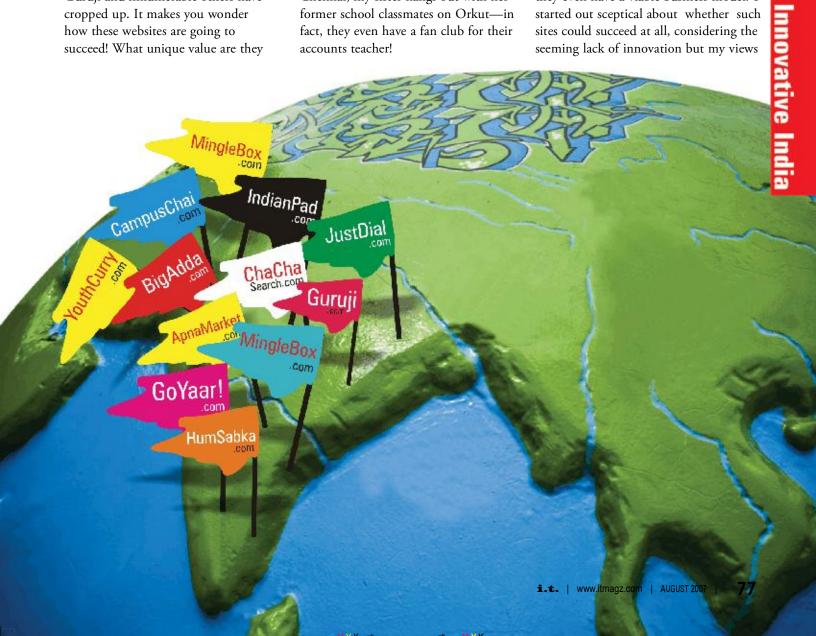# The *Desi* Web

Is 'Made In India' a unique selling proposition on the Web? Everybody seems to be launching Web products for, of and by Indians! A year later, it's probable that only the cream will remain, because the '100 per cent Indian' tag alone cannot draw traffic to a site anymore. To stay in business, a website has to be innovative, unique and able to offer high value to users.

the sudden surge in all-Indian Web products—social networking sites, local search engines and so on—is overwhelming. Campuschai, MingleBox, IndianPad, Youth Curry, BigAdda, Justdial, ChaCha Search, Guruji and innumerable others have cropped up. It makes you wonder how these websites are going to succeed! What unique value are they going to offer that differentiates them from Orkut, Google, Yahoo! Search, MySpace, YouTube or other such global services? After all, the Web is pretty much borderless. An Indian can blog on Wordpress or Blogger as easily as somebody from the USA. Sitting in Chennai, my sister hangs out with her former school classmates on Orkut—in fact, they even have a fan club for their accounts teacher!

With the ability to create such micro communities using a global service like Orkut, why would people need local social networking websites? Surely, the localisation alone cannot draw people! How are these websites going to generate traffic and hence revenue—in short, do they even have a viable business model? I started out sceptical about whether such sites could succeed at all, considering the seeming lack of innovation but my views

have changed quite a bit subsequently. True, many 'Indian' websites, especially in the social networking space, are simply me-too products, but the best of these do seem to be well-researched initiatives that offer specific value to the niche segments they cater to. And there are still many more 'gaps' waiting to be bridged—yes, that spells o-p-p-o-r-t-u-n-i-t-y!

Traditional strongholds

There are some spaces in which local flavours have almost always been more successful than generic international counterparts. E-commerce is one such space, where it is so important to literally 'break' into a market, that local variants customised to specific tastes, needs and availability actually provide a vertical extension to similar international services, rather than imitate or compete with them! Baazee.com did just that for eBay.

Sanjeev Sarma, CEO of Indianshutter.com, explains, "International reach is fine. But then, let us not forget that eBay, the international auction giant, took over Baazee.com just to extend its reach into this part of the world. Baazee.com was just trying to do what eBay had been doing. The only difference being that it localised the service, offering shipping in India, Indian-currency transactions, Indian shipping rates and so on."

IndianShutter.com is a portal for the sale and purchase of exclusively Indian pictures, and Sarma draws a

Hope makes them ape!

Despite so many evident dangers, why do people still venture out to simply replicate the concepts and models of successful global products?

Agarwal says, rather vehemently, "In my blunt view—because they are chasing money. If a YouTube sells for a billion plus and it has 30 million members, an Indian YouTube with three million members is worth a hundred million, right? NO. And then there's the belief that 'I can do a better job building a 'brand x' than brand x could because I know the market better.' There is the final belief (which really amounts to denial!) that the global brands lack something that a new local venture can create. Copy-cat business models worked in services to a certain extent, but will not work in traffic-driven Web 2.0."

Malhotra's response to why Netrepreneurs do this is even a wee bit angry, "Ask them. Really!" On a calmer note, he adds, "Instead shouldn't they be thinking of integrating their pieces/skills/contributions into the larger whole, or into those parts that already have audiences. The problem simply is that our technology geeks are business-agnostic, and our businessmen technophobic!"

Sanjeev Sarma, CEO, OSMOS Multimedia Pvt Ltd

"While the Web is truly the correct medium for internationalisation, ...most Web concepts ...create a flavour that makes a product more wanted to a localised target audience."

parallel with Baazee.com. "By doing a portal like Getty or Corbis (they have a huge collection of Indian images too) I am not taking away their advantage. I am offering local reach to them. And what I saw was not a gap, but a capability to add vertical value to an existing international domain. For example, a meravideo.com is no competition to YouTube. But hey, it has opened up an extremely vibrant market space in terms of localised content. Similarly, Getty is much larger, and has much wider reach. But I am not competing with them in international markets. I am simply competing with them in local markets,

and in local domains. If at some point Getty decides to take me over, it is not because I am competition—it is simply because the cost of acquiring the content I have is far cheaper through a takeover."

Online job listings, classified ads, matrimonial ads and travel bookings are other segments dominated by local Indian versions of international offerings. As Sumir Chadha, managing director of Sequoia Capital India, points out, "Shaadi.com is the top matrimonial site, and Travelguru offers the best online booking solution for hotels in India—I would encourage you to compare hotel availability on Travelguru with any international website, especially for two, three- or four-star hotels. You will be pleasantly surprised. The Indian mass market is in these mid-tier hotels and an Indian portal can help better in finding these."

The global Web is inherently local!

From the success of these e-commerce websites, there is a lesson to learn: while there is no denying the global reach of the

Sharad Sharma, CEO, Yahoo! India R&D

"In my view, the best way to succeed with social networking is to think in terms of concentric communities. This requires a laser focus on providing social utility to the target demographic segment."

Web, we must not let that cloud the fact that the Web is inherently local!

Sarma explains, "While the Web is truly the correct medium for internationalisation, …most Web concepts …create a flavour that makes a product more wanted to a localised target audience."

"If you look internationally, Baidu is the most popular search engine in China even though the global players were there before. The reason is focus. The company that focuses on the market eventually wins," explains Gaurav Mishra, COO and co-founder, Guruji.com.

So, if local companies can target segments, or groups of segments, for which they can provide better value, they should be able to build a sustainable and differentiated business.

Extending the logic

Looking back, localisation has worked in e-commerce, on what is now called Web 1.0. But does the same logic extend to Web 2.0, as well? To those who believe the Web 2.0 moniker to be a gimmick, let us assume it to be the phenomenon of collaboration, social networking and the 'wisdom of the crowds' that is seen today. Global reach is one of the main reasons people go online for social or business networking; so what is the logic behind localising those sites, and don't the micro-communities on Orkut, for instance, serve the same purpose?

Rohit Agarwal, CEO of techTribe and author of *How Innovators Connect,* captures the picture very well when he says, "We are seeing many Indian-centric Web 2.0 companies pop up. I believe the number is close to a 100, with maybe 20 or so focusing on the pure social networking model in India. I have seen companies that are trying to be a Facebook for India, an Orkut for India, and many that are focusing on cricket lovers, Bollywood lovers, music lovers, etc."

Rajiv Dingra, founder and CEO of WATConsult, is a Web 2.0 strategy consultant by profession, and an Internet enthusiast and trend-watcher. He feels India is just beginning to realise the potential of Web 2.0. But, unfortunately, most companies working in this space have been influenced by the success of Web 2.0 start-ups in the West and their success in India, and have merely jumped on to the Internet bandwagon with me-too products, claiming their Indianness as a USP.

Comparing this with the success of Web 1.0 sites like Naukri.com, Shaadi.com and Baazee.com, which also replicated business models from the West, Dingra says, "These have been successful because they were the real first-movers at a time when the Indian audiences had little or no international site exposure." This is clearly not the case with the new Web. The international

Anurag Dod, CEO and co-founder of Guruji.com

"We saw that a lot of local search needs were not being met by the global players. If you searched for 'pizza in New York' the global players did a better job compared to when you did 'pizza in Bangalore'. We went out there, partnered with offline data sources, and brought that online."

leaders in various arenas, like Orkut and the upcoming Facebook in social networking; Digg, Del.icio.us and StumbleUpon in social bookmarking; YouTube in video sharing; and Blogger and Wordpress in blogging, are all very well known in India!

Focus and provide value

The difference between success and failure seems to lie in how localisation is interpreted. Sharad Sharma, CEO, Yahoo! India R&D, says, "In my view, the best way to succeed with social networking is to think in terms of concentric communities. This requires a laser focus on providing social utility to the target demographic segment. Unless this is locked-in, you create an initial buzz that peters out quickly. What is more, growth leads you astray. This is one area where the slow and steady might actually win the race in the end."

In fact, if done the right way,

Rajiv Dingra, founder and CEO, WATConsult

"Unfortunately, most companies working in this space have been influenced by the success of Web 2.0 start-ups in the West, and their success in India, and have merely jumped on to the Internet bandwagon with me-too products, claiming their Indianness as a USP."

Sharma feels that such Indian social communities can even challenge Orkut! "I do believe that Orkut will be finally overtaken by more localised offerings that will address the needs of new online users from smaller towns better. When cable television came to India, the serial 'The Bold and the Beautiful' was very popular. But as

cable penetration increased, and the demographics changed, local serials took centre-stage. A similar process will play out in social networking," he explains.

Although he admits that he has not yet seen any compelling examples of this type of innovation in India, Ashish Gupta, managing director and investment advisor, Helion Venture Partners, also agrees that user communities are an interesting space. But he says these, as businesses, can succeed only if there is a critical mass. "These sites are likely to succeed if they can find some niche among Internet users that does not already subscribe to Orkut or hi5 and can capture that pocket to build critical mass. The innovation will therefore be around seeding content or features that cater to this niche." So, again, it all boils down to focus.

Gaurav Mishra, COO and co-founder, Guruji.com

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Brand India

George Bernard Shaw said, "You see things; and you say, 'Why?' But I dream things that never were; and I say, 'Why not?'" So, why cannot 'Made in India' be a classy differentiation for Web products or software or whatever, like Made in Germany is for anything mechanical or Made in Japan is for anything electronic?

Malhotra truly moves us with his views:

"At the risk of sounding too critical, I think the answer lies in the work culture we have come to accept. It lies somewhere in our endemic obsession with technology and our fascination for tools. We have learnt to accept that our only responsibility is to get

ourselves specialised to a level. Somehow, this narrows our potential to becoming a commodity that US businesses can monetise in their organisation's annual report. We are willingly playing to his economic seduction—low-cost IT sweatshops—that compete against each other *a la* the infamous story of the 'Indian crab'.

"Now, if I don't know the market context in which my skills are valuable, and if I don't care to find out either, someone who does know will take full advantage of the vulnerability I wear on my sleeve.

"Our educational and societal ecosystems prepare us for competing on sheer memory power, dependent on 'superiors' to make critical decisions for us.

"So how do you ensure that 'Made in India' is a powerful enough differentiator, since it has neither ever been perceived in such a way nor has anybody made a spirited effort to 'brand' India except as a low-cost body shop? The trick might be in inverting the mindset. Create value concepts first, and then think of how or what technologies are needed for their actualisation. And the moment we can identify those concepts that promise value, our next job would be to find the socio-cultural and market contexts for them. Innovation would then be the key in bringing elements together in the most elegant ways—much like putting together a designer trousseau in the setting of a mall!"

Sumir Chadha, managing director,
Sequoia Capital India

"Shaadi.com is the top matrimonial site, and Travelguru offers the best online booking solution for hotels in India—I would encourage you to compare hotel availability on Travelguru with any international website."

"Yummm! I just found this restaurant..."

Another trend triggered by the Web is dependence on the 'wisdom of the crowds'. Today, people are making buy-decisions (from books and CDs to houses), holiday plans, and even deciding on restaurants, based on the collective intelligence of the crowd! Many pennies make a fortune. As people keep rating and recommending websites, restaurants, books or locations, it all culminates in unbiased, sensible listings and rankings that people can use to make their own decisions.

Such bookmarking and recommendation sites also offer great scope for localisation as 'context' plays a very important role here. The success of burrp.com indicates this trend. Although started only a few months ago, burrp.com gets over 100,000 page views per day. Burrp! is a local social listings portal focused on the lifestyle segment—local restaurants, nightclubs, bars, and other local establishments in various Indian cities. Initially launched in Mumbai, it has now expanded into Bangalore, Kolkata, Chennai and Hyderabad too.

Explains Deap Ubhi, CEO and co-founder of burrp!, "In fact, some of our features give the product a hyper-local feel (i.e., Bandra vs Mumbai). You can log on to www.burrp.com, search for

restaurants, nightclubs, paan-wallahs, etc. You can rate them, review them, and recommend them to friends. That is burrp! today. Tomorrow it will be a lifestyle-focused digital media company, with a more holistic offering of local and city-agnostic products across other delivery platforms outside of the Internet too."

Search me!

Even search engines, our windows to the universal Web world, are now being localised! The success of Guruji.com or the buzz around ChaCha Search — even in their beta stages and even without real marketing, makes you wonder what can they do that Google or Yahoo! Search cannot.

"We saw that a lot of local search needs were not being met by the global players. If you searched for 'pizza in New York' the global players did a better job compared to when you did 'pizza in Bangalore'. We went out there, partnered with offline data

Deap Ubhi, CEO and co-founder of burrp

sources, and brought that online. Similarly, we realised the vernacular (Hindi, Telugu, Tamil, Kannada, Malayalam) users were not able to input their search queries in their languages, so we created that interface," explains Anurag Dod, CEO and co-founder of Guruji.com.

Apart from the founders' belief, if an idea is also backed by VC funding, there's probably more to it. Says Chadha, whose firm also happened to invest in Google eight years ago, "We are glad to be investors in Guruji—we are in the early stages of building a solid company. Guruji has a top-notch technology team—it brings the Indian context into relevance algorithms, and also leverages proprietary crawling and indexing so that it can discover deeper pockets of the Indian Internet. Guruji is also focused on making search available in local languages. They are tapping local data sources like the yellow pages to enhance search results and crawling Indian sites more frequently for a fresh index. All of these help to improve the quality of search results."

So, when we look deeper, local search engines, too, seem like good business propositions, when they manage to transcend mere replication and achieve value-addition, localisation and differentiation in the real sense!

More opportunities

Agarwal explains that ultimately it boils down to a simple question: 'What is the problem a new company is

"Tomorrow it will be a lifestyle-focused digital media company, with a more holistic offering of local and city-agnostic products across other delivery platforms outside of the Internet too."

CHANCES OF SUCCESS OF VARIOUS KINDS OF WEB 2.0 SITES

Rohit Agarwal shares his views about the chances of success of various kinds of Web 2.0 based companies. He bases his judgment on the thumb-rule: "What is the problem a new company is trying to solve, that hasn't been solved as well before?"

Type of 'Indian' website	Chances of success	Agarwal's reasoning
Blogging communities	Very low	The argument that an India-centric blogging community might provide any additional value is not convincing enough. Local language capability might be a small value-add.
Generic social networking sites (attempting to be 'India's Orkut')	Low	Tough to answer the above question about problem-solved. We already have 3 million or so people on Orkut. Will a local social networking site be able to offer enough reason for these people to switch or manage a parallel account?
Local social networking with specific value-add	Moderate	We now see a couple of new sites that focus on college communities. These provide a way for students of a particular college to stay in touch, and set up events etc local to their college campuses. This is a value-add that might convince students to use the additional social network for their college life.
Community recommendation sites (like Digg etc)	Moderate	There is some value in an India-only focus here, but there isn't enough user-generated content in India yet for a viable scale to be achieved.
Local search (like Guruji, Dwaar etc)	Reasonably high	These are not mere search engines. Here, 'being local' means creating an index of really local data. They have white and yellow pages and listings working behind-the-scenes, when people search for people, places and things that are local to their region. They will add local services based on search results (similar to Google Ads), which can also provide local value. More than just local search, it also fills the gap of online local content which wasn't available before.
Location-based services (mapping, directions)	High	There is a lot of scope for innovation here, because given India's development (homes/roads etc change daily), and the lack of road signs (can't use driving directions if the roads don't have a name visible anywhere), standard GPS data won't work. Landmark based directions' work in India, and there is a company working in that space too.
Referral recruiting	Very high	There is immense value in this, since the community can really help companies recruit better candidates, and it's a win-win for all parties.

Alok Mittal, executive director, Canaan Partners

"Most Indians shoot videos casually, using their mobile phones. So, if there was a product that made it easy to upload video clips from the mobile phone to an online repository, then that would be very valuable to Indians."

trying to solve, that hasn't been solved as well before?' When it comes down to this, me-too concepts don't have a good chance of success. Differentiation from the global brands is the only key to success, according to him. With this as the thumb-rule, he opines on the chances of success of various kinds of Indian Web 2.0 products and also identifies some interesting opportunities (refer box.)

Alok Mittal, executive director of Canaan Partners, a venture capital firm with a growing presence in India, provides us some hints in thinking out of the box, to tap opportunities. He urges us to think of features that make 'sense' in the Indian environment. For example, how can a YouTube-like site be made more convenient for Indians? Most Indians shoot videos casually, using their mobile phones. So, if there was a product that made it easy to upload video clips from the mobile phone to an online repository, then that would be very valuable to Indians. As another example, think of whether there is some way in which Twitter's functionality can be combined with Orkut's! That will enable social networking through messaging—another value-add for the average Indian 'networker'! His tip-- "Do it differently!"

Sharma points out another opportunity, "There is a large opportunity in offering Web 2.0 solutions to micro-firms (S in the SMB). This has not received as much attention as consumer-facing products."

Dingra feels that spaces like business networking and Web-based large-scale enterprise applications (like Salesforce.com) are still virgin territory in India. He also suggests that entrepreneurs look into cutting-edge applications that use RSS, content-aggregation and search.

Sunil Malhotra, president and CEO, Ideafarms, adds to this pool of ideas, "I should think the Indian

geo-political setting, socio-cultural context and several other unique 'Indian' characteristics provide a cursory insight into what could make sense. For example, the collaborative environments available today could be worked into creating contextual spaces for e-governance of NGOs. A social networking site focusing on preserving, promoting, and enabling Indian handicrafts is another relevant idea. This could then be plugged into any existing e-commerce portal."

Ashish Gupta, managing director—investment advisor, Helion Venture Partners

"These sites are likely to succeed if they can find some niche among Internet users that does not already subscribe to Orkut or hi5 and can capture that pocket to build critical mass."

Business model

After all this, let us get down to business now! Really, what would the business model for localised offerings be? As Agarwal points out, except in rare cases like job listings or matrimonials, nobody is ever prepared to pay for a Web 2.0 service, because well, it is *expected* to be free! So, making money out of subscriptions is out of the question. So, that leaves revenue from advertisements, which is usually the mainstay of most websites. This, of course, is a challenge too, and definitely not sustainable unless you can keep up the traffic.

Gupta highlights that: "One significant challenge for Indian social networking businesses is going to be that their revenues depend mainly on Indian advertisers and Indian traffic, while their foreign competitors leverage international traffic and international advertisers. Thus the foreign competition has access to a much larger traffic base, and a much richer advertiser base. My feeling is that surviving for long enough is going to be their challenge."

There is still hope. Rajesh Lalwani, founder of Blogworks, says, "Identifying an existing need (or a problem) for a set of closely-bound (by business needs) stakeholders, and then building a customised 'community' around them, would not just find traction but also offer a ready business model."

VC view

If venture capital is pumped into a project, that itself is a 'certificate' or a sign of potential success of that project. And Agarwal points out that if you look at the 20-odd social networking sites in India, only around four of them might be VC funded.

So, what does a venture capitalist look for when funding a Web project? Gupta says, "In the early stages, we look for a creative and nimble team, one that is fiscally prudent, and one that realises that this is a marathon. The idea itself is one that needs to be defensible and not be easy to copy. If the company is in the later-stage of development, then traction becomes an important consideration. The defensibility of the idea is then less important; instead execution and commitment become the factors to consider, because by then consumers have already voiced their preference and validated the company."

Well, it does look like there is tremendous scope for building successful localised Web products. You just need to be sure that your product can deliver a unique, irresistible value to the user. As in any business, here too, the customer is king, or well, queen!

But beyond the 'local' scope, think 'global' too! "As a country, we have already proved our mettle on the technology front. With the growing culture of entrepreneurship, backed with active investor interest, it would be interesting if we see global Internet offerings emerge from India," says Rajesh Lalwani. "It is possible, Hotmail did happen!" **i.t.**

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Rajesh Lalwani, founder of Blogworks

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