

## **Transcript of Interview with India in Making, College Zeroes to Career Heroes Podcast Series**

**Keerthan:** Hey there I'm Keerthan here. Welcome you all to the India In Making podcast series. Today we are with Shesh Paplikar who is the CEO and Co-founder of Bhive Workspace, as part the College Zeros to Career Heroes series. Welcome you to the show sir.

**Shesh:** Yeah. Hi Keerthan. Thanks for having me here.

**Keerthan:** Yeah. Shesh Sir, Can you actually explain about your success story, your journey as an entrepreneur.

**Shesh:** OK. So, as a story I wouldn't say success story. There is so much more to be achieved. So basically, Bhive Workspace is about three years old right now. And the way it started was that I was working in the US for a while - I actually come from a software background – I was in the US for about eight years, and I used to work in technology. I was a technical product manager in Bloomberg. And then I was a CTO for a start-up in New York and at one stage I thought it was best for us to set up a development centre in Bangalore. I moved to India to set up a development centre. But the overall process of setting up infrastructure here was hard, I faced a lot of hurdles. I was being very inefficient and whatever workspace we took at a price range we could afford didn't really deliver to my expectation. My start-up did not take off like I wanted and then the problems that I faced...you know, I think every problem that I faced could be an inspiration to solve something, right? Problem as an opportunity. And real estate has always been something that my family has been into, at least in terms of personal investment. I have learnt it from my grandfather that you can earn a lot of money through real estate. Real estate was always something that I believed in and then I come from a technology background with the problems of infrastructure, be it from internet to how things work etc. So that inspired me to do something and almost about three years back, I invested my personal money and started Bhive co-working space in a small place, in a villa. I would call BHive from then an MVP, **minimum viable product**, that I started with my personal money. It was really an experiment to understand if this concept will work. At that time you know we pioneered co-working. The word co-working was not even there. You know when I asked Just Dial to list me a score they were like, what is this, right? They did not even have that criterion.

**Keerthan:** OK.

**Shesh:** Nobody even knew what it is. We made the concept of co-working famous in Bangalore. So we started one and it became an instant hit. We then started in Indiranagar, and HSR Layout. Right now this is our largest centre. Today we're are at Bhive, Residency Road. This is 28,000 sq. ft. and a capacity of more than 500 people.

**Keerthan:** Wow!

**Shesh:** We totally have six properties. We are just now starting our sixth property which is also in HSR layout. The company has grown significantly. We are one of the..we are THE brand of co-working in Bangalore. I think in terms of the number of centres, we are the highest. We have global competitors now. They are investing 100 million dollars in India which is proof that the industry, the market size is so huge, opportunity is great...sometimes you should view competition as a compliment (*smiles*)...the fact that competitors are coming in and putting so much money but despite all that our numbers are amazing, and we are doing well, it shows the potential for us.

**Keerthan:** Fantastic. Fantastic. Yeah. What motivated you to start BHive?

**Shesh:** I think essentially entrepreneurship is something that I have always been interested in...in fact like you, the first company I started was when I was in college...I was in the eighth semester of engineering...you

know, but my first ventures failed and one of the big lessons I learnt was that I needed more experience in the real world, you know, so that I know how to do business better. I needed my own savings, I needed my own connections, all this was lacking at that young age, right? So, my strategy was to go to US, it was an advanced market also, you learn a lot of things, to earn in dollars so that I can invest back in India, then getting back as an entrepreneur was always been something on my mind. So there were many goals that I had and was able to achieve them eventually. When I hit upon these problems when I came back to India, I thought they were definitely solvable and that it's an opportunity. I didn't wait for investors to come, I put my money and started and things started working

**Keerthan:** Fantastic...so what were the initial challenges? As a start-up there will definitely be challenges that come in the first year or second year of starting. So what were all the challenges that you went through?

**Shesh:** I mean, obviously, in start-ups, every day is a challenge. Obviously a lot of people think, start-up is sexy, you know, it is sexy but it's also very tough. Many people get a reality check when they try to do something. In the corporate world, they get bored, they think they can do something, but trust me, working in the corporate world is like being a tiger in a zoo where you are fed, you know, whereas here, you are a tiger in the jungle and it's not easy to survive...

**Keerthan:** (*smiles*) True...

**Shesh:** (*smiles*) and especially if you got so used to being in a zoo, it's not so easy to be in the jungle, right?

**Keerthan** (*laughs*): very interesting...yeah

**Shesh:** So every day is a challenge...I think one of the most important things is building momentum. When you start the ground up, right, many people fail to build that initial momentum to get upwards, for numbers and revenues to get to a certain stage for you to really get somebody else to invest, right?

**Keerthan:** True

**Shesh:** I've seen people waiting, spending a year or even two years to raise a little money, they struggle to even to raise 5 lakh rupees. Instead of doing all that, I'm like, put your money and start, your opportunity is so big, get it somewhere with some momentum. Instead of you pushing, the investors should be jumping behind you to put the money.

**Keerthan:** True.

**Shesh:** So figure out whatever you can to get that momentum, that's a first challenge which is there, to get the **momentum**. You know MVP, right? I always refer to **Minimum Viable Product**. I'm a big fan of Leads Start-up Process. I follow Eric Reis and Steve Blank in a big way. I look at their...

**Keerthan:** validated learning concept...

**Shesh:** validated learning. Enough things are already out there, it's important to build the MVP and then when you have the statistics, the data, you should be getting investors and you should get moving. So that is the main challenge to start with, but I think as you start you keep getting into different challenges. Being in India itself is a big challenge in many ways. The market in India is much more cut-throat, and be it receivables to be it anything, is not easy in India. And on top of it, **regulatory problems** are huge in India. You know, these days, you are getting angel investment that income tax department recognizes as revenue and taxes it, right? You know it's so ridiculous and stupid but you will face such problems. On the other hand, there is Startup India that has been launched, people are trying to improve the situation. When I started, registering the

company itself took me around 2-3 months. There was no bank account and investors' money used to come to my personal account. I had built a momentum, but registering the company was taking so much of my time. So I had to do business from my personal account since they were not approving my company name. I think some of those problems have been solved now, to get a company registered and a bank account opened etc. But regulatory hurdles are definitely there, but you have got to deal with it, especially if you are there in India.

Another thing I would say are **team challenges**. I think people underestimate that, they always say putting in a great team is important, I would say, never wait to build a perfect team. You know, what happened for me, which is true for everybody else, when you are in a very early stage, people who believe in you as a person or entrepreneur will come to you.

**Keerthan:** True

**Shesh:** At that early stage, whatever might be the concept, people are not coming there for the concept, they are coming for you. So, the people who come are those who know you face to face. But if you are lucky enough that your company is growing, many are able to scale with you, remember they came because they believe in you. It is important to identify at the right time, give them everything possible to grow, but then trust me, not everybody can grow. It's really important that we are able to identify who are unable to grow and you have to keep changing your team as it grows and get the right people. You should be focussed on metrics, data, you should have a way to logically validate who is performing and who is not, is the company performing.

I think people miss out all that you know, you have to keep watching your numbers, have you burnt off, what is your runway. You know, my first company burnt off because I did not even understand the concept of runway. I didn't have enough runway, and I was spending expecting some revenue to come, and due to some regulatory problem, my revenue didn't come and all my money was over, right? So, these are simple things, but you know what, you need to understand these things, do you have a runway, where are you headed, who is supporting you, do you have a real business.

Team challenges, I would say are big. I don't know, if it's about our education system or anything, and having lived and worked in the US for a while, I tend to see that Indians in general don't take ownership. It's really hard to find employees who take ownership and deliver and who can think out of the box. People tend to wait for instructions, right, which is not always scalable. As an entrepreneur I'm doing a hundred different things. I'm trying to get people to head certain departments, but I find that many fail to own up and deliver. It's important to push that, and as CEO you should not get lost in too many details - track the high level things, push them, push the people who are reporting to you to deliver, and if they are not the right fit, identify soon. People always say, you should be very careful when hiring, but trust me, firing is also important, maybe more than hiring. If you don't have the right people, don't wait for too long. If you wait for too long, your company will be done. If you have the wrong people, it's good for them and for you also to let them go.

So that's also some of the important lessons that I have learnt. I have had **problems with investors** as well. I think I have a general feeling that in India investors treat entrepreneurs like they are doing a favour to us. Trust me, they are definitely not doing a favour, if I do well, they get the returns and whatever they are doing is their job anyway, which is to find companies that are going to do well and invest in to help them get through. This attitude is absolutely wrong in India. I think things will change, and not every investor is like that, but a significant portion of the investors, in my experience, are like that - they can easily take you for a ride, waste your time - so it's really important to identify who are the right investors, are they really looking at your business. If they are coming in and not even looking at your business, and only giving you gyaan on how

you should run your company, they are not the right people. The right investors actually listen to you, to understand what your business is, right?

**Keerthan:** Right.

**Shesh:** I've also had **market condition problems**. One of the biggest problems in India is that you open up your market to global competitors to come, unlike China, which is okay in one sense but there is no equality in terms of how we deliver, right? They actually have got a lot of unfair advantage. They come and do capital dumping. They may come with millions and millions of cheap dollars and aim to kill everybody. I'm for competition, but also give me access to cheap money. So if you don't give me access, and my angel investor even gets tax on this, where are we heading? So basically we are being bound by so many chains, and then you are bringing foreign competitors on loose here! China understands this, they want Chinese companies to succeed. India isn't like that, we open the market, which is a great concept, but you also have to understand that competitors are coming in and selling at losses to kill everybody. Essentially that is what, I don't want to take names, many companies have done. Again it's like the East India Company, do you want them to take over and just be clerks to them or do you want our companies to succeed?

But at the end of the day, I am lucky to survive. I faced a huge capital dumping problem. I have had competitors with foreign money selling things at loss, selling things at one-fourth the actual cost price, you know, and we almost went bankrupt because of it! But we fought hard, we had to make changes, we had to let go people at our own cost, come to the minimum, survive through and believe that at the end of the day, they will increase their prices, which eventually happened and we have survived. And I think, in a short time, three years, I have seen a significant amount of problems. Every time I think, hey, I've learnt from it, I will do things better next time, but something new comes up, so I don't know what the next big challenge is to come!

**Keerthan:** Fantastic. So you spoke on the challenges, how you dealt with them. You mentioned starting challenges, raising funds, regulatory challenges, about team, whatever challenges may come. Also how you think of hiring, that it's also very important to fire sometimes when metrics are not right in place. You talked about investors, what you think is wrong in that scene. So it's very important to judge and very important to have that validated learning. So it's an amazing experience of what you have so far.

So, Sheshji, what are all the cultural and team issues that you faced? Since culture is a very important aspect of any organization to scale and grow, how do you see cultural challenges and problems that we have?

**Shesh:** I think our education system has trained people a lot for a corporate job, not necessarily for an entrepreneurial environment like a start-up. I've been in a corporate world, things go in a very standard way, you have some deliverables, you know what needs to be done in the next three months, next one year, the next two years also. Here you don't know every day what tomorrow is going to be, right? You may suddenly run out of money, you go on fundraising, you have certain business plans and suddenly your competitor may under-price you and you may have to cut it down. So thinking out of the box is very important, being on the feet and being street smart. And as I said before, India has a very cut-throat business environment, it's not easy to survive. I feel Indian education system doesn't really prepared people for things like problem solving, critical thinking, result orientation and action, so most people are not ready for strong challenges. They wait for instructions. If you are an owner of something, don't wait for instructions, keep looking for things. If you are an owner of sales, you tell these are the additional sales revenue that we can do - if a competitor suddenly reduced, may be let's do this, if a competitor increased it back, let's do this, right? You can't expect the CEO to be thinking in everything, for instance with fundraising - hey, you know what, we are not able to raise equity right now, so we are going to raise some debt - so you should always be thinking out of the box. That is something I think people generally lack.

**Keerthan:** So, you are talking about proactiveness in the team, saying that when something is not happening, how I can see that and do what others are not doing.

**Shesh:** Yeah.

**Keerthan:** Ok, fantastic. That is a great insight taking forward, to create an education system because right now this is one of the challenges what industry brings forward of being industry-ready. We also have to have some parameters in place. When we say we might want an industry-ready individual, this might be one of the parameters. So, how do you think that can be evaluated in terms of hiring a team member, how do you do that about proactiveness?

**Shesh:** There are various online tests and all that we use, especially critical thinking and problem solving and all that. May be some of the hires that went through that process are doing okay. Also I always try to think and understand what did you do in your college life beyond just studying. Let's say, you've organized an event or have you been part of any clubs, I'm sure there is a kind of an entrepreneurial environment, for instance, you had to conduct an event, the flight got delayed and the person couldn't come and you had to do something else. How did you think on your feet? I'm sure you would have done a lot of things like that, right? So people who have done something like that are better prepared than somebody who was a first rank holder. They may not know how to think out of the box, especially if you want to have people on the business side. Obviously you know, there is a value for both, some who are rank holders, they were doing certain things, may be they can take certain jobs that needs that kind of thinking.

**Keerthan:** True, true.

**Shesh:** But I think if I put him into a wrong position, it might be a problem, so I have to find the right people for the right kind of work and also identify at the right time if they are not fitting in, where they need to work on. I think there is something industry can do, and something that an education system can do, like what I see is happening in my college, NIT Surathkal, right now. There are many more clubs now, people are much more active, which I think is the right thing to do. Also, as many internships as possible. You know, I've seen that in the West there education systems or colleges which encourage internships, I would say instead of one internship maybe before you finish engineering why don't you do eight internships over eight semesters? It's not good earning the money, but the more you learn from seeing, because you go to industry, you get back and read, and you go back to industry. So I think we need a higher number of internships in real industry. And also off activities like, doing these clubs, events, having channels, write, so these things I think, the more people participate in these, the better.

**Keerthan:** So with respect to the challenges, with respect to proactiveness, also might be about loyalty or attitude issues. Do you see that this has to dealt with, the roots or the seeds, maybe the first year of engineering, second year of engineering, how open as an industry you would be, in order to train and incubate your team from the first year of engineering wherein you can inculcate what he is going to become when he comes in your organization. So you as an organization are proactively working for four years in the future and building these people so that they are going to be for this particular job role, to achieving these particular results and they get four years of this parallel to their education. So how do you see that, is that going to be the culture of being industry-ready in advance...so how do you see that?

**Shesh:** I mean from an industry side again, I think, more awareness is required for the industry. I personally believe in it, so, I don't mind always having students. We have an entrepreneurship-in-residence programme in Bhive, we do take college interns like Sarthak who's right here, he's coming in here to learn more about the industry. So I personally believe in this and give opportunities to students who are willing to learn. Definitely, I look at people, if they are willing to learn and they have the aptitude, right from the first year of engineering,

they can probably come and do something. It's important that kind of faith comes to other companies as well. I don't know how many companies believe in it, but it's good for the industry also if they start allowing people to come to internship. If they keep complaining that they are not getting industry-ready students, obviously they have to do something about it.

**Keerthan:** Exactly

**Shesh:** So if there is enough activism, awareness, more people will be ready to do that, and I always say, if you want to learn singing, if you sit in a classroom and keep learning about straining, whatever theory you do, at the end of the day you have to go and sing!

**Keerthan:** Exactly

**Shesh:** A smooth sea does not make a good sail, right, that's what they say, unless you get to the water you will never learn sailing. So it's about...theory is obviously one, but people have to go and practically understand what is happening, so that is what will make them more mature.

**Keerthan:** So, what are your perspectives on the current education system? How do you see it, what is missing there?

**Shesh:** See, I don't know how updated I am because I finished my engineering in 2003, nearly fourteen years back. So maybe things have improved, but I definitely had my own views when I was studying. I can talk of how things were back in the days. I could see a lot of gaps that were there, like I could see that things were not hands on, the syllabus not updated. I have this example - I was a computer engineering student, but you know there were courses on welding and carpentry. I would rather, you know what, teach me how to assemble a computer or repair a computer. In fact, my first computer when I was in my second year, I went to SP Road in Bangalore and assembled it myself and that was more exciting for me, to understand what was happening than to do some carpentry using a saw, you know, it's an out-dated practice. If you taught me carpentry using modern tools, it would have been a different story. Syllabus was really, really backward and it was not very industry oriented, you know.

I'm not definitely somebody who likes theory without application...I need to see the result of where the impact lies. A lot of things that were missing, for example, nobody ever taught me time management. I think that was something important I learnt it myself that to be more efficient if I understand time management, if I have concepts like time boxing, pomodoro, I think these skills are also important. If you just throw books at me, it's not going to work. Also measuring results, iterative learning practices were not there, you know. I'm a big fan of Khan Academy, I think they have cracked it in a big way. You learn something, and you are measuring it every day and there is a system to measure if you have learnt it or not, unlike in our days, when people used to do night outs and study just before the exam. The focus was just about passing the exam, not so much about learning, right. The focus should be more on learning. The measurement should be constant, not just at the end. There is enough technology and tools out there that we should be more willing to put in to use.

And I think the interaction to industry is important, most of my teachers had no idea of industry. I would rather expect that there are more people who had been in the industry, right, can be at least visiting professors who can be mentors. I think there is no mentoring system. I can definitely say that every student should have mentors who should be there from the industry, or from the area where they want to be in, if you want to become a researcher, have a researcher as a mentor, you want to be in industry, in start-ups, maybe some start-up founders can be mentors. There can be systems in place where people can come regularly, where colleges can obviously be the platforms which can help in this I know a lot of people who want to give back to society. You call Narayana Murthy, he's not going to charge you for that, he will come and do it. So having real

industry people come and talk, mentor, one-to-one mentor, or if not one-to-one mentor, at least give a talk of their experience, right, because, most of the time lecturers are talking about books that they didn't write, right, but something else.

Also in the Indian system questioning was never allowed, right, people just want to listen. I find that the people who questioned were never liked by the teachers, so teachers don't like a challenge, they want to keep it easy. Also in the selection of teachers, may be the pay is not so great, whatever, the best people would never become teachers in my days. The ones who did not get jobs in industry was ending up as teachers and I found that in my college that the students were way smarter than the teachers, and I actually learnt more from my classmates than my teachers...*(smiles)*...So unfortunately, that was the truth. There has to be a feedback system. Obviously everybody in my college knew who were the bad teachers, but there was no system to give feedback and find out, you know, performance measures of teachers, and find out, are you holding them accountable? If somebody joins and in two years turns out to be a bad teacher, are you removing them from the system, right? Once you join you are there forever, so you end up with many bad teachers. You know, you have to become more like industry, where if you hire somebody and they turn out bad, you remove them.

**Keerthan:** Yeah, Yeah...fantastic... So can you explain our audience about Bhive and what you do at Bhive...on how they can be part of or take opportunity of being here?

**Shesh:** So Bhive is one of the largest co-working spaces, as I said, in terms of the number of branches, we are the largest co-working space in Bangalore with more than six centres. We are more than one lakh square feet space under our management, so Bhive co-working space is essentially at a base, I think it really depends how you look at it. It's a plug and play office, which is, you can just get your laptop and it is 24x7 open. We manage the entire infrastructure, be it from electricity to power back to coffee to internet, back-up internet, high-availability internet, to community interaction, to have the right meeting rooms, the system to book them, or a platform where you can interact with others - essentially what a Google or a Facebook would create as a campus for their own employees. I realized that, if you are a one person company or a five people company, how do you get that kind of system? So you essentially create the same kind of work environment, and we are able to charge an individual and let them into the system where you, at the end of the day, have a platform where you can deliver and increase the chances of success of your own company. While some of our members are start-ups, lot of them are corporates. I have Amazon as my customer, Narayana Hrudayalaya, NDTV's technology team, NEC's technology team, a Japanese client called H & H, are also customers, Uber uses this space for training, so I have a lot of corporate people as well. While there are a lot of big customers, there are start-ups, free-lancers, smaller companies, growing companies that are growing very strongly, there are funded companies, there are all kinds of companies. Essentially, if you look at AWS cloud-based solution for computing, we almost like a cloud-based kind of a solution for office infrastructure..

**Keerthan:** Fantastic. So thank you so much for the great perspectives, thank you so much for joining us...thank you so much Sheshji...

**Shesh:** Thank you...