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"Provisions of a safety net could help scientists to take more risk"

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With risk capital investment in Indian technology startups touching $68 Billion (Rs 4,76,000 crore approx) in the period between 2011-20, academic research and thought leadership can play an important role in sustaining and furthering this growth in entrepreneurship. Keeping this in mind, the Indian Institute of Technology Madras (IIT-M) has launched a â??Centre for Research on Start-Ups and Risk Financingâ?? (CREST) to provide academic and thought leadership in innovation, entrepreneurship and risk capital. Prof. A. Thillai Rajan, Principal Investigator, CREST, IIT Madras, and Faculty, Department of Management Studies, IIT Madras reveals more in context to health-tech startups in India.



Has the number of health-tech startups increased due to the ongoing pandemic?

One would have expected it to happen, but our data set indicates that it is not the case. The number of start-ups in health-tech in the last two years has been only about 60 percent of the start-ups set up in the previous two year period.

With new technologies coming along such as AI, big data, etc., how do you foresee the growth of health-tech startups in India, in terms of investment?

Yes, definitely. The number of start-ups would increase. But more importantly, the bigger companies in the health tech sector would benefit more from these new technologies as compared to start-ups. For a variety of reasons, the formation of start-ups in the health tech and life sciences sector may not be as high as in other sectors.

Do you think big IT firms can push the development of health-tech startups in India & how? Are they doing enough?

Established management wisdom would prescribe that big IT firms should not diversify by investing in start-ups but should return the cash to shareholders so that they can invest in start-ups directly. In fact, that is what is happening. While the big IT firms have been generating a lot of cash, they have also been distributing healthy dividends.

Are health-tech startups building the right solutions for the Indian healthcare system? What are the challenges?

Yes, health tech start-ups are building the right solutions for the Indian healthcare system. The challenges are not unique to the health tech sector. Scaling up is a big challenge. The Indian market is also very price-sensitive, which means that large volumes are needed to achieve break even. Significant investments are needed till reaching break-even and long-term capital needed to support health tech start-ups are still scarce.

How can we increase the culture of ‘taking risk’ during research & innovation in the healthcare sector?

Taking risk is not something that can be taught. Risk appetite varies between individuals and can change over time as well. The presence of a safety net can help the fence-sitters to go for it. In sum, provisions of a safety net - like backup employment or availability of adequate early-stage investment could help founders and scientists to take more risk.

Does India need to learn more from other countries in order to push health-tech innovation?

More than other countries, it would be beneficial if India learns from its own past experience. Systematically analyzing what interventions have been effective and what have not would help policy-making as well as investors. Today we have the data as well as the tools to analyze such data.

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