**Government of Odisha**
**MSME Department**
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MSME-S&I-MISC-0069-2019/ _6333_ / MSME, Dt- 21/09/2021

From
        Shri Dheerendra Nath Pradhan, OSS
        Under Secretary to Government.
To
        The CEO, IED,
        Startup Odisha

Sub:    Government approval on  draft Startup onboarding guidelines for 'O-Hub'.
Sir,
        In inviting a reference to your letter No.154 dated 29.07.2021 on the above cited subject, I am directed to convey the approval of Government on your proposed Startup onboarding guidelines for 'O-Hub' (enclosed herewith).

        You are, therefore, requested to take further necessary steps accordingly as the proposed O-Hub is scheduled to be inaugurated by Hon'ble Chief Minister by 1st week Novermber, 2021.
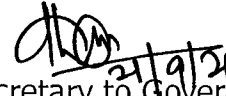
                                                        Yours faithfully,

                                                        Under Secretary to Government

Memo No._6334_/MSME, Bhubaneswar, dtd. 21/09/2021
        Copy forwarded to Evangelist, Startup Odisha for kind information and necessary action.

                                                        Under Secretary to Government

# O-HUB

An initiative of Startup Odisha, Govt. of Odisha

# Contents

## Introduction

Indian Economy has been witnessing paradigm shift with the advent of Technology into Conventional Businesses. The IT revolution in the early 2000s transformed the way enterprises operate and the effects trickled down to the Public Governance as well. Digitization of Citizen centric services by State and Central Governments, Banking & Trading services by Financial Institutions have brought on phenomenal changes in the efficiency and effectiveness. Plethora of E-commerce Companies have been flourishing as they are complimented by enhance ICT infrastructure and ever-increasing Internet subscriber base. These changes have been enabled by Innovative Technologies which have impacted SMEs by decreasing the cost of Market Acquisition, acting as a prelude to development of Innovation & Entrepreneurial Ecosystem.

Emerging Technologies such as IoT, Artificial Intelligence, Robotics, Analytics, 3D Printing have become the platforms for developing disruptive technologies. These technological interventions have been enabling SMEs to offer varied solutions to perennial problems of Consumers, Corporates and Governments. In order to ensure the Technological rigour and Creative bent of mind, young minds of the country have been driven towards "Innovation & Entrepreneurship". Central as well as State Governments have designed sector specific as well as Sector agnostic schemes/initiatives to support prospective Innovators and Entrepreneurs to develop Disruptive products and Technologies. Technological, State-of-the-art Infrastructure is one such supporting platforms which act as hot-beds of Innovations. This Physical Infrastructure majorly consists of Plug n Play Incubation space, Lab space, conference/meeting rooms, Event space Corporate etc The centre is equipped with all modern amenities and an aesthetic working environment.. Presence of such Infrastructure drives the key stakeholders of the Innovation ecosystem to collaborate for its development and attract Strategic partners from across the world.

## About O-Hub

O-hub is a flagship initiative of Government of Odisha to support Startup Nucleation and subsequent Scale-up. O-Hub comprises of state-of-the art, plug-n-play

infrastructure to support startup activities within the state of Odisha. It is one of its kind facilities comprising to incubate and accelerate Startups. This initiative would provide a platform for Innovators and Entrepreneurs to develop products/services, establish formal businesses and interact with stakeholders of the ecosystem. O-Hub would operate with Incubators established by Academic & Research Institutions and Corporates as "Spokes". Knowledge about best practices, Technological Advancements, Grass-root Innovations with Social Impact shall be shared among this "Hub and Spoke" Network. This facilitates synergetic operation rather than working in silos.

Some of the significant facilities/provisions of O-Hub are as follows:

a) Shared Infrastructure: Co-working Space, Cabins, Meeting-Halls, Testing Labs, Modular Manufacturing Space, Conference halls for Community events, Internet etc.

b) Enterprise Services: Cloud Credits, IP and Firm Registration, Taxation, Other statutory & regulatory compliance.

c) Capacity Building: Mentor Connects, Boot-camps, Workshops, Seminars, MOOCs (Massive Open Online Courses), Hackathons etc.

d) Funding & Incentives: Investor Connects, Startup Grants and Loans etc.

## Objectives

One of the best practices observed in the developed startup ecosystems is "Establishment of Shared Infrastructure". Such facilities would act as a rendezvous point for Startups, Technology Mentors, Investors, Corporates, Academic Institutions and Government(s) to collaborate. The key objectives of this initiative are as mentioned below:

a) Accelerate at least 100 Startups per year through Government & Industry collaboration.

b) Incubate at least 200 Startups per year with sector agnostic approach.

c) Mobilize Startup Investments to the tune of Rs. 100 Cr per year through Venture Capitalists, Angel Networks, HNIs, State and Central Government Departments or Agencies or PSUs.

d) Create and Enhance Odisha Startup Ecosystem's Visibility through "Startup Launch Pad" to gain access to Domestic and Global Ecosystems as well as Markets.

e) Arrest Brain-drain to other developed ecosystems and retain Skilled Work-force to drive Odisha's Entrepreneurial Ecosystem.

f) Strengthen the linkages between Academia and Industry and drive the Innovation Ecosystem in convergence with Government of Odisha

## Focus Areas & Approach

### Sector Agnostic

Prospective Startups with potential to transform into scalable as well as sustainable enterprises shall be supported. O-Hub adopts Sector Agnostic approach to encourage Innovations (Either Product or Process based) cutting across diverse sectors. This would enable larger base of aspiring Innovators and Entrepreneurs to get benefitted out of State Government's initiative. Furthermore, feasibility study can be undertaken by O-Hub in the future to assess the traction in each sector and design the curriculum of Incubation as well as Acceleration programs, accordingly. Grass-root Innovations and Rural Entrepreneurship shall also be supported emphasizing the versatility of O-Hub's operations.

### Target Beneficiaries

O-Hub transcends the usual Incubators being set-up by Academic and Research Institutions and can be considered on par with Global corporate accelerators. In a nutshell, O-Hub shall consider the physical induction of the startups which have either

i. Developed a "Ready for the Market" type of Product/Service and gained small consumer base; "Or"

ii. Developed a Minimum Viable Prototype (MVP) which can be piloted with support from Government and Industry

The rationale behind this approach is to scale-up as many startups as possible for the Financial and Human resources expended by Government of Odisha. Startups of the above categories can be scaled-up in relatively less period of

time and can attract Investment from VC / PE (Private Equity) firms. Furthermore, some of these startups can offer compatible and Innovative solutions to the problem statements of Government Departments. Piloting these Innovative solutions in convergence with relevant departments and subsequent offering of commercial orders/Work orders to such startups would create success stories in the state. This in turn creates visibility for the proactiveness of Odisha Government in encouraging novel technologies and drives Global strategic partners towards the state of Odisha.

The above mentioned modality shall be considered for the provision of co-working space at O-Hub. Startups which are at Ideation and Prototype Development stages shall be supported through Virtual Incubation Programs and periodic Boot-camps, Seminars and Workshops. Nodal Institutions with Faculty Mentors as well as prototyping facilities shall be assigned to track the progress of such startups. Furthermore, such Nodal institutions can recommend prospective startups which meet the criteria as listed by O-Hub. This encourages exchange of information within the "Hub and Spoke" network and off-sets the strain on O-Hub in scouting potential startups.

**Selection Criteria**

Startups with Minimum Viable Prototype (MVP) or with Market ready Product/Service shall apply for the Physical Incubation at O-Hub. The Startups shall be evaluated across Technical and Managerial Parameters, emphasizing Scalability. Based on the documents submitted, the application will be screened by the Startup Odisha team for assessing the suitability of the proposal for further evaluation by expert members regarding its potential for incubation. Detailed scrutiny including financial and technical due diligence of the proposal shall then be carried out by the expert members for evaluation of the proposal.

The selection committee may be constituted with the following members:
CEO, Startup Odisha (Chairman)
Addl. Secretary to Govt, MSME Department, Member

Evangelist, Startup Odisha, Member

Special Invitee (Members from Nodal Agencies)

Special Invitee (Members from corporate/industry)

Special Invitee Technology Mentor

The tentative Evaluation parameters are as mentioned in **Annexure-1**.
Applicant startups may be invited with their teams to make a presentation on their proposal.     In order to enable the expert members to take an appropriate decision, members may ask for     any     additional     information from the applicants and/or revision in the proposal.

The applicants/Startups shall be directed to submit duly filled and signed affidavit/Detailed Profile for the convenience of Interview Panel. It should provide a Bird's Eye view of the startup's Business model. The tentative Start-up Questionnaire/Profile Sheet is mentioned in **Annexure-2.**

## General Guidelines

Entry Policy

Startups shall be inducted into O-Hub upon the recommendations of the evaluation committee under condition of expected results, for example a plan with clear targets, subjected to submission of below mentioned pre-requisites:

- Startup Odisha recognition certificate.
- Incorporation Certificate (Signed/Digitally Signed), Memorandum of Association & Articles of Association
- Product profiles and Business Plan AND Roadmap
- Copy of Term Sheet / Investment Agreements of non-confidentiality of nature
- Undertaking showing the company do not have any pending dues with any of the Govt. agencies till date

In addition to the above, startup needs to submit duly signed Agreement along with security/caution deposit of three months of rental fees. Startup needs to comply with the rules of conduct as stipulated by O-Hub and incorporated into the agreement. Startups shall submit an undertaking upon

receiving the allocated Incubation Space. It shall contain the details of the startup, Date of allocation of space and number of seats allocated.

Startups shall be provided with admission policy and code of conduct to be followed within the premises of O-Hub. Statutory compliances vis-à-vis workplace shall be obliged by startups in resolving any Technical and Managerial issues.

Allocation of Subsidized Incubation Space

The Incubation space shall be allocated either in the form of Individual seats or an Office Suite/Cabin accommodating 20 people at maximum. The entire Incubation space shall be divided into 2 categories as mentioned below:

- **Fixed Seats:** Startups shall be allocated seats or Office Suite/Cabin. This space shall be exclusively earmarked for a particular startup until the date of their exit. Startups with more than 8 employees shall be provided with Fixed Seats or Office Suite/Cabins.
- **Floating Seats:** Seats can be allocated to startups in "Pay-as-you go" model. There is no exclusivity to any such seats and the allocation can be made purely on First Come-First Serve basis. Startups with 5 to 8 employees can avail Floating Seats for a minimum subscription period of 1 month to a maximum of 12 months.

Startups shall be monitored by O-Hub on a regular basis to track the progress and address their requirements, subjected to merit of the case and budgetary provisions. The tentative rental model devised to provide subsidized Incubation space is as follows

| SI | Type of Incubatee | Rate per Month (in Rs) | Subsidized Rate per month (In Rs) |
|----|-------------------|------------------------|-----------------------------------|
| 1 | Individual Startup/ Innovator | 5000 per seat | 2500 per seat |
| 2 | Individual Startup/Innovator led by/belonging to Women/ | 5000 per seat | 2000 per seat |

| | | | |
|---|---|---|---|
| | SC/ST/PH/Transgender | | |
| 3 | Office Suit/Cabin for startup (max 10 employees) | 60 per Sq.ft | 30 per Sq.ft |
| 4 | Office Suit/Cabin for startup led by Women/SC/ ST/PH/ Transgender | 60 Per Sq.ft | 20 per Sq.ft |

\* GST is applicable as per the Govt norms

Startups shall be allocated with subsidized Incubation space for a maximum period of 12 months. During this period, O-Hub shall review the performance of the startups to suggest corrective actions, if deemed necessary. Performance review shall be conducted once in every 6 months of subsidized Incubation support. The support shall be extended for another one terms (i.e six month) upon satisfactory performance by the startups in the subsequent periodic reviews.

Startups shall be allocated with a maximum of 10 seats upon induction into O-Hub. This limit can be increased up to 20 depending upon the capacity utilization and requirement of the startup.

**Enterprise Services**

Startups shall be provided with services such as IP registration, Modification of company's ROC or company type, Taxation & Book-Keeping, Chartered Accountancy, Social Media, Linking Online Community support, Digital APIs, Cloud services etc in collaboration with service providers at subsidized prices.

**Funding & Incentives**

Government of Odisha's Fund of Funds scheme shall be tapped to create fund corpus for startups. Along with this, Contribution from VC firms, HNIs, Central Government agencies (DST, MeitY, SIDBI etc) shall be mobilized. The funds may be provided to startups as One-time Grant, Subsidized Loan, Equity or Debt investment as per the Startup Odisha Policy. Startups inducted by O-Hub shall apply for the fund. Startups other than incubates of O-Hub are also eligible for funding and can apply for the same on State Startup Portal.

In addition to this, Investor connects, Elevator Pitching shall be organized once in every 3 months, providing ample opportunities for prospective startups to secure funding. Incentives as provisioned in the state startup policy shall be extended to eligible startups.

## Capacity building

O-Hub shall conduct Capacity Building activities throughout the year post identifying the critical areas to accelerate and incubate the startups. O-Hub shall prepare a road map to conduct the list of activities as mentioned below on market access, investment readiness, and internationalization offerings building partnership i.e Academia-Industry, Corporate-Startup, Government-Startup Innovation and Co-creation.

- **Boot-camps**: Target Groups are Young Innovators, Student Entrepreneurs, Faculty and Community Mentors
- **Workshops and Seminars:** Startups with Minimum Viable Prototype, Ideation stage start-ups, Corporate sponsored professionals and other interested individuals
- **Hackathons:** Startups with "Ready for the Market" Product/Service, Grass-Root Innovators, Student Innovators etc.
- **Industry Specific Management Development Programs (MDPs)** : Industry sponsored Professionals, Interested Individuals

## Exit Policy

Up scaling of production or manufacturing even pilot production is capital intensive. Before the time arrives to exit, mature startups with market ready product requiring new (pilot) production/manufacturing line shall be transferred to industrial parks/clusters with due process to avail growth infrastructure and support programme. Further startups shall exit out of O-Hub if they fulfil any of the below mentioned criteria:

- Completion of the maximum stipulated Incubation period i.e 1.5 years
- Merger or Acquisition by any corporate or relatively bigger startup
- Scale-up of operations and human resources beyond 20 employees

- Underperformance vis-à-vis progression to next stage in the Innovation life cycle
- Violation of Code of Conduct as stipulated by O-Hub for all the incubates
- Breach of Agreement which was signed in good faith with O-Hub
- Fraudulent practices and submission of fabricated information at the time of induction into O-Hub
- Under-utilization of space i.e Utilizing less than 50% of the allocated seats on daily basis for a period of 2 months. Exemptions can be made in case of Natural Calamities, Pandemics, Capital Maintenance of O-Hub and any other instances as deemed fit by O-Hub

## Governance

O-Hub shall be operate under the direct supervision of Startup Odisha and subservient to Department of MSME. The Startup Odisha Team function under CEO, Startup Odisha shall oversee the day-to-day operations, interacting with startups and other collaborators.

The Startup Odisha team shall carry out day-to-day operations within the purview of the established policies and guidelines. This team will be responsible for the functioning as well as identifying the pitfalls, short-comings of the established policies. Their interaction with the nodal institutions brings out the synergy in the Odisha startup ecosystem.

Startups shall be evaluated across various parameters to ensure zero conflict between the vision of the start-up and type of support offered by O-Hub. The below mentioned criteria can be adopted for evaluating and on-boarding the startups.

| SI | Parameter | Assigned Score | Weightage | Composite Score |
|---|---|---|---|---|
| 1 | Novelty of the Business (Differentiating factors as in Innovation in Process or Product) | | 15% | |
| 2 | Scalability of the Business | | 15% | |
| 3 | Addressable Market Size (How big is the market and how fast it can grow) | | 15% | |
| 4 | Ability to Access Market (Is the startup's place of domicile is the same as the Addressable Market? If not, how best the start-up can approach the market in a cost-effective manner) | | 10% | |
| 5 | Imitability of the Business Model (What are the Entry Barriers for other players to enter into the same business as the startup? IP or Operational superiority) | | 15% | |
| 6 | Capability of the Team (Technological & Business acumen of the Human resources of the startup) | | 10% | |
| 7 | Sustainability of Business proposition (What are the factors that effect the Business proposition in the Long-run? Regulatory, Political, Financial, Social and Technological risks) | | 20% | |

Startups shall be scored across each of the above parameters and on a scale of 1 to 10. The composite score can be arrived at by multiplying the assigned score with weightage allocated to each parameter. It is advisable to select start-ups which have secured a composite score of

at least 5 as it could provide better input quality and provide greater outcomes for the program.

**Annexure -2**

<u>Startup Questionnaire/Profile Sheet to be submitted for the evaluation</u>

| 1 | Value Proposition |
|---|---|
| 2 | Need for the Offering/Pain Points Addressed by the startup |
| 3 | IPs Generated/Applied |
| 4 | Revenue & Cost Model |
| 5 | Competitive Space (As in Markets and Competitors) |
| 6 | Points of Differentiation |
| 7 | Mentors and Investors Associated with |
| 8 | Team Profile |
| 9 | Type of Support required |