

## Go local, go frugal

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KUMAR VEMBU, Founder, GoFrugal

Entrepreneur Kumar Vembu's start-up offers software solutions to small retailers

'Make in India' may be a recently coined slogan, but that is what the software industry has been doing for a long time, with outsourced development. But the software products were not exactly made for India. So, why not build products that would add value to users in India? This is what led Kumar Vembu, to start GoFrugal, a business management software solution for retail, restaurants and downstream supply chain businesses. The product has 25,000 customers in 40 countries.

### Soft launch

"I started my career under Ashok Jhunjhunwala of IIT-M. He inspired the team to build products for India, particularly the rural market," says Vembu. Smitten by the desire to develop new products, Vembu moved to India, after a stint in the US, and started building network management products in 1995. The venture, run by three Vembu brothers, developed value added networking products and had 500 employees in 10 years.

After building products for the global market, Vembu's vision was to provide effective solutions to retailers in India. Why retail? One, there was not much technology adoption among small- and mid-size retailers. Two, multi-national retailers were entering and local players had to catch-up. Three, local solutions were needed to address the different retail segments and geographies.

GoFrugal offers software solutions for more than 25 single- and multi-store businesses, from supermarkets, restaurants, apparel shops and pharmacies. It covers functions from billing to balance sheet, accounting to CRM. The products come at different prices, starting with basic billing to full service with analytics.

The idea is to connect businesses using cost effective ways offered by the increasing penetration and adoption of internet, cloud, mobile and social tools, says Vembu.

Sales growth has been aided by varied factors. For example, VAT payments have been an enabler for digital record keeping; GST would further help. Smartphone penetration has been a game changer, says Vembu. "Many retailers are intimidated by computers and feel they do not have the skills needed to operate a system or manage software. They are comfortable managing operations through their phone," he notes. People from non-traditional backgrounds who are entering retail see a value in technology-enabled processes. "Software solutions enable faster scaling of operations — a single store owner can manage eight stores effectively," he notes. Technology penetration, says Vembu, has increased — from under 5 per cent to over 20 per cent in the last decade. Growing to 60 per cent could be a reality in a few years.

### The four 'A's

Vembu explains overcoming issues with four 'A's — awareness, access, affordability and availability. "You need to get more feet on the street to spread the word, but any big steps taken towards awareness may directly hit affordability," he rues. Innovative dealership programmes were created to tackle these. "We team up with individuals in small towns who want to sell, maintain ongoing relationship and provide local support. Products are offered at a discount and they take ownership," explains Vembu.

Business growth is robust — for 2016-17, revenue is expected to increase 60 per cent year-on-year. GoFrugal plans to double its income every year in the next few years. It continues to invest in new development — nearly half of its team of 200 people are developers.

"No matter which business you are in, your technology choices influence how well you do," asserts Vembu. Bad selections can hurt growth or even kill ventures. "And local providers who see how the solution is used in the real life context can better understand and empathise with the varying requirements of the client," he says. Vembu notes that entrepreneurs should value everyone's time. "This will help valuing your own time, as productivity, process innovation and technology adoption are all about doing more in less time."

(This article was published on November 14, 2016)

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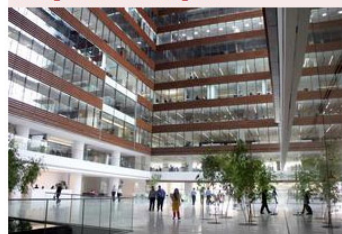
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