

Monthly Newsletter

February 2024



Dear Reader,

It gives us great pleasure to share with you our February 2024 Newsletter, **with its focus on startups.**

This Newsletter contains:

- R M Consulting's analysis of how the investor activism at Byju's may impact the Indian startup ecosystem,
- R M Consulting's view on the continued silence of industry bodies on the startup governance issue, and
- R M Consulting's perspective on Vodafone Idea's fundraise plans.

We encourage you to share this email with other stakeholders who might benefit from the [R M Consulting Newsletter](#)

Thank you for your continued support!

Team R M Consulting

Shareholder activism at Byju's augurs well for India's unicorn-obsessed startup arena



Synopsis

Irrespective of whether Byju Raveendran can retain his position or must go, the stance taken by marquee investors at the edtech startup can ensure that other founders of new age companies stop being cavalier regarding governance and adopt an institution-building approach.

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Will Byju Raveendran manage to retain his position or be forced to leave? Getting an answer to this question, which has become a hot topic of discussion in the country, may take a while.

But much as it may matter to the parties involved in the Byju's dispute as to who among them finally emerges victor in the fight for control of the edtech company, that, by itself, may be much less important than the wider ramifications of the investor-founder face-off at what was once India's most

valued startup on India's overall startup ecosystem, characterized by its seeming unicorn-obsession.

The shareholder activism that has been on display at Byju's may be just the beginning of the investor community starting to flex its muscles more at startups where they feel that their interests are not being adequately protected. It is a signal from an increasingly assertive no-nonsense brooking investor fraternity that, going forward, they would think long and hard before giving a long rope to startup founders and not hesitate to pull the rug from under the latter's feet if there are apprehensions that investors are being given the short shrift at entities where they have pumped in huge amounts of money.

The biggest stakes in any non-boot-strapped startup are always that of the investors who have taken a bet on the company since it is they who stand to lose the most financially when things go badly. It is also the investors who take the biggest hit from a reputational point of view when authorities and other stakeholders start asking questions about the governance mechanism and



business practices of funded startups. Even in the case of Byju's, for instance, it is the investors who would suffer most through the free fall in the valuation of the company, that once stood at a whopping \$22 billion, as an exit on their part also currently would entail incurring a mammoth loss.

From the governance standpoint, what we are seeing happening at Byju's is an indication that investors, henceforth, may come down hard on such startup founders who seemingly adopt a cavalier approach when it comes to putting in place a strong governance mechanism, with this indifference on their part evident in terms of either not having or going slow in installing robust systems and processes. Investors, moreover, through Byju's, are sending out a warning that they are no longer prepared to carry the can for the seeming lapses of startup founders on aspects related to governance.

For startups, the Byju's affair could translate into a wake-up call to get their act right on the governance issue as having to contend with a possible trust deficit from the investor fraternity could come in the way of their own future growth. It could, hopefully, one may add, also lead to a change in the mentality of many startup founders, with institution-building becoming the core motivation for

launching a business unlike now when the only thing that apparently matters is fetching high valuations for their companies in double-quick time so that they can make a lucrative exit.

Once institution-building becomes the objective, steps would be taken by startup founders to put in place robust governance structures at their companies from the beginning itself and measures taken to strengthen these further as scale-up of the business took place. It is routine in the Indian startup arena, for instance, to have full-time CFOs appointed only after a startup has reached a certain valuation and is thinking of an IPO to provide an exit opportunity to some of its original investors. The reasons for the time taken in appointing CFOs have never been suitably explained by concerned startups.

Unfortunately, success of the Indian startup ecosystem – which is already one of the biggest in the world with more than 100,000 recognized startups as of 2023 – has, thus far, largely got measured in terms of how effective founders have been in raising funds and how the fund-raising prowess of new-age entrepreneurs has resulted in the country producing multiple unicorns. There has been comparatively less focus on how the money raised has been utilized for creating long-term sustainable enterprises even though spectacular success in fundraising does not automatically translate into creating a remarkable business and that task is made doubly difficult when governance structures are feeble.

Without a doubt, startups – through their innovative ideas and concepts – can play a pivotal role in India's growth story and contribute significantly to improving the quality of life of the country's 1.4 billion plus citizens who make up almost 18 percent of the global population. It would, thus, be unfortunate if startups holding promise fall victim to the Icarus syndrome as the loss would not just be theirs but also of the entire country.



Why are industry bodies silent on startup governance issue?

Synopsis

The reticence displayed by India's top industry bodies when it comes to speaking up on whether startups need to gear up their act on the governance front is surprising given that these forums are usually quite vocal on anything to do with corporate governance.

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It is surprising that no leading industry body – including the country's most prominent chambers of commerce – has so far come out in the public domain to talk of the need for improving corporate governance standards at local startups, following the recent extraordinary developments at two of the nation's most storied startups.

While only these industry organizations can explain in detail the reasons for their reticence, one would hope that, in private conversations, at least, with startup founders, the big daddies of the business world who drive these industry forums would ask startups to strengthen their act on the governance front, and, also, urge investors in the startup domain to exercise greater oversight on investee entities.

Celebrating startup prowess through frequent organization of galas to demonstrate the potential of these new age companies may be a good strategy, especially when the funding winter shows no signs of ending soon, but neither adequately acknowledging the problems that exist on the governance front nor taking the subsequent corrective measures that are called for may be a risk too big to take. As the latter step could increase the likelihood of leaving us with much less to celebrate regarding startups going forward.



Vodafone Idea fundraiser: A step in right direction



Synopsis

Vodafone Idea making a visible, proactive effort to revive its business fortunes is a good step as a status quo approach on the part of the company would have only guaranteed a deep fall into the abyss.

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As has been said, the best way to predict the future is to create it.

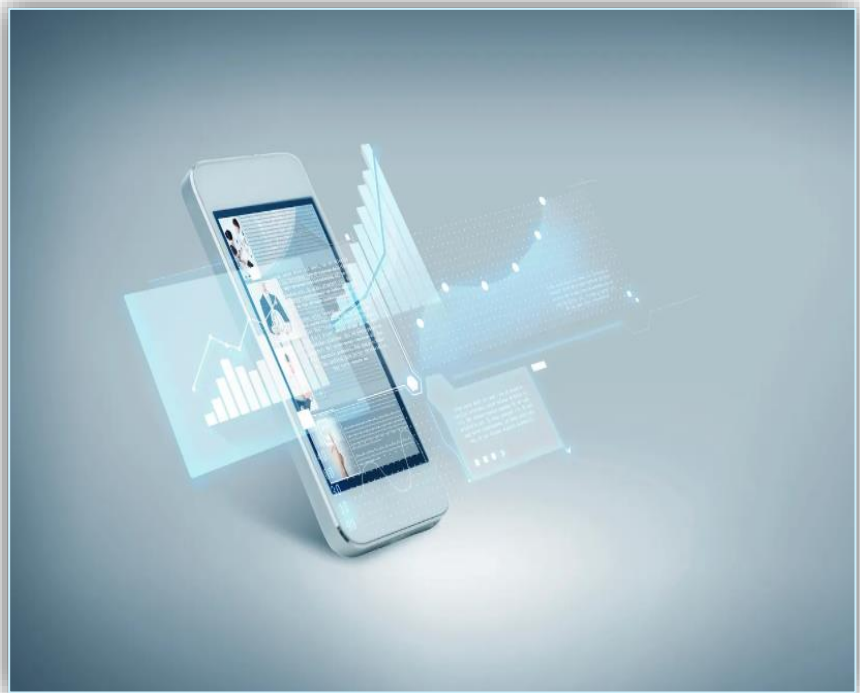
Seen from that perspective, Vodafone Idea making a visible, proactive effort to revive its business fortunes by deciding to raise funds is heartening to hear. A status quo approach on the part of Vodafone Idea would have only guaranteed a deep fall into the abyss.

Sure, there may be multiple questions asked on whether the money that Vodafone Idea intends to mop up would be enough for it to regain the premier position that the company once enjoyed in the Indian mobile telephony arena. But, for the moment, it would be good if the firm focused less on what critics have to say about its plan and more on making the initiative a success. There would be plenty of time available later to answer the sceptics.

If the fundraiser plan goes through without a glitch, it can, for starters, leave Vodafone Idea far better placed to reduce the customer churn that has

contributed to the company's flagging fortunes in recent years, and, by extension, enabled competition to gain at its expense. Not just that. A successful fundraiser could also inspire greater confidence in the company and its future among stakeholders, including, importantly, among the investor fraternity and in financial circles, thereby making follow-on fundraising and new customer acquisitions that much easier for Vodafone Idea going forward.

From a customer standpoint, having two overly dominant players and two barely-there entities in the telecom domain cannot in any way be an ideal scenario in a large diverse country like India. Especially if there are doubts hanging over the survival possibilities of one of the companies currently in the just-somehow-hanging-in-there category, and irrespective of how the dominant duo is trying to continuously raise the bar.



The Nos. 3 & 4 mobile phone service providers in the country emerging stronger is the best thing that can happen from the point of view of an average person as it is only increased competition that can guarantee that companies are forced to come up with better and increasingly innovative customer-friendly offerings at more frequent intervals.

R M Consulting Advisor in the Media

moneycontrol



Byju's-Paytm Aftermath: Time for National Startup Advisory Council to prove its worth

— SUMALI MOITRA | FEBRUARY 21, 2024 / 03:59 PM IST




Screwvvala may have a point but blame games won't help India's edtech arena

— SUMALI MOITRA | FEBRUARY 15, 2024 / 11:23 AM IST

DH
DECCAN HERALD



Election commission must strengthen its vigil against misuse of artificial intelligence

 **Sumali Moitra**

Last Updated 20 February 2024, 12:23 IST

the
Secretariat



India's Animal Spirit In Innovation Must Match Its Growth Ambition



Sumali Moitra

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For providing feedback on this Newsletter & to get in touch for any Liaison, Media Relations, or Internal & External Communications-related requirements of your organization, contact us at:

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Our Service Offerings

Stakeholder Engagement

- **Stakeholder identification & mapping:** Identifying all relevant stakeholders and understand their interests, concerns, and potential influence.
- **Stakeholder engagement strategy development:** Co-creating a tailored engagement strategy aligned with client goals and stakeholder dynamics.
- **Communication and facilitation:** Designing & delivering effective communication channels and platforms to foster open dialogue and information sharing.
- **Conflict resolution and negotiation:** Equipping client with tools and techniques to navigate complex stakeholder relationships and address potential conflicts constructively.
- **Monitoring and evaluation:** Tracking effectiveness of client engagement efforts and provide insights for continuous improvement.

External & Internal Communications

- Strategic public relations & media relations campaigns.
- Compelling content marketing & social media management.
- Crisis communication & issue management plans.
- Marketing communications aligned with branding & campaigns.
- Data-driven reporting & measurement.
- Employee engagement & advocacy strategies.
- Change management communication plans.
- Internal branding & storytelling initiatives.
- Channel development (intranet, newsletters, recognition programs).
- Internal training & workshops

Media Relations

- **Media strategy development:** Crafting tailored media plans aligned with client organization goals & target audiences.
- **Media outreach and relationship building:** Cultivating strong relationships with relevant journalists & influencers.
- **Pitch development and press release creation:** Crafting compelling pitches & press releases that capture media attention.
- **Media training and interview preparation:** Equipping client organization spokespeople with the skills and confidence to excel in media interviews.
- **Media monitoring and analysis:** Tracking media coverage & providing valuable insights to inform future strategies.
- **Crisis communication and reputation management:** Helping client navigate negative press & protecting brand image of client.