Chapter 5
Findings of study, Managerial Implications and limitations

Chapter 5 lists the research findings with the interpretation of findings, contributions to the various stakeholders which are emerging from the themes in chapter 4. In the next step, the findings are made meaningful by drawing managerial implications. Furthermore, this chapter lists the limitations of the current study. In the next step, the scope of future research post the current study is drawn followed by summary.

Findings

The current exploratory study had four research objectives. The first research objective was to investigate the growth prospects of IT Services startups in India. With the extent of economic liberalization during 1991, existing government policies supporting the global need of IT services from India had boosted IT services startups in India. The IT services companies which started to support outsourcing needs across the globe had supporting ecosystem in terms of readily available market, fresh talent pool, supporting government initiatives during 1990s. Even though IT industry faced downturns during 2000 and during 2008, the IT services sector still dominate the Indian software export revenue and is still a strong domestic player. In chapter 4, it was found that Healthcare, Retail and BFSI industry verticals were served by IT services startups and has a positive proposition with the growth and success of startups. Indian government and state government initiatives started in 2016 with startup India and Make in India initiatives adds only to the positive environment for the growth prospects of IT services startups in India. The study concludes that IT Services sector continue to be an attractive sector for entrepreneurs and Investors with its growth prospects and contribution to exports and GDP.

The second research objective was to identify the various challenges faced by IT Services startups in India. In this regard, five constructs were defined in chapter 3, four broad themes and eleven sub themes emerged from interview data. The findings from those themes and subthemes derived are as below:

The findings are organized in the categorical aspects found to correlate to IT services startup phenomena.
Team background at IT services Startups:

The current study examined the effect of startup founding team’s background on business success of IT Services startup.

The educational background of the participants who had lived the IT services startup phenomena had 14 Masters, 2 Doctorates, 4 Graduates in the sample data who had witnessed business success and also perceived that prior education of founding team is an important factor to the success of IT services startups and prior formal school education as part of startup team dynamics contribute to success of the IT Services startup. This can be best interpreted by the very essence of skills and competency needs of the IT Services sector. As IT Services sector is knowledge intensive, the need for the founding team members to be formally educated to understand the business needs of IT services customers, develop and cater to those needs.

During data analysis, in theme one, it was found that Marital Status, gender and age as part of startup team dynamics doesn’t contribute to success of the startup. This means that IT Services startups considers these personal dynamics factors as nugatory to the success of the IT services startups. However the average age of the participants at which they became acquainted with startups was found to be 36.76 years. Even though, participants didn’t differentiate between male or female founding team members even though none of them had female founding team members during the initial years, but had women as senior management team members during growth years of IT services startups. Relevant prior work experience, which needn’t specifically be with startups was observed to be very important factor. Participants while related the prior work experience as important, mentioned that they value experiences with failed ventures more than successful ones. This positive thought denoting a forward looking vision to tap into the learnings from previous failed startup can help the current IT services startups to relate to the earlier failed experiences and cautiously make the needed strategic plans and business execution avoiding the previous mistakes.

The important aspects pertaining to founding team member dynamics apart from specific prior background were found to be “Commitment”, “Attitude”, and relevant “Skills”.
Strategic Planning at IT services Startups:

Observations from theme 2 in chapter 4 yields the following findings. Strategic Business Plan as long as kept up to date at expected frequencies as needed, keeping the plan “flexible” at the right levels, accommodating to the market changes contribute to success of the startup. However planning and developing Intellectual property in IT services startups was perceived not to add to the success factors of IT services startups against the profound need of IP in the complementary Information Technology Products sector.

Environmental support system at IT services Startups:

Theme 3 which emerged in chapter 4 concentrated on exploring the external environmental support systems available for IT services startups in India. It was found that “Market” as part of external environment contribute to success of the startup. This can be interpreted with the essence of IT services offerings which are dependent on Information technological innovations, emerging markets, customer needs to stay on top of latest technologies in the market. Market and customer needs mostly drive the growth of IT services startups. Researcher found that “Tax Policies” as part of external environment, may / may not contribute to success of the IT services startup as 56% of cluster participants stayed “Neutral”, 32% of cluster participants “strongly agreed”, and 16% of cluster participants “Agreed” on the role of Tax policies. This can be attributed the prevalent STP and SEZ policies until 2016 which were utilized by considerable number of participants, however concerning overhead elements are discussed in data analysis which were not seen as positive elements in utilizing the tax policies. The latest Startup India, Make In India initiatives have addressed the specific needs of startups and rolled out polices which are to be undertaken in future research studies to understand their impact ad benefits to the Information Technology Services Startups in India.

From Perceptions and common shared attributes on external environments, “customer needs” or “Customer Challenge” is one of the important external market factor affecting success of a startup. In order to get the intended market share, its advised to find real customer challenge and customer need and cater services to address the challenges.
Business Plan Execution (Internal strategies) at IT services startups:

Internal strategies which were adopted by IT services startups were analyzed in theme 4 subtheme 1 on a 360 degree internal aspects were categorized into various characteristics or dimensions. It was found that having strategies specific to customer acquisition, customer delivery, growth prospects of the startup, solution packaging and exit plans as part of startup’s internal strategy contribute to success of the IT services startup. Specific internal strategic plan is for various internal management areas of customer acquisition, delivery, growth needs of the startup with the delivery of quality services and solutions to the customers.

Its shown that "partnerships", "newer", "added", "Diversified", portfolio", "Solutions" make up for the important words on growth strategies as found in theme 4 subtheme 1 observations and indicate the various options that were successfully adopted to support the growth of the IT services.

Also its interesting to note the differences indicated in differing solution portfolios during initial years and growth years of IT services Startups: Major pattern found from participants’ data was having “only” one core “Service” or a few “related” or “group” of services during initial years. Major pattern found that "group", "related", "Services", "customer driven" make up for the important words on Solution strategies during growth years. Thus observations clearly indicates that “only one service” developed during initial years needs to be enhanced to cater “end to end” service which are “related services” or “group of services” which help in mining the existing customers and help in business growth of the information technology startups and also to ensure not to have too much customizations specific to a very few customers.

As part of studying work environment dynamics observed to be supporting the success factors of IT services startups, 73.07% of cluster participants conveyed that they vouch “team based org structure during initial years of Information Technology services startups”, 46.15% of clustered participants shared that they used “Adhocracy culture”, 46.15% of clustered participants witnessed for “Clan Culture” participants during initial years. 50% of clustered participants conveyed that they witnessed “Functional org structure”, 42.3% of clustered participants witnessed for “adhocracy culture” during growth years of Information Technology services startups.
Its inferred that “hiring right skilled resources” via references is preferred hiring strategy at information technology services startups which is correlated to the IT services startup success factors.

**Management Styles at IT services Startups:**

In chapter 4, under theme 4, subtheme 2, 46.15% of clustered participants conveyed for “Coaching Style” as management style at Information Technology services startup is suitable and it enhances the success factor of the startups. Having a “flat” structure with “open” culture from the leadership is important for the employees of information technology services startups is interpreted from the deep exploration of management styles at IT services startups.

Third research objective was to evaluate the support system available for technology services startups during creation and growth of new enterprises in India. In chapter 2, existing government policies, initiatives at central government and state level are studied in detail. In chapter 4, the existing government policies and initiatives were probed with participants and their perspectives mostly stayed insignificant on government policies and initiatives and Neutral on tax policies (56% of cluster participants stayed “Neutral). This inconclusive observation can explained with the time of data collection which was conducted during 2014-2015 while main government initiatives were STP and SEZ policies and while these policies were very supportive, the admin overhead and the location of these specific facilities were found to be the reasons of reduced utilization. However, in 2016, the government initiated startup policies are simplified. With the startup movement launched by Government of India and many benefits under the make in India, startups are receiving focused interests and since it’s too early to study and infer the impact in the current study, future research studies can be conducted to study the reach, benefits and any shortcomings of these initiatives and contribute to external ecosystem support for Information Technology Services Startups.

Fourth research objective was to develop a success factor framework for Information Technology services startups from the research work, which is detailed below:
Development of Information Technology services Success Framework

The contributions

A significant contribution of this study to the body of knowledge is the development of the new theory which factors to the success of the startup and sustain the growth of the Information Technology Startup.

The significance of the study is categorized according to the 4 themes found during data analysis as:
Theme 1: Founding Team Dynamics at Information Technology services Startups
Theme 2: Use of Business Plan and Intellectual property at Information Technology services Startups
Theme 3: Impact of environmental factors on Information Technology services Startups
Theme 4: Subtheme 1: Internal Strategies taken to sustain and grow business at Information Technology services Startups
Theme 4: Subtheme 2: Management Style at Information Technology services Startups

This new theory, which is the outcome of the current study provides a number of potential strategies in the above areas that could be of help to the Information Technology Startups in India to address those factors to achieve business success.

The findings would be helpful to entrepreneurs and senior management team members of Information Technology services startups as the theory includes several strategic and tactical suggestions in above 4themes to sustain and grow Information Technology services startup businesses through which startup entrepreneurs and investors can achieve success.
Figure 65: Success Factor Framework for Information Technology Service Startups in India

Themes Based success factors at Technology Startups in India

Theme 1: Founding Team Dynamics at Technology Services Startups

Theme 2: Use of Business Plan and Intellectual Property at Technology Services Startups

Theme 3: Impact of environmental factors on Technology Services Startups

Theme 4: Subtheme 1: Internal Strategies taken to sustain and grow business at Technology Services Startups

Theme 4: Subtheme 2: Management Style at Technology Services Startups

Theme 4: Subtheme 3: Role of Business Plan Contributes to success

Theme 4: Subtheme 4: Role of Intellectual Property Doesn't Contribute to success

Organizational Culture during Initial Years
ADHOCRACY CULTURE

Organizational Structure during Initial Years
TEAM BASED ORG STRUCTURE

Organizational Structure during growth Years
FUNCTIONAL ORG STRUCTURE

Service Offering Mix during Initial Years
RELATED SERVICES

Customer Offering Mix during Initial Years
CUSTOMER/GROUP DRIVEN SERVICES

Customer acquisition, delivery, growth strategy
Contributes to success
Partnerships, diversified, newer solutions

Exit Strategy
No Plan. Grow and Run the Organization FOREVER

Prior Work Experience Average Years 13.1
Investment Profile Self Funding
Gender, Marital Status, Age Doesn't contribute to success

Management Style of Leadership COACHING STYLE

Role of Business Plan Contributes to success
Role of Intellectual Property Doesn't Contribute to success

Age Average Age 36.76
Education Master's Degree

Figure 65: Success Factor Framework for Information Technology service Startups in India
Managerial Implications / Recommendations

Significance of the Study to Entrepreneurs and Senior Leaders

The significance of the study to Entrepreneurs and Senior Leaders lies in the opportunity to gain new knowledge about business management challenges during initial years and growth years of Information Technology Services Startups in India.

One of the key findings in that the research data showed different attributes as effective success factor to address and overcome various business management challenges during initial years (0-2 years) versus growth years (2-10 years) in Information Technology services startups. These results indicate that what attributes worked and contributed for Information Technology services set up success during 0-2 years may / may not contribute to the success of Information Technology services firm during growth years. These attributes have to be clearly chosen as the technology startup firm starts to grow and address enhanced market and customer demands for increasing the market share. The stance that they take on their internal strategies by addressing organization structure, organization culture, Service/solution mix / package, growth strategy in choosing and offering Information Technology services / solutions which are scalable predominantly are found to be key in determining the success of the firms. The fact that the participants shared differences in these attributes and specific characteristics during initial years versus Growth years representing Information Technology services startups being in growing years shows that these factors have helped them to sustain and grow their business.

Another important finding in the current study was role of team dynamics of founding team in Information Technology services startups in India.

While we found some attributes which are listed in managerial inferences below, key points are that age, gender, marital status doesn’t play any role to build and grow an Information Technology services startup in India. However, since we are focusing on Information Technology services, education, prior startup experience has association with success of the Information Technology services startups in India.

Since Information Technology services industry sector addresses the technology solution offerings to market and customers using already available technologies in the market, the use
of “Intellectual Property” was not found to be having any relationship with the success of the Information Technology services startups.

Also, management style used in Information Technology services startup is perceived to be instrumental in achieving the success. The study is significant because leaders could be more effective in achieving the success of startup by understanding the successful startup phenomenon and its successful strategies. The results of the study added to the field of entrepreneurship in Information Technology with the phenomenological strategies that could be adopted by learning from the experiences of prior leadership in the same industry.

The findings of the study are significant to both scholars and practitioners. Scholars have the benefit of integrating the findings of the study into the body of academic knowledge related to entrepreneurship and Information Technology services startup organizations.

Leadership practitioners could benefit from the findings and recommendations of the study to overcome the management challenges in achieving success of technology startups.

The findings of the current study in the themes formed for management challenges and success factors framework might help leaders benefit from deeper knowledge of strategic and tactical practices and influencing factors for success of Services offered and delivered and become more effective in Information technology Service portfolio creation, Offer, acquire new customers or offer expanded services and delivery management. The exploration of the IT Services startup success phenomenon resulted in insights needed to make services successful, acquire new knowledge, and generate more successful entrepreneurs.

**Managerial Implications:**

Recommendation 1: Researcher found that "Education" as part of startup team's dynamics contribute to success of the startup. Attributing relevant formal education as an important aspect in IT services sector is more intuitive keeping the knowledge and technological capabilities needed in the sector. This finding confirms that formal prior education is a basic need and it has an impact on business success factor of IT services startup.
Recommendation 2: Researcher found that "Work Experience" as part of startup team's dynamics contribute to success of the startup. It was found that Correlation exists between “Prior Work Experience” and Success factor of Information Technology Startup. Average number of years of work experience of entrepreneur/Founder / Senior Leadership team of Information Technology Startups which have contributed to “Success Factor” is 13.1 Years.

Recommendation 3: Researcher found that "Age" as part of startup team's dynamics doesn’t contribute to success of the startup. However, Average age of entrepreneur/Founder / Senior Leadership team of Information Technology Startups who have been part of successful Information Technology services startups in India was “36.76”Years. There may be various reasons for pertaining more aged entrepreneurs / Senior Management Team members to success of Information Technology startups than less aged entrepreneurs / senior management team members. More age may also mean more work experience prior to starting a business startup, which can acquaint a person with more knowledge, business acumen and develop better business idea into a viable and sustainable commercial entity.

Recommendation 4: Researcher found that "Business Plan” contribute to success of the startup. It is recommended to develop and maintain a strategic business plan which is flexible and can adopt to change the course of journey while still keeping the core vision and the path clear and focused to achieve the business objectives.

Recommendation 5: Researcher found that "Market" as part of external environment contribute to success of the startup. It’s necessary to be one step ahead in knowing the emerging technologies in market and invest in the possible service/solution packaging catering to specific customer needs in the upcoming markets. In this way, by the time, the specific needs become generic, the startup has already acquired the necessary skills and capabilities to serve the market. This positively approaching growth plans of the startup while taking the investment risks in unknown technologies which have not yet proven in the market.

Recommendation 6: Researcher found that Customer acquisition, delivery strategies are important part of startup's internal strategy contribute to success of the startup. But these strategies are specific to each startup and depends on their IT service offerings depending on their acquired customer base. So, each IT Services startup need to review these aspects in
tandem to develop their customer facing strategies while keeping quality benchmarks in delivery.

Recommendation 7: "Team Based Org Structure" during initial years and "Functional Org Structure" are recommended during growth years depending on the startup’s current lifecycle phase.

Recommendation 8: "Adhocracy Culture" during initial years and growth years in IT services startups since this work culture fosters fast adaptation to market needs. Apart from this, it was found that having a transparent and open work culture at startups facilitates better communication and teamwork towards achieving startup vision and business success eventually.

Recommendation 9: "Coaching Style" of management is found to be effective in Information Technology services Startups and is recommended.

Recommendation 10: It is recommended to plan, develop and support pertinent hiring strategies in tandem with the IT services industry and the startup’s service portfolio (niche skills or generic engineering/ technical skills) in India.

Recommendation 11: It is recommended to plan, develop and support pertinent growth strategies in tandem with the startup’s service portfolio and strategizing the growth plans with external partnerships or diversification with diversified portfolio with related services or group of related services are recommended.

Recommendation 12: “Self –Funding” is found to be contributing to the success factor of Information Technology Startup entity. This may be attributed to the fact that its “self-funded”, an entrepreneur has personal interest in developing and sustaining the startup business. This enforces right efforts to be put in to attribute to success factor of startup.
Limitations

There is a geographical limitation of the research study as this study is restricted to Indian based Information Technology Startups. Limitations are “potential weaknesses of the study” (Creswell, 2007). The current study contained limitations associated with (a) geographical location; (b) generalizability; (c) participant cooperation; and (d) literature gaps. The participants in the interview process were limited to one geographical area, India.

Limiting the current study to include a focus solely on Indian Based Information Technology services Startups helped to identify the causes of successes specific only to India and excluded the causes of startups successes in other locations, resulting in limitations to the generalizability of the results to all startups in Information Technology services located in other regions or to all startups in other sectors worldwide.

A limitation of the current study was the participants who agreed to contribute voluntarily to knowledge-sharing. A relatively small participant sample size of 30 served as a basis to explore the successful startup phenomenon for an increased understanding of the success of startup organizations. The current study might not be generalizable statistically because of the small sample size. To overcome the generalizability issue, the current study included the exploration of an in-depth description of the startup success phenomenon to help the audience, especially scholar-practitioners, determine the applicability of the findings to specific situations (Creswell, 2007).

The non-random selection of participants was another limitation to the current study. The study used non-probability sampling strategy such as purposive sampling method to select the participants from the general population of Information Technology services Startups. Purposive sampling includes the selection of potential participants for a particular purpose, rather than random selection (Cooper & Schindler, 2003). The use of the purposive strategy was a limitation of the current study because the method resulted in a lower degree of generalizability than a time-consuming probability strategy (Salkind, 2003). However, purposive sampling helped in collecting insights and in depth information related to startup experiences of participants who share the same context of IT services startups.
The participants provided in-depth insight on management-related categories or concepts in the areas of planning, Resourcing and execution strategies. The primary limitation in adopting a phenomenological approach for gathering data was the mindset of the participants at the time of the interview. The interview accuracy depends on the honesty of the participants’ during the in-depth interviews (Creswell, 2007). A limitation of the interviews was the participants’ ability to recall events related to the study which may have occurred in the past than the interview period. Yet another limitation is that participants didn’t wish to share the startup's financial details relating to exact numbers of revenues and profitability. Another limitation was the potential influence of the researcher on the participants during the interview. To overcome the bias, the researcher suspended any preconceived notions or personal insights that might unduly influence the dialogue of participants. Recommendations are deduced for success factors, while the same couldn’t be concluded for many strategic and tactical failure factors.

**Scope of future research**

The current study explored the lived experiences of participants in Information Technology services startups in India. During the time of data collection (2014-2015), a set of service offerings catering to specific industry verticals existed. Hence some of the attributes in the current study is relevant until the next emerging technology is adoptable in the IT service industry. E-commerce and mobility services in India was seen as attractive sector for startups in 2015 because of the investor attention that sector was getting, while the profitability of the E-Commerce startups was still unknown. During the current research study, the prevalent benefits from STP and SEZ rolled out to support the IT startups in 1990s and early 2005 were viewed as not very supporting due to the overheads of paperwork and far off locations of incubating facilities tied up with STP/SEZ policies. In year 2016, Government of India along with Indian states, has focused majorly in supporting entrepreneurship in India with Startup up movement, make in India initiatives with a lot of revised policies for startups to set up and wind down easily, which is a very encouraging support environment for Information Technology Services startups in India. Future researchers can take up this limitation for further research study. Even though a small size of sample included the IT services startups during the initial years which started during 2011-2012, researcher couldn’t deduce any conclusions on specific attractive IT Services in e-commerce and mobility verticals. Future research can study sector
specific IT Services startups and find the correlations between these emerging sectors along with new entrants in automation and robotics to the success factors for Information Technology services startups in India. Since the traction in technology startups has spiked in Indian market, it’s an interesting research area to find sector specific critical success factor models which are more confidence boosting for the new entrants into the Information Technology services business.
Summary of Findings

In most of the developing countries, an overwhelming majority of enterprises (over 90%) are small scale / medium Industries (SSIs or SMEs) which predominantly are startup ventures. All over the globe, SSIs or SMEs face problems of access to domestic and international markets, obsolete technologies, unskilled talent on latest and emerging Information technologies, lack of funding, unavailability of appropriate and timely business information and keep up with ever emerging information Technologies, establishing systems, processes, and entrepreneurial capabilities. The degree of intensity of these problems varies according to the size of the firms, with obviously higher intensity for very small firms.

The outcomes of the study included (a) a descriptive set of recommendations applied to Information Technology startups; (b) an integrated model for successful startups illustrating the essence of the successful startup phenomenon; The 30 entrepreneurs / senior management team members who had lived experience with IT Service creation, delivery, support and management with customers in successful technology startups described due to the implementation of successful strategies, they have achieved success at their technology startups, which validated the strategic and tactical improvements recommended in the study.

The value for readers includes facilitating awareness of the newly researched and documented successful Information Technology services startup phenomenon and newly developed framework of successful information technology startups. The other potential value for readers includes providing a better understanding of the underlying aspects of the successful information technology startup phenomenon and attributes adding to their successful strategies.

The other value for readers includes (a) applying the new knowledge strategies to adopt and achieve the success in information technology startups; and (b) applying the new knowledge to prepare and effectively overcome the challenges in achieving success at technology startups; (c) Understand the existing ecosystem for IT services startups in India to analyze and utilize the benefits.