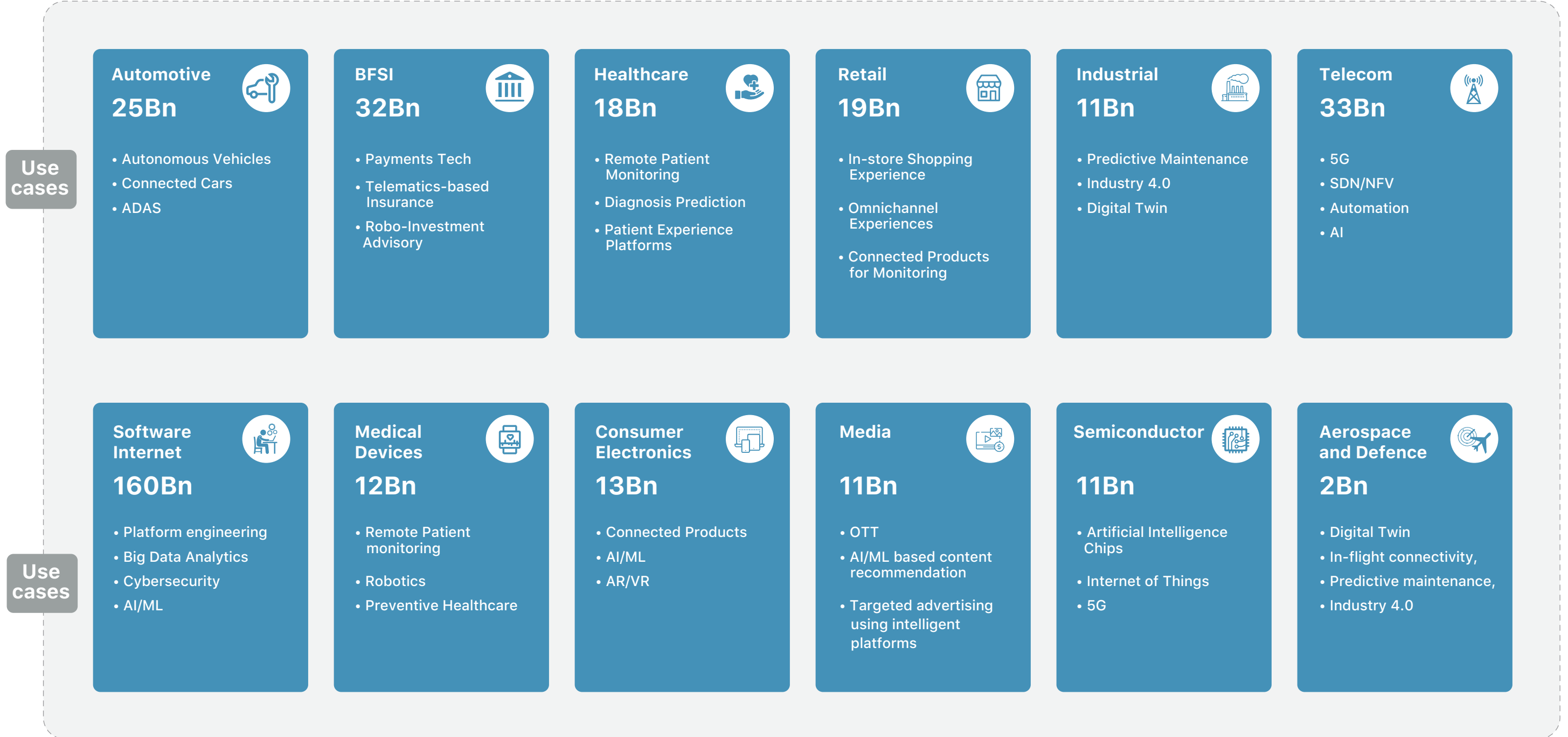
Global Digital Engineering R&D Spend is expected to reach USD 700-750bn by 2023



Priority Areas

- Process & Quality Control
- Product Ownership Experience
- Alternate Revenue Streams
- Product Development Velocity
- Business Model & Tech Convergence

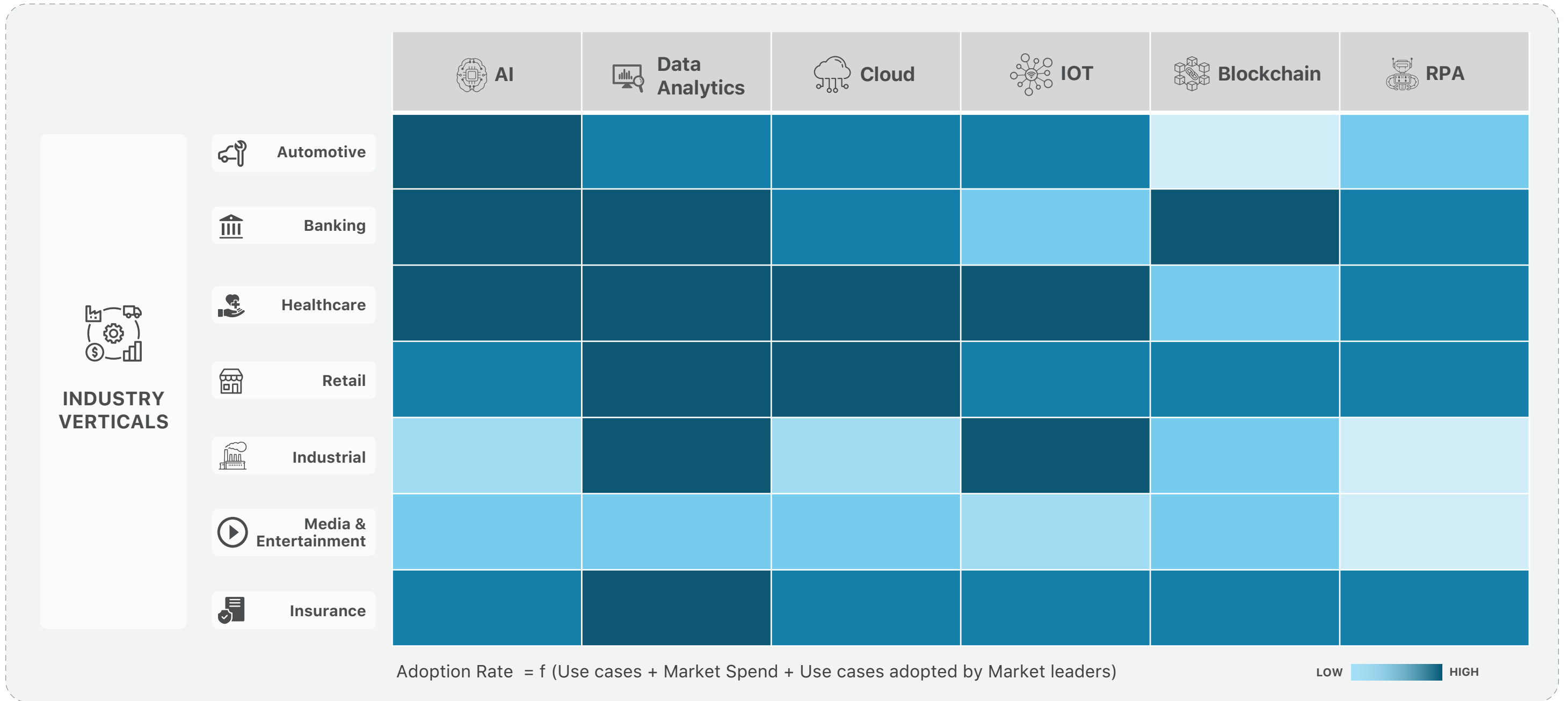
Technology is re-defining business across all industry verticals



Note: Figures depicted represents 2019 Digital Engineering spend within the sector: The Digital Engineering spend is based on the analysis of top 1000 ER&D spenders across 20+ verticals from Global ER&D services landscape report - Zinnov, Feb 2020
Source: Zinnov Research and Analysis













AI and Data Analytics are a priority for almost every industry





DIGITAL TECHNOLOGIES



Note: Adoption rate is the function of quantum of new age use cases by industries across technologies, Market spend and the core use cases adopted by leading players in the industry
Source: Zinnov Research and Analysis

Integration of AI and Data Analytics with other technologies is unlocking new use cases

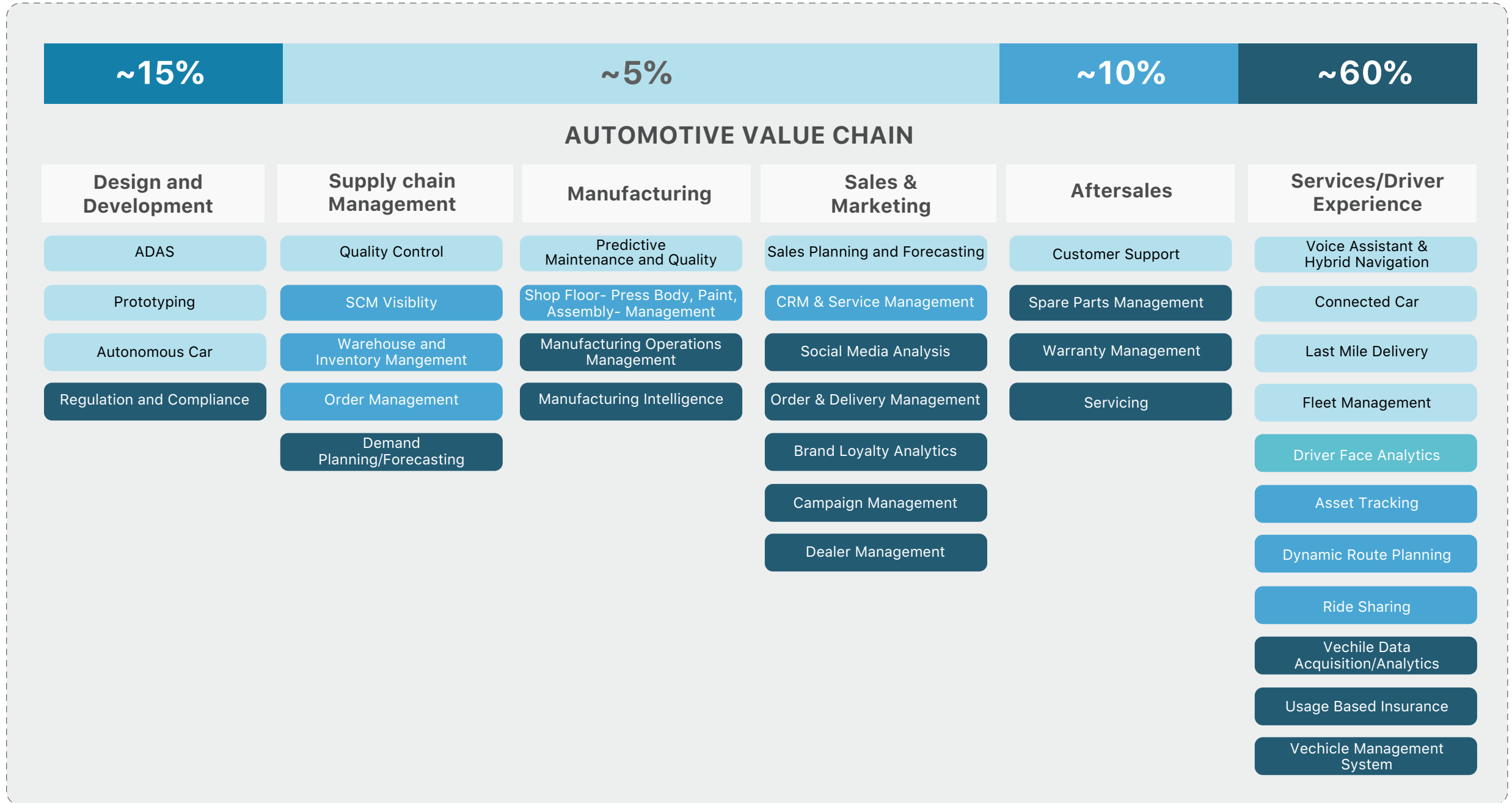
	 BFSI	 Automotive	 Retail	 Healthcare
 IOT	<ul style="list-style-type: none"> • Security & Surveillance • Damage Inspection • Payment Processing 	<ul style="list-style-type: none"> • Smart Warehouses • Predictive Maintenance • Digital Twins 	<ul style="list-style-type: none"> • Smart Mirrors • On-demand Goods • Smart Warehouses • Autonomous Stores & Checkout 	<ul style="list-style-type: none"> • Guided Surgery • Augmented Diagnosis
 Blockchain	<ul style="list-style-type: none"> • Tracking Document Ownership • Investment Tracking • Payment Tracking 	<ul style="list-style-type: none"> • Autonomous Vehicle Data Security • Digital Identity • Supply Chain Tracking 	<ul style="list-style-type: none"> • Customer Identity • Inventory Tracking 	<ul style="list-style-type: none"> • Identification of Counterfeit Medicines • In-transit Monitoring of Pharmaceuticals
 RPA	<ul style="list-style-type: none"> • Automated KYC process • Enhance Customer Experience • Claims Management • Automated Workflows Intelligent automation in Call Center Operations 	<ul style="list-style-type: none"> • Document Digitization • Personalized Targeting • IT Management RPA in Business Applications (ERP, HRM, Procurement, etc.) 	<ul style="list-style-type: none"> • IT Management • RPA in Business Applications (ERP, HRM, Procurement, etc.) • Intelligent automation in Call Center Operations 	<ul style="list-style-type: none"> • IT Management • RPA in Business Applications (ERP, HRM, Procurement, etc.)
 Illustrative Deployments	<p>A china based Crypto marketplace uses AI Robo-advisors which helps the investors in cryptocurrency investment</p> <p></p>	<p>Japanese Automaker partnered with MIT to explore blockchain technology for autonomous vehicle data sharing in real-time safer</p> <p></p>	<p>Global Online retail major has deployed IOT sensors and AI in new format stores for checkout free shopping experience</p> <p></p>	<p>A Fortune 500 pharma Company has Partnered with IBM for streamlining of drug discovery and enabling automation of processes</p> <p></p>

Legend:  IOT  AI/ML  RPA  Blockchain

In Automotive, start-ups are focused pre-dominantly on services and driver experience

Indian Start-up use cases across the Automotive Valuechain

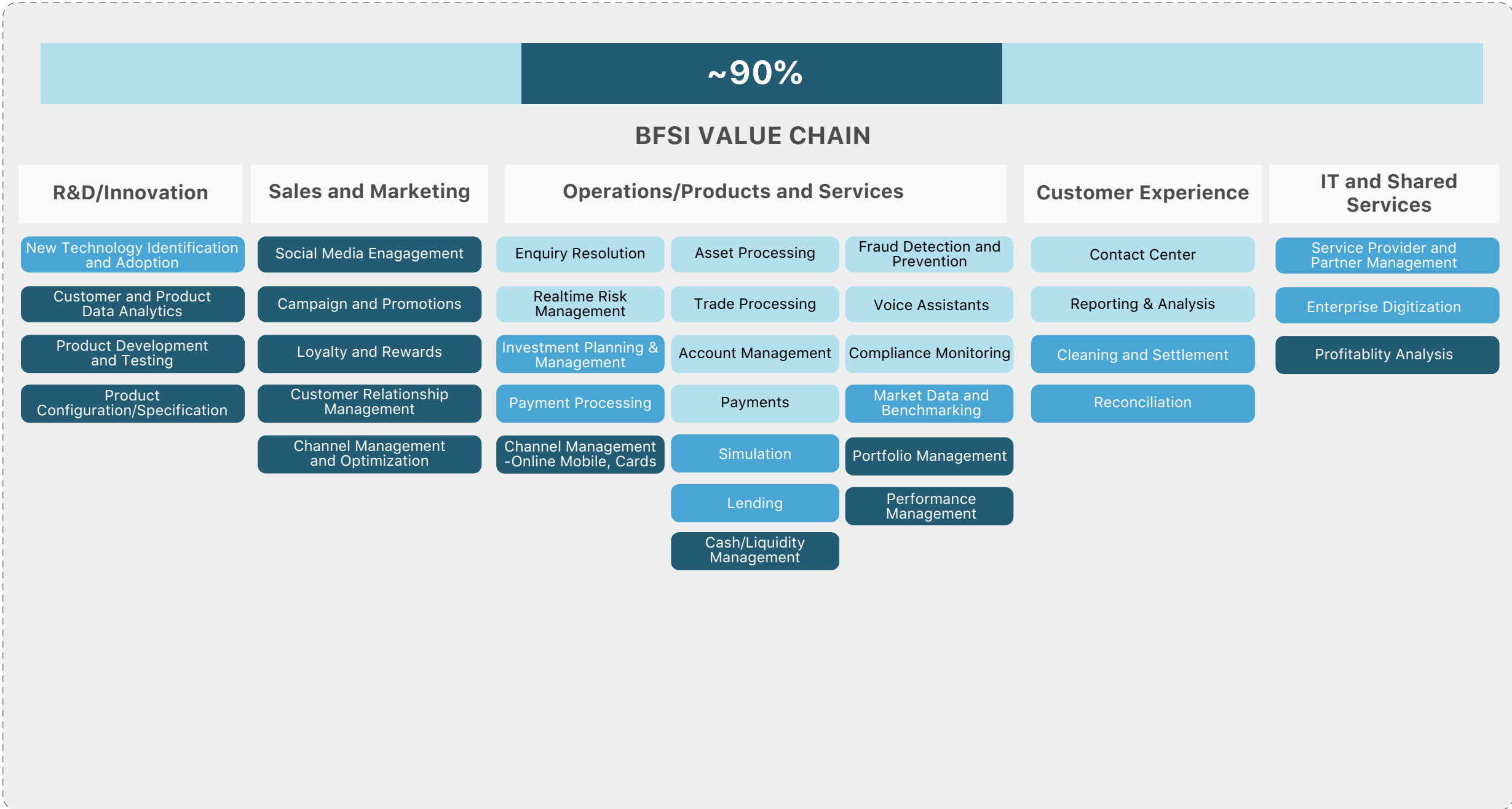
Activities with AI & Data Analytics adoption



Significant portion of BFSI value chain is witnessing high interest from start-ups

Indian Start-up use cases across the BFSI value chain

Activities with AI & Data Analytics adoption

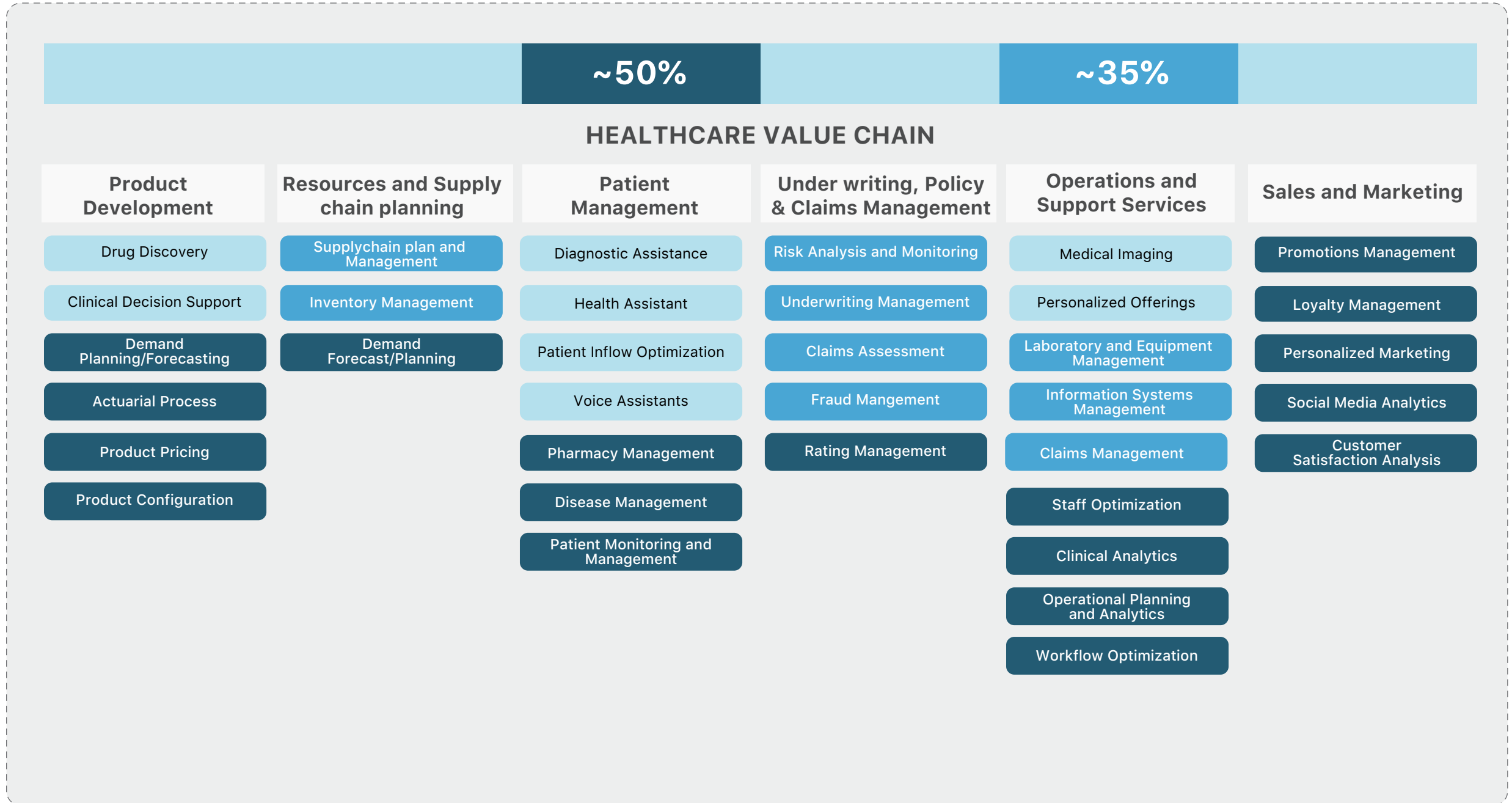


Source: Zinnov Research and Analysis

In Healthcare, start-ups are predominantly focused on patient management and operations management solutions

Indian Start-up use cases across the Healthcare value chain

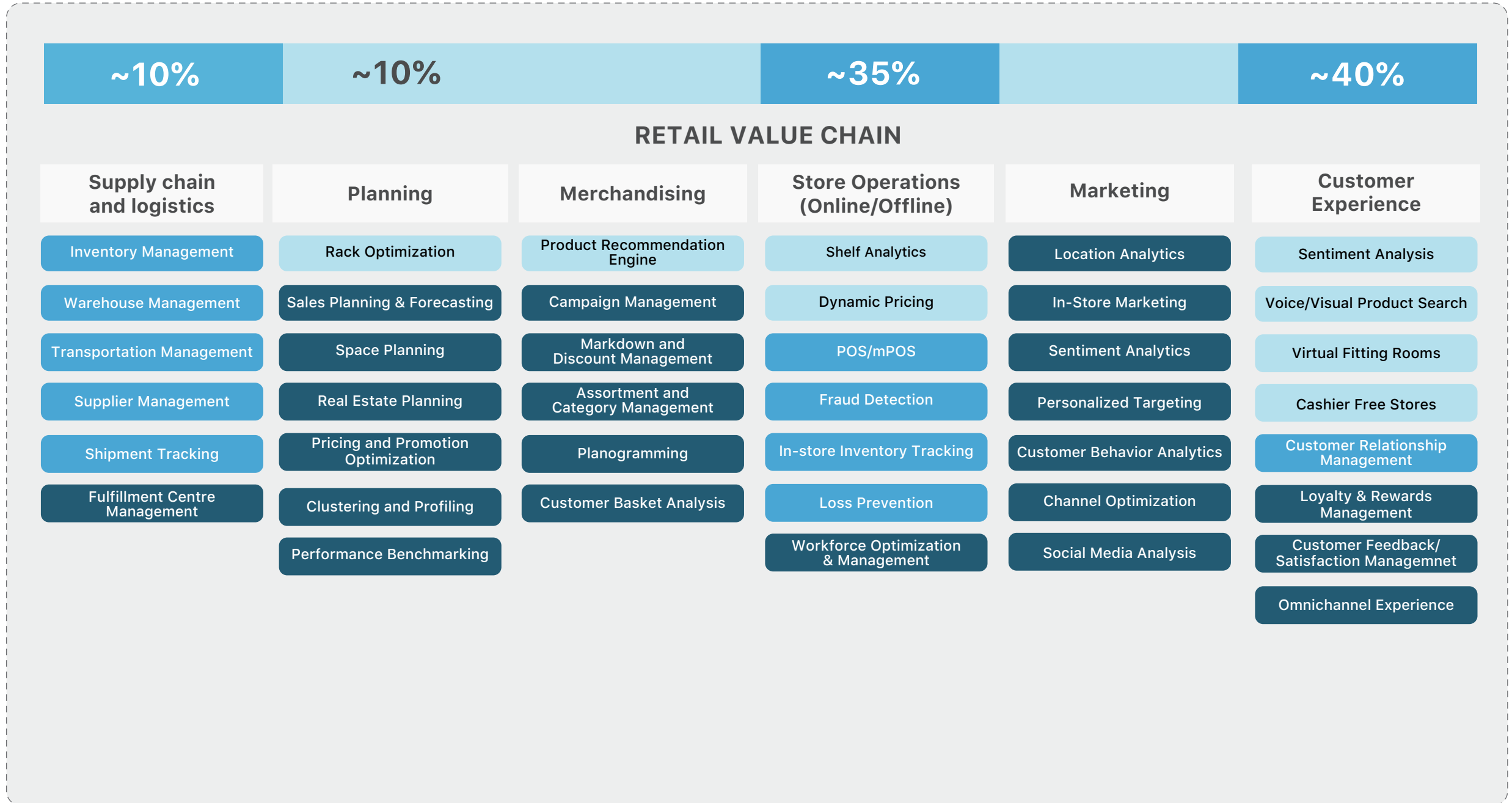
Activities with AI & Data Analytics adoption



Start-ups, with solutions across value chain, have emerged as a vital partner in Retail

Indian Start-up use cases across the Retail value chain

Activities with AI & Data Analytics adoption



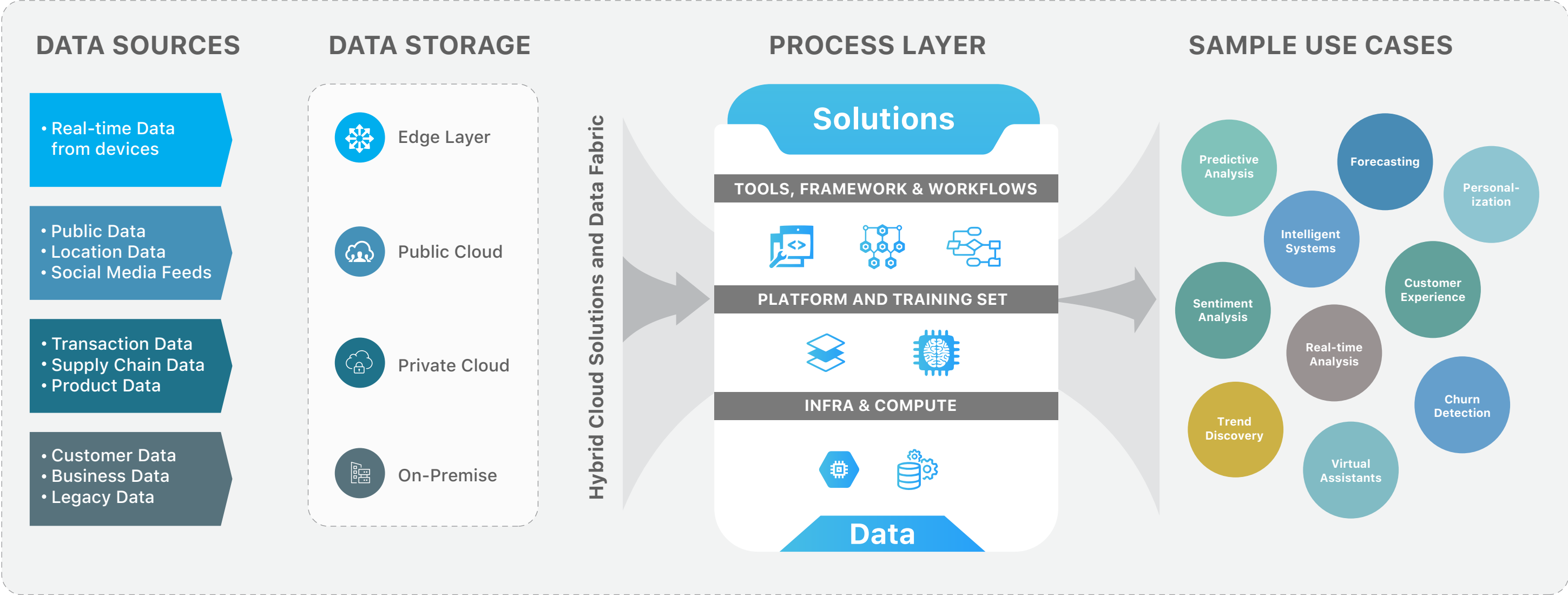
TO EFFECTIVELY LEVERAGE START-UPS, NEW-AGE INFRASTRUCTURE AND STRUCTURED PROGRAMS ARE ESSENTIAL FOR CORPORATES

A NEW-AGE DIGITAL INFRASTRUCTURE TO UNLOCK USE CASES

B STRUCTURED COLLABORATION PROGRAMS TO IMPROVE ODDS OF SUCCESS

New-age infrastructure is essential for data driven transformation initiatives to unlock new use cases

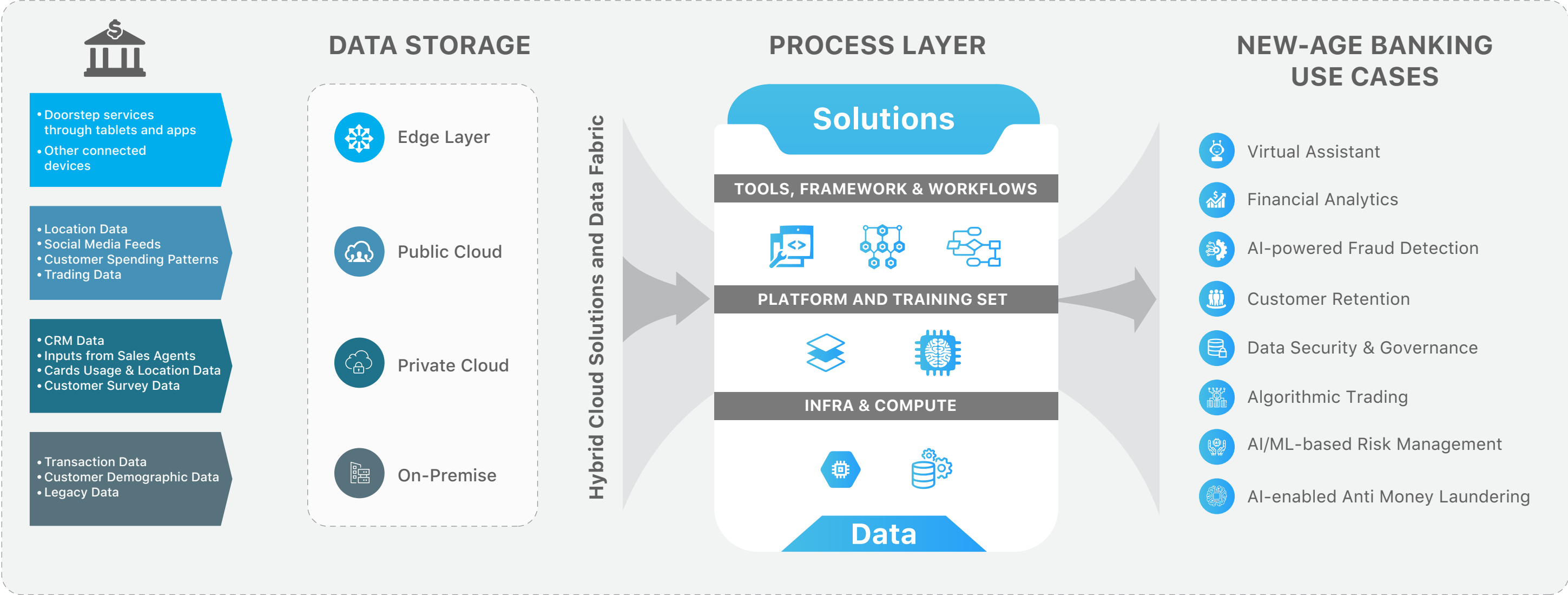
A NEW-AGE INFRASTRUCTURE



*Data stored across platforms are illustrative, which differs across different firms.
 *Use cases are Non-Exhaustive

Case Study: BFSI industry leaders are breaking the data silos to provide new products and services

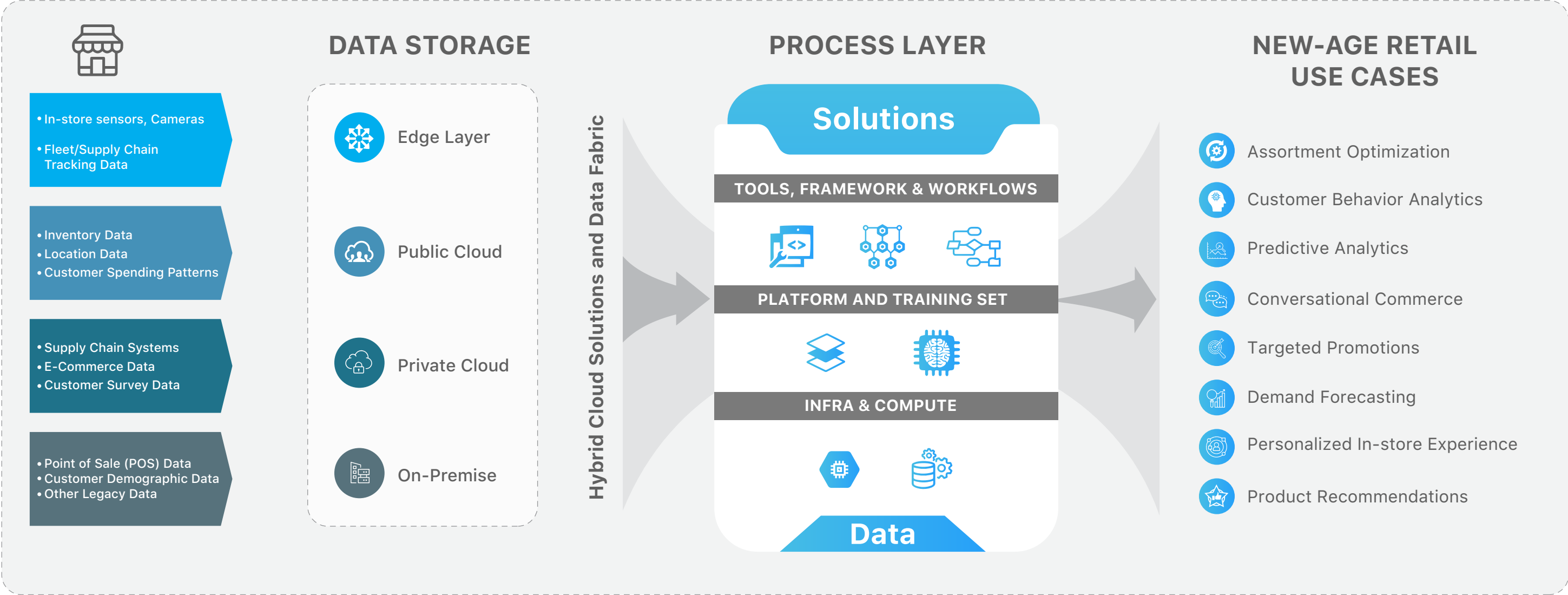
A NEW-AGE INFRASTRUCTURE



*Data stored across platforms are illustrative, which differs across different firms.
 *Use cases are Non-Exhaustive

Case Study: Retail enterprises are harnessing data to optimize operations and deliver delightful customer experience

A NEW-AGE INFRASTRUCTURE

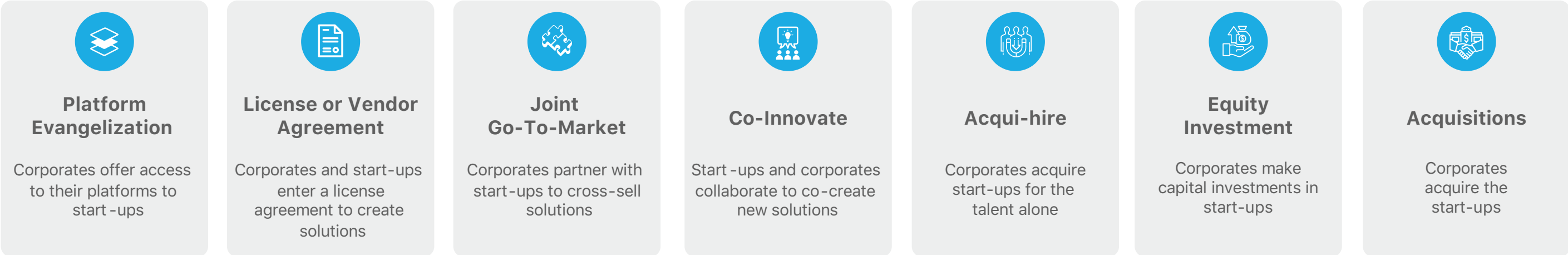


*Data stored across platforms are illustrative, which differs across different firms.
 *Use cases are Non-Exhaustive

Corporates are using a multi-pronged approach to expand their innovation portfolio with start-ups

B START-UP PROGRAM

Collaboration models are a combination of build, buy, and partner

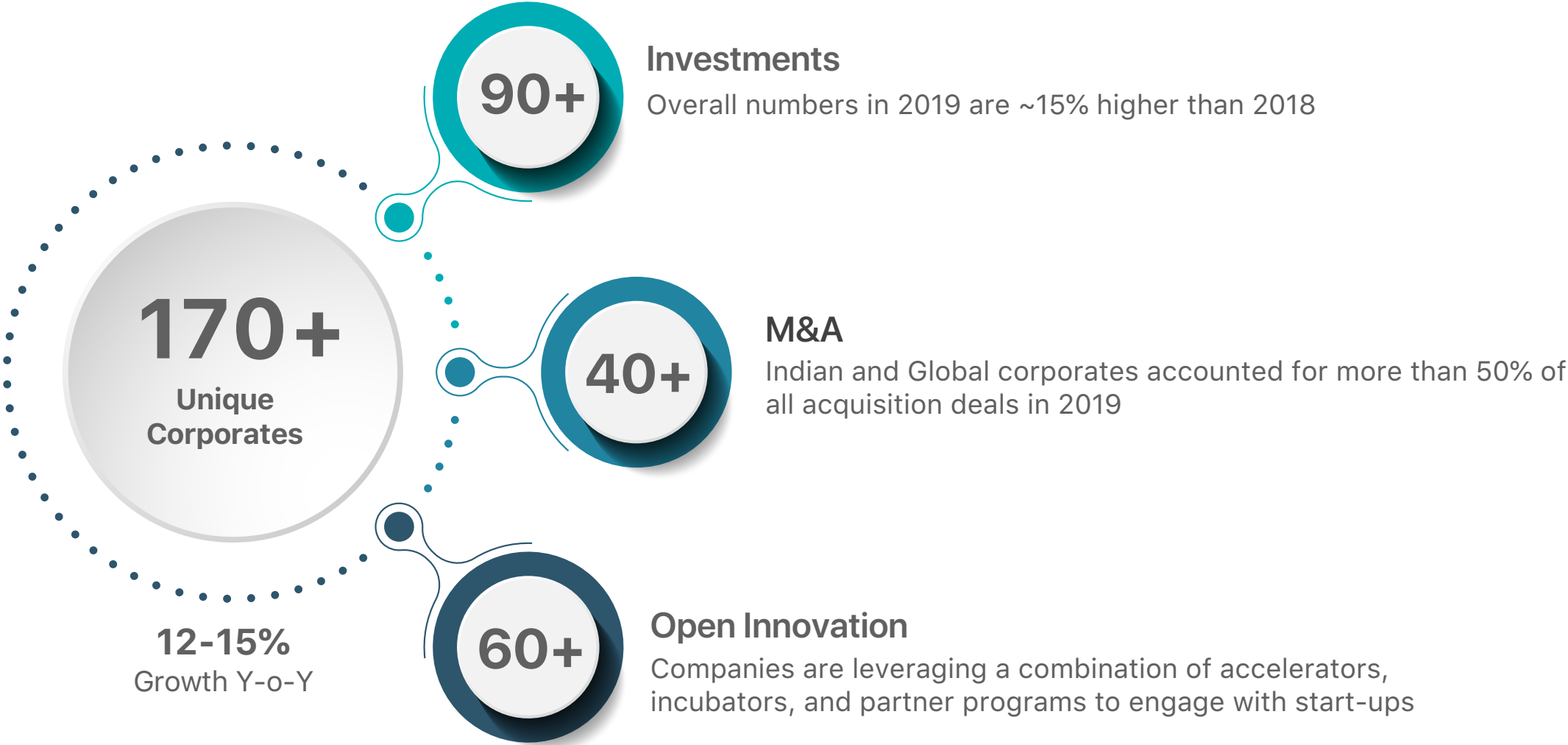


Different approaches that corporates leverage to drive collaboration



B START-UP PROGRAM

There is an increase in the number of unique corporates collaborating with the Indian start-up ecosystem



Note: Analysis of start-ups founded from 2014 to 2019, Analysis as on Dec 2019
Source: NASSCOM Zinnov India Start-up Landscape Report 2019

B START-UP PROGRAM

Corporates are leveraging start-ups to solve business challenges to deliver revenue growth, cost savings, and/or improve customer experience

Corporates are increasingly building structured programs to build repeatable and replicable processes to collaborate, at scale

60+

Number of Active Open Innovation programs run by corporate R&D centers in India

18

Number of industry verticals across which corporates are collaborating with start-ups

60%

Of all corporates are Global MNCs with R&D centers in India



Incubator

A fixed term, 6 to 24-month-long, cohort-based program for pre-seed start-ups, typically focussed on idea stage opportunities. Invariably, these are equity-based programs for corporates to get early access to a large pool of ideas/solutions.



Accelerator

A fixed term, 3 to 6-month-long, cohort-based program for pre-growth and growth stage start-ups. During the program, the emphasis is on building proofs-of-concept (POCs) and/or on integrations to determine long-term engagement.



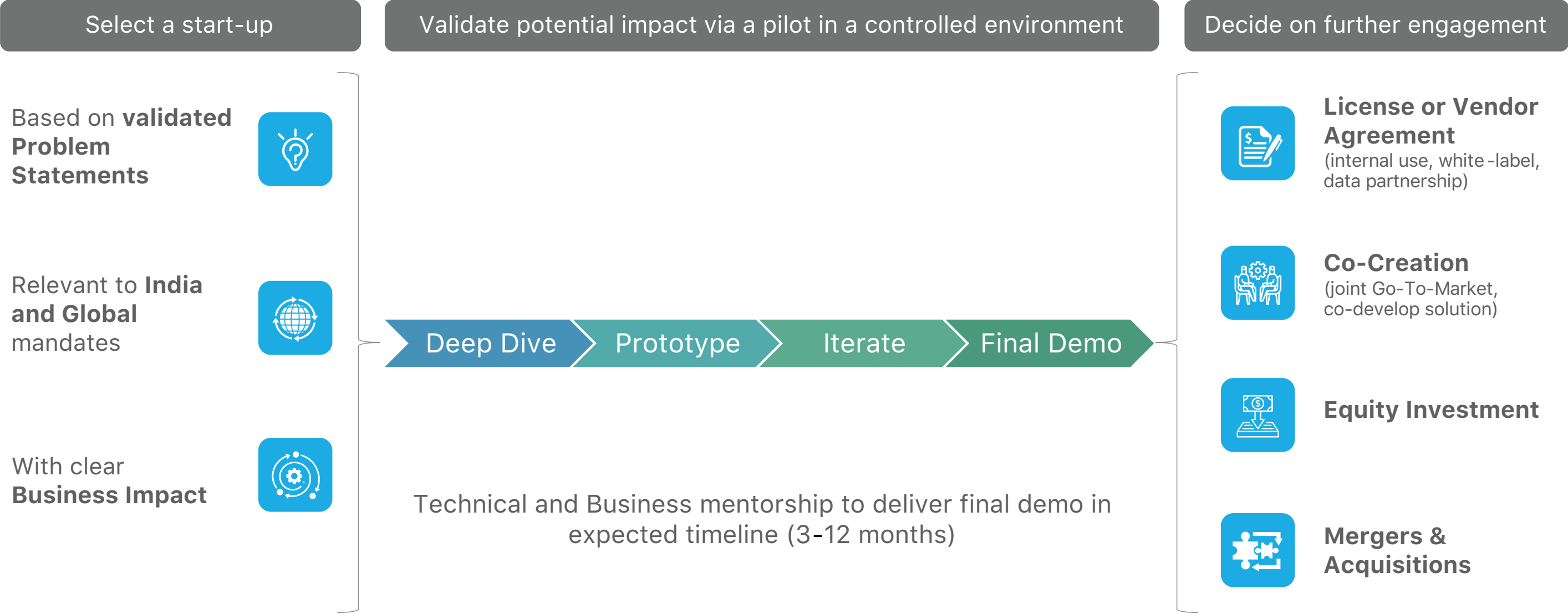
Partner Program

A requirement-based program, where corporate business units define problem statements they are looking to solve, and partner with growing, mid, or late stage start-ups to build complimentary solutions in exchange for a financial commitment.

Collaboration Programs are increasing rapidly because of their capacity to drive multiple outcomes for a corporate

B START-UP PROGRAM

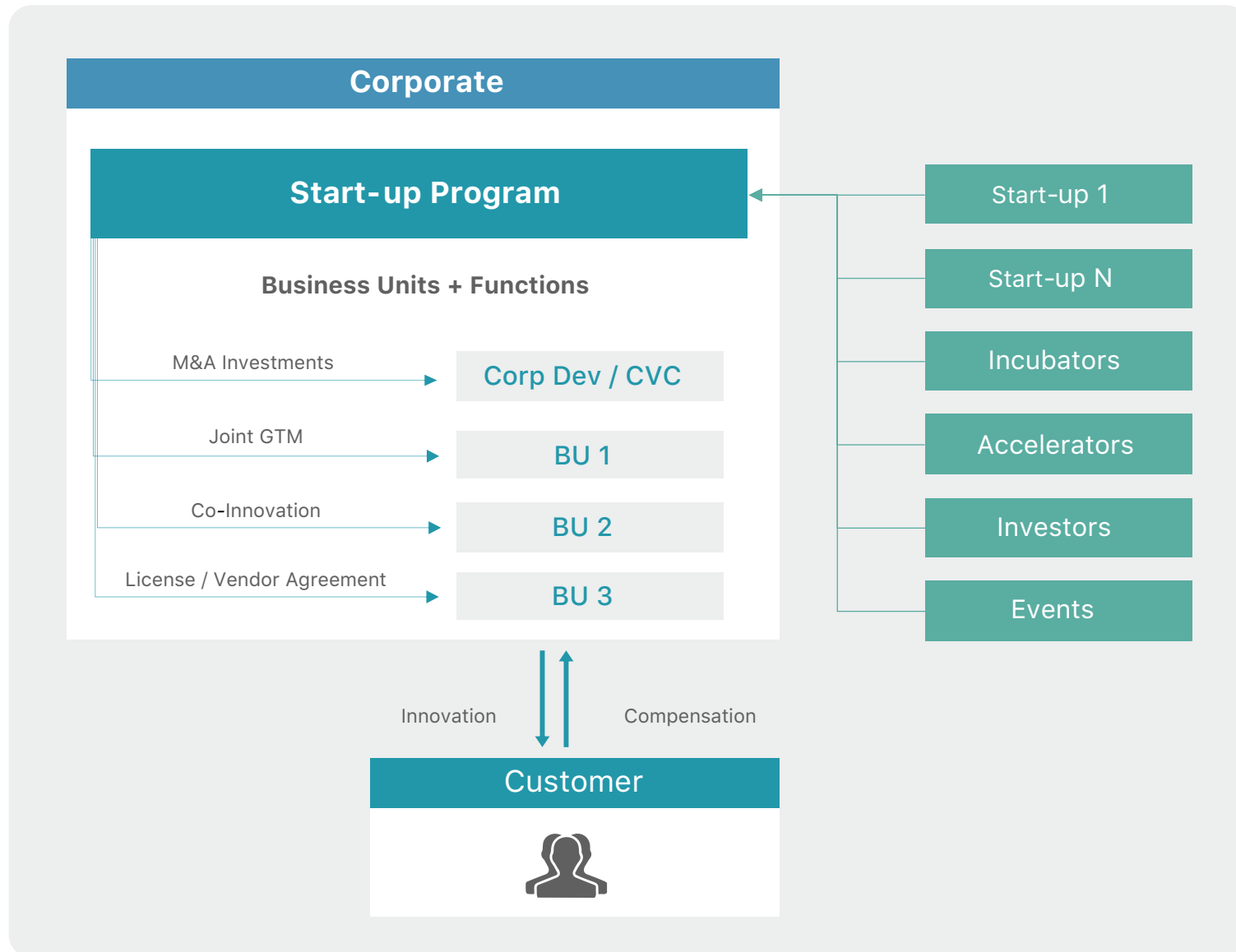
Stage gated process to optimize resource allocation and to drive tangible outcomes



Note: Illustrative, Not Exhaustive
Source: Zinnov CoNXT Research & Analysis

Collaboration Programs also provide a unified approach and flexibility to drive tangible outcomes

B START-UP PROGRAM



Advantages

- Unified and scalable process(es)
- Best in class practices which are repeatable and replicable
- Efficient and compounds capabilities over time
- Clear value articulation and smooth customer experience
- Drive multiple outcomes
 - Extrinsic Value – license or vendor or joint go-to-market agreements
 - Intrinsic Value – equity investments or acquisitions
- Enable additional value
 - Intrinsic Value – acqui-hiring, typically few months after the program, in case the start-up doesn't scale

Enterprises across verticals are running Structured Programs to collaborate with start-ups to leverage new-age use cases

B START-UP PROGRAM

MAJOR VERTICALS

CORPORATE PROGRAMS

FOCUS AREAS & USE CASES

	BANKING & INSURANCE	    
	SOFTWARE & INTERNET	    
	AUTO & AERO	    
	TELECOM & NETWORKING	  
	RETAIL	    
	HEALTHCARE	  
	Others	     

Blockchain Solutions, Advanced Analytics, InsurTech, e-Wallet, KYC, Digital Onboarding, Fraud Prevention

Cloud, IOT, Analytics, Machine Learning, Virtualization, Data Security, Sector-agnostic Solutions

Advanced Analytics, AI, Blockchain, Mobility, Industrial IOT

Connected Devices, AI, Wireless Technologies, AR/VR, Industrial IOT

Location Analytics, IOT, AI, Mobility, Omnichannel, Supply Chain, AR, VR, 3D Scanning

AI-based Healthcare Applications & Devices, Radiology, Ultrasound, and Oncology Solutions

EdTech, Media Tech, Digitalization, Ad Tech, Mobility, AR/VR, etc.

Note: Illustrative, Not Exhaustive
Source: Zinnov CoNXT Research & Analysis

NETAPP EXCELLERATOR ENABLES LARGE ENTERPRISES TO UNLOCK DIGITAL OPPORTUNITIES EFFECTIVELY



 Launched in 2017  Bangalore  B2B Start-ups

TECHNOLOGY FOCUS AREAS	Containers	Analytics	IOT
Hybrid Cloud	Storage	Cyber Security	Virtualization
AI	Deep Learning	Kubernetes	Data Management

PROGRAM OFFERINGS

- Paid PoCs
- Technology Mentorship
- Business Mentorship
- Access to Tools & Customers
- Co-working space
- Investor Connects
- Technology and Business support



Note: Illustrative, Not Exhaustive
Source: Zinnov CoNXT Research & Analysis



Client:

UK Health Insurance Company



Context:

Client team had followed a sluggish manual process in cleaning the data & identifying root causes from the pool of data sets, which resulted in delayed informed insights & customer service.



Approach:

Zscore, a start-up part of NetApp Excellerator worked on 1,80,000+ rows of client data across three data sets. The start-up helped the client in cleaning the errors and identifying the root cause. And they also recommended the client on how the data quality can be improved.

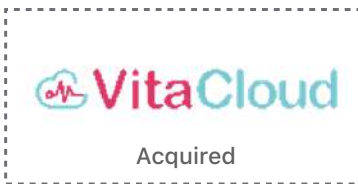
Zscore worked on the problem statement and took just 12 days. If it could have done manually it will take 6 weeks to clean the 10% of the data sets handled by Zscore.



Outcomes:

Zscore expertise helped the client to make **better informed insights** with clean data **with reduced time**. The timely insights helped the client to improve the service and customer experience

Start-ups from the NetApp Excellerator Program



NOTE FOR READERS



The report is jointly created by Netapp and Zinnov to understand how large enterprises are leveraging start-ups to unlock digital opportunities. During the course of the study, research team conducted primary and secondary research for the analysis and key insights. Initial analysis targeted to understand the growth of Indian B2B Start-ups, unicorns, investment trends & categorization of start-ups across mature, emerging and nascent sectors.

We did a detailed analysis to understand, how digital technologies are adopted by enterprises across major industry verticals. The adoption rate is determined based on market spend, quantum of Industry use cases & use cases adopted by the market leaders in the industry. Also, we have mapped the Indian Automotive, BFSI, Healthcare & Retail sectors with start-ups across industry value chains.

We have showcased how enterprises can leverage data across platforms to drive transformation initiatives with new age infrastructure. Additionally the report provides a POV on structured collaboration programs in India.

Data Aggregation

Zinnov Data

NetApp Excellerator

Secondary Research

- Crunchbase
- Business Today
- Inc42
- Forbes
- Business Standard
- Livemint
- VCCircle
- Times of India
- Economic Times
- Yourstory

RESEARCH TEAM

NETAPP
EXCELLERATOR



- Madhurima Agarwal
- Aman Saraswat
- Sudhir Gupta
- Gautham Galileo
- Vikalp Sharma
- Atit Danak

Age:

5 YEARS

Active technology product/platform companies incepted in the last 5 years (in 2014-2019)



Origin:

INDIA

Founders of Indian origin, with HQ or core product development in India



Differentiation:

INNOVATION

Innovation in technology, business process or business model being executed at speed



Stage:

PROTOTYPE +

The start-up must have at least a prototype or MVP; idea stage start-ups are not considered



**NETAPP
EXCELLERATOR**

40/C, ITPL Main Rd, KEB Colony, Hoodi,
Bengaluru, Karnataka 560048

Phone: +91 80 61103000

E-mail: accelerator@netapp.com



Zinnov Management Consulting Private Limited
Umiya Emporium, No.97, 4th Floor, Hosur Main Road,
Bangalore, Karnataka - 560029

Phone: +91 (80) 4080 4600

E-mail: info@zinnov.com

Disclaimer

The information contained herein has been obtained from sources believed to be reliable. Authors disclaims all warranties as to the accuracy, completeness or adequacy of such information. Authors shall have no liability for errors, omissions or inadequacies in the information contained herein, or for interpretations thereof.

The material in this publication is copyrighted. No part of this report can be reproduced either on paper or electronic media without permission in writing from author(s). Request for permission to reproduce any part of the may be sent to NetApp and Zinnov.



NETAPP
EXCELLERATOR

