



CYBER KINGS: Ideacts founders Rudrajeet Desai (standing) and Maninder Gill (sitting, right) with Ranjit Sawhney, Head of Operations.

YASUR KHAN

DESKTOP BUSINESSMEN

They made billboards out of the desktops in cyber cafes. And now, the three founders are raking it in.

Nandita Datta

IN 2001, THEY WERE FORCED TO SHUT SHOP because there weren't enough takers for their product, a software application designed to commercially exploit the empty space on a desktop. Rudrajeet Desai, Maninder Gill and Saurabh Khullar, the 20-something fresh-out-of-college promoters, were crestfallen. But they refused to junk their business idea. "We were still convinced about its feasibility—everyone thought we were being

pig-headed, but it made so much sense to us," recalls Desai. He insists that it wasn't the arrogance of youth that caused the initial failure. Instead, he lays the blame squarely on "a market that wasn't ready for a concept like desktop-advertising."

That's not an inaccurate assessment. Four months into operations, when the trio had just about convinced a few cyber cafes in Pune to install their product, the market collapsed. The easy money and big advertising budgets that had defined the dotcom

era suddenly disappeared. "Everyone was cutting back on spending and here we were showcasing a new way to advertise. The timing was clearly wrong," recalls Desai.

The trio decided to pursue a corporate career instead. Desai worked with BPL Mobile and Cadbury India, and learnt how to manage large-scale distribution networks. Khullar got involved in concept-selling with Cafe Coffee Day and Airtel. Gill worked across technology platforms in various IT firms. They, however, never gave up on their dream.

The skills they acquired would come in handy later. They resurrected their dream in 2007, when they regrouped to launch Ideacts Innovation. "All through we kept our eyes and ears open, validating our hypothesis by sounding out potential custom-

ers," says Desai. Their one big fear was that somebody would beat them to it—Internet usage was growing exponentially and online advertising was beginning to rob market share from traditional media.

Helping them in their endeavour was seasoned entrepreneur Alok Kejriwal (of Contests2win fame) who became their mentor. He fine-tuned the business plan, helped establish the processes and systems required and patched the trio through to the investor community. It was Kejriwal who introduced Ideacts to Sequoia Capital, a venture fund that ultimately invested \$5 million in the company along with SVB India Capital Partners in 2008.

The first task was to revive the old desktop advertising application built in 2001. Gill, the technical brain, soon came up with an improved version, which was christened Clinck. When installed on a PC, it creates a default desktop interface that displays advertising content on one half of the screen and short-cuts for user applications (like browsers, the trash bin, instant messaging, Microsoft Office) on the other. These icons are neatly stacked one side of the screen or scattered all around on a traditional desktop.

Clear-cut Strategy

Clinck is targeted at cyber cafes and not home computers. The rationale is simple—37% of the 39.3 million active Internet users in India use cyber cafes (based on a study conducted by the Internet & Mobile Association of India, or IAMAI, in 2008). The audience profiling, undertaken by The Nielsen Company in February 2009, reveals that the overwhelming majority are in the 15-35 age group—just the people advertisers are keen to tap. That's where Clinck's advertising content comes in. It's the first thing a user sees when he looks at the screen, even before opening the Internet browser or a word document. The desktop cannot be changed at the whim and fancy of a user or even the cyber cafe owner.

This high visibility is probably why Clinck has been able to deliver, to date, an average click-through rate (CTR) of 2.5% across 250 campaigns. CTR is used to measure the success of an online advertising campaign—if an advertisement is delivered 100 times and five persons clicked on

it, the CTR is 5%. The current industry average is 1%.

With more than twice the industry average, Clinck's high CTR has been able to attract big names like Nokia, Samsung, Airtel, Pepsi, Reebok, Sony Ericsson and Gillette as clients. The company boasts of 160 corporate customers.

Surprisingly, Ideacts didn't have too much trouble breaking into its first customer, online job portal Naukri.com. "We wrote a mail to Hitesh Oberoi, the Chief Operating Officer, explaining what we were doing. He's known to be someone who appreciates



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innovative concepts," says Desai. "True to form, he called us for a meeting in Delhi. We were able to ink a deal pretty soon."

Reaching out to cyber cafe owners involved a fair bit of legwork. Desai and Khullar did the rounds of several cyber cafes in Bangalore and managed to sign on a few after some convincing. It helped that Clinck was free and usually accompanied by freebies.

"I agreed to install it in my cyber cafe because they gave me 'deep-freeze' software for all my machines free of cost," says Chennai-based Manoj Kumar, who has been using Clinck for more than a year. "The

software helps protect the core operating system. Even if a customer downloads a virus-infected file it won't impact the PC's core system."

Leaps And Bounds

Ideacts today employs 100 people. It has a network of 4,000 cyber cafes spread across 60 cities. Desai is hoping to double his numbers within a year. The potential market is large—IAMAI estimates India has 1.8 lakh cyber cafes. The company expects to break even next year but Desai is tight-lipped on the exact numbers. The promoters claim it would have happened earlier but for the geographical expansion.

To foster a deeper engagement with cyber cafes, Ideacts has developed a software application called Cyber Cafe Manager. Given as a freebie, the application enables cyber cafe owners to run their businesses more efficiently. It not only manages and stores customer data, but also helps track inventories and maintains accounts. "I don't have to make hand-written entries in a register anymore," says a relieved Manoj Kumar.

Bangalore-based S Rahul, who runs a cyber cafe with 12 computers, realised just how valuable this application could be after a recent brush-in with the cops. "A customer had filed an FIR after he lost some important documents while surfing in our cafe," he recalls. "When the cops came, I could give them usage details of customers who visited the cafe that day. Using this information, the police nabbed the culprit."

According to Sequoia Capital India's Mohit Bhatnagar, what sets Ideacts apart from a host of entrepreneurial ventures is its core team. "There's great camaraderie between the three founders, whose skill sets complement each other," he explains. "At the same time, there's no ambiguity about who's boss. That's very rare," he says, referring to Desai. Barring their first setback eight years ago, the going has been smooth for Ideacts Innovation.

Even a tough economic environment hasn't prevented the company from expanding its customer base. Ad rates, which were impacted, are now starting to look up again. Good times beckon, and Desai, Gill and Khullar are keeping their fingers crossed. ■