

# Aditya Birla Group turns start-up mentor

**OUTSIDE SUPPORT** Company to provide real-time business environment, resources to cos with innovative ideas

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**MUMBAI:** The Aditya Birla Group's latest foray into the digital space is based on an outsourcing model where the conglomerate doesn't directly promote, but lends indirect support to a startup to a scale that can later capture accruing profits from the group's existing businesses.

Dev Bhattacharya, Aditya Birla Group's executive president, corporate strategy, told *HT* that the group has consciously decided to retain the call to financially invest to a later stage, depending on the success of the startup.

On August 20, the Mumbai-based group announced the formation of the Aditya Birla Bizlabs, which will collaborate with innovative startups and provide them the opportunity to scale-up in a professional business environment.

While the initiative comes close on the heels of the Tata Group's foray into the digital space, the Birlas' plan is markedly different. "We have many customer-facing businesses where we have been encountering digital disruptions," Bhattacharya said. "For some reason, our existing businesses were not able to plug into the eco-system to address the issue. Through this, we are inviting innovative professionals to create startups that will resolve this by using our resources and support."

The support can be in the form of guidance, real estate, technology back-up, governance expertise and all those areas where a star-

## THE TEMPLATE

- Evaluation process at Bizlabs takes 3 weeks
- A proposal is first examined internally
- Shortlisted ideas are evaluated by top mgmt
- Final selection is done by a team including independent professionals
- The model is followed in S Korea, Japan & Taiwan

tup may not have the bandwidth.

"The idea is to let them experiment their ventures in a real-time business," Bhattacharya said. "For example, in our telecom business Idea Cellular, we have over 160 million subscribers. A new digital offshoot in telecom can get to test their idea in such environment."

The group has already identified two promising ideas — a hyper-local business, and a textiles business.

"The model has been successful overseas," said the business head of a rival group. "Digital businesses are capturing the market cap of traditional business. They may not result in immediate cash flow. But the disruption is there. Large businesses may not be nimble enough to react in such space. So one can bring in outside talent and offer them a plug-and-play model," he added.

While the group may not directly invest in startups, it has kept that option open, by co-investing with other venture capital and private equity firms.