

Twitter's acquisition of ZipDial shines ray of light on expat startup community in India

The Economic Times, 24th January 2015

http://articles.economictimes.indiatimes.com/2015-01-24/news/58408177_1_zipdial-amiya-pathak-software-company

BENGALURU: Twitter's \$35 million acquisition of missed call marketing platform ZipDial shines a ray of light on the compact but budding expat startup community in India, where enterprising foreigners face substantial hurdles to operate in an emerging market.

"It clearly indicates India is a place where you can build something with a long term value proposition," said Bert Mueller, 25, who co-founded Mexican food chain California Burrito, one of the first foreigner run startups in the country to target India's growing domestic consumption market.

"Some of the reflections that 'it proves that there are good startups in Asia' are a little out of date. This market is currently very under promoted and undervalued," agreed Englishman Stewart Noakes, cofounder of the Bengaluru branch of TechHub, a network of coworking spaces across six countries. "If ZipDial had been made in Boston or Silicon Valley, I suspect they would have secured at least one order of magnitude more in the transaction."

Just as Valerie Wagoner co-founded ZipDial with Amiya Pathak and Sanjay Swamy, many expat entrepreneurs here have teamed up with locals to help them navigate both logistical and strategic challenges in building a company. Although the foreigners tend to be in the media spotlight, they credit their success to their Indian counterparts, who are critical every step of the way from understanding the local market to legally incorporating a business.

One such entrepreneur is Michal Depa, a 29-year-old Canadian who co-founded medical diagnostics company Jana Care with Sidhant Dena three years ago. The duo met when they were both graduate students in Boston. "It's been helpful for the small things that initially would have been very difficult for someone without any kind of background and contacts here - setting up a company as an Indian entity, how to chase down doctors for meetings," said Depa, who has raised almost \$3 million (Rs 18.5 crore) in funding and has partnered with multiple hospital chains here. "It keeps you informed about not only the market and the business environment, but also all of the cultural factors that are so alien to a Westerner - understanding the employees on your team, their family requirements, the way you have to get things done," added Englishman Tom Ansell, 29, who started transportation company Grallo in 2012 and then moved on to co-found technological consultancy Whyable with Agni Sriram.

It is not absolutely impossible to start a company here with a foreign team, however. "Earlier, it was very important to have key connections in place almost before you start your business. Nowadays, it's much easier to connect with other people," commented German native Toby Ruckert, who founded Bengaluru-based software company AMT Technologies in 2004 and has since moved on to build ventures in New Zealand and Singapore. This is in stark contrast to China, where it is near impossible to excel within the more isolated startup ecosystem without looking and speaking Chinese.

Will this milestone bring more foreigners to start up in India? "I believe ZipDial will serve as inspiration for more foreigners to come here and take a shot at starting something," said Troy Erstling, 25-year-old American who founded global hiring firm BrainGain last year.

"India is one of the toughest countries in the world to start a business, and the fact that ZipDial was able to start and get acquired in around five years shows that it's possible for others to do the same."