Journal of International Business Education 19: 389-404.
© 2024 NeilsonJournals Publishing. Promo Version

Hostelfund.com: Catch Them Young

Rakesh Gupta
Indian Institute of Management, Nagpur, Maharashtra, India

Reema Khurana
Institute of Management Technology, Ghaziabad, Uttar Pradesh, India

Abstract. HostelFund (HF) was founded by Ankur Jain in December 2019 based out of Gurugram (Haryana, India). It was set-up to support student start-ups through mentoring and helping them get funding at an early stage. The venture idea was based Ankur Jain's personal experience as a student entrepreneur and the challenges he faced during those days. He therefore refined the idea during his regular interactions with students who were keen to start their entrepreneurial ventures. However, the mentoring-heavy model and strict filtering mechanism to shortlist the mentees had led to a low conversion rate - HF turning mentee startups into incubates - thus putting a question mark on the financial viability of the venture. HF needed to address the issue at the earliest to make the venture financially viable for all concerned. Ankur was seriously deliberating whether to continue with the present approach or to look for alternatives.

Keywords: entrepreneurship, students, mentors, venture capitalists.

1. Introduction

After a long conversation, Ankur Jain, founder of HostelFund.com (HF) put down the phone. He was visibly upset after the phone call and was pacing up and down when Mani, HF co-founder, walked in. Sensing his mood, Mani sat quietly. After a long silence, Ankur eventually shook his head and narrated the entire conversation to Mani. The phone call was with the founder of one of their mentee start-ups, whom they had mentored for more than six months. After the mentoring cycle, the founding team had made the presentation to investors arranged by HF, after which the decision to fund the start-up was taken in principle. Subsequently, the term sheet was exchanged in mid-April 2022 and the founders were to respond within a week. After receiving no response for a fortnight, Ankur had decided to call them up to find out what was going on.

The founders revealed an offer they had received from another investor at almost twice the valuation, which they were now planning to finalize. This made Ankur very unhappy as it meant that all the time and effort spent by HF on mentoring them and arranging the investors from their network was of no use in the end. It frustrated Ankur no end as this was not the first time when a mentee start-up had walked out of the deal at the eleventh hour. This approach along with their stiff shortlisting criteria was reflected in low conversions - they had only been able to invest in six ventures to date, while their rivals, who had started later, were able to invest in a higher number of start-ups.

Both Ankur and Mani realized that they needed to resolve this issue to improve the conversion rate and financial health of HF as they had been incurring losses. They were wondering whether they should continue with their existing mentoring-heavy model, where they provided intense, one-to-one mentoring for 6-9 months to the mentee start-ups, after which they made a pitch to investors. HF rivals had adopted a different approach - mentoring which lasted for a shorter duration and was offered in cohorts with more focus on closing the deal. While both Ankur and Mani were convinced about their mentoring approach and its relevance, they also realized the need to improve the conversion rate. After a long discussion, they called off their meeting as it was already late. While driving back home, Ankur was thinking about whether it was time to explore other options - what were the other options and what were the implications?

2. Founder and Idea

Ankur belonged to Jammu, a union territory situated in the north of India, where his father owned a small-scale industrial unit. Being a bright student, he was admitted to the prestigious National Institute of Technology, Surat for an engineering degree in electronics. During the college days, he actively participated in extra-curricular activities and also attended events focused on entrepreneurship. After graduating in 2006, he joined ATOS, a leading European IT company and worked with them for two years before going to a prestigious Business School for an MBA degree. Here his interest in entrepreneurship grew and drew him to start an entrepreneurship cell (E-Cell). During his second year of his MBA, he started a venture named Connect2MBA, which was acquired by an education-technology company Liqvid[1] in 2010. After completing his MBA, he joined Liqvid as their Digital Initiatives-Head. He left the company to join Airtel[2] in 2012 to head their Mobile Education business and after working with them for four years left the company to join Amazon[3] in 2016.

During all these years, his interest in entrepreneurship remained strong and he also helped a few start-ups. During these times, he remained engaged with academic institutions and students, who were interested in starting their ventures. During these interactions, Ankur realized that many students had innovative business ideas and passion but still could not even start their ventures or if started

1. "Liqvid", Liqvid, May 13, 2022, https://liqvid.com/
2. "Airtel", Airtel, June 7, 2022, https://www.airtel.in/
3. "Amazon", Amzaon, June 7, 2022, https://www.amazon.in/