

EXECUTIVE VIEW



Sanjeev Aggarwal

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**The Fundamentum Partnership
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EXECUTIVE ACCESS
INDIA'S LEADING GLOBAL SEARCH FIRM

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Sanjeev has spent three decades in the Indian technology sector. He has worked with leading technology companies serving the domestic Indian market. Sanjeev led the Strategic Initiatives at Motorola India. He worked with Digital Equipment Corporation in delivering technology solutions and was recognized as the "Decathlon Winner", a recognition given to top 1% managers worldwide. He also served as the CEO of 3COM India.

At the turn of the century, he co-founded Daksh, a pioneer in BPO industry. It was acquired by IBM in 2004 and he continued to be the company's CEO till 2006. During this six year period, company grew to 20,000 people. During this period, Daksh was rated as the World's Best Managed BPO Company (Black Book of Outsourcing) and was ranked as the #1 employer in Indian BPO market by IDC. Sanjeev was chosen "Ernst & Young Entrepreneur of the year" in 2002.



He moved on to co-found Helion in July 2006. It was the beginning of tech investing in India and Helion participated in creating a 'startup' ecosystem. At Helion, Sanjeev has been an active early-stage investor in several themes across consumer internet and outsourcing. He is the board member of market-leading companies: Amba (Moody's), Atria, Azure (AZRE), BigBasket, Livspace, MakeMyTrip (MMYT), ShopClues and UnitedLex. Several have had successful listings. Collectively, the market cap of these companies grew from \$250 Million at the time of Helion investment to \$5 Billion in less than a decade.

In July 2017, Sanjeev co-found Fundamentum with Nandan Nilekani. Sanjeev is a lifecycle investor. He has seen the entire start-finish spectrum of the startups with ambiguities of the early years to the structural challenges of the growth years. At Fundamentum, Sanjeev wants to leverage his experience as an entrepreneur and as an investor to help build lasting institutions. Through this platform, he also wants to participate in building the 'scale up' ecosystem in the country. Fundamentum will invest in consumer technology businesses, particularly ventures that are solving unique Indian problems.

Sanjeev has a Bachelor's degree in Electrical Engineering and an MBA.

You have actually worked in different industries and different functions, you started Daksh and incubated it, and now Helion Ventures. So, what are some of your professional learnings and what has really worked for you?

What has worked for me I think, is the fact that it's important to stick to your knitting, which is that I basically enjoy being in the world of business. And my strengths are in strategic thinking and putting teams together. So, I basically stay around these spots and I enjoy the new venture creation process. So these are three things that I focus on and then I am very willing to let go of the rest. I think that is one part of the recipe.

Second thing is very high distributed ownership with colleges, so that they don't feel that they are working as employees but are co-owners of the business. Then it's very important to be very market engaging. If you are engaging the market, a country like India will always throw up opportunities. To give you an example when we were doing Daksh, I raised lot of venture capital and that gave me clues for starting a venture capital business, which is basically backing early stage companies and that's how Helion was born. While I was doing Helion, I realized that there is lot of gap in the financial ecosystem where there is lot of money at the very early stage or there is money at the top end. There is a missing middle in India. So I think market keeps giving you clues on what kind of businesses you can build. And then you try to do it in areas where you think you have a natural advantage and interest.

How difficult were each of these innings?

I think, probably the transition from being an industry executive to Daksh was the hardest. The simple reason was that there was no brand recognition at that time when we went out to Daksh and all of us were working in regular companies performing regular jobs. So, I think that part was the hardest but in all the three situations, fortunately, we were early movers, so when you have early movers advantage and strong teams and given that India is a growth economy, then large things pan out well. We are really not opportunity constrained as a country, we are more execution constrained and then you make sure that you surround yourself with very high quality people and make them co-owners in your ventures. The fact that I have actually been building companies or firms, in the areas that I enjoy, makes the journey enjoyable and then it ceases to be tough. If you are in an area that is not your natural strength for e.g. if I was performing accounting

work which is not my temperament then it will always be very stressful. I am very fortunate that my interests, passion and profession have merged. I love helping build companies and which is what I am doing now for for a living for 17-18 years.

In India, so many problems are waiting to be solved that if you have an entrepreneurship inclination, than the probability of success is very high. Unlike the US which is an optimized economy where most things are already done. In India you have the opportunity at every nook and corner.

What would be your advice to budding entrepreneurs?

My advice to budding entrepreneurs is to do lot of work in the design stage of venture creation. What I mean by that, is to spend lot of time and solving the right problem. And surrounding yourself with very high quality people. I think, if you can get these two things right i.e. understanding customer pain point which is out there in the market and which you can do better than the current offerings and then surround yourself with good people for execution. Then you have a good thing going. So be very market backward than idea forward which is where the market will tell you what problem to solve, rather than do it from your own office without any customer input. So I think if you get those two things right then the probability of success goes up very significantly. I think in the phase II of scaling - the ability to delegate, let go and share responsibilities and rewards is critical. In phase I, you don't want to delegate very actively because you are trying to get the right product market fit, so you need to be very hands on.



What are those three to four things that are relatively more important for you as an investor?

You know we have what we call the 4 Ms and a 1 M. How large is the market like for e.g. Big Bazar and Big Basket - it's a very large category and currently very poorly served though neighborhood Kirana stores. It is half of India's retail. India retail is around 600 billion USD, and grocery itself is a 300 billion dollar category. I think size of market will determine how big the price will be for solving this problem. And the second one, we think is the management to have right combination of ideation and execution. Do they have complementary skills in the team? Somebody who is forward looking. The Third piece is momentum. The company has got all the basics right and now is ready to take off. The fourth piece is about what kind of return we will make on our capital. I would say if I have to pick up the top two it will be the first two - market size and key management talent.

When you look at the eco system in India, as a venture capital and a PE, what do you see changing in three to five years? How will the eco system be different?

The eco system right now is very incomplete as you don't have availability of capital at all stages of the company's growth, so lot of companies get started and find that they are left in a lurch because there are no backers. I think there needs to be more depth in the investing community. Second thing, I think which has already changed very significantly and is only changing faster than ever before, is the quality of people who are now starting up. I think at the time when you and I started entrepreneurship was not in vogue but now it's the career of choice. So, that is the second piece which rewards a lot and continues to get more mature people who are vying to building companies. The mortality rate I think, is certainly going to come down because we are getting more serious folks to come and play this game. I think that things will continue to serve us well as we have a high growth economy, so the domestic consumption is only going to move up. Specifically for our world, more and more domestic consumption will go digital, so I think the tech eco system will benefit as the GDP and the digital penetration is also growing. I think probably the last one being that, all the global majors are looking for this as their engine of growth. This will be good for entrepreneurship for those who cannot build companies on their own in India, will acquire and generate interesting returns for investor and propel the eco system forward. So, these are the few that come to my mind, I think all in the right direction.

When you hire people, what are those three to four things that you look for?

While hiring people, my thinking keeps evolving and I can tell you what my current thinking is. The first thing I look for is the people who are first principle's thinker, who can take a problem and look at it in a very fundamental way and are not replicator. They look at the merits of the problem and solve it in a very first principle's way. The second is that they have a very sharp business acumen and leadership. I think that is the first very big one for me. The reason being that, when you are working in a start-up and as an entrepreneur, you are dealing with all of the issues for the first time. So if you are looking for some template and replicating the template, then that may be the wrong recipe for success. So you need to be a very good original thinker because of the novelty of the issues. The second one, I would say is humility. It would be a very important dimension because humble leaders are able to attract very high quality talent. I think that the first principle thinking and humility are the two things that I would put on top of my checklist. Related to humility is cultural alignment with the firm/company but, I think normally second one itself takes care of that. And the third may be more focus on the organization than on self. I like people who feel that what happens to me is an outcome of what happens to the organization. For example, if an HR person when he is recommending salary increase is not worried about his/her own salary increase but, more worried about the impact of the hit on the company. I think that would be a good example to think about firm first and not self.

Making Daksh into and what it became, is a case study. When you look back, what really helped you? There are not too many people who at that point of time thought that it will become big.



What helped us was, we got into the market pretty early, so we had a huge first mover advantage, which I would say was more luck than anything else. But I think on the execution front, pivotal point was that we decentralized the company very quickly. We moved from our functional structure to business unit structure. And then we put the CEO in charge of all those business units very early in our evaluation, so I think then it was not one company but 7-8 companies that were growing concurrently without any one of us being a bottleneck for growth. I guess decentralization and the first mover advantage would probably be put as the top 2.

On an informal note, what is your typical day like?

At this point in time, it's divided between meeting entrepreneurs, whom we are evaluating for doing a transaction and also working with entrepreneurs who are already a part of the portfolio. On a personal note, I am a very active yoga practitioner that keeps me very centered and I guess some time with family and occasional golf on the weekend.

To people who desire to be CEOs, what would be your advice for both professionals and entrepreneurs?

I think for being an entrepreneur you have to have a lot of creative skills and first principle thinking. I think my advice to them is that the opportunity cost of the entrepreneurship is very low now-a-days because India is a growing economy and if your venture fails, you are still able to participate in the job market. But the rewards are extraordinary high and in a sense you can leave a big impact on the country, which people like Sachin Bansal have done. So my advice is that if you have any creative streak, you are in the right country at the right time, and a very large economy which is going very rapidly. There are so many problems which are waiting to be solved - whether it is education or healthcare and the like. So, that would be my advice that you look at what inspires you. What problems to solve together as a team and get on to doing it. Any which way you come out a winner. If you have successful venture then it is obvious but if it is not, the entire process of creation is very enlightening. For CEO, my advice, I think in both the categories is to figure out what your talents are and then surround yourself in areas where your talents lie.



You don't want to be smart in everything. You got to be very good in something and then complement with each other for the rest. For example, if you are a good strategic person, hire a good Chief Operating Officer.

I think playing to your strengths and then complementing and building a team around it, is a good recipe for success. It's also a lot less stressful because, you are doing something which is your second nature.

Any don'ts that could be road blocks?

It's the one that I mentioned earlier. If the people put organization ahead of themselves, then the rest will follow. So, if I focus on myself and not on the organization then not many people may want to work for me. Fortunately or unfortunately, at that level you have the ability to cause lot of impact in both the directions.

Who is your Role Model?

That is very tough one. I have learnt different thing from different people. I have learnt a lot from Mr. Som Mittal when I was in the digital domain. Especially, his piece about engaging with the organization, and an employee centric leader was an inspiration for me. Then there is a friend of mine, Mr. Rajiv Kataria, who is from the telecom Industry and from him I think I have learned some elements of judgment so I basically think very objectively. And from my wife I have learnt good work ethics, because she is a very hard task master. From my mother, I have picked up some ability to look into the future and from my father the value system. I think simplicity and very high ethics are fundamental. Sorry I couldn't give you one person as I have had influences from so many people.



ABOUT EXECUTIVE ACCESS

Executive Access India was setup in 1995 and is today one of the most prominent global executive search firms in India. We cover 9 industry practices and have till date executed more than 2200 search mandates at leadership levels. Our client list is a healthy mix of Fortune 500 companies as well as most respected Indian corporates. Although a firm with global capability and coverage we are still boutique at heart because we understand the need to be nimble and innovative.

Our core strength is undoubtedly our knowledge base and a team of efficient and experienced consultants with in-depth understanding of their chosen sectors. We are the pioneers of the “Accountability Clause” in the Indian retained search industry and we always strive to align our business model with the industry needs.

Our services include the following

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