Building it up
with BERTELSMANN

Aloke Bajpai & Rajnish Kumar, Co-founders of Ixigo
on
Turning Crisis into Opportunity
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Ankur Warikoo:

Hey everyone and welcome to yet another episode of building it up with Bertelsmann India's first growth focus podcast. I'm your host, Ankur Warikoo and with me today are two individuals who I think would represent and reflect my definition of tenacity, of perseverance, of being absolutely attic and never giving up.

Aloke and Rajnish, the cofounders of ixigo.com.

Aloke and Rajnish met each other that IIT, which is where they were graduating. And then they went to Amadeus which is a very large global travel company. Before somewhat going their way, Aloke went to do his MBA at Insead while Rajnish continued to be the technologist and then in 2007 they came back to India and that's when they started ixigo. So what's today considered an overnight success is actually 12 years old. And their journey has been nothing but a lot of hardships, a lot of painful decisions, a lot of soul searching, and that's what we want to delve-in.

Welcome Aloke & Rajnish to Building It Up with Bertelsmann. It's a pleasure to have you.

You guys first met each other in IIT Kanpur. Did you have any sparks, any conversations back then that one day we'll will get together and startup. What was the thought of starting a travel company when it was somewhat, I would say crowded or definitely competitive, but did you have something in mind that got you that hint or that conviction that this is what you have to do?

Aloke Bajpai:

So I think initially, you know, we just wanted to start something about when it was not like, you know, we were fixated on an idea and that discussion had been going on for almost a year and India was booming so we wanted to be back here because we thought we were missing out on all the action because you know, Europe was growing at like single digit point, single digit growth. And that's how we ended up back in. And then once we were here we started brainstorming as to what should we do and figured out that travel being something that we understood. And also because the Air Deccan and all these new airlines that are coming up, sort of proved that aviation would take off here and the OTAs had just raised money. We didn't want to barely get another idea and that is something we were very clear about.

Rajnish Kumar:

Yeah, I mean, so one thing that was common was that both of us wanted to disrupt Amadeus first. That was the first goal, it was too ambitious, too big but that is how we started. But when we came down here in India and we started looking at the ecosystem, we saw that there are a lot of low hanging problems

that we can actually solve rather then getting so deep on the supply side or ecosystem level stuff. So we started looking user problems, which is all these new sites that came up – 5-6 low cost carriers and then 5-6 OTAs were also there in the market. We said, you know how comparing all of them in one place, which was basically Indians are deal hunters by nature and this is something we believe would definitely work here. And it was solving a real problem. So that's how we pivoted the idea of how being an Amadeus killer to a price comparison engine.

Ankur Warikoo:

Okay. And what's the focus early on just flights because that's where the price comparison was easiest. There was no price comparison on trains

Aloke:

It was also because the flight user was already online because I think when we started there were 20 million internet users back in 2007 and they were the most evolved desktop-only. Flight was a better fit to start with and soon we would branch out into hotels, etc. Trains didn't happen until much later until 2013.

Rajnish:

Well we did something on trains in the early days. But I think it started making a lot more sense when mobile became a thing because a lot of the users didn't have access to the internet. You won't expect somebody to buy a laptop or desktop is too expensive for them. I think the bottom of the pyramid came online only around 2013 onwards when the mobile phones started to come. And that's where we saw the opportunity.

But I think the initial phase was really interesting because when we launched this flight everybody asked us like, how did you seed that? How did you initially get all those users and how did you start growing? So, we seeded it with like a small set of users, our own networks, right? But the reason why it grew was not that network. The reason why I grew was that there was a lot of word of mouth.

So what happened is that we saw that in India the internet connection was a big problem. Sites were really slow. I mean, we saw some of the major sites and their homepage used to take about 15 seconds to open. We did something very clever. We found out the hosting servers of all these companies and all of them were in the West coast, in the U S. So, we took a server in the West coast right next to this and we started scraping them from there locally. So it was lightning fast. And then we would have like a server just for the front end in India. So you just get the data from that and just serve it up on a simple single page

application. Our site would show comparison from like 10 different places in less than three seconds. Whereas individually these sites took like 15 seconds. So just open the homepage and people, how were they doing it? And this was happening from a desktop, which was in our office. Another table on a DSL is that you're giving investor presentation on this. I would stay back and make sure that nobody hits the server or the power cord so it doesn't go down. It was quite crazy.

Ankur Warikoo:

That is quite as Cody, I know you don't want this story to me, symbolizes what the Ixigo story is all about. I would call you founders with insane level of tenacity and perseverance. You started in 2007 today, people call you an ordinate success, but you are a 12-year old overnight success and that is crazy. It's just, you've been consistently at it for so long with that conviction that very few people have, and you've done it in a way that you've controlled the pace. Like you literally call your own shots.

We are going to be a world of marketing business. We are going to be a viral marketing tool. We're going to be a brand that stands for [inaudible]. Every Indian out there, millions of them who are traveling on trains and buses and flights and so on. Is this who you are fundamentally as equal or personalities, or is it something that you felt that the company needed to have to withstand all the competition and all these years?

Aloke Bajpai:

I think it boils down to two things. One is circumstances and two is the DNA that the team or the individuals had. So when I say circumstances, when we started, all the OTAs gas raised a lot of money, right? In their Series A round, most of them had raised 5-10 million bucks and by the time we were one year old, they had raised their Series B round as well. And we had raised a small seed round of half a million and then the financial crisis came. Lehman brothers collapsed and all of that and we were like literally down to the last month of cash.

And at that point we had this moment of reckoning where everyone like was a very small team, right, We all got into a room, woman said, Hey you know, fight or flight, right? So are we done here or are we going to just give it a more fight and keep going? And I think what we had managed to do was build a small team that believed in the mission so much that they said there is no way that a company where you're getting so much organic user love should just shut shop and go home just because they ran out of money. There must be ways to make this work. I remember there was this young engineer who just stands up and says I can work with outside legal the next six months if that's a problem. And I was like, *"yaar tere who ghar*

ka kiraya bhi toh dena hoga" how will you guys work. So then we found the solution actually everyone was down to less than half of their salary for almost a year.

Rajnish Kumar:

Yeah. In fact, that was the guy who said that give us some time, we'll get back to you. They went back, they had a meeting internally then they came back to us and they said, we have a plan - you don't need to let go of anyone, we'll all work for half the salary and that way you don't need to fire anyone.

Aloke Bajpai:

Immediately when this thing happened, we ran into a landlord and we said - we are vacating this small office and moving to a smaller one. And he said *"nahin yaar kya hoaga hai"*, we said, we don't have money and he said "you pay us what you can". Literally those were his words, pay us what you can for the next few months and so almost for the same duration we paid lesser rent and just managed to have that fighting spirit to survive. But what that circumstances did was it forced us to think of more ingenuous ways to do things.

Here we were trying to compete on marketing with $0 million marketing budget. So we were like what do we do? And then you get into a room saying, what can you do without spending money? And we came up with all of these techniques, which today, you know, obviously still working at scale which were things like he, how do you leverage word of mouth and promote word of mouth more? How do you build content that goes viral? And in those days, Facebook was a one or two year old business but we were ones of the first platforms to start leveraging it, really to make content go viral.

And then we were like SEO, which a lot of companies didn't pay a lot of attention to back then, if you rank well on Google, you can get a lot of traffic for fleet. I remember, I mean, I used to actually spend hours a day sitting with people and saying, how can we rank better on Google for these queries? Because if we cracked that and its more art than science, then you can actually get it off traffic for free. And I think the thing that really did right was that the product and tech guys really created something that people loved. So, I think we've, we've been able to consistently understand what consumers want and move in that direction. And if you remain static, assuming this is what they want beyond the point you become irrelevant. But what the journey of, you've sort of every time figured out what do they want tomorrow and start building it today. That's how we think circumstances and ingenuity we were able to find a way out.

Rajnish Kumar:

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Yeah. I mean if you look at it like more companies died because of what funding than under funding. So when you have your back against the wall, you don't have an option and you need to figure out ways of recovering from that. And you know, for us like one thing that these hardships taught us is that, it made us a lot more resilient and resilience is, is one of the things in our DNA as a company as well. And what we have figured out is that it brings people together. So when you know, in times of crisis, people, it as a challenge, it brings them together and they want to fight it back and what doesn't kill you makes you stronger. You, they always come back stronger at the other end. The other thing that we have realized is that again, those hardships taught us like back then we had no idea- we just knew that if you just be transparent when it comes to exchanging information, that's the best thing that works, so we never hide anything.

Ankur Warikoo:

And that's the moment when everyone can and thinks like an entrepreneur, which is exactly the best spot to be in.

Rajnish Kumar:

Exactly. Because then you don't need to do anything, you know? There are no sticks. There are no colors and no processes or no managers. Everyone's a taking care of it. In fact, reflected in our culture because I still remember we never had a product manager till about three years, two years back we had no product managers because every engineer was a product guy. Every engineer was a customer support guy, the engineer, the designer. I think that's one of the things about our culture like me kind of created this culture of full-stack thinking. Even if you're not completely full stack, you can still think about at least the adjacent functions that gives you a holistic view on things and you know, you're, you're able to get the big picture and do way better than you were doing.

Ankur Warikoo:

No, I am going to live this up. Full stack thing rather than full-stack skills because full-stack skills maybe a choice, but every human is capable of full stack thinking. You can create a culture that encourages that then that is fantastic.

One question, this is like, as I hear you guys, it seems like a lot of what good has happened at Ixigo has been the culture which may have been serendipitous because of the circumstances you're working in or the DNA and personality and how people reacted. Do you also feel that if just hypothetically thinking and maybe a hard one to one, so if things were not growing as well as you were witnessing do you, for an

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entrepreneur who is in the middle of this chaos still recommend that don't give up? Like at what point of time do you come face to face with reality and how do you even start to measure reality?

Aloke Bajpai:

I Think that it's a very good question because, you know, when you start the company, you believe in, you know what you're building so much that you are blinded, literally blinded by your faith and you're not looking at data. You're looking at this unshakeable belief that yes, it's going to work, which is great because that makes you create that 0 to 1 phases but at moments of these reckonings that we've had, not one, but several along the journey, I think you have to go back and see what is working.

Rajnish Kumar:

We've been through that phases and see we are terrible at killing products. We are terrible, terrible at that. Most entrepreneurs have because meeting we are super human and we can do everything. I can do this as well. I can do this as well. I can do this. If they can do it, I can also do it. So you know, we, we had that attitude all the time and I mean, it's been hard to kind of let go of that, to be honest. But in the process we figured out that we were actually trying to build multiple companies in every vertical inside and we started looking outside that's when you see that it's not always about MVP? Sometimes it's about minimum lovable product and not just minimum viable product. So you know, that's when we figured out when we, and it pained us because we are so obsessed with customer experience, so to see that there was another guy doing only one thing and doing it so well that, you know, it irrationally de-motivated the team. The downside was of having a demotivated team, build and maintain a shitty product and nobody wants to be in that situation. So, you know, we took that goal, we learned it the hard way, really, really hard, but it's took us a while to take that call and shut the product down. But we did it.

Ankur Warikoo:

When that happened, was it because you had the confidence that other products were working or you knew that this product has to shut down but it's not working?

Rajnish Kumar:

So there's multiple scenarios. One is that you bite more than you can chew. You know, this works, you just don't have the time and bandwidth and you have to acknowledge that, right? The second is that it's uncharted territory, in which case you don't know about it but the thing is that this recklessness, that the young and reckless are that you would what you have and you just start, it kind of changes over time and you know, you start becoming a little more data driven as founders. And that also is a downside because

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then you're not really taking a risk, a blind risk. And that's what changes over time, which makes us say that, no, this is not going to work. Let's shut it down. Although, you know, it does take a lot of courage to do that because you still have people internally who are aligned and who feel that it can work. But you know, everything is true or false in hindsight.

Ankur Warikoo:

So you spoke about 2013 when you began to see that inflection where trains could possibly be a good category to expand, do it while you were already dabbled into that. But cheapness, if I would call a smart phones and then of course geo coming in and changing them. At that point, I find my, I imagine, and correct me if I'm wrong, you may have had choices of either expanding horizontally, which is, Hey, you're doing flights while you're doing other things as well. Let's just go into trans, which is a much larger segment. Or maybe you could have had options of going international maybe. Maybe you had options of going into other buckets. How did you really go about choosing this? Because this was not now a new company where you could take enough risks

Aloke Bajpai:

I roll back to 2008, when you're left with no money and you have to find ways to grow. We tried almost all of these things like there's need will say, you know maybe we were doing too much so we went international, we launched in Europe market that we knew like five geographies in Europe

Rajnish Kumar:

In different languages.

Ankur Warikoo:

When was this? No idea.

Aloke Bajpai:

And we launched the train section on web, even though it was desktop era. Sure. We lost your train section weapon. The reason we did it is that because of this SEO growth hacking that we will be starting to do these lights back. There was a far bigger amount of traffic that was out there searching for trains even with that small internet base, then there was for flights. And even today, if you look at, you know, 400,000 people traveling on flights every day and it's like 26 million people take a train every day. So the order of magnitude has always been there. And it was even more stocked back then. So we were like, you

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know, if you're building a travel company and you're not catering for how people actually travel, which is actually train, then you're not building a travel company.

So that realization dawned, we launched train on web. On web it quickly grew to almost half of our traffic by the time mobile came. And then as soon as mobile came, it started growing faster. So it was also backed by a little bit of data but then the intuition said that Hey, nobody's trying to solve for the train traveler first. Because then and why is the assumption that if in the Western world of flight first OTA is how you base the business, that's what will work in India, why shouldn't we challenge that assumption and try to think with train first guy. So that's how we started thinking about the problem. And then we need talk to people who travel on trains. Fortunately both of us come from smaller towns – He is from Patna, I am from Lucknow and we've travelled in trains quite a lot to empathize with what the problems are in the problems are like we Don't know where the train is. Don't know how late it is. Don't know which platform it will come on.

Rajnish Kumar:

Get on the train, wake up in the morning. The train is at the same place. Those sort fo things we've been through.

Aloke Bajpai:

I want to be reminder cause I missed the station. It comes at 3 AM. These basic pain had existed for eternity. Even booking a ticket was a pain. But you know, that was for us, that was a solved problem because we knew that IRCTC was there and you could still book it, but when we looked at all these other areas you would like to know who's going to solve for that? The product experience of traveling in a train totally was broken, totally broken. So that was the insight with which we started bringing that. And actually it was more than just that the insight was there for a long time. One fine day Rajnish and couple of engineers say that "Hey we've been toying with this idea for some time now, why don't we come out with something."

Rajnish Kumar:

So,we literally locked ourselves up. I still remember it was the entire January - 45 days, January, there's a little bit of December and January then, so it was me and three more guys and we said that we looked at apps as an ecosystem and say apps is a different beast. It's not like web, app is a different use case. Every app is a use case to say let's think of different use cases. So everybody thought of use cases and first 15 days we learned Android because nobody had any idea what Android was and then the next 30 days all

of us ended up building one app each. So all of them died out or died down except one app, which was basically what, what that app did was it was so actually very nifty.

It was a small app. All it did was for read SMSs, travel related only obviously and it would convert them into trips and then it would start tracking them automatically. So what would happen is somebody would install the app, He has never opened the app, One finding, he gets a notification that says train ticket is confirmed or He would get a notification that says your web checking is open now and your then directly takes you to the seat selection page of the airline and people were like, wow, this app is like - for the first time there was an app that you didn't have to use. It was preemptive, right? So it became a runaway success but then after that I started growing.

There was another internal conflict inside the organization, which is that we know that this is not going to make any money for us. On the other hand, I have a business, but I'm making good money, which is flights hotels etc. of the business. But on this side, I'm not making any money. So entirely, even an engineer's has smart, they understand that. So it would be very hard for people to be aligned with a product which is not making the company any money. They would feel a little bit worthless, you know you know, what's my use in the company if I'm not building something which is giving me any value. So it was a hard call but that is where the culture of innovation came in and we said that, you know, it's not always about making money. It's about taking longer term bets. So innovation is solving problems which have very low ROI in the short term, but very high ROI in the long term. Like because all the high ROI, short term high ROI problems will always be at the top of the roadmap of any company.

And all the longer towns would be at the bottom, which means they'll never ever get implemented. And it takes a lot of guts and courage as an organization to kind of aligned disproportionate amount of resources to build something like that. Just because you see five years down the line, people will be talking about next billion users who would thought you would've thought nine. So you know, that's the goal. We're talking 2013 that will go off from the bottom of the pyramid now because it's a problem to be solved.

Ankur Warikoo:

At that point in time, did you feel that the other verticals were beginning to become a distraction? Or were you like, no, these are the ones that are fuelling the cash?

Aloke Bajpai:

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So for a while we were in this space where flights was driving most of our revenue whereas trains was driving most of our traffic growth and finding a balance between the two was a topic of constant debate saying where should we put our resources towards. But I think one thing both of us sort of fundamentally believed in was that flights was an opportunity where, you know, from a competition standpoint from a longterm growth standpoint though it was exciting, if you look at the number of flight passengers that would still be taking flights 10 years down the line and you compared it with trains, trains would stay be in order of magnitude bigger. And then you're like, can I solve for actually a larger set of users and then leverage that in the future to maybe even sell more flights?

Ankur Warikoo:

In this entire journey of 12 years, you've clearly made some really hard calls. You've gone through hard times, you still are at it. And of course you're doing commendably well now, when you reflect back, are there moments where you personally felt like maybe game's over or like I, I then you don't have the courage.

At that point of time, and let's say this wasn't the early days but after you'd spent considerable time and you actually got to scale, because that's what I find fascinating about your study is you always, because of the nature of who you are and how you'd build things, always have customer love. It may not have translated into business. And that is when the rejections was. So you've got a product which is product market fit, meaning not have business market grade at that point in time. What did you tell yourself? Forget telling someone else. But how did you, the two of you or do you individually have those conversations?

Aloke Bajpai:

I think you know, usually whenever you have a rejections, you know, when you pitch to a lot of investors. You know, that that thing in an entrepreneur is that you have to always get worried and, you know, work on the next one, right? Because I think it's an essential entrepreneurial quality that you don't get bogged down by the rejections and, and keep believing that, you know because all you need is one person to believe in you and, and things fall into place. But beyond the point in, and that's how you feel in the early days beyond the point in it just wasn't on believing in yourself. And that's, you know, I, I think it took us a decade to the landslide, but you know, even you know, as, as late as a year or two back, we've gone to those moments where you're like, is the game over or is that, is there the next big thing that's going to take us to the next orbit.

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And every time when that happened, we've done the same thing. We've, we first of all gone and told the team that, look, we're struggling with this, right? We got to fix this. You know, is there a way we can grow faster? And usually, you know, the team has come on which side, ingenuous ideas you know, and, and, and that excites us back. We're like, wow. You know what I mean? It's like we could not have thought of all these things we can still do to drive even faster growth and not just survive, but thrive. Then you like, you know, why would I be thinking about all these? The next day you wake up and you're again fighting that battle again.

Rajnish Kumar:

In those tough times. We, sometimes when we look back, we feel that, you know, maybe we shouldn't have gone to people earlier asking for help rather than kind of just, you know, keeping it to ourselves because we were just surprised that the moment we opened up and we said this is the problem, people were like, Hey, yes, of course we're here to help. And they would solve a problem. And you know, in hindsight we always think we should kind of just.

Ankur Warikoo:

Fantastic. Great. You guys are working with now Chinese investors and then of course it is a very large company, of course the strategic one so at its right place. How have things changed considerably after?

Aloke Bajpai:

So I think, look, we've been very lucky when it comes to investor than I think most of the time it took us longer and harder to raise around than we imagined it would. But every time we ended up finding you know, the highest quantity of investors so weather its Saif or Sequoia or Fosun, we think that you have the right level of support and the best people on the board to be honest - actually built companies from scratch to IPO and not just one but several over there. So my two cents on this will be you know, it doesn't matter where the capital really comes from, what boils down to the individual on the board and if your relationship with that individual and your ability to work with that individual to grow your business is there, you leverage the most part of it.

Rajnish Kumar:

And, and one of the things which affects the relationship is obviously the trust. And you know, like we said, bad news needs to travel faster than good news. It works both upstream and downstream, so in both directions.

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Couldn't be truer. I think that's a big takeaway for, from this conversation for entrepreneurs.

Okay. On that note, thank you so much. It's been a pleasure. Thank you for being so honest and being so transparent because I think your learnings are very, very critical in a world where there is so much entrepreneurship that people think that this is like the coolest thing to do and the sexiest profession to have. But what it takes is just intense it and no one symbolizes that medicine. Thank you.

And with that we come to the end of yet another episode of Building It Up with Bertelsmann – India's first growth focused podcast. Please do remember to subscribe on iTunes, Spotify, Saavn and catch the video format on Facebook, YouTube. Until next time, I'm your host, Ankur Warikoo signing off. Bye.