



News Release

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iSPIRT launches first Software Product Industry Monitor Report

Key findings of the Report

- *India has the potential to build a USD 100 bn software product industry by 2025 with resolute and purposeful action by industry and government.*
- *Over 50% of software product companies are completely self-funded or 'bootstrapped'.*
- *Lot of senior talent from MNCs is starting software product companies – close to 40% of founders come from an MNC.*
- *Indian software product startups are experiencing 'talent starvation' at the entry level.*
- *78% of Indian software product startups defy the universal logic of having founders with diverse skills, and instead have homogenous founding partners.*
- *The three most common product sectors that companies work in are Enterprise, SaaS and Consumer.*

India, Bangalore, February 4, 2014: Indian Software Products Industry Roundtable (iSPIRT), India's software product industry think-tank, today released its first 'Product Industry Monitor Report', a first-of-its-kind report analyzing India's software product industry landscape. The first Product Industry Monitor report is mainly focused on industry demographics, founder profile, talent management and financing aspects of India's product industry, and throws light on some interesting facets of the sector.

iSPIRT estimates that the country has the potential to build a USD 100 bn software product industry by 2025, contributing significantly to the nation's current account. While the existing framework of sector's revenue contribution does not concur to this estimate all that is required



to make this happen is some resolute and purposeful action by two major stakeholders: industry and government.

Unlike many other sunrise sectors which are predicted to fuel the growth of tomorrow's Indian economy, the software product industry has all the fundamental requirements in place to succeed. Some of the factors that can propel software product industry's growth in India is the rich skill leadership that the country already has in the IT sector, aspiration for entrepreneurship that exists among India's youth particularly in the IT (software) space, established vibrant software eco-system, existence of 'soft infrastructure', mobile proliferation, commoditization of computing hardware and the advent of cloud computing have made connectivity and computing capability nearly ubiquitous across India.

Further, emergent trends in the global technology space are working in India's favor. India is currently going through a period of 'Combinatorial Innovation'. Combinatorial innovation makes it possible for small entrepreneurial teams to develop complex business applications quickly. India has proved its combinatorial innovation at work in the UID project besides a host of SaaS success stories by Indian origin companies.

The new SaaS markets that are being created are very large and amount to a USD 600 billion global opportunity (out of the total USD 1.2 trillion dollar opportunity for software products). For the first time, Indian SaaS product companies are part of this emerging market opportunity from the beginning and some early winners are starting to emerge.

iSPIRT believes that fast growing domestic market requirements will also aid the growth of India's Software product industry in the days to come. The domestic market for software products is expected to grow at 14%, almost three times the global growth rate. A good part of this increased demand for software products will come from the SME sector and India's growth engine and socially significant sectors such as healthcare and education that are struggling to scale up to meet the needs of a growing nation.

To fulfill its potential software product industry will evolve through a number of different stages. We now have a critical mass of software product companies and have entered the Maturation stage of the industry. In a sense, the engine has cranked up and we need to pick up speed. To build momentum we need a string of positive outcomes – substantial VC investments, M&As and IPOs – that will give the industry much needed validation and a boost of confidence.

At this crucial juncture in this journey, it's very important for the entire ecosystem – product entrepreneurs, angels, VCs, government – to be aligned. This alignment can't happen with the limited anecdotal industry data that we have. The alignment will come about when everybody is looking at the industry issues through the lens of credible industry data. Since this data isn't



available we embarked on a systematic research effort in partnership with Prof. Sharique Hasan of Stanford University to address this problem. The first Product Industry Monitor report is a result of his effort.

Future reports will explore the M&A landscape for software products in India; products, business models, strategy and innovation in the software product industry; and track year-on-year trends on various dimensions of the software product industry.

Electronic copy of the Product Industry Monitor Report is available at [http://bit.ly/iSPIRT_PressConf]

About iSPIRT:

iSPIRT is a think-tank focused on transforming India into a hub for new generation software products. iSPIRT constitutes a 30 member Founders Circle comprising leadership from the Indian software product industry. iSPIRT has three major initiatives on its canvas – M&A Connect, The Software Adoption Initiative (SAI) and Government Policy Programs. ProductNation, a brand of iSPIRT, is a platform to nurture and grow the Indian startup product ecosystem. It seeks to inform, educate, and initiate dialogues among key ecosystem participants. For more information, visit www.ispirt.in

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