ABSTRACT

Keywords: Management Challenges, IT Services Startups, Information Technology Services Startups, Startup Initial Years, Startup Growth Years, Success Factors

A study of understanding the aspects which drive Information Technology services startups to effectively manage to start up, sustain and grow the business in India is explored in this study. After the initial 2 years of the venture formation, startup saga continues to the growth stages and understanding the challenges of sustaining and growing the Information Technology Services startup organizations in India, which has been a major contributor to Indian Exports and GDP growth has been the core research area of this study. The business challenges faced during initial set up years (0-2 years) may vary from business challenges faced during growth years (2-10 years). Research Objectives focus on studying initial years as well as growth years of the Information Technology Services startups to understand the similarities, differences in the attributes needed during various lifecycle stages of the organization. The qualitative study addresses understanding the characteristics of success factors in Information technology services startup and the specific problem in the lack of understanding the various business challenges and reasons behind various aspects that leads to the success or failure of technology startups.

The study involved conducting a deep exploration of 30 entrepreneurs/senior management professionals who have worked in Information Technology Services startups based in India. Their lived startup experiences are captured via semi-structured exploratory interviews getting insights onto the pre-semi-structured categories of aspects that may/may not contribute to the success of an information technology startup in the past / on-going / future anticipation of the organization depending on which phase the startup is in currently, during the study.

The findings indicate that strategic business plan, work environment, Leadership styles, service portfolios, external factors, internal strategic aspects in startups need to be reassessed and adopted according to the startup up phases in the lifecycle of the organization.
Some entrepreneurs indicated that it may help if the founding team had prior experiences especially in failed startup, if not having experiences in successful startups, although it was not a must criterion.

Most of the entrepreneurs indicated that market is a very important aspect and shared that services offered by Information Technology Services Startups need to be necessary to customers during the demand period, not have those service offerings ahead of market needs. If we are ahead of market and can’t sustain the expenses of efforts placed in developing those new technology solutions / services based on emerging technologies, which may never catch on as one of the services needed by the market, the startup has higher risk of failure. While some entrepreneurs enjoyed easy customer acquisition with less efforts being first service providers, others struggled to adapt to changing customer requirements over a period of time, which is expected in IT maintenance services.

Participants shared mixed feelings answering challenges in acquiring skilled resources. If the service offering needed niche skills and is an emerging technology services player in the market, difficulties in getting experienced resources in latest and upcoming technological expertise was shared and moreover it’s hard to attract the talent to startups with high pay scales for same job roles in an established multinational company. Participants advised the need to develop necessary skills organically by hiring talents fresh out of school based on stringent technical tests to gauge their intelligence levels and then train them internally. Findings indicate various strategies used by these participants in categories of hiring strategies for senior management team vs. the skill based engineers, indicating different aspects.

Findings indicate that different internal strategies pertaining to various aspects like customer acquisition, delivery, service or solution packages, growth needs along with matching work environment and leadership styles were followed which were kept flexible and adoptable to ensure there is no bureaucracy in the execution/ service delivery for the customers.

Even though the study participation request was sent to the few women entrepreneurs, none of them accepted the request and hence women entrepreneurs’ perspective is not captured in the study. However, since the women being entrepreneurs in technology services space is
negligible and the male entrepreneurs have indicated that gender was never a criterion; we can have a continuation of study on this research study. It was observed that there is very negligible % of women entrepreneurs are being part of founding team members of Information Technology Services Startups, none of the 30 participants said gender or age or marital status were considered while forming their startup teams.

Recommendations from the study could help technology services startup’s founding members and entrepreneurs to understand the issues and risks, handle them before they hamper the startup’s existence and achieve success.

An improved success rate for startups may help to attract investors, might retain existing jobs. Success Rate may attract many new entrepreneurs to come forward to build on their dream ideas into businesses and contribute more to economic growth through creation of jobs, sustenance of jobs with successful business growth and innovative solutions to the society at large domestically as well as globally.