Accelerator Market Fit

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Few weeks ago New York Times caused quite a stir with its featured article "Is venture capital worth the risk". It made many investors uncomfortable and polarized the US tech industry.

India has a similar question for incubators and accelerators. According to one estimate there are over 150 of those in Bangalore alone.

Venture funds are launching their own accelerator to hunt their next AirBnB early. However, with additional fund raise done every 3 years the priorities of the fund manager change. Corporates get startup envy and they set up accelerators too. CEOs of these corporations are graded on a quarterly basis. They don't have the luxury to invest in ideas that need germination beyond a few years. Most accelerators therefore either close or lose relevance after 4 years in operation.

Building a startup into a business is like running a marathon. Three-month sprint with an accelerator isn't enough to help with any part of the marathon training. Remove the pedal of acceleration and the momentum of the startup goes back to old speed. First time founders set their initial milestone as getting investments. Accelerators therefore end up focussing on fundraising help.

But having money does not solve the business viability question. If money was the answer, an incumbent with a deep pocket would have always won the startup game. Paul Graham once said that the job of an accelerator is to help find focus. Focus that helps identify the validated demand of a startups offering. Experienced founders & investors refer to this as product market fit. They know that product market fit is needed before scaling. Big investment therefore is most effective when scaling.

Just like how Investors ask startups if they have a product market fit it is useful to ask if there is an Accelerator Market fit.

Upekkha's founding team has worked in different capacities in the last decade at Microsoft, NetApp, Intuit, StartupBridgeIndia, StartupVillage, Zone startups and advised dozen more accelerator programs. This experience has led them to following 3 key questions for accelerator market fit

Is this a real tailwind?

Many trends are fake trends. Or simply may not be relevant to some geography. It is easy to frame a thesis around 'Deep Tech' but is that a real trend for Indian startups? Are there engineering or R&D bases in India to support and compete with Deep learning talent and resources of top clusters like Valley or British Columbia? In a similar vein many are now questioning if Fintech in India was a real trend?

What is the unique comparative advantage?

It is important to play to strengths. Focus on aspects that give the accelerator a unique advantage. For example, is there a unique network access, or way of doing things that help stand out. Michael Mauboussin, one of the world's leading experts on competitive strategy sums it nicely when explaining differentiation *"If there is no sustained differentiation then the return on innovation regress towards the cost of capital".* Applies to funds, business and every type of organizations.

Structure for a long game?

It takes a startup 3-7 years to figure out if they will become a viable business. An organization that supports startup should be measured in at least 10 years on its effectiveness. Four years is too short. It is also important to put systems in place to deal with regulatory complexity. Indian ecosystem is very young, the tax infrastructure, foreign money laws, and investment mindset is yet to catch up to global pace and this presents practical difficulties in operations.

Answers to some of these questions led to the current design of Upekkha to focus on SaaS startups building for the global market, adoption of Value SaaS way of building i.e. uncompromising capital efficiency to scale & peer learning based outcome oriented two-year program.

And that is the reason why it is hard to bucket Upekkha into the standard definition of a traditional incubator, accelerator or fund.

Peter Thiel famously said in his book Zero to One *"**All happy** organizations are different: each one becomes big by solving a unique problem. **All** failed organizations are the same: they failed to escape competition."*

Or simply put Copy Paste is Waste, one must Create your own.