

A Springboard for Innovation

As per estimates by National Association of Software and Solutions Companies (Nasscom), India's IT and BPO industry is expected to grow at a rate of 7-9% in 2018-19. During this period, exports are expected to reach US\$137 billion as compared to US\$ 126 billion in 2017-18. These promising numbers, coupled with the flourishing startup ecosystem in the country, have been quite reassuring for technology startups, which are gradually going global with not just their services but also products.*

One such startup, HackerEarth, has been transforming the country's IT hiring scene by helping companies find the right programmers and vice-versa. Sachin Gupta, co-founder and CEO, HackerEarth, in an exclusive interview with India Now Business and Economy, talks about how they host millions of developers on their platform to develop innovative products, leveraging diverse mindsets and skill sets through hackathons.



Sachin Gupta, Co-founder and CEO, HackerEarth.

What led to the conceptualisation of HackerEarth?

We started HackerEarth in November 2012, though my co-founder, Vivek, and I had started working on the concept while we were still in college. After graduating from IIT Roorkee, we had built a basic platform but did not have the resources and ecosystem to start our own venture. In October 2012, we got introduced to GSF Accelerator—a programme that provides mentoring and funding for select Indian tech startups who have at least built an prototype—who liked what we were doing.

Both of us are developers and had seen how subjective and biased the evaluation process was for developers. In campus placements, the interviewing

process was rife with biases and mistakes on both ends—the interviewer and the interviewee. Developers failed to present themselves appropriately, and companies failed to evaluate them in an objective manner. That was the trigger for us.

A prevailing myth is that your degree (or the college itself) is one of the strongest indicators of your skills. That is not really the case today because of the democratisation of computer science education; there are people in the remotest parts of the country who have an internet connection and a laptop. They are able to develop skills which are at par with those of an IIT graduate. That too was a motivation for us. We did not want past baggage, the institution, or the employer brand to be a measure of one's skills.

So, we started HackerEarth with the aim to democratise the concept of looking at a developer and his or her skill sets. Through a dual approach, we built a piece of technology that would allow people to write code in the browser and which could be automatically evaluated. This way, we could evaluate a developer for his or her skills. Simultaneously, we also built a developer community by arranging interesting competitions—hackathons—among university networks. From nothing in 2012, today, we stand at two million developers and most of them have come to us through the organic route, i.e., word of mouth.

Digital technology has had a major impact on the way businesses are run. In both the software and traditional industries, disruptions now occur in a time frame of one or two years. As a result, companies need to invest in innovative ideas, quickly prototype, and launch those in the market to stay ahead of the curve. Further, there is also an increased dependence on technology. So, as a business, one needs to interact more with developers.

The West, in the '60s and the '70s, had a closed model of innovation—an isolated one with no interaction with the external environment. Today, the scenario is different. Companies are partnering with startups—they open up their ecosystem and invite developers to build on top of it. An example of this is Android, which Google open-sourced and let developers contribute to it. This meant other businesses too had to interact with these developers.

What is the business model you follow?

We have a product that helps crowdsource and identify creative ideas and solutions for a problem. It mostly happens in the form of a hackathon or a campaign.

For example, take the case of GE, a healthcare company. Supposing it has image data of thousands of patients in hospitals—can someone predict the possibility of who among them would take a turn for the worse just by looking at those images? Of course, not. So, it has to be automated. We take this problem statement, open it up to the relevant community, and

get interesting solutions and ideas from them. Our product allows you to manage this entire process—of matching the problem statement with the relevant people and getting ideas and solutions from them.

We make revenues by selling our platform licence to customers. It can vary depending on usage. Whenever a client wants to pose specific problems to our developer community, we charge them for each campaign. Licence for the platform could be anything between US\$ 40,000 and US\$ 100,000.

400,843
INNOVATORS FROM
108 COUNTRIES

105,607
IDEAS HAVE BEEN
SUBMITTED FOR
PROBLEMS

18,646
PROTOTYPES
HAVE BEEN BUILT
AND PUSHED TO
BUSINESS

Source: <https://www.hackerearth.com/>

Your work revolves mainly around 'providing enterprise software solutions that help organisations in their talent assessment and innovation management endeavours'. What is the kind of technology and human resources infrastructure you have in place?

From a technology perspective, we are deployed on the cloud and work on Python, but there are certain components that are close to the core operating systems. Those are written using C and C++. There are many other tools and technologies that we use too.

From a human resource perspective, we have software engineering, product management, visual and design, and quality assurance or quality software testing teams, which form our core. And then, we have a sales team within which, there are two functions—demand generation and account management. The former encompasses reaching out to people, getting leads, opening doors, and setting meetings while the latter identifies potential customers, meets them to explain our solutions, and so on. Our B2B marketing team focuses on lead generation and we also have a small community management team for the over two million developers on our platform. It is responsible for keeping the community engaged. There is a customer delivery team which ensures that customer requirements are met.

How did you procure funding, initially?

Networking is a crucial skill, especially for startup entrepreneurs. We connected with our accelerator

through networking. We initially raised US\$ 120,000 through them. Later, in 2014 we raised US\$ 500,000 through Prime Ventures, again through our network when we met their partner at a NASSCOM event.

An additional US\$ 4,500,000 was raised through a few investors from Japan to whom I was introduced through GSF, and then, there was a strategic investor from the US, who again came through our network. So, I think there is no science to it. You just need to be part of the ecosystem and things happen, provided your business promises value.

How have initiatives such as Digital India helped your business?

We started in 2012 and Startup India as a formal policy was announced in 2014-15. So while we were not direct beneficiaries, it did help the ecosystem create value. It also led many companies to embrace digital technology, which in turn increases our customer base. Many Central and State Governments are now investing in digital initiatives; some of them are our customers and they seek to leverage the concept of crowdsourcing to get interesting ideas and solutions from various developer communities. In fact, we are working with NITI Aayog on the campaign, Move Hack, wherein they want to digitise the whole transport space—personal, commercial, and logistics. This is a hackathon to get a solution for smart transport and we are providing them a platform to run the entire campaign on a global scale.

What are your growth plans?

Our last round of funding (in 2016) was US\$ 4.5 million. There is great potential for us to grow—probably ten times in the next four to five years. We have grown over 100%–150% y-o-y in the last two years and aim to continue like this for the next few years.

From a community perspective we took about four-and-a-half years to reach two million developers; a million of these were added in the last 18 months only.

In terms of growth, we are present in many markets—60% of our business comes from India and 40% from other parts of the world, predominantly the US. We also have a small presence in Europe and South East Asia. Now, instead of expanding to new markets, we are looking at increasing our outreach, focus, and knowledge of our present markets.

How has customer feedback impacted your business?

We have created a structured process to receive feedback and run a customer satisfaction survey too.



Photo courtesy: Shutterstock

Once we have served a customer for about a month or so, we reach out to them and ask for feedback on the product—they rate us on a scale of 1 to 10; and we also ask whether they would recommend us. In fact, in the past four months, not a single customer has said that he/she was dissatisfied with our product/service.

In terms of anecdotal feedback, there is a small case that actually created a big impact on the company. In the beginning, we were mostly focussing on the evaluation of developers, screening, and then recruiting them. But today, we also look at crowdsourcing. This change in process is because of a customer’s feedback. One of our earliest customers, a large Indian IT company, told us that this was a powerful way to evaluate the capabilities of a developer. They also asked us if we could ask developers to come up with interesting solutions. They did this with their own workforce too, which included thousands of developers. However, at that point in time, we did not have a suitable product to do this exercise. So, we quickly built a basic product, which they used and liked. We decided to take it to other customers and it just grew since then. Today, it contributes about 60% to 70% of our business; that is how fast it has grown and that is why you have to be really close to your customers.

(As told to Ashutosh Gotad)

Reference
* <https://www.thehindubusinessline.com/info-tech/nasscom-pegs-growth-for-2018-19-at-7-9/article22804578.ece>